



MLGW

2025 Budget

November 26, 2024

City Council Approved

Leadership

MLGW Board of Commissioners



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Chairman



Michael E.
Pohlman,
Vice Chairman



Mitch Graves



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Carl Person

Advisory Board Members



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Chandrika Winston, *VP of Gas and Water
Engineering Operations*



Board of Commissioners & Senior Leadership Council

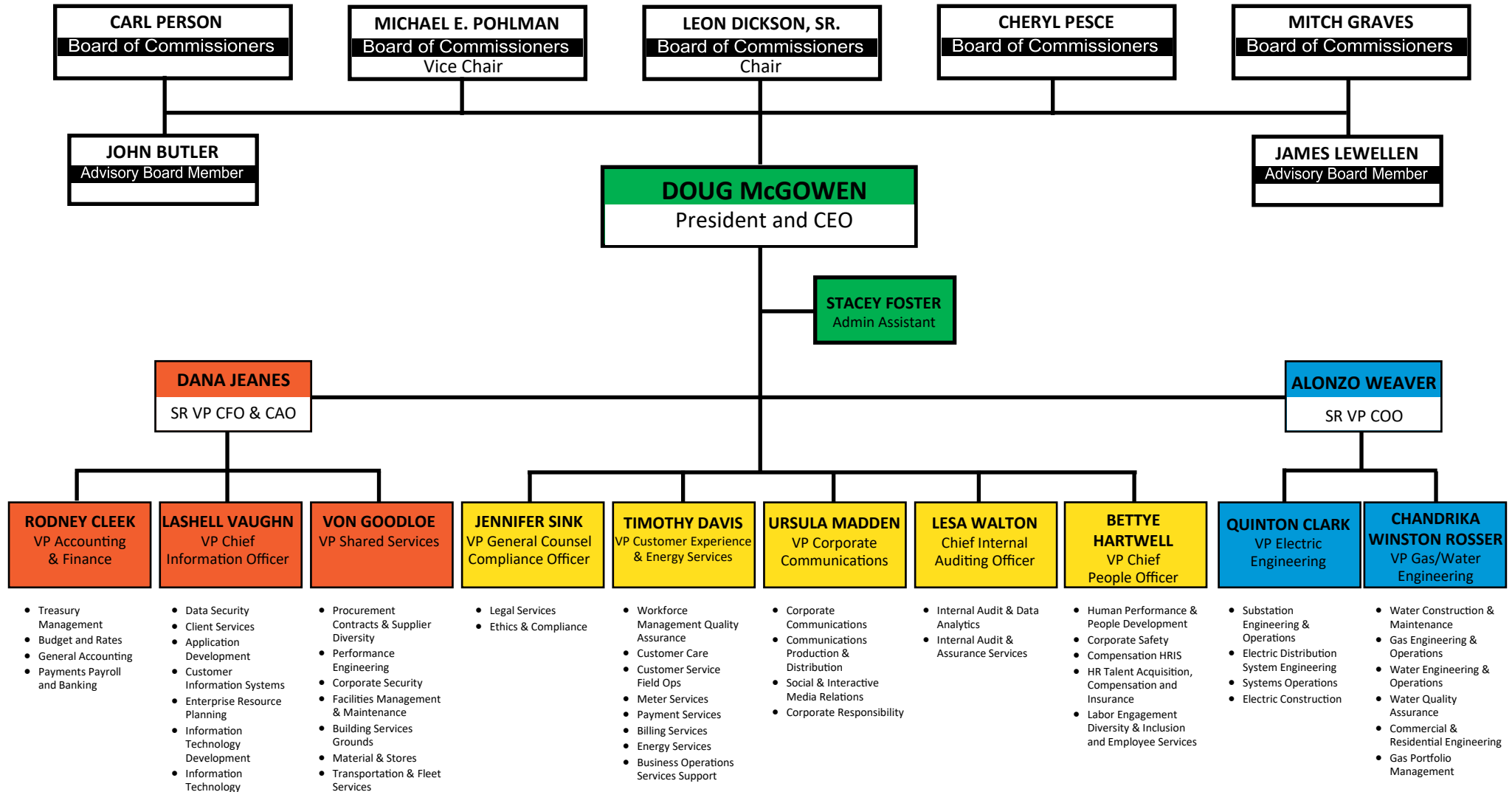


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President & Chief Executive's Letter

October 02, 2024

To Members of the MLGW Board, Memphis City Council, and Our Valued Customers:

I am pleased to present a budget that continues the great progress we have made in improving our electric system reliability for the near term, while making us ready for the challenges of tomorrow. In addition to continued aggressive vegetation management and robust preventative maintenance, this budget funds the first of our next 5-year infrastructure replacement plans and continues the progress on our grid modernization plan that will yield benefits in reliability and grid resilience for decades to come. This effort is complemented by our first ever battery storage installations coming online in 2025, and getting underway with the first phase of design, acquisition/buildout of a new, state of the art operations center that will control our electric, gas, and water systems, and represents a generational improvement over the present congested and outdated facility at Covington Pike.

This budget also funds the continued modernization of our water production and treatment system with significant investments in improving filtration at 5 of our 10 treatment plants, doubling the number of new wells to increase production for times when we really need additional water, and starting construction on an all-new Allen Pumping station that will serve our customers for the next 50+ years. And importantly, this budget allows us to continue improving our distribution system by completing a system wide valve survey and by increasing the pace of lead service line replacements that was already underway. This also includes funding for this the first of year of an aggressive ten-year program to facilitate replacement of lead service lines on both the public and private side of the meter.

In 2025 we will continue to make significant progress in assuring the safety and integrity of our systems, from improvements at our gate stations and our Liquefied Natural Gas [LNG] plant all the way through to our end user customers with our gas steel tap replacement program and an upgrades to a 5 mile extra high-pressure transmission line that is critical to assuring uninterrupted supply for our customers.

To support this work, with this funding we will break ground and fund the first phase of construction for an expanded North Service Center which will ultimately house more efficient fleet, heavy equipment, and transformer maintenance functions and allow us to dispose of property that has a higher and better use in the heart of downtown's medical district. This budget also funds a complement of approximately 2,700 full time employees and a small number of contracted partners to help us do the work and provides for a moderate COLA for both non-represented and represented and employees of 3% and 3.5% respectively, keeping us competitive as we continue our aggressive pace of hiring.

The Total Operating and Capital Budget for 2025 is \$2.5 billion. Almost \$1.3 billion or approximately 63.18% of operating expense is budgeted for purchased power and gas costs. MLGW's budgeted operations and maintenance expenses for FY2025 total \$586.0 million; while MLGW's capital program totals \$382.4 million. MLGW's payment in lieu of taxes to local governments are projected to be \$76.7 million.

The 2025 budget is built on a solid foundation of significant progress in improving the reliability and resilience of our infrastructure allowing us to continue making investments that improve reliability and resilience; to modernize our systems so we are ready for the challenges of tomorrow, and to expand the capacity of our systems to meet the growing demands of our community.

Respectfully,



Doug McGowen
President and CEO

MLGW Overview

Memphis Light, Gas and Water (MLGW) stands as a cornerstone of utility services in Memphis, Tennessee, with a history that reflects the city's growth and technological advancements. Established in 1939, MLGW is the largest three-service public utility in the United States, and operates three separate utilities, as divisions, providing electricity and gas in the City and Shelby County and water to the City in conjunction with other municipal systems in Shelby County. Memphis Light Gas and Water provides services to roughly 440,000 electric customers, 320,000 gas customers, and 257,000 water customers.

Memphis Light, Gas and Water receives electricity from the Tennessee Valley Authority (TVA) and represents approximately 10 percent of TVA's total electric power load. Memphis Light, Gas and Water acts as a pass through of the electric rates, therefore, not realizing any profit on the sale of electricity

Early Beginnings

The roots of MLGW trace back to 1852 with the formation of the Memphis Gas Light Company, which served a population of around 10,000. This early utility company laid the groundwork for future developments in the city's utility infrastructure. A significant milestone occurred in 1887 with the discovery of a pure artesian water supply, leading to the creation of The Artesian Water Company. This discovery was pivotal, as it provided Memphis with a reliable and high-quality water source.

Municipal Ownership and Expansion

In 1902, the city of Memphis purchased The Artesian Water Company, establishing the Memphis Artesian Water Department, the first city-owned utility. This move marked the beginning of municipal ownership and control over essential services. The city's commitment to providing reliable utilities continued to grow, culminating in the formation of MLGW in 1939. This was achieved through the acquisition of the privately-owned Memphis Power and Light, consolidating electricity, gas, and water services under one entity.

Modern Developments

Throughout its history, MLGW has been at the forefront of innovation and service delivery. The utility continually upgrades its infrastructure to meet the growing demands of its customers. MLGW's commitment to sustainability and efficiency is evident in its various initiatives, including energy conservation programs and the integration of renewable energy sources.

Community Impact

MLGW's role extends beyond utility services; it is an integral part of the Memphis community. The utility actively engages in community outreach and support programs, contributing to the overall well-being of the region. From providing assistance to low-income households to supporting local events and initiatives, MLGW demonstrates a strong commitment to the community it serves.

Conclusion

Memphis Light, Gas and Water's history is a testament to the city's dedication to providing essential services to its residents. From its early beginnings in the 19th century to its current status as a leading public utility, MLGW has played a crucial role in the development and prosperity of Memphis. As the utility continues to evolve, its focus remains on delivering reliable, efficient, and sustainable services to its customers

Community Engagement



MLGW interns volunteer at Union Mission which provides emergency services, including meals and shelter, along with recovery programs to assist the unhoused community.



MLGW employees, accompanied by their family and friends, raise funds for K-12 students for Junior Achievement of Memphis and the Mid-South at the 38th Annual *Bowlin' on the River* Bowl-A-Thon.



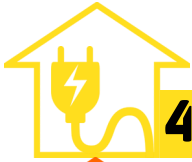
MLGW invests in Memphis Shelby County Schools by donating several vehicles to aid in our local schools' automotive mechanic programs.





FAST FACTS

CUSTOMERS



440,000



320,000



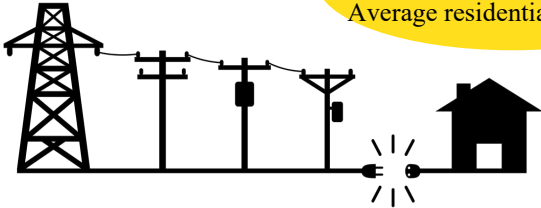
257,000

MLGW operates one of the largest artesian well systems in the world. It is through this system that MLGW taps into the aquifer and delivers water to customers. MLGW operates 10 water pumping stations and more than 175 wells throughout Shelby County.



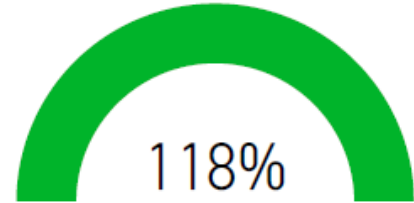
\$246.42

Average residential utility bill.



Tree Trimming Miles Completed

September 1st, 2023 - August 31st, 2024



1,646.50 Miles Completed

USAGE

The monthly average MLGW residential customer uses:

- 1,200 kWh of power
- 5,190 cubic feet of gas
- 6,000 Gallons of water

2626
EMPLOYEES

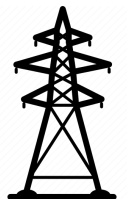
PROJECTS

- New substations and substation upgrades
- New pumping station and pumping station rehabilitation
- OMNI Projects
- Steel tap replacements

7,317
Circuit
Miles

4,564
Miles of Gas
Mains

3,973
Miles of Water
Mains



RANKINGS

- 10th in lowest electric bills
- 1st in lowest gas bills
- 2nd in lowest water bills

Based on independent study amongst 39 other utility companies of the same size in the US.

2025 BUDGET: \$2.5B

*Data the Bureau of Labor Statistics, the Energy Information Administration and Energy.gov, compiled by Forbes.com.

Major Capital Improvement Plan

Items are included in the capital improvement plan based on need and available resources. The Engineering group evaluates the age of existing infrastructure and monitors growth within the service area to determine where system improvements are needed to maintain reliability. Costs are estimated to perform the work and the resulting capital projects are added to the budget.

Some of the more notable projects included in the 2025 capital improvement plan include:

Electric:

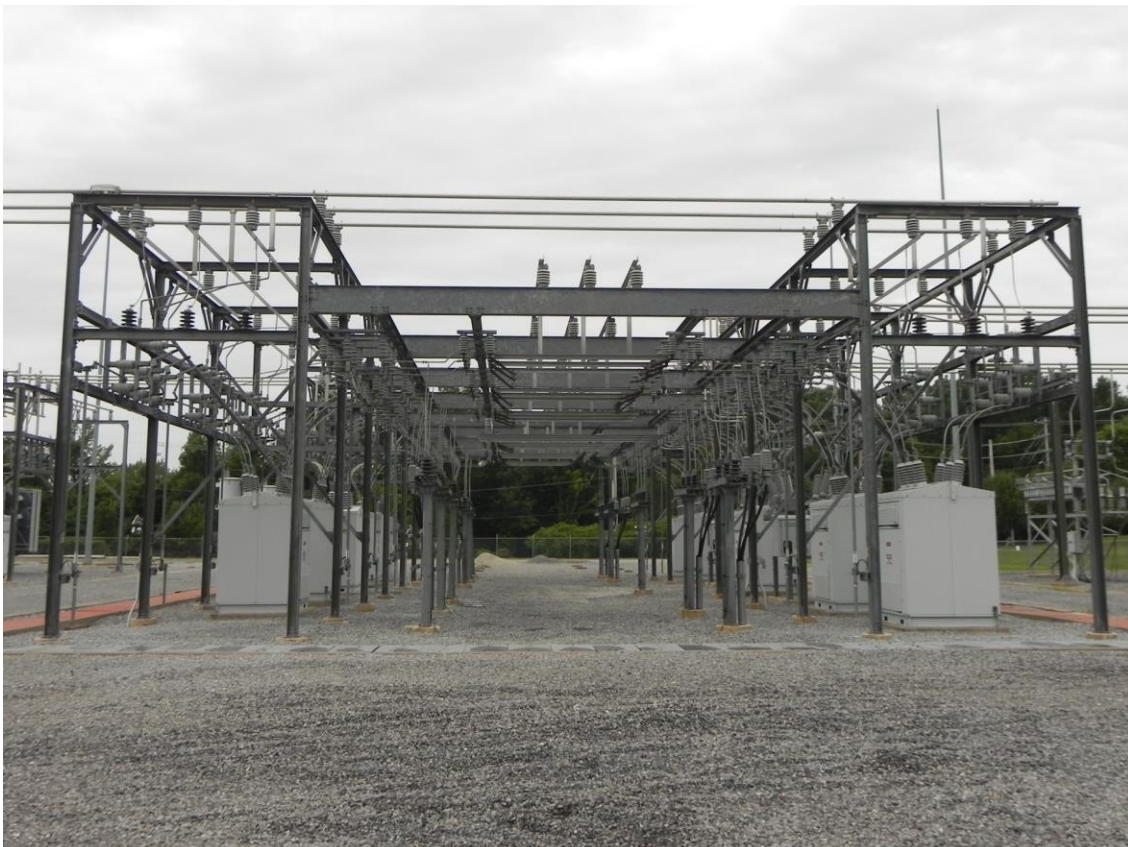
- New Substation and substation upgrades \$ 25,157,373
- Distributive Energy Resource (Solar generation/battery storage) \$ 51,875,000

Gas:

- Steel Tap Replacements \$ 5,984,770
- Pipeline Replacements @ Weaver to Gill \$ 23,752,431

Water:

- Pumping Station \$ 44,261,878
- Lead Service Replacement \$ 8,554,270
- Production Wells \$ 14,563,123



Substation

How to Read the Budget Book

INTRODUCTION

We are pleased to submit the 2025 Budget of Memphis Light, Gas and Water Division (MLGW) as required by Memphis City Ordinance #3509. This Budget has been prepared in compliance with this ordinance, which requires conformity to the Federal Energy Regulatory Commission (FERC), the regulations of any other applicable regulatory body, and in accordance with the provisions of the bond resolutions approved by the Memphis City Council.

Memphis Light, Gas and Water Division's accounting and financial practices conform to Generally Accepted Accounting Principles (GAAP), under the rules and regulations of the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Memphis Light, Gas and Water Division was created by an amendment to the City Charter, adopted March 9, 1939. 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 pursuant to the City Charter. For economic reasons, activities common to all three divisions are administered jointly and costs are prorated among the divisions. The 2025 operating and capital budgets are developed simultaneously and are presented together in a combined budget. In this manner, MLGW can accomplish personnel planning and allocate resources to ensure the achievement of each strategic organization of focus.

THE BUDGET PROCESS

Memphis Light, Gas and Water Division develops the operating and capital expenditure budgets annually to coincide with its fiscal year, which extends from January 1 to December 31. The budget process begins early in the year that precedes the fiscal year for which the budget will take effect. The entire process continues for several months until final approval is obtained by the Memphis City Council.

At the onset of the process, a budget schedule is created to establish the critical deadlines for activities necessary in producing the final approved budget document. Some of the budget calendar events include planning meetings, multiple budget training sessions, capital project budget meetings and equipment budget meetings, all of which are completed before the end of June.

During July through August, requests for the upcoming budget year are submitted by organization supervisors and managers. The vice presidents are then responsible for reviewing the proposed budget and making necessary adjustments.

The proposed budget goes through several stages of formal review and approval before being finalized. The initial level of approval occurs during mid-August through early October by the members of MLGW's executive staff. A preliminary budget document is subsequently developed and presented to the MLGW Board of Commissioners for review and approval in October with the final budget approved by the Memphis City Council scheduled in November.

How to Read the Budget Book

CONTENTS OF THE BUDGET DOCUMENT

This Budget document begins with the Budget Highlights which offers a summary of Total Operating Revenue, Total Operating Expense, Operating Income (Loss), Change in Net Position and the Capital Program for each Division. The information provided in the remaining sections of the Budget document is detailed below.

ALL DIVISIONS

This section supplies a comparison of the Electric, Gas and Water Division's Income, Expense & Change in Net Position and Capital Expenditures Budget for the 2025 Budget.

ELECTRIC

The first page of this section (Page 4) is the *Income, Expense, and Changes in Net Position Comparison* for the Electric Division. It provides a side-by-side view of the 2023 Actual Expenditures, 2024 Budget and the 2025 Budget.

The last column contains a Reference Number that can be cross-referenced with the Appendix, which provides a brief explanation or description of that specific line item; for example, Sales Revenue has a reference number of 4-1. The Appendix includes notes for 4-1 on page A2 stating that "this account includes projected revenue from the sale of electricity to the residential, commercial, industrial, outdoor lighting and traffic signal and interdepartmental customer classes."

The next three pages (4a-4c) provide the detailed account information for each of the line items presented on page 4; for example, the four specific accounts for non-Sales Revenue are Forfeited Discounts, Miscellaneous Service Revenue, Other Operating Revenue and Rent from Gas/Water Property. The sum of these four accounts (Total non-Sales Revenue) is rolled up to page 4. The detail account information provides a comparison of the 2024 Budget, 2025 Budget and the difference between the 2024 Budget and 2025 Budget.

Next is the *Source and Application of Funds*, which includes reference numbers that correlate to the Appendices which provide a description of each line item.

The *Capital Expenditures Comparison* (page 6) gives a comparison of the 2023 Actual, 2024 Budget and the 2025 Budget. Again, the last column is the Reference Number that can be used to look up explanations of each line item. The next four pages (7-10) provide information by project for each of the major line items on page 6. Each project listed has the amount that will be spent in the Budget year. Every project has a reference number that can be used to find a description of the project in the Appendix.

The last page of this section is the *Capital Carryover Summary*. Carryover dollars are funds that were budgeted in the previous year that were not utilized due to delays in projects, shortage of resources or commodities ordered but not received. These dollars are a component of the 2025 Budget figures.

How to Read the Budget Book

CONTENTS OF THE BUDGET DOCUMENT (continued)

GAS

The Gas Division section is set up in the same format as the Electric Division: *Income, Expense, and Changes in Net Position Comparison for the Gas Division; Sources and Applications of Funds; Capital Expenditures Comparison; and the Capital Carryover Summary*. Please refer to the Electric description above for information on how to read these sections.

WATER

The Water Division section is set up in the same format as the Electric Division: *Income, Expense and Changes in Net Position Comparison for the Water Division; Sources and Applications of Funds; Capital Expenditures Comparison and the Capital Carryover Summary*. Please refer to the Electric description above for information on how to read these sections.

CAPITAL IMPROVEMENT PLAN

This section presents the Division's 5-year capital improvement plan for the Electric, Gas, and Water Divisions' infrastructure by work order type (WOT).

APPENDIX

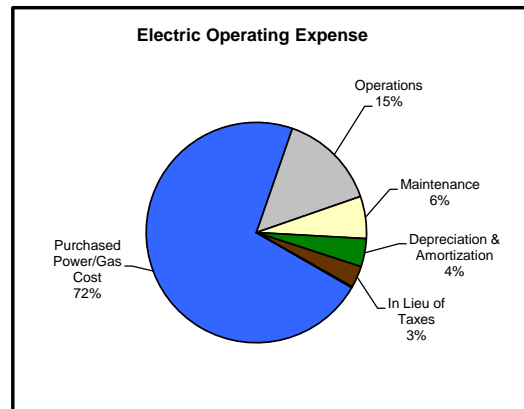
This section presents a definition and/or explanation of specific line items referenced throughout the Budget document. Each page includes a heading stating what page the information is referencing. For example, Page A1 has a heading of "Notes for Page 3 – Capital Expenditures Budget". This means that the notes for Page 3 begin here and each line item on page three is defined.

The Appendix also includes a Glossary that defines acronyms and other terms commonly used throughout this Budget document.

2025 MLGW BUDGET HIGHLIGHTS

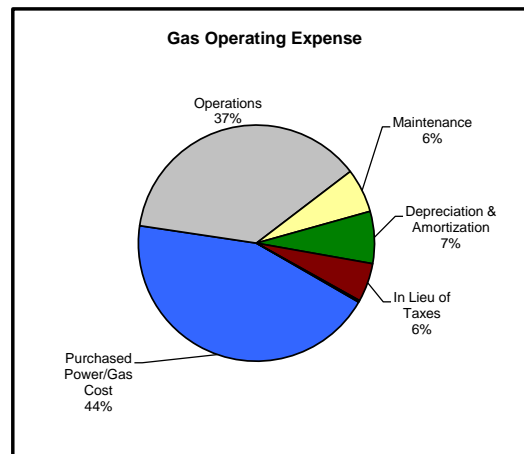
ELECTRIC DIVISION (In Thousands)

Total Operating Revenue	\$ 1,636,877
Purchased Power	\$ 1,174,874
Total O&M Expense	\$ 335,607
Other Operating Expense	\$ 122,910
Total Operating Expense	\$ 1,633,391
Operating Income (Loss)	\$ 3,293
Change in Net Position	\$ 35,931
CAPITAL PROGRAM	\$ 230,123



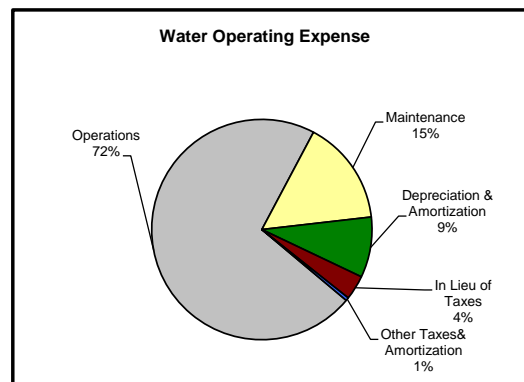
GAS DIVISION (In Thousands)

Total Operating Revenue	\$ 278,908
Purchased Gas	\$ 136,451
Total O&M Expense	\$ 134,175
Other Operating Expense	\$ 40,801
Total Operating Expense	\$ 311,427
Operating Income (Loss)	\$ (32,519)
Change in Net Position	\$ (29,985)
CAPITAL PROGRAM	\$ 74,677



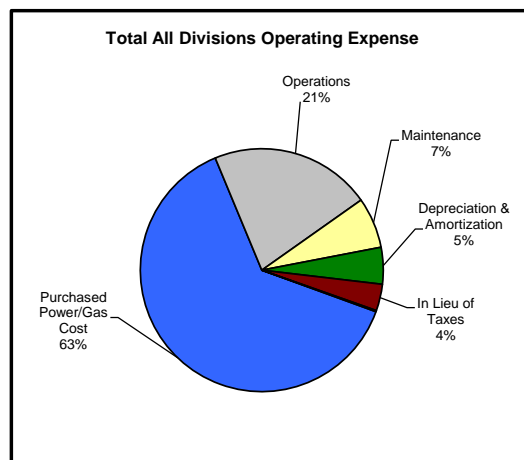
WATER DIVISION (In Thousands)

Total Operating Revenue	\$ 129,941
Total O&M Expense	\$ 116,078
Other Operating Expense	\$ 17,719
Total Operating Expense	\$ 133,797
Operating Income (Loss)	\$ (3,856)
Change in Net Position	\$ (4,937)
CAPITAL PROGRAM	\$ 77,568



ALL DIVISIONS (In Thousands)

TOTAL OPERATING REVENUE	\$ 2,045,726
TOTAL PURCHASED POWER & GAS	\$ 1,311,325
TOTAL O&M EXPENSE	\$ 585,860
TOTAL OTHER OPERATING EXPENSE	\$ 181,430
TOTAL OPERATING EXPENSE	\$ 2,078,615
OPERATING INCOME	\$ (32,889)
CHANGE IN NET POSITION	\$ 1,009
TOTAL CAPITAL PROGRAM	\$ 382,368



2025 Area of Responsibility Operations & Maintenance Budget

Area of Responsibility (Thousands of Dollars)	Category	Electric	Gas	Water	Grand Total
President and Board of Commissioners	Labor	\$ 245	\$ 94	\$ 70	\$ 409
	Material	\$ -	\$ -	\$ -	\$ -
	Equipment	\$ -	\$ -	\$ -	\$ -
	Other	\$ 52	\$ 20	\$ 15	\$ 87
	Total	<u>\$ 298</u>	<u>\$ 114</u>	<u>\$ 84</u>	<u>\$ 496</u>
Internal Audit	Labor	\$ 713	\$ 273	\$ 202	\$ 1,187
	Material	\$ 1	\$ -	\$ -	\$ 2
	Equipment	\$ 3	\$ 1	\$ 1	\$ 5
	Other	\$ 265	\$ 102	\$ 75	\$ 442
	Total	<u>\$ 982</u>	<u>\$ 376</u>	<u>\$ 278</u>	<u>\$ 1,635</u>
General Counsel	Labor	\$ 1,674	\$ 641	\$ 474	\$ 2,789
	Material	\$ -	\$ -	\$ -	\$ 1
	Equipment	\$ 16	\$ 6	\$ 5	\$ 27
	Other	\$ 705	\$ 270	\$ 199	\$ 1,174
	Total	<u>\$ 2,394</u>	<u>\$ 917</u>	<u>\$ 678</u>	<u>\$ 3,991</u>
SVP Chief Financial Officer & CAO	Labor	\$ 636	\$ 244	\$ 180	\$ 1,060
	Material	\$ 9	\$ 4	\$ 3	\$ 16
	Equipment	\$ -	\$ -	\$ -	\$ -
	Other	\$ 60	\$ 23	\$ 17	\$ 100
	Total	<u>\$ 706</u>	<u>\$ 270</u>	<u>\$ 200</u>	<u>\$ 1,176</u>
Finance and Accounting	Labor	\$ 3,132	\$ 1,280	\$ 953	\$ 5,364
	Material	\$ 2	\$ 1	\$ 1	\$ 4
	Equipment	\$ -	\$ -	\$ -	\$ -
	Other	\$ 2,833	\$ 1,135	\$ 843	\$ 4,811
	Total	<u>\$ 5,967</u>	<u>\$ 2,416</u>	<u>\$ 1,797</u>	<u>\$ 10,179</u>
Information Systems and Technology	Labor	\$ 10,251	\$ 4,279	\$ 3,172	\$ 17,702
	Material	\$ 6	\$ 2	\$ 2	\$ 10
	Equipment	\$ 12	\$ 5	\$ 4	\$ 21
	Other	\$ 23,332	\$ 9,736	\$ 7,260	\$ 40,328
	Total	<u>\$ 33,601</u>	<u>\$ 14,023</u>	<u>\$ 10,438</u>	<u>\$ 58,061</u>
Shared Services	Labor	\$ 11,854	\$ 5,760	\$ 5,929	\$ 23,543
	Material	\$ 305	\$ 116	\$ 85	\$ 506
	Equipment	\$ 1,019	\$ 470	\$ 832	\$ 2,321
	Other	\$ 6,808	\$ 2,659	\$ 2,600	\$ 12,067
	Total	<u>\$ 19,986</u>	<u>\$ 9,004</u>	<u>\$ 9,447</u>	<u>\$ 38,437</u>
People Services	Labor	\$ 7,045	\$ 2,700	\$ 1,995	\$ 11,740
	Material	\$ 7	\$ 3	\$ 2	\$ 11
	Equipment	\$ 170	\$ 65	\$ 48	\$ 283
	Other	\$ 4,156	\$ 1,592	\$ 1,177	\$ 6,925
	Total	<u>\$ 11,378</u>	<u>\$ 4,359</u>	<u>\$ 3,222</u>	<u>\$ 18,959</u>
SVP Chief Operation Officer	Labor	\$ 236	\$ 90	\$ 67	\$ 393
	Material	\$ -	\$ -	\$ -	\$ -
	Equipment	\$ -	\$ -	\$ -	\$ -
	Other	\$ 145	\$ 56	\$ 41	\$ 242
	Total	<u>\$ 381</u>	<u>\$ 146</u>	<u>\$ 108</u>	<u>\$ 635</u>

2025 Area of Responsibility Operations & Maintenance Budget

Area of Responsibility (Thousands of Dollars)	Category	Electric	Gas	Water	Grand Total
Electric Engineering and Operations	Labor	\$ 66,991	\$ 2,964	\$ 2,238	\$ 72,193
	Material	\$ 2,080	\$ 35	\$ 26	\$ 2,141
	Equipment	\$ 5,860	\$ 98	\$ 73	\$ 6,032
	Other	\$ 94,244	\$ 6,777	\$ 5,175	\$ 106,196
	Total	<u>\$ 169,176</u>	<u>\$ 9,875</u>	<u>\$ 7,511</u>	<u>\$ 186,562</u>
Gas and Water Engineering and Operations	Labor	\$ 3,179	\$ 17,066	\$ 11,827	\$ 32,072
	Material	\$ 75	\$ 1,278	\$ 1,025	\$ 2,379
	Equipment	\$ 190	\$ 1,569	\$ 2,085	\$ 3,843
	Other	\$ 1,129	\$ 20,887	\$ 21,738	\$ 43,753
	Total	<u>\$ 4,573</u>	<u>\$ 40,800</u>	<u>\$ 36,674</u>	<u>\$ 82,048</u>
Customer Experience and Energy Services	Labor	\$ 20,287	\$ 16,928	\$ 11,579	\$ 48,794
	Material	\$ 130	\$ 220	\$ 263	\$ 613
	Equipment	\$ 979	\$ 1,259	\$ 795	\$ 3,033
	Other	\$ 9,971	\$ 6,731	\$ 5,095	\$ 21,797
	Total	<u>\$ 31,367</u>	<u>\$ 25,138</u>	<u>\$ 17,732</u>	<u>\$ 74,237</u>
Corporate Communication	Labor	\$ 2,417	\$ 926	\$ 684	\$ 4,027
	Material	\$ 1	\$ 1	\$ -	\$ 2
	Equipment	\$ 8	\$ 3	\$ 2	\$ 14
	Other	\$ 4,593	\$ 1,760	\$ 1,301	\$ 7,654
	Total	<u>\$ 7,019</u>	<u>\$ 2,690</u>	<u>\$ 1,988</u>	<u>\$ 11,697</u>
Common	Labor	\$ (10,036)	\$ (4,047)	\$ (3,294)	\$ (17,377)
	Material	\$ 177	\$ 441	\$ 707	\$ 1,325
	Equipment	\$ 900	\$ 299	\$ 400	\$ 1,599
	Other	\$ 81,196	\$ 33,659	\$ 35,389	\$ 150,244
	Total	<u>\$ 72,236</u>	<u>\$ 30,352</u>	<u>\$ 33,202</u>	<u>\$ 135,790</u>
Transfers to Capital	Labor	\$ -	\$ -	\$ -	\$ -
	Material	\$ -	\$ -	\$ -	\$ -
	Equipment	\$ -	\$ -	\$ -	\$ -
	Other	\$ (24,458)	\$ (6,307)	\$ (7,281)	\$ (38,045)
	Total	<u>\$ (24,458)</u>	<u>\$ (6,307)</u>	<u>\$ (7,281)</u>	<u>\$ (38,045)</u>
Grand Total	Labor	\$ 118,624	\$ 49,200	\$ 36,076	\$ 203,900
	Material	\$ 2,794	\$ 2,100	\$ 2,114	\$ 7,008
	Equipment	\$ 9,157	\$ 3,775	\$ 4,244	\$ 17,176
	Other	\$ 205,031	\$ 79,100	\$ 73,644	\$ 357,776
	Total	<u>\$ 335,607</u>	<u>\$ 134,175</u>	<u>\$ 116,078</u>	<u>\$ 585,860</u>

President & Board of Commissioners

The President is responsible for setting the overall vision and strategy, managing day-to-day operations, and ensuring financial health. The president is main communicator between the Board, employees, customers, and other stakeholders, while also representing the company in public forums and maintaining its image. The president also ensures compliance with all relevant laws and regulations, working closely with regulatory bodies to keep the company aligned with legal standards.

The Board of Commissioners ensures that MLGW operates effectively and in the best interests of the customers. It is a five-member board who are nominated 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.

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)	Total	
Labor	\$	409
Material	\$	-
Equipment	\$	-
Outside Purchases	\$	16
Outside Services	\$	50
Other Expenditures	\$	21
Grand Total	\$	496

Internal Audit

Internal Audit is responsible for providing audit expertise for financial, operational, systems, special projects, and other organizational and business-related audits, and safeguarding company assets in compliance with policies, procedures, and practices established by certifying, regulatory, municipal, or official guidelines. Internal Audit is comprised of Data Analytics and Assurance Services.

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)	Total	
Labor	\$ 1,187	
Material	\$ 2	
Equipment	\$ 5	
Outside Purchases	\$ 161	
Outside Services	\$ 214	
Other Expenditures	\$ 67	
Grand Total	\$ 1,635	

General Counsel

The General Counsel department plays a vital role in safeguarding the MLGW's legal and ethical integrity. It comprises three key areas:

Legal Services is responsible for providing legal assistance to all Departments to facilitate operational needs including prosecuting and defending lawsuits, regulatory matters, and drafting/negotiating contracts.

Claims is responsible for investigating, evaluating, resolving, and pursuing claims by and against third parties for damages and casualty to property and personal injury.

Ethics and Compliance is responsible overseeing MLGW's corporate-wide ethics compliance and ensuring the compliance of MLGW's utility systems with federal, state and local laws, regulations, and standards

2025 Operations & Maintenance Budget (O&M)	
Category (Thousands of Dollars)	Total
Labor	\$ 2,789
Material	\$ 1
Equipment	\$ 27
Outside Purchases	\$ 210
Outside Services	\$ 865
Other Expenditures	\$ 99
Grand Total	\$ 3,991

SVP CFO CAO & Secretary Treasurer

SVP CFO CAO and Secretary Treasurer is a multifaceted area that encompasses Accounting & Finance, Information Technology, Pension and Shared Services. This area is responsible for managing MLGW’s financial health, including budgeting, financial planning, and reporting. It also oversees the Information Technology sector, ensuring that the technological infrastructure supports its operations efficiently and securely. Pension manages employee retirement plans, ensuring their financial stability and compliance with regulations. Additionally, the Shared Services function provides essential support services across the organization, streamlining processes and enhancing operational efficiency. Together, these components work synergistically to ensure the MLGW’s financial stability, technological advancement, and overall operational effectiveness.

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)	Total	
Labor	\$	1,060
Material	\$	16
Equipment	\$	-
Outside Purchases	\$	132
Outside Services	\$	492
Pension Administrative Credit	\$	(552)
Other Expenditures	\$	28
Grand Total	\$	1,176

Finance & Accounting

The Finance and Accounting department is essential for managing the financial health and stability of MLGW. It consists of four key areas:

General Accounting is responsible for monthly and year-end closing of accounting records and preparing this information for reporting to the President & CEO, MLGW Board of Commissioners, Memphis City Council, and the Citizens of Shelby County.

Budget and Rates is responsible for compiling annual operating and capital budgets, forecasting short-term and long-term operating expenses, revenues, cash balances and funding requirements, maintaining and developing rate schedules.

Treasury Management is responsible for investing short-term cash portfolio and debt service funds in accordance with investment guidelines, overseeing the investments of MLGW's pension fund assets and other post-employment benefits assets, and managing the issuance of debt to cover capital improvement expenditures for the electric, gas, and water systems.

Payments, Payroll and Banking is responsible for maintaining payroll records, overseeing employee paychecks, ensuring timely submission of payroll, participating in payroll audits, processing payroll, deducting payroll taxes, and calculating allowances

2025 Operations & Maintenance Budget (O&M)	
Category (Thousands of Dollars)	Total
Labor	\$ 5,364
Material	\$ 4
Equipment	\$ -
Outside Purchases	\$ 281
Outside Services	\$ 1,174
Other Expenditures	\$ 3,356
Grand Total	\$ 10,179

Information Systems & Technology

The Information Systems & Technology department is crucial for managing and advancing the technological infrastructure of MLGW. It comprises five key areas:

Information Systems is responsible for the Core Billing, SmartMeter, System Integrations, Financial and Mobile Network, the development and support of web and mobile applications for MLGW’s external and internal customers, and the maintenance of MLGW’s intranet site, IVR and 50+ Third Party Software solution.

Information Technology is responsible for scheduling, assigning, and coordinating the operation of computer/auxiliary equipment, processing/handling of input and output data and managing the daily operations of the data center and data processing activities, providing direct support for personal computers, handheld computers and enterprise-wide desktop applications, and specifying, acquiring, installing, and support physical servers, virtual servers, Storage Area Networks (SAN), tape Library hardware, Windows server OS, Netware, SUSE Linux, and enterprise backup system.

Data Security is responsible for developing plans for increased security across systems, implementing various protections, testing and re-testing systems for known vulnerabilities, monitoring systems for security breaches, and investigating breaches and any other anomalies.

Client Services is responsible for managing relationships with key business areas, serving as an advocate for key business areas, and supporting the Information Technology Oversight Committee.

Enterprise Resource Planning is responsible for the development and maintenance of critical centralized applications that supports areas throughout the Division.

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)		Total
Labor	\$	17,702
Material	\$	10
Equipment	\$	21
Outside Purchases	\$	5,816
Outside Services	\$	15,933
Other Expenditures	\$	18,579
Grand Total	\$	58,061

Shared Services

The Shared Services department is a centralized unit designed to streamline operations and enhance efficiency across the organization. It comprises six key areas:

Procurement Contracts and Supplier Diversity is responsible for overseeing the procurement of goods and materials, facilitating contracts for services from contractors and consultants, and seeking to provide certified minority-owned, women-owned, and locally-owned small businesses equal access to participate in procurement opportunities—either in a contractor or sub-contractor arrangement with MLGW

Performance Engineering is responsible for analyzing operations and developing recommendations for improvement using knowledge of quality and statistics, time study, work measurement, finance, ergonomics, simulation, and other industrial engineering-related concepts and skill sets, the development and maintenance of Oracle Work Management processes by researching, analyzing, troubleshooting, monitoring/explaining the work management processes and their interaction with division areas to manage material, people and work activities, the creation and modification of all Asset Groups, Preventive Maintenance schedules, Failure Set forms, and Collection plans for all non-GIS Electric, Gas, Water, Facilities, Central Shops and Environmental assets; as well as GIS assets such as Leased Outdoor Lights, Poles, Single-Phase, 3-Phase, and Pad Mounts.

Corporate Security is responsible for monitoring and overseeing the strategic vision and the implementation of MLGW's physical security and controls management strategies and security programs by protecting and safeguarding the enterprise critical assets.

Facilities is responsible for upgrading the physical environment and infrastructure of the Division's properties in order to create safe, functional and well-maintained facilities.

Material and Stores is responsible for supervising primary stores, investment recovery and service center storerooms, processing scrap sales, payment of freight bills and approval of demurrage on freight, cylinders, and railroad spurs.

Transportation and Fleet Services is responsible for providing quality goods, services equipment in a safe, cost-effective manner.

Shared Services

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)		Total
Labor	\$	23,543
Material	\$	506
Equipment	\$	2,321
Outside Purchases	\$	3,350
Outside Services	\$	7,204
Other Expenditures	\$	1,513
Grand Total	\$	38,437

People Services

The People Services department is dedicated to supporting and enhancing the employee experience. It encompasses several key areas:

Employment Services and Talent Acquisition is responsible for managing employee records, onboarding, and offboarding processes.; and focuses on recruiting and hiring the best talent to meet the organization’s needs.

Labor Engagement is responsible for promoting positive employee relations and engagement initiatives.

Insurance Benefits is responsible for administering employee benefits programs, including health, dental, and life insurance.

Corporate Safety is responsible for ensuring a safe working environment by implementing and monitoring safety protocols.

Human Performance and People Development is responsible for enhancing employee performance through training and development programs; and focuses on career growth and development opportunities for employees.

Compensation and HRIS is responsible for managing salary structures, bonuses, and other financial rewards. HRIS (Human Resources Information Systems): Maintains and optimizes HR technology systems for efficient data management and reporting.

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)		Total
Labor	\$	11,740
Material	\$	11
Equipment	\$	283
Outside Purchases	\$	2,484
Outside Services	\$	2,794
Other Expenditures	\$	1,646
Grand Total	\$	18,959

SVP & COO

The SVP and COO area is responsible for overseeing the engineering, design, construction, and operation of MLGW. This includes the Electric Engineering, which focuses on maintaining and enhancing the electrical infrastructure to ensure reliable power delivery. Gas & Water Engineering manages the infrastructure for gas and water services, ensuring safe and efficient distribution to customers. Together, these areas work to provide essential utilities, maintain system integrity, and support the overall operational goals of the organization.

2025 Operations & Maintenance Budget (O&M)	
Category (Thousands of Dollars)	Total
Labor	\$ 393
Material	\$ -
Equipment	\$ -
Outside Purchases	\$ 135
Outside Services	\$ 50
Other Expenditures	\$ 57
Grand Total	\$ 635

Electric Engineering & Operations

The Electric Engineering and Operations department is responsible for ensuring the efficient and reliable delivery of electrical services. It includes several specialized areas:

Electric Construction is responsible for overseeing the building and installation of electrical infrastructure.

Electric Distribution Systems Engineering is responsible for designing and maintaining the systems that distribute electricity to consumers.

Environmental Engineering is responsible for ensuring that electrical operations comply with environmental regulations and sustainability practices.

System Operations is responsible for managing the real-time operation of the electrical grid to ensure stability and reliability.

Substation Engineering and Operations is responsible for focusing on the design, maintenance, and operation of electrical substations, which are critical for transforming and distributing electricity.

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)		Total
Labor	\$	72,193
Material	\$	2,141
Equipment	\$	6,032
Outside Purchases	\$	8,406
Outside Services	\$	58,374
Other Expenditures	\$	39,416
Grand Total	\$	186,562

Gas & Water Engineering & Operations

The Gas & Water Engineering & Operations department is a comprehensive division responsible for ensuring the efficient and safe delivery of gas and water services. This department plays a crucial role in maintaining the infrastructure and quality of essential gas and water services. It encompasses several key areas:

Gas Engineering & Operations is responsible for focusing on the design, maintenance, and operation of the gas distribution system. It ensures that gas is delivered safely and reliably to all customers, addressing any technical challenges that arise.

Water Engineering & Operations is responsible for managing the infrastructure and processes required to deliver clean and safe water. This area ensures that the water supply system is efficient and meets the community's needs.

Water Quality Assurance is dedicated to maintaining high standards of water quality. This area conducts rigorous testing and monitoring to ensure that the water supply complies with all regulatory standards and is safe for consumption.

Commercial & Residential Engineering provides engineering support for both commercial and residential projects. This area ensures that all developments adhere to relevant standards and regulations, facilitating smooth project execution.

Gas Construction & Maintenance manages the construction, repair, and upkeep of the water distribution system. This area works to ensure a reliable and uninterrupted water supply through effective maintenance practices.

Water Construction & Maintenance is responsible for the construction, repair, and upkeep of the water distribution system, ensuring a reliable water supply.

Gas Portfolio Management is responsible for managing the procurement, allocation, and optimization of gas resources to meet the needs of the community efficiently.

Gas & Water Engineering & Operations

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)		Total
Labor	\$	32,072
Material	\$	2,379
Equipment	\$	3,843
Outside Purchases	\$	8,622
Outside Services	\$	30,861
Other Expenditures	\$	4,271
Grand Total	\$	82,048

Customer Experience & Energy Services

The Customer Experience & Energy Services department is a multifaceted team dedicated to enhancing customer satisfaction and optimizing energy services. This department plays a crucial role in ensuring customers receive high-quality service and innovative energy solutions, contributing to overall customer satisfaction and operational excellence. It is composed of several key areas:

Customer Care is the frontline of customer interaction, handling inquiries, resolving issues, and ensuring customer satisfaction. They provide personalized assistance and support to address customer needs promptly and effectively.

Revenue & Metering Services is responsible for accurate billing and metering, this division ensures that customers are billed correctly and on time. They manage meter readings, billing cycles, and address any discrepancies in billing to maintain transparency and trust.

Customer Programs & Services area develops and manages various programs aimed at enhancing customer experience and engagement. They offer energy-saving programs, and other initiatives designed to help customers manage their energy usage and costs efficiently.

Economic & Business Development is tasked with fostering economic growth and business development within the community. They collaborate with local businesses and stakeholders to create opportunities for economic advancement and support sustainable development initiatives. This area also focuses on maintaining strong relationships with major clients, this division provides tailored services and support to key accounts. They work closely with large customers to understand their unique needs and deliver customized solutions that drive mutual success.

Customer Programs & Services provides valuable conservation and energy-efficiency opportunities to help customers understand and reduce their energy consumption. These opportunities include in-person walk-through audits and various public speaking engagements for both small and large audiences. The department is responsible for planning, marketing and analysis for the weatherization and energy-efficiency programs to best serve our customers. As a key partner, the department also provides technical assistance and support for other programs within the community.

Customer Experience & Energy Services

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)		Total
Labor	\$	48,794
Material	\$	613
Equipment	\$	3,033
Outside Purchases	\$	2,273
Outside Services	\$	19,106
Other Expenditures	\$	418
Grand Total	\$	74,237

Corporate Communications

The Corporate Communications department is integral to maintaining and enhancing MLGW’s public image and internal communication. It comprises three key areas:

Communication Support Services is responsible for the distribution of information to MLGW employees, customers, stakeholders via a variety of communication vehicles including newsletters, brochures, printed materials, in house informational TV monitors, digital newsletters, mlgw.com website, brochure design and production, and communication with the public.

Interactive, Social and Media Relations is responsible for maintaining a robust social media presence, responding, researching, and conducting interviews with media.

Corporate Imaging is responsible for guarding the MLGW brand in the Mid-South community, promoting customer focused programs, volunteer, and community initiatives, broadcasting and digitally advertising media, and maintaining public records.

2025 Operations & Maintenance Budget (O&M)		
Category (Thousands of Dollars)	Total	
Labor	\$	4,027
Material	\$	2
Equipment	\$	14
Outside Purchases	\$	1,579
Outside Services	\$	1,069
Other Expenditures	\$	5,005
Grand Total	\$	11,697



ALL DIVISIONS

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2025

ALL DIVISIONS

PAGE 2

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
<u>OPERATING REVENUE</u>				
Sales Revenue	1,613,540	231,743	125,524	1,970,807
Revenue Adjustment for Uncollectibles	(7,908)	(1,388)	(1,349)	(10,645)
Non-Sales Revenue	31,245	48,553	5,766	85,564
OPERATING REVENUE	1,636,877	278,908	129,941	2,045,726
<u>OPERATING EXPENSE</u>				
Purchased Power	1,174,874	-	-	1,174,874
Purchased Gas	-	114,047	-	114,047
Compressed Natural Gas (CNG)	-	456	-	456
Liquefied Natural Gas (LNG)	-	3,084	-	3,084
Industrial Gas	-	18,864	-	18,864
Production Expense	-	1,870	22,817	24,687
Transmission Expense	6,895	-	-	6,895
Distribution Expense	74,969	38,828	18,484	132,281
Customer Accounts Expense	22,746	16,567	11,695	51,008
Customer Service & Information Expense	2,696	1,930	1,182	5,808
Sales Expense	2,435	431	277	3,143
Administrative & General Expense	124,758	55,851	41,072	221,681
OPERATING EXPENSE	1,409,373	251,928	95,527	1,756,828
<u>MAINTENANCE EXPENSE</u>				
Transmission Expense	3,776	-	-	3,776
Production Expense	-	5,435	3,318	8,753
Distribution Expense	91,272	11,293	12,606	115,171
Administrative & General Expense	6,060	1,970	4,627	12,657
MAINTENANCE EXPENSE	101,108	18,698	20,551	140,357
<u>OTHER OPERATING EXPENSE</u>				
Depreciation Expense	65,168	18,419	11,835	95,422
Payment in Lieu of Taxes	52,152	16,425	4,800	73,377
F.I.C.A. Taxes	1,938	749	600	3,287
Amortization of Legacy Meters	1,286	1,518	484	3,288
Amortization - Right of Use Leases & Subscriptions	1,635	3,690	-	5,325
Amortization - Street Lighting Retrofit	731	-	-	731
OTHER OPERATING EXPENSE	122,910	40,801	17,719	181,430
TOTAL OPERATING EXPENSE	1,633,391	311,427	133,797	2,078,615
<u>INCOME</u>				
Operating Income	3,486	(32,519)	(3,856)	(32,889)
Other Income	53,720	5,975	2,237	61,932
Reduction of Plant Cost Recovered through CIAC	(17,561)	(10,877)	(20,256)	(48,694)
NET INCOME BEFORE DEBT EXPENSE	39,645	(37,421)	(21,875)	(19,651)
<u>DEBT EXPENSE</u>				
Interest Expense - Long Term Debt	25,174	4,932	4,264	34,370
Amortization of Debt Discount & Expense	(3,899)	(1,491)	(946)	(6,336)
TOTAL DEBT EXPENSE	21,275	3,441	3,318	28,034
NET INCOME AFTER DEBT EXPENSE	18,370	(40,862)	(25,193)	(47,685)
Contributions in Aid of Construction	17,561	10,877	20,256	48,694
CHANGE IN NET POSITION	35,931	(29,985)	(4,937)	1,009

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2025**

ALL DIVISIONS

PAGE 2a

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
<u>OPERATING REVENUE</u>				
Sales Revenue	1,613,540	231,743	125,524	1,970,807
Revenue Adjustment for Uncollectibles	(7,908)	(1,388)	(1,349)	(10,645)
Non-Sales Revenue				
Forfeited Discounts	13,029	3,108	1,685	17,822
Miscellaneous Service Revenue	10,262	2,083	2,081	14,426
Cross Connection Revenue	-	-	1,409	1,409
Other Operating Revenue	1,632	624	456	2,712
Compressed Natural Gas (CNG)	-	516	-	516
Liquefied Natural Gas (LNG)	-	4,824	-	4,824
Industrial Gas Revenue	-	19,879	-	19,879
Rent from Electric/Gas/Water Property	6,322	7,228	135	13,685
Transported Gas	-	10,291	-	10,291
Total Non-Sales Revenue	31,245	48,553	5,766	85,564
OPERATING REVENUE	1,636,877	278,908	129,941	2,045,726
<u>OPERATING EXPENSE</u>				
Purchased Power	1,174,874	-	-	1,174,874
Purchased Gas	-	114,047	-	114,047
Compressed Natural Gas (CNG)	-	456	-	456
Liquefied Natural Gas (LNG)	-	3,084	-	3,084
Industrial Gas	-	18,864	-	18,864
Production Expense				
Chemicals	-	-	2,766	2,766
Fuel or Power Purchased for Pumping	-	-	8,948	8,948
Miscellaneous Expense	-	-	3,626	3,626
Operations Production Water Treatment	-	-	84	84
Operation Labor and Expenses	-	1,720	6,686	8,406
Operation Supervision and Engineering	-	150	341	491
Pumping Labor and Expenses	-	-	366	366
Total Production Expense	-	1,870	22,817	24,687
Transmission Expense				
Load Dispatching	819	-	-	819
Miscellaneous Transmission Expenses	1,576	-	-	1,576
Operation Supervision and Engineering	4,051	-	-	4,051
Station Expenses	449	-	-	449
Underground Transmission Line Expenses	-	-	-	-
Total Transmission Expense	6,895	-	-	6,895
Distribution Expense				
Customer Installation Expenses	-	6,044	3,058	9,102
Distribution Load Dispatching Expense	1,687	884	-	2,571
Mains and Services	-	8,035	-	8,035
Measuring and Regulating Expenses	-	67	-	67
Meter and House Regulator Expenses	948	3,081	1,655	5,684
Miscellaneous Distribution Expenses ⁽¹⁾	50,441	18,256	12,747	81,444
Operation Supervision and Engineering	6,133	2,460	934	9,527
Overhead Distribution Line Expense	6,437	-	-	6,437
Rents	-	1	-	1
Services on Customers' Premises	5,895	-	-	5,895
Station Expenses	1,724	-	-	1,724
Storage Facilities	-	-	121	121
Street Lighting and Signal System Expenses	256	-	-	256
Transmission and Distribution Lines	-	-	(31)	(31)
UG Distribution	1,448	-	-	1,448
Total Distribution Expense	74,969	38,828	18,484	132,281

⁽¹⁾ Includes, but not limited to, the following items: Accrued vacation, absences such as holiday and sick leave, lost time due to bad weather, stand-by pay, and contract services.

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2025

ALL DIVISIONS

PAGE 2b

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
<u>OPERATING EXPENSE (Continued)</u>				
Customer Accounts Expense				
Customer Order, Records and Collection Expenses	19,586	11,953	8,333	39,872
Meter Reading Expenses	2,995	4,470	3,222	10,687
Supervision-Customer Accounting and Collection	165	144	140	449
Total Customer Accounts Expense	22,746	16,567	11,695	51,008
Customer Service & Information Expense				
Customer Assistance Expenses	1,036	780	585	2,401
Informational and Instructional Advertising Expenses	216	72	284	572
Miscellaneous Customer Service & Informational Expenses	1,041	748	-	1,789
Supervision-Customer Service and Information	403	330	313	1,046
Total Customer Service & Information Expense	2,696	1,930	1,182	5,808
Sales Expense				
Sales Supervision	98	-	-	98
Miscellaneous Sales Expenses	2,337	431	277	3,045
Total Sales Expense	2,435	431	277	3,143
Administrative & General Expense				
Administrative and General Salaries	24,919	10,046	7,062	42,027
Administration Expenses Transferred to Capital	(9,410)	(1,850)	(2,649)	(13,909)
Pension Expense	19,513	8,160	6,031	33,704
Other Active & Retiree Benefits	22,630	13,588	7,798	44,016
Other Post Employment Benefits Funding	888	371	274	1,533
Injuries and Damages	5,019	2,984	1,845	9,848
Miscellaneous General Expenses ⁽²⁾	18,627	7,646	7,090	33,363
Office Supplies and Expenses	7,659	3,257	2,371	13,287
Outside Services Employed	27,166	8,817	7,738	43,721
Property Insurance	1,947	969	691	3,607
Rents-Miscellaneous	5,800	1,863	2,821	10,484
Total Administrative & General Expense	124,758	55,851	41,072	221,681
OPERATING EXPENSE	1,409,373	251,928	95,527	1,756,828
<u>MAINTENANCE EXPENSE</u>				
Transmission Expense				
Maintenance of Overhead Transmission Lines	-	-	-	-
Maintenance of Station Equipment	1,537	-	-	1,537
Maintenance of Underground Transmission Lines	806	-	-	806
Maintenance of Structures and Improvements	24	-	-	24
Maintenance Supervision and Engineering	1,409	-	-	1,409
Total Transmission Expense	3,776	-	-	3,776
Production Expense				
Maintenance of Holders	-	297	-	297
Maintenance of Other Equipment	-	4,884	-	4,884
Maintenance of Pumping Equipment	-	-	1,098	1,098
Maintenance of Structures and Improvements	-	21	-	21
Maintenance of Water Treatment Equipment	-	-	1,742	1,742
Maintenance of Wells	-	-	314	314
Maintenance Supervision and Engineering	-	233	164	397
Total Production Expense	-	5,435	3,318	8,753

⁽²⁾ Includes, but not limited to, the following items: Mail distribution, property appraisals, security and janitorial services, and fuel use by MLGW.

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2025

ALL DIVISIONS

PAGE 2c

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
<u>MAINTENANCE EXPENSE (Continued)</u>				
Distribution Expense				
Maintenance of Hydrants	-	-	1,041	1,041
Maintenance of Line Transformers	2,170	-	-	2,170
Maintenance of Mains	-	6,899	-	6,899
Maintenance of Meters	2,141	-	3,114	5,255
Maintenance of Miscellaneous Distribution Plant	1,468	-	32	1,500
Maintenance of Overhead Distribution Lines	53,767	-	-	53,767
Maintenance of Distribution Structures and Improvements	4	-	-	4
Maintenance of Services	-	2,351	1,785	4,136
Maintenance of Station Equipment	2,426	-	-	2,426
Maintenance of Street Lighting and Signal System	7,646	-	-	7,646
Maintenance of Gas Distribution Facilities	-	-	-	-
Maintenance of Transmission and Distribution Mains	-	-	6,634	6,634
Maintenance of Underground Distribution Lines	17,623	-	-	17,623
Maintenance Supervision and Engineering	4,027	100	-	4,127
Measuring and Regulating Equipment Expenses	-	1,943	-	1,943
Total Distribution Expense	91,272	11,293	12,606	115,171
Administrative & General Expense				
Maintenance of General Plant	5,776	1,887	4,627	12,290
Facilities Maintenance Expense	284	83	-	367
Total Administrative & General Expense	6,060	1,970	4,627	12,657
MAINTENANCE EXPENSE	101,108	18,698	20,551	140,357
<u>OTHER OPERATING EXPENSE</u>				
Depreciation Expense	65,168	18,419	11,835	95,422
Payment in Lieu of Taxes	52,152	16,425	4,800	73,377
F.I.C.A. Taxes	1,938	749	600	3,287
Amortization of Legacy Meters	1,286	1,518	484	3,288
Amortization - Right of Use Leases & Subscriptions	1,635	3,690	-	5,325
Amortization - Street Lighting Retrofit	731	-	-	731
OTHER OPERATING EXPENSE	122,910	40,801	17,719	181,430
TOTAL OPERATING EXPENSE	1,633,391	311,427	133,797	2,078,615
<u>INCOME</u>				
Operating Income	3,486	(32,519)	(3,856)	(32,889)
Other Income				
Expenses of Merchandising, Jobbing & Contracts	-	(3,300)	(2,979)	(6,279)
Revenues from Merchandising, Jobbing & Contracts	-	1,302	2,979	4,281
Revenues from Non-Utility Property	-	-	-	-
Revenues from Common Transportation Equipment	-	-	-	-
Revenues from Sinking & Other Funds-Interest Income	10,464	5,473	1,320	17,257
Medicare Part D Refund	1,000	1,000	500	2,500
Non-Operating Income - TVA Transmission Credit	39,390	-	-	39,390
Miscellaneous Non-Operating Income	2,866	1,500	417	4,783
Total Other Income	53,720	5,975	2,237	61,932
Contributions in Aid of Construction	(17,561)	(10,877)	(20,256)	(48,694)
NET INCOME BEFORE DEBT EXPENSE	39,645	(37,421)	(21,875)	(19,651)

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2025**

ALL DIVISIONS

PAGE 2d

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
DEBT EXPENSE				
Interest Expense - Long-Term Debt				
Interest on Ltd - Series 2014	-	-	359	359
Interest on Ltd - Series 2016	1,252	1,252	663	3,167
Interest on Ltd - Series 2017	2,754	1,365	768	4,887
Interest on Ltd - Series 2020	5,917	2,315	2,474	10,706
Interest on Ltd - Series 2024	9,626	-	-	9,626
Interest on Ltd - Series 2025	5,625	-	-	5,625
Total Interest Expense - Long-Term Debt	25,174	4,932	4,264	34,370
Amortization of Debt Discount & Expense				
Amortization of Debt Disc & Exp - Series 2014	(470)	-	(37)	(507)
Amortization of Debt Disc & Exp - Series 2016	(446)	(446)	(133)	(1,025)
Amortization of Debt Disc & Exp - Series 2017	(690)	(396)	(153)	(1,239)
Amortization of Debt Disc & Exp - Series 2020	(1,358)	(649)	(623)	(2,630)
Amortization of Debt Disc & Exp - Series 2024	(935)	-	-	(935)
Total Amortization of Debt Discount & Expense	(3,899)	(1,491)	(946)	(6,336)
TOTAL DEBT EXPENSE	21,275	3,441	3,318	28,034
NET INCOME AFTER DEBT EXPENSE	18,370	(40,862)	(25,193)	(47,685)
Contributions in Aid of Construction	17,561	10,877	20,256	48,694
CHANGE IN NET POSITION	35,931	(29,985)	(4,937)	1,009

**MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES
FOR CALENDAR YEAR OF 2025**

ALL DIVISIONS

PAGE 3

DESCRIPTION	THOUSANDS OF DOLLARS				REF. NO.
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL	
TOTAL 2025 CAPITAL EXPENDITURES	230,123	74,677	77,568	382,368	3-1



ELECTRIC DIVISION

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2023 THROUGH 2025

ELECTRIC DIVISION

PAGE 4

DESCRIPTION	THOUSANDS OF DOLLARS			REF. NO.
	2023 ACTUAL	2024 BUDGET	2025 BUDGET	
<u>OPERATING REVENUE</u>				
Sales Revenue	1,362,395	1,474,517	1,613,540	4-1
Revenue Adjustment for Uncollectibles	(6,689)	(5,116)	(7,908)	4-2
Non-Sales Revenue	25,825	28,989	31,245	4-3
OPERATING REVENUE	1,381,531	1,498,390	1,636,877	
<u>OPERATING EXPENSE</u>				
Purchased Power	1,050,251	1,105,352	1,174,874	4-4
Transmission Expense	5,402	6,506	6,895	4-5
Distribution Expense	41,938	60,467	74,969	4-6
Customer Accounts Expense	16,653	20,441	22,746	4-7
Customer Service & Information Expense	1,857	2,110	2,696	4-8
Sales Expense	1,861	2,328	2,435	4-9
Administrative & General Expense*	88,396	129,044	124,758	4-10
OPERATING EXPENSE	1,206,358	1,326,248	1,409,373	
<u>MAINTENANCE EXPENSE</u>				
Transmission Expense	2,920	3,878	3,776	4-11
Distribution Expense	59,826	87,871	91,272	4-12
Administrative & General Expense	5,143	5,482	6,060	4-13
MAINTENANCE EXPENSE	67,889	97,231	101,108	
<u>OTHER OPERATING EXPENSE</u>				
Depreciation Expense	59,235	59,263	65,168	4-14
Payment in Lieu of Taxes	41,429	43,029	52,152	4-15
F.I.C.A. Taxes	2,108	1,860	1,938	4-16
Amortization of Legacy Meters	1,234	1,263	1,286	4-17
Amortization - Right of Use Leases & Subscriptions	3,752	316	1,635	4-18
Amortization - Street Lighting Retrofit	-	-	731	4-19
OTHER OPERATING EXPENSE	107,758	105,731	122,910	
TOTAL OPERATING EXPENSE	1,382,005	1,529,210	1,633,391	
<u>INCOME</u>				
Operating Income	(474)	(30,820)	3,486	4-20
Other Income	56,122	53,823	53,720	4-21
Reduction of Plant Cost Recovered through CIAC	(14,234)	(43,521)	(17,561)	4-22
NET INCOME BEFORE DEBT EXPENSE	41,414	(20,518)	39,645	
<u>DEBT EXPENSE</u>				
Interest Expense - Existing Long-Term Debt	11,850	15,341	25,174	4-23
Amortization of Debt Discount & Expense	(2,767)	(3,117)	(3,899)	4-24
TOTAL DEBT EXPENSE	9,083	12,224	21,275	
NET INCOME AFTER DEBT EXPENSE	32,331	(32,742)	18,370	
Contributions in Aid of Construction	14,234	43,521	17,561	4-25
CHANGE IN NET POSITION*	46,565	10,779	35,931	

* Excludes Pension Non-Cash and Other Post Employment Benefits Non-Cash

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025**

ELECTRIC DIVISION

PAGE 4a

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
<u>OPERATING REVENUE</u>			
Sales Revenue	1,474,517	1,613,540	139,023
Revenue Adjustment for Uncollectibles	(5,116)	(7,908)	(2,792)
Non-Sales Revenue			
Forfeited Discounts	11,615	13,029	1,414
Miscellaneous Service Revenue	10,100	10,262	162
Other Operating Revenue	1,476	1,632	156
Rent from Gas/Water Property	5,798	6,322	524
Total Non-Sales Revenue	28,989	31,245	2,256
OPERATING REVENUE	1,498,390	1,636,877	138,487
<u>OPERATING EXPENSE</u>			
Purchased Power	1,105,352	1,174,874	69,522
Transmission Expense			
Load Dispatching	778	819	41
Miscellaneous Transmission Expenses	1,477	1,576	99
Operation Supervision and Engineering	3,815	4,051	236
Station Expenses	436	449	13
Total Transmission Expense	6,506	6,895	389
Distribution Expense			
Distribution Load Dispatching Expense	1,715	1,687	(28)
Meter Expenses	1,000	948	(52)
Miscellaneous Distribution Expenses ⁽¹⁾	36,395	50,441	14,046
Operation Supervision and Engineering	5,842	6,133	291
Overhead Distribution Line Expense	6,264	6,437	173
Services on Customers' Premises	6,238	5,895	(343)
Station Expenses	1,657	1,724	67
Street Lighting and Signal System Expenses	504	256	(248)
Underground Distribution Line Expenses	852	1,448	596
Total Distribution Expense	60,467	74,969	14,502
Customer Accounts Expense			
Customer Order, Records and Collection Expenses	19,091	19,586	495
Meter Reading Expenses	1,200	2,995	1,795
Supervision-Customer Accounting and Collection	150	165	15
Total Customer Accounts Expense	20,441	22,746	2,305
Customer Service & Information Expense			
Customer Assistance Expenses	1,023	1,036	13
Informational and Instructional Advertising Expenses	196	216	20
Miscellaneous Customer Service & Informational Expense	523	1,041	518
Supervision-Customer Service and Information	368	403	35
Total Customer Service & Information Expense	2,110	2,696	586
Sales Expense			
Sales Supervision	-	98	98
Miscellaneous Sales Expenses	2,328	2,337	9
Total Sales Expense	2,328	2,435	107

⁽¹⁾ Includes, but not limited to, the following items: Accrued vacation, absences such as holiday and sick leave, lost time due to bad weather, stand-by pay, and contract services.

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025**

ELECTRIC DIVISION

PAGE 4b

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
<u>OPERATING EXPENSE (Continued)</u>			
Administrative & General Expense			
Administrative and General Salaries	33,505	24,919	(8,586)
Administration Expenses Transferred to Capital	(9,273)	(9,410)	(137)
Pension Expense	15,894	19,513	3,619
Other Active & Retiree Benefits	25,304	22,630	(2,674)
Other Post Employment Benefits Funding	729	888	159
Injuries and Damages	3,332	5,019	1,687
Miscellaneous General Expenses ⁽²⁾	18,887	18,627	(260)
Office Supplies and Expenses	5,625	7,659	2,034
Outside Services Employed	27,162	27,166	4
Property Insurance	2,344	1,947	(397)
Rents-Miscellaneous	5,535	5,800	265
Total Administrative & General Expense	129,044	124,758	(4,286)
OPERATING EXPENSE	1,326,248	1,409,373	83,125
<u>MAINTENANCE EXPENSE</u>			
Transmission Expense			
Maintenance of Station Equipment	1,460	1,537	77
Maintenance of Underground Transmission Lines	697	806	109
Maintenance of Structures and Improvements	1	24	23
Maintenance Supervision and Engineering	1,720	1,409	(311)
Total Transmission Expense	3,878	3,776	(102)
Distribution Expense			
Maintenance of Line Transformers	2,346	2,170	(176)
Maintenance of Meters	2,102	2,141	39
Maintenance of Miscellaneous Distribution Plant	931	1,468	537
Maintenance of Overhead Distribution Lines	52,475	53,767	1,292
Maintenance of Distribution Structures and Improvements	-	4	4
Maintenance of Station Equipment	2,311	2,426	115
Maintenance of Street Lighting and Signal System	4,155	7,646	3,491
Maintenance of Underground Distribution Lines	19,840	17,623	(2,217)
Maintenance Supervision and Engineering	3,711	4,027	316
Total Distribution Expense	87,871	91,272	3,401
Administrative & General Expense			
Maintenance of General Plant	5,143	5,776	633
Facilities Maintenance Expense	339	284	(55)
Total Administrative & General Expense	5,482	6,060	578
MAINTENANCE EXPENSE	97,231	101,108	3,877
⁽²⁾ Includes, but not limited to, the following items: Mail distribution, property appraisals, security and janitorial services, and fuel use by MLGW.			

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025

ELECTRIC DIVISION

PAGE 4c

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
<u>OTHER OPERATING EXPENSE</u>			
Depreciation Expense	59,263	65,168	5,905
Payment in Lieu of Taxes	43,029	52,152	9,123
F.I.C.A. Taxes	1,860	1,938	78
Amortization of Legacy Meters	1,263	1,286	23
Amortization - Right of Use Leases & Subscriptions	316	1,635	1,319
Amortization - Street Lighting Retrofit	-	731	731
OTHER OPERATING EXPENSE	105,731	122,910	17,179
TOTAL OPERATING EXPENSE	1,529,210	1,633,391	104,181
<u>INCOME</u>			
Operating Income	(30,820)	3,486	34,306
Other Income			
Revenues from Sinking & Other Funds - Interest Income	10,000	10,464	464
Medicare Part D Refund	1,000	1,000	-
Non-Operating Income - TVA Transmission Credit	39,000	39,390	390
Miscellaneous Non-Operating Income	3,823	2,866	(957)
Total Other Income	53,823	53,720	(103)
Reduction of Plant Cost Recovered through CIAC	(43,521)	(17,561)	25,960
NET INCOME BEFORE DEBT EXPENSE	(20,518)	39,645	60,163
<u>DEBT EXPENSE</u>			
Interest Expense - Long-Term Debt			
Interest on Ltd - Series 2014	1,002	-	(1,002)
Interest on Ltd - Series 2016	1,338	1,252	(86)
Interest on Ltd - Series 2017	2,938	2,754	(184)
Interest on Ltd - Series 2020	6,063	5,917	(146)
Interest on Ltd - Series 2024	4,000	9,626	5,626
Interest on Ltd - Series 2025	-	5,625	5,625
Total Interest Expense - Long-Term Debt	15,341	25,174	9,833
Amortization of Debt Discount & Expense			
Amortization of Debt Disc & Exp - Series 2014	(508)	(470)	38
Amortization of Debt Disc & Exp - Series 2016	(477)	(446)	31
Amortization of Debt Disc & Exp - Series 2017	(737)	(690)	47
Amortization of Debt Disc & Exp - Series 2020	(1,395)	(1,358)	37
Amortization of Debt Disc & Exp - Series 2024	-	(935)	(935)
Total Amortization of Debt Discount & Expense	(3,117)	(3,899)	(782)
TOTAL DEBT EXPENSE	12,224	21,275	9,051
NET INCOME AFTER DEBT EXPENSE	(32,742)	18,370	51,112
Contributions in Aid of Construction	43,521	17,561	(25,960)
CHANGE IN NET POSITION	10,779	35,931	25,152

MEMPHIS LIGHT, GAS AND WATER DIVISION
SOURCE AND APPLICATION OF FUNDS
2025 BUDGET
(THOUSANDS OF DOLLARS)

ELECTRIC DIVISION

PAGE 5

		REF. NO.
<u>SOURCE OF FUNDS:</u>		
FROM OPERATIONS:		
Change in Net Position	35,931	5-1
Non-Cash Charges to Income:		
Depreciation Charged to Operating Income	65,168	5-2
Depreciation Charged to Other Accounts	2,069	5-3
Amortization of Legacy Meters	1,286	5-4
Amortization - Right of Use Leases & Subscriptions	1,635	5-5
Amortization - Streetlighting Retrofit	731	5-6
TOTAL FUNDS FROM OPERATIONS	106,820	
Salvage	1,875	5-7
Financing: Debt Issuance	250,000	5-8
TOTAL FUNDS AVAILABLE	358,695	
<u>APPLICATION OF FUNDS:</u>		
Capital Expenditures	230,123	5-9
Costs of Removal and Other Charges to the Reserve for Depreciation	5,564	5-10
Retirement of Long-Term Debt	15,105	5-11
TOTAL APPLICATION OF FUNDS	250,792	
INCREASE (DECREASE) IN WORKING CAPITAL	107,903	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES COMPARISON
FOR CALENDAR YEAR OF 2025

ELECTRIC DIVISION

PAGE 6

DESCRIPTION	THOUSANDS OF DOLLARS			REF. NO.
	2023 Actual	2024 BUDGET	2025 BUDGET	
PRODUCTION				
ELEC - DISTRIBUTIVE ENERGY RESOURCE	-	120,500	51,875	6-1
TOTAL - PRODUCTION	-	120,500	51,875	
SUBSTATION AND TRANSMISSION				
ELEC - SUBSTATION	12,535	25,096	19,008	6-2
ELEC - SUBSTATION TRANSFORMERS REPLACEMENT	3,092	3,889	2,473	6-3
ELEC - SUBSTATION CIRCUIT BREAKERS REPLACEMENT	7,685	4,321	3,676	6-4
ELEC - TRANSMISSION LINES	13,408	6,335	5,019	6-5
CONTRIBUTION IN AID OF CONSTRUCTION - CIAC	-	(8,571)	-	6-6
TOTAL - SUBSTATION AND TRANSMISSION	36,720	31,070	30,176	
DISTRIBUTION SYSTEM				
ELEC - RESIDENTIAL SERVICE IN S/D	357	325	1,705	6-7
ELEC - RESIDENTIAL SERVICE NOT IN S/D	2,859	2,708	3,103	6-8
ELEC - RESIDENTIAL S/D	328	434	1,615	6-9
ELEC - APARTMENTS	593	1,287	601	6-10
ELEC - GENERAL POWER SERVICE	3,636	11,081	4,297	6-11
ELEC - GENERAL POWER S/D	138	850	224	6-12
ELEC - MOBILE HOME PARK	352	6	326	6-13
ELEC - TEMPORARY SERVICE	95	347	520	6-14
ELEC - MULTIPLE-UNIT GENERAL POWER	275	401	282	6-15
ELEC - RELOCATE AT CUSTOMER REQUEST	1,255	6,224	1,416	6-16
ELEC - STREET IMPROVEMENTS	7,888	7,335	4,967	6-17
ELEC - NEW CIRCUITS	4,700	15,300	10,117	6-18
ELEC - LINE RECONSTRUCTION/REMOVE IDLE FACILITIES	1,925	5,250	14,202	6-19
ELEC - DEFECT CABLE/FEEDER CABLE REPLACEMENT	5,820	10,800	11,052	6-20
ELEC - DISTRIBUTION POLES	3,971	5,000	2,705	6-21
ELEC - PMNI MAINTENANCE	-	-	3,864	6-22
ELEC - DISTRIBUTION AUTOMATION	13,131	10,500	6,183	6-23
ELEC - STREET LIGHTS INSTALL	43,787	8,247	7,638	6-24
ELEC - DEMOLITION	141	38	130	6-25
ELEC - STREET LIGHT MAINTENANCE	3,272	3,750	2,898	6-26
ELEC - PLANNED MAINTENANCE	5,645	8,500	7,343	6-27
ELEC - TREE TRIMMING	-	10	8	6-28
ELEC - OPERATIONS MAINTENANCE	294	-	-	6-29
ELEC - LEASED OUTDOOR LIGHTING	883	541	1,551	6-30
ELEC - STORM RESTORATION	36,693	-	-	6-31
ELEC - SHARED USE CONTRACT	-	500	386	6-32
ELEC - DUCT LINE LEASE	-	75	58	6-33
ELEC - EMERGENCY MAINTENANCE	7,372	7,500	6,183	6-34
JT - RESIDENTIAL SERVICE IN S/D	1,525	1,606	1,278	6-35
JT - RESIDENTIAL SERVICE NOT IN S/D	-	5	-	6-36
JT - RESIDENTIAL S/D	3,734	5,639	3,288	6-37
JT - APARTMENTS	235	20	17	6-38
PCI - CAPACITOR BANKS	-	1,000	773	6-39
PCI - DIST TRANSFORMERS	4,643	11,000	11,593	6-40
ELEC - METERS	2,532	2,641	1,542	6-41
CONTRIBUTION IN AID OF CONSTRUCTION - CIAC	(11,474)	(34,950)	(17,561)	6-42
TOTAL - DISTRIBUTION SYSTEM	146,605	93,970	94,305	
GENERAL PLANT				
ELEC - BUILDINGS & STRUCTURES	1,075	11,313	9,790	6-43
ELEC - SECURITY AUTOMATION	1,504	988	841	6-44
ELEC - LAND PURCHASE	95	350	348	6-45
ELEC - FLEET CAPITAL POWER OPERATED EQUIPMENT	1,724	9,019	7,558	6-46
ELEC - TRANSPORTATION EQUIPMENT	2,763	6,170	3,773	6-47
ELEC - LAB & TEST	397	652	393	6-48
ELEC - COMMUNICATION EQUIPMENT	157	105	132	6-49
ELEC - COMMUNICATION TOWERS	1,724	100	271	6-50
ELEC - TELECOMMUNICATION NETWORK	1,359	14,817	12,134	6-51
ELEC - UTILITY MONITORING	26	6,135	4,970	6-52
ELEC - BUSINESS CONTINUITY	-	1,700	155	6-53
ELEC - DATA PROCESSING EQUIPMENT	(1,653)	26,895	13,248	6-54
ELEC - IS/IT PROJECTS	11,297	-	-	6-55
ELEC - CIS DEVELOPMENT	1,653	2,914	-	6-56
ELEC - CONTINGENCY FUND	-	200	155	6-57
TOTAL - GENERAL PLANT	22,121	81,358	53,767	
TOTAL - ELECTRIC DIVISION CATEGORIES	205,446	326,898	230,123	
Delayed Cost Allocations	5,085	(54,136)	-	6-58
TOTAL - ELECTRIC DIVISION	210,531	272,762	230,123	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

ELECTRIC DIVISION

PAGE 7

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>PRODUCTION</u>		
DISTRIBUTIVE ENERGY RESOURCES Solar Generation/ Battery Storage	51,875,000	7-1
TOTAL PRODUCTION	51,875,000	
<u>SUBSTATION & TRANSMISSION MAJOR PROJECTS</u>		
<u>SUBSTATION</u>		
Install Substation 68 third 161/23 kV transformer	10,577,794	7-2
Substation Feeder Electromechanical Relay Replacement Program	3,168,931	7-3
Replace RTU's various locations	1,381,329	7-4
Replace relays various locations	849,111	7-5
Sub #49 -- Install Definite Purpose Capacitor Bank Breakers (49363 & 49373)	650,037	7-6
Replace Reactor Substation 1	609,410	7-7
Install Cap Bank 38273 & PCB 38271 @ Substation 38	528,155	7-8
Replace batteries various locations	390,022	7-9
Replace switches various locations	203,137	7-10
Install JPAX Nodes to Upgrade JMUX SONET Nodes	203,137	7-11
Install Substation 76 third 115/12 kV transformer (Pinch District Upgrades)	203,137	7-12
Install 161 kV CVT on Circuit 05697 @ Substation 5	101,568	7-13
Implement Breaker Fail Scheme @ Substation 34	60,941	7-14
Install Transmission Metering Equipment for Transmission Planning Monitoring	40,627	7-15
Seismic Retrofit of Non-Structural Substation Components	40,627	7-16
TOTAL SUBSTATION IMPROVEMENTS	19,007,964	
<u>SUBSTATION TRANSFORMERS</u>		
Replace 161/23 kV transformer bank 49647	2,110,350	7-17
Replace 115/12 kV transformer bank 6157	1,565,783	7-18
TOTAL SUBSTATION TRANSFORMERS	3,676,132	
<u>SUBSTATION CIRCUIT BREAKERS</u>		
Replace Breakers Various Locations	1,181,251	7-19
Replace 12 kV Breakers 1705, 1709, 1711, 1713 & 1739 @ Substation 11	644,319	7-20
Replace 12 kV Breaker 42235 @ Substation 42	351,447	7-21
Replace 23 kV Breaker 48309 @ Substation 48	191,698	7-22
Replace 23 kV Breaker 48351 @ Substation 48	104,563	7-23
TOTAL SUBSTATION CIRCUIT BREAKERS	2,473,277	
TOTAL SUBSTATION	25,157,372	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

ELECTRIC DIVISION

PAGE 8

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>SUBSTATION/TRANSMISSION PROJECTS</u>		
Structure #1641 Bank Stabilization	1,545,798	8-1
Structure #1613 Bank Stabilization	1,352,573	8-2
Misc. projects (OPGW, structure replacements, etc.)	386,449	8-3
OPGW 11-35	351,250	8-4
OPGW Sub 84	231,870	8-5
OPGW 42-23	162,309	8-6
OPGW Sub 15	38,645	8-7
UAV Contract #12134	38,645	8-8
TOTAL SUBSTATION/TRANSMISSION PROJECTS	4,107,539	
<u>TRANSMISSION - REIMBURSABLE</u>		
TDOT Lamar & Shelby Drive	911,402	8-9
TOTAL TRANSMISSION REIMBURSABLE	911,402	
TOTAL TRANSMISSION LINES	5,018,941	
TOTAL - SUBSTATION AND TRANSMISSION	30,176,314	
<u>DISTRIBUTION SYS. - MAJOR PROJECTS</u>		
Sub 68 New Ckt Ties	1,835,635	8-10
Sub 84 Ckt Ties	1,739,023	8-11
Sub 83 Ckt Ties	1,248,232	8-12
Ckt Ties in Sub 15 & 84 Area	1,159,348	8-13
Substation 83 MH/DL (6 ckts)	772,899	8-14
Other New circuit ties	772,899	8-15
Other 2025-2029 Projects	772,899	8-16
Kellogg's Alternate Ckt Upgrade	772,899	8-17
Sub 68 Cabling (3 ckts)	386,449	8-18
Substation 83 Cabling (6 ckts)	270,515	8-19
Circuit 61301 stepdown transformer change out	193,225	8-20
Sub 76 Cabling	193,225	8-21
TOTAL MAJOR NEW CIRCUIT PROJECTS	10,117,247	
<u>MISC. PROJECTS - REIMBURSABLE</u>		
Other Relocate at Customer Request Projects	1,416,232	8-22
TOTAL MISC. PROJECTS - REIMBURSABLE	1,416,232	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

ELECTRIC DIVISION

PAGE 9

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>STREET IMPROVEMENT PROJECTS</u>		
SP 97/09: TDOT SR-1/US-70/Summer Ave, from Macon Rd To Elmore Rd	1,684,591	9-1
Elvis Presley Blvd. North and Middle Section	772,899	9-2
Other Projections 2023-2027	772,899	9-3
Hacks Cross Rd Stateline to Shelby Dr	463,739	9-4
Holmes Road, Malone to US-78/Lamar (CP 04/38)	425,094	9-5
Malone, Holmes to Shelby Drive	309,160	9-6
LL 09/02 - New Canada Rd (Re-Alignment N of I-40 to US-70)	309,160	9-7
SR-57/Poplar, from Eastley to SR-385	200,954	9-8
Carnes Ave / Hanley School Safety Improvements	7,729	9-9
Tonto Road - Drainage Project	7,729	9-10
Scott Street Sewer Interceptor	7,729	9-11
Lillian Drive - Drainage (MSQ2)	4,904	9-12
	4,966,587	
TOTAL DISTRIBUTION SYS. - MAJOR PROJECTS	16,500,066	
<u>GENERAL PLANT</u>		
<u>PURCHASE OF LAND</u>	347,805	9-13
<u>BUILDINGS & STRUCTURES</u>		
<u>SUBSTATIONS</u>		
Replace Roofs - Various Substations	111,607	9-14
Access Paving - Various Substations	167,719	
<u>ELECTRIC & SYSTEMS OPERATIONS</u>		
ESO - Drainage and pavement upgrade	1,082,058	9-15
Radio Tower Bldg: Replace 874 sq ft roof	20,868	9-16
Replace UPS	11,593	9-17

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

ELECTRIC DIVISION

PAGE 10

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>GENERAL PLANT (Continued)</u>		
<u>NETTERS BUSINESS OPERATIONS CENTER</u>		
Replace 5 Liebert Units/Roof Condensers & Leak detection System	231,870	10-1
Replace Cooling Tower Fill Media	154,580	10-2
Roof Replacement	46,374	10-3
<u>NEW BUILDINGS</u>		
Fabrication & Repair Shops Construction	5,506,905	10-4
EV Charging Stations	1,296,924	10-5
Expansion Property Site Development	1,159,348	10-6
TOTAL BUILDINGS & STRUCTURES	9,789,847	
ELEC - SECURITY AUTOMATION	841,226	10-7
ELEC - FLEET CAPITAL POWER OPERATED EQUIPMENT	7,557,842	10-8
ELEC - TRANSPORTATION EQUIPMENT	3,773,153	10-9
ELEC - COMMUNICATION EQUIPMENT	132,238	10-10
LAB & TEST	393,000	10-11
COMMUNICATION TOWERS		
Microwave/Mobile Radio	270,515	10-12
TOTAL COMMUNICATION TOWERS	270,515	
TELECOMMUNICATION NETWORK		
Distribution Automation Communication Infrastructure	9,274,787	10-13
Voice Network	1,159,348	10-14
Smart Meter Gatekeepers/	772,899	10-15
Fiber optic multiplexers	386,449	10-16
Telecommunication Systems Growth	386,449	10-17
Fiber optic cable and equipment	154,580	10-18
TOTAL TELECOMMUNICATIONS NETWORK	12,134,513	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

ELECTRIC DIVISION

PAGE 11

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>GENERAL PLANT (Continued)</u>		
<u>UTILITY MONITORING & CONTROL SYSTEMS</u>		
Systems Backup Control & Communication Plan (CO)	4,969,856	11-1
TOTAL UTILITY MONITORING & CONTROL SYS.	4,969,856	
<u>BUSINESS CONTINUITY</u>		
Business Continuity / Disaster Recovery Site	154,580	11-2
TOTAL BUSINESS CONTINUITY	154,580	
<u>PURCHASE OF DATA PROCESSING EQUIPMENT</u>		
Server Blades and Chassis for Computer Systems	4,019,074	11-3
SAN Fiber Channel Network	3,839,762	11-4
Storage Replacement/Expansion	2,318,697	11-5
Work Center Wireless (outdoor)	1,159,348	11-6
Replace Virtual Desktop Environment Storage System	850,189	11-7
Field Use Laptops (New/Replacements)	502,384	11-8
DNS/DHCP System Replacement	386,449	11-9
Network Core Upgrades and Enhancements	77,290	11-10
Corporate Wireless Upgrade and Enhancements	38,645	11-11
New\Replacement Servers	38,645	11-12
PC Equipment	17,615	11-13
TOTAL PURCHASE OF DATA PROCESSING EQUIPMENT	13,248,099	
<u>CONTINGENCY FUNDS - GENERAL PLANT</u>	154,580	11-14
TOTAL GENERAL PLANT	53,767,251	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL CARRYOVER SUMMARY*
FOR CALENDAR YEAR OF 2025

ELECTRIC DIVISION

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<u>CAPITAL CARRYOVER CATEGORY</u>	<u>CARRYOVER AMOUNT</u>
Solar Generation/Battery Storage	27,500,000
Telecommunication Network & Communication Towers	12,500,000
Purchase of Data Processing Equipment	11,278,600
Buildings & Structures	10,386,400
Power Operated and Transportation Equipment	9,659,240
Substations, Transmission & Distribution System	7,498,658
Utility Monitoring	5,880,150
Security Automation	988,403
TOTAL CAPITAL CARRYOVER SUMMARY	85,691,451

*Carryover items constitute the funding necessary for capital projects or purchases not completed during the prior budget year. This would include projects which may have been delayed, large projects requiring multiple years to complete, or commodities ordered but not received. These items are part of the total 2025 Budget.



GAS DIVISION

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2023 THROUGH 2025

GAS DIVISION

PAGE 13

DESCRIPTION	THOUSANDS OF DOLLARS			REF. NO.
	2023 ACTUAL	2024 BUDGET	2025 BUDGET	
OPERATING REVENUE				
Sales Revenue	210,196	237,830	231,743	13-1
Revenue Adjustment for Uncollectibles	(1,171)	(1,093)	(1,388)	13-2
Non-Sales Revenue	48,034	50,849	48,553	13-3
OPERATING REVENUE	257,059	287,586	278,908	
OPERATING EXPENSE				
Production - LNG Plant	2,169	1,846	1,870	13-4
Purchased Gas	87,838	119,465	114,047	13-5
Compressed Natural Gas (CNG)	458	132	456	13-6
Liquefied Natural Gas (LNG)	3,081	2,376	3,084	13-7
Industrial Gas	13,071	19,629	18,864	13-8
Distribution Expense	27,112	33,379	38,828	13-9
Customer Accounts Expense	11,299	14,103	16,567	13-10
Customer Service & Information Expense	1,612	1,897	1,930	13-11
Sales Expense	314	377	431	13-12
Administrative & General Expense	41,630	59,141	55,851	13-13
OPERATING EXPENSE	188,584	252,345	251,928	
MAINTENANCE EXPENSE				
Production Expense	1,043	3,885	5,435	13-14
Distribution Expense	7,939	13,358	11,293	13-15
Administrative & General Expense	1,613	1,811	1,970	13-16
MAINTENANCE EXPENSE	10,595	19,054	18,698	
OTHER OPERATING EXPENSE				
Depreciation Expense	18,461	18,826	18,419	13-17
Payment in Lieu of Taxes	15,688	16,816	16,425	13-18
F.I.C.A. Taxes	808	670	749	13-19
Amortization of Legacy Meters	1,469	1,487	1,518	13-20
Amortization - Right of Use Leases & Subscriptions	5,274	3,915	3,690	13-21
OTHER OPERATING EXPENSE	41,700	41,714	40,801	
TOTAL OPERATING EXPENSE	240,879	313,113	311,427	
INCOME				
Operating Income	16,180	(25,527)	(32,519)	13-22
Other Income	10,670	9,476	5,975	13-23
Reduction of Plant Cost Recovered through CIAC	(4,220)	(13,845)	(10,877)	13-24
NET INCOME BEFORE DEBT EXPENSE	22,630	(29,896)	(37,421)	
DEBT EXPENSE				
Interest Expense - Long-Term Debt	5,358	5,159	4,932	13-25
Amortization of Debt Discount & Expense	(1,578)	(1,511)	(1,491)	13-26
TOTAL DEBT EXPENSE	3,780	3,648	3,441	
NET INCOME AFTER DEBT EXPENSE	18,850	(33,544)	(40,862)	
Contributions in Aid of Construction	4,220	13,845	10,877	13-27
CHANGE IN NET POSITION*	23,070	(19,699)	(29,985)	

* Excludes Pension Non-Cash and Other Post Employment Benefits Non-Cash

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025

GAS DIVISION

PAGE 13a

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
OPERATING REVENUE			
Sales Revenue	237,830	231,743	(6,087)
Revenue Adjustment for Uncollectibles	(1,093)	(1,388)	(295)
Non-Sales Revenue			
Forfeited Discounts	3,508	3,108	(400)
Miscellaneous Service Revenue	2,208	2,083	(125)
Other Operating Revenue	660	624	(36)
Compressed Natural Gas (CNG)	348	516	168
Liquefied Natural Gas (LNG)	5,304	4,824	(480)
Industrial Gas	20,644	19,879	(765)
Rent from Electric/Water Property	7,650	7,228	(422)
Transported Gas	10,527	10,291	(236)
Total Non-Sales Revenue	50,849	48,553	(2,296)
OPERATING REVENUE	287,586	278,908	(8,678)
OPERATING EXPENSE			
Purchased Gas	119,465	114,047	(5,418)
Compressed Natural Gas (CNG)	132	456	324
Liquified Natural Gas (LNG)	2,376	3,084	708
Industrial Gas	19,629	18,864	(765)
Production Expense			
Operation Labor and Expenses	1,690	1,720	30
Operation Supervision and Engineering	156	150	(6)
Total Production Expense	1,846	1,870	24
Distribution Expense			
Customer Installation Expenses	5,986	6,044	58
Distribution Load Dispatching Expense	850	884	34
Mains and Services	5,077	8,035	2,958
Measuring and Regulating Expenses	67	67	-
Meter and House Regulator Expenses	5,228	3,081	(2,147)
Miscellaneous Distribution Expenses ⁽¹⁾	13,810	18,256	4,446
Rents	15	1	(14)
Operation Supervision and Engineering	2,346	2,460	114
Total Distribution Expense	33,379	38,828	5,449
Customer Accounts Expense			
Customer Order, Records and Collection Expenses	12,212	11,953	(259)
Meter Reading Expenses	1,757	4,470	2,713
Supervision-Customer Accounting and Collection	134	144	10
Total Customer Accounts Expense	14,103	16,567	2,464
Customer Service & Information Expense			
Customer Assistance Expenses	772	780	8
Informational and Instructional Advertising Expenses	65	72	7
Miscellaneous Customer Service & Informational Expenses	758	748	(10)
Supervision-Customer Service and Information	302	330	28
Total Customer Service & Information Expense	1,897	1,930	33
Miscellaneous Sales Expenses	377	431	54
Total Sales Expense	377	431	54

⁽¹⁾ Includes, but not limited to, the following items: Accrued vacation, absences such as holiday and sick leave, lost time due to bad weather, stand-by pay, and contract services.

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025**

GAS DIVISION

PAGE 13b

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
<u>OPERATING EXPENSE (Continued)</u>			
Administrative & General Expense			
Administrative and General Salaries	13,268	10,046	(3,222)
Administration Expenses Transferred to Capital	(1,582)	(1,850)	(268)
Pension Expense	6,646	8,160	1,514
Other Active & Retiree Benefits	15,076	13,588	(1,488)
Other Post Employment Benefits Funding	305	371	66
Injuries and Damages	1,837	2,984	1,147
Miscellaneous General Expenses ⁽²⁾	8,227	7,646	(581)
Office Supplies and Expenses	3,951	3,257	(694)
Outside Services Employed	6,923	8,817	1,894
Property Insurance	1,176	969	(207)
Rents-Miscellaneous	3,314	1,863	(1,451)
Total Administrative & General Expense	59,141	55,851	(3,290)
OPERATING EXPENSE	252,345	251,928	(417)
<u>MAINTENANCE EXPENSE</u>			
Production Expense			
Maintenance of Holders	-	297	297
Maintenance of Other Equipment	3,488	4,884	1,396
Maintenance of Structures and Improvements	155	21	(134)
Maintenance Supervision and Engineering	242	233	(9)
Total Production Expense	3,885	5,435	1,550
Distribution Expense			
Maintenance of Mains	5,929	6,899	970
Maintenance of Meters	3,733	-	(3,733)
Maintenance of Services	1,846	2,351	505
Maintenance Supervision and Engineering	105	100	(5)
Measuring and Regulating Equipment Expenses	1,745	1,943	198
Total Distribution Expense	13,358	11,293	(2,065)
Administrative & General Expense			
Maintenance of General Plant	1,673	1,887	214
Facilities Maintenance Expense	138	83	(55)
Total Administrative & General Expense	1,811	1,970	159
MAINTENANCE EXPENSE	19,054	18,698	(356)
<u>OTHER OPERATING EXPENSE</u>			
Depreciation Expense	18,826	18,419	(407)
Payment in Lieu of Taxes	16,816	16,425	(391)
F.I.C.A. Taxes	670	749	79
Amortization of Legacy Meters	1,487	1,518	31
Amortization - Right of Use Leases & Subscriptions	3,915	3,690	(225)
OTHER OPERATING EXPENSE	41,714	40,801	(913)
TOTAL OPERATING EXPENSE	313,113	311,427	(1,686)
⁽²⁾ Includes, but not limited to, the following items: Mail distribution, property appraisals, security and janitorial services, and fuel use by MLGW.			

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025**

GAS DIVISION

PAGE 13c

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
<u>INCOME</u>			
Operating Income	(25,527)	(32,519)	(6,992)
Other Income			
Expenses of Merchandising, Jobbing & Contracts	(2,521)	(3,300)	(779)
Revenues from Merchandising, Jobbing & Contracts	1,302	1,302	-
Revenues from Sinking & Other Funds-Interest Income	8,500	5,473	(3,027)
Medicare Part D Refund	1,000	1,000	-
Miscellaneous Non-Operating Income	1,195	1,500	305
Total Other Income	9,476	5,975	(3,501)
Reduction of Plant Cost Recovered through CIAC	(13,845)	(10,877)	2,968
NET INCOME BEFORE DEBT EXPENSE	(29,896)	(37,421)	(7,525)
<u>DEBT EXPENSE</u>			
Interest Expense - Long-Term Debt			
Interest on Ltd - Series 2016	1,338	1,252	(86)
Interest on Ltd - Series 2017	1,446	1,365	(81)
Interest on Ltd - Series 2020	2,375	2,315	(60)
Total Interest Expense - Long-Term Debt	5,159	4,932	(227)
Amortization of Debt Discount & Expense			
Amortization of Debt Disc & Exp - Series 2016	(477)	(446)	31
Amortization of Debt Disc & Exp - Series 2017	(420)	(396)	24
Amortization of Debt Disc & Exp - Series 2020	(614)	(649)	(35)
Total Amortization of Debt Discount & Expense	(1,511)	(1,491)	20
TOTAL DEBT EXPENSE	3,648	3,441	(207)
NET INCOME AFTER DEBT EXPENSE	(33,544)	(40,862)	(7,318)
Contributions in Aid of Construction	13,845	10,877	(2,968)
CHANGE IN NET POSITION	(19,699)	(29,985)	(10,286)

MEMPHIS LIGHT, GAS AND WATER DIVISION
SOURCE AND APPLICATION OF FUNDS
2025 BUDGET
(THOUSANDS OF DOLLARS)

GAS DIVISION

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		REF. NO.
SOURCE OF FUNDS:		
FROM OPERATIONS:		
Change in Net Position	(29,985)	14-1
Non-Cash Charges to Income:		
Depreciation Charged to Operating Income	18,419	14-2
Depreciation Charged to Other Accounts	1,983	14-3
Amortization of Legacy Meters	1,518	14-4
Amortization - Right of Use Leases & Subscriptions	3,690	14-5
TOTAL FUNDS FROM OPERATIONS	(4,375)	
 Salvage	 371	 14-6
TOTAL FUNDS AVAILABLE	(4,003)	
APPLICATION OF FUNDS:		
Capital Expenditures	74,677	14-7
Costs of Removal and Other Charges to the Reserve for Depreciation	120	14-8
Retirement of Long Term Debt	4,780	14-9
TOTAL APPLICATION OF FUNDS	79,577	
 INCREASE (DECREASE) IN WORKING CAPITAL	 (83,580)	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES COMPARISON
FOR CALENDAR YEAR OF 2025

GAS DIVISION

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DESCRIPTION	THOUSANDS OF DOLLARS			REF. NO.
	2023 Actual	2024 BUDGET	2025 BUDGET	
PRODUCTION SYSTEM				
GAS - LNG PROCESSING FACILITIES	170	2,400	798	15-1
TOTAL PRODUCTION SYSTEM	170	2,400	798	
DISTRIBUTION SYSTEM				
GAS - APARTMENTS	-	6	71	15-2
GAS - RESIDENTIAL SERVICE IN S/D	-	9	29	15-3
GAS - RESIDENTIAL SERVICE NOT IN S/D	685	1,773	1,223	15-4
GAS - RESIDENTIAL S/D	-	8	-	15-5
GAS - OPERATIONS MAINTENANCE	-	-	-	15-6
GAS - LAND PURCHASE	-	225	82	15-7
GAS - GENERAL POWER SERVICE	1,849	2,737	4,600	15-8
GAS - GENERAL POWER S/D	-	7	-	15-9
GAS - MULTIPLE-UNIT GENERAL POWER	72	334	165	15-10
GAS - RELOCATE AT CUSTOMER REQUEST	344	396	389	15-11
GAS - PURCHASE OF METERS	3,578	1,664	3,900	15-12
GAS - STREET IMPROVEMENTS	1,010	4,964	3,705	15-13
GAS - NEW GAS MAIN	1,619	1,250	205	15-14
GAS - GAS MAIN/SERVICE REPL (D.O.T.)	3,179	7,729	6,287	15-15
GAS - PLANNED MAINTENANCE	2,277	3,687	3,087	15-16
GAS - TRANSMISSION PIPELINES AND FACILITIES	252	2,000	24,368	15-17
GAS - REGULATOR STATIONS	417	746	821	15-18
GAS - GATE STATIONS	42	1,040	-	15-19
JT - RESIDENTIAL SERVICE IN S/D	-	688	617	15-20
JT - RESIDENTIAL SERVICE NOT IN S/D	-	2	-	15-21
JT - RESIDENTIAL S/D	1,285	2,416	1,166	15-22
JT - APARTMENTS	248	9	5	15-23
GAS - EMERGENCY MAINTENANCE	656	1,642	1,375	15-24
GAS - DEMOLITION	100	-	16	15-25
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(2,174)	(13,845)	(10,877)	15-26
TOTAL - DISTRIBUTION SYSTEM	15,439	19,487	41,234	
GENERAL PLANT				
GAS - BUILDINGS & STRUCTURES	794	17,080	23,660	15-27
GAS - SECURITY AUTOMATION	-	173	353	15-28
GAS - FURNITURE & FIXTURES	-	-	493	15-29
GAS - AUDIOVISUAL	5	29	48	15-30
GAS - IS/IT PROJECTS	-	280	-	15-31
GAS - FLEET CAPITAL COMMON POWER OPERATED EQUIP	-	1,846	1,396	15-32
GAS - FLEET CAPITAL COMON TRANSPORTATION EQUIP	-	3,503	3,463	15-33
GAS - FLEET GAS POWER OPERATED EQUIPMENT	-	489	519	15-34
GAS - FLEET GAS TRANSPORTATION EQUIPMENT	-	2,227	2,220	15-35
GAS - AUTOMATED FUELING STRUCTURE	-	60	-	15-36
GAS - TOOLS & EQUIPMENT	-	-	-	15-37
GAS - COMMON TOOLS & EQUIPMENT	71	-	329	15-38
GAS - CONTINGENCY FUNDS	-	200	164	15-39
TOTAL - GENERAL PLANT	871	25,887	32,645	
TOTAL - GAS DIVISION CATEGORIES	16,480	47,774	74,677	
Delayed Cost Allocations	1,185	(11,780)	-	15-40
TOTAL - GAS DIVISION	17,665	35,994	74,677	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

GAS DIVISION

PAGE 16

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>PRODUCTION SYSTEM</u>		
Gas - LNG Processing Facilities	797,891	16-1
TOTAL GAS - PRODUCTION SYSTEM	797,891	
<u>DISTRIBUTION SYSTEM - MAJOR PROJECTS</u>		
<u>STREET IMPROVEMENTS</u>		
Holmes Rd, Malone Rd To Lamar Ave	985,050	16-2
SP 97/09, SR-1/Summer Ave, from Macon Rd To Elmore Rd	664,092	16-3
CP 19/10, Innovation Corridor	583,642	16-4
LL 09/02 Canada Rd, Re-Alignment	336,559	16-5
CV 18/04, Shelby Dr, east of Sycamore Rd to US-72	279,098	16-6
CP 05/15, Malone Rd, Holmes to Shelby	206,861	16-7
CP 16/16 Elvis Presley Middle Seg	164,175	16-8
SC 19/02, Hacks Cross Rd, Stateline - Shelby Dr	160,071	16-9
SP 20/12, SR-57/Poplar, from Eastley to SR-385	114,923	16-10
CP 23/21, Morningside PI - Drainage	73,879	16-11
CP 23/18, Poplar, Angelus to Belvedere - Drainage	32,835	16-12
CP 20/03, Tchulahoma at Blue Bonnet	24,626	16-13
CP 22/20, Peebles Road, east of Third St - Drainage	20,522	16-14
CP 23/07, Scott Street Sewer Interceptor	20,522	16-15
CP 21/09, Bartlett Rd Bridge over Fletcher Creek	16,418	16-16
CP 23/16, Wanda Street Storm Drain	12,313	16-17
CP 20/05, Mickey to Millbranch - Drainage	8,209	16-18
Carnes Ave/Hanley School Safety Improvements	1,231	16-19
TOTAL GAS - STREET IMPROVEMENTS	3,705,024	
<u>NEW GAS MAIN</u>		
System Improvement Projections	205,219	16-20
TOTAL GAS - NEW GAS MAIN	205,219	
<u>GAS MAIN/SERVICE REPL (D.O.T.)</u>		
Steel Tap Replacement	5,984,770	16-21
Distribution Integrity Management Program (DIMP)	149,567	16-22
Unplanned Distribution Work	104,697	16-23
Corrosion Control	48,460	16-24
TOTAL GAS -GAS MAIN/SERVICE REPL (D.O.T)	6,287,493	
<u>TRANSMISSION PIPELINES AND FACILITIES</u>		
18" XXHP Pipeline Replacement @ Weaver to Gill	23,752,431	16-25
18" XXHP Pipeline Replacement @ Covington Pike & LNRR	410,438	16-26
Unplanned Transmission Work	205,219	16-27
TOTAL TRANSMISSION PIPELINES AND FACILITIES	24,368,088	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

GAS DIVISION

PAGE 17

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>DISTRIBUTION SYSTEM - MAJOR PROJECTS (Continued)</u>		
<u>REGULATOR STATIONS</u>		
Regulator Station Replacement	820,875	17-1
TOTAL GAS- REGULATOR STATION REPLACEMENT	820,875	
TOTAL DISTRIBUTION SYS. - MAJOR PROJECTS	35,386,698	
<u>GENERAL PLANT</u>		
<u>BUILDINGS & STRUCTURES</u>		
<u>SOUTH SERVICE CENTER</u>		
Paving Upgrade - Employee Parking Lot	10,261	17-2
TOTAL SOUTH SERVICE CENTER	10,261	
<u>NORTH SERVICE CENTER</u>		
Asphalt Paving & Concrete Slabs/ Drives - Phase 2	820,875	17-3
Building #1 Replace 3 HVAC Package Units	147,758	17-4
Generator/Transfer Switch Replacement	61,566	17-5
AC Installation Building #6	38,581	17-6
Building #2: (Re-cover 36,000 square foot roof)	32,835	17-7
Building #3: (Re-cover 30,650 square foot roof)	24,626	17-8
Building #6: Roof Replacement 23,684 square feet	19,701	17-9
TOTAL NORTH SERVICE CENTER	1,145,942	
<u>BRUNSWICK SERVICE CENTER</u>		
Paving Upgrade - Phase 2	769,981	17-10
TOTAL BRUNSWICK SERVICE CENTER	769,981	
<u>HICKORY HILL SERVICE CENTER</u>		
HHSC Service Center Roof Replacement	902,963	17-11
Paving Upgrade - Phase 2 - Employee Parking Lot	10,261	17-12
Replace Canopy roofs	4,104	17-13
TOTAL HICKORY HILL SERVICE CENTER	917,328	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

GAS DIVISION

PAGE 18

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>GENERAL PLANT (Continued)</u>		
<u>ADMINISTRATION BUILDING</u>		
Administration Building Upgrades & renovations (elevator modernization)	246,263	18-1
TOTAL ADMINISTRATION BUILDING	246,263	
<u>CHOCTAW</u>		
New Concrete Wash Bay Area	20,522	18-2
Security Fencing Choctaw property	3,284	18-3
TOTAL CHOCTAW SERVICE CENTER	23,805	
<u>LNG CAPLEVILLE</u>		
Metal storage building (50' x 100')	24,626	18-4
TOTAL LNG CAPLEVILLE CENTER	24,626	
<u>NEW BUILDINGS</u>		
Engineering & Operations Building 130,000 sq. ft.	20,521,877	18-5
TOTAL NEW BUILDING	20,521,877	
TOTAL BUILDINGS & STRUCTURES	23,660,083	
GAS - SECURITY AUTOMATION	352,976	18-6
GAS - FURNITURE & FIXTURES	492,525	18-7
GAS - AUDIOVISUAL	48,060	18-8
GAS - TOOLS & EQUIPMENT COMMON	328,715	18-9
FLEET CAPITAL COMMON POWER OPERATED EQUIP	1,396,396	18-10
FLEET CAPITAL COMMON TRANSPORTATION EQUIP	3,462,986	18-11
FLEET GAS POWER OPERATED EQUIPMENT	518,572	18-12
FLEET GAS TRANSPORTATION EQUIPMENT	2,220,325	18-13
CONTINGENCY FUNDS - GENERAL PLANT	164,175	18-14
TOTAL GENERAL PLANT	32,644,813	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL CARRYOVER SUMMARY*
FOR CALENDAR YEAR OF 2025

<u>CAPITAL CARRYOVER CATEGORY</u>	<u>CARRYOVER AMOUNT</u>
Distribution System	4,269,500
Power Operated and Transportation Equipment	2,767,526
Buildings & Structures	1,171,000
Land Purchase/Property	150,000
Audio Visual	9,630
TOTAL CAPITAL CARRYOVER SUMMARY	<u>8,367,656</u>

*Carryover items constitute the funding necessary for capital projects or purchases not completed during the prior budget year. This would include projects which may have been delayed, large projects requiring multiple years to complete, or commodities ordered but not received. These items are part of the total 2025 Budget.



WATER DIVISION

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2023 THROUGH 2025

WATER DIVISION

PAGE 20

DESCRIPTION	THOUSANDS OF DOLLARS			REF. NO.
	2023 ACTUAL	2024 BUDGET	2025 BUDGET	
OPERATING REVENUE				
Sales Revenue	126,056	124,861	125,524	20-1
Revenue Adjustment for Uncollectibles	(1,398)	(987)	(1,349)	20-2
Non-Sales Revenue	5,978	5,550	5,766	20-3
OPERATING REVENUE	130,636	129,424	129,941	
OPERATING EXPENSE				
Production Expense	18,136	19,015	22,817	20-4
Distribution Expense	13,688	22,180	18,484	20-5
Customer Accounts Expense	7,765	9,734	11,695	20-6
Customer Service & Information Expense	1,035	1,131	1,182	20-7
Sales Expense	190	231	277	20-8
Administrative & General Expense	30,318	42,076	41,072	20-9
OPERATING EXPENSE	71,132	94,367	95,527	
MAINTENANCE EXPENSE				
Production Expense	3,130	4,157	3,318	20-10
Distribution Expense	12,378	12,616	12,606	20-11
Administrative & General Expense	4,092	5,106	4,627	20-12
MAINTENANCE EXPENSE	19,600	21,879	20,551	
OTHER OPERATING EXPENSE				
Depreciation Expense	11,361	11,474	11,835	20-13
Payment in Lieu of Taxes	4,600	4,700	4,800	20-14
F.I.C.A. Taxes	597	512	600	20-15
Amortization of Legacy Meters	480	480	484	20-16
Amortization - Right of Use Leases & Subscriptions	1,071	-	-	20-17
OTHER OPERATING EXPENSE	18,109	17,166	17,719	
TOTAL OPERATING EXPENSE	108,841	133,412	133,797	
INCOME				
Operating Income	21,795	(3,988)	(3,856)	20-18
Other Income	7,834	5,696	2,237	20-19
Reduction of Plant Cost Recovered through CIAC	(4,638)	(15,019)	(20,256)	20-20
NET INCOME BEFORE DEBT EXPENSE	24,991	(13,311)	(21,875)	
DEBT EXPENSE				
Interest Expense - Existing Long - Term Debt	4,456	4,294	4,264	20-21
Amortization of Debt Discount & Expense	(1,019)	(988)	(946)	20-22
TOTAL DEBT EXPENSE	3,437	3,306	3,318	
NET INCOME AFTER DEBT EXPENSE	21,554	(16,617)	(25,193)	
Contributions in Aid of Construction	4,638	15,019	20,256	20-23
CHANGE IN NET POSITION*	26,192	(1,598)	(4,937)	

* Excludes Pension Non-Cash and Other Post Employment Benefits Non-Cash

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025

WATER DIVISION

PAGE 20a

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
<u>OPERATING REVENUE</u>			
Sales Revenue	124,861	125,524	663
Revenue Adjustment for Uncollectibles	(987)	(1,349)	(362)
Non-Sales Revenue			
Forfeited Discounts	1,549	1,685	136
Miscellaneous Service Revenue	2,000	2,081	81
Cross Connection Revenue	1,376	1,409	33
Other Operating Revenue	492	456	(36)
Rent from Electric/Gas Property	133	135	2
Total Non-Sales Revenue	5,550	5,766	216
OPERATING REVENUE	129,424	129,941	517
<u>OPERATING EXPENSE</u>			
Production Expense			
Chemicals	3,001	2,766	(235)
Operations Production Water Treatment	98	84	(14)
Fuel or Power Purchased for Pumping	8,037	8,948	911
Miscellaneous Expense	3,197	3,626	429
Operation Labor and Expenses	3,936	6,686	2,750
Operation Supervision and Engineering	389	341	(48)
Pumping Labor and Expenses	357	366	9
Total Production Expense	19,015	22,817	3,802
Distribution Expense			
Customer Installation Expenses	3,215	3,058	(157)
Meter Expenses	3,747	1,655	(2,092)
Miscellaneous Distribution Expenses ⁽¹⁾	14,145	12,747	(1,398)
Operation Supervision and Engineering	919	934	15
Storage Facilities	124	121	(3)
Transmission and Distribution Lines	30	(31)	(61)
Total Distribution Expense	22,180	18,484	(3,696)
Customer Accounts Expense			
Customer Order, Records and Collection Expenses	8,343	8,333	(10)
Meter Reading Expenses	1,260	3,222	1,962
Supervision-Customer Accounting and Collection	131	140	9
Total Customer Accounts Expense	9,734	11,695	1,961
Customer Service & Information Expense			
Customer Assistance Expenses	575	585	10
Informational and Instructional Advertising Expenses	263	284	21
Supervision-Customer Service and Information	293	313	20
Total Customer Service & Information Expense	1,131	1,182	51
Sales Expense			
Miscellaneous Sales Expenses	231	277	46
Total Sales Expense	231	277	46

⁽¹⁾ Includes, but not limited to, the following items: Accrued vacation, absences such as holiday and sick leave, lost time due to bad weather, stand-by pay, and contract services.

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025**

WATER DIVISION

PAGE 20b

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
<u>OPERATING EXPENSE (Continued)</u>			
Administrative & General Expense			
Administrative and General Salaries	9,451	7,062	(2,389)
Administration Expenses Transferred to Capital	(2,660)	(2,649)	11
Pension Expense	4,913	6,031	1,118
Other Active & Retiree Benefits	8,521	7,798	(723)
Other Post Employment Benefits	225	274	49
Injuries and Damages	1,370	1,845	475
Miscellaneous General Expenses ⁽²⁾	6,787	7,090	303
Office Supplies and Expenses	1,787	2,371	584
Outside Services Employed	6,741	7,738	997
Property Insurance	824	691	(133)
Rents-Miscellaneous	4,117	2,821	(1,296)
Total Administrative & General Expense	42,076	41,072	(1,004)
OPERATING EXPENSE	94,367	95,527	1,160
<u>MAINTENANCE EXPENSE</u>			
Production Expense			
Maintenance of Pumping Equipment	1,413	1,098	(315)
Maintenance of Water Treatment Equipment	1,450	1,742	292
Maintenance of Wells	1,103	314	(789)
Maintenance Supervision and Engineering	191	164	(27)
Total Production Expense	4,157	3,318	(839)
Distribution Expense			
Maintenance of Hydrants	685	1,041	356
Maintenance of Meters	5,686	3,114	(2,572)
Maintenance of Miscellaneous Distribution Plant	31	32	1
Maintenance of Services	1,359	1,785	426
Maintenance of Transmission and Distribution Mains	4,855	6,634	1,779
Total Distribution Expense	12,616	12,606	(10)
Administrative & General Expense			
Maintenance of General Plant	1,794	2,141	347
Facilities Maintenance Expense	3,312	2,486	(826)
Total Administrative & General Expense	5,106	4,627	(479)
MAINTENANCE EXPENSE	21,879	20,551	(1,328)
<u>OTHER OPERATING EXPENSE</u>			
Depreciation Expense	11,474	11,835	361
Payment in Lieu of Taxes	4,700	4,800	100
F.I.C.A. Taxes	512	600	88
Amortization of Legacy Meters	480	484	4
Amortization of Leases	-	-	-
OTHER OPERATING EXPENSE	17,166	17,719	553
TOTAL OPERATING EXPENSE	133,412	133,797	385
⁽²⁾ Includes, but not limited to, the following items: Mail distribution, property appraisals, security and janitorial services, and fuel use by MLGW.			

**MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2024 THROUGH 2025**

WATER DIVISION

PAGE 20c

DESCRIPTION	THOUSANDS OF DOLLARS		
	2024 BUDGET	2025 BUDGET	DIFFERENCE
INCOME			
Operating Income	(3,988)	(3,856)	132
Other Income			
Revenues from Sinking & Other Funds-Interest Income	5,000	1,320	(3,680)
Medicare Part D Refund	500	500	-
Miscellaneous Non-Operating Income	196	417	221
Expenses of Merchandising, Jobbing & Contracts	(2,000)	(2,979)	(979)
Revenues from Merchandising, Jobbing & Contracts	2,000	2,979	979
Total Other Income	5,696	2,237	(3,459)
Reduction of Plant Cost Recovered through CIAC	(15,019)	(20,256)	(5,237)
NET INCOME BEFORE DEBT EXPENSE	(13,311)	(21,875)	(8,564)
DEBT EXPENSE			
Interest Expense - Long-Term Debt			
Interest on Ltd - Series 2014	359	359	-
Interest on Ltd - Series 2016	693	663	(30)
Interest on Ltd - Series 2017	768	768	-
Interest on Ltd - Series 2020	2,474	2,474	-
Total Interest Expense - Long-Term Debt	4,294	4,264	(30)
Amortization of Debt Discount & Expense			
Amortization of Debt Disc & Exp - Series 2014	(40)	(37)	3
Amortization of Debt Disc & Exp - Series 2016	(141)	(133)	8
Amortization of Debt Disc & Exp - Series 2017	(163)	(153)	10
Amortization of Debt Disc & Exp - Series 2020	(644)	(623)	21
Total Amortization of Debt Discount & Expense	(988)	(946)	21
TOTAL DEBT EXPENSE	3,306	3,318	(9)
NET INCOME AFTER DEBT EXPENSE	(16,617)	(25,193)	(8,555)
Contributions in Aid of Construction	15,019	20,256	5,237
CHANGE IN NET POSITION	(1,598)	(4,937)	(3,339)

MEMPHIS LIGHT, GAS AND WATER DIVISION
SOURCE AND APPLICATION OF FUNDS
2025 BUDGET
(THOUSANDS OF DOLLARS)

WATER DIVISION

PAGE 21

		REF. NO.
<u>SOURCE OF FUNDS:</u>		
FROM OPERATIONS:		
Change in Net Position	(4,937)	21-1
Non-Cash Charges to Income:		
Depreciation Charged to Operating Income	11,835	21-2
Depreciation Charged to Other Accounts	451	21-3
Amortization of Legacy Meters	484	21-4
Amortization of Leases	-	21-5
TOTAL FUNDS FROM OPERATIONS	7,833	
Salvage	85	21-6
TOTAL FUNDS AVAILABLE	7,918	
<u>APPLICATION OF FUNDS:</u>		
Capital Expenditures	77,568	21-7
Costs of Removal and Other Charges to the Reserve for Depreciation	1,043	21-8
Retirement of Long-Term Debt	4,595	21-9
TOTAL APPLICATION OF FUNDS	83,206	
INCREASE (DECREASE) IN WORKING CAPITAL	(75,288)	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES COMPARISON
FOR CALENDAR YEAR OF 2025

WATER DIVISION

PAGE 22

DESCRIPTION	THOUSANDS OF DOLLARS			REF. NO.
	2023 Actual	2024 BUDGET	2025 BUDGET	
PRODUCTION SYSTEM				
WATER - PUMPING STATIONS	7,705	21,195	44,262	22-1
WATER - UNDERGROUND STORAGE RESERVOIRS	407	300	83	22-2
WATER - PRODUCTION WELLS	2,859	7,789	14,563	22-3
WATER - LAND PURCHASE	6	150	167	22-4
WATER- OPERATIONS MAINTENANCE	844	1,500	1,252	22-5
Contingency Fund - Production System	-	50	42	22-6
SUBTOTAL - PRODUCTION SYSTEM	11,821	30,984	60,369	
WATER - BUILDINGS & STRUCTURES	39	1,061	2,895	22-7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	-	(11,792)	(15,971)	22-8
TOTAL PROD. SYSTEM - BLDGS. & STRUCT.	11,860	20,253	47,293	
DISTRIBUTION SYSTEM				
WATER - RESIDENTIAL SERVICE IN S/D	262	291	354	22-9
WATER - RESIDENTIAL SERVICE NOT IN S/D	457	406	509	22-10
WATER - RESIDENTIAL S/D	305	598	334	22-11
WATER - APARTMENTS	8	6	8	22-12
WATER - GENERAL POWER SERVICE	3,771	3,672	3,740	22-13
WATER - RELOCATE AT CUSTOMER REQUEST	226	285	246	22-14
WATER - STREET IMPROVEMENTS	2,638	4,250	5,029	22-15
WATER - NEW WATER MAIN	1,015	2,469	2,169	22-16
WATER- LEAD SERVICE REPLACEMENT	2,206	2,800	8,554	22-17
WATER - STORM RESTORATION	157	-	-	22-18
WATER - PURCHASE OF METERS	1,421	1,036	4,163	22-19
WATER - PLANNED MAINTENANCE	4,013	3,000	3,338	22-20
WATER - BOOSTER STATIONS	214	500	416	22-21
WATER - EMERGENCY MAINTENANCE	3,121	3,465	2,950	22-22
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(3,283)	(3,227)	(4,285)	22-23
TOTAL - DISTRIBUTION SYSTEM	16,531	19,551	27,525	
GENERAL PLANT				
WATER - BUILDINGS & STRUCTURE	-	-	38	22-24
WATER - SECURITY AUTOMATION	-	44	43	22-25
WATER - TOOLS & EQUIPMENT	-	-	43	22-26
WATER - FLEET CAPITAL POWER OPERATED EQUIP	227	1,035	233	22-27
WATER - FLEET CAPITAL WATER TRANSPORTATION EQUIP	388	1,749	1,992	22-28
WATER -IS/IT PROJECTS	11	-	-	22-29
MISCELLANEOUS REQUEST (<i>SIMULATOR</i>)	-	-	234	22-30
WATER - CONTINGENCY FUND	-	200	167	22-31
TOTAL - GENERAL PLANT	626	3,028	2,750	
TOTAL - WATER DIVISION CATEGORIES	29,016	42,832	77,568	
Delayed Cost Allocations	1,413	(15,369)	-	22-32
TOTAL - WATER DIVISION	30,429	27,463	77,568	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025

WATER DIVISION

PAGE 23

DESCRIPTION	IN	REF. NO.
	BUDGET YEAR	
<u>PRODUCTION SYSTEM</u>		
<u>PUMPING STATIONS</u>		
Allen Pumping Station		
Station Rehabilitation (New Allen)	8,345,629	23-1
Station Rehabilitation (New Allen) (CO)	1,961,223	23-2
Medium Voltage Breaker & Switchgear Replacements	83,456	23-3
VFD, Motor & Transformer Replacements	83,456	23-4
Total Allen Pumping Station	10,473,764	
Davis Pumping Station		
Filter Media Rehab and Replacement (Station Rehab) (CO)	3,755,533	23-5
Station Rehabilitation	250,369	23-6
VFD, Motor & Transformer Replacements	125,184	23-7
Medium Voltage Breaker & Switchgear Replacements	41,728	23-8
Total Davis Pumping Station	4,172,815	
Lichterman Pumping Station		
VFD, Motor & Transformer Replacements	208,641	23-9
Station Rehabilitation	208,641	23-10
Total Lichterman Pumping Station	417,281	
LNG Pumping Station		
Station Rehabilitation	1,043,204	23-11
Total LNG Pumping Station	1,043,204	
Mallory Pumping Station		
Filter Media Rehab and Replacement (Station Rehab) (CO)	4,635,997	23-12
Station Rehabilitation	417,281	23-13
VFD, Motor & Transformer Replacements	83,456	23-14
Medium Voltage Breaker & Switchgear Replacements	41,728	23-15
Total Mallory Pumping Station	5,178,463	
McCord Pumping Station		
Filter Media Rehabilitation and Replacement (Station Rehab)	6,698,202	23-16
Station Rehabilitation	208,641	23-17
Medium Voltage Breaker & Switchgear Replacements	41,728	23-18
Total McCord Pumping Station	6,948,571	
Morton Pumping Station		
Filter Media Rehabilitation and Replacement (Station Rehab)	6,818,379	23-19
VFD, Motor & Transformer Replacements	417,281	23-20
Station Rehabilitation	417,281	23-21
Total Morton Pumping Station	7,652,942	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2025**

WATER DIVISION

PAGE 24

DESCRIPTION	IN	REF.
	BUDGET YEAR	NO.
<u>PUMPING STATIONS CONT.</u>		
Palmer Pumping Station		
Station Rehabilitation (CO)	1,001,475	24-1
Total Palmer Pumping Station	1,001,475	
Shaw Pumping Station		
Filter Media Rehabilitation and Replacement (Station Rehab)	3,409,189	24-2
Station Rehabilitation	333,825	24-3
VFD, Motor & Transformer Replacements	250,369	24-4
Total Shaw Pumping Station	3,993,384	
Sheahan Pumping Station		
Medium Voltage Breaker & Switchgear Replacements	834,563	24-5
Station Rehabilitation	834,563	24-6
Total Sheahan Pumping Station	1,669,126	
New Pumping Station		
Engineer Water Treatment Plant	41,728	24-7
Total New Pumping Station	41,728	
Miscellaneous Pumping Facilities		
Water Operations Capital Items	834,563	24-8
Engineering Services Contract	834,563	24-9
Total Miscellaneous Pumping Facilities	1,669,126	
TOTAL PUMPING STATIONS	44,261,878	
<u>UNDERGROUND STORAGE RESERVOIRS</u>		
Sheahan Pumping Station		
Engineer Wash Water Recovery Basin Replacement	83,456	24-10
Total Underground Storage Reservoirs	83,456	
<u>PRODUCTION WELLS</u>		
Sheahan Pumping Station - Construct/Replace Well	5,675,028	24-11
Miscellaneous Pumping Facilities	3,213,067	24-12
Allen Pumping Station	2,837,514	24-13
Lichterman Pumping Station	1,418,757	24-14
Mallory Pumping Station	1,418,757	24-15
TOTAL PRODUCTION WELLS	14,563,123	
<u>OPERATIONS MAINTENANCE</u>	1,251,844	24-16
<u>LAND PURCHASE</u>	166,913	24-17

MEMPHIS LIGHT, GAS AND WATER DIVISION
 SELECT CAPITAL EXPENDITURE BUDGETS
 FOR CALENDAR YEAR OF 2025

WATER DIVISION

PAGE 25

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>BUILDINGS AND STRUCTURES</u>		
<u>McCord Pumping Station</u>		
New Mechanical Maintenance and Special Storage Building	2,503,689	25-1
Reroof Main Building (15930 sf)	15,022	25-2
Aerator Bldg: Replace Roof (6825 sf)	6,677	25-3
<u>Mallory Pumping Station</u>		
Roof Replacements (Design/Construction) Filter Building	358,862	25-4
<u>Arlington Pumping Station</u>		
Repave Drives	10,849	25-5
Total Building and Structure	2,895,099	
<u>CONTINGENCY FUND - PRODUCTION SYSTEM</u>		
	41,728	25-6
<u>CONTRIBUTION IN AID OF CONSTRUCTION</u>		
	(15,970,992)	25-7
TOTAL PRODUCTION SYSTEM	47,293,049	
<u>DISTRIBUTION SYSTEM - MAJOR PROJECTS</u>		
<u>NEW WATER MAIN</u>		
Collecting Main Installation	1,251,844	25-8
Main Replacement Projects	250,369	25-9
Large Main Extensions	250,369	25-10
Miscellaneous Projects - Reimbursable	208,641	25-11
Major Valve Replacements/Additions	166,913	25-12
Minor System Improvements	40,647	25-13
TOTAL NEW WATER MAIN	2,168,783	
<u>STREET IMPROVEMENTS</u>		
TDOT Projects	2,629,810	25-14
City of Memphis Projects	1,397,893	25-15
City of Lakeland Projects	834,563	25-16
Shelby County Projects	166,913	25-17
TOTAL STREET IMPROVEMENTS	5,029,178	
LEAD REPLACEMENT	8,554,270	25-18
TOTAL DISTRIBUTION SYSTEM - MAJOR PROJECTS	15,752,231	

**MEMPHIS LIGHT, GAS AND WATER DIVISION
 SELECT CAPITAL EXPENDITURE BUDGETS
 FOR CALENDAR YEAR OF 2025**

WATER DIVISION

PAGE 26

DESCRIPTION	IN BUDGET YEAR	REF. NO.
<u>GENERAL PLANT</u>		
WATER -BUILDINGS & STRUCTURE	37,555	26-1
WATER - SECURITY AUTOMATION	43,264	26-2
WATER - FLEET CAPITAL POWER OPERATED EQUIP	232,580	26-3
WATER - FLEET CAPITAL WATER TRANSPORTATION EQUIP	1,992,271	26-4
WATER - WATER TOOLS AND EQUIPMENT	43,291	26-5
WATER - MISCELLANEOUS CAPTIAL (Simulator)	233,678	26-6
CONTINGENCY FUNDS	166,913	26-7
TOTAL GENERAL PLANT	2,749,552	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL CARRYOVER SUMMARY*
FOR CALENDAR YEAR OF 2025

WATER DIVISION

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<u>CAPITAL CARRYOVER CATEGORY</u>	<u>CARRYOVER AMOUNT</u>
Production	7,000,000
Distribution	2,650,000
Power Transportation Equipment	1,355,512
Power Operating Equipment	211,891
Land Purchase/Property	150,000
Buildings & Structures	26,000
TOTAL CAPITAL CARRYOVER SUMMARY	<u>11,393,403</u>

*Carryover items constitute the funding necessary for capital projects or purchases not completed during the prior budget year. This would include projects which may have been delayed, large projects requiring multiple years to complete, or commodities ordered but not received. These items are part of the total 2025 Budget.



2025 - 2029 CAPITAL IMPROVEMENT PROGRAM



2025 ELECTRIC 5-YEAR CAPITAL IMPROVEMENT PROGRAM

ELECTRIC DIVISION

DESCRIPTION	2024 BUDGET	2025 BUDGET	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION	2029 PROJECTION
PRODUCTION						
Distributive Energy Resource	\$ 120,500,000	\$ 51,875,000	\$ 54,375,000	\$ 44,375,000	\$ -	\$ -
TOTAL - PRODUCTION	\$ 120,500,000	\$ 51,875,000	\$ 54,375,000	\$ 44,375,000	\$ -	\$ -
SUBSTATION AND TRANSMISSION						
Substation	\$ 25,096,160	\$ 19,007,964	\$ 30,850,273	\$ 18,721,145	\$ 28,409,038	\$ 17,982,330
Substation Circuit Breakers	\$ 3,889,353	\$ 2,473,277	\$ 3,118,293	\$ 3,104,668	\$ 3,263,531	\$ 3,265,803
Substation Transformers	\$ 4,321,027	\$ 3,676,132	\$ 3,498,558	\$ 3,880,834	\$ 4,079,414	\$ 4,082,254
Transmission Lines	\$ 6,334,458	\$ 5,018,941	\$ 1,325,274	\$ 814,975	\$ 1,081,045	\$ 1,081,797
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ (8,570,876)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL - SUBSTATION & TRANSMISSION	\$ 31,070,122	\$ 30,176,314	\$ 38,792,398	\$ 26,521,622	\$ 36,833,028	\$ 26,412,184
DISTRIBUTION SYSTEM						
Apartments	\$ 1,286,855	\$ 601,360	\$ 630,816	\$ 646,901	\$ 700,403	\$ 721,916
Def. Cable/Trans Replace	\$ 10,800,000	\$ 11,052,455	\$ 11,147,896	\$ 11,099,186	\$ 11,667,124	\$ 11,675,247
Demolition	\$ 38,080	\$ 129,850	\$ 136,210	\$ 141,040	\$ 154,186	\$ 160,466
Emergency Maintenance	\$ 7,500,000	\$ 6,183,191	\$ 6,361,317	\$ 6,460,192	\$ 6,926,571	\$ 7,070,021
General Power Service	\$ 11,081,341	\$ 4,296,961	\$ 4,637,201	\$ 4,741,197	\$ 5,118,335	\$ 5,260,565
General Power Service S/D	\$ 850,000	\$ 223,964	\$ 234,934	\$ 240,925	\$ 260,850	\$ 268,863
Mobile Home Park	\$ 5,944	\$ 325,746	\$ 341,701	\$ 350,415	\$ 379,395	\$ 391,049
Leased Outdoor Lighting	\$ 540,815	\$ 1,551,150	\$ 816,371	\$ 837,188	\$ 906,426	\$ 934,270
Duct Line Lease	\$ 75,000	\$ 57,967	\$ 58,468	\$ 58,213	\$ 61,191	\$ 61,234
Distribution Automation	\$ 10,500,000	\$ 6,183,191	\$ 12,473,171	\$ 12,418,670	\$ 13,054,125	\$ 13,063,213
Line Reconstruction	\$ 5,250,000	\$ 14,202,018	\$ 6,528,925	\$ 6,888,481	\$ 7,240,960	\$ 7,246,001
Multiple-Unit Gen Power	\$ 400,930	\$ 281,927	\$ 295,736	\$ 303,277	\$ 328,359	\$ 338,446
New Circuits	\$ 15,300,000	\$ 10,117,247	\$ 12,434,192	\$ 3,298,709	\$ 6,527,062	\$ 3,469,916
Planned Maintenance	\$ 8,500,000	\$ 7,342,540	\$ 7,702,183	\$ 7,975,270	\$ 8,718,693	\$ 9,073,754
Distribution Pole Replacement	\$ 5,000,000	\$ 2,705,146	\$ 2,728,506	\$ 2,716,584	\$ 2,855,590	\$ 2,857,578
ELEC - PMNI MAINTENANCE	\$ -	\$ 3,864,495	\$ 1,559,146	\$ 1,164,250	\$ 1,223,824	\$ 1,224,676
Tree Trimming	\$ -	\$ 7,729	\$ 7,796	\$ 7,762	\$ 8,159	\$ 8,165
Relocate at Customer Req	\$ 6,223,542	\$ 1,416,232	\$ 1,485,601	\$ 1,523,483	\$ 1,649,481	\$ 1,700,149
Residential S/D	\$ 433,647	\$ 1,615,475	\$ 1,694,602	\$ 1,737,814	\$ 1,881,538	\$ 1,939,334
Residential Svc in S/D	\$ 324,811	\$ 1,704,902	\$ 1,788,409	\$ 1,834,013	\$ 1,985,694	\$ 2,046,689
Residential Svc not S/D	\$ 2,707,504	\$ 3,102,776	\$ 3,254,753	\$ 3,337,747	\$ 3,613,794	\$ 3,724,799
JT-Resident S/D	\$ 5,639,349	\$ 3,288,436	\$ 3,449,506	\$ 3,537,467	\$ 3,830,030	\$ 3,947,678
JT-Resident Svc not S/D	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
JT-Residential Svc in S/D	\$ 1,605,795	\$ 1,277,646	\$ 1,340,227	\$ 1,374,401	\$ 1,488,071	\$ 1,533,780
JT-Apartments	\$ 20,000	\$ 16,719	\$ 17,538	\$ 17,985	\$ 19,473	\$ 20,071
Shared Use contract	\$ 500,000	\$ 386,449	\$ 389,787	\$ 388,083	\$ 407,941	\$ 16,329
Street Improvements	\$ 7,335,000	\$ 4,966,587	\$ 935,488	\$ 1,668,759	\$ 815,883	\$ 816,451
Street Light Maintenance	\$ 3,750,000	\$ 2,898,371	\$ 2,923,399	\$ 2,910,626	\$ 3,059,560	\$ 3,061,691
Street Lights Install	\$ 8,247,054	\$ 7,637,631	\$ 2,498,586	\$ 2,562,298	\$ 2,774,212	\$ 2,859,428
Temporary Service	\$ 347,485	\$ 519,508	\$ 544,954	\$ 558,850	\$ 605,070	\$ 623,656
Previously Capitalized items - Capacitor Banks	\$ 1,000,000	\$ 772,899	\$ 389,787	\$ 426,892	\$ 489,530	\$ 530,693
Previously Capitalized Items - Transformers	\$ 11,000,000	\$ 11,593,484	\$ 11,693,598	\$ 11,642,503	\$ 12,238,242	\$ 12,246,762
Previously Capitalized Items - Meters	\$ 2,640,701	\$ 1,542,420	\$ 1,253,753	\$ 899,914	\$ 993,261	\$ 1,003,335
Contributions in Aid of Construction	\$ (34,949,976)	\$ (17,561,873)	\$ (17,153,321)	\$ (16,730,033)	\$ (17,239,074)	\$ (15,916,338)
TOTAL - DISTRIBUTION SYSTEM	\$ 93,968,877	\$ 94,304,601	\$ 84,601,235	\$ 77,039,062	\$ 84,743,957	\$ 83,979,884
GENERAL PLANT						
Purchase of Land	\$ 350,000	\$ 347,805	\$ 350,808	\$ 349,275	\$ 407,941	\$ 408,225
Buildings/Structures	\$ 11,312,400	\$ 9,789,847	\$ 30,361,491	\$ 19,942,832	\$ 601,306	\$ 816,451
Capital Security Automation	\$ 988,403	\$ 841,226	\$ 31,183	\$ 349,275	\$ 603,753	\$ 898,096
Lab and Test	\$ 652,356	\$ 393,229	\$ 316,683	\$ 331,064	\$ 365,405	\$ 383,942
Utility Monitoring	\$ 6,135,000	\$ 4,969,856	\$ 3,625,015	\$ 3,143,476	\$ 2,651,619	\$ 1,673,724
Communication Equip	\$ 105,300	\$ 132,238	\$ 137,380	\$ 140,883	\$ 152,534	\$ 157,219
Communication Towers	\$ 100,000	\$ 270,515	\$ 272,851	\$ 77,617	\$ 81,588	\$ 81,645
Telecommunication Network	\$ 14,817,000	\$ 12,134,513	\$ 7,250,031	\$ 5,666,018	\$ 5,548,003	\$ 3,918,964
Fleet Capital Power Operated Equipment	\$ 9,018,562	\$ 3,773,153	\$ 8,340,009	\$ 8,801,782	\$ 9,807,293	\$ 10,402,968
Transportation Equipment	\$ 6,169,764	\$ 7,557,842	\$ 4,034,079	\$ 4,257,440	\$ 4,743,808	\$ 5,031,937
Data Processing	\$ 26,894,696	\$ 13,248,099	\$ 6,119,649	\$ 7,241,637	\$ 5,417,462	\$ 6,107,052
CIS Development	\$ 2,914,460	\$ -	\$ 5,457,012	\$ 7,761,669	\$ 5,711,179	\$ -
Business Continuity	\$ 1,700,000	\$ 154,580	\$ 779,573	\$ 1,552,334	\$ 2,039,707	\$ 1,632,902
Contingency Fund - General Plant	\$ 200,000	\$ 154,580	\$ 155,915	\$ 155,233	\$ 163,177	\$ 163,290
TOTAL - GENERAL PLANT	\$ 81,357,941	\$ 53,767,480	\$ 67,231,679	\$ 59,770,534	\$ 38,294,774	\$ 31,676,415
Delayed Cost Allocations	\$ (54,134,940)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL - ELECTRIC DIVISION	\$ 272,762,000	\$ 230,123,395	\$ 245,000,312	\$ 207,706,218	\$ 159,871,760	\$ 142,068,483

2025 GAS 5-YEAR CAPITAL IMPROVEMENT PROGRAM

GAS DIVISION

DESCRIPTION	2024 BUDGET	2025 BUDGET	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION	2029 PROJECTION
PRODUCTION SYSTEM						
LNG - Processing Facilities	\$ 2,400,000	\$ 797,891	\$ 1,828,052	\$ 5,154,120	\$ 1,241,547	\$ 1,238,526
CNG Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PRODUCTION SYSTEM	\$ 2,400,000	\$ 797,891	\$ 1,828,052	\$ 5,154,120	\$ 1,241,547	\$ 1,238,526
DISTRIBUTION SYSTEM						
Apartments	\$ 5,959	\$ 70,874	\$ 72,954	\$ 76,270	\$ 78,848	\$ 81,016
Demolition	\$ -	\$ 16,418	\$ 16,249	\$ 16,493	\$ 16,554	\$ 16,514
Emergency Maintenance	\$ 1,641,859	\$ 1,374,716	\$ 1,387,849	\$ 1,436,848	\$ 1,470,985	\$ 1,496,754
Gas Main-Svc Repl (DOT)	\$ 7,729,000	\$ 6,287,493	\$ 3,678,041	\$ 3,692,000	\$ 3,705,603	\$ 3,696,586
Gate Stations	\$ 1,040,000	\$ -	\$ 121,870	\$ -	\$ 1,241,547	\$ 1,238,526
General Power S/D	\$ 7,139	\$ -	\$ -	\$ -	\$ -	\$ -
General Power Service	\$ 2,737,428	\$ 4,599,572	\$ 2,358,907	\$ 2,211,313	\$ 2,286,044	\$ 2,348,896
Multiple-Unit Gen Power	\$ 334,273	\$ 165,308	\$ 170,160	\$ 177,895	\$ 183,906	\$ 188,963
New Gas Main	\$ 1,250,000	\$ 205,219	\$ 203,117	\$ 206,165	\$ 206,924	\$ 206,421
Trans Pipeline/Facilities	\$ 2,000,000	\$ 24,368,088	\$ 1,015,585	\$ 1,030,824	\$ 1,034,622	\$ 1,032,105
Purchase of Land	\$ 225,000	\$ 82,088	\$ 203,117	\$ 206,165	\$ 248,309	\$ 247,705
Planned Maintenance	\$ 3,687,005	\$ 3,087,102	\$ 3,116,594	\$ 3,226,627	\$ 3,303,286	\$ 3,361,153
Regulator Stations	\$ 745,800	\$ 820,875	\$ 690,598	\$ 700,960	\$ 703,543	\$ 701,831
Relocate at Customer Req	\$ 395,789	\$ 389,156	\$ 400,577	\$ 418,786	\$ 432,939	\$ 444,842
Residential Svc in S/D	\$ 9,201	\$ 29,013	\$ 29,864	\$ 31,222	\$ 32,277	\$ 33,164
Residential Svc not S/D	\$ 1,773,054	\$ 1,222,822	\$ 1,258,710	\$ 1,315,925	\$ 1,360,397	\$ 1,397,800
Residential S/D	\$ 7,535	\$ -	\$ -	\$ -	\$ -	\$ -
Street Improvements	\$ 4,964,000	\$ 3,705,024	\$ 812,468	\$ 824,659	\$ 827,698	\$ 825,684
JT-Resident S/D	\$ 2,416,864	\$ 1,166,157	\$ 1,200,381	\$ 1,254,946	\$ 1,297,357	\$ 1,333,026
JT-Resident Svc not S/D	\$ 2,143	\$ -	\$ -	\$ -	\$ -	\$ -
JT-Resident in S/D	\$ 688,198	\$ 617,202	\$ 635,316	\$ 664,195	\$ 686,641	\$ 705,520
JT-Apartments	\$ 8,571	\$ 5,327	\$ 5,483	\$ 5,733	\$ 5,926	\$ 6,089
Previously Capitalized Items - Meters & Metering Equipment	\$ 1,663,799	\$ 3,900,365	\$ 2,965,722	\$ 3,097,008	\$ 3,263,842	\$ 3,362,079
Contributions in Aid of Construction	\$ (13,845,314)	\$ (10,878,509)	\$ (5,997,684)	\$ (5,657,264)	\$ (5,816,482)	\$ (5,630,477)
TOTAL DISTRIBUTION SYSTEM	\$ 19,487,303	\$ 41,234,310	\$ 14,345,876	\$ 14,936,770	\$ 16,570,767	\$ 17,094,198
GENERAL PLANT						
Buildings/Structures	\$ 17,080,200	\$ 23,660,083	\$ 46,593,235	\$ 1,705,395	\$ 471,788	\$ 980,087
Capital Security Automation	\$ 172,800	\$ 352,976	\$ 113,745	\$ 371,097	\$ 33,108	\$ 41,284
Furniture & Fixtures	\$ -	\$ 492,525	\$ 406,234	\$ 453,563	\$ 455,234	\$ 454,126
Audiovisual	\$ 29,160	\$ 48,060	\$ 48,748	\$ 49,480	\$ 49,662	\$ 49,541
Tools and Equipment - Common	\$ -	\$ 328,715	\$ 357,882	\$ 399,578	\$ 441,155	\$ 484,090
Fleet Capital Transportation & Power Operated Equipment - Gas	\$ 2,715,362	\$ 2,738,897	\$ 2,909,828	\$ 3,130,701	\$ 3,330,770	\$ 3,522,026
Fleet Capital Transportation Equipment & Power Operated Equipment - Common	\$ 5,349,574	\$ 4,859,382	\$ 5,405,079	\$ 5,815,356	\$ 6,186,990	\$ 6,542,252
Automated Fueling Structure	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -
IS/IT Projects	\$ 280,000	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency Fund - General Plant	\$ 200,000	\$ 164,175	\$ 162,494	\$ 164,932	\$ 165,540	\$ 165,137
TOTAL - GENERAL PLANT	\$ 25,887,096	\$ 32,644,813	\$ 55,997,244	\$ 12,090,101	\$ 11,134,247	\$ 12,238,543
Allowance for Late Deliveries	\$ (11,780,398)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL - GAS DIVISION	\$ 35,994,001	\$ 74,677,013	\$ 72,171,173	\$ 32,180,991	\$ 28,946,560	\$ 30,571,267

2025 WATER 5-YEAR CAPITAL IMPROVEMENT PROGRAM

DESCRIPTION	2024 BUDGET	2025 BUDGET	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION	2029 PROJECTION
PRODUCTION SYSTEM						
Production Wells	\$ 7,789,004	\$ 14,563,123	\$ 12,538,614	\$ 11,028,905	\$ 11,337,277	\$ 11,360,364
Pumping Stations	\$ 21,195,000	\$ 44,261,878	\$ 48,012,096	\$ 44,681,206	\$ 66,974,662	\$ 48,514,008
Underground Storage Reservoirs	\$ 300,000	\$ 83,456	\$ 3,321,487	\$ 3,231,914	\$ 40,346	\$ 202,142
Purchase of Land	\$ 150,000	\$ 166,913	\$ 124,556	\$ 121,197	\$ 121,039	\$ 121,285
Operations Maintenance	\$ 1,500,000	\$ 1,251,844	\$ 1,245,558	\$ 1,211,968	\$ 1,210,385	\$ 1,212,850
Contingency Fund - Production System	\$ 50,000	\$ 41,728	\$ 41,519	\$ 40,399	\$ 40,346	\$ 40,428
Contributions in Aid of Construction	\$ (11,791,856)	\$ (15,970,992)	\$ (13,883,542)	\$ -	\$ -	\$ -
SUBTOTAL - PRODUCTION SYSTEM	\$ 19,192,148	\$ 44,397,950	\$ 51,400,287	\$ 60,315,588	\$ 79,724,056	\$ 61,451,077
SUBTOTAL - BLDGS. AND STRUCTURES	\$ 1,061,000	\$ 2,895,099	\$ 1,987,080	\$ 2,608,962	\$ 564,847	\$ -
TOTAL PROD. SYSTEM w/BLDGS & STRUCT	\$ 20,253,148	\$ 47,293,049	\$ 53,387,367	\$ 62,924,550	\$ 80,288,902	\$ 61,451,077
DISTRIBUTION SYSTEM						
Apartments	\$ 6,388	\$ 7,698	\$ 7,966	\$ 7,984	\$ 8,213	\$ 8,476
Emergency Maintenance	\$ 3,464,932	\$ 2,949,538	\$ 2,993,420	\$ 2,970,948	\$ 3,026,411	\$ 3,093,225
General Power Service	\$ 3,672,298	\$ 3,739,932	\$ 3,869,996	\$ 3,878,599	\$ 3,989,742	\$ 4,117,803
New Water Main	\$ 2,468,730	\$ 2,168,783	\$ 2,573,056	\$ 2,503,645	\$ 2,096,893	\$ 2,101,140
Lead Service Replacement	\$ 2,800,000	\$ 8,554,270	\$ 8,511,311	\$ 8,281,779	\$ 8,270,967	\$ 8,287,810
Planned Maintenance	\$ 3,000,000	\$ 3,338,252	\$ 3,321,487	\$ 3,231,914	\$ 3,227,695	\$ 3,234,267
Booster Stations	\$ 500,000	\$ 417,281	\$ 415,186	\$ 403,989	\$ 403,462	\$ 404,283
Relocate at Customer Req	\$ 285,366	\$ 246,438	\$ 255,009	\$ 255,576	\$ 262,899	\$ 271,337
Residential S/D	\$ 598,049	\$ 333,995	\$ 345,610	\$ 346,379	\$ 356,304	\$ 367,740
Residential Svc in S/D	\$ 291,197	\$ 353,616	\$ 365,913	\$ 366,727	\$ 377,235	\$ 389,344
Residential Svc not S/D	\$ 405,532	\$ 509,371	\$ 527,085	\$ 528,257	\$ 543,394	\$ 560,836
Street Improvements	\$ 4,250,000	\$ 5,029,178	\$ 1,951,374	\$ 1,615,957	\$ 1,613,847	\$ 1,617,134
Previously Capitalized Items - Meters	\$ 1,036,079	\$ 4,162,779	\$ 4,326,741	\$ 2,263,385	\$ 2,373,437	\$ 2,446,270
Contributions in Aid of Construction	\$ (3,227,323)	\$ (4,285,760)	\$ (4,447,190)	\$ (4,573,106)	\$ (4,702,798)	\$ (4,836,383)
TOTAL - DISTRIBUTION SYSTEM	\$ 19,551,249	\$ 27,525,371	\$ 25,016,963	\$ 22,082,031	\$ 21,847,701	\$ 22,063,282
GENERAL PLANT						
Buildings/Structures	\$ -	\$ 37,555	\$ 747,335	\$ -	\$ -	\$ -
Capital Security Automation	\$ 44,280	\$ 43,264	\$ 190,986	\$ 412,069	\$ -	\$ -
Fleet Capital Power Operated Equipment	\$ 1,034,466	\$ 232,580	\$ 245,297	\$ 253,002	\$ 267,832	\$ 284,480
Transportation Equipment	\$ 1,749,035	\$ 1,992,271	\$ 2,101,202	\$ 2,167,209	\$ 2,294,243	\$ 2,436,850
Tools and Equipment	\$ -	\$ 43,291	\$ 47,381	\$ 50,714	\$ 55,712	\$ 61,408
Miscellaneous Request (Simulator)	\$ -	\$ 233,678	\$ -	\$ -	\$ -	\$ -
Contingency Fund - General Plant	\$ 200,000	\$ 166,913	\$ 166,074	\$ 161,596	\$ 161,385	\$ 161,713
TOTAL - GENERAL PLANT	\$ 3,027,781	\$ 2,749,552	\$ 3,498,274	\$ 3,044,589	\$ 2,779,173	\$ 2,944,452
Delayed Cost Allocations	\$ (15,369,178)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL - WATER DIVISION	\$ 27,463,000	\$ 77,567,972	\$ 81,902,604	\$ 88,051,171	\$ 104,915,776	\$ 86,458,811

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ALL DIVISIONS

NOTES FOR PAGE 3–Capital Expenditures Budget

Total Capital Expenditures

3-1	Total Capital Expenditures	Expected capital spend in 2025 budget year.
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NOTES FOR PAGE 4—INCOME & EXPENSE COMPARISON

Operating Revenue

4-1	Sales Revenue	This account includes projected revenue from the sale of electricity to the residential, commercial, industrial, outdoor lighting and traffic signal, and interdepartmental customer classes.
4-2	Revenue Adjustment for Uncollectibles	Per Governmental Accounting Standards Board (GASB) 34 requirements, bad debt expense must be shown as a reduction of revenue. This is the amount that will not be collected due to customer's inability to pay.
4-3	Non-Sales Revenue	This account includes revenue from forfeited discounts (extra charges for payments received after net due date), plus rent charged for Electric Division property that is used by the Gas and Water Divisions, and other miscellaneous revenue (e.g., fees for connecting service).

Operating Expense

4-4	Purchased Power	This account includes the cost of electricity purchased from TVA for resale to customers.
4-5	Transmission Expense	This account includes the cost of labor and expenses incurred in the supervision and operation of the transmission system. Included are load dispatching operations, transmission substations, switching stations, overhead and underground line expenses, and miscellaneous transmission expenses. Included in this account are inspecting and testing circuit breakers, switches, breakers, load testing of circuits, line patrolling, and routine inspection of manholes, conduit, network and transformer vaults.
4-6	Distribution Expense	This account includes the cost of labor and expenses incurred in the supervision and direct labor of the operation of the distribution system. Included are direct switching, arranging and controlling clearances for construction, maintenance test and emergencies, communication services provided for system control purposes and controlling system voltages. Also included are the expenses for operation of the overhead and underground distribution lines and stations, street lighting, meter expenses, work on customer installations in inspecting premises and in rendering services to customers, miscellaneous expenses and rent.
4-7	Customer Accounts Expense	This account includes the cost of labor, materials and expenses used in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints. It also includes meter reading expenses.
4-8	Customer Service and Information Expense	This account includes the cost of labor, materials and expenses incurred in providing instructions or assistance to customers, the object of which is to encourage safe, efficient, and economical use of services, and activities which convey information in utilizing electric services to protect health and safety, to encourage environmental protection, to use electrical equipment safely and economically and to conserve electric energy.
4-9	Sales Expense	This account includes the cost of labor, materials and expenses incurred in promotional, demonstrating and selling activities, advertising designed to promote or retain the use of utility services and miscellaneous sales expense. Included are exhibitions, displays, lectures, engineering and technical advice, advertising in newspapers, periodicals, billboards, radio, etc., postage on direct mail advertising, printing booklets, bulletins, etc.
4-10	Administrative and General Expense	This account includes the compensation of board members, executives, and other administrative and general employees of the utility not chargeable directly to a particular operating function. It also includes the cost of insurance to protect the utility against physical plant losses, cost of reserve accruals to protect the utility against injuries and damage claims of employees or others, such as liability, property damage, casualty, and employee liability. Employee pensions and benefits including payments to pension funds, life insurance, group medical expenses, payments for accident, sickness, hospital and death benefits, and expenses in connection with educational and wellness activities are also included in this account. In accordance with GASB 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension</i> , MLGW must recognize all post-employment benefits, such as medical insurance and life insurance, when earned, effective budget year 2007.

Maintenance Expense

4-11	Transmission Expense	This account includes the cost of labor, materials and expenses incurred in the maintenance of the transmission system, of structures, and station equipment. This includes maintenance of overhead lines and underground lines.
4-12	Distribution Expense	This account includes the cost of labor, materials, and expenses incurred in the maintenance of the distribution system, structures, plant, station equipment, overhead lines and underground lines, distribution line transformers, street lighting and signal systems, meters, and other miscellaneous distribution plant.
4-13	Administrative and General Expense	Please see Appendix 4-10.

NOTES FOR PAGE 4—INCOME & EXPENSE COMPARISON (Continued)

Other Operating Expense

4-14	Depreciation Expense	The purpose of depreciation is to allocate the original cost of a fixed asset over its estimated useful life. In a utility environment, the annual depreciation rate also takes into account the estimated salvage and cost of removal upon retirement.
4-15	Payment in Lieu of Taxes	Payment in lieu of taxes is the amount paid to the municipalities in which MLGW has plant. The formula for payment in lieu of taxes is based on the Municipal Electric System Tax Equivalent Law of 1987 and the Municipal Gas Equivalent Law which became effective July 1, 1988. The tax formula has two parts--net investment and revenue. The net investment includes plant in service and held for future use (net of depreciation), construction work-in-progress and materials inventory. The net investment is multiplied by an assessment ratio, the property tax rates for each governmental body, and an equalization rate set by the State. The revenue part of the formula is 4% of a three-year average of operating revenue less power cost.
4-16	F.I.C.A. Taxes	This represents the 1.45% Medicare portion of Social Security Tax which is required to be paid on all MLGW employees hired after 03-31-86.
4-17	Amortization of Legacy Meters	This account includes amortization charges related to expenditures on meters.
4-18	Amortization of Right of Use Leases & Subscriptions	This account includes amortization charges related to expenditures on leases and software.
4-19	Amortization of Street Lighting Retrofit	Non-cash expense related to amortization charges related to replacement of High Pressure Sodium (HPS) streetlighting retrofit expenditures.

Income

4-20	Operating Income	Operating income is equal to operating revenue less total operating expense.
4-21	Other Income	This consists primarily of investment income and property rentals and the electric prepayment agreement. It does not include any sales of electricity, gas or water.
4-22	Reduction of Plant Recovered through CIAC	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

Debt Expense

4-23	Interest Expense - Existing Long-Term Debt	Bond interest payments due 06-01 and 12-01 per the bond debt schedules are funded in equal monthly installments.
4-23=4	Amortization of Debt Discount and Expense	This represents the spreading of bond issuance costs over the life span of the bond series rather than recognizing such costs all at the time of sale.
4-25	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

NOTES FOR PAGE 5– SOURCES AND APPLICATION OF FUNDS

Source of Funds

5-1	Change in Net Position	Please see Budget page 4c.
5-2	Depreciation Charged to Operating Income	Please see Appendix 4-14.
5-3	Depreciation Charged to Other Accounts	Depreciation charged to other accounts is the annual depreciation for transportation and power operated equipment. Depreciation on these plant items is charged to a clearing account and used in the equipment rate calculations.
5-4	Amortization of Legacy Meters	Non-cash expense related to amortization charges related to meter expenditures.
5-5	Amortization of Right of Use Leases & Subscriptions	Non-cash expense related to amortization charges related to lease and software expenditures.
5-6	Amortization of Streetlighting Retrofit	Non-cash expense related to amortization charges related to streetlighting retrofit expenditures.
5-7	Salvage	Salvage is the amount received for property retired from plant in service. The property may be sold for scrap or returned to stores inventory for reuse.
5-8	Debt Issuance	Expected debt issuance in the Electric Division for the 2025 budget year.

Application of Funds

5-9	Capital Expenditures	Please see Budget page 6.
5-10	Costs of Removal and Other Charges to the Reserve for Depreciation	Cost of removal is the cost associated with demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and labor.
5-11	Retirement of Long-Term Debt	Bond principal amounts due 12-01 per the bond debt schedules are funded in equal monthly installments during

NOTES FOR PAGE 6–CAPITAL EXPENDITURES

Production System

6-1	Distributive Energy Resource	Please see Appendix 7-1
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Substation and Transmission

6-2	Substation	Please see Appendix 7-2 through 7-16.
6-3	Substation Transformers Replacement	Please see Appendix 7-17 through 7-18.
6-4	Substation Circuit Breakers Replacement	Please see Appendix 7-19 through 7-23.
6-5	Transmission Lines	Please see Appendix 8-1 through 8-8.
6-6	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes. Please see Appendix 8-12.

Distribution System

Major Projects

6-7	Residential Service in S/D	All subdivisions that are fed internally by overhead electric primary lines.
6-8	Residential Service Not in S/D	Property not in subdivisions fed internally by overhead electric primary lines.
6-9	Residential S/D	Other property not in subdivisions fed internally by overhead electric primary lines.
6-10	Apartments	All apartments and mobile home communities that are fed internally by overhead electric primary lines.
6-11	General Power Service	Commercial properties that are fed internally by overhead or underground electric primary lines
6-12	General Power S/D	Commercial properties in subdivisions that are fed internally by overhead or underground electric primary lines
6-13	Mobile Home Park	All apartments and mobile home communities that are fed internally by overhead electric primary lines. No expenditures for the 2024 budget year.
6-14	Temporary Service	Services used for temporary construction.
6-15	Multiple Unit General Power	Commercial properties and apartments that are fed internally by overhead or underground electric primary lines
6-16	Relocate At Customer Request	This budget category provides for the expenses incurred at customers request for facilities to be relocated.
6-17	Street Improvements	This budget category provides for the expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated. Please see Appendix 8-26 through 8-38.
6-18	New Circuits	Please see Appendix 8-11 through 8-23.
6-19	Line Reconstruction/Remove Idle Facilities	This category describes projects whereby existing distribution lines are improved and/or removed. These projects can include instances where existing circuits are rebuilt to create ties to other circuits to improve reliability to customers; conductors are upgraded to increase the current carrying ability of the circuit; devices such as switches, voltage regulators, capacitors, or reclosers are added to a circuit to improve voltage/reliability; or existing idle facilities are removed to decrease losses.
6-20	Defect Cable/Feeder Cable Replacement	This category describes the systematic retrofitting of the Division's Underground Residential Distribution system. The cable is replaced as it reaches end-of-life as determined by in service failures. Obsolete transformers and other distribution hardware are also replaced in this category. Cable replacement was initiated in 1982.
6-21	Distribution Poles	The budget includes utility poles used to support overhead power lines and various other public utilities, such as electrical cable, fiber optic cable, and related equipment such as transformers and street lights.
6-22	PMNI Maintenance	This category is the Planned Maintenance Neighborhood Initiative program developed to make improvements in the various historical Memphis communities to improve reliability and resiliency.
6-23	Distribution Automation	To install communications and hardware to allow for remote/automated operation to provide for more advanced restoration capabilities.

ELECTRIC DIVISION

NOTES FOR PAGE 6-CAPITAL EXPENDITURES (Continued)

Major Projects (Continued)

6-24	Street Lights Install	The budget includes work necessary to provide street light maintenance in existing subdivisions, along roadways, Memphis city annexations, and adjustments to lights in existing developments requested by the cities throughout the year.
6-25	Demolition	The budget includes demolition work.
6-26	Street Light Maintenance	The budget includes work necessary to provide street light maintenance in existing subdivisions, along roadways, Memphis city annexations, and adjustments to lights in existing developments requested by the cities throughout the year.
6-27	Planned Maintenance	Construction in minor work that arises daily. These are mainly calls that go through the Control Room, to include pole knockdowns, gas, and water leaks, etc.
6-28	Tree Trimming	Trim or remove trees interfering with overhead lines.
6-29	Operations Maintenance	No expenditures planned for the 2024 budget year.
6-30	Leased Outdoor Lighting (LOL)	LOL provides area and security lighting for residential, commercial and industrial customers in Memphis and Shelby County. LOL customers pay aid-to-construction for the installation of lighting fixtures and a monthly flat rate energy and facility fee. Services provided through LOL include engineering design of lighting systems to meet customer needs as well as building codes and standards. Installation and maintenance are handled through Distribution Support, using Division personnel and contracted labor.
6-31	Storm Restoration	This category shows actual expenditures for previous years related to storm restoration efforts. MLGW does not budget for unexpected storm related expenses. These storms are generally large enough to cause major damage to our electric distribution system. Funds expensed in this category are reimbursable by the Federal Emergency Management Agency.
6-32	Shared Use Contract	To account for small cell pole attachments.
6-33	Duct Line Lease	To account for leasing available duct line for fiber cable.
6-34	Emergency Maintenance	Emergency maintenance is minor capital unplanned work that arises daily. These are mainly calls that go through the Control Room, such as pole knockdowns, gas or water leaks, etc.
6-35	JT-Residential Service in S/D	All subdivisions that are fed internally by underground electric primary lines and all subdivisions and apartments that are joint trench (underground electric primary and gas in the same trench).
6-36	JT-Residential Service Not in S/D	All subdivisions that are fed internally by underground electric primary lines and all subdivisions and apartments that are joint trench (underground electric primary and gas in the same trench).
6-37	JT-Residential S/D	All subdivisions that are fed internally by underground electric primary lines and all subdivisions and apartments that are joint trench (underground electric primary and gas in the same trench).
6-38	JT-Apartments	All subdivisions that are fed internally by underground electric primary lines and all subdivisions and apartments that are joint trench (underground electric primary and gas in the same trench).
6-39	PCI-Capacitor Banks	Enhances the electrical supply quality and power systems efficiency
6-40	PCI- Dist. Transformers	Purchase, receive, test and stock overhead type transformers for the Overhead Electric Distribution System--inventory levels are closely managed based on growth, new construction, history, voltage conversions and failures.
6-41	Elec Meters	The Electric Meter Area's capital budget for the purchase of electric metering equipment along with installation of revenue metering at the gate stations.
6-42	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

General Plant

6-43	Buildings and Structures	Please see Appendix 9-14 through 10-6.
6-44	Security Automation	Please see Appendix 10-7.
6-45	Land Purchase	Please see Appendix 9-13.
6-46	Fleet Capital Power Operated	Please see Appendix 10-8.
6-47	Transportation Equipment	Please see Appendix 10-9.
6-48	Lab & Test	Please see Appendix 10-11.
6-49	Communication Equipment	Please see Appendix 10-10.
6-50	Communication Towers	Please see Appendix 10-12.
6-51	Telecommunication Network	Please see Appendix 10-13 through 10-18.
6-52	Utility Monitoring	Please see Appendix 11-1.
6-53	Business Continuity	Please see Appendix 11-2
6-54	Data Processing Equipment	Please see Appendix 11-3 through 11-13.
6-55	IS/IT Projects	No expenditures planned for the 2025 budget year.
6-56	Customer Information System (CIS) Development	No expenditures planned for the 2025 budget year.
6-57	Contingency Fund	Please see Appendix 11-14.
6-58	Delayed Cost Allocations	These are funds budgeted in the current year for items that may arrive late from the previous year's budget.

NOTES FOR PAGE 7—CAPITAL EXPENDITURES BUDGET

Production

7-1	Generation/Solar/Battery Storage	Provides cheaper power, a better-quality grid, and cleaner power with lower emissions—oil reciprocating engines. Energy produced at one time for use at a later time to reduce imbalances between energy demand and production.
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Substation & Transmission

Substation

7-2	Install Substation 83 161/23kV Facilities	Description/Location	Various locations
		Purpose/Necessity	Substation 83 161/23kV Facilities build
7-3	Substation Feeder Electromechanical Relay Replacement Program	Description/Location	Various locations
		Purpose/Necessity	Replacement of protective relays to improve system coordination and align with reclosers and ADMS deployment. Protects circuits from overcurrent, ground, faults, phase loss, overload, and other detrimental conditions
7-4	Replace RTU's various locations	Description/Location	Replace RTU's various locations
		Purpose/Necessity	Replace failed breakers
7-5	Replace relays various locations	Description/Location	Replace relays various locations
		Purpose/Necessity	Replace failed breakers
7-6	Replace definite purpose capacitor bank breakers	Description/Location	Substation 49
		Purpose/Necessity	Replace fused capacitor switches with breakers for more efficient operation/protection of system in the area.
7-7	Replace Reactor Substation 1	Description/Location	To change out aging infrastructure
		Purpose/Necessity	Replace reactor various locations
7-8	Substation 38 Install Capacitor Bank 38273 & PCB 38271	Description/Location	Various locations
		Purpose/Necessity	To change out aging infrastructure
7-9	Replace batteries various locations	Description/Location	Replace batteries various locations
		Purpose/Necessity	To change out aging infrastructure
7-10	Replace switches various locations	Description/Location	Replace switches at various locations
		Purpose/Necessity	To change out aging infrastructure
7-11	Install JPAX Nodes to Upgrade JMUX SONET Nodes	Description/Location	Install JPAX Nodes
		Purpose/Necessity	Various locations
7-12	Substation 76 Install third 115/12 KV transformer	Description/Location	Installation of transformer in the Pinch District
		Purpose/Necessity	Pinch District
7-13	Install 161 kV CVT on Circuit 05697 @ Substation 5	Description/Location	Install 161 kV CVT on Circuit Breaker 05697
		Purpose/Necessity	Substation 5
7-14	Substation 34 Implement Breaker Fail Scheme	Description/Location	Substation 34 Implement Breaker Fail Scheme
		Purpose/Necessity	Install relay settings to improve substation equipment protection and system in the event of a fault.
7-15	Install Transmission Metering Equipment for Transmission Planning Monitoring	Description/Location	Transmission Metering Equipment
		Purpose/Necessity	Transmission Metering Equipment
7-16	Seismic Retrofit of Non-Structural Substation Components	Description/Location	Various locations
		Purpose/Necessity	Nonstructural anchorage, bracing or restraints for nonstructural control and metering equipment in substation control and oil buildings and in the electric operations/SCADA building. (2007 Multi-Hazard Risk Assessment)

NOTES FOR PAGE 7-CAPITAL EXPENDITURES BUDGET (Continued)

Substation/Transmission Projects (Continued)

Substation Transformers

7-17	Replace 161/23 kV transformer bank 49647	Description/Location	Substation 49
		Purpose/Necessity	Replacement of failed transformers at substations
7-18	Replace 115/12 kV transformer bank 6157	Description/Location	Substation 26
		Purpose/Necessity	Replacement of failed transformers at substations

Substation Circuit Breakers

7-19	Replace breakers various locations	Description/Location	Replace breakers various locations
		Purpose/Necessity	Replace failed breakers
7-20	Replace 12 kV Breaker 1705, 1709, 1711, 1713, & 1739 @ Substation 11	Description/Location	Replace failed breakers
		Purpose/Necessity	Substation 11
7-21	Replace 12 kV Breaker 42235 @ Substation 42	Description/Location	Replace 12 kV Breaker 42235 @ Substation 42
		Purpose/Necessity	Replace failed breakers
7-22	Replace 23 kV Breaker 48309 @ Substation 48	Purpose/Necessity	Replace 23 kV Breaker 48309 @ Substation 48
		Purpose/Necessity	Replace failed breakers
7-23	Replace 23 kV Breaker 48351 @ Substation 4	Description/Location	Replace 23 kV Breaker 48351 @ Substation 4
		Purpose/Necessity	Replace failed breakers

NOTES FOR PAGE 8-CAPITAL EXPENDITURES BUDGET

Substation/Transmission Projects (Continued)

Substation/Transmission Projects

8-2	Structure #1641 Bank Stabilization (USACE Section 14 Funding)	Description/Location	Structure #1641 Bank Stabilization
		Purpose/Necessity	Bank Stabilization to prevent Tower #1641 from falling into Wolf River.
8-2	Structure #1613 Bank Stabilization (USACE Section 14 Funding)	Description/Location	Structure #1613 Bank Stabilization
		Purpose/Necessity	Bank Stabilization to prevent Tower #1613 from falling into Wolf River.
8-3	Misc. projects (OPGW, structure replacements, etc.)	Description/Location	Misc. projects (OPGW, structure replacements, etc.)
		Purpose/Necessity	Install small fiber communication jobs, structure replacements/upgrades and bank stabilization at various locations.
8-4	OPGW 11-35	Description/Location	OPGW 11 - 35
		Purpose/Necessity	Install fiber communication between Substations 11 & 35.
8-5	Sub 84 Cut-in	Description/Location	Substation 84
		Purpose/Necessity	Substation 84 Cut-in
8-6	OPGW 42-23	Description/Location	OPGW 42 - 23
		Purpose/Necessity	Install fiber communication between Substations 42 & 23.
8-7	OPGW Sub 15	Description/Location	OPGW 15
		Purpose/Necessity	Install fiber communication Substation 15.
8-8	UAV Contract #12134	Description/Location	Various MLGW transmission line locations
		Purpose/Necessity	Use UAV drones to inspect MLGW transmission lines and perform post-storm assessment.

Transmission - Reimbursable

8-9	TDOT Lamar & Shelby Drive	Description/Location	TDOT Lamar & Shelby Drive
		Purpose/Necessity	Lamar & Shelby Drive

Distribution System - Major Projects

New Circuits Out of Substations

8-10	Sub 68 New Ckt Ties	Description/Location	Install multiple circuit ties for station 68 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-11	Sub 84 Ckt Ties	Description/Location	Install multiple circuit ties for station 84 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-12	Sub 83 Ckt Ties	Description/Location	Install multiple circuit ties for station 83 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-13	Ckt Ties Sub 15 & 84 Areas	Description/Location	Install multiple circuit ties substations 15 & 84
		Purpose/Necessity	Reliability and switching flexibility
8-14	Substation 83 MH/DL (6 ckts)	Description/Location	Sub 83 (Hwy 72 and Quinn Rd)
		Purpose/Necessity	To install manhole/duct line for new distribution circuits at Sub 83 to provide increased capacity and resiliency on the distribution system.
8-15	Other New Circuits	Description/Location	Install multiple circuit ties for station circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-16	Other 2025 - 2029 Projects	Description/Location	Install multiple circuit ties for Other Projects.
		Purpose/Necessity	Reliability and switching flexibility
8-17	Kellogg's Alternate CKT Upgrade	Description/Location	Kellogg's Alternate CKT upgrade
		Purpose/Necessity	Reliability and switching flexibility
8-18	Sub 68 Cabling (3 ckts)	Description/Location	Install multiple circuit ties for station 68 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-19	Sub 83 Cabling (6 ckts)	Description/Location	Install multiple circuit ties for station 83 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-20	Circuit 61301 stepdown transformer change out	Description/Location	Circuit 61301 stepdown transformer change out
		Purpose/Necessity	Reliability and switching flexibility
8-21	Sub 76 Cabling	Description/Location	Install multiple circuit ties for station 76 circuits.
		Purpose/Necessity	Reliability and switching flexibility

Miscellaneous Reimbursable Projects

8-22	Other Relocate at Customer Request Projects	Description/Location	Downtown area
		Purpose/Necessity	Relocating/improving electric facilities in conjunction with the proposed improvements in various areas at customers request.

NOTES FOR PAGE 9—CAPITAL EXPENDITURES BUDGET

Street Improvement Projects

9-1	SP 97/09: TDOT SR-1/US - 70 Summer Avenue, from Macon to Elmore Road	Description/Location	'SP 97/09: TDOT SR-1/US - 70 Summer Avenue, from Macon to Elmore Road
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-2	Elvis Presley Blvd. North and Middle Section	Description/Location	Elvis Presley Corridor-North and Middle Section
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-3	Other Projections 2023-2027	Description/Location	Other Projections 2023-2027
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-4	Hacks Cross Rd, Stateline to Shelby Dr	Description/Location	Hacks Cross Road, Stateline to Shelby Drive
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities.
9-5	Holmes Road, Malone to US-78/Lamar (CP 04/38)	Description/Location	Holmes Road, Malone to US-78/Lamar (CP 04/38)
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-6	Malone, Holmes to Shelby Drive	Description/Location	Malone, Holmes to Shelby Drive
		Purpose/Necessity	Relocate utilities Malone, Holmes to Shelby Drive
9-7	LL 09/02 - New Canada Rd. (Re-Alignment N of I-40 to US-70)	Description/Location	LL 09/02 - New Canada Rd. (Re-Alignment N of I-40 to US-70)
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-8	SR-57/Poplar, from Eastley to SR-385	Description/Location	SR-57/Poplar, from Eastley to SR-385
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-9	Carnes Ave/ Hanley School Safety Improvements	Description/Location	Carnes Avenue
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-10	Tonto Road - Drainage Project	Description/Location	Tonto Road - Drainage Project
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-11	Scott Street Sewer Interceptor	Description/Location	Scott Street Sewer Interceptor
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-12	Lillian Drive - Drainage (MSQ2)	Description/Location	Lillian Drive - Drainage (MSQ2)
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities

NOTES FOR PAGE 9—CAPITAL EXPENDITURES BUDGET (Continued)

General Plant

Buildings and Structures

9-13	Purchase of Land	Description/Location	Land purchase or the acquisition of land rights for distribution and transmission line facilities.
		Purpose/Necessity	To accommodate electric facilities, transmission lines, feeder circuits, etc.
Substations			
9-14	Replace Roofs - Various Substations	Description/Location	Various Substations
		Purpose/Necessity	This project was identified in the Master Roof Plan to be replaced at this time due to increased maintenance, potential leaking, and projected life expectancy.

Electrical & Systems Operations

9-15	ESO - Drainage and pavement upgrade	Description/Location	Electric Systems Operations
		Purpose/Necessity	Pavement upgrade
9-16	Radio Tower Bldg	Description/Location	Replace 874 square foot roof
		Purpose/Necessity	This project is to address roof maintenance and extend the life of the building.
9-17	Replace UPS	Description/Location	UPS Battery Replacement
		Purpose/Necessity	Replacement of UPS batteries to maintain energy runtime for critical computer system.

NOTES FOR PAGE 10—CAPITAL EXPENDITURES BUDGET

General Plant

Buildings and Structures Continued

Netters Business Operations Center

10-1	Replace 5 Liebert CRAC Units/Roof Condensers & Leak detection System	Description/Location	Netters Business Operations Center
		Purpose/Necessity	Replace 5 Liebert CRAC units/roof condensers and leak detection system
10-2	Replace Cooling Tower Fill Media	Description/Location	Netters Business Operations Center
		Purpose/Necessity	Replace cooling tower fill media
10-3	Roof Replacement	Purpose/Necessity	This project is to address roof maintenance and extend the life of the building.
		Description/Location	Netters Business Operations Center

New Buildings

10-4	Fabrication & Repair Shops Construction	Description/Location	Repair Shops
		Purpose/Necessity	Building upgrades
10-5	EV Charging Stations	Description/Location	Electric Vehicle charging stations
		Purpose/Necessity	Electric Vehicle charging stations
10-6	Expansion Property Site Development	Description/Location	Expansion property north of Choctaw
		Purpose/Necessity	Purchased property (Choctaw); site development which includes fencing, automatic gate, roads and stored items.

General Plant (Continued)

10-7	Security Automation	Description/Location	Various Locations
		Purpose/Necessity	Installation and upgrade of security features for various substations.
10-8	Fleet Capital Power Operated Equipment	Description/Location	Division equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for crews to complete job assignments. Replacements are evaluated based on age, actual operational usage, projected usage, repair cost and frequency, parts availability, and effectiveness to meet areas needs. Additions are evaluated based on justification request and proper approval
10-9	Transportation Equipment	Description/Location	Division equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for crews to complete job assignments. Replacements are evaluated based on age, actual operational usage, projected usage, repair cost and frequency, parts availability, and effectiveness to meet areas needs. Additions are evaluated based on justification request and proper approval.
10-10	Communication Equipment	Description/Location	Control Area for Communication Equipment
		Purpose/Necessity	To satisfy the Division needs for Electric Communication Equipment for the Budget. The replacement policy is broken down into the following categories: 1. Lost or Stolen; 2. Damaged Beyond Repair; 3. Not Repairable/No Abuse; 4. Obsolete
10-11	Lab & Test	Description/Location	Control Area for Lab & Test Equipment
		Purpose/Necessity	To satisfy the Division needs for Electric Laboratory Equipment. The replacement policy is broken down into the following categories: 1. Lost or Stolen; 2. Damaged Beyond Repair; 3. Not Repairable/No Abuse; 4. Obsolete

Communication Towers

10-12	Microwave/Mobile Radio	Description/Location	Reconfigure microwave loop for Netters radio tower
		Purpose/Necessity	Installation of Netters radio tower requires reconfiguration of microwave loop

Telecommunication Network

10-13	Distribution Automation Communication Infrastructure	Description/Location	Wireless and fiber infrastructure across Shelby County
		Purpose/Necessity	Upgrading communications infrastructure, wireless and fiber, to provide a reliable and resilient network for operation of Distribution Automation by Electric Operations during electrical service interruptions.
10-14	Voice Network	Description/Location	Replace Administration Building telephone switch
		Purpose/Necessity	Replace obsolete switch; reconfigure voice system to have three "master" switches that provide service to all MLGW facilities instead of separate switches at each location.
10-15	Smart Meter/SCADA Network Improvements	Description/Location	Memphis and Shelby County
		Purpose/Necessity	Installation of Distribution Automated Switches to improve responsiveness and aid in reducing customer minutes interrupted. Projected to install over 1100 automated distribution switches over a five year period.
10-16	Fiber Optic Multiplexers	Description/Location	Purchase and install fiber optic end equipment (places light on the optical fibers and "makes them work") at various locations.
		Purpose/Necessity	Enable communications over proposed fiber optic cable.
10-17	Telecommunication Systems Growth	Description/Location	Telecom systems growth - various locations. This is to cover unplanned and unforeseen Telecom expenditures that typically occur.
		Purpose/Necessity	Previous Telecom budgets had separate line items for systems growth in Mobile Radio, Fiber Optic, Microwave, Voice Recorder, Video Conferencing, Audio Conferencing, Voice System etc. This item consolidates the separate items.
10-18	Fiber Optic Cable and Equipment	Description/Location	Install fiber optic cable at various locations.
		Purpose/Necessity	Provide fiber optic communications to specified facilities.

NOTES FOR PAGE 11-CAPITAL EXPENDITURES BUDGET

Utility Monitoring & Control Systems

11-1	Systems Backup Control & Communication Plan (CO)	Description/Location	SCADA and CARES Systems long-term development
		Purpose/Necessity	Support long-term development of SCADA and CARES systems which involves implementation of backup system, upgrade of SCADA communications systems which includes relocating communication paths from ESO to fiber ring.

Business Continuity

11-2	Business Continuity/Disaster Recovery Site	Description/Location	DR/BC Recovery Site
		Purpose/Necessity	This is a multi-year project upgrade disaster recovery systems to include an out-region location

Purchase of Data Processing Equipment

11-3	Server Blades and Chassis for Computer Systems	Description/Location	Server Blades and Chassis for Computer Systems
		Purpose/Necessity	Houses essential hardware components, such as a central processing unit (CPU), memory, storage, and networking interfaces.
11-4	SAN Fiber Channel Switches	Description/Location	SAN Fiber Channel Switches
		Purpose/Necessity	Use in a dedicated storage area network (SAN), inspects a data packet header, determines the computing devices of origin and destination and forwards the packet to the intended system.
11-5	Storage Area Network (SAN) Replacement/Expansion	Description/Location	Storage Area Network Replacement
		Purpose/Necessity	To replace three (3) 9-year-old Storage Area Network (SAN) arrays at two data centers. These arrays consist of about 1.9 Peta Bytes (PB) of data which host data and virtual server environments.
11-6	Work Center Wireless (outdoor)	Description/Location	Work Center Wireless (outdoor)
		Purpose/Necessity	To expand MLGW's wireless outdoor network at North, South, Hickory Hill and Brunswick service centers.
11-7	Replace Virtual Desktop Environment Storage System	Description/Location	Replace Virtual Desktop Environment Storage System
		Purpose/Necessity	To replace and upgrade the current virtual desktop infrastructure which has reached end of support life.
11-8	Field Use Laptop Replacements	Description/Location	Field Use Laptop Replacements
		Purpose/Necessity	Replacement cycle of Crew reporting Toughbooks.
11-9	DNS/DHCP System Replacement	Description/Location	Virtual Server Infrastructure
		Purpose/Necessity	Add additional server blade capacity to existing farm which will increase capacity for up to 1000 virtual servers running across 2 data centers.
11-10	Network Core Upgrade and Enhancements	Description/Location	Wireless Networking
		Purpose/Necessity	Increase coverage area and reliability of the wireless network by adding new access points, replacing or upgrading end-of-life equipment.
11-11	Corporate Wireless Upgrades and Enhancements	Description/Location	Add and expand Wireless Network for business needs
		Purpose/Necessity	Add and expand Wireless Network at multiple locations for business needs and access to the corporate network.
11-12	New/Replacement Servers	Description/Location	Annual New/Replacement Servers
11-13	PC Equipment (Capital)	Description/Location	PC equipment (above \$5,000 unit cost) requested for various reasons
11-14	Contingency Fund - General Plant	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.	

GAS DIVISION

NOTES FOR PAGE 13–INCOME & EXPENSE COMPARISON

Operating Revenue

13-1	Sales Revenue	This account includes projected revenue from the sale of natural gas to the residential, commercial, industrial, and interdepartmental customer classes.
13-2	Revenue Adjustment for Uncollectible	Per Governmental Accounting Standards Board (GASB) 34 requirements, bad debt expense must be shown as a reduction of revenue. This is the amount that will not be collected due to customers inability to pay.
13-3	Non-Sales Revenue	This account includes revenue from forfeited discounts (extra charges for payments received after net due date), plus rent charged for Gas Division property that is used by the Electric and Water Divisions, other miscellaneous revenue (e.g., fees for connecting/disconnecting service), and charges for transporting gas, CNG and LNG within the MLGW system for those industrial customers who arrange for purchase of their gas from suppliers other than MLGW.

Operating Expense

13-4	Production – LNG Plant	This account includes the cost of expenses incurred in the cost of fuel used in extracting salable products from natural gas and of operation of storage facilities and equipment.
13-5	Purchased Gas	This account includes the cost of natural gas and transportation of this gas to be used for injection into the system for resale.
13-6	Compressed Natural Gas (CNG)	This account includes the cost of compressed natural gas and transportation of this gas to be used for injection into the system for resale.
13-7	Liquefied Natural Gas (LNG)	This account includes the cost of liquefied natural gas and transportation of this gas to be used for injection into the system for resale.
13-8	Industrial Gas	This account includes the cost of industrial gas and transportation of this gas to be used for injection into the system for resale.
13-9	Distribution Expense	This account includes the cost of labor and expenses incurred in the operation of the distribution system. Included are costs incurred in dispatching and controlling the supply and flow of the gas through the distribution system, in operating system mains and services, in operating general distribution measuring and regulating stations, and in removing, resetting, changing, testing, and servicing customer meters and house regulators. Also included in this account are the expenses incurred in work on customer premises, rents and other expenses.
13-10	Customer Accounts Expense	This account includes the cost of labor, materials and expenses used in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints. It also includes meter reading expenses.
13-11	Customer Service and Information Expense	This account includes the cost of labor, materials and expenses incurred in providing instructions or assistance to customers, the object of which is to encourage safe, efficient, and economical use of services, and activities which convey information in utilizing services to protect health and safety, to encourage environmental protection, to use electrical equipment safely and economically and to conserve energy.
13-12	Sales Expense	This account includes the cost of labor, materials and expenses incurred in promotional, demonstrating and selling activities, advertising designed to promote or retain the use of utility services and miscellaneous sales expense. Included are exhibitions, displays, lectures, engineering and technical advice, advertising in newspapers, periodicals, billboards, radio, etc., postage on direct mail advertising, printing booklets, bulletins, etc.
13-13	Administrative and General Expense	This account includes the compensation of board members, executives, and other administrative and general employees of the utility not chargeable directly to a particular operating function. It also includes the cost of insurance to protect the utility against physical plant losses, cost of reserve accruals to protect the utility against injuries and damage claims of employees or others, such as liability, property damage, casualty, and employee liability. Employee pensions and benefits including payments to pension funds, life insurance, group medical expenses, payments for accident, sickness, hospital and death benefits, and expenses in connection with educational and wellness activities are also included in this account. In accordance with GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension, MLGW must recognize all post-employment benefits, such as medical insurance and life insurance, when earned, effective budget year 2007.

Maintenance Expense

13-14	Production Expense	This account includes the cost of labor, materials and expenses incurred in the maintenance of liquefaction equipment, of measuring and regulating equipment, structures, station equipment and other equipment.
13-15	Distribution Expense	This account includes the cost of labor, materials and expenses incurred in the maintenance of distribution facilities, of structures, of distribution mains, of measuring and regulating equipment, of services, and of meters and house regulators.
13-16	Administrative and General Expense	Please see Appendix 13-13.

NOTES FOR PAGE 13—INCOME & EXPENSE COMPARISON (Continued)

Other Operating Expense

13-17	Depreciation Expense	The purpose of depreciation is to allocate the original cost of a fixed asset over its estimated useful life. In a utility environment, the annual depreciation rate also takes into account the estimated salvage and cost of removal upon retirement.
13-18	Payment in Lieu of Taxes	Payment in lieu of taxes is the amount paid to the municipalities in which MLGW has plant. The formula for payment in lieu of taxes is based on the Municipal Electric System Tax Equivalent Law of 1987 and the Municipal Gas Equivalent Law which became effective July 1, 1988. The tax formula has two parts -- net investment and revenue. The net investment includes plant in service
13-19	F.I.C.A. Taxes	This represents the 1.45% Medicare portion of Social Security Tax that is required to be paid on all MLGW employees hired after 03-31-1986.
13-20	Amortization of Legacy Meters	This account includes amortization charges related to expenditures on meters.
13-21	Amortization-Right of Use Leases & Subscriptions	Non-cash expense related to amortization charges related to lease and software expenditures.

Income

13-22	Operating Income	Operating income is equal to operating revenue less total operating expense.
13-23	Other Income	This consists primarily of investment income and property rentals. It does not include any sales of electricity, gas or water.
13-24	Reduction of Plant Recovered through CIAC	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

Debt Expense

13-25	Interest Expense -Long Term Debt	Bond interest payments due 06-01 and 12-01 per the bond debt schedules are funded in equal monthly installments.
13-26	Amortization of Debt Discount & Expense	This represents the spreading of bond issuance costs over the life span of the bond series rather than recognizing such costs all at the time of sale.
13-27	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

NOTES FOR PAGE 14—SOURCES AND APPLICATION OF FUNDS

Source of Funds

14-1	Change in Net Position	Please see Budget page 14.
14-2	Depreciation Charged to Operating Income	Please see Budget page 14.
14-3	Depreciation Charged to Other Accounts	Depreciation charged to other accounts is the annual depreciation for transportation and power operated equipment. Depreciation on these plant items is charged to a clearing account and used in the equipment rate calculations.
14-4	Amortization of Legacy Meters	Non-cash expense related to employee pension expenses above or below actual funding due to change in accounting principles.
14-5	Amortization-Right of Use Leases & Subscriptions	Non-cash expense related to amortization charges related to lease and software expenditures.
14-6	Salvage	Salvage is the amount received for property retired from plant in service. The property may be sold for scrap or returned to stores inventory for reuse.

Applications of Funds

14-7	Capital Expenditures	Please see Budget page 14.
14-8	Costs of Removal and Other Charges to the Reserve for Depreciation	Cost of removal is the cost associated with demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and labor.
14-9	Retirement of Long-Term Debt	Bond principal amounts due 12-01 per the bond debt schedules are funded in equal monthly installments during 2025.

NOTES FOR PAGE 15-CAPITAL EXPENDITURES BUDGET

Production System

15-1	LNG Processing Facilities	LNG Processing Facilities- Purchase and installation of regeneration heating equipment, replacement of existing 20 year old equipment.
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Distribution System

15-2	Apartments	This budget category provides for the expenses incurred by the Gas Division for developer requests for gas facilities located in a subdivision.
15-3	Residential Service in S/D	This budget category provides for the expenses incurred by the Gas Division for customer requests for service located in a subdivision.
15-4	Residential Service Not in S/D	This budget category provides for the expenses incurred by the Gas Division for customer requests for service not located in a subdivision.
15-5	Residential S/D	This budget category provides for the expenses incurred by the Gas Division for developer requests for gas facilities located in a subdivision.
15-6	Operations Maintenance	Construction in minor work that arises daily. These are mainly calls that go through the Control Room, to include pole knockdowns, gas, and water leaks, etc.
15-7	Land Purchase	This budget category provides for the purchase of land rights that will be needed for Capital Budget Projects.
15-8	General Power Service	This budget category provides for the expenses incurred by the Gas Division for customer requests for new General Power Service.
15-9	General Power S/D	This budget category provides for the expenses incurred by the Gas Division for customer requests for new General Power Service located in a subdivision.
15-10	Multiple-Unit General Power	This budget category provides for the expenses incurred by the Gas Division for customer requests for multiple units of new General Power Service by the same customer and general location.
15-11	Relocate At Customer Request	This budget category provides for the expenses incurred by the Gas Division for customer requests to relocate existing gas facilities.
15-12	Purchase of Meters	This budget category provides for the expenses incurred from buying new gas meters and reconditioning existing gas meters.
15-13	Street Improvements	This budget category provides for the expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated. Please see Appendix 15-2 through 15-19.
15-14	New Gas Main	This budget category provides for the expenses incurred for the installation of miscellaneous new gas mains and facilities.
15-15	Gas Main/Service Reply (D.O.T.)	This budget category provides for replacement of old cast iron main that requires excessive maintenance and that has a history of leaking. This is a 30 year project that began in 1991 and was requested by the TN Regulatory Authority to replace 330 miles and was completed in 2021. This budget category also provides for replacement of steel taps and associated services, if needed, that have a history of leaking. This is a program initiated by DIMP findings.
15-16	Planned Maintenance	Construction in minor work that arises daily. These are mainly calls that go through the Control Room, to include pole knockdowns, gas, and water leaks, etc.
15-17	Transmission Pipelines and Facilities	This budget category provides for the expenses incurred for maintenance of cased gas transmission crossings required by regulatory changes, minor repair of transmission pipelines from scheduled inspections, and minor transmission improvements.
15-18	Regulator Stations	This budget line item provides for the expenses incurred from upgrading obsolete regulator station equipment. The DOT Code mandates that regulators must be maintained to operate within the design parameters of the gas distribution system.
15-19	Gate Stations	This budget line item provides for the expenses related to gas piping systems that are discovered to be unsafe due to corrosion defects, aged facilities, third party damages, or necessary relocations due to erosion problems for transmission as well as distribution.
15-20	JT-Residential Service in S/D	This budget category provides for the expenses incurred by the Gas Division for customer requests for gas facilities in a joint trench subdivision.

Distribution System (Continued)

15-21	JT-Residential Service not in S/D	This budget category provides for the expenses incurred by the Gas Division for developer requests for gas facilities in a joint trench subdivision.
15-22	JT-Residential S/D	This budget category provides for the expenses incurred by the Gas Division for developer requests for gas facilities in a joint trench subdivision.
15-23	JT-Apartments	This budget category provides for the expenses incurred by the Gas Division for developer requests for gas facilities in a joint trench apartment development.
15-24	Emergency Maintenance	This budget line item provides for emergency repair work when leaks and cut facilities require immediate repair.
15-25	Demolition	The budget includes demolition work.
15-26	Contributions in Aid of Construction	This budget line item provides for the payment that was predicted to be received from the developer and/or customer for the requested gas facilities to serve their development, businesses and/or new homes.

NOTES FOR PAGE 15-CAPITAL EXPENDITURES BUDGET (Continued)

General Plant

15-27	Buildings and Structures	Please see Appendix 17-2 through 18-5.
15-28	Security Automation	Please see Appendix 18-6.
15-29	Purchase of Furniture & Fixtures	Please see Appendix 18-7.
15-30	Audiovisual	Please see Appendix 18-8.
15-31	IS/IT Projects	No expenditures planned for the 2025 budget year.
15-32	Fleet Capital Common Power Operated Equip	Please see Appendix 18-10.
15-33	Fleet Capital Common Transportation Equip	Please see Appendix 18-11.
15-34	Fleet Gas Power Operated Equipment	Please see Appendix 18-12.
15-35	Fleet Gas Transportation Equipment	Please see Appendix 18-13.
15-36	Automated Fueling Structure	No expenditures planned for the 2025 budget year.
15-37	Tools & Equipment	No expenditures planned for the 2025 budget year.
15-38	Common Tools & Equipment	Please see Appendix 18-9
15-39	Contingency Funds	Please see Appendix 18-14.
15-40	Delayed Cost Allocations	These are funds budgeted in the current year for items that may arrive late from the previous year's budget.

NOTES FOR PAGE 16-CAPITAL EXPENDITURES BUDGET

Production System

16-1	LNG Processing Facilities	Description/Location	Projects related to Capital Maintenance of the Capleville Liquefied Natural Gas Facility.
		Purpose/Necessity	Projects related to Capital Maintenance of the Capleville Liquefied Natural Gas Facility.

Distribution System- Major Projects

Street Improvements

16-2	Holmes Rd, Malone Rd to Lamar Ave.	Description/Location	Holmes Rd, Malone Rd to Lamar Ave
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-3	SP 97/09, SR-1/Summer Ave, from Macon Rd To Elmore Rd	Description/Location	Summer Ave, from Macon Rd To Elmore Rd
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-4	CP 19/10, Innovation Corridor, WO1252099, in design	Description/Location	Innovation Corridor
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-5	LL 09/02 Canada Rd, Re-Alignment	Description/Location	Canada Rd, Re-Alignment
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-6	CV 18/04, Shelby Dr, east of Sycamore Rd to US-72	Description/Location	Shelby Dr, east of Sycamore Rd to US-72
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-7	CP 05/15, Malone Rd, Holmes to Shelby	Description/Location	Malone Rd, Holmes to Shelby
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-8	CP 16/16 Elvis Presley Middle Seg	Description/Location	Elvis Presley Middle Seg
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-9	SC 19/02, Hacks Cross Rd, Stateline - Shelby Dr	Description/Location	Hacks Cross Rd, Stateline - Shelby Dr
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-10	SP 20/12, SR-57/Poplar, from Eastley to SR-385	Description/Location	Poplar, from Eastley to SR-385
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-11	CP 23/21, Morningside Pl - Drainage	Description/Location	Morningside Pl - Drainage
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-12	CP 23/18, Poplar, Angelus to Belvedere - Drainage	Description/Location	Poplar, Angelus to Belvedere - Drainage
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-13	CP 20/03, Tchulahoma at Blue Bonnet	Description/Location	Tchulahoma at Blue Bonnet
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.

GAS DIVISION

NOTES FOR PAGE 16-CAPITAL EXPENDITURES BUDGET (Continued)

Street Improvements (Continued)

16-14	CP 22/20, Peebles Road, east of Third St - Drainage	Description/Location	Peebles Road, east of Third St - Drainage
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-15	CP 23/07, Scott Street Sewer Interceptor	Description/Location	Scott Street Sewer Interceptor
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-16	CP 21/09, Bartlett Rd Bridge over Fletcher Creek	Description/Location	Bartlett Rd Bridge over Fletcher Creek
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-17	CP 23/16, Wanda Street Storm Drain	Description/Location	Wanda Street Storm Drain
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-18	CP 20/05, Mickey to Millbranch - Drainage	Description/Location	Mickey to Millbranch - Drainage
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.
16-19	Carnes Ave/Hanley School Safety Improvements	Description/Location	Carnes Ave
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.

New Gas Main

16-20	System Improvement Projections	Description/Location	System Improvement Projections
		Purpose/Necessity	Expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated for the drainage, elevation changes and/or new sewer facilities.

Gas Main/Service Reply (D.O.T.)

16-21	Steel Tap Rep Replacement	Description/Location	Location(s) vary due to system prioritization needs and City paving schedules.
		Purpose/Necessity	This budget category provides for replacement of steel couplings on steel service taps that requires excessive maintenance and has a history of leaking.
16-22	Distribution Integrity Management Program (DIMP)	Description/Location	Locations vary due to system needs.
		Purpose/Necessity	Planned work to address risks to the distribution system, undocumented mains.
16-23	Unplanned Distribution Work	Description/Location	Locations vary due to system needs.
		Purpose/Necessity	This budget category provides for the expenses incurred from replacing steel services, valves or mains with new PE services, valves and mains due to a CP issue that must be addressed in that calendar year.
16-24	Corrosion Control	Description/Location	Locations vary due to system needs.
		Purpose/Necessity	This budget category provides for the expenses incurred from replacing steel services, valves or mains with new PE services, valves and mains due to a CP issue that must be addressed in that calendar year.

GAS DIVISION

NOTES FOR PAGE 16–CAPITAL EXPENDITURES BUDGET (Continued)

Transmission Pipelines and Facilities

16-25	18" XXHP Pipeline Replacement @ Weaver to Gill	Description/Location	18" XXHP Pipeline Replacement @ Weaver to Gill
		Purpose/Necessity	This budget line item provides for the expenses related to gas piping systems that are discovered to be unsafe due to corrosion defects, aged facilities, third party damages, or necessary relocations due to erosion problems for transmission as well as distribution.
16-26	18" XXHP Pipeline Replacement @ Covington Pike & LNRR	Description/Location	18" XXHP Pipeline Replacement @ Covington Pike & LNRR
		Purpose/Necessity	This budget line item provides for the expenses related to gas piping systems that are discovered to be unsafe due to corrosion defects, aged facilities, third party damages, or necessary relocations due to erosion problems for transmission as well as distribution.
16-27	Unplanned Transmission Work	Description/Location	various locations
		Purpose/Necessity	Pressure tests and other work on transmission piping required by PHMSA to confirm MAOP, Replace sections of transmission pipeline in MCA, Install pig launchers and receivers.

NOTES FOR PAGE 17–CAPITAL EXPENDITURES BUDGET

Regulator Stations

17-1	Regulator Station Replacement	Description/Location	Regulator station replacement
		Purpose/Necessity	Regulator stations are used to reduce the pressure of the gas to the appropriate operating pressure for each system

General Plant

Buildings and Structures

South Service Center

17-2	Paving Upgrade - Employee Parking Lot	Description/Location	South Service Center
		Purpose/Necessity	This project was identified in the Master Plan. All asphalt drives, parking areas are in very bad shape. Also, there is a need to pave areas for safe movement of material.

General Plant

Buildings and Structures

North Service Center

17-3	Asphalt Paving & Concrete Slabs/ Drives - Phase 2	Description/Location	North Service Center
		Purpose/Necessity	This project was identified in the Master Plan. All asphalt drives, parking areas are in very bad shape. Also, there is a need to pave areas for safe movement of material.
17-4	Building #1 Replace 3 HVAC Package Units	Description/Location	North Service Center
		Purpose/Necessity	This project is for replacing three HVAC package units.
17-5	Generator/Transfer Switch Replacement	Description/Location	North Service Center
		Purpose/Necessity	This project is for replacing Generator /Transfer Switch
17-6	AC Installation Building #6	Description/Location	North Service Center
		Purpose/Necessity	This project is for AC installation.
17-7	Building #2: (Re-cover 36,000 square foot roof)	Description/Location	North Service Center
		Purpose/Necessity	This project is for roof improvements.
17-8	Building #3: (Re-cover 30,650 square foot roof)	Description/Location	North Service Center
		Purpose/Necessity	This project is for roof improvements.
17-9	Building #6: Roof Replacement 23,684 square feet	Description/Location	North Service Center
		Purpose/Necessity	This project is for roof replacement.

NOTES FOR PAGE 17–CAPITAL EXPENDITURES BUDGET (Continued)

General Plant (Continued)
Buildings and Structures
BRUNSWICK SERVICE CENTER

17-10	Paving Upgrade - Phase 2	Description/Location	Brunswick Service Center
		Purpose/Necessity	All roof replacement projects are targeted in the Facilities master plan based on expected life expectancy and existing maintenance issues.

HICKORY HILL SERVICE CENTER

17-11	HHSC Service Center Roof Replacement	Description/Location	HICKORY HILL SERVICE CENTER
		Purpose/Necessity	All roof replacement projects are targeted in the Facilities master plan based on expected life expectancy and existing maintenance issues.
17-12	Paving Upgrade - Phase 2 - Employee Parking Lot	Description/Location	HICKORY HILL SERVICE CENTER
		Purpose/Necessity	All roof replacement projects are targeted in the Facilities master plan based on expected life expectancy and existing maintenance issues.
17-13	Replace Canopy roofs	Description/Location	HICKORY HILL SERVICE CENTER
		Purpose/Necessity	All roof replacement projects are targeted in the Facilities master plan based on expected life expectancy and existing maintenance issues.

NOTES FOR PAGE 18–CAPITAL EXPENDITURES BUDGET

ADMINISTRATION BUILDING

18-1	Administration Building Upgrades & renovations (elevator modernization)	Description/Location	Administration Building
		Purpose/Necessity	Elevator upgrades

CHOCTAW

18-2	New Concrete Wash Bay Area	Description/Location	CHOCTAW
		Purpose/Necessity	This project is for a new concrete wash bay area
18-3	Security Fencing Choctaw property	Description/Location	CHOCTAW
		Purpose/Necessity	Security Fencing around Choctaw and new property.

LNG Capleville

18-4	Metal Storage Building (50' x 100')	Description/Location	LNG Capleville
		Purpose/Necessity	Metal storage building

NEW BUILDINGS

18-5	Engineering & Operations Building 130,000 sq. ft.	Description/Location	New Building
		Purpose/Necessity	This project is for a new Building
18-6	Security Automation	Description/Location	Division security automation equipment used for work in and around Shelby County.
		Purpose/Necessity	Security Automation
18-7	FURNITURE & FIXTURES	Description/Location	
		Purpose/Necessity	FURNITURE & FIXTURES
18-8	Audiovisual	Description/Location	Division audiovisual equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for employees to complete job assignments. Tools are considered replacements for the following reasons: i. Damaged beyond repair; ii. Worn from time/age/use, cost does not justify repair; iii. Lost/Stolen report submitted in a timely manner; iv. No longer suited for work being done, replace with a new model; v. Safety hazard; vi. Repair cost is at or above 50% of cost of new tool; vii. High occurrence of maintenance that creates excessive downtime.

GAS DIVISION

NOTES FOR PAGE 18—CAPITAL EXPENDITURES BUDGET (Continued)			
18-9	TOOLS & EQUIPMENT COMMON	Description/Location	Division tools/equipment common used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for employees to complete job assignments. Tools are considered replacements for the following reasons: i. Damaged beyond repair; ii. Worn from time/age/use, cost does not justify repair; iii. Lost/Stolen report submitted in a timely manner; iv. No longer suited for work being done, replace with a new model; v. Safety hazard; vi. Repair cost is at or above 50% of cost of new tool; vii. High occurrence of maintenance that creates excessive down time.
18-10	Fleet Capital Common Power Operated Equipment	Description/Location	Division vehicles/equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for employees to complete job assignments. Tools are considered replacements for the following reasons: i. Damaged beyond repair; ii. Worn from time/age/use, cost does not justify repair; iii. Lost/Stolen report submitted in a timely manner; iv. No longer suited for work being done, replace with a new model; v. Safety hazard; vi. Repair cost is at or above 50% of cost of new tool; vii. High occurrence of maintenance that creates excessive downtime.
18-11	Fleet Capital Common Transportation Equipment	Description/Location	Division vehicles/equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for employees to complete job assignments. Tools are considered replacements for the following reasons: i. Damaged beyond repair; ii. Worn from time/age/use, cost does not justify repair; iii. Lost/Stolen report submitted in a timely manner; iv. No longer suited for work being done, replace with a new model; v. Safety hazard; vi. Repair cost is at or above 50% of cost of new tool; vii. High occurrence of maintenance that creates excessive downtime.
18-12	Fleet Gas Power Operated Equipment	Description/Location	Division vehicles/equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for employees to complete job assignments. Tools are considered replacements for the following reasons: i. Damaged beyond repair; ii. Worn from time/age/use, cost does not justify repair; iii. Lost/Stolen report submitted in a timely manner; iv. No longer suited for work being done, replace with a new model; v. Safety hazard; vi. Repair cost is at or above 50% of cost of new tool; vii. High occurrence of maintenance that creates excessive downtime.
18-13	Fleet Gas Transportation Equipment	Description/Location	Division vehicles/equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for employees to complete job assignments. Tools are considered replacements for the following reasons: i. Damaged beyond repair; ii. Worn from time/age/use, cost does not justify repair; iii. Lost/Stolen report submitted in a timely manner; iv. No longer suited for work being done, replace with a new model; v. Safety hazard; vi. Repair cost is at or above 50% of cost of new tool; vii. High occurrence of maintenance that creates excessive downtime.
18-14	Contingency Fund - General Plant	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.	

WATER DIVISION

NOTES FOR PAGE 20—INCOME & EXPENSE COMPARISON

Operating Revenue

20-1	Sales Revenue	This account includes projected revenue from the sale of water to the residential, commercial, resale, and interdepartmental customer classes, as well as revenue from fire protection services.
20-2	Revenue Adjustment for Uncollectible	Per Governmental Accounting Standards Board (Water) 34 requirements, bad debt expense must be shown as a reduction of revenue. This is the amount that will not be collected due to customers inability to pay.
20-3	Non-Sales Revenue	This account includes revenue from forfeited discounts (charges for payments received after net due date), plus rent charged for Water Division property that is used by the Electric and Water Divisions, and other miscellaneous revenue (e.g., fees for connecting/disconnecting service).

Operating Expense

20-4	Production Expense	This account includes the cost of labor and expenses incurred in the general supervision and operation of the water source of supply facilities, the power production and pumping facilities, and the water treatment expenses. Also included is the fuel used in the production of power to operate the pumps, all chemicals used in the treatment of water and miscellaneous expenses including general clerical labor, building services, general operating supplies and care of grounds.
20-5	Distribution Expense	This account includes the cost of labor and expenses incurred in the operation of distribution reservoirs and tanks, meter expenses, customer installation expenses and miscellaneous expenses including preparing maps and prints, general clerical support, operating records, service interruption, trouble records, and other miscellaneous labor.
20-6	Customer Accounts Expense	This account includes the cost of labor and expenses incurred in the reading of customer meters, in customer applications, orders, contracts, credit investigations, billing and accounting, collections and complaints.
20-7	Customer Service and Information Expense	This account includes the cost of labor and expenses incurred in customer service and informational activities, the purpose of which is to encourage safe and efficient use of the utility's services, to promote the conservation of the utility's services and to assist customers in answering specific inquiries as to the proper and economic use of the utility's services.
20-8	Sales Expense	This account includes the cost of labor, materials and expenses incurred in promotional, demonstrating and selling activities, advertising designed to promote or retain the use of utility services and miscellaneous sales expense. Included are exhibitions, displays, lectures, engineering and technical advice, advertising in newspapers, periodicals, billboards, radio, etc., postage on direct mail advertising, printing booklets, bulletins, etc.
20-9	Administrative and General Expense	This account includes the compensation of board members, executives, and other administrative and general employees of the utility not chargeable directly to a particular operating function. It also includes the cost of insurance to protect the utility against physical plant losses, cost of reserve accruals to protect the utility against injuries and damage claims of employees or others, such as liability, property damage, casualty, and employee liability. Employee pensions and benefits including payments to pension funds, life insurance, group medical expenses, payments for accident, sickness, hospital and death benefits, and expenses in connection with educational and wellness activities are also included in this account. In accordance with Water 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension, MLGW must recognize all postemployment benefits, such as medical insurance and life insurance, when earned, effective budget year 2007.

Maintenance Expense

20-10	Production Expense	This account includes the labor and expenses incurred in the maintenance of structures and improvements, collecting and impounding reservoirs, maintenance of wells, the maintenance of observation wells, the maintenance of structures and improvements used in connection with pumping, maintenance of power production equipment used directly in pumping operations, the maintenance of pumping equipment, maintenance of structures and improvements to the water treatment plant, and water treatment plant equipment.
20-11	Distribution Expense	This account includes the labor and expenses incurred in the maintenance of the distribution system including structures and improvements, mains, services, meters, meter testing equipment, fire hydrants, and miscellaneous plant.
20-12	Administrative & General Expense	Please see Appendix 20-9.

WATER DIVISION

NOTES FOR PAGE 20—INCOME & EXPENSE COMPARISON (Continued)

Other Operating Expense

20-13	Depreciation Expense	The purpose of depreciation is to allocate the original cost of a fixed asset over its estimated useful life. In a utility environment, the annual depreciation rate also takes into account the estimated salvage and cost of removal upon retirement.
20-14	Payment In Lieu of Taxes	MLGW and the City of Memphis have agreed on a P.I.L.O.T. in the amount of \$2,500,000 to be made on an annual basis to the City from the revenues of the Water Division through fiscal years 2028.
20-15	F.I.C.A. Taxes	This represents the 1.45% Medicare portion of Social Security Tax that is required to be paid on all MLGW employees hired after 03-31-1986.
20-16	Amortization of Legacy Meters	This account includes amortization charges related to expenditures on meters.
20-17	Amortization-Right of Use Leases & Subscriptions	This account includes amortization charges related to expenditures on leases and software.

Income

20-18	Operating Income	Operating income is equal to operating revenue less total operating expense.
20-19	Other Income	This consists primarily of interest and investment income. It does not include any sales of electricity, gas or water.
20-20	Reduction of Plant Recovered through CIAC	Contributions-in-aid-of-construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

Debt Expense

20-21	Interest Expense – Existing Long-Term Debt	Bond interest payments due 06-01- and 12-01 per the bond debt schedules are funded in equal monthly installments.
20-22	Amortization of Debt Discount & Expense	This represents the spreading of bond issuance costs over the life span of the bond series rather than recognizing such costs all at the time of sale.
20-23	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

WATER DIVISION

NOTES FOR PAGE 21—INCOME & EXPENSE COMPARISON

Source of Funds

21-1	Change in Net Position	Please see page 20.
21-2	Depreciation Charged to Operating Income	Please see page 20.
21-3	Depreciation Charged to Other Accounts	Depreciation charged to other accounts is the annual depreciation for transportation and power operated equipment. Depreciation on these plant items is charged to a clearing account and used in the equipment rate calculations.
21-4	Amortization of Legacy Meters	Non-cash expense related to employee pension expenses related to meter expenditures.
21-5	Amortization of Leases	This account includes non-cash amortization charges related to expenditures on leases.
21-6	Salvage	Salvage is the amount received for property retired from plant in service. The property may be sold for scrap or returned to stores inventory for reuse.

Application of Funds

21-7	Capital Expenditures	Please see page 22.
21-8	Costs of Removal and Other Charges to the Reserve for Depreciation	Cost of removal is the cost associated with demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and labor.
21-9	Retirement of Long-Term Debt	Bond principal amounts due 12-01 per the bond debt schedules are funded in equal monthly installments during.

WATER DIVISION

NOTES FOR PAGE 22—CAPITAL EXPENDITURES BUDGET

Production System

22-1	Pumping Stations	Please see Appendix 23-1 to 24-9.
22-2	Underground Storage Reservoirs	Please see Appendix 24-10
22-3	Production Wells	Please see Appendix 24-11 to 24-15
22-4	Land Purchase	Please see Appendix 23-17
22-5	Operations Maintenance	Please see Appendix 24-6
22-6	Contingency Fund - Production	Please see Appendix 26-7
22-7	Buildings and Structures - Production System	Please see Appendix 25-1 to 25-5
22-8	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

Distribution System

22-9	Residential Service in S/D	This budget category provides for the expenses incurred by the Water Division for customer requests for service located in a subdivision.
22-10	Residential Service not in S/D	This budget category provides for the expenses incurred by the Water Division for customer requests for service not located in a subdivision.
22-11	Residential S/D	This budget category provides for the expenses incurred by the Water Division for developer requests for Water facilities located in a subdivision.
22-12	Apartments	This budget category provides for the expenses incurred by the Water Division for developer requests for Water facilities for new apartment developments.
22-13	General Power Service	This budget category provides for the expenses incurred by the Water Division for customer requests for new General Power Service.
22-14	Relocate At Customer Request	This budget category provides for the expenses incurred to relocate at the customer's request.
22-15	Street Improvements	This budget category provides for the expenses incurred when City, State and Federal Street Improvements dictate that facilities must be relocated. Please see Appendix 23-14 through 23-17.
22-16	New Water Main	This budget category provides for the expenses incurred for the installation of miscellaneous new water mains and facilities.
22-17	Lead Service Replacement	Replace lead services with copper at known locations throughout Shelby County.
22-18	Storm Restoration	No expenditures planned for the 2025 budget year.
22-19	Purchase of Meters	The number of meters purchased is based on projections for the coming year. These meters include meters that will be paid for by customer contributions relating to new residential and commercial development and replacement of existing meters.
22-20	Planned Maintenance	Construction in minor work that arises daily. These are mainly calls that go through the Control Room, to include pole knockdowns, gas, and water leaks, etc.
22-21	Booster Stations	This budget category is used to boost constant supply.
22-22	Emergency Maintenance	This budget line item provides for emergency repair work when leaks and cut facilities require immediate repair.
22-23	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.

WATER DIVISION

NOTES FOR PAGE 22–CAPITAL EXPENDITURES BUDGET (Continued)

General Plant

22-24	Buildings and Structures	Please see Appendix 25-1 through 25-5 and 26-1
22-25	Security Automation	Please see Appendix 26-2.
22-26	Tools & Equipment	Please see Appendix 26-5.
22-27	Fleet Capital Power Operated Equip	Please see Appendix 26-3.
22-28	Fleet Capital Water Transportation Equip	Please see Appendix 26-4.
22-29	IS/IT Projects	None budgeted for 2025.
22-30	Miscellaneous Request (Simulator)	Please see Appendix 26-6.
22-31	Contingency Fund	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year. See Appendix 26-7.
22-32	Delayed Cost Allocations	These are funds budgeted in the current year for items that may arrive late from the previous year's budget.

NOTES FOR PAGE 23—CAPITAL EXPENDITURES BUDGET

Production System

Pumping Stations

Allen Pumping Station

23-1	Station Rehabilitation (New Allen)	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.
23-2	Station Rehabilitation	Description/Location	Design and the purchase and installation of replacement of aerators.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.
23-3	Medium Voltage Breaker & Switchgear Replacements	Description/Location	Design, purchase and installation of the 12kV and 5 kV circuit breakers/Switchgear.
		Purpose/Necessity	Parts for the existing 12kV and 5 kV Circuit Breakers are unavailable and there are safety concerns related to the existing breakers
23-4	VFD, Motor & Transformer Replacements	Description/Location	Design, Construction Administration and Integration needed to replace high service pump drive equipment.
		Purpose/Necessity	The existing VFD's chronically overheat and replacement parts are unavailable when the VFD's fail.

Davis Pumping Station

23-5	Filter Media Rehab and Replacement (Station Rehab)	Description/Location	Davis Pumping Station
		Purpose/Necessity	Filter media rehab and replacement.
23-6	Station Rehabilitation (CO)	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.
23-7	VFD, Motor & Transformer Replacements	Description/Location	Design, Construction Administration and Integration needed to replace high service pump drive equipment.
		Purpose/Necessity	The existing VFD's chronically overheat and replacement parts are unavailable when the VFD's fail.
23-8	Medium Voltage Breaker & Switchgear Replacements	Description/Location	Design, purchase and installation of the 12kV and 5 kV circuit breakers/Switchgear.
		Purpose/Necessity	Parts for the existing 12kV and 5 kV Circuit Breakers are unavailable and there are safety concerns related to the existing breakers

Lichterman Pumping Station

23-9	VFD, Motor & Transformer Replacements	Description/Location	Design, Construction Administration and Integration needed to replace high service pump drive equipment.
		Purpose/Necessity	The existing VFD's chronically overheat and replacement parts are unavailable when the VFD's fail.
23-10	Station Rehabilitation (CO)	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.

LNG Pumping Station

23-11	Station Rehabilitation	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.

NOTES FOR PAGE 23—CAPITAL EXPENDITURES BUDGET (Continued)

Pumping Stations (Continued)

Mallory Pumping Station

23-12	Filter Media Rehab and Replacement (Station Rehab)	Description/Location	Mallory Pumping Station
		Purpose/Necessity	Filter media rehab and replacement
23-13	Station Rehabilitation	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.
23-14	VFD, Motor & Transformer Replacements	Description/Location	Design, Construction Administration and Integration needed to replace high service pump drive equipment.
		Purpose/Necessity	The existing VFD's chronically overheat and replacement parts are unavailable when the VFD's fail.
23-15	Medium Voltage Breaker & Switchgear Replacements	Description/Location	Design, purchase and installation of the 12kV and 5 kV circuit breakers/Switchgear.
		Purpose/Necessity	Parts for the existing 12kV and 5 kV Circuit Breakers are unavailable and there are safety concerns related to the existing breakers

McCord Pumping Station

23-16	Filter Media Rehab and Replacement (Station Rehab)	Description/Location	McCord Pumping Station
		Purpose/Necessity	Filter media rehab and replacement
23-17	Station Rehabilitation	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.
23-18	Medium Voltage Breaker & Switchgear Replacements	Description/Location	Design, purchase and installation of the 12kV and 5 kV circuit breakers/Switchgear.
		Purpose/Necessity	Parts for the existing 12kV and 5 kV Circuit Breakers are unavailable and there are safety concerns related to the existing breakers

Pumping Stations (Continued)

Morton Pumping Station

23-19	Filter Media Rehab and Replacement (Station Rehab)	Description/Location	Morton Pumping Station
		Purpose/Necessity	Filter media rehab and replacement
23-20	VFD, Motor, Transformer Replacements	Description/Location	Design, Construction Administration and Integration needed to replace high service pump drive equipment.
		Purpose/Necessity	The existing VFD's chronically overheat and replacement parts are unavailable when the VFD's fail.
23-21	Station Rehabilitation	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.

WATER DIVISION

NOTES FOR PAGE 24—CAPITAL EXPENDITURES BUDGET

Palmer Pumping Station

24-1	Station Rehabilitation	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.

Pumping Stations (Continued)

Shaw Pumping Station

24-2	Filter Media Rehab and Replacement (Station Rehab)	Description/Location	Shaw Pumping Station
		Purpose/Necessity	Filter media rehab and replacement
24-3	Station Rehabilitation	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.
24-4	VFD, Motor, Transformer Replacements	Description/Location	Design, Construction Administration and Integration needed to replace the existing distributed process control system.
		Purpose/Necessity	The existing DPC system is outdated and parts can no longer be obtained for the existing controller. This is needed for regulatory compliance with Tennessee Department of Environment and Conservation standards.

Sheahan Pumping Station

24-5	Medium Voltage Breaker & Switchgear Replacements	Description/Location	Design, purchase and installation of the 12kV and 5 kV circuit breakers/Switchgear.
		Purpose/Necessity	Parts for the existing 12kV and 5 kV Circuit Breakers are unavailable and there are safety concerns related to the existing breakers
24-6	Station Rehabilitation	Description/Location	The purchase and installation of replacement valves, piping, hardware, meters, actuators, etc.... Rehabilitation of concrete structural components.
		Purpose/Necessity	The existing infrastructure can no longer be operated safely or reliably.

New Pumping Station

24-7	Engineer Water Treatment Plant	Description/Location	Pickle Pumping Station
		Purpose/Necessity	Design, construction, and maintenance needed for water treatment plants.

Miscellaneous Pumping Facilities

24-8	Water Operations Capital Items (CO)	Description/Location	This item is to account for unplanned Capital Items. / As-needed
		Purpose/Necessity	This is a projected budget amount to cover unforeseen Capital Items in the current year due to mechanical/electrical/etc. failure. / When equipment breaks, it must be fixed.
24-9	Engineering Services Contract (CO)	Description/Location	Engineering Consultants on an "as-needed" basis. / As-needed.
		Purpose/Necessity	Water E&O has a need to retain Engineering Consultants on an "as-needed" basis. / Water Engineering does not have the expertise to perform certain engineering functions.

WATER DIVISION

NOTES FOR PAGE 24—CAPITAL EXPENDITURES BUDGET (Continued)

Underground Storage Reservoirs

Sheahan Pumping Station

24-10	Engineer Wash Recovery Basin Replacement	Description/Location	Construction of WWRB.
		Purpose/Necessity	The existing WWRB is the retrofitted Equalizing Basin. The operational performance of the existing WWRB is very poor. There are regulatory issues with the existing WWRB.

Production Wells

Sheahan Pumping Station

24-11	Construct/Replace Well	Description/Location	Construction of a large water production well.
		Purpose/Necessity	A number of the wells need to be replaced.

Miscellaneous Pumping Facilities

24-12	Well Failures	Description/Location	Construction of a large water production well. Various pumping station.
		Purpose/Necessity	Water production wells fail unexpectedly and need to be replaced.
24-12	Well Generators	Description/Location	Various locations.
		Purpose/Necessity	Water production well generators need to be replaced.
24-12	Abandon Wells	Description/Location	To abandon water production wells that have reached the end of life.
		Purpose/Necessity	Well abandonment is needed to drill second generation wells on the same well site.

Allen Pumping Station

24-13	Construct/Replace Well	Description/Location	Construction of a large water production well.
		Purpose/Necessity	A number of the wells need to be replaced.

Lichterman Pumping Station

24-14	Construct/Replace Well	Description/Location	Construction of a large water production well.
		Purpose/Necessity	A number of the wells need to be replaced.

Mallory Pumping Station

24-15	Construct/Replace Well	Description/Location	Construction of a large water production well.
		Purpose/Necessity	A number of the wells need to be replaced.

Operations Maintenance

24-16	Operations Maintenance	Description/Location	Maintenance necessary for the continuation of normal operations
		Purpose/Necessity	Maintenance necessary for the continuation of normal operations

Land Purchase

24-17	Land Purchase	Description/Location	Purchase water production well lots/Various locations.
		Purpose/Necessity	Well lots are needed to install new/replacement water production wells to provide an adequate source water supply for customers.

WATER DIVISION

NOTES FOR PAGE 25—CAPITAL EXPENDITURES BUDGET

Buildings and Structures

McCord Pumping Station

25-1	New Mechanical Maintenance & Special Storage Building	Description/Location	McCord Pumping Station
		Purpose/Necessity	
25-2	Reroof Main Building (15,930 sf)	Description/Location	McCord Pumping Station
		Purpose/Necessity	This project is needed to replace roof.
25-3	Aerator Bldg: Replace Roof (6,825 sf)	Description/Location	McCord Pumping Station
		Purpose/Necessity	This project is needed to replace roof.

Mallory Pumping Station

25-4	Roof Replacement (Design/Construction)	Description/Location	Mallory Pumping Station
		Purpose/Necessity	This project is needed to replace roof.

Arlington Pumping Station

25-5	Repave Drives	Description/Location	Arlington Pumping Station
		Purpose/Necessity	This project is needed to repave drives. The existing pavement is past it's life expectancy and is getting frequent requests.

Contingency Fund

25-6	Contingency Funds	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.	
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CIAC

25-7	Contributions in Aid of Construction	Contributions in aid of construction are the donations or contributions of cash, services, or property from states, municipalities, or other governmental agencies, individuals, and others for construction purposes.	
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WATER DIVISION

NOTES FOR PAGE 25–CAPITAL EXPENDITURES BUDGET (Continued)

Distribution System

New Water Main

25-8	Collecting Main Installation	Description/Location	Various locations
		Purpose/Necessity	The ties bring water from the aquifer to the plant.
25-9	Main Replacement Projects	Description/Location	Older cast iron mains in older parts of town sometimes break several times and it is more feasible to replace the main.
		Purpose/Necessity	Older cast iron mains in older parts of town sometimes break several times and it is more feasible to replace the main.
25-10	Large Main Extensions	Description/Location	Large Main Extensions
		Purpose/Necessity	Provides more water to parts of Shelby County were there is a need or future need to more water.
25-11	Miscellaneous Projects - Reimbursable	Description/Location	This line item covers former SCBPU projects aimed at improving the Distribution System in former SCBPU areas of the county. These projects mostly center around improvements in the Shelby Forest area.
		Purpose/Necessity	This line item covers former SCBPU projects aimed at improving the Distribution System in former SCBPU areas of the county.
25-12	Major Valve Replacements/Additions	Description/Location	The project will involve the replacement and additions of 12" and larger valves
		Purpose/Necessity	Replacement of non-functioning and key valves and adding strategically place valves on primary and secondary feeders to optimize the ability to isolate large mains while minimizing the number of cut off customers
25-13	Minor System Improvements	Description/Location	Minor System Improvements to Water Distribution System
		Purpose/Necessity	Minor System Improvements to Water Distribution System.

Street Improvements

25-14	TDOT Projects	Description/Location	These are street improvement projects done by TDOT requiring the relocation of MLGW water mains.
		Purpose/Necessity	MLGW will meet the utility relocation needs of the City, County, and State for their street improvement projects.
25-15	City of Memphis Projects	Description/Location	These are street improvement projects done by the City of Memphis requiring the relocation of MLGW water mains.
		Purpose/Necessity	MLGW will meet the utility relocation needs of the City, County, and State for their street improvement projects.
25-16	City of Lakeland Projects	Description/Location	These are street improvement projects done by the City of Lakeland requiring the relocation of MLGW water mains.
		Purpose/Necessity	MLGW will meet the utility relocation needs of the City, County, and State for their street improvement projects.
25-17	Shelby County Projects	Description/Location	These are street improvement projects done by Shelby County requiring the relocation of MLGW water mains.
		Purpose/Necessity	MLGW will meet the utility relocation needs of the City, County, and State for their street improvement projects.

Lead Replacement

25-18	Lead Replacement	Description/Location	Lead Replacement
		Purpose/Necessity	Lead Replacement

WATER DIVISION

NOTES FOR PAGE 26—CAPITAL EXPENDITURES BUDGET

General Plant

26-1	Buildings & Structures	Description/Location	MLGW University
		Purpose/Necessity	Canopy for MLGW University lineman pole training.
26-2	Security Automation	Description/Location	Various locations
		Purpose/Necessity	Install card readers on control house doors, install a CCTV system, install fence alarms and various security upgrades throughout the division.
26-3	Fleet Capital Power Operated Equipment	Description/Location	Division vehicles/equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items in order to provide equipment for crews to complete job assignments. Replacements are evaluated based on age, actual operational usage, repair cost and frequency, parts availability, and effectiveness to meet area's needs. Additions are evaluated based on justification request and proper approval.
26-4	Fleet Capital Transportation Equipment	Description/Location	Division vehicles/equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items in order to provide equipment for crews to complete job assignments. Replacements are evaluated based on age, actual operational usage, repair cost and frequency, parts availability, and effectiveness to meet area's needs. Additions are evaluated based on justification request and proper approval.
26-5	Tools & Equipment	Description/Location	Division tools/equipment used for work in and around Shelby County.
		Purpose/Necessity	To purchase approved budget items, in order to provide equipment for employees to complete job assignments. Tools are considered replacements for the following reasons: i. Damaged beyond repair; ii. Worn from time/age/use, cost does not justify repair; iii. Lost/Stolen report submitted in a timely manner; iv. No longer suited for work being done, replace with a new model; v. Safety hazard; vi. Repair cost is at or above 50% of cost of new tool; vii. High occurrence of maintenance that creates excessive down time.
26-6	Miscellaneous Capital (Simulator)	Description/Location	Construction & Maintenance Labs Equipment Training Simulator
		Purpose/Necessity	This simulator provides training to MLGW employees on the use of MLGW construction equipment
26-7	Contingency Funds – General Plant	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.	

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GLOSSARY

ACD: Automatic Call Distributor.

ACSR: Aluminum, Cable Steel Reinforced cable.

ADA: Americans with Disabilities Act.

BNSF: Burlington Northern Santé Fe Railway Company.

BTU: British Thermal Unit.

Battery Storage (BESS): Devices that enable energy renewables to be stored then released when the power is needed most.

Capital Budget: Fixed assets and capital projects to be acquired or contracted during the budget period.

Capital Expenditure: Expenditures that result in the acquisition of, or addition to, fixed assets including land, buildings, improvements, machinery, and equipment.

CA: Cab to Axle.

CARES: Computer Assisted Restoration of the Electric System.

CCTV: Closed-circuit television.

C&C: Cab and Chassis.

CC&C: Crew Cab & Chassis.

CKT: Circuit.

CN: Canadian National Railway.

CNG: Compressed Natural Gas.

CO: Carryover.

CPU: Central Processing Unit.

CSX: CSX Transportation.

CSX/RR: CSX Transportation Railroad.

DA: Distribution Automation.

DASD: Direct Access Storage Device.

DB: Decibel.

DDC: Direct Digital Controller.

DER: Distributive Energy Resources

GLOSSARY

Debt Service: Principal and interest payments on outstanding bonds.

DIMP: Distribution Integrity Management Program.

DOT: Department of Transportation.

ERC: Emergency Response Center.

ESO: Electric Systems Operations.

Expenditure: The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid.

FC: Suffix for connector type.

FCI: Failed Circuit Indicators.

FEMA: Federal Emergency Management Agency.

FIS: Facility Information System.

Fixed Assets: Assets that are used in a productive capacity, have physical substance, are relatively long-lived, and provide future benefit, which is readily measurable, such as land, buildings, machinery, furniture, vehicles, other equipment and capital projects. Those assets that are capitalized and depreciated over a period of time.

GAAP: Generally Accepted Accounting Principles. Uniform minimum standards and guidelines for disclosing, recording and reporting financial transactions and entries.

GASB: Governmental Accounting Standards Board.

GIS: Geographic Information System.

GPS: Global Positioning System.

HHSC: Hickory Hill Service Center.

HMI: Human Machine Interface.

HP: High Pressure.

HSP: High Service Pump.

HVAC: Heating, Ventilation, and Air Conditioning.

IC RR: Illinois Central Railroad.

IDS: Intrusion Detection System.

IR: Infrared.

JT: Joint Trench.

GLOSSARY

KV: Kilo Volts, a unit of potential equal to a thousand volts.

KVA: Kilo Volt-Ampere, one thousand volt-amps.

KW: Kilowatt.

LC: Suffix for connector type.

LNG: Liquefied Natural Gas.

LOL: Leased Outdoor Lighting.

LWB: Long Wheel Base pickup.

MAOP: Maximum allowable operating pressure.

MDMS: Meter Data Management System.

MG: Millions of gallons.

MGD: Million gallons per day.

MH/DL: Manhole/Duct line.

MHz: Megahertz.

MSS: Management Support System.

NERC: North American Electric Reliability Corporation.

Net Assets: The difference between assets and liabilities for a period of time.

O&M: Operations and Maintenance.

OH: Overhead.

OPEB: Other Post Employment Benefits.

Operating Budget: The portion of the budget that pertains to daily operations that provide basic services. The operating budget contains approved expenditures.

OPGW: Optical Ground Wire.

OTL: Oracle Time and Labor.

OTDR: Optical Time Domain Reflectometer.

Pad: Pad-mounted transformer.

PCB: Polychlorinated Bithenyls.

GLOSSARY

PSI: Pound per Square Inch.

PTAC: Packaged terminal air conditioning.

PTO: Power Take Off.

PV: Photo-Voltaic or solar cells.

ROW: Right of Way.

RR: Railroad.

RTU: Remote Terminal Unit.

SAN: Storage Area Network.

SC: Suffix for connector type.

SCADA: Supervisory Control and Data Acquisition, used to monitor and control the electric system. SCADA gathers information and transfers the information to a central site.

SCBPU: Shelby County Board of Public Utilities.

SPCC: Spill Prevention, Control and Countermeasure.

Solar Generation: A renewable and infinite energy source converted from sun.

T-line: Transmission line.

TDOT: Tennessee Department of Transportation.

TEMA: Tennessee Emergency Management Agency.

TIMP: Transmission Integrity Management Program

TOU: Time of Use.

UG: Underground.

UPS: Uninterruptible Power Source.

URD: Underground Residential Development.

USPS: United States Postal Service.

VAV: Variable Air Volume.

VFD: Variable Frequency Drive.

WAQL: Water Assurance Quality Lab.

WWRB: Wash water Recovery Basin.

GLOSSARY

XFMR: Symbol used to denote transformer.

XHP: Extra High Pressure.

XXHP: Extra, Extra High Pressure.