MLGW

2024 Budget

Proposed to Memphis City Council

The MLGW Board of Commissioners & Advisory Board Members

Chairman Leon Dickson Sr.

Vice - Chairman Michael Pohlman

Commissioner Carl Pearson

Commissioner Cheryl Pesce

Commissioner Mitch Graves

Commissioner John R. Butler

Commissioner James Lewellen

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MEMPHIS LIGHT, GAS AND WATER DIVISION

December 05, 2023

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

I am honored to present the proposed FY2024 Operating and Capital Budgets for the Memphis Light, Gas and Water Division (MLGW). Since taking the helm of MLGW in December of 2022 and after navigating a challenging 2023, it is clear to me that the focus of effort in the 2024 budget and budgets over the next 5 years must be on reducing the frequency and duration of electric outages, meeting the growing community demand for the electricity we rely upon now and in the future, and maintaining the quality and reliability of water and gas utilities.

The FY24 budget will advance several bold initiatives and proposes a significant increase in spending to drive electric system reliability and resilience by

- Funding aggressive Tree Trimming
- Replacing outdated infrastructure
- Adding more in-house and contracted staff to do the work
- Modernizing the grid to a best-in-class standard
- For the very first time, adding electric battery storage to the system, and starting the feasibility work on building utility scale solar power
- And for the first time since the 1950's, funding electric generation assets for reliability and to catalyze continued economic growth

FY24 starts what will result in a multi-year program of $1.2B of improvements to the Electric Distribution system aimed at reducing frequency and duration of electric outages and making our grid ready for the demands of tomorrow.

This budget also contains significant investments in Gas and Water systems to maintain their quality and reliability and is complemented by what we hope will be significant federal grant awards.

For MLGW, ensuring we have sufficient, reliable power for all our customers, and enabling new, large-use customers to be served without interruption in the near term is critical to continuing economic development in our area. In 2024, MLGW will begin the engineering necessary for the installation of up to 100MW of battery storage in the distribution system, which will provide an

additional hedge of energy for the system. Additionally, MLGW is allocating $120M of funding in 2024 to secure aeroderivative turbine electric generators, generating more than 30MW per unit as a back up to the existing power system. Both measures will allow new, large customers like manufacturing firms to come onto MLGW's system without being subject to contractual interruptions.

Continued inflationary pressure on the cost of goods and services, the addition of more personnel, and critical investments in grid modernization, electric generation and storage necessitates an acceleration of previously forecast electric rate increases. What was previously a 10.5% increase over three years starting in 2025 is now proposed as a 12% increase over three years starting in 2024. The customer impact will be about $5 per month for electric service, with no increase in rates for gas and water. Even with this change, MLGW's rates will remain among the most affordable and competitive in the nation.

The Total Operating and Capital Budget for 2024 is $2.3 billion. Almost $1.2 billion or approximately 63.15% percent of operating expense is budgeted for purchased power and gas costs. MLGW's budgeted operations and maintenance expenses for FY24 total $564.2 million. MLGW's payment in lieu of taxes to local governments is projected to be $64.5 million.

MLGW's capital program of $336.2 million reflects our commitment toward modernizing and maintaining the integrity and reliability of our system infrastructure and our continued commitment to provide high quality, reliable service to our customers in a cost-effective and efficient manner.

Respectfully,

Doug McGowen
President and CEO

How to Read the Budget

INTRODUCTION

We are pleased to submit the 2024 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 2024 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.

CONTENTS OF THE BUDGET DOCUMENT

This Budget document begins with the Budget Highlights and the Operations & Maintenance (O&M) Area of Responsibility. The Budget Highlights offer a summary of Total Operating Revenue, Total Operating Expense, Operating Income (Loss), Change in Net Position and the Capital Program for each Division. The Operations & Maintenance Area of Responsibility offers an O&M organizational summary by 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 2024 Budget.

ELECTRIC

The first page of this section (Page E4) is the *Income, Expense, and Changes in Net Position Comparison* for the Electric Division. It provides a side-by-side view of the 2022 Actual Expenditures, 2023 Budget and the 2024 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 2023 Budget, 2024 Budget and the difference between the 2023 Budget and 2024 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 2022 Actual, 2023 Budget and the 2024 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.

How to Read the Budget

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 2024 Budget figures.

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.

MEMPHIS LIGHT, GAS AND WATER DIVISION

Memphis Light, Gas and Water is owned by the City of Memphis and is the nation's largest three-service municipality in the United States with approximately 440,000 customers. MLGW 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.

Memphis Light, Gas and Water provides natural gas to its customers via 3 natural gas pipelines. MLGW buys natural gas from a variety of natural gas suppliers in a mixture of monthly, daily, seasonally and long-term contracts while hedging gas purchases to manage the price risk associated with the market price volatility of natural gas.

While some utilities obtain drinking water from surface lakes or rivers, MLGW supplies water from the Memphis aquifer, beneath Shelby County. The Memphis aquifer is a treasure to the Memphis and Shelby County areas. The Memphis aquifer contains more than 100 trillion gallons of water that are more than 2,000 years old. MLGW operates this artesian well system by utilizing pumping stations and wells to deliver water to its customers.

Memphis Light, Gas and Water is comprised of various organizations and disciplines to ensure safe, reliable, and friendly service to our customers. MLGW is led by the President & CEO with oversight provided by the MLGW Board of Commissioners. Memphis Light, Gas and Water's leadership has a strong affinity for safety and customer services. The Division's leadership principles are exuded through the leadership team. MLGW leadership is comprised of the Senior Leadership Committee who oversee the daily operations of the Division.

MEMPHIS LIGHT, GAS AND WATER DIVISION

It takes an abundance of resources to operate a utility of this magnitude. Many think of the Division in terms of utilities only; however, daily operations include internal auditing, legal counsel, communication of community and external affairs, finance, information services and technology, human resources, engineering, construction, and customer services.





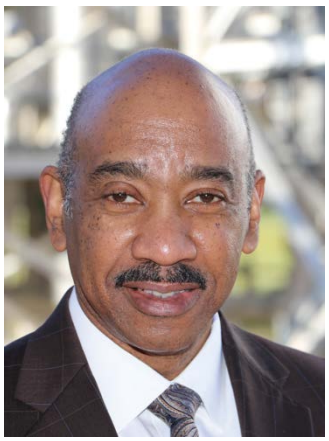


Memphis Light, Gas and Water develops the operating and capital expenditure budgets annually to coincide with its fiscal year. The annual budget considers the needs of the Division's operational units to assist the utility in its mission*, "To safely deliver services that create and sustain superior customer experiences".* The next page provides an executive summary of the utility's leadership.

Memphis Light Gas and Water Leadership

Doug McGowen, President and Chief Executive Officer, Before joining MLGW as the 12th President & CEO, Doug McGowen served as Chief Operating Officer for Mayor Jim Strickland and the City of Memphis. As Chief Operating Officer, McGowen directly oversaw all city operating and department agencies. From March 2020 to March 2022, he also led Memphis and Shelby County COVID-19 Joint Task Force, coordinating all aspects of a successful pandemic response. Passionate about making Memphis a better place to live and work, McGowen also serves as Board Chair of the Mid-South American Heart Association and Board Chair for Explore Bike Share. Immediately prior to his COO role, he served as Director of the Innovation Team for the City of Memphis (now Innovate Memphis) and headed the Memphis Sexual Assault Kit Task Force. Prior to joining the city team, McGowen served as a commissioned officer in the United States Navy, retiring as a Captain in 2011 after 26 years of service. His last assignment was as Commanding Officer of the Naval Base in Millington, TN. McGowen also served as Commanding Officer of Strike Fighter Squadron ONE ZERO TWO, Chief Operating Officer for the US Navy Recruiting Command, and Chief Operating Officer for Carrier Air Wing NINE. During his career, McGowen completed multiple overseas deployments and participated in combat operations during Operations Desert Shield/Desert Storm and Operation Enduring Freedom flying the F-14 TOMCAT and later the FA-18F Super Hornet. McGowen holds a B.S. in Civil Engineering from Virginia Military Institute and an M.A. in National Security from the United States Naval War College. Born in Meadville, PA, McGowen and his family are proud to call Memphis home.

Dana Jeanes, Senior Vice-President, Chief Financial Officer and Chief Administrative Officer (Secretary-Treasurer), is responsible for establishing, monitoring and maintaining company-wide financial and administrative objectives, policies, programs, and practices for MLGW. Mr. Jeanes joined MLGW in December 1987 and has served as Energy Engineer; Rates Engineer; Supervisor, Rates and Regulatory Affairs; Manager, Budget, Plant and Rates; Director of Analysis, Strategy, and Performance, and Controller. Mr. Jeanes received his Bachelor of Science in electrical engineering from Christian Brothers University in 1979 and a Master of Business Administration degree with emphasis on finance and accounting from the University of Memphis in 1994. He is alicensed professional engineer in Tennessee. He is a Certified Public Accountant and a member of theAmerican Institute of Certified Public Accountants. Mr. Jeanes serves in several industry associations. He is a Board member and past President of the Tennessee Municipal Electric Power Association. He also serves on the Tennessee Valley Public Power Association Government Relations Committee and Rates and Contracts Committee. Mr. Jeanes also serves as a Director on the Board of the Better Business Bureau of the Mid-South.



Alonzo Weaver III, Senior Vice-President and Chief Operating Officer is responsible for managing and coordinating all engineering functions, facilities operations and loss prevention,electric substations, water pumping stations, gas regulators, and wells. Mr. Weaver joined MLGW in 1983 as an Engineering Assistant in Electric Operations and was promoted to Operations Assistant in that department in 1987. Mr. Weaver later served as Assistant Manager for the North Service Center before being promoted to Manager, Electric Operations in 1992. He was promoted to Vice President, Operations in 1997 and has served in various executive roles since that time. Mr. Weaver graduated from Rensselaer Polytechnic Institute with a B.S. in Mechanical Engineering in 1983 and attended the University of Memphis where he received an MBA in 1997. Mr. Weaver also attended Rhodes College Institute for Executive Leadership and completed the MLGW Executive Development Program in 1988. Mr. Weaver is active in several industry associations, such as the American Public Power Association, the American Public Gas Association, the American Association of Blacks in Energy, the American Gas Association and the North American Transmission Forum. He serves on the boards of the Southern Gas Association, SERC Reliability Corporation and Junior Achievement.

Jennifer Sink, Vice-President and General Counsel (Compliance Officer),is responsible for advising the Board and MLGW staff concerning all legal obligations and privileges, serves as Chief Ethics Officer for MLGW, and performs other legal services for MLGW. Before joining Memphis Light Gas and Water, Sink served as the Chief Legal Officer for the City of Memphis, providing legal counsel and strategic advice to the Mayor and Divisions of city government. Prior to joining the City Attorney's Office In 2016, Sink was a shareholder at the Baker, Donelson, Bearman, Caldwell and Berkowitz law firm, practicing civil litigations and primarily health care litigation from 2003-2016. Sink currently serves a the President-Elect (2023) of the Memphis Bar Association.

Rodney Cleek, Acting Vice-President of Accounting, Rodney Cleek is serving as Acting Vice President of Accounting in addition to his duties as Manager of Budget, Plant and Rates. Cleek is responsible for financial planning, asset accounting and rate management for MLGW. He joined MLGW in December 1999 as a rates engineer and was later promoted to Assistant Manager within the department. He received his Bachelor of Science in Electrical Engineering from the University of Memphis in 1995 and a Master of Business Administration degree from Christian Brothers University in 2002. Cleek is a professional engineer, a certified municipal finance officer and a certified energy manager. He currently serves on the board of the Engineers' Club of Memphis and is a graduate of the executive program of Leadership Memphis. Cleek is actively involved in his church and serves as a deacon.

Cliff DeBerry Jr., Vice-President of Design, Construction and Delivery, is responsiblefor managing and coordinating the delivery of construction and maintenance operations at Memphis Light, Gas and Water as well as Residential and Commercial Engineering Design, Lighting Services, and Builder and Developer Services. Mr. DeBerry joined MLGW in 1987 as a Level I Customer Engineer and was promoted to Assistant Manager for the Hickory Hill Service Center in 2000. He later served as Manager of Electric Engineering, Manager of Hickory Hill Service Center, and Director of Analysis, Strategy and Performance before being promoted to his current position. Mr. DeBerry graduated from Christian Brothers College (now CBU) with a B.S.in Electrical Engineering in 1987 and additionally received an MBA in Finance in 1994 from Memphis State University (now University of Memphis). He is a registered Professional Engineer licensed in the state of Tennessee. Mr. DeBerry is a commissioner for the West Tennessee Seismic Safety Commission, Board Member for the Mid-South Food Bank, Managing Operating Committee Member for the American Gas Association and an active member of the Engineers Club of Memphis where he served on the Board of Directors. Additionally, Mr. DeBerry has served as President of the American Association of Blacks in Energy and is a memberof Alpha Phi Alpha Fraternity. He is a supporter of many community endeavors such as Junior Achievement, the United Way,the MS 150 Bike -A-Thon and Ride for Life.

Nicholas Newman, Vice-President of Engineering and Operations, is responsible for managing and coordinating all engineering and operational divisions for Memphis Light, Gas andWater. Mr. Newman joined MLGW in 1988 as a Service Engineer in the Customer Engineering Department. Mr. Newman previously served as a District Engineer; Supervisor of Engineering and Heavy Equipment; Assistant Manager and Manager of the South Service Center. Additionally,Mr. Newman served as the Project Manager for the Energy Conservation Project at NSA Mid- South. Mr. Newman is a native Memphian and graduate of Frayser High School. Mr. Newman earned his Bachelor of Science in Electrical Engineering and an MBA from the University of Memphis. Mr. Newman holds a Grade 2 Water Distribution License from the State of Tennessee.Mr. Newman is active in the American Water Works Association (AWWA), Tennessee Associationof Utility Districts (TAUD) and several other associations. He is on the board of TAUD where he serves as Vice President and is the Chairperson for the legislative team. He also serves on the Tennessee Water/WastewaterFinancing Board.

Von Goodloe, Vice-President of Shared Services, is responsible for managing Corporate Security, Facilities (Central Support Services), Transportation and Supply Operations, Procurement, Contracts and Supplier Diversity and Corporate Safety. Dr. Goodloe joined MLGW in 2010 as Vice President of Human Resources. Dr. Goodloe graduated from Hampton University with a B.A. in Physics in 1983, attended Trevecca Nazarene College in Nashville where he received an MEA degree in 1994, and received an EDS degree in Administration in 2009 from Union University. He also received his doctorate in education from Union University in 2011. Dr. Goodloe has his Senior Professional in Human Resources (SPHR) certification from the Society for Human Resources Management (SHRM) and Certified Labor Relations Professional (CLRP) certification from the National Public Employer Labor Relations Association (NPELRA). He is an active member of the Society for Human Resources Management (SHRM) and the National Public Employer Labor Relations Association (NPELRA). He is an active member of Alpha Phi Alpha fraternity and asupporter of community agencies such as Life Blood, The United Way, and Junior Achievement.

Jacqueline Jones, Vice President and Chief People Officer, is responsible for developing and executing human resource strategy in support of the overall business plan and strategic direction of the organization, specifically in the areas of succession planning, talent management, change management, organizational and performance management, training and development, and compensation. She joined MLGW in December 2020. Prior to joining MLGW, she served inexecutive roles at Kraft Foods, Inc and Lennox International.

Jackie has a strong track record of human resource experience supporting management teams and employees through rapid change and growth. She is experienced in developing and executing strategic and tactical programs, driving enterprise people strategy, delivering on commitments, and creating a winning culture. Her well rounded experience includes working in corporate and business unit environments as well as working in union/non-union manufacturing plants including both line and staff roles. Jackie's leadership style is highlighted by her ability to be a strategic thinker, courageouschange agent and action-oriented leader with a high degree of interpersonal skills and credibility. Jones is a graduate of the University of Memphis where she received a BBA degree in Production Operations Management.She also holds an MBA from Edgewood College in Madison, WI.

Lashell Vaughn, Vice-President and Chief information Officer, is responsible for information technology and services, data security, client services and enterprise resources support. Mrs. Vaughn joined MLGW in June 2011. Mrs. Vaughn previously held the position of Vice President of Information Technology with Hilton Worldwide. She has more than 35 years of experience in Information Technology, including client management, application development, data center operation, network and telecommunication, and security and compliance. Vaughn received a Master of Science in Computer Science from Christian Brothers University and a Bachelor of Science in Computer Science from Mississippi State University. She serves on the Dean's Advisory Council for the Mississippi State University Bagley College of Engineering and is Chairman of the Board for the Greater Memphis IT Council. She is a member of the Institute of Electronics Engineers, Inc. (IEEE) and the American Society for Engineering Education (ASEE).

Timothy Davis, Vice-President Customer Experience and Energy Services, is responsible for driving exceptional experiences for all customers and potential customers. Mr. Davis leads efforts to create customer-centric strategies and initiatives enhancing customer satisfaction throughout the company. Prior to joining MLGW in 2022, Mr. Davis was Director of Customer Service, Field Operations for Austin Energy. Mr. Davis held positions at San Antonio Water and Tucson Electric where he was responsible for all aspects of the Customer Experience, including Customer Engagement, Customer Programs, Sales, Energy Efficiency Programs, Customer Service Operations, Account Management, and Community Investment & Corporate Philanthropy. Mr. Davis earned a Bachelor of Science Degree in Business from the University of Redlands and a Master of Science Degree in Leadership & Management from the University of La Verne. Mr. Davis is also a graduate of the University of California's Executive Management Program, along with executive programs at the University of Chicago and University of Southern California.

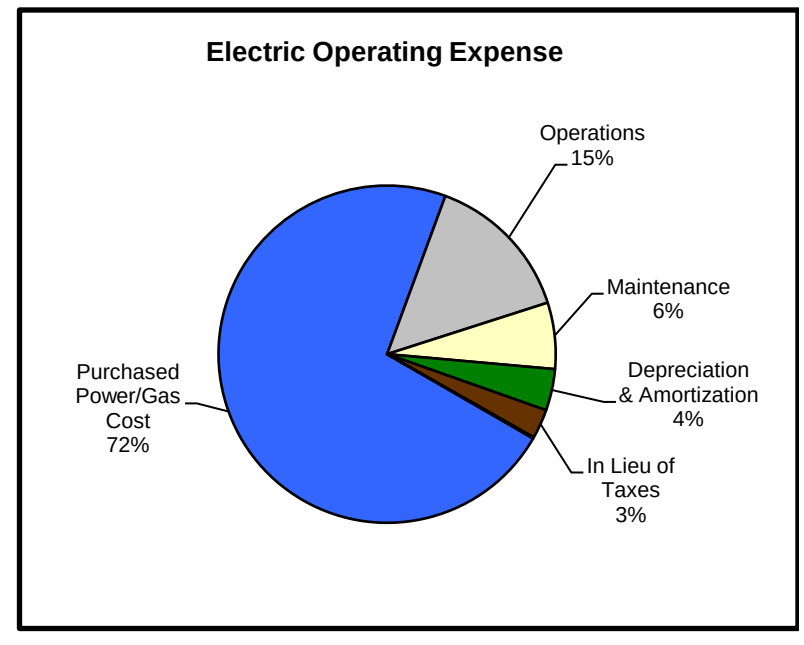
Lesa Walton, Chief Internal Auditing Officer, is responsible for the overall operations of Internal Auditing functions to include developing, scheduling, and directing financial, operational, and administrative audit functions. This includes analyzing, reviewing and appraising the adequacy and effectiveness of system technologies and internal control for safeguarding MLGW's funds and assets. Walton joined MLGW in 2001 and has served as an Auditor, Senior Auditor, Supervisor of Management Accounting, General Auditor and most recently as Audit Director.

She received her B.S. in Accounting from the University of Arkansas at Little Rock in 1992, and a Master of Professional Accountancy from Jackson State University in 1994. She received her Certified Public Accountant (CPA) designation in 1998. Walton's previous employers include TruGreen Chemlawn, a division of ServiceMaster, Inc., The Kroger Company and United American of Tennessee. She is a member of the American Institute of Certified Public Accountants (AICPA), Tennessee Society of Certified Public Accountants (TSCPA) and the Institute of Internal Auditors (IIA) where she serves as IIA Memphis Board of Governors. She is a supporter of community agencies such as The United Way, MIFA, and Junior Achievement. Walton is an active member of White Stone Missionary Baptist Church serving as Co-Chairperson of the Trustee Board, Chairperson of the Scholarship Committee and member of the Budget Committee.

2024 MLGW
BUDGET HIGHLIGHTS

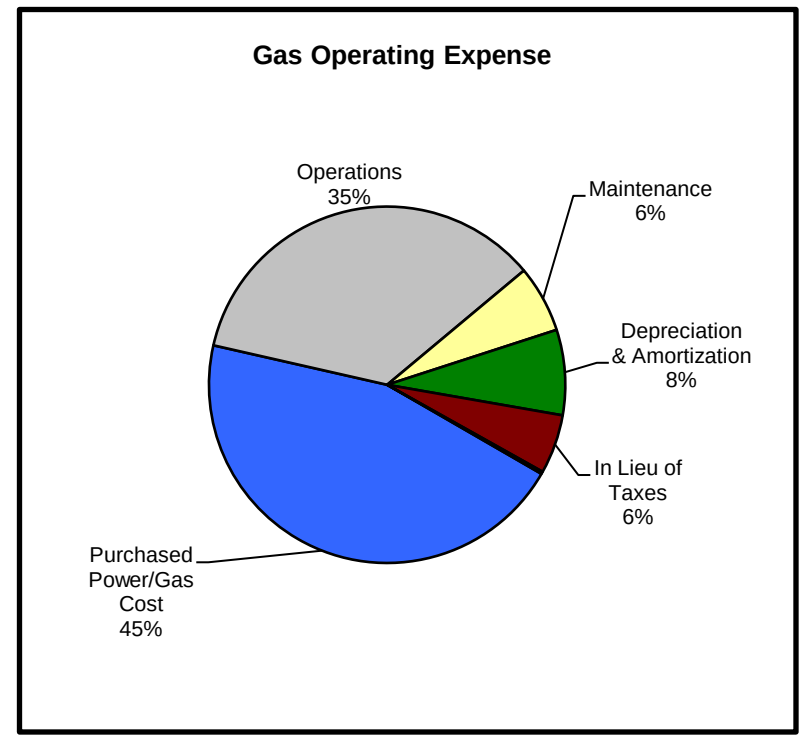
ELECTRIC DIVISION
(In Thousands)

Total Operating Revenue	**$ 1,498,390**
Purchased Power	**$ 1,105,352**
Total O&M Expense	**$ 318,127**
Other Operating Expense	**$ 105,731**
Total Operating Expense	**$ 1,529,210**
Operating Income (Loss)	**$ (30,820)**
Change in Net Position	**$ 10,779**
CAPITAL PROGRAM	**$ 272,762**



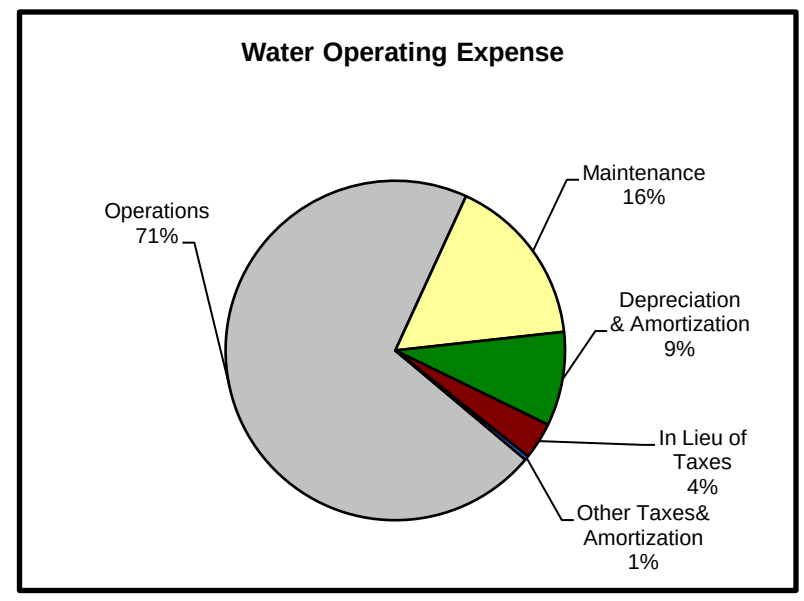
GAS DIVISION
(In Thousands)

Total Operating Revenue	**$ 287,586**
Purchased Gas	**$ 141,602**
Total O&M Expense	**$ 129,797**
Other Operating Expense	**$ 41,714**
Total Operating Expense	**$ 313,113**
Operating Income (Loss)	**$ (25,527)**
Change in Net Position	**$ (19,699)**
CAPITAL PROGRAM	**$ 35,994**



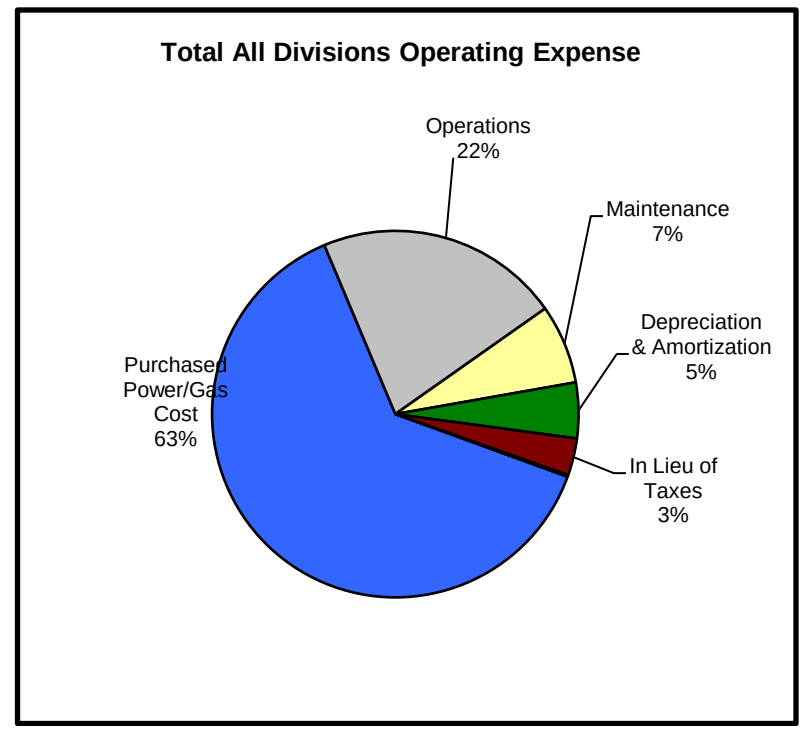
WATER DIVISION
(In Thousands)

Total Operating Revenue	**$ 129,424**
Total O&M Expense	**$ 116,246**
Other Operating Expense	**$ 17,166**
Total Operating Expense	**$ 133,412**
Operating Income (Loss)	**$ (3,988)**
Change in Net Position	**$ (1,598)**
CAPITAL PROGRAM	**$ 27,463**



ALL DIVISIONS
(In Thousands)

TOTAL OPERATING REVENUE	**$ 1,915,400**
TOTAL PURCHASED POWER & GAS	**$ 1,246,954**
TOTAL O&M EXPENSE	**$ 564,170**
TOTAL OTHER OPERATING EXPENSE	**$ 164,611**
TOTAL OPERATING EXPENSE	**$ 1,975,735**
OPERATING INCOME	**$ (60,335)**
CHANGE IN NET POSITION	**$ (10,518)**
TOTAL CAPITAL PROGRAM	**$ 336,219**



2024 Area of Responsibility Operations & Maintenance Budget

Organization		Electric	Gas	Water	Grand Total
President and Board of Commissioners	Labor	$ 236,409	$ 90,606	$ 66,971	$ 393,986
	Material	$ 506	$ 169	$ 121	$ 796
	Equipment	$ -	$ -	$ -	$ -
	Other	$ 91,197	$ 34,903	$ 25,789	$ 151,889
	Total	$ 328,112	$ 125,678	$ 92,881	$ 546,671
Chief Internal Auditing Officer	Labor	$ 664,116	$ 254,464	$ 188,068	$ 1,106,648
	Material	$ 701	$ 256	$ 192	$ 1,149
	Equipment	$ 2,794	$ 1,043	$ 767	$ 4,604
	Other	$ 218,812	$ 83,751	$ 61,899	$ 364,462
	Total	$ 886,423	$ 339,514	$ 250,926	$ 1,476,863
Vice President General Counsel	Labor	$ 1,692,854	$ 648,750	$ 479,481	$ 2,821,085
	Material	$ 92	$ 31	$ 23	$ 146
	Equipment	$ 16,712	$ 6,385	$ 4,715	$ 27,812
	Other	$ 853,883	$ 327,013	$ 241,673	$ 1,422,569
	Total	$ 2,563,541	$ 982,179	$ 725,892	$ 4,271,612
SVP CFO & CAO	Labor	$ 3,414,950	$ 1,379,639	$ 1,025,423	$ 5,820,012
	Material	$ 3,228	$ 1,204	$ 888	$ 5,320
	Equipment	$ 1,188	$ 446	$ 328	$ 1,962
	Other	$ 2,797,604	$ 1,155,053	$ 860,809	$ 4,813,466
	Total	$ 6,216,970	$ 2,536,342	$ 1,887,448	$ 10,640,760
VP and Chief Information Officer	Labor	$ 9,119,498	$ 3,813,571	$ 2,826,788	$ 15,759,857
	Material	$ 1,094	$ 411	$ 305	$ 1,810
	Equipment	$ 11,752	$ 4,542	$ 3,356	$ 19,650
	Other	$ 22,403,233	$ 9,124,129	$ 6,785,757	$ 38,313,119
	Total	$ 31,535,577	$ 12,942,653	$ 9,616,206	$ 54,094,436
VP of Shared Services	Labor	$ 10,990,514	$ 5,195,078	$ 6,225,126	$ 22,410,718
	Material	$ 250,154	$ 95,834	$ 70,772	$ 416,760
	Equipment	$ 635,344	$ 280,799	$ 924,886	$ 1,841,029
	Other	$ 8,690,167	$ 3,256,745	$ 2,976,365	$ 14,923,277
	Total	$ 20,566,179	$ 8,828,456	$ 10,197,149	$ 39,591,784
People Services Office	Labor	$ 6,319,535	$ 2,421,734	$ 1,789,854	$ 10,531,123
	Material	$ 5,853	$ 2,159	$ 1,613	$ 9,625
	Equipment	$ 141,977	$ 54,362	$ 40,168	$ 236,507
	Other	$ 2,764,612	$ 1,058,976	$ 782,633	$ 4,606,221
	Total	$ 9,231,977	$ 3,537,231	$ 2,614,268	$ 15,383,476
SVP & Chief Operating Officer	Labor	$ 232,218	$ 88,987	$ 65,761	$ 386,966
	Material	$ -	$ -	$ -	$ -
	Equipment	$ -	$ -	$ -	$ -
	Other	$ 128,838	$ 49,318	$ 36,454	$ 214,610
	Total	$ 232,218	$ 88,987	$ 65,761	$ 386,966
VP of Engineering and Operations	Labor	$ 29,087,666	$ 8,536,336	$ 8,077,226	$ 45,701,228
	Material	$ 469,873	$ 55,021	$ 60,780	$ 585,674
	Equipment	$ 1,184,930	$ 315,453	$ 1,102,303	$ 2,602,686
	Other	$ 26,248,261	$ 12,556,090	$ 21,478,639	$ 60,282,990
	Total	$ 56,990,730	$ 21,462,900	$ 30,718,948	$ 109,172,578
VP of Design, Construction, and Delivery	Labor	$ 38,189,689	$ 9,212,884	$ 5,351,199	$ 52,753,772
	Material	$ 1,838,736	$ 986,958	$ 855,637	$ 3,681,331
	Equipment	$ 5,140,762	$ 806,196	$ 886,045	$ 6,833,003
	Other	$ 64,686,768	$ 7,355,771	$ 5,103,776	$ 77,146,314
	Total	$ 109,855,955	$ 18,361,809	$ 12,196,657	$ 140,414,420

2024 Area of Responsibility Operations & Maintenance Budget

Organization		Electric	Gas	Water	Grand Total
Chief Customer Officer	Labor	$ 18,033,457	$ 16,332,519	$ 11,166,653	$ 45,532,629
	Material	$ 117,467	$ 287,045	$ 259,208	$ 663,720
	Equipment	$ 933,567	$ 1,194,647	$ 733,975	$ 2,862,189
	Other	$ 7,667,265	$ 11,575,665	$ 7,875,285	$ 27,118,215
	Total	$ 26,751,756	$ 29,389,876	$ 20,035,121	$ 76,176,753
VP of Community & External Affairs	Labor	$ 2,333,901	$ 985,046	$ 735,867	$ 4,054,814
	Material	$ 1,793	$ 699	$ 516	$ 3,008
	Equipment	$ 9,148	$ 4,228	$ 3,188	$ 16,564
	Other	$ 3,914,395	$ 1,550,234	$ 1,150,140	$ 6,614,769
	Total	$ 6,259,237	$ 2,540,207	$ 1,889,711	$ 10,689,155
Common	Labor	$ (6,118,478)	$ (2,608,225)	$ (2,001,923)	$ (10,728,625)
	Material	$ 29	$ 386,794	$ 9,283	$ 396,107
	Equipment	$ 968,156	$ 265,289	$ 285,255	$ 1,518,701
	Other	$ 74,148,493	$ 35,150,628	$ 34,334,444	$ 143,633,565
	Total	$ 68,998,200	$ 33,194,487	$ 32,627,060	$ 134,819,747
Transfers to Capital	Labor	$ -	$ -	$ -	$ -
	Material	$ -	$ -	$ -	$ -
	Equipment	$ -	$ -	$ -	$ -
	Other	$ (22,418,595)	$ (4,583,074)	$ (6,708,542)	$ (33,710,211)
	Total	$ (22,418,595)	$ (4,583,074)	$ (6,708,542)	$ (33,710,211)
Total	Labor	$ 114,196,329	$ 46,351,389	$ 35,996,494	$ 196,544,213
	Material	$ 2,689,526	$ 1,816,581	$ 1,259,338	$ 5,765,446
	Equipment	$ 9,046,330	$ 2,933,390	$ 3,984,986	$ 15,964,707
	Other	$ 192,194,932	$ 78,695,202	$ 75,005,120	$ 345,895,255
	Total	**$ 318,127,118**	**$ 129,796,563**	**$ 116,245,939**	**$ 564,169,620**

ALL DIVISIONS

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2024

ALL DIVISIONS

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
OPERATING REVENUE				
Sales Revenue	1,474,517	237,830	124,861	1,837,208
Revenue Adjustment for Uncollectibles	(5,116)	(1,093)	(987)	(7,196)
Non-Sales Revenue	28,989	50,849	5,550	85,388
OPERATING REVENUE	1,498,390	287,586	129,424	1,915,400
OPERATING EXPENSE				
Purchased Power	1,105,352	-	-	1,105,352
Purchased Gas	-	119,465	-	119,465
Compressed Natural Gas (CNG)	-	132	-	132
Liquefied Natural Gas (LNG)	-	2,376	-	2,376
Industrial Gas	-	19,629	-	19,629
Production Expense	-	1,846	19,015	20,861
Transmission Expense	6,506	-	-	6,506
Distribution Expense	60,467	33,379	22,180	116,026
Customer Accounts Expense	20,441	14,103	9,734	44,278
Customer Service & Information Expense	2,110	1,897	1,131	5,138
Sales Expense	2,328	377	231	2,936
Administrative & General Expense	129,044	59,141	42,076	230,261
OPERATING EXPENSE	1,326,248	252,345	94,367	1,672,960
MAINTENANCE EXPENSE				
Transmission Expense	3,878	-	-	3,878
Production Expense	-	3,885	4,157	8,042
Distribution Expense	87,871	13,358	12,616	113,845
Administrative & General Expense	5,482	1,811	5,106	12,399
MAINTENANCE EXPENSE	97,231	19,054	21,879	138,164
OTHER OPERATING EXPENSE				
Depreciation Expense	59,263	18,826	11,474	89,563
Payment in Lieu of Taxes	43,029	16,816	4,700	64,545
F.I.C.A. Taxes	1,860	670	512	3,042
Amortization of Legacy Meters	1,263	1,487	480	3,230
Amortization of Software	316	3,915	-	4,231
OTHER OPERATING EXPENSE	105,731	41,714	17,166	164,611
TOTAL OPERATING EXPENSE	1,529,210	313,113	133,412	1,975,735
INCOME				
Operating Income	(30,820)	(25,527)	(3,988)	(60,335)
Other Income	53,823	9,476	5,696	68,995
Reduction of Plant Cost Recovered through CIAC	(43,521)	(13,845)	(15,019)	(72,385)
NET INCOME BEFORE DEBT EXPENSE	(20,518)	(29,896)	(13,311)	(63,725)
DEBT EXPENSE				
Interest Expense - Long Term Debt	15,341	5,159	4,294	24,794
Amortization of Debt Discount & Expense	(3,117)	(1,511)	(988)	(5,616)
TOTAL DEBT EXPENSE	12,224	3,648	3,306	19,178
NET INCOME AFTER DEBT EXPENSE	(32,742)	(33,544)	(16,617)	(82,903)
Contributions in Aid of Construction	43,521	13,845	15,019	72,385
CHANGE IN NET POSITION	10,779	(19,699)	(1,598)	(10,518)

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2024

ALL DIVISIONS

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
OPERATING REVENUE				
Sales Revenue	**1,474,517**	**237,830**	**124,861**	**1,837,208**
Revenue Adjustment for Uncollectibles	**(5,116)**	**(1,093)**	**(987)**	**(7,196)**
Non-Sales Revenue				
Forfeited Discounts	11,615	3,508	1,549	16,672
Miscellaneous Service Revenue	10,100	2,208	2,000	14,308
Cross Connection Revenue	-	-	1,376	1,376
Other Operating Revenue	1,476	660	492	2,628
Compressed Natural Gas (CNG)	-	348	-	348
Liquefied Natural Gas (LNG)	-	5,304	-	5,304
Industrial Gas Revenue		20,644		20,644
Rent from Electric/Gas/Water Property	5,798	7,650	133	13,581
Transported Gas	-	10,527	-	10,527
Total Non-Sales Revenue	**28,989**	**50,849**	**5,550**	**85,388**
OPERATING REVENUE	**1,498,390**	**287,586**	**129,424**	**1,915,400**
OPERATING EXPENSE				
Purchased Power	**1,105,352**	**-**	**-**	**1,105,352**
Purchased Gas	**-**	**119,465**	**-**	**119,465**
Compressed Natural Gas (CNG)	**-**	**132**	**-**	**132**
Liquified Natural Gas (LNG)	**-**	**2,376**	**-**	**2,376**
Industrial Gas		**19,629**	**-**	**19,629**
Production Expense				
Chemicals	-	-	3,001	3,001
Fuel or Power Purchased for Pumping	-	-	8,037	8,037
Miscellaneous Expense	-	-	3,197	3,197
Operations Production Water Treatment	-	-	98	98
Operation Labor and Expenses	-	1,690	3,936	5,626
Operation Supervision and Engineering	-	156	389	545
Pumping Labor and Expenses	-	-	357	357
Total Production Expense	**-**	**1,846**	**19,015**	**20,861**
Transmission Expense				
Load Dispatching	778	-	-	778
Miscellaneous Transmission Expenses	1,477	-	-	1,477
Operation Supervision and Engineering	3,815	-	-	3,815
Station Expenses	436	-	-	436
Underground Transmission Line Expenses	-	-	-	-
Total Transmission Expense	**6,506**	**-**	**-**	**6,506**
Distribution Expense				
Customer Installation Expenses	-	5,986	3,215	9,201
Distribution Load Dispatching Expense	1,715	850	-	2,565
Mains and Services	-	5,077	-	5,077
Measuring and Regulating Expenses	-	67	-	67
Meter and House Regulator Expenses	1,000	5,228	3,747	9,975
Miscellaneous Distribution Expenses [(1)]	36,395	13,810	14,145	64,350
Operation Supervision and Engineering	5,842	2,346	919	9,107
Overhead Distribution Line Expense	6,264	-	-	6,264
Rents	-	15	-	15
Services on Customers' Premises	6,238	-	-	6,238
Station Expenses	1,657	-	-	1,657
Storage Facilities	-	-	124	124
Street Lighting and Signal System Expenses	504	-	-	504
Transmission and Distribution Lines	-	-	30	30
UG Distribution	852	-	-	852
Total Distribution Expense	**60,467**	**33,379**	**22,180**	**116,026**

[(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 2024

ALL DIVISIONS

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
OPERATING EXPENSE (Continued)				
Customer Accounts Expense				
Customer Order, Records and Collection Expenses	19,091	12,212	8,343	39,646
Meter Reading Expenses	1,200	1,757	1,260	4,217
Supervision-Customer Accounting and Collection	150	134	131	415
Total Customer Accounts Expense	**20,441**	**14,103**	**9,734**	**44,278**
Customer Service & Information Expense				
Customer Assistance Expenses	1,023	772	575	2,370
Informational and Instructional Advertising Expenses	196	65	263	524
Miscellaneous Customer Service & Informational Expenses	523	758	-	1,281
Supervision-Customer Service and Information	368	302	293	963
Total Customer Service & Information Expense	**2,110**	**1,897**	**1,131**	**5,138**
Sales Expense				
Miscellaneous Sales Expenses	2,328	377	231	2,936
Total Sales Expense	**2,328**	**377**	**231**	**2,936**
Administrative & General Expense				
Administrative and General Salaries	33,505	13,268	9,451	56,224
Administration Expenses Transferred to Capital	(9,273)	(1,582)	(2,660)	(13,515)
Pension Expense	15,894	6,646	4,913	27,453
Other Active & Retiree Benefits	25,304	15,076	8,521	48,901
Other Post Employment Benefits Funding	729	305	225	1,259
Injuries and Damages	3,332	1,837	1,370	6,539
Miscellaneous General Expenses (2)	18,887	8,227	6,787	33,901
Office Supplies and Expenses	5,625	3,951	1,787	11,363
Outside Services Employed	27,162	6,923	6,741	40,826
Property Insurance	2,344	1,176	824	4,344
Rents-Miscellaneous	5,535	3,314	4,117	12,966
Total Administrative & General Expense	**129,044**	**59,141**	**42,076**	**230,261**
OPERATING EXPENSE	**1,326,248**	**252,345**	**94,367**	**1,672,960**
MAINTENANCE EXPENSE				
Transmission Expense				
Maintenance of Overhead Transmission Lines	-	-	-	-
Maintenance of Station Equipment	1,460	-	-	1,460
Maintenance of Underground Transmission Lines	697	-	-	697
Maintenance of Structures and Improvements	1	-	-	1
Maintenance Supervision and Engineering	1,720	-	-	1,720
Total Transmission Expense	**3,878**	**-**	**-**	**3,878**
Production Expense				
Maintenance of Other Equipment	-	3,488	-	3,488
Maintenance of Pumping Equipment	-	-	1,413	1,413
Maintenance of Structures and Improvements	-	155	-	155
Maintenance of Water Treatment Equipment	-	-	1,450	1,450
Maintenance of Wells	-	-	1,103	1,103
Maintenance Supervision and Engineering	-	242	191	433
Total Production Expense	**-**	**3,885**	**4,157**	**8,042**

(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 2024

ALL DIVISIONS

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
MAINTENANCE EXPENSE (Continued)				
Distribution Expense				
Maintenance of Hydrants	-	-	685	685
Maintenance of Line Transformers	2,346	-	-	2,346
Maintenance of Mains	-	5,929	-	5,929
Maintenance of Meters	2,102	3,733	5,686	11,521
Maintenance of Miscellaneous Distribution Plant	931	-	31	962
Maintenance of Overhead Distribution Lines	52,475	-	-	52,475
Maintenance of Services	-	1,846	1,359	3,205
Maintenance of Station Equipment	2,311	-	-	2,311
Maintenance of Street Lighting and Signal System	4,155	-	-	4,155
Maintenance of Gas Distribution Facilities	-	-	-	-
Maintenance of Transmission and Distribution Mains	-	-	4,855	4,855
Maintenance of Underground Distribution Lines	19,840	-	-	19,840
Maintenance Supervision and Engineering	3,711	105	-	3,816
Measuring and Regulating Equipment Expenses	-	1,745	-	1,745
Total Distribution Expense	**87,871**	**13,358**	**12,616**	**113,845**
Administrative & General Expense				
Maintenance of General Plant	5,143	1,673	5,106	11,922
Facilities Maintenance Expense	339	138	-	477
Total Administrative & General Expense	**5,482**	**1,811**	**5,106**	**12,399**
MAINTENANCE EXPENSE	**97,231**	**19,054**	**21,879**	**138,164**
OTHER OPERATING EXPENSE				
Depreciation Expense	**59,263**	**18,826**	**11,474**	**89,563**
Payment in Lieu of Taxes	**43,029**	**16,816**	**4,700**	**64,545**
F.I.C.A. Taxes	**1,860**	**670**	**512**	**3,042**
Amortization of Legacy Meters	**1,263**	**1,487**	**480**	**3,230**
Amortization of Software	**316**	**3,915**	**-**	**4,231**
OTHER OPERATING EXPENSE	**105,731**	**41,714**	**17,166**	**164,611**
TOTAL OPERATING EXPENSE	**1,529,210**	**313,113**	**133,412**	**1,975,735**
INCOME				
Operating Income	**(30,820)**	**(25,527)**	**(3,988)**	**(60,335)**
Other Income				
Expenses of Merchandising, Jobbing & Contracts	-	(2,521)	-	(2,521)
Revenues from Merchandising, Jobbing & Contracts	-	1,302	-	1,302
Revenues from Non-Utility Property	-	-	-	-
Revenues from Common Transportation Equipment	-	-	-	-
Revenues from Sinking & Other Funds-Interest Income	10,000	8,500	5,000	23,500
Medicare Part D Refund	1,000	1,000	500	2,500
Non-Operating Income - TVA Transmission Credit	39,000	-	-	39,000
Miscellaneous Non-Operating Income	3,823	1,195	196	5,214
Total Other Income	**53,823**	**9,476**	**5,696**	**68,995**
Contributions in Aid of Construction	**(43,521)**	**(13,845)**	**(15,019)**	**(72,385)**
NET INCOME BEFORE DEBT EXPENSE	**(20,518)**	**(29,896)**	**(13,311)**	**(63,725)**

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
FOR CALENDAR YEAR OF 2024

ALL DIVISIONS

DESCRIPTION	THOUSANDS OF DOLLARS			
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL
DEBT EXPENSE				
Interest Expense - Long-Term Debt				
Interest on Ltd - Series 2014	1,002	-	359	1,361
Interest on Ltd - Series 2016	1,338	1,338	693	3,369
Interest on Ltd - Series 2017	2,938	1,446	768	5,152
Interest on Ltd - Series 2020	6,063	2,375	2,474	10,912
Interest on Ltd - Series 2024	4,000	-	-	4,000
Total Interest Expense - Long-Term Debt	**15,341**	**5,159**	**4,294**	**24,794**
Amortization of Debt Discount & Expense				
Amortization of Debt Disc & Exp - Series 2014	(508)	-	(40)	(548)
Amortization of Debt Disc & Exp - Series 2016	(477)	(477)	(141)	(1,095)
Amortization of Debt Disc & Exp - Series 2017	(737)	(420)	(163)	(1,320)
Amortization of Debt Disc & Exp - Series 2020	(1,395)	(614)	(644)	(2,653)
Total Amortization of Debt Discount & Expense	**(3,117)**	**(1,511)**	**(988)**	**(5,616)**
TOTAL DEBT EXPENSE	**12,224**	**3,648**	**3,306**	**19,178**
NET INCOME AFTER DEBT EXPENSE	**(32,742)**	**(33,544)**	**(16,617)**	**(82,903)**
Contributions in Aid of Construction	**43,521**	**13,845**	**15,019**	**72,385**
CHANGE IN NET POSITION	**10,779**	**(19,699)**	**(1,598)**	**(10,518)**

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES
FOR CALENDAR YEAR OF 2024

ALL DIVISIONS

DESCRIPTION	THOUSANDS OF DOLLARS				REF. NO.
	ELECTRIC DIVISION	GAS DIVISION	WATER DIVISION	TOTAL	
TOTAL 2024 CAPITAL EXPENDITURES	**272,762**	**35,994**	**27,463**	**336,219**	3-1

ELECTRIC DIVISION

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2022 THROUGH 2024

ELECTRIC DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2022 ACTUAL	2023 BUDGET	2024 BUDGET	REF. NO.
OPERATING REVENUE				
Sales Revenue	1,467,331	1,411,972	1,474,517	4-1
Revenue Adjustment for Uncollectibles	(5,908)	(3,106)	(5,116)	4-2
Non-Sales Revenue	30,157	29,376	28,989	4-3
OPERATING REVENUE	1,491,580	1,438,242	1,498,390	
OPERATING EXPENSE				
Purchased Power	1,151,829	1,096,347	1,105,352	4-4
Transmission Expense	7,381	8,727	6,506	4-5
Distribution Expense	48,870	54,453	60,467	4-6
Customer Accounts Expense	15,029	18,280	20,441	4-7
Customer Service & Information Expense	1,688	2,266	2,110	4-8
Sales Expense	2,068	2,344	2,328	4-9
Administrative & General Expense	85,245	99,695	129,044	4-10
OPERATING EXPENSE	1,312,110	1,282,112	1,326,248	
MAINTENANCE EXPENSE				
Transmission Expense	6,571	3,443	3,878	4-11
Distribution Expense	52,956	59,944	87,871	4-12
Administrative & General Expense	4,047	4,849	5,482	4-13
MAINTENANCE EXPENSE	63,574	68,236	97,231	
OTHER OPERATING EXPENSE				
Depreciation Expense	57,460	59,647	59,263	4-14
Payment in Lieu of Taxes	47,076	45,273	43,029	4-15
F.I.C.A. Taxes	1,931	1,757	1,860	4-16
Amortization of Legacy Meters	1,218	1,192	1,263	4-17
Amortization of Software	281	1,598	316	4-18
OTHER OPERATING EXPENSE	107,966	109,467	105,731	
TOTAL OPERATING EXPENSE	1,483,650	1,459,815	1,529,210	
INCOME				
Operating Income	7,930	(21,573)	(30,820)	4-19
Other Income	42,532	42,608	53,823	4-20
Reduction of Plant Cost Recovered through CIAC	(31,940)	(37,371)	(43,521)	4-21
NET INCOME BEFORE DEBT EXPENSE	18,522	(16,336)	(20,518)	
DEBT EXPENSE				
Interest Expense - Existing Long-Term Debt	12,331	11,896	15,341	4-22
Amortization of Debt Discount & Expense	(2,870)	(3,262)	(3,117)	4-23
TOTAL DEBT EXPENSE	9,461	8,634	12,224	
NET INCOME AFTER DEBT EXPENSE	9,061	(24,970)	(32,742)	
Contributions in Aid of Construction	31,940	37,371	43,521	4-24
CHANGE IN NET POSITION*	41,001	12,401	10,779	

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

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2023 THROUGH 2024

ELECTRIC DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS		
	2023 BUDGET	2024 BUDGET	DIFFERENCE
OPERATING REVENUE			
Sales Revenue	**1,411,972**	**1,474,517**	**62,545**
Revenue Adjustment for Uncollectibles	**(3,106)**	**(5,116)**	**(2,010)**
Non-Sales Revenue			
Forfeited Discounts	11,578	11,615	37
Miscellaneous Service Revenue	10,000	10,100	100
Other Operating Revenue	1,476	1,476	0
Rent from Gas/Water Property	6,322	5,798	(524)
Total Non-Sales Revenue	**29,376**	**28,989**	**(387)**
OPERATING REVENUE	**1,438,242**	**1,498,390**	**60,148**
OPERATING EXPENSE			
Purchased Power	**1,096,347**	**1,105,352**	**9,005**
Transmission Expense			
Load Dispatching	689	778	89
Miscellaneous Transmission Expenses	1,391	1,477	86
Operation Supervision and Engineering	6,225	3,815	(2,410)
Station Expenses	422	436	14
Total Transmission Expense	**8,727**	**6,506**	**(2,221)**
Distribution Expense			
Distribution Load Dispatching Expense	1,619	1,715	96
Meter Expenses	778	1,000	222
Miscellaneous Distribution Expenses [1]	33,377	36,395	3,018
Operation Supervision and Engineering	4,524	5,842	1,318
Overhead Distribution Line Expense	5,725	6,264	539
Services on Customers' Premises	5,414	6,238	824
Station Expenses	1,560	1,657	97
Street Lighting and Signal System Expenses	366	504	138
Underground Distribution Line Expenses	1,090	852	(238)
Total Distribution Expense	**54,453**	**60,467**	**6,014**
Customer Accounts Expense			
Customer Order, Records and Collection Expenses	17,267	19,091	1,824
Meter Reading Expenses	869	1,200	331
Supervision-Customer Accounting and Collection	144	150	6
Total Customer Accounts Expense	**18,280**	**20,441**	**2,161**
Customer Service & Information Expense			
Customer Assistance Expenses	1,173	1,023	(150)
Informational and Instructional Advertising Expenses	163	196	33
Miscellaneous Customer Service & Informational Expense	499	523	24
Supervision-Customer Service and Information	431	368	(63)
Total Customer Service & Information Expense	**2,266**	**2,110**	**(156)**
Sales Expense			
Miscellaneous Sales Expenses	2,344	2,328	(16)
Total Sales Expense	**2,344**	**2,328**	**(16)**

[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
2023 THROUGH 2024

ELECTRIC DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS		
	2023 BUDGET	2024 BUDGET	DIFFERENCE
OPERATING EXPENSE (Continued)			
Administrative & General Expense			
Administrative and General Salaries	16,665	33,505	16,840
Administration Expenses Transferred to Capital	(8,844)	(9,273)	(429)
Pension Expense	11,376	15,894	4,518
Other Active & Retiree Benefits	25,888	25,304	(584)
Other Post Employment Benefits Funding	787	729	(58)
Injuries and Damages	2,870	3,332	462
Miscellaneous General Expenses [(2)]	17,275	18,887	1,612
Office Supplies and Expenses	5,428	5,625	197
Outside Services Employed	20,482	27,162	6,680
Property Insurance	2,056	2,344	288
Rents-Miscellaneous	5,712	5,535	(177)
Total Administrative & General Expense	**99,695**	**129,044**	**29,349**
OPERATING EXPENSE	**1,282,112**	**1,326,248**	**44,136**
MAINTENANCE EXPENSE			
Transmission Expense			
Maintenance of Overhead Transmission Lines	-		-
Maintenance of Station Equipment	1,364	1,460	96
Maintenance of Underground Transmission Lines	786	697	(89)
Maintenance of Structures and Improvements	46	1	(45)
Maintenance Supervision and Engineering	1,247	1,720	473
Total Transmission Expense	**3,443**	**3,878**	**435**
Distribution Expense			
Maintenance of Line Transformers	2,019	2,346	327
Maintenance of Meters	1,877	2,102	225
Maintenance of Miscellaneous Distribution Plant	730	931	201
Maintenance of Overhead Distribution Lines	33,084	52,475	19,391
Maintenance of Station Equipment	2,020	2,311	291
Maintenance of Street Lighting and Signal System	3,406	4,155	749
Maintenance of Underground Distribution Lines	13,562	19,840	6,278
Maintenance Supervision and Engineering	3,246	3,711	465
Total Distribution Expense	**59,944**	**87,871**	**27,927**
Administrative & General Expense			
Maintenance of General Plant	4,623	5,143	520
Facilities Maintenance Expense	226	339	113
Total Administrative & General Expense	**4,849**	**5,482**	**633**
MAINTENANCE EXPENSE	**68,236**	**97,231**	**28,995**

[(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
2023 THROUGH 2024

ELECTRIC DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS		
	2023 BUDGET	2024 BUDGET	DIFFERENCE
OTHER OPERATING EXPENSE			
Depreciation Expense	**59,647**	**59,263**	**(384)**
Payment in Lieu of Taxes	**45,273**	**43,029**	**(2,244)**
F.I.C.A. Taxes	**1,757**	**1,860**	**103**
Amortization of Legacy Meters	**1,192**	**1,263**	**71**
Amortization of Software	**1,598**	**316**	**(1,282)**
OTHER OPERATING EXPENSE	**109,467**	**105,731**	**(3,736)**
TOTAL OPERATING EXPENSE	**1,459,815**	**1,529,210**	**69,395**
INCOME			
Operating Income	**(21,573)**	**(30,820)**	**(9,247)**
Other Income			
Revenues from Sinking & Other Funds - Interest Income	1,999	10,000	8,001
Medicare Part D Refund	311	1,000	689
Non-Operating Income - TVA Transmission Credit	38,298	39,000	702
Miscellaneous Non-Operating Income	2,000	3,823	1,823
Total Other Income	**42,608**	**53,823**	**11,215**
Reduction of Plant Cost Recovered through CIAC	**(37,371)**	**(43,521)**	**(6,150)**
NET INCOME BEFORE DEBT EXPENSE	**(16,336)**	**(20,518)**	**(4,182)**
DEBT EXPENSE			
Interest Expense - Long-Term Debt			
Interest on Ltd - Series 2014	1,160	1,002	(158)
Interest on Ltd - Series 2016	1,419	1,338	(81)
Interest on Ltd - Series 2017	3,117	2,938	(179)
Interest on Ltd - Series 2020	6,200	6,063	(137)
Interest on Ltd - Series 2024	-	4,000	4,000
Total Interest Expense - Long-Term Debt	**11,896**	**15,341**	**3,445**
Amortization of Debt Discount & Expense			
Amortization of Debt Disc & Exp - Series 2014	(545)	(508)	37
Amortization of Debt Disc & Exp - Series 2016	(506)	(477)	29
Amortization of Debt Disc & Exp - Series 2017	(782)	(737)	45
Amortization of Debt Disc & Exp - Series 2020	(1,429)	(1,395)	34
Total Amortization of Debt Discount & Expense	**(3,262)**	**(3,117)**	**145**
TOTAL DEBT EXPENSE	**8,634**	**12,224**	**3,590**
NET INCOME AFTER DEBT EXPENSE	**(24,970)**	**(32,742)**	**(7,772)**
Contributions in Aid of Construction	**37,371**	**43,521**	**6,150**
CHANGE IN NET POSITION	**12,401**	**10,779**	**(1,622)**

MEMPHIS LIGHT, GAS AND WATER DIVISION
SOURCE AND APPLICATION OF FUNDS
2024 BUDGET
(THOUSANDS OF DOLLARS)

ELECTRIC DIVISION

		REF. NO.
SOURCE OF FUNDS:		
FROM OPERATIONS:		
Change in Net Position	10,779	5-1
Non-Cash Charges to Income:		
Depreciation Charged to Operating Income	59,263	5-2
Depreciation Charged to Other Accounts	1,906	5-3
Amortization of Legacy Meters	1,263	5-4
Amortization of Software	316	5-5
TOTAL FUNDS FROM OPERATIONS	73,527	
Salvage	1,093	5-6
Financing: Debt Issuance	180,000	5-7
TOTAL FUNDS AVAILABLE	254,621	
APPLICATION OF FUNDS:		
Capital Expenditures	272,762	5-8
Costs of Removal and Other Charges to the Reserve for Depreciation	5,173	5-9
Retirement of Long-Term Debt	14,995	5-10
TOTAL APPLICATION OF FUNDS	292,930	
INCREASE (DECREASE) IN WORKING CAPITAL	(38,310)	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES COMPARISON
FOR CALENDAR YEAR OF 2024

ELECTRIC DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2022 Actual	2023 BUDGET	2024 BUDGET	REF. NO.
PROUCTION				
ELEC - DISTRIBUTIVE ENERGY RESOURCE	-	-	120,500	6-1
TOTAL - PRODUCTION	-	-	120,500	
SUBSTATION AND TRANSMISSION				
ELEC - SUBSTATION	5,678	21,022	25,096	6-2
ELEC - SUBSTATION TRANSFORMERS REPLACEMENT	5,030	6,709	4,321	6-3
ELEC - SUBSTATION CIRCUIT BREAKERS REPLACEMENT	2,294	4,417	3,889	6-4
ELEC - TRANSMISSION LINES	630	12,027	6,335	6-5
CONTRIBUTION IN AID OF CONSTRUCTION - CIAC	-	(10,496)	(8,571)	6-6
TOTAL - SUBSTATION AND TRANSMISSION	13,632	33,679	31,070	
DISTRIBUTION SYSTEM				
ELEC - RESIDENTIAL SERVICE IN S/D	279	210	325	6-7
ELEC - RESIDENTIAL SERVICE NOT IN S/D	2,612	2,881	2,708	6-8
ELEC - RESIDENTIAL S/D	515	162	434	6-9
ELEC - APARTMENTS	1,038	1,290	1,287	6-10
ELEC - GENERAL POWER SERVICE	6,911	17,456	11,081	6-11
ELEC - GENERAL POWER S/D	49	124	850	6-12
ELEC - MOBILE HOME PARK	104	6	6	6-13
ELEC - TEMPORARY SERVICE	80	844	347	6-14
ELEC - MULTIPLE-UNIT GENERAL POWER	228	363	401	6-15
ELEC - RELOCATE AT CUSTOMER REQUEST	1,778	7,037	6,224	6-16
ELEC - STREET IMPROVEMENTS	237	11,910	7,335	6-17
ELEC - NEW CIRCUITS	491	12,025	15,300	6-18
ELEC - LINE RECONSTRUCTION/REMOVE IDLE FACILITIES	952	5,250	5,250	6-19
ELEC - DEFECT CABLE/FEEDER CABLE REPLACEMENT	5,126	10,800	10,800	6-20
ELEC - DISTRIBUTION POLES	2,955	4,000	5,000	6-21
ELEC - DISTRIBUTION AUTOMATION	9,784	31,000	10,500	6-22
ELEC - STREET LIGHTS INSTALL	748	51,580	8,247	6-23
ELEC - DEMOLITION	46	37	38	6-24
ELEC - STREET LIGHT MAINTENANCE	3,594	3,000	3,750	6-25
ELEC - PLANNED MAINTENANCE	4,988	10,263	8,500	6-26
ELEC - TREE TRIMMING	-	125	10	6-27
ELEC - OPERATIONS MAINTENANCE	310	-	-	6-28
ELEC - LEASED OUTDOOR LIGHTING	671	296	541	6-29
ELEC - STORM RESTORATION	23,613	-	-	6-30
ELEC - SHARED USE CONTRACT	-	500	500	6-31
ELEC - DUCT LINE LEASE	-	75	75	6-32
ELEC - EMERGENCY MAINTENANCE	7,372	6,198	7,500	6-33
JT - RESIDENTIAL SERVICE IN S/D	1,686	1,553	1,606	6-34
JT - RESIDENTIAL SERVICE NOT IN S/D	5	7	5	6-35
JT - RESIDENTIAL S/D	4,720	4,856	5,639	6-36
JT - APARTMENTS	10	35	20	6-37
PCI - CAPACITOR BANKS	-	-	1,000	6-38
PCI - DIST TRANSFORMERS	6,362	6,529	11,000	6-39
ELEC- METERS	1,347	1,922	2,641	6-40
CONTRIBUTION IN AID OF CONSTRUCTION - CIAC	(31,289)	(26,875)	(34,950)	6-41
TOTAL - DISTRIBUTION SYSTEM	57,322	165,459	93,970	
GENERAL PLANT				
ELEC - BUILDINGS & STRUCTURES	607	13,002	11,313	6-42
ELEC - SECURITY AUTOMATION	1,054	2,213	988	6-43
ELEC - LAND PURCHASE	52	485	350	6-44
ELEC - FLEET CAPITAL POWER OPERATED EQUIPMENT	(641)	6,936	9,019	6-45
ELEC - TRANSPORTATION EQUIPMENT	2,938	5,766	6,170	6-46
ELEC - LAB & TEST	762	386	652	6-47
ELEC - COMMUNCIATION EQUIPMENT	165	146	105	6-48
ELEC - COMMUNICATION TOWERS	5,686	4,500	100	6-49
ELEC - TELECOMMUNICATION NETWORK	4,084	22,509	14,817	6-50
ELEC - UTILITY MONITORING	179	11,135	6,135	6-51
ELEC - CIS DEVELOPMENT	1,058	4,500	2,914	6-52
ELEC - BUSINESS CONTINUITY	-	1,200	1,700	6-53
ELEC - DATA PROCESSING EQUIPMENT	(1)	17,788	26,895	6-54
ELEC - IS/IT PROJECTS	1,419	-	-	6-55
ELEC - CONTINGENCY FUND	-	200	200	6-56
TOTAL - GENERAL PLANT	17,362	90,766	81,358	
TOTAL - ELECTRIC DIVISION CATEGORIES	88,316	289,904	326,898	
Delayed Cost Allocations	4,494	(57,981)	(54,136)	6-57
TOTAL - ELECTRIC DIVISION	92,810	231,923	272,762	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

ELECTRIC DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
PRODUCTION		
DISTRIBUTIVE ENERGY RESOURCES		
Generation/Solar/Aeroderivatives	120,000,000	7-1
Battery Storage	500,000	7-2
TOTAL PRODUCTION	120,500,000	
SUBSTATION & TRANSMISSION MAJOR PROJECTS		
SUBSTATION		
Install Substation 83 161/23kV Facilities	11,072,546	7-3
Install Substation 76 third 115/12 kV transformer (Pinch District Upgrades)	5,507,153	7-4
Replace RTU's various locations	3,225,469	7-5
Replace relays various locations	1,400,000	7-6
Replace capacitor banks various locations	911,992	7-7
Substation Feeder Electromechanical Relay Replacement Program (Distribution	750,000	7-8
Replace batteries various locations	520,000	7-9
Replace Reactor Substation 1	500,000	7-10
Sub #21 -- Install Reactors on Circuits 1617, 1619 & 1629	364,439	7-11
Substation 4 OH/UG Conversion Ckts 2395 & 2397 (City of Memphis)	188,723	7-12
Install 161 kV CVT on Circuit 05697 @ Substation 5	184,838	7-13
Install JPAX Nodes to Upgrade JMUX SONET Nodes	171,000	7-14
Install Transmission Metering Equipment for Transmission Planning Monitoring	150,000	7-15
Contingency Replace Switches	100,000	7-16
Seismic Retrofit of Non-Structural Substation Components	50,000	7-17
TOTAL SUBSTATION IMPROVEMENTS	25,096,160	
SUBSTATION TRANSFORMERS		
Replace 161/23 kV transformer bank 43649 @ Substation 43	2,353,831	7-18
Replace 115/12 kV transformer bank 4059 @ Substation 14	1,967,196	7-19
TOTAL SUBSTATION TRANSFORMERS	4,321,027	
SUBSTATION CIRCUIT BREAKERS		
Replace 12 kV Breakers 1705, 1709, 1711, 1713 & 1739 @ Substation 11	1,165,173	7-20
Replace Breakers Various Locations	1,050,000	7-21
Replace 161 kV Breakers 38625, 38627 & 38659 @ Substation 38 (Aging Infrastructure)	759,472	7-22
Replace 12 kV Breaker 5611 @ Substation 25	368,953	7-23
Replace 23 kV Breaker 4395 @ Substation 4	308,079	7-24
Replace 23 kV Breaker 5351 @ Substation 5	237,676	7-25
TOTAL SUBSTATION CIRCUIT BREAKERS	3,889,353	
TOTAL - SUBSTATION IMPROVEMENTS	33,306,540	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

ELECTRIC DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
SUBSTATION/TRANSMISSION PROJECTS		
Structure #1613 Bank Stabiliziation (USACE Section 14 Funding)	1,750,000	8-1
Misc. projects (OPGW, structure replacements, etc.)	500,000	8-2
OPGW 11-35	454,458	8-3
Sub 83 Cut-in	255,000	8-4
OPGW 42-23	210,000	8-5
Structure #1871 Bank Stabilization (USACE Section 14 Funding)	200,000	8-6
LIDAR Survey Impacts (NERC)	50,000	8-7
Days Creek Structure Relocation	40,000	8-8
TOTAL SUBSTATION/TRANSMISSION PROJECTS	3,459,458	
TRANSMISSION - REIMBURSABLE		
TDOT Lamar & Shelby Drive	2,875,000	8-9
TOTAL TRANSMISSION REIMBURSABLE	2,875,000	
TOTAL TRANSMISSION LINES	6,334,458	
CONTRIBUTION IN AID OF CONSTRUCTION - CIAC	(8,570,876)	8-10
TOTAL - SUBSTATION AND TRANSMISSION	31,070,122	
DISTRIBUTION SYS. - MAJOR PROJECTS		
Substation 83	3,000,000	8-11
Contingency Transformers (failed stepdown/spares procurement)	3,000,000	8-12
New Ckt Sub 84 North	1,500,000	8-13
Sub 83 Ckt Ties	1,250,000	8-14
Circuit 44305	1,100,000	8-15
Substation 83 Cabling (6 ckts)	1,000,000	8-16
Other 2020-24 Projects	1,000,000	8-17
Ckt Ties in Sub 15/84/68 Area	1,000,000	8-18
Sub 68 Cabling (3 ckts)	1,000,000	8-19
Sub 84 Ckt Ties	650,000	8-20
Schilling Farms Circuit Tie(s)	300,000	8-21
Kellogg's Alternate CKT Upgrade	250,000	8-22
Circuit 61301	250,000	8-23
TOTAL MAJOR NEW CIRCUIT PROJECTS	15,300,000	
MISC. PROJECTS - REIMBURSABLE		
Pinch District Improvements	5,000,000	8-24
Other Relocate at Customer Request Projects	1,223,542	8-25
TOTAL MISC. PROJECTS - REIMBURSABLE	6,223,542	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

ELECTRIC DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
STREET IMPROVEMENT PROJECTS		
Elvis Presley Blvd. North and Middle Section	2,650,000	9-1
SR-4/US-78/Lamar, south of SR-175/Shelby Dr. to Raines/Perkins Interchange Phase 2	1,900,000	9-2
Other Projections 2023-2027	1,000,000	9-3
Hacks Cross Rd Stateline to Shelby Dr	600,000	9-4
Germantown Rd at Wolf River Blvd (GT 16/01)	325,000	9-5
LL 09/02 - New Canada Rd (Re-Alignment N of I-40 to US-70)	300,000	9-6
Holmes Road, Malone to US-78/Lamar (CP 04/38)	275,000	9-7
Malone, Holmes to Shelby Drive	200,000	9-8
Navy Road, Phase 2, Church to Veterans Pkwy	30,000	9-9
Bartlett Road Bridge over Fletcher Creek	20,000	9-10
New Allen @ Ridgemont - Round-about	15,000	9-11
Dexter Lane north of Rainsong Cove Drainage	10,000	9-12
Carnes Ave / Hanley School Safety Improvements	10,000	9-13
TOTAL DISTRIBUTION SYS. - MAJOR PROJECTS	7,335,000	
GENERAL PLANT		
PURCHASE OF LAND	350,000	9-14
BUILDINGS & STRUCTURES		
SUBSTATIONS		
Replace Roofs - Various Substations	437,400	9-15
ELECTRIC & SYSTEMS OPERATIONS		
New Storeroom Building	1,400,000	9-16
NETTERS BUSINESS OPERATIONS CENTER		
Replace 5 Liebert CRAC Units/Roof Condensers & Leak Detection System	40,000	9-17
Replace Cooling Tower Fill Media	20,000	9-18
NEW BUILDINGS		
Building Upgrades	7,125,000	9-19
Expansion Property Site Development	1,500,000	9-20
EV Charging Stations	790,000	9-21
TOTAL BUILDINGS & STRUCTURES	11,312,400	
ELEC - SECURITY AUTOMATION	988,403	9-22

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

ELECTRIC DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
GENERAL PLANT (Continued)		
ELEC - FLEET CAPITAL POWER OPERATED EQUIPMENT	9,018,562	10-1
ELEC - TRANSPORTATION EQUIPMENT	6,169,764	10-2
ELEC - COMMUNCIATION EQUIPMENT	105,300	10-3
LAB & TEST	652,356	10-4
COMMUNICATION TOWERS		
Microwave/Mobile Radio	100,000	10-5
TOTAL COMMUNICATION TOWERS	100,000	
TELECOMMUNICATION NEWORK		
Distribution Automation Communication Infrastructure	10,000,000	10-6
Voice Network	2,515,000	10-7
Smart Meter/SCADA Network Improvements	1,000,000	10-8
Fiber optic multiplexers	736,000	10-9
Fiber optic cable and equipment	350,000	10-10
Telecommunication Systems Growth	216,000	10-11
TOTAL TELECOMMUNICATIONS NETWORK	14,817,000	
UTILITY MONITORING & CONTROL SYSTEMS		
Systems Backup Control & Communication Plan (CO)	6,135,000	10-12
TOTAL UTILITY MONITORING & CONTROL SYS.	6,135,000	
CUSTOMER INFO SYSTEM (CIS) DEVELOPMENT		
IVR and Call Center Expansion Project	1,600,000	10-13
BillGen Replacement (CO)	1,314,460	10-14
TOTAL CUSTOMER INFO. SYS. DEVELOPMENT	2,914,460	
BUSINESS CONTINUITY		
Business Continuity / Disaster Recovery Site	1,000,000	10-15
Data Center Enhancements Connectivity Improvements	700,000	10-16
TOTAL BUSINESS CONTINUITY	1,700,000	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

ELECTRIC DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
GENERAL PLANT (Continued)		
PURCHASE OF DATA PROCESSING EQUIPMENT		
HPE Storge Area Network (SAN) Replacement/Expansion	8,500,000	11-1
SAN Fiber Channel Switches	4,968,000	11-2
Field Use Laptop Replacements	4,875,000	11-3
Replace enterprise backup system	1,404,000	11-4
Artificial Intelligence (AI) Project	1,250,000	11-5
Server Blades and Chassis for Compute Systems	1,110,600	11-6
Network Core Upgrades and Enhancements	918,000	11-7
DNS/DHCP System Replacement	700,000	11-8
New\Replacement Servers	600,000	11-9
Work Center Wireless	600,000	11-10
Blade Center Frame Expansion	563,760	11-11
Network Security Upgrades and Enhancements	540,000	11-12
NERC Virtrual Server Environment	400,000	11-13
PC Equipment	285,336	11-14
ArcGIS Pro Virtualization Server	180,000	11-15
TOTAL PURCHASE OF DATA PROCESSING EQUIPMENT	26,894,696	
CONTINGENCY FUNDS - GENERAL PLANT	200,000	11-16
TOTAL GENERAL PLANT	81,357,941	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL CARRYOVER SUMMARY*
FOR CALENDAR YEAR OF 2024

CAPITAL CARRYOVER CATEGORY	CARRYOVER AMOUNT
Substations, Transmission & Distribution System	15,853,174
Power Operated and Transportation Equipment	8,543,091
Buildings & Structures	12,895,200
Purchase of Data Processing Equipment	11,050,000
CIS Info Systems Development	1,289,460
Business Continuity	420,000
Utility Monitoring	4,165,000
TOTAL CAPITAL CARRYOVER SUMMARY	**54,215,925**

***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 2024 Budget.**

GAS DIVISION

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2022 THROUGH 2024

GAS DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2022 ACTUAL	2023 BUDGET	2024 BUDGET	REF. NO.
OPERATING REVENUE				
Sales Revenue	293,206	285,096	237,830	12-1
Revenue Adjustment for Uncollectibles	(1,398)	(799)	(1,093)	12-2
Non-Sales Revenue	54,456	57,184	50,849	12-3
OPERATING REVENUE	346,264	341,481	287,586	
OPERATING EXPENSE				
Production - LNG Plant	1,789	1,566	1,846	12-4
Purchased Gas	174,417	166,335	119,465	12-5
Compressed Natural Gas (CNG)	338	132	132	12-6
Liquefied Natural Gas (LNG)	3,167	2,268	2,376	12-7
Industrial Gas	20,035	27,984	19,629	12-8
Distribution Expense	26,974	30,929	33,379	12-9
Customer Accounts Expense	10,170	12,245	14,103	12-10
Customer Service & Information Expense	1,476	1,892	1,897	12-11
Sales Expense	398	430	377	12-12
Administrative & General Expense	44,617	47,472	59,141	12-13
OPERATING EXPENSE	283,381	291,253	252,345	
MAINTENANCE EXPENSE				
Production Expense	721	819	3,885	12-14
Distribution Expense	8,960	7,776	13,358	12-15
Administrative & General Expense	1,224	1,588	1,811	12-16
MAINTENANCE EXPENSE	10,905	10,183	19,054	
OTHER OPERATING EXPENSE				
Depreciation Expense	18,168	18,591	18,826	12-17
Payment in Lieu of Taxes	18,684	19,298	16,816	12-18
F.I.C.A. Taxes	740	672	670	12-19
Amortization of Legacy Meters	1,455	1,423	1,487	12-20
Amortization of Software	3,812	3,915	3,915	12-21
OTHER OPERATING EXPENSE	42,859	43,899	41,714	
TOTAL OPERATING EXPENSE	337,145	345,335	313,113	
INCOME				
Operating Income	9,119	(3,854)	(25,527)	12-22
Other Income	(1,298)	(32)	9,476	12-23
Reduction of Plant Cost Recovered through CIAC	(565)	(18,157)	(13,845)	12-24
NET INCOME BEFORE DEBT EXPENSE	7,256	(22,043)	(29,896)	
DEBT EXPENSE				
Interest Expense - Long-Term Debt	5,556	5,377	5,159	12-25
Amortization of Debt Discount & Expense	(1,640)	(1,579)	(1,511)	12-26
TOTAL DEBT EXPENSE	3,916	3,798	3,648	
NET INCOME AFTER DEBT EXPENSE	3,340	(25,841)	(33,544)	
Contributions in Aid of Construction	565	18,157	13,845	12-27
CHANGE IN NET POSITION*	3,905	(7,684)	(19,699)	

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

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2023 THROUGH 2024

GAS DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2023 BUDGET	2024 BUDGET	DIFFERENCE
OPERATING REVENUE			
Sales Revenue	**285,096**	**237,830**	**(47,266)**
Revenue Adjustment for Uncollectibles	**(799)**	**(1,093)**	**(294)**
Non-Sales Revenue			
Forfeited Discounts	3,136	3,508	372
Miscellaneous Service Revenue	2,100	2,208	108
Other Operating Revenue	564	660	96
Compressed Natural Gas (CNG)	288	348	60
Liquefied Natural Gas (LNG)	4,284	5,304	1,020
Industrial Gas	28,999	20,644	(8,355)
Rent from Electric/Water Property	7,228	7,650	422
Transported Gas	10,585	10,527	(58)
Total Non-Sales Revenue	**57,184**	**50,849**	**(6,335)**
OPERATING REVENUE	**341,481**	**287,586**	**(53,895)**
OPERATING EXPENSE			
Purchased Gas	**166,335**	**119,465**	**(46,870)**
Compressed Natural Gas (CNG)	**132**	**132**	**-**
Liquified Natural Gas (LNG)	**2,268**	**2,376**	**108**
Industrial Gas	**27,984**	**19,629**	**(8,355)**
Production Expense			
Operation Labor and Expenses	1,422	1,690	268
Operation Supervision and Engineering	144	156	12
Total Production Expense	**1,566**	**1,846**	**280**
Distribution Expense			
Customer Installation Expenses	5,392	5,986	594
Distribution Load Dispatching Expense	831	850	19
Mains and Services	3,543	5,077	1,534
Measuring and Regulating Expenses	76	67	(9)
Meter and House Regulator Expenses	3,320	5,228	1,908
Miscellaneous Distribution Expenses [(1)]	13,366	13,810	444
Rents	15	15	-
Operation Supervision and Engineering	4,386	2,346	(2,040)
Total Distribution Expense	**30,929**	**33,379**	**2,450**
Customer Accounts Expense			
Customer Order, Records and Collection Expenses	10,856	12,212	1,356
Meter Reading Expenses	1,261	1,757	496
Supervision-Customer Accounting and Collection	128	134	6
Total Customer Accounts Expense	**12,245**	**14,103**	**1,858**
Customer Service & Information Expense			
Customer Assistance Expenses	808	772	(36)
Informational and Instructional Advertising Expenses	54	65	11
Miscellaneous Customer Service & Informational Expenses	714	758	44
Supervision-Customer Service and Information	316	302	(14)
Total Customer Service & Information Expense	**1,892**	**1,897**	**5**
Miscellaneous Sales Expenses	430	377	(53)
Total Sales Expense	**430**	**377**	**(53)**

[(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
2023 THROUGH 2024

GAS DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2023 BUDGET	2024 BUDGET	DIFFERENCE
OPERATING EXPENSE (Continued)			
Administrative & General Expense			
Administrative and General Salaries	6,754	13,268	6,514
Administration Expenses Transferred to Capital	(1,425)	(1,582)	(157)
Pension Expense	4,757	6,646	1,889
Other Active & Retiree Benefits	14,590	15,076	486
Other Post Employment Benefits Funding	329	305	(24)
Injuries and Damages	1,454	1,837	383
Miscellaneous General Expenses [(2)]	6,826	8,227	1,401
Office Supplies and Expenses	2,185	3,951	1,766
Outside Services Employed	7,294	6,923	(371)
Property Insurance	1,033	1,176	143
Rents-Miscellaneous	3,675	3,314	(361)
Total Administrative & General Expense	**47,472**	**59,141**	**11,669**
OPERATING EXPENSE	**291,253**	**252,345**	**(38,908)**
MAINTENANCE EXPENSE			
Production Expense			
Maintenance of Other Equipment	438	3,488	3,050
Maintenance of Structures and Improvements	156	155	(1)
Maintenance Supervision and Engineering	225	242	17
Total Production Expense	**819**	**3,885**	**3,066**
Distribution Expense			
Maintenance of Mains	4,656	5,929	1,273
Maintenance of Meters	293	3,733	3,440
Maintenance of Services	1,203	1,846	643
Maintenance Supervision and Engineering	94	105	11
Measuring and Regulating Equipment Expenses	1,530	1,745	215
Total Distribution Expense	**7,776**	**13,358**	**5,582**
Administrative & General Expense			
Maintenance of General Plant	1,455	1,673	218
Facilities Maintenance Expense	133	138	5
Total Administrative & General Expense	**1,588**	**1,811**	**223**
MAINTENANCE EXPENSE	**10,183**	**19,054**	**8,871**
OTHER OPERATING EXPENSE			
Depreciation Expense	**18,591**	**18,826**	**235**
Payment in Lieu of Taxes	**19,298**	**16,816**	**(2,482)**
F.I.C.A. Taxes	**672**	**670**	**(2)**
Amortization of Legacy Meters	**1,423**	**1,487**	**64**
Amortization of Software	**3,915**	**3,915**	**-**
OTHER OPERATING EXPENSE	**43,899**	**41,714**	**(2,185)**
TOTAL OPERATING EXPENSE	**345,335**	**313,113**	**(32,222)**

[(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
2023 THROUGH 2024

GAS DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2023 BUDGET	2024 BUDGET	DIFFERENCE
INCOME			
Operating Income	**(3,854)**	**(25,527)**	**(21,673)**
Other Income			
Expenses of Merchandising, Jobbing & Contracts	(2,823)	(2,521)	302
Revenues from Merchandising, Jobbing & Contracts	1,381	1,302	(79)
Revenues from Sinking & Other Funds-Interest Income	1,000	8,500	7,500
Medicare Part D Refund	110	1,000	890
Miscellaneous Non-Operating Income	300	1,195	895
Total Other Income	**(32)**	**9,476**	**9,508**
Reduction of Plant Cost Recovered through CIAC	**(18,157)**	**(13,845)**	**4,312**
NET INCOME BEFORE DEBT EXPENSE	**(22,043)**	**(29,896)**	**(7,853)**
DEBT EXPENSE			
Interest Expense - Long-Term Debt			
Interest on Ltd - Series 2016	**1,419**	**1,338**	**(81)**
Interest on Ltd - Series 2017	**1,525**	**1,446**	**(79)**
Interest on Ltd - Series 2020	**2,433**	**2,375**	**(58)**
Total Interest Expense - Long-Term Debt	**5,377**	**5,159**	**(218)**
Amortization of Debt Discount & Expense			
Amortization of Debt Disc & Exp - Series 2016	**(507)**	**(477)**	**30**
Amortization of Debt Disc & Exp - Series 2017	**(443)**	**(420)**	**23**
Amortization of Debt Disc & Exp - Series 2020	**(629)**	**(614)**	**15**
Total Amortization of Debt Discount & Expense	**(1,579)**	**(1,511)**	**68**
TOTAL DEBT EXPENSE	**3,798**	**3,648**	**(150)**
NET INCOME AFTER DEBT EXPENSE	**(25,841)**	**(33,544)**	**(7,703)**
Contributions in Aid of Construction	**18,157**	**13,845**	**(4,312)**
CHANGE IN NET POSITION	**(7,684)**	**(19,699)**	**(12,015)**

MEMPHIS LIGHT, GAS AND WATER DIVISION
SOURCE AND APPLICATION OF FUNDS
2024 BUDGET
(THOUSANDS OF DOLLARS)

GAS DIVISION

		REF. NO.
SOURCE OF FUNDS:		
FROM OPERATIONS:		
Change in Net Position	(19,699)	13-1
Non-Cash Charges to Income:		
Depreciation Charged to Operating Income	18,826	13-2
Depreciation Charged to Other Accounts	1,805	13-3
Amortization of Legacy Meters	1,487	13-4
Amortization of Software	3,915	13-5
TOTAL FUNDS FROM OPERATIONS	6,334	
Salvage	252	13-6
TOTAL FUNDS AVAILABLE	6,586	
APPLICATION OF FUNDS:		
Capital Expenditures	35,994	13-8
Costs of Removal and Other Charges to the Reserve for Depreciation	182	13-9
Retirement of Long Term Debt	4,555	13-10
TOTAL APPLICATION OF FUNDS	40,731	
INCREASE (DECREASE) IN WORKING CAPITAL	(34,145)	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES COMPARISON
FOR CALENDAR YEAR OF 2024

GAS DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2022 Actual	2023 BUDGET	2024 BUDGET	REF. NO.
PRODUCTION SYSTEM				
GAS - LNG PROCESSING FACILITIES	312	894	2,400	14-1
TOTAL PRODUCTION SYSTEM	312	894	2,400	
DISTRIBUTION SYSTEM				
GAS -APARTMENTS	-	-	6	14-2
GAS - RESIDENTIAL SERVICE IN S/D	-	9	9	14-3
GAS - RESIDENTIAL SERVICE NOT IN S/D	774	1,792	1,773	14-4
GAS - RESIDENTIAL S/D	4	7	8	14-5
GAS - OPERATIONS MAINTENANCE	4	-	-	14-6
GAS - LAND PURCHASE	5	225	225	14-7
GAS - GENERAL POWER SERVICE	807	3,769	2,737	14-8
GAS - GENERAL POWER S/D	10	7	7	14-9
GAS - MULTIPLE-UNIT GENERAL POWER	42	120	334	14-10
GAS - RELOCATE AT CUSTOMER REQUEST	339	834	396	14-11
GAS - PURCHASE OF METERS	47	3,446	1,664	14-12
GAS - STREET IMPROVEMENTS	(460)	3,714	4,964	14-13
GAS - NEW GAS MAIN	911	250	1,250	14-14
GAS - GAS MAIN/SERVICE REPL (D.O.T.)	3,381	6,156	7,729	14-15
GAS - PLANNED MAINTENANCE	2,749	5,094	3,687	14-16
GAS - TRANSMISSION PIPELINES AND FACILITIES	1,890	600	2,000	14-17
GAS - REGULATOR STATIONS	761	826	746	14-18
GAS - GATE STATIONS	-	930	1,040	14-19
JT - RESIDENTIAL SERVICE IN S/D	243	646	688	14-20
JT - RESIDENTIAL SERVICE NOT IN S/D	-	1	2	14-21
JT - RESIDENTIAL S/D	1,639	1,786	2,416	14-22
JT - APARTMENTS	-	8	9	14-23
GAS - EMERGENCY MAINTENANCE	937	1,610	1,642	14-24
GAS - DEMOLITION	1	-	-	14-25
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(4,073)	(18,157)	(13,845)	14-26
TOTAL - DISTRIBUTION SYSTEM	10,011	13,673	19,487	
GENERAL PLANT				
GAS - BUILDINGS & STRUCTURES	2,555	5,817	17,080	14-27
GAS - SECURITY AUTOMATION	17	173	173	14-28
GAS - FURNITURE & FIXTURES	-	255	-	14-29
GAS - AUDIOVISUAL	-	32	29	14-30
GAS - IS/IT PROJECTS	(7)	280	280	14-31
GAS - FLEET CAPITAL COMMON POWER OPERATED EQUIP	887	2,109	1,846	14-32
GAS - FLEET CAPITAL COMON TRANSPORTATION EQUIP	924	3,030	3,503	14-33
GAS - FLEET GAS POWER OPERATED EQUIPMENT	615	1,279	489	14-34
GAS - FLEET GAS TRANSPORTATION EQUIPMENT	1,062	2,208	2,227	14-35
GAS - AUTOMATED FUELING STRUCTURE	-	60	60	14-36
GAS - TOOLS & EQUIPMENT	18	146	-	14-37
GAS - COMMON TOOLS & EQUIPMENT	145	207	-	14-38
GAS - CONTINGENCY FUNDS	-	200	200	14-39
TOTAL - GENERAL PLANT	6,216	15,796	25,887	
TOTAL - GAS DIVISION CATEGORIES	16,539	30,363	47,774	
Delayed Cost Allocations	1,460	(6,082)	(11,780)	14-40
TOTAL - GAS DIVISION	17,999	24,281	35,994	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

GAS DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
PRODUCTION SYSTEM		
Gas - LNG Processing Facilities	2,400,000	15-1
TOTAL GAS - PRODUCTION SYSTEM	2,400,000	
DISTRIBUTION SYSTEM - MAJOR PROJECTS		
STREET IMPROVEMENTS		
Holmes Rd, Malone Rd To Lamar Ave	1,200,000	15-2
CP 19/10, Innovation Corridor	773,000	15-3
Directional Drilling	750,000	15-4
SP 03/10, SR-4/US-78 from Shelby Dr - Raines/Perkins- CH 86	500,000	15-5
CV 18/04, Shelby Dr, east of Sycamore Rd to US-72	340,000	15-6
LL 09/02 Canada Rd, Re-Alignment	300,000	15-7
ML 21/04, Navy Rd, Phase2, Church - Veterans Pkwy	250,000	15-8
SC 19/02, Hacks Cross Rd, Stateline - Shelby Dr	195,000	15-9
CP 05/15, Malone Rd, Holmes to Shelby	124,000	15-10
GT 16/01, Germantown Rd at Brierbrook	124,000	15-11
CP 16/07, S Germantown Rd, N of Nonconnah Tl	85,000	15-12
CP 19/11, Ball Rd, Manchester	65,000	15-13
SP 18/03, Danny Thomas Corridor Signal Improvements	60,000	15-14
CP 18/01, Mimosa, Kimball, Range Line	55,000	15-15
CV 22/06, Walnut St - Drainage	30,000	15-16
CP 20/03, Tchulahoma at Blue Bonnet	30,000	15-17
CP 21/09, Bartlett Rd Bridge over Fletcher Creek	20,000	15-18
CV 21/03, Washington St, Main - Mt. Pleasant	20,000	15-19
AP 22/01 Chester St Bridge, Preliminary Plans	15,000	15-20
CP 19/13, Mickey - Millbranch Drainage	10,000	15-21
CP 20/05, Mickey to Millbranch - drainage	10,000	15-22
CV 22/09, Lillian Dr - drainage	5,000	15-23
CP 20/01, Mississippi Signals	1,500	15-24
Carnes Ave/Hanley School Safety Improvements	1,500	15-25
TOTAL GAS - STREET IMPROVEMENTS	4,964,000	
NEW GAS MAIN		
System Improvement Projections	1,250,000	15-26
TOTAL GAS - NEW GAS MAIN	1,250,000	
GAS MAIN/SERVICE REPL (D.O.T.)		
Steel Tap Replacment	7,271,000	15-27
Distriubtion Integrity Management Program (DIMP) Initative	250,000	15-28
Additional Distribution Work	175,000	15-29
Corrosion Control	33,000	15-30
TOTAL GAS -GAS MAIN/SERVICE REPL (D.O.T)	7,729,000	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

GAS DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
TRANSMISSION PIPELINES AND FACILITIES		
Transmission Integrity Management Program (TIMP) Initiative	1,000,000	16-1
18" XXHP Pipeline Replacement @ Covington Pike & LNRR	500,000	16-2
Unplanned Transmission Work	500,000	16-3
TOTAL TRANSMISSION PIPELINES AND FACILITIES	2,000,000	
REGULATOR STATIONS		
Regulator Station Replacement	745,800	16-4
TOTAL GAS- REGULATOR STATION REPLACEMENT	745,800	
GATE STATION		
Germantown Gate Station Retrofit	820,000	16-5
Gate Station Work	220,000	16-6
TOTAL GAS- GATE STATIONS	1,040,000	
TOTAL DISTRIBUTION SYS. - MAJOR PROJECTS	17,728,800	
GENERAL PLANT		
BUILDINGS & STRUCTURES		
NORTH SERVICE CENTER		
Building #8 (Re-cover over Stores 160,668 square foot roof)	4,160,000	16-7
Asphalt Paving & Concrete Slabs/ Drives - Phase 2	1,000,000	16-8
Building #8 (Re-cover over office 24,000 square foot roof)	642,000	16-9
AC Installation Building #6	47,000	16-10
Building #2: (Re-cover 36,000 square foot roof)	40,000	16-11
Building #3: (Re-cover 30,650 square foot roof)	30,000	16-12
Building #6: Roof Replacement 23,684 square feet	24,000	16-13
Building #1 Replace 3 HVAC Package Units	7,200	16-14
TOTAL NORTH SERVICE CENTER	5,950,200	
UTILITY SUPPORT CENTER		
Utility Support Center Enhancements	11,000,000	16-15
TOTAL UTILITY SUPPORT CENTER	11,000,000	
LNG CAPLEVILLE		
Replace Control House Roof	100,000	16-16
Metal storage building (50' x 100')	30,000	16-17
TOTAL LNG CAPLEVILLE CENTER	130,000	
TOTAL BUILDINGS & STRUCTURES	17,080,200	
GAS - SECURITY AUTOMATION	172,800	16-18
GAS - AUDIOVISUAL	29,160	16-19

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

GAS DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
GENERAL PLANT (Continued)		
FLEET CAPITAL COMMON POWER OPERATED EQUIP	**1,846,292**	**17-1**
FLEET CAPITAL COMMON TRANSPORTATION EQUIP	**3,503,282**	**17-2**
FLEET GAS POWER OPERATED EQUIPMENT	**488,624**	**17-3**
FLEET GAS TRANSPORTATION EQUIPMENT	**2,226,738**	**17-4**
GAS AUTOMATED FUELING STRUCTURE	**60,000**	**17-5**
IS/IT PROJECTS		
ETRM Phase 2 Project	**280,000**	**17-6**
TOTAL IS/IT PROJECTS	**280,000**	
CONTINGENCY FUNDS - GENERAL PLANT	**200,000**	**17-7**
TOTAL GENERAL PLANT	**25,887,096**	

CAPITAL CARRYOVER CATEGORY	CARRYOVER AMOUNT
Power Operated and Transportation Equipment	3,115,873
Buildings & Structures	990,000
Distribution System	4,153,000
Data Processing- IS/IT	280,000
TOTAL CAPITAL CARRYOVER SUMMARY	**8,538,873**

***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 2024 Budget.**

WATER DIVISION

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2022 THROUGH 2024

WATER DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2022 ACTUAL	2023 BUDGET	2024 BUDGET	REF. NO.
OPERATING REVENUE				
Sales Revenue	130,170	125,729	124,861	18-1
Revenue Adjustment for Uncollectibles	(998)	(629)	(987)	18-2
Non-Sales Revenue	5,682	5,526	5,550	18-3
OPERATING REVENUE	134,854	130,626	129,424	
OPERATING EXPENSE				
Production Expense	16,337	15,011	19,015	18-4
Distribution Expense	16,266	17,711	22,180	18-5
Customer Accounts Expense	7,092	8,598	9,734	18-6
Customer Service & Information Expense	921	1,148	1,131	18-7
Sales Expense	302	344	231	18-8
Administrative & General Expense	30,489	35,663	42,076	18-9
OPERATING EXPENSE	71,407	78,475	94,367	
MAINTENANCE EXPENSE				
Production Expense	3,006	3,613	4,157	18-10
Distribution Expense	8,757	9,864	12,616	18-11
Administrative & General Expense	3,862	3,645	5,106	18-12
MAINTENANCE EXPENSE	15,625	17,122	21,879	
OTHER OPERATING EXPENSE				
Depreciation Expense	11,049	11,197	11,474	18-13
Payment in Lieu of Taxes	4,500	4,600	4,700	18-14
F.I.C.A. Taxes	547	515	512	18-15
Amortization of Legacy Meters	478	452	480	18-16
OTHER OPERATING EXPENSE	16,574	16,764	17,166	
TOTAL OPERATING EXPENSE	103,606	112,361	133,412	
INCOME				
Operating Income	31,248	18,265	(3,988)	18-17
Other Income	1,800	1,094	5,696	18-18
Reduction of Plant Cost Recovered through CIAC	(4,364)	(3,979)	(15,019)	18-19
NET INCOME BEFORE DEBT EXPENSE	28,684	15,380	(13,311)	
DEBT EXPENSE				
Interest Expense - Existing Long - Term Debt	4,600	4,470	4,294	18-20
Amortization of Debt Discount & Expense	(1,049)	(1,020)	(988)	18-21
TOTAL DEBT EXPENSE	3,551	3,450	3,306	
NET INCOME AFTER DEBT EXPENSE	25,133	11,930	(16,617)	
Contributions in Aid of Construction	4,364	3,979	15,019	18-22
CHANGE IN NET POSITION*	29,497	15,909	(1,598)	

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

MEMPHIS LIGHT, GAS AND WATER DIVISION
INCOME, EXPENSE, AND CHANGES IN NET POSITION COMPARISON
2023 THROUGH 2024

WATER DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2023 BUDGET	2024 BUDGET	DIFFERENCE
OPERATING REVENUE			
Sales Revenue	**125,729**	**124,861**	**(868)**
Revenue Adjustment for Uncollectibles	**(629)**	**(987)**	**(358)**
Non-Sales Revenue			
Forfeited Discounts	1,571	1,549	(22)
Miscellaneous Service Revenue	2,000	2,000	-
Cross Connection Revenue	1,400	1,376	(24)
Other Operating Revenue	420	492	72
Rent from Electric/Gas Property	135	133	(2)
Total Non-Sales Revenue	**5,526**	**5,550**	**24**
OPERATING REVENUE	**130,626**	**129,424**	**(1,202)**
OPERATING EXPENSE			
Production Expense			
Chemicals	1,688	3,001	1,313
Operations Production Water Treatment	76	98	22
Fuel or Power Purchased for Pumping	7,500	8,037	537
Miscellaneous Expense	1,935	3,197	1,262
Operation Labor and Expenses	3,158	3,936	778
Operation Supervision and Engineering	309	389	80
Pumping Labor and Expenses	345	357	12
Total Production Expense	**15,011**	**19,015**	**4,004**
Distribution Expense			
Customer Installation Expenses	2,946	3,215	269
Meter Expenses	1,600	3,747	2,147
Miscellaneous Distribution Expenses [1]	9,980	14,145	4,165
Operation Supervision and Engineering	2,772	919	(1,853)
Storage Facilities	122	124	2
Transmission and Distribution Lines	291	30	(261)
Total Distribution Expense	**17,711**	**22,180**	**4,469**
Customer Accounts Expense			
Customer Order, Records and Collection Expenses	7,550	8,343	793
Meter Reading Expenses	923	1,260	337
Supervision-Customer Accounting and Collection	125	131	6
Total Customer Accounts Expense	**8,598**	**9,734**	**1,136**
Customer Service & Information Expense			
Customer Assistance Expenses	603	575	(28)
Informational and Instructional Advertising Expenses	244	263	19
Supervision-Customer Service and Information	301	293	(8)
Total Customer Service & Information Expense	**1,148**	**1,131**	**(17)**
Sales Expense			
Miscellaneous Sales Expenses	344	231	(113)
Total Sales Expense	**344**	**231**	**(113)**

[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
2023 THROUGH 2024

WATER DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS		
	2023 BUDGET	2024 BUDGET	DIFFERENCE
OPERATING EXPENSE (Continued)			
Administrative & General Expense			
Administrative and General Salaries	4,665	9,451	4,786
Administration Expenses Transferred to Capital	(2,364)	(2,660)	(296)
Pension Expense	3,516	4,913	1,397
Other Active & Retiree Benefits	8,579	8,521	(58)
Other Post Employment Benefits	243	225	(18)
Injuries and Damages	1,362	1,370	8
Miscellaneous General Expenses [(2)]	5,786	6,787	1,001
Office Supplies and Expenses	1,557	1,787	230
Outside Services Employed	7,167	6,741	(426)
Property Insurance	727	824	97
Rents-Miscellaneous	4,425	4,117	(308)
Total Administrative & General Expense	**35,663**	**42,076**	**6,413**
OPERATING EXPENSE	**78,475**	**94,367**	**15,892**
MAINTENANCE EXPENSE			
Production Expense			
Maintenance of Pumping Equipment	1,036	1,413	377
Maintenance of Water Treatment Equipment	1,299	1,450	151
Maintenance of Wells	1,130	1,103	(27)
Maintenance Supervision and Engineering	148	191	43
Total Production Expense	**3,613**	**4,157**	**544**
Distribution Expense			
Maintenance of Hydrants	574	685	111
Maintenance of Meters	3,152	5,686	2,534
Maintenance of Miscellaneous Distribution Plant	96	31	(65)
Maintenance of Services	1,316	1,359	43
Maintenance of Transmission and Distribution Mains	4,726	4,855	129
Total Distribution Expense	**9,864**	**12,616**	**2,752**
Administrative & General Expense			
Maintenance of General Plant	919	1,794	875
Facilities Maintenance Expense	2,726	3,312	586
Total Administrative & General Expense	**3,645**	**5,106**	**1,461**
MAINTENANCE EXPENSE	**17,122**	**21,879**	**4,757**
OTHER OPERATING EXPENSE			
Depreciation Expense	**11,197**	**11,474**	**277**
Payment in Lieu of Taxes	**4,600**	**4,700**	**100**
F.I.C.A. Taxes	**515**	**512**	**(3)**
Amortization of Legacy Meters	**452**	**480**	**28**
OTHER OPERATING EXPENSE	**16,764**	**17,166**	**402**
TOTAL OPERATING EXPENSE	**112,361**	**133,412**	**21,051**

[(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
2023 THROUGH 2024

WATER DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS		
	2023 BUDGET	2024 BUDGET	DIFFERENCE
INCOME			
Operating Income	**18,265**	**(3,988)**	**(22,253)**
Other Income			
Revenues from Sinking & Other Funds-Interest Income	471	5,000	4,529
Medicare Part D Refund	160	500	340
Miscellaneous Non-Operating Income	463	196	(267)
Expenses of Merchandising, Jobbing & Contracts	-	(2,000)	(2,000)
Revenues from Merchandising, Jobbing & Contracts	-	2,000	2,000
Total Other Income	**1,094**	**5,696**	**4,602**
Reduction of Plant Cost Recovered through CIAC	**(3,979)**	**(15,019)**	**(11,040)**
NET INCOME BEFORE DEBT EXPENSE	**15,380**	**(13,311)**	**(28,691)**
DEBT EXPENSE			
Interest Expense - Long-Term Debt			
Interest on Ltd - Series 2014	393	359	(34)
Interest on Ltd - Series 2016	732	693	(39)
Interest on Ltd - Series 2017	808	768	(40)
Interest on Ltd - Series 2020	2,537	2,474	(63)
Total Interest Expense - Long-Term Debt	**4,470**	**4,294**	**(176)**
Amortization of Debt Discount & Expense			
Amortization of Debt Disc & Exp - Series 2014	(44)	(40)	4
Amortization of Debt Disc & Exp - Series 2016	(149)	(141)	8
Amortization of Debt Disc & Exp - Series 2017	(171)	(163)	8
Amortization of Debt Disc & Exp - Series 2020	(656)	(644)	12
Total Amortization of Debt Discount & Expense	**(1,020)**	**(988)**	**20**
TOTAL DEBT EXPENSE	**3,450**	**3,306**	**(156)**
NET INCOME AFTER DEBT EXPENSE	**11,930**	**(16,617)**	**(28,535)**
Contributions in Aid of Construction	**3,979**	**15,019**	**11,040**
CHANGE IN NET POSITION	**15,909**	**(1,598)**	**(17,507)**

MEMPHIS LIGHT, GAS AND WATER DIVISION
SOURCE AND APPLICATION OF FUNDS
2024 BUDGET
(THOUSANDS OF DOLLARS)

WATER DIVISION

		REF. NO,
SOURCE OF FUNDS:		
FROM OPERATIONS:		
Change in Net Position	**(1,598)**	**19-1**
Non-Cash Charges to Income:		
Depreciation Charged to Operating Income	**11,474**	**19-2**
Depreciation Charged to Other Accounts	**422**	**19-3**
Amortization of Legacy Meters	**480**	**19-4**
TOTAL FUNDS FROM OPERATIONS	**10,778**	
Salvage	**95**	**19-5**
TOTAL FUNDS AVAILABLE	**10,873**	
APPLICATION OF FUNDS:		
Capital Expenditures	**27,463**	**19-7**
Costs of Removal and Other Charges to the Reserve for Depreciation	**896**	**19-8**
Retirement of Long-Term Debt	**4,425**	**19-9**
TOTAL APPLICATION OF FUNDS	**32,784**	
INCREASE (DECREASE) IN WORKING CAPITAL	**(21,910)**	

MEMPHIS LIGHT, GAS AND WATER DIVISION
CAPITAL EXPENDITURES COMPARISON
FOR CALENDAR YEAR OF 2024

WATER DIVISION

DESCRIPTION	THOUSANDS OF DOLLARS 2022 Actual	2023 BUDGET	2024 BUDGET	REF. NO.
PRODUCTION SYSTEM				
WATER - PUMPING STATIONS	5,161	19,938	21,195	20-1
WATER - UNDERGROUND STORAGE RESERVOIRS	2,641	100	300	20-2
WATER - PRODUCTION WELLS	1,383	7,289	7,789	20-3
WATER - LAND PURCHASE	7	154	150	20-4
WATER- OPERATIONS MAINTENANCE	844	1,500	1,500	20-5
Contingency Fund - Production System	-	50	50	20-6
SUBTOTAL - PRODUCTION SYSTEM	10,036	29,031	30,984	
WATER - BUILDINGS & STRUCTURES	904	774	1,061	20-7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	-	-	(11,792)	20-8
TOTAL PROD. SYSTEM - BLDGS. & STRUCT.	10,940	29,805	20,253	
DISTRIBUTION SYSTEM				
WATER - RESIDENTIAL SERVICE IN S/D	212	348	291	20-9
WATER - RESIDENTIAL SERVICE NOT IN S/D	509	966	406	20-10
WATER - RESIDENTIAL S/D	677	946	598	20-11
WATER - APARTMENTS	1	24	6	20-12
WATER - GENERAL POWER SERVICE	4,112	6,341	3,672	20-13
WATER - RELOCATE AT CUSTOMER REQUEST	249	157	285	20-14
WATER - STREET IMPROVEMENTS	1,605	4,094	4,250	20-15
WATER - NEW WATER MAIN	910	3,353	2,469	20-16
WATER- LEAD SERVICE REPLACEMENT	1,846	2,800	2,800	20-17
WATER - STORM RESTORATION	1,051	-	-	20-18
WATER - PURCHASE OF METERS	174	1,922	1,036	20-19
WATER - PLANNED MAINTENANCE	4,170	3,000	3,000	20-20
WATER - BOOSTER STATIONS	-	100	500	20-21
WATER - EMERGENCY MAINTENANCE	4,659	3,397	3,465	20-22
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(3,979)	(6,412)	(3,227)	20-23
TOTAL - DISTRIBUTION SYSTEM	16,196	21,036	19,551	
GENERAL PLANT				
WATER - BUILDINGS & STRUCTURES	180	-	-	20-24
WATER - SECURITY AUTOMATION	20	82	44	20-25
WATER - FLEET CAPITAL POWER OPERATED EQUIP	91	1,112	1,035	20-26
WATER - FLEET CAPITAL WATER TRANSPORTATION EQUIP	505	1,183	1,749	20-27
WATER - CONTINGENCY FUND	-	200	200	20-28
TOTAL - GENERAL PLANT	796	2,577	3,028	
TOTAL - WATER DIVISION CATEGORIES	27,932	53,418	42,832	
Delayed Cost Allocations	(692)	(10,886)	(15,369)	20-29
TOTAL - WATER DIVISION	27,240	42,532	27,463	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

WATER DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
PRODUCTION SYSTEM		
PUMPING STATIONS		
Station Rehabilitation (New Allen)	7,500,000	21-1
Station Rehabilitation	500,000	21-2
VFD, Motor & Transformer Replacements	125,000	21-3
Dedicated Well Electric Circuit Replacement	50,000	21-4
Total Allen Pumping Station	8,175,000	
Davis Pumping Station		
Filter Media Rehab and Replacement (Station Rehab)	2,000,000	21-5
Station Rehabilitation (CO)	400,000	21-6
Medium Voltage Breaker & Switchgear Replacements	50,000	21-7
Total Davis Pumping Station	2,450,000	
Lichterman Pumping Station		
Station Rehabilitation (CO)	750,000	21-8
VFD, Motor & Transformer Replacements	200,000	21-9
Medium Voltage Breaker & Switchgear Replacements	50,000	21-10
Total Lichterman Pumping Station	1,000,000	
LNG Pumping Station		
Station Rehabilitation	150,000	21-11
Total LNG Pumping Station	150,000	
Mallory Pumping Station		
Filter Media Rehab and Replacement (Station Rehab)	2,000,000	21-12
Station Rehablitation	200,000	21-13
Medium Voltage Breaker & Switchgear Replacements	50,000	21-14
Total Mallory Pumping Station	2,250,000	
McCord Pumping Station		
Install Distributed Process Control System Replacement	950,000	21-15
VFD, Motor & Transformer Replacements	400,000	21-16
Station Rehabilitation	200,000	21-17
Medium Voltage Breaker & Switchgear Replacements	50,000	21-18
Engineer Distributed Process Control System Replacement (CO)	20,000	21-19
Total McCord Pumping Station	1,620,000	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

WATER DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
PUMPING STATIONS CONT.		
Morton Pumping Station		
Station Rehabilitation	200,000	22-1
VFD, Motor & Transformer Replacements	50,000	22-2
Total Morton Pumping Station	250,000	
Palmer Pumping Station		
Station Rehabilitation	650,000	22-3
Total Palmer Pumping Station	650,000	
Shaw Pumping Station		
VFD, Motor & Transformer Replacements	850,000	22-4
Station Rehabilitation	850,000	22-5
Total Shaw Pumping Station	1,700,000	
Sheehan Pumping Station		
Station Rehabilitation (CO)	500,000	22-6
VFD, Motor & Transformer Replacements	500,000	22-7
Medium Voltage Breaker & Switchgear Replacements	50,000	22-8
Total Sheehan Pumping Station	1,050,000	
Pickel Pumping Station		
Engineer Water Treatment Plant	100,000	22-9
Total Pickel Pumping Station	100,000	
Miscellaneous Pumping Facilities		
Engineering Services Contract (CO)	1,300,000	22-10
Water Operations Capital Items (CO)	500,000	22-11
Total Miscellaneous Pumping Facilities	1,800,000	
TOTAL PUMPING STATIONS	21,195,000	
UNDERGROUND STORAGE RESERVOIRS		
Sheehan Pumping Station		
Engineer Wash Water Recovery Basin Replacement	300,000	22-12
Total Underground Storage Reservoirs	300,000	
PRODUCTION WELLS		
Morton Pumping Station - Construct/Replace Well	1,747,251	22-13
Lichterman Pumping Station - Construct/Replace Well	1,747,251	22-14
McCord Pumping Station - Construct/Replace Well	1,747,251	22-15
Wells Failures	1,747,251	22-16
Well Generators	500,000	22-17
Abandon Wells	300,000	22-18
TOTAL PRODUCTION WELLS	7,789,004	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

WATER DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
OPERATIONS MAINTENANCE	1,500,000	23-1
LAND PURCHASE	150,000	23-2
BUILDING AND STRUCTURE		
McCord Pumping Station		
Replace Site Paving	150,000	23-3
Reroof Main Building (15930 sf)	18,000	23-4
Aerator Bldg: Replace Roof (6825 sf)	8,000	23-5
Mallory Pumping Station		
Roof Replacement (Design/Construction)	50,000	23-6
Palmer Pumping Station		
Aerator Bldg: Replace Roof - $5,800 -Design money held over from before Design was reclasifiedee as O&M	5,000	23-7
Allen Pumping Station		
Roof Replacements (design and construction); Aerator building	300,000	23-8
Morton Pumping Station		
Aerator Bldg and Pump Rm: Replace Roofs	10,000	23-9
SHEAHAN PUMPING STATION		
Repave Drives	520,000	23-10
Total Building and Structure	1,061,000	
CONTINGENCY FUND - PRODUCTION SYSTEM	50,000	23-11
CONTRIBUTION IN AID OF CONSTRUCTION	(11,792,000)	23-12
TOTAL PRODUCTION SYSTEM	20,253,004	
DISTRIBUTION SYSTEM - MAJOR PROJECTS		
NEW WATER MAIN		
Collecting Main Installation	1,500,000	23-13
Miscellaneous Projects - Reimbursable	320,000	23-14
Large Main Extensions	300,000	23-15
Major Valve Replacements/Additions	200,000	23-16
Main Replacement Projects	100,000	23-17
Minor System Improvements	48,730	23-18
TOTAL NEW WATER MAIN	2,468,730	

MEMPHIS LIGHT, GAS AND WATER DIVISION
SELECT CAPITAL EXPENDITURE BUDGETS
FOR CALENDAR YEAR OF 2024

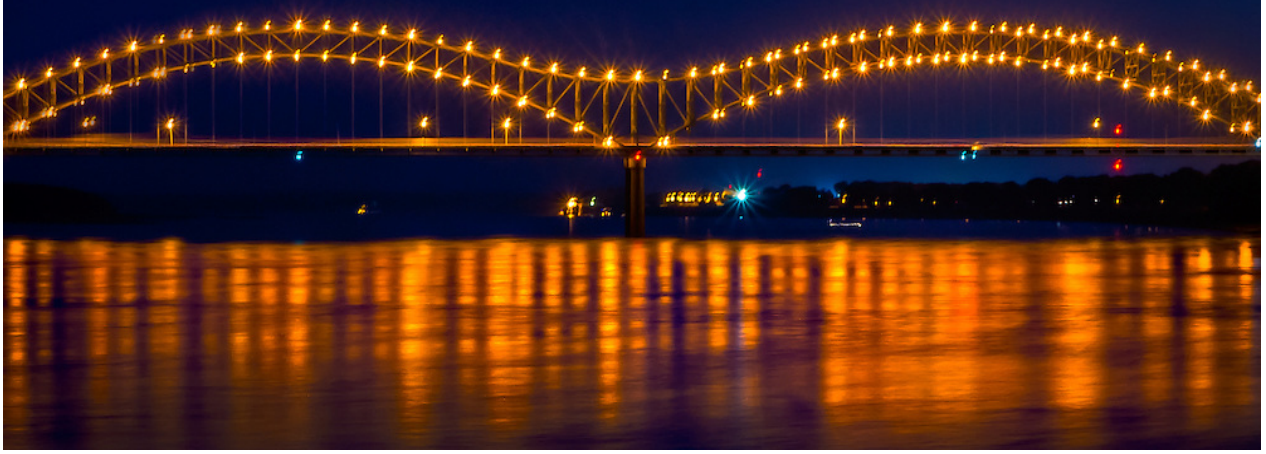
WATER DIVISION

DESCRIPTION	IN BUDGET YEAR	REF. NO.
STREET IMPROVEMENTS		
City of Memphis Projects	1,350,000	24-1
City of Lakeland Projects	1,000,000	24-2
Miscellaneous Projections	700,000	24-3
TDOT Projects	600,000	24-4
Shelby County Projects	400,000	24-5
City of Arlington Projects	150,000	24-6
City of Bartlett Projects	50,000	24-7
TOTAL STREET IMPROVEMENTS	4,250,000	
LEAD REPLACEMENT	2,800,000	24-8
TOTAL DISTRIBUTION SYSTEM - MAJOR PROJECTS	9,518,730	
GENERAL PLANT		
WATER - SECURITY AUTOMATION	44,280	24-9
WATER - FLEET CAPITAL POWER OPERATED EQUIP	1,034,466	24-10
WATER - FLEET CAPITAL WATER TRANSPORTATION EQUIP	1,749,035	24-11
CONTINGENCY FUNDS - GENERAL PLANT	200,000	24-12
TOTAL GENERAL PLANT	3,027,781	

CAPITAL CARRYOVER CATEGORY	CARRYOVER AMOUNT
Production	7,355,000
Distribution	250,000
Buildings & Structures	319,000
Power Transportation Equipment	1,218,914
TOTAL CAPITAL CARRYOVER SUMMARY	**9,142,914**

***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 2024 Budget.**

2024 - 2028 CAPITAL IMPROVEMENT PROGRAM



2024 ELECTRIC 5-YEAR CAPITAL IMPROVEMENT PROGRAM

ELECTRIC DIVISION

DESCRIPTION	2024 BUDGET	2025 PROJECTION	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION
PRODUCTION					
Distributive Energy Resource	$ 120,500,000	$ 47,625,000	$ 47,625,000	$ 47,625,000	$ 47,625,000
TOTAL - PRODUCTION	**$ 120,500,000**	**$ 47,625,000**	**$ 47,625,000**	**$ 47,625,000**	**$ 47,625,000**
SUBSTATION AND TRANSMISSION					
Substation	$ 25,096,160	$ 42,018,433	$ 31,870,528	$ 18,895,063	$ 16,629,646
Substation Circuit Breakers	$ 3,889,353	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000
Substation Transformers	$ 4,321,027	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 8,000,000
Transmission Lines	$ 6,334,458	$ 3,569,000	$ 1,500,000	$ 1,000,000	$ 1,000,000
CONTRIBUTIONS IN AID OF CONSTRUCTION	$ (8,570,876)	$ -	$ -	$ -	$ -
TOTAL - SUBSTATION & TRANSMISSION	**$ 31,070,122**	**$ 56,187,433**	**$ 43,970,528**	**$ 30,495,063**	**$ 28,229,646**
DISTRIBUTION SYSTEM					
Apartments	$ 1,286,855	$ 1,338,329	$ 1,378,479	$ 1,419,833	$ 1,462,428
Def. Cable/Trans Replace	$ 10,800,000	$ 10,800,000	$ 10,800,000	$ 10,800,000	$ 10,800,000
Demolition	$ 38,080	$ 39,603	$ 41,187	$ 42,834	$ 44,548
Emergency Maintenance	$ 7,500,000	$ 7,650,000	$ 7,803,000	$ 7,959,060	$ 8,118,241
General Power Service	$ 11,081,341	$ 6,957,989	$ 6,688,158	$ 6,807,367	$ 6,926,671
General Power Service S/D	$ 850,000	$ 147,700	$ 164,234	$ 180,769	$ 197,303
Mobile Home Park	$ 5,944	$ 6,182	$ 6,367	$ 6,558	$ 6,754
Leased Outdoor Lighting	$ 540,815	$ 566,538	$ 592,262	$ 617,986	$ 643,710
Duct Line Lease	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000
Distribution Automation	$ 10,500,000	$ 14,500,000	$ 46,000,000	$ 36,500,000	$ 36,500,000
Line Reconstruction	$ 5,250,000	$ 5,250,000	$ 5,250,000	$ 5,250,000	$ 5,250,000
Multiple-Unit Gen Power	$ 400,930	$ 416,967	$ 429,476	$ 442,360	$ 455,631
New Circuits	$ 15,300,000	$ 9,850,000	$ 4,350,000	$ 1,000,000	$ 1,000,000
Voltage Conversion	$ -	$ -	$ -	$ -	$ -
Operations Maintenance	$ -	$ -	$ -	$ -	$ -
Planned Maintenance	$ 8,500,000	$ 8,840,000	$ 9,193,600	$ 9,561,344	$ 9,943,798
Distribution Pole Replacement	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000
Tree Trimming	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Relocate at Customer Req	$ 6,223,542	$ 1,272,484	$ 1,310,658	$ 1,349,978	$ 1,390,477
Residential S/D	$ 433,647	$ 450,993	$ 464,523	$ 478,459	$ 492,812
Residential Svc in S/D	$ 324,811	$ 337,804	$ 347,938	$ 358,376	$ 369,127
Residential Svc not S/D	$ 2,707,504	$ 2,815,804	$ 2,900,279	$ 2,987,287	$ 3,076,906
JT-Resident S/D	$ 5,639,349	$ 5,809,852	$ 5,980,356	$ 6,150,860	$ 6,321,364
JT-Resident Svc not S/D	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
JT-Residential Svc in S/D	$ 1,605,795	$ 1,643,581	$ 1,681,367	$ 1,719,152	$ 1,756,938
JT-Apartments	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Shared Use contract	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Storm Restoration	$ -	$ -	$ -	$ -	$ -
Street Improvements	$ 7,335,000	$ 4,859,000	$ 1,000,000	$ 1,350,000	$ 1,000,000
Street Light Maintenance	$ 3,750,000	$ 3,900,000	$ 4,056,000	$ 4,218,240	$ 4,386,970
Street Lights Install	$ 8,247,054	$ 1,663,995	$ 1,880,937	$ 2,097,878	$ 2,314,820
Temporary Service	$ 347,485	$ 366,947	$ 386,409	$ 405,870	$ 425,332
Previously Capitalized items - Capacitor Banks	$ 1,000,000	$ 1,000,000	$ 500,000	$ 550,000	$ 600,000
Previously Capitalized Items - Transformers	$ 11,000,000	$ 11,330,000	$ 11,669,900	$ 12,019,997	$ 12,380,596
Previously Capitalized Items - Meters	$ 2,640,701	$ 2,723,522	$ 1,073,276	$ 1,160,736	$ 1,255,336
Contributions in Aid of Construction	$ (34,949,976)	$ (28,714,849)	$ (28,796,047)	$ (29,179,435)	$ (29,863,795)
TOTAL - DISTRIBUTION SYSTEM	**$ 93,968,877**	**$ 81,432,441**	**$ 102,762,359**	**$ 91,865,509**	**$ 92,865,967**
GENERAL PLANT					
Purchase of Land	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Buildings/Structures	$ 11,312,400	$ 37,882,000	$ 25,775,000	$ 666,000	$ 687,000
Capital Security Automation	$ 988,403	$ 100,000	$ 40,000	$ 450,000	$ 40,000
Lab and Test	$ 652,356	$ 417,350	$ 428,217	$ 460,128	$ 483,135
Tools and Equipment	$ -	$ -	$ -	$ -	$ -
Utility Monitoring	$ 6,135,000	$ 4,650,000	$ 4,050,000	$ 3,250,000	$ 2,650,000
Communication Equip	$ 105,300	$ 110,565	$ 116,093	$ 121,898	$ 127,993
Communication Towers	$ 100,000	$ 500,000	$ 400,000	$ 400,000	$ 400,000
Telecommunication Network	$ 14,817,000	$ 12,016,000	$ 7,216,000	$ 6,216,000	$ 6,216,000
Fleet Capital Power Operated Equipment	$ 9,018,562	$ 9,559,676	$ 10,133,256	$ 10,741,252	$ 11,385,727
Transportation Equipment	$ 6,169,764	$ 6,539,950	$ 6,932,347	$ 7,348,288	$ 7,789,185
Data Processing	$ 26,894,696	$ 10,095,000	$ 10,892,373	$ 8,975,000	$ 5,050,000
IS/IT Projects	$ -	$ -	$ -	$ -	$ -
CIS Development	$ 2,914,460	$ 4,625,000	$ 3,000,000	$ 3,500,000	$ 3,000,000
Business Continuity	$ 1,700,000	$ 3,500,000	$ 2,000,000	$ 1,500,000	$ 1,500,000
Contingency Fund - General Plant	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
TOTAL - GENERAL PLANT	**$ 81,357,941**	**$ 90,545,541**	**$ 71,533,286**	**$ 44,178,566**	**$ 39,879,040**
Delayed Cost Allocations	$ (54,134,940)	$ (58,299,094)	$ (55,767,313)	$ (46,018,272)	$ (45,281,729)
TOTAL - ELECTRIC DIVISION	**$ 272,762,000**	**$ 217,491,321**	**$ 210,123,860**	**$ 168,145,866**	**$ 163,317,924**

2024 GAS 5-YEAR CAPITAL IMPROVEMENT PROGRAM

GAS DIVISION

DESCRIPTION	2024 BUDGET	2025 PROJECTION	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION
PRODUCTION SYSTEM					
LNG - Processing Facilities	$ 2,400,000	$ 2,650,000	$ 8,550,000	$ 3,800,000	$ 500,000
CNG Stations	$ -	$ -	$ -	$ -	
TOTAL PRODUCTION SYSTEM	**$ 2,400,000**	**$ 2,650,000**	**$ 8,550,000**	**$ 3,800,000**	**$ 500,000**
DISTRIBUTION SYSTEM					
Apartments	$ 5,959	$ 6,197	$ 6,383	$ 6,575	$ 6,772
Demolition	$ -	$ -	$ -	$ -	$ -
Emergency Maintenance	$ 1,641,859	$ 1,674,696	$ 1,708,190	$ 1,742,354	$ 1,777,201
Gas Main-Svc Repl (DOT)	$ 7,729,000	$ 7,729,000	$ 7,679,000	$ 7,629,000	$ 7,629,000
Gate Stations	$ 1,040,000	$ 1,700,000	$ 1,500,000	$ -	$ -
General Power S/D	$ 7,139	$ 7,424	$ 7,647	$ 7,876	$ 8,112
General Power Service	$ 2,737,428	$ 1,910,925	$ 1,968,253	$ 2,027,300	$ 2,088,120
Multiple-Unit Gen Power	$ 334,273	$ 347,644	$ 358,073	$ 368,816	$ 379,880
New Gas Main	$ 1,250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Trans Pipeline/Facilities	$ 2,000,000	$ 29,935,500	$ 1,500,000	$ 1,500,000	$ 1,500,000
Purchase of Land	$ 225,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000
Operations Maintenance	$ -	$ -	$ -	$ -	$ -
Planned Maintenance	$ 3,687,005	$ 3,760,745	$ 3,835,960	$ 3,912,679	$ 3,990,933
Regulator Stations	$ 745,800	$ 825,800	$ 825,800	$ 825,800	$ 825,800
Relocate at Customer Req	$ 395,789	$ 411,620	$ 423,968	$ 436,687	$ 449,788
Residential Svc in S/D	$ 9,201	$ 9,569	$ 9,856	$ 10,151	$ 10,456
Residential Svc not S/D	$ 1,773,054	$ 1,843,976	$ 1,899,295	$ 1,956,963	$ 2,014,963
Residential S/D	$ 7,535	$ 7,836	$ 8,071	$ 8,313	$ 8,562
Street Improvements	$ 4,964,000	$ 2,200,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
JT-Resident S/D	$ 2,416,864	$ 2,489,937	$ 2,563,010	$ 2,636,083	$ 2,709,156
JT-Resident Svc not S/D	$ 2,143	$ 2,143	$ 2,143	$ 2,143	$ 2,143
JT-Resident in S/D	$ 688,198	$ 704,392	$ 720,586	$ 736,779	$ 752,973
JT-Apartments	$ 8,571	$ 8,571	$ 8,571	$ 8,571	$ 8,571
Previously Capitalized Items - Meters & Metering Equipment	$ 1,663,799	$ 22,116	$ 103,033	$ 111,430	$ 120,512
Contributions in Aid of Construction	$ (13,845,314)	$ (13,897,198)	$ (13,666,873)	$ (14,265,107)	$ (14,586,784)
TOTAL DISTRIBUTION SYSTEM	**$ 19,487,302**	**$ 42,025,894**	**$ 12,785,966**	**$ 10,987,415**	**$ 11,021,158**
GENERAL PLANT					
Buildings/Structures	$ 17,080,200	$ 5,161,000	$ 3,372,000	$ 220,000	$ -
Capital Security Automation	$ 172,800	$ 120,000	$ 20,000	$ 450,000	$ 40,000
Furniture & Fixtures	$ -	$ -	$ -	$ -	$ -
Audiovisual	$ 29,160	$ 32,000	$ 32,000	$ 32,000	$ 32,000
Tools and Equipment	$ -	$ -	$ -	$ -	$ -
Tools and Equipment - Common	$ -	$ -	$ -	$ -	$ -
Fleet Capital Transportation & Power Operated Equipment - Gas	$ 2,715,362	$ 2,970,754	$ 3,148,999	$ 3,337,939	$ 3,538,215
Fleet Capital Transportation Equipment & Power Operated Equipment - Common	$ 5,349,574	$ 6,172,433	$ 6,542,779	$ 6,935,346	$ 7,351,466
Automated Fueling Structure	$ 60,000	$ 60,000	$ -	$ -	$ -
IS/IT Projects	$ 280,000	$ -	$ -	$ -	$ -
Contingency Fund - General Plant	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
TOTAL - GENERAL PLANT	**$ 25,887,096**	**$ 14,716,187**	**$ 13,315,778**	**$ 11,175,285**	**$ 11,161,682**
Delayed Cost Allocations	$ (11,780,398	$ (13,337,395)	$ (9,088,575)	$ (7,168,572)	$ (7,191,574)
TOTAL - GAS DIVISION	**$ 35,994,000**	**$ 46,054,685**	**$ 25,563,169**	**$ 18,794,128**	**$ 15,491,266**

2024 WATER 5-YEAR CAPITAL IMPROVEMENT PROGRAM

DESCRIPTION	2024 PROJECTION	2025 PROJECTION	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION
PRODUCTION SYSTEM					
Production Wells	$ 7,789,004	$ 7,789,004	$ 7,289,004	$ 7,289,004	$ 7,789,004
Pumping Stations	$ 21,195,000	$ 68,448,173	$ 59,426,173	$ 43,200,000	$ 57,500,000
Underground Storage Reservoirs	$ 300,000	$ 750,000	$ 7,275,000	$ 2,700,000	$ -
Purchase of Land	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Operations Maintenance	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000
Contingency Fund - Production system	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Contributions in Aid of Construction	$ (11,791,856)	$ (10,762,811)	$ (9,841,083)	$ -	$ -
SUBTOTAL - PRODUCTION SYSTEM	**$ 19,192,148**	**$ 67,924,366**	**$ 65,849,094**	**$ 54,889,004**	**$ 66,989,004**
SUBTOTAL - BLDGS. AND STRUCTURES	$ 1,061,000	$ 5,662,000	$ 1,787,000	$ 334,000	$ -
TOTAL PROD. SYSTEM w/BLDGS & STRU	**$ 20,253,148**	**$ 73,586,366**	**$ 67,636,094**	**$ 55,223,004**	**$ 66,989,004**
DISTRIBUTION SYSTEM					
Apartments	$ 6,388	$ 6,644	$ 6,843	$ 7,049	$ 7,260
Emergency Maintenance	$ 3,464,932	$ 3,534,231	$ 3,604,916	$ 3,677,014	$ 3,750,544
General Power Service	$ 3,672,298	$ 3,819,190	$ 3,933,766	$ 4,051,779	$ 4,173,332
New Water Main	$ 2,468,730	$ 2,468,705	$ 2,148,705	$ 2,148,705	$ 2,048,705
Lead Service Replacement	$ 2,800,000	$ 2,800,000	$ 2,800,000	$ 2,800,000	$ 2,800,000
Planned Maintenance	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
Booster Stations	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Relocate at Customer Req	$ 285,366	$ 296,780	$ 305,684	$ 314,854	$ 324,300
Residential S/D	$ 598,049	$ 621,971	$ 640,630	$ 659,849	$ 679,644
Residential Svc in S/D	$ 291,197	$ 302,845	$ 311,930	$ 321,288	$ 330,927
Residential Svc not S/D	$ 405,532	$ 421,754	$ 434,406	$ 447,438	$ 460,862
Street Improvements	$ 4,250,000	$ 2,500,000	$ 2,000,000	$ 2,000,000	$ 2,000,000
WATER - STORM RESTORATION	$ -	$ -	$ -	$ -	$ -
Previously Capitalized Items - Meters	$ 1,036,079	$ 1,590,038	$ 1,719,626	$ 1,859,776	$ 2,011,348
Contributions in Aid of Construction	$ (3,227,323)	$ (1,329,210)	$ (3,369,290)	$ (1,409,469)	$ (1,442,572)
TOTAL - DISTRIBUTION SYSTEM	**$ 19,551,249**	**$ 20,532,948**	**$ 18,037,216**	**$ 20,378,283**	**$ 20,644,350**
GENERAL PLANT					
Buildings/Structures	$ -	$ 900,000	$ -	$ -	$ -
Capital Security Automation	$ 44,280	$ 111,840	$ 100,000	$ 450,000	$ -
Fleet Capital Power Operated Equipment	$ 1,034,466	$ 1,096,534	$ 1,162,326	$ 1,232,066	$ 1,305,989
Transportation Equipment	$ 1,749,035	$ 2,017,917	$ 2,138,992	$ 2,267,331	$ 2,403,371
IS/IT Projects Water	$ -	$ -	$ -	$ -	$ -
Contingency Fund - General Plant	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
TOTAL - GENERAL PLANT	**$ 3,027,781**	**$ 4,326,291**	**$ 3,601,318**	**$ 4,149,397**	**$ 3,909,361**
Delayed Cost Allocations	$ (15,369,178)	$ (24,501,285)	$ (22,376,724)	$ (18,158,240)	$ (20,566,938)
TOTAL - WATER DIVISION	**$ 27,463,000**	**$ 73,944,320**	**$ 66,897,904**	**$ 61,592,443**	**$ 70,975,777**

NOTES FOR PAGE 3–Capital Expenditures Budget

Total Capital Expenditures

3-1	**Total Capital Expenditures**	Expected capital spend in 2024 budget year.

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, *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

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 Software**	This account includes amortization charges related to expenditures on software.

Income

4-19	**Operating Income**	Operating income is equal to operating revenue less total operating expense.
4-20	**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.
4-21	**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

4-22	**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	**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.
4-24	**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 Software**	Non-cash expense related to amortization charges related to software expenditures.
5-6	**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.
5-7	**Debt Issuance**	Expected debt issuance in the Electric Division for the 2024 budget year.

Application of Funds

5-8	**Capital Expenditures**	Please see Budget page 6.
5-9	**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.
5-10	**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**	Small scale power generation sources located close to where electricity is used

Substation and Transmission

6-2	**Substation**	Please see Appendix 7-3 through 7-17.
6-3	**Substation Transformers Replacement**	Please see Appendix 7-18 through 7-19.
6-4	**Substation Circuit Breakers Replacement**	Please see Appendix 7-20 through 7-25.
6-5	**Transmission Lines**	Please see Appendix 8-1 through 8-10.
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

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	**Distribution Automation**	To install communications and hardware to allow for remote/automated operation to provide for more advanced restoration capabilities.

NOTES FOR PAGE 6–CAPITAL EXPENDITURES (Continued)

Major Projects (Continued)

6-23	**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.
6-24	**Demolition**	The budget includes demolition work.
6-25	**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.
6-26	**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.
6-27	**Tree Trimming**	Trim or remove trees interfering with overhead lines.
6-28	**Operations Maintenance**	No expenditures planned for the 2024 budget year.
6-29	**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.
6-30	**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.
6-31	**Shared Use Contract**	To account for small cell pole attachments.
6-32	**Duct Line Lease**	To account for leasing available duct line for fiber cable.
6-33	**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.
6-34	**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).
6-35	**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).
6-36	**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).
6-37	**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).
6-38	**PCI-Capacitor Banks**	Enhances the electrical supply quality and power systems efficiency
6-39	**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.
6-40	**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.
6-41	**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

6-42	**Buildings and Structures**	Please see Appendix 9-15 through 9-16.
6-43	**Security Automation**	Please see Appendix 9-22.
6-44	**Land Purchase**	Please see Appendix 9-14.
6-45	**Fleet Capital Power Operated**	Please see Appendix 10-1.
6-46	**Transportation Equipment**	Please see Appendix 10-2.
6-47	**Lab & Test**	Please see Appendix 10-4.
6-48	**Communication Equipment**	Please see Appendix 10-3.
6-49	**Communication Towers**	Please see Appendix 10-5.
6-50	**Telecommunication Network**	Please see Appendix 10-6 through 10-11.
6-51	**Utility Monitoring**	Please see Appendix 10-12.
6-52	**Customer Information System (CIS) Development**	Please see Appendix 10-13 through 10-14.
6-53	**Business Continuity**	Please see Appendix 10-15 through 10-16.
6-54	**Data Processing Equipment**	Please see Appendix 11-1 through 11-15.
6-55	**IS/IT Projects**	No expenditures planned for the 2024 budget year.
6-56	**Contingency Fund**	Please see Appendix 11-16.
6-57	**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/Aeroderivatives**	Provides cheaper power, a better-quality grid, and cleaner power with lower emissions—compared to heavy fuel oil reciprocating engines.
7-2	**Battery Storage**	Energy produced at one time for use at a later time to reduce imbalances between energy demand and production.

Substation & Transmission

Substation

7-3	**Install Substation 83 161/23kV Facilities**	**Description/Location**	Various locations
		Purpose/Necessity	Substation 83 161/23kV Facilities build
7-4	**Install Substation 76 third 115/12 kV transformer**	**Description/Location**	Install Substation 76 third 115/12
		Purpose/Necessity	Substation 76
7-5	**Replace RTU's various locations**	**Description/Location**	Replace RTU's various locations
		Purpose/Necessity	Replace failed breakers
7-6	**Replace relays various locations**	**Description/Location**	Replace relays various locations
		Purpose/Necessity	Replace failed breakers
7-7	**Replace capacitor banks various locations**	**Description/Location**	Replace capacitor banks various locations
		Purpose/Necessity	To change out aging infrastructure
7-8	**Substation Feeder Electromechanical Relay Replacement Program (Distribution)**	**Description/Location**	Various locations
		Purpose/Necessity	Protects circuits from overcurrent, ground, faults, phase loss, overload, and other detrimental conditions
7-9	**Replace batteries various locations**	**Description/Location**	Replace batteries various locations
		Purpose/Necessity	To change out aging infrastructure
7-10	**Replace Reactor Substation 1**	**Description/Location**	Replace reactor various locations
		Purpose/Necessity	Substation 1
7-11	**Sub #21 Install Reactors on Circuits 1617, 1619 & 1629**	**Description/Location**	Replace reactors on circuits various locations
		Purpose/Necessity	Substation 21
7-12	**Substation 4 OH/UG Conversion Ckts 2395 & 2397 (City of Memphis)**	**Description/Location**	Replace OH/UG Conversion Ckts 2395 & 2397 (City of Memphis)
		Purpose/Necessity	Implement Breaker Fail Scheme
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	**Install JPAX Nodes to Upgarde JMUX SONET Nodes**	**Description/Location**	Install JPAX Nodes
		Purpose/Necessity	Various locations
7-15	**Install Transmission Metering Equipment for Transmission Planning Monitoring**	**Description/Location**	Transmission Metering Equipment
		Purpose/Necessity	Transmission Metering Equipment
7-16	**Contingency Replace Switches**	**Description/Location**	Various locations
		Purpose/Necessity	Replace switches
7-17	**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

7-18	**Replace 161/23 kV transformer bank 43649 @ Substation 43**	**Description/Location**	Substation 43
		Purpose/Necessity	Replacement of failed transformers at substations
7-19	**Replace 115/12kV transformer bank 4059 @ Substation 14**	**Description/Location**	Substation 14
		Purpose/Necessity	Replacement of failed transformers at substations

Substation Circuit 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 breakers various locations**	**Description/Location**	Replace breakers various locations
		Purpose/Necessity	Replace failed breakers
7-22	**Replace 161 kV Breakers 38625 38627 & 38659 @ Substation 38 (Aging Infrastructure)**	**Description/Location**	Replace 161 kV Breakers 38625 38627 & 38659 @ Substation 38 (Aging Infrastructure)
		Purpose/Necessity	Substation 38
7-23	**Replace 12 kV Breaker 5611 @ Substation 25**	**Purpose/Necessity**	Replace 12 kV Breaker 5611 @ Substation 25
		Purpose/Necessity	Replace failed breakers
7-24	**Replace 23 kV Breaker 4395 @ Substation 4**	**Description/Location**	Replace 23 kV Breaker 4395 @ Substation 4
		Purpose/Necessity	Replace failed breakers
7-25	**Replace 23 kV Breaker 5351 @ Substation 5**	**Description/Location**	Replace 23 kV Breaker 5351 @ Substation 5
		Purpose/Necessity	Replace failed breakers

NOTES FOR PAGE 8–CAPITAL EXPENDITURES BUDGET

Substation/Transmission Projects (Continued)

Substation/Transmission Projects

8-1	**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.
8-2	**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.
8-3	**OPGW 11-35**	**Description/Location**	OPGW 11 - 35
		Purpose/Necessity	Install fiber communication between Substations 11 & 35.
8-4	**Sub 83 Cut-in**	**Description/Location**	Substation 83
		Purpose/Necessity	Substation 83 Cut-in
8-5	**OPGW 42-23**	**Description/Location**	OPGW 42 - 23
		Purpose/Necessity	Install fiber communication between Substations 42 & 23.
8-6	**Structure #1871 Bank Stabilization (USACE Section 14 Funding)**	**Description/Location**	Structure #1871 Bank Stabilization
		Purpose/Necessity	USACE Section 14 Funding
8-7	**LIDAR Survey Impacts (NERC)**	**Description/Location**	LIDAR Survey Impacts (NERC)
		Purpose/Necessity	LIDAR Survey Impacts (NERC)
8-8	**Days Creek Structure Relocation**	**Description/Location**	Various locations.
		Purpose/Necessity	Various locations.

Transmission - Reimbursable

8-9	**TDOT Lamar & Shelby Drive**	**Description/Location**	TDOT Lamar & Shelby Drive
		Purpose/Necessity	Lamar & Shelby Drive
8-10	**Contribution In Aid of Construction - CIAC**	**Description/Location**	Contribution In Aid of Construction - CIAC
		Purpose/Necessity	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 - Major Projects

New Circuits Out of Substations

8-11	**Sub 83**	**Description/Location**	Install multiple circuit ties for station 83 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-12	**Contingency Failed Stepdown Transformers/ Procure Spares**	**Description/Location**	Replacement of failed transformers at various substations
		Purpose/Necessity	Replacement of failed transformers at various substations
8-13	**New Ckt Sub 84 North**	**Description/Location**	Install multiple circuit ties for station 84 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-14	**Sub 83 Ckt Ties**	**Description/Location**	Install multiple circuit ties for station 83 circuits.
			Reliability and switching flexibility
8-15	**Circuit 44305 stepdown transformer change out**	**Description/Location**	Circuit 44305 stepdown transformer change out
		Purpose/Necessity	Reliability and switching flexibility
8-16	**Sub 83 Cabling (6 ckts)**	**Description/Location**	Install multiple circuit ties for station 83 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-17	**Other 2020-24 Projects**	**Description/Location**	Install multiple circuit ties for Other Projects.
		Purpose/Necessity	Reliability and switching flexibility
8-18	**Ckt Ties in Sub 15/84/68 Area**	**Description/Location**	Install Ckt Ties in Sub 15/84/68 Area
		Purpose/Necessity	Reliability and switching flexibility
8-19	**Sub 68 Cabling (3 ckts)**	**Description/Location**	Install multiple circuit ties for station 68 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-20	**Substation 84 Ckt Ties**	**Description/Location**	Install multiple circuit ties for station 84 circuits.
		Purpose/Necessity	Reliability and switching flexibility
8-21	**Schilling Farms Circuit Tie(s)**	**Description/Location**	Install multiple circuits at Schilling Farms
		Purpose/Necessity	Reliability and switching flexibility
8-22	**Kellogg's Alternate CKT Upgrade**	**Description/Location**	Kellogg's Alternate CKT upgrade
		Purpose/Necessity	Reliability and switching flexibility
8-23	**Circuit 61301 stepdown transformer change out**	**Description/Location**	Circuit 61301 stepdown transformer change out
		Purpose/Necessity	Reliability and switching flexibility

Miscellaneous Reimbursable Projects

8-24	**Pinch District Improvements**	**Description/Location**	Downtown area
		Purpose/Necessity	This project will relocate/improve electric facilities in conjunction with the proposed improvements to the Pinch District in downtown Memphis.
8-25	**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	**Elvis Presley Blvd. North and Middle Section**	**Description/Location**	Eves Presley Corridor-North and Middle Section
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-2	**SR-4/US-78/Lamar, south of SR-175/Shelby Dr. to Raines/Perkins Interchange Phase 2**	**Description/Location**	SR-4/US-78/Lamar, south of SR-175/Shelby Dr. to Raines/Perkins Interchange Phase 2
		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	**Germantown Road @Wolf River Blvd (GT 16/01)**	**Description/Location**	Germantown Rd. at Wolf River Blvd.
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-6	**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
9-7	**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
9-8	**Malone, Holmes to Shelby Drive**	**Description/Location**	Malone, Holmes to Shelby Drive
		Purpose/Necessity	Relocate utilities Malone, Holmes to Shelby Drive
9-9	**Navy Road, Phase 2, Church to Veterans Pkwy**	**Description/Location**	Navy Road, Phase 2, Church to Veterans Pkwy
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-10	**Bartlett Road Bridge over Fletcher Creek**	**Description/Location**	Bartlett Road Bridge over Fletcher Creek
		Purpose/Necessity	Relocate utilities Bartlett Road Bridge over Fletcher Creek
9-11	**New Alllen @ Ridgemont - Round-about**	**Description/Location**	New Allen Road and Ridgemont
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-12	**Dexter Lane north of Rainsong Cove Drainage**	**Description/Location**	Dexter Lane north of Rainsong Cove Drainage
		Purpose/Necessity	Relocate utilities for proposed street improvement project by TDOT or municipalities
9-13	**Carnes Ave/ Hanley School Safety Improvements**	**Description/Location**	Carnes Avenue
		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

9-14	**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			
9-15	**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

9-16	**New Storeroom Building**	**Description/Location**	Needed to store special material purchased by the electric groups that are not purchased and managed by stores.
		Purpose/Necessity	New Storeroom Building

Netters Business Operations Center

9-17	**Replace 5 Liebert CRAC Units/Roof Condensers & Leak detection System**	**Description/Location**	Netters Bussiness Operations Center
		Purpose/Necessity	Replace 5 liebert CRAC units/roof condenesers and leak detection system
9-18	**Replace Cooling Tower Fill Media**	**Description/Location**	Netters Bussiness Operations Center
		Purpose/Necessity	Replace cooling tower fill media

New Buildings

9-19	**Building Upgrades**	**Description/Location**	Building upgrades
		Purpose/Necessity	Building upgrades
9-20	**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.
9-21	**EV Charging Stations**	**Description/Location**	Electric Vehicle charging stations
		Purpose/Necessity	Electric Vehicle charging stations
9-22	**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 upgraded throughout the division.

NOTES FOR PAGE 10–CAPITAL EXPENDITURES BUDGET

General Plant (Continued)

10-1	**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.
10-2	**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.
10-3	**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
10-4	**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

10-5	**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

10-6	**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.
10-7	**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.
10-8	**Smart Meter/SCADA Network Improvements**	**Description/Location**	Memphis and Shelby County
		Purpose/Necessity	Installation of **D**istribution **A**utomated Switches to improve responsiveness and aid in reducing customer minutes interrupted. Projected to install over 1100 automated distribution switches over a five year period.
10-9	**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.
10-10	**Fiber Optic Cable and Equipment**	**Description/Location**	Install fiber optic cable at various locations.
		Purpose/Necessity	Provide fiber optic communications to specified facilities.
10-11	**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.

Utility Monitoring & Control Systems

10-12	**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.

Customer Info System (CIS) Development

10-13	**IRV and Call Center Expansion Project**	**Description/Location**	The current IVR system does not allow MLGW to make its own changes. The vendor must make the changes to the IVR system. The new system would allow MLGW to make changes as needed to better meet customer needs and improve customer experience.
		Purpose/Necessity	To improve customer ease of use and experience.
10-14	**BillGen Replacement (Carryover)**	**Description/Location**	Replace the current BillGen system.
		Purpose/Necessity	GSA-3 customers may become Time Of Use (TOU) customers in October 2018. The current BillGen would not be able to handle these additional customers.

Business Continuity

10-15	**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
10-16	**Data Center Enhancements Connectivity Improvements**	**Description/Location**	Improve Data Center Operations
		Purpose/Necessity	To upgrade connectivity core infrastructure to support failover of critical systems between two data centers.

NOTES FOR PAGE 11–CAPITAL EXPENDITURES BUDGET

Purchase of Data Processing Equipment

11-1	**HPE Storge 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.
11-2	**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.
11-3	**Field Use Laptop Replacements**	**Description/Location**	Field Use Laptop Replacements
		Purpose/Necessity	The current CF31s have been it production for 5 years and the extended warranty will expire in 2023. These are the Crew reporting Toughbooks.
11-4	**Replace Enterprise Backup Systems**	**Description/Location**	Replace Enterprise Backup Systems
		Purpose/Necessity	Replace storage to backup systems for physical and virtual onsite backups with replication between data centers.
11-5	**Artifcial Intelligence (AI) Project**	**Description/Location**	Artificial Intelligence Project
		Purpose/Necessity	The implementation of artificial intelligence software with advanced search capabilities is needed to improve decision making by using data mining to quickly convert data to useful information with an augmented digital assistant.
11-6	**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.
11-7	**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.
11-8	**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.
11-9	**New\Replacement Servers**	**Description/Location**	Annual New/Replacement Servers
		Purpose/Necessity	Purchase or replace existing servers which have reached end-of-life and will no longer be supported by the manufacturer.
11-10	**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.
11-11	**Blade Center Frame Expansion**	**Description/Location**	Blade Center Frame
		Purpose/Necessity	Houses essential hardware components, such as a central processing unit (CPU), memory, storage, and networking interfaces.
11-12	**Network Security Upgrades and Enhancements**	**Description/Location**	Network Security
		Purpose/Necessity	Increase network security by replacing or upgrading end-of-line equipment and adding new security equipment.
11-13	**NERC Virtual Server Environment**	**Description/Location**	NERC Virtual Server Environment
		Purpose/Necessity	Creates multiple server instances from one physical server.
11-14	**PC Equipment (Capital)**	**Description/Location**	PC equipment (above $5,000 unit cost) requested for various reasons
		Purpose/Necessity	PC equipment requested for various reasons including: additional functionality, laptops with docking stations to replace desktop PCs, and laptops needing replacement ahead of schedule due to software requirements.
11-15	**ArcGIS Pro Virtualization Server**	**Description/Location**	ArsGIS Pro Virtualization Server
		Purpose/Necessity	Lowers the cost of hardware by dividing a single server into several virtual private servers.
11-16	**Contingency Fund - General Plant**	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.	

NOTES FOR PAGE 12–INCOME & EXPENSE COMPARISON

Operating Revenue

12-1	**Sales Revenue**	This account includes projected revenue from the sale of natural gas to the residential, commercial, industrial, and interdepartmental customer classes.
12-2	**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.
12-3	**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

12-4	**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.
12-5	**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.
12-6	**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.
12-7	**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.
12-8	**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.
12-9	**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.
12-10	**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.
12-11	**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.
12-12	**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.
12-13	**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

12-14	**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.
12-15	**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.
12-16	**Administrative and General Expense**	Please see Appendix 12-13.

NOTES FOR PAGE 12–INCOME & EXPENSE COMPARISON (Continued)

Other Operating Expense

12-17	**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.
12-18	**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
12-19	**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.
12-20	**Amortization of Legacy Meters**	This account includes amortization charges related to expenditures on meters.
12-21	**Amortization of Software**	This account includes amortization charges related to expenditures on software.

Income

12-22	**Operating Income**	Operating income is equal to operating revenue less total operating expense.
12-23	**Other Income**	This consists primarily of investment income and property rentals. It does not include any sales of electricity, gas or water.
12-24	**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

12-25	**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.
12-26	**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.
12-27	**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 13–SOURCES AND APPLICATION OF FUNDS

Source of Funds

13-1	**Change in Net Position**	Please see Budget page 13.
13-2	**Depreciation Charged to Operating Income**	Please see Budget page 13.
13-3	**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.
13-4	**Amortization of Legacy Meters**	Non-cash expense related to employee pension expenses above or below actual funding due to change in accounting principles.
13-5	**Amortization of Software**	Non-cash expense related to amortization charges related to software expenditures.
13-6	**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

13-7	**Capital Expenditures**	Please see Budget page 13.
13-8	**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.
13-9	**Retirement of Long-Term Debt**	Bond principal amounts due 12-01 per the bond debt schedules are funded in equal monthly installments during 2024.

NOTES FOR PAGE 14–CAPITAL EXPENDITURES BUDGET

Production System

14-1	**LNG Processing Facilities**	LNG Processing Facilities- Purchase and installation of regeneration heating equipment, replacement of existing 20 year old equipment.

Distribution System

14-2	**Apartments**	This budget category provides for the expenses incurred by the Gas Division for developer requests for gas facilities located in a subdivision.
14-3	**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.
14-4	**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.
14-5	**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.
14-6	**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.
14-7	**Land Purchase**	This budget category provides for the purchase of land rights that will be needed for Capital Budget Projects.
14-8	**General Power Service**	This budget category provides for the expenses incurred by the Gas Division for customer requests for new General Power Service.
14-9	**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.
14-10	**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.
14-11	**Relocate At Customer Request**	This budget category provides for the expenses incurred by the Gas Division for customer requests to relocate existing gas facilities.
14-12	**Purchase of Meters**	This budget category provides for the expenses incurred from buying new gas meters and reconditioning existing gas meters.
14-13	**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 15-25.
14-14	**New Gas Main**	This budget category provides for the expenses incurred for the installation of miscellaneous new gas mains and facilities.
14-15	**Gas Main/Service Repl (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 an 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.
14-16	**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.
14-17	**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.
14-18	**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.
14-19	**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.
14-20	**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)

14-21	**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.
14-22	**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.
14-23	**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.
14-24	**Emergency Maintenance**	This budget line item provides for emergency repair work when leaks and cut facilities require immediate repair.
14-25	**Demolition**	No expenditures planned for the 2024 budget year.
14-26	**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 14–CAPITAL EXPENDITURES BUDGET (Continued)

General Plant

14-27	**Buildings and Structures**	Please see Appendix 16-7 through 16-17.
14-28	**Security Automation**	Please see Appendix 16-18.
14-29	**Purchase of Furniture & Fixtures**	No expenditures planned for the 2024 budget year.
14-30	**Audiovisual**	Please see Appendix 16-19.
14-31	**IS/IT Projects**	Please see Appendix 17-6.
14-32	**Fleet Capital Common Power Operated Equip**	Please see Appendix 17-1.
14-33	**Fleet Capital Common Transportation Equip**	Please see Appendix 17-2.
14-34	**Fleet Gas Power Operated Equipment**	Please see Appendix 17-3.
14-35	**Fleet Gas Transportation Equipment**	Please see Appendix 17-4.
14-36	**Automated Fueling Structure**	Please see Appendix 17-5
14-37	**Tools & Equipment**	No expenditures planned for the 2024 budget year.
14-38	**Common Tools & Equipment**	No expenditures planned for the 2024 budget year.
14-39	**Contingency Funds**	Please see Appendix 17-7.
14-40	**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 15–CAPITAL EXPENDITURES BUDGET

Production System

15-1	**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

15-2	**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.
15-3	**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.
15-4	**Directional Drilling**	**Description/Location**	Drilling non-vertical bores at various locations.
		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.
15-5	**SP 03/10, SR-4/US-78 from Shelby Dr - Raines/Perkins- CH 86, WO430806**	**Description/Location**	SR-4/US-78 from Shelby Dr to Raines/Perkins
		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.
15-6	**CV 18/04, Shelby Dr, east of Sycamore Rd to US-72, WO1077517, in design**	**Description/Location**	Shelby Drive, East of Sycamore Road 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.
15-7	**LL 09/02 Canada Rd, Re-Alignment, WO288164**	**Description/Location**	Canada 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.
15-8	**ML 21/04, Navy Rd, Phase2, Church - Veterans Pkwy, Preliminary Plans**	**Description/Location**	Navy Rd., Phase 2 Church - Veterans Pkwy
		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.
15-9	**SC 19/02, Hacks Cross Rd, Stateline - Shelby Dr, WO756495, in design**	**Description/Location**	Hacks Cross Rd, Stateline to 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.
15-10	**CP 05/15, Malone Rd, Holmes to Shelby**	**Description/Location**	Holmes Rd to Shelby Drive
		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.
15-11	**GT 16/01, Germantown Rd at Brierbrook, W8Q43005**	**Description/Location**	Germantown Rd at Brierbrook
		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.
15-12	**CP 16/07, S Germantown Rd, N of Nonconnah Tl, WO662236, released**	**Description/Location**	S. Germantown Rd. N of Nonconnah TI
		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.

NOTES FOR PAGE 15–CAPITAL EXPENDITURES BUDGET (Continued)

Street Improvements (Continued)

15-13	**CP 19/11, Ball Rd, Mancheste, WO1314118, in design**	**Description/Location**	Ball Rd to Mancheste
		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.
15-14	**SP 18/03, Danny Thomas Corridor Signal Improvements, WO600982**	**Description/Location**	Danny Thomas 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.
15-15	**CP 18/01, Mimosa, Kimball, Range Line, WO657052, in design**	**Description/Location**	Mimosa, Kimball, Range Line
		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.
15-16	**CV 22/06, Walnut St - Drainage, Preliminary Plans**	**Description/Location**	Walnut Street
		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.
15-17	**CP 20/03, Tchulahoma at Blue Bonnet, Preliminary Plans**	**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.
15-18	**CP 21/09, Bartlett Rd Bridge over Fletcher Creek**	**Description/Location**	Bartlett Road
		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.
15-19	**CV 21/03, Washington St, Main - Mt. Pleasant, Preliminary Plans**	**Description/Location**	Washington St, Main - Mt. Pleasant
		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.
15-20	**AP 22/01 Chester St Bridge, Preliminary Plans**	**Description/Location**	Chester St Bridge
		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.
15-21	**CP 19/13, Mickey- Millbranch Drainage, Preliminary Plans**	**Description/Location**	Mickey to Millbranch
		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.
15-22	**CP 20/05, Mickey to Millbranch - drainage, Preliminary Plans**	**Description/Location**	Mickey to Millbranch
		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.
15-23	**CV 22/09, Lillian Dr - drainage, Preliminary Plans**	**Description/Location**	Lillian Drive
		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.
15-24	**CP 20/01, Mississippi Signals, WO690348, in design**	**Description/Location**	Mississippi
		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.

NOTES FOR PAGE 15–CAPITAL EXPENDITURES BUDGET (Continued)

Street Improvements (Continued)

15-25	**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

15-26	**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 Repl (D.O.T.)

15-27	**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.
15-28	**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.
15-29	**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.
15-30	**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.

NOTES FOR PAGE 16–CAPITAL EXPENDITURES BUDGET

Transmission Pipelines and Facilities

16-1	**Transmission Integrity Management Program (TIMP)**	**Description/Location**	TIMP Initiative
		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.
16-2	**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.
16-3	**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.

Regulator Stations

16-4	**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

Gate Station

16-5	**Germantown Gate Station Retrofit**	**Description/Location**	Germantown
		Purpose/Necessity	Gate Station Retrofit
16-6	**Gate Station Work**	**Description/Location**	Gas Station Work
		Purpose/Necessity	Gas Station Work

General Plant
Buildings and Structures
North Service Center

16-7	**Building #8 (Re-cover over Stores 160,668 square foot**	**Description/Location**	North Service Center
		Purpose/Necessity	All roof replacement projects are targeted in the Facilities master plan based on expected life expectancy and existing maintenance issues.
16-8	**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.
16-9	**Building #8 (Re-cover over office 24,000 square foot roof)**	**Description/Location**	North Service Center
		Purpose/Necessity	This project was recommended to store Building Services and Grounds' chemicals used for facility maintenance activities.
16-10	**AC Installation Building #6**	**Description/Location**	North Service Center
		Purpose/Necessity	This project is for AC installation.
16-11	**Building #2: (Re-cover 36,000 square foot roof)**	**Description/Location**	North Service Center
		Purpose/Necessity	This project is for roof improvements.
16-12	**Building #3: (Re-cover 30,650 square foot roof)**	**Description/Location**	North Service Center
		Purpose/Necessity	This project is for roof improvements.
16-13	**Building #6: Roof Replacement 23,684 square feet**	**Description/Location**	North Service Center
		Purpose/Necessity	This project is for roof replacement.
16-14	**Building #1 Replace 3 HVAC Package Units**	**Description/Location**	North Service Center
		Purpose/Necessity	This project is for replacing three HVAC package units.

NOTES FOR PAGE 16–CAPITAL EXPENDITURES BUDGET (Continued)

General Plant (Continued)
Buildings and Structures
Utility Support Center

16-15	**Upgrades & Enhancements**	**Description/Location**	Utility Support Center
		Purpose/Necessity	Upgrades and enhancements.

LNG Capleville

16-16	**Replace Control House Roof**	**Description/Location**	LNG Capleville
		Purpose/Necessity	All roof replacement projects are targeted in the Facilities master plan based on expected life expectancy and existing maintenance issues.
16-17	**Metal Storage Building (50' x 100')**	**Description/Location**	LNG Capleville
		Purpose/Necessity	Metal storage building
16-18	**Security Automation**	**Description/Location**	Division security automation equipment used for work in and around Shelby County.
		Purpose/Necessity	Security Automation
16-19	**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.

NOTES FOR PAGE 17–CAPITAL EXPENDITURES BUDGET			
17-1	**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.
17-2	**Flleet 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.
17-3	**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.
17-4	**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.
17-5	**Gas - Automated Fueling Structure**	**Description/Location**	Automated fueling structure
		Purpose/Necessity	Automated fueling structure

IS/IT Projects

17-6	**ETRM Phase 2 Project**	**Description/Location**	Energy Trading and Risk Management
		Purpose/Necessity	Replace SCADA/Cares consoles
17-7	**Contingency Fund - General Plant**	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.	

NOTES FOR PAGE 18–INCOME & EXPENSE COMPARISON

Operating Revenue

18-1	**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.
18-2	**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.
18-3	**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

18-4	**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.
18-5	**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.
18-6	**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.
18-7	**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.
18-8	**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.
18-9	**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

18-10	**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.
18-11	**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.
18-12	**Administrative & General Expense**	Please see Appendix 18-9.

NOTES FOR PAGE 18–INCOME & EXPENSE COMPARISON (Continued)

Other Operating Expense

18-13	**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.
18-14	**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.
18-15	**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.
18-16	**Amortization of Legacy Meters**	This account includes amortization charges related to expenditures on meters.

Income

18-17	**Operating Income**	Operating income is equal to operating revenue less total operating expense.
18-18	**Other Income**	This consists primarily of interest and investment income. It does not include any sales of electricity, gas or water.
18-19	**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

18-20	**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.
18-21	**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.
18-22	**Contributions in Aid of Construction**	Please see Appendix 20-22.

NOTES FOR PAGE 19–INCOME & EXPENSE COMPARISON

Source of Funds

19-1	**Change in Net Position**	Please see page 19.
19-2	**Depreciation Charged to Operating Income**	Please see page 19.
19-3	**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.
19-4	**Amortization of Legacy Meters**	Non-cash expense related to employee pension expenses related to meter expenditures.
19-5	**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

19-6	**Capital Expenditures**	Please see page 19.
19-7	**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.
19-8	**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 20–CAPITAL EXPENDITURES BUDGET

Production System

20-1	**Pumping Stations**	Please see Appendix 21-1 to 22-11.
20-2	**Underground Storage Reservoirs**	Please see Budget page 20.
20-3	**Production Wells**	Please see Budget page 20.
20-4	**Land Purchase**	Please see Budget page 20.
20-5	**Operations Maintenance**	Please see Budget page 20.
20-6	**Contingency Fund - Production**	Please see Budget page 20.
20-7	**Buildings and Structures - Production System**	Please see Budget page 20.
20-8	**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

20-9	**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.
20-10	**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.
20-11	**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.
20-12	**Apartments**	This budget category provides for the expenses incurred by the Water Division for developer requests for Water facilities for new apartment developments.
20-13	**General Power Service**	This budget category provides for the expenses incurred by the Water Division for customer requests for new General Power Service.
20-14	**Relocate At Customer Request**	This budget category provides for the expenses incurred to relocate at the customer's request.
20-15	**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 23-8 through 23-14.
20-16	**New Water Main**	This budget category provides for the expenses incurred for the installation of miscellaneous new water mains and facilities.
20-17	**Lead Service Replacement**	Replace lead services with copper at known locations throughout Shelby County.
20-18	**Storm Restoration**	No expenditures planned for the 2024 budget year.
20-19	**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.
20-20	**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.
20-21	**Booster Stations**	This budget category is used to boost constant supply.
20-22	**Emergency Maintenance**	This budget line item provides for emergency repair work when leaks and cut facilities require immediate repair.
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.

General Plant

20-24	**Buildings and Structures**	Please see Appendix 23-3 through 23-10
20-25	**Security Automation**	Please see Appendix 24-9.
20-26	**Fleet Capital Power Operated Equip**	Please see Appendix 24-10.
20-27	**Fleet Capital Water Transportation Equip**	Please see Appendix 24-11.
20-28	**Contingency Fund**	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year. See Appendix 24-12.
20-29	**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 21–CAPITAL EXPENDITURES BUDGET

Production System
Pumping Stations

Allen Pumping Station

21-1	**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.
21-2	**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.
21-3	**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.
21-4	**Dedicated Well Electric Circuit Replacement**	**Description/Location**	Dedicated Well Electric Circuit Replacement
		Purpose/Necessity	The existing underground electric loop for the Allen wells is currently not reliable and causes well downtime. Moving the wells to overhead electric will make wells more reliable.

Davis Pumping Station

21-5	**Filter Media Rehab and Replacement (Station Rehab)**	**Description/Location**	Davis Pumping Station
		Purpose/Necessity	Filter media rehab and replacement.
21-6	**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.
21-7	**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

21-8	**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.
21-9	**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.
21-10	**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

LNG Pumping Station

21-11	**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 21–CAPITAL EXPENDITURES BUDGET (Continued)

Pumping Stations (Continued)

Mallory Pumping Station

21-12	**Filter Media Rehab and Replacement (Station Rehab)**	**Description/Location**	Mallory Pumping Station
		Purpose/Necessity	Filter media rehab and replacement
21-13	**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.
21-14	**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

21-15	**Install Distributed Process Control System Replacement**	**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.
21-16	**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.
21-17	**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.
21-18	**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
21-19	**Engineer Distributed Process Control System Replacement**	**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.

NOTES FOR PAGE 22–CAPITAL EXPENDITURES BUDGET

Pumping Stations (Continued)

Morton Pumping Station

22-1	**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.
22-2	**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.

Palmer Pumping Station

22-3	**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.

Pumping Stations (Continued)

Shaw Pumping Station

22-4	**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.
22-5	**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.

Sheehan Pumping Station

22-6	**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.
22-7	**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.
22-8	**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

Pickel Pumping Station

22-9	**Engineer Water Treatment Plant**	**Description/Location**	Pickel Pumping Station
		Purpose/Necessity	Design, construction, and maintenance needed for water treatment plants.

Miscellaneous Pumping Facilities

22-10	**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.
22-11	**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.

NOTES FOR PAGE 22–CAPITAL EXPENDITURES BUDGET (Continued)

Underground Storage Reservoirs

Sheehan Pumping Station

22-12	**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

Morton Pumping Station

22-13	**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			
22-14	**Construct/Replace Well**	**Description/Location**	Construction of a large water production well.
		Purpose/Necessity	A number of the wells need to be replaced.
McCord Pumping Station			
22-15	**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			
22-16	**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.
22-17	**Well Generators**	**Description/Location**	Various locations.
		Purpose/Necessity	Water production well generators need to be replaced.
22-18	**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.

NOTES FOR PAGE 23–CAPITAL EXPENDITURES BUDGET

Operations Maintenance

23-1	**Operations Maintenance**	**Description/Location**	Maintenance necessary for the continuation of normal operations
		Purpose/Necessity	Maintenance necessary for the continuation of normal operations

Land Purchase

23-2	**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.

Buildings and Structures

McCord Pumping Station

23-3	**Replace Site Paving**	**Description/Location**	McCord Pumping Station
		Purpose/Necessity	This project is needed to replace the paving. The existing paving is past it's life expectancy and needs to be repaired.
23-4	**Reroof Main Building (15,930 sf)**	**Description/Location**	McCord Pumping Station
		Purpose/Necessity	This project is needed to replace roof.
23-5	**Aerator Bldg: Replace Roof (6,825 sf)**	**Description/Location**	McCord Pumping Station
		Purpose/Necessity	This project is needed to replace roof.

Mallory Pumping Station

23-6	**Roof Replacement (Design/Construction)**	**Description/Location**	Mallory Pumping Station
		Purpose/Necessity	This project is needed to replace roof.

Palmer Pumping Station

23-7	**Aerator Bldg: Replace Roof - $5,800 - Design money held over before Design reclass as O&M**	**Description/Location**	Palmer Pumping Station
		Purpose/Necessity	This project is needed to replace roof.

Allen Pumping Station

23-8	**Roof Replacement (Design/Construction); Aerator Bldg**	**Description/Location**	Allen Pumping Station
		Purpose/Necessity	This project is needed to replace roof.

Morton Pumping Station

23-9	**Aerator Bldg and Pump Rm: Replace Roofs**	**Description/Location**	Morton Pumping Station
		Purpose/Necessity	This project is needed to replace roof.

Sheahan Pumping Station

23-10	**Repave Drives**	**Description/Location**	Sheahan 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

23-11	**Contingency Funds**	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.

CIAC

23-12	**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 23–CAPITAL EXPENDITURES BUDGET (Continued)

Distribution System

New Water Main

23-13	**Collecting Main Installation**	**Description/Location**	Various locations
		Purpose/Necessity	The ties bring water from the aquifer to the plant.
23-14	**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.
23-15	**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.
23-16	**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
23-17	**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.
23-18	**Minor System Improvements**	**Description/Location**	Minor System Improvements to Water Distribution System
		Purpose/Necessity	Minor System Improvements to Water Distribution System.

NOTES FOR PAGE 24–CAPITAL EXPENDITURES BUDGET

Street Improvements

24-1	**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.
24-2	**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.
24-3	**Miscellaneous Projects**	**Description/Location**	Miscellanous Projects
		Purpose/Necessity	MLGW will meet the utility relocation needs of the City, County, and State for their street improvement projects.
24-4	**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.
24-5	**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.
24-6	**City of Arlington 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.
24-7	**City of Bartlett Projects**	**Description/Location**	These are street improvement projects done by the City of Bartlett 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

24-8	**Lead Replacement**	**Description/Location**	Lead Replacement
		Purpose/Necessity	Lead Replacement

General Plant

24-9	**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.
24-10	**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.
24-11	**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.
24-12	**Contingency Funds – General Plant**	This is an estimated budget amount to cover unforeseen emergency items that may arise in the current year.	

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.

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.

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 Principals. 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.

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/Ductline.

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.

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.

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.

XFMR: Symbol used to denote transformer.

XHP: Extra High Pressure.

XXHP: Extra, Extra High Pressure.