

In the opinion of Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2025 Electric System Bonds (including any original issue discount properly allocable to the owner of a Series 2025 Electric System Bond) is excludable from gross income for federal income tax purposes and is not a preference item for a bondholder under the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on such corporations. Also, in the opinion of Co-Bond Counsel, under existing law, the Series 2025 Electric System Bonds and the income therefrom will be exempt from all state, county and municipal taxation in Tennessee except (a) excise taxes on all or a portion of the interest on any of the Series 2025 Electric System Bonds during the period such Series 2025 Electric System Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2025 Electric System Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership. For a more detailed description of such opinions of Co-Bond Counsel, see "TAX MATTERS" herein.



CITY OF MEMPHIS, TENNESSEE
MEMPHIS LIGHT, GAS AND WATER DIVISION

\$235,155,000

ELECTRIC SYSTEM REVENUE BONDS
SERIES 2025

Dated: Date of Delivery

Due: As set forth on the inside cover page

The City of Memphis, Tennessee (the "City") at the request of the Board of Commissioners (the "Board") of the Memphis Light, Gas and Water Division of the City of Memphis, Tennessee ("MLGW") is issuing \$235,155,000 Electric System Revenue Bonds, Series 2025 for the Electric Division of MLGW (the "Series 2025 Electric System Bonds"). The Series 2025 Electric System Bonds are being issued by the City pursuant to and in accordance with: (i) certain provisions of Tennessee law, including particularly Chapter 34, Title 7, Tennessee Code Annotated (§§ 7-34-101 through §§ 7-34-118 et seq.), as amended (the "Act"); (ii) the Charter of the City of Memphis, Tennessee, as amended (the "City Charter"); and (iii) the terms and conditions contained in certain resolutions of the Board of MLGW and the Council of the City of Memphis, Tennessee (the "City Council"), including particularly the Electric System Revenue Obligations Master Resolution duly and lawfully adopted by the Board of MLGW on June 20, 2002, and by the City Council on July 2, 2002, as previously amended and supplemented (the "Master Electric System Resolution"), and as further amended and supplemented with respect to the Series 2025 Electric System Bonds by that certain Eleventh Supplemental Resolution duly and lawfully adopted by the Board of MLGW on August 6, 2025, and by the City Council on August 19, 2025 (the "Eleventh Supplemental Resolution" and together with the Master Electric System Resolution, the "Electric System Resolution").

The Series 2025 Electric System Bonds are being issued to: (i) finance the costs of acquisition, expansion and/or improvements to the Electric System, including the reimbursement of certain costs incurred prior to the issuance and delivery of the Series 2025 Electric System Bonds; and (ii) pay certain costs of issuance related to the Series 2025 Electric System Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein. Also see "**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**" attached hereto.

The Series 2025 Electric System Bonds will be dated the date of their delivery and will bear interest from the dated date thereof, at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2025 Electric System Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2026. Principal on the Series 2025 Electric System Bonds is payable on December 1 of each year, commencing December 1, 2026. The Series 2025 Electric System Bonds will be issued only in fully registered form, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof equal to the principal amounts set forth on the inside cover page of this Official Statement and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2025 Electric System Bonds. Purchases of beneficial ownership interests in the Series 2025 Electric System Bonds will be made in book-entry form only and purchasers will not receive physical delivery of certificates representing their beneficial ownership interests in the Series 2025 Electric System Bonds unless the book-entry-only system is discontinued. Regions Bank, Nashville, Tennessee, will act as the initial bond registrar and paying agent for the Series 2025 Electric System Bonds. See "DESCRIPTION OF THE SERIES 2025 ELECTRIC SYSTEM BONDS" herein.

The Series 2025 Electric System Bonds are subject to redemption prior to maturity at the option of the City, based on direction from the Board of MLGW, as set forth and more fully described herein. See "REDEMPTION PROVISIONS FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS" herein.

The Series 2025 Electric System Bonds are being issued as General Revenue Obligations pursuant to the Electric System Resolution and, as such, are limited obligations of the City and MLGW payable solely from and secured by a pledge of the Electric System Pledged Revenues, which is on a parity and equality of lien with respect to the Electric System Pledged Revenues with any Outstanding Electric System Senior Lien Revenue Obligations issued under the Master Electric System Resolution, and any additional Electric System Senior Lien Revenue Obligations hereafter issued thereunder, and such lien is senior in lien and right of payment to any Electric System Subordinate Lien Revenue Obligations issued under the Master Electric System Resolution in the future. The Electric System Pledged Revenues relate solely to revenues of the Electric Division. The Series 2025 Electric System Bonds are not payable from revenues collected by MLGW from the Gas Division or the Water Division. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS" herein. Also see "**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION**" attached hereto.

THE SERIES 2025 ELECTRIC SYSTEM BONDS DO NOT CONSTITUTE A DEBT OF THE CITY OR MLGW WITHIN THE MEANING OF ANY CONSTITUTIONAL, THE CITY CHARTER OR STATUTORY LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO THE PAYMENT OF THE SERIES 2025 ELECTRIC SYSTEM BONDS, AND NO HOLDER OF THE SERIES 2025 ELECTRIC SYSTEM BONDS SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWERS OF THE STATE OF TENNESSEE OR THE CITY TO PAY THE SERIES 2025 ELECTRIC SYSTEM BONDS, OR THE INTEREST THEREON, AND THE SERIES 2025 BONDS, INCLUDING THE INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE CITY AND MLGW AS SET FORTH IN THE ELECTRIC SYSTEM RESOLUTION, PAYABLE SOLELY FROM THE ELECTRIC SYSTEM PLEDGED REVENUES. THE SERIES 2025 ELECTRIC SYSTEM BONDS DO NOT CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY OTHER PROPERTY OTHER THAN THE ELECTRIC SYSTEM PLEDGED REVENUES.

This front cover contains limited information for quick reference only. It is not a summary of the matters relating to the Series 2025 Electric System Bonds. Potential investors must read this entire Official Statement (including this front cover, the inside cover page, and the appendices attached hereto) to obtain information essential to the making of an informed investment decision.

The Series 2025 Electric System Bonds are being offered when, as and if issued by the City and received by the Underwriters, subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinions of The Wade Law Firm, PLLC, Memphis, Tennessee, and Bass, Berry & Sims, PLC, Memphis, Tennessee, serving as Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel Carpenter Law, PLLC, Memphis, Tennessee. Certain legal matters will be passed upon for the City by Tannera Gibson, Esquire, Chief Legal Officer/City Attorney. Certain legal matters will be passed upon for MLGW by Jennifer A. Sink, Esquire, Vice President and General Counsel to MLGW. Stephens Inc., Nashville, Tennessee, is serving as Municipal Advisor to MLGW. It is anticipated that the delivery of the Series 2025 Electric System Bonds will be made on or about October 23, 2025, through the facilities of The Depository Trust Company in New York, New York.

RAYMOND JAMES

FHN FINANCIAL CAPITAL MARKETS

RAMIREZ & CO., INC.

This Official Statement is dated September 30, 2025

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES AND INITIAL CUSIP NUMBERS**

\$235,155,000

**CITY OF MEMPHIS, TENNESSEE
MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC SYSTEM REVENUE BONDS
SERIES 2025**

SERIAL BONDS

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2026	\$2,395,000	5.000%	2.480%	102.728%	586187AA4
2027	3,750,000	5.000	2.400	105.304	586187AB2
2028	3,935,000	5.000	2.380	107.796	586187AC0
2029	4,135,000	5.000	2.410	110.064	586187AD8
2030	4,340,000	5.000	2.440	112.216	586187AE6
2031	4,560,000	5.000	2.540	113.829	586187AF3
2032	4,785,000	5.000	2.730	114.568	586187AG1
2033	5,025,000	5.000	2.800	115.851	586187AH9
2034	5,275,000	5.000	2.950	116.262	586187AJ5
2035	5,540,000	5.000	3.110	116.278	586187AK2
2036	5,815,000	5.000	3.310	114.412 C	586187AL0
2037	6,110,000	5.000	3.460	113.035 C	586187AM8
2038	6,415,000	5.000	3.580	111.948 C	586187AN6
2039	6,735,000	5.000	3.710	110.785 C	586187AP1
2040	7,070,000	5.000	3.810	109.900 C	586187AQ9
2041	7,425,000	5.000	3.920	108.936 C	586187AR7
2042	7,795,000	5.000	4.030	107.982 C	586187AS5
2043	8,185,000	5.000	4.120	107.209 C	586187AT3
2044	8,595,000	4.250	4.380	98.325	586187AU0
2045	8,960,000	5.000	4.260	106.021 C	586187AV8
2046	9,405,000	5.000	4.370	105.098 C	586187AY2
2047	9,875,000	5.000	4.420	104.681 C	586187AZ9

TERM BONDS

**\$32,695,000 5.000% Term Bond Due December 1, 2050, Yield 4.470%, Price 104.267 C,
CUSIP No. 586187AW6**

**\$66,335,000 5.000% Term Bond Due December 1, 2055, Yield 4.520%, Price 103.854 C,
CUSIP No. 586187AX4**

C Priced to Call December 1, 2035.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City of Memphis, Tennessee, the Memphis Light, Gas and Water Division, the Underwriters or their respective agents or counsel assume responsibility for the accuracy of such numbers.

CITY OF MEMPHIS, TENNESSEE

Paul A. Young, *Mayor*

MEMPHIS CITY COUNCIL

J. Ford Canale, *Chair*

Jana Swearengen-Washington, *Vice Chair*

Chase Carlisle	JB Smiley, Jr.
Yolanda Cooper-Sutton	Philip Spinosa
Michalyn Easter-Thomas	Pearl Eva Walker
Edmond Ford, Sr.	Dr. Jeff Warren
Jerri Green	Janika White
Rhonda Logan	

CHIEF EXECUTIVES

Walter O. Person.....	Chief Financial Officer
Antonio M. Adams	Chief Operating Officer
Cerelyn C.J. Davis.....	Chief of Police Services
Penelope Huston.....	Chief Communications Officer
Tannera Gibson, Esquire	Chief Legal Officer/City Attorney
Fonda Fouchè	Chief Human Resources Officer
John Zeanah.....	Chief of Development and Infrastructure

MEMPHIS LIGHT, GAS AND WATER DIVISION

BOARD OF COMMISSIONERS

Michael E. Pohlman, *Chairman*

Carl Person, <i>Vice-Chairman</i>	Leon Dickson, Sr., <i>Board Commissioner</i>
Mitch Graves, <i>Board Commissioner</i>	Cheryl Pesce, <i>Board Commissioner</i>
John Butler, <i>Advisory Board Member</i>	James Lewellen, <i>Advisory Board Member</i>

SENIOR LEADERSHIP COUNCIL

Doug McGowen	President and Chief Executive Officer
Alonzo Weaver, III	Senior Vice President and Chief Operating Officer
Rodney Cleek	Vice President, Chief Financial Officer and Secretary-Treasurer
Quinton Clark	Vice President of Electric Engineering and Operations
Chandrika Winston-Rosser.....	Vice President of Gas and Water Engineering and Operations
Timothy Davis	Vice President of Customer Experience and Energy Services
Dr. Von Goodloe	Vice President of Shared Services
Ursula Madden	Vice President of Corporate Communications
Jennifer Sink, Esquire.....	Vice President and General Counsel
Lashell Vaughn.....	Vice President and Chief Information Officer
Lesa Walton.....	Chief Internal Auditing Officer

PROFESSIONAL CONSULTANTS

CO-BOND COUNSEL

The Wade Law Firm, PLLC
Memphis, Tennessee

MUNICIPAL ADVISOR

Stephens Inc.
Nashville, Tennessee

CO-BOND COUNSEL

Bass, Berry & Sims PLC
Memphis, Tennessee

INDEPENDENT AUDITOR

Clifton Larson Allen, LLP
Nashville, Tennessee

COUNSEL TO THE UNDERWRITERS

Carpenter Law, PLLC
Memphis, Tennessee

NOTICE TO INVESTORS

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein will not, under any circumstances, create any implication that there has been no change in the affairs of the MLGW or other matters described herein since the date hereof. For the period beginning on the date of the award of the sale of the Series 2025 Electric System Bonds by the Underwriters as set forth on the bottom portion of the front cover of this Official Statement (the “Underwriters”) and ending on the 25th day after the “end of the underwriting period” (as defined in Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, and as in effect on the date hereof (the “Rule”)), if any event occurs of which MLGW has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not misleading, MLGW will promptly notify the Underwriters of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading. Except as may be required by existing law, MLGW assumes no responsibility for supplementing this Official Statement thereafter.

THE SERIES 2025 ELECTRIC SYSTEM BONDS HAVE NOT BEEN REGISTERED WITH THE SEC BY REASON OF CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING MLGW, THE CITY, THE SERIES 2025 ELECTRIC SYSTEM BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE SUCH AUTHORITIES CONFIRMED THE ACCURACY OR DETERMINED THE ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation, other than those contained in this Official Statement, in connection with the offering of the Series 2025 Electric System Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the City, MLGW, the Underwriters or their respective professional consultants and attorneys.

This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the City, MLGW, and other sources which are believed to be reliable, but such information is not guaranteed as to its accuracy or completeness, and it is not to be construed as a representation by the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025 Electric System Bonds. Certain information and statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as a representation of fact.

This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. The information and expressions of opinions contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or MLGW since the date hereof.

All summaries contained herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries contained herein of the Series 2025 Electric System Bonds are qualified in their entirety by reference to the forms thereof included in the Electric System Resolution, and the provisions with respect thereto included in the aforementioned documents and agreements.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2025 ELECTRIC SYSTEM BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

THE MUNICIPAL ADVISOR HAS BEEN EMPLOYED BY MLGW TO ADVISE IT WITH RESPECT TO CERTAIN MATTERS RELATING TO THE PROPOSED STRUCTURE OF THE SERIES 2025 ELECTRIC SYSTEM BONDS. THE MUNICIPAL ADVISOR HAS NOT BEEN EMPLOYED AND ASSUMES NO DUTY OR OBLIGATION TO ADVISE ANY OTHER PARTY AS TO ANY ASPECT OF THE TRANSACTION, INCLUDING THE BENEFICIAL OWNERS OF THE SERIES 2025 ELECTRIC SYSTEM BONDS.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION CONTAINED HEREIN.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: www.munios.com and www.emma.msrb.org. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS PRINTED IN ITS ENTIRETY DIRECTLY FROM EITHER OF SUCH WEBSITES.

The order and placement of information contained in this Official Statement, including the front cover, the inside cover page, and the appendices attached hereto, are not an indication of relevance, materiality or relative importance and this Official Statement, including the front cover, the inside cover page, and the appendices attached hereto must be read in its entirety. The captions and headings contained in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section contained in this Official Statement.

References to website addresses contained herein are for informational purposes only and may be in the form of an electronic hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not part of this Official Statement for purposes of the Rule.

MLGW maintains a website at www.mlgw.com and certain social media accounts. Information contained on the website and the social media accounts are not part of this Official Statement and such information has not been incorporated by reference herein and should not be relied upon in deciding whether to invest in the Series 2025 Electric System Bonds.

For additional information regarding MLGW, the Series 2025 Electric System Bonds, or this Official Statement, including the front cover, the inside cover page, and the appendices attached hereto, please contact the following individuals:

MEMPHIS LIGHT, GAS AND WATER DIVISION

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*Vice President, Chief Financial Officer
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*Manager
Treasury Management*

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[End of Section]

Legend

- Arlington
- Bartlett
- Collierville
- Germantown
- Lakeland
- Memphis
- Millington
- Shelby County

Map showing MLGW Electric Service Territories in the Memphis area. The map includes labels for various cities and towns, major roads, and the Mississippi River. The territories are color-coded according to the legend.

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

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<u>APPENDIX B</u>	–	AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
<u>APPENDIX C</u>	–	ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE
<u>APPENDIX D</u>	–	SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION
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OFFICIAL STATEMENT

CITY OF MEMPHIS, TENNESSEE MEMPHIS LIGHT, GAS AND WATER DIVISION

\$235,155,000 ELECTRIC SYSTEM REVENUE BONDS SERIES 2025

INTRODUCTION

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, the more complete and detailed information contained in this entire Official Statement, including the front cover, the inside cover page, the appendices attached hereto, and the documents described or referenced herein. The purpose of this Official Statement is to furnish certain information regarding the issuance and delivery of the Series 2025 Electric System Bonds (as defined herein), and a full review should be made of this entire Official Statement, including the existing laws, reports, and other documents described or referenced herein. The public offering of the Series 2025 Electric System Bonds to potential investors is made only by means of this entire Official Statement, including the front cover, the inside cover page and the appendices attached hereto. No person is authorized to detach this Introduction from this Official Statement or to otherwise use it without the entire Official Statement, including the front cover, the inside cover page and the appendices attached hereto.

General

The City of Memphis, Tennessee (the “City”), at the request of the Board of Commissioners (the “Board”) of the Memphis Light, Gas and Water Division of the City of Memphis, Tennessee (“MLGW”), is issuing \$235,155,000 Electric System Revenue Bonds, Series 2025 for the Electric Division of MLGW (the “Series 2025 Electric System Bonds”). The Series 2025 Electric System Bonds are being issued by the City pursuant to and in accordance with: (i) certain provisions of Tennessee law, including particularly Chapter 34, Title 7, Tennessee Code Annotated (§§ 7-34-101 through §§ 7-34-118 *et seq.*), as amended (the “Act”); (ii) the Charter of the City of Memphis, Tennessee, as amended (the “City Charter”); and (iii) the terms and conditions contained in certain resolutions duly and lawfully adopted by the Board of MLGW and the Council of the City of Memphis, Tennessee (the “City Council”) all being set forth and more fully described herein. All capitalized terms used in this Official Statement not otherwise defined herein shall have the same meanings ascribed to them as set forth in the Electric System Resolution (as defined herein).

City of Memphis, Tennessee

The City, incorporated as a city in 1826, is a municipal corporation duly organized and validly existing under the laws of the State of Tennessee (the “State”). The City is located on the east bank of the Mississippi River in the southwest corner of the State. The City is the State’s largest city not having a metropolitan form of government and is the county seat of Shelby County, Tennessee (the “County”). The City currently occupies a land area of approximately 301 square miles and had an estimated population of 618,639 as of 2024, according to the United States Census Bureau. See “CITY OF MEMPHIS, TENNESSEE” herein. Also see “**APPENDIX C – ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE**” attached hereto.

Memphis Light, Gas and Water Division

MLGW, a division of the City, was created through an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of the State of Tennessee, duly and lawfully adopted on March 9, 1939, as amended. MLGW is owned by the City and distributes electric power and natural gas throughout the City and the County and distributes water within the City and certain adjacent geographical areas. The Board of MLGW governs and administers all activities of its three separate divisions, the Electric Division, the Gas Division, and the Water Division (each as defined herein), in connection with its business affairs and operations. The Board of MLGW is governed by a five-member Board of Commissioners and two non-voting countywide Advisory Board members that are appointed by the Mayor of the City (the “City Mayor”) and confirmed by the City Council. MLGW operates on a fiscal year with the period beginning January 1 of each calendar year and ending December 31 of the same calendar year (the “Fiscal Year”).

The City Charter requires the Electric Division, the Gas Division, and the Water Division to operate independent of each other, maintain separate books and accounts for each division and to allocate among the three divisions, on an equitable basis, joint expenses, including those related to common facilities. MLGW utilizes direct cost methods where applicable. For expenses not directly charged to a specific division, internally developed cost allocation methods are used based on the function performed. Each division is separately financed, and its indebtedness is repayable from its applicable Net Revenues. See “MEMPHIS LIGHT, GAS AND WATER DIVISION” herein. Also see “**APPENDIX A** – **OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” attached hereto.

Electric Division

The Electric Division of MLGW (the “Electric Division”) serves the City and the County pursuant to a franchise granted by the State in the City Charter. The City holds title to certain real property used in connection with the daily operations of the Electric Division, including easements deemed adequate by MLGW on such real properties not required to be held in fee simple. The Electric Division designs, constructs, operates and maintains the Electric System (as defined herein), wherein substantially all the Electric Division’s required engineering, design, construction and operation functions are performed by MLGW personnel. The Electric Division currently purchases all its electricity from the Tennessee Valley Authority. For the Fiscal Year ended December 31, 2024, the total operating revenues of the Electric Division were \$1,491,977,947 and were derived principally from the sale of electricity to an average of 439,607 customers during the same period. See “THE ELECTRIC DIVISION” herein. Also see “**APPENDIX A** – **OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” and “**APPENDIX B** – **AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**” attached hereto.

Gas Division

The Gas Division of MLGW (the “Gas Division”) serves the City and the County pursuant to a franchise granted by the State in the City Charter. The City holds title to certain real property used in connection with the daily operations of the Gas Division, including easements deemed adequate by MLGW on such properties not required to be held in fee simple. The Gas Division designs, constructs, operates, and maintains a gas transmission and distribution system (the “Gas System”), wherein, with certain exceptions, the Gas Division’s gas properties, systems and operation functions are performed by MLGW personnel. The Gas Division purchases its gas requirements on the open market from various gas suppliers. The Gas Division’s contracts are negotiated with national gas pipeline suppliers to provide the flexibility required to meet customer needs under expected operating situations. In addition, MLGW has entered into several long-term gas purchase agreements, which allow MLGW to purchase gas at market price less a discount resulting in approximately \$10.5 million in annual savings relative to index prices. Gas purchased by MLGW is transported through interstate pipelines under the terms of pipeline contracts held with Texas Gas Transmission Corporation, Trunkline Gas Company and ANR Pipeline Company.

For the Fiscal Year ended December 31, 2024, the total operating revenues of the Gas Division were \$236,641,468 and were derived principally from the sale of gas to an average of 313,010 customers during the same period. For additional information regarding the Gas Division and the Gas System of MLGW, see **“APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024”** attached hereto.

THE REVENUES COLLECTED FROM THE GAS DIVISION OF MLGW WILL NOT BE AVAILABLE TO PAY DEBT SERVICE ON THE SERIES 2025 ELECTRIC SYSTEM BONDS.

Water Division

The Water Division of MLGW (the “Water Division”) designs, constructs, operates and maintains a water supply and distribution system and facilities (the “Water System”) that distributes water on an exclusive basis to residents in the City, Arlington, Tennessee, Lakeland, Tennessee, and certain unincorporated areas of the County. The Water Division sells water to five adjacent utility districts located in (i) Bartlett, Tennessee, (ii) Collierville, Tennessee, (iii) Germantown, Tennessee, (iv) Millington, Tennessee, and (v) Olive Branch, Mississippi to supplement their own pumpage. The City has owned and operated the Water System, which is the principal asset and source of revenue of the Water Division, through MLGW and predecessor organizations since 1903. The aquifer system is one of the City’s greatest natural resources, providing an abundant supply of pure water. Four water-bearing layers of sand and gravel are situated from 50 to 2,600 feet below the City’s ground surface. These layers are separated and held under pressure by alternating layers of almost impermeable clay. The Water Division’s water supply is drawn from the second layer of sand at depths that range from 350 to 1,100 feet. The City is the largest city in the world to rely solely on artesian wells for its water supply. The Water Division focuses on the supply, treatment, transmission, and distribution of water from the aquifer system.

For the Fiscal Year ended December 31, 2024, the total operating revenues of the Water Division were \$134,616,902 and were derived principally from the sale of water to an average of 255,823 customers during the same period. For additional information regarding the Water Division and the Water System of MLGW, see **“APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024”** attached hereto.

THE REVENUES COLLECTED FROM THE WATER DIVISION OF MLGW WILL NOT BE AVAILABLE TO PAY DEBT SERVICE ON THE SERIES 2025 ELECTRIC SYSTEM BONDS.

Authority for the Issuance of the Series 2025 Electric System Bonds

The Series 2025 Electric System Bonds are being issued by the City, at the request of the Board of MLGW, pursuant to and in accordance with: (i) the Act; (ii) the City Charter; and (iii) the Electric System Revenue Obligations Master Resolution duly and lawfully adopted by the Board of MLGW on June 20, 2002, and by the City Council on July 2, 2002, as previously amended and supplemented (the “Master Electric System Resolution”), and as further amended and supplemented with respect to the Series 2025 Electric System Bonds by that certain Eleventh Supplemental Resolution duly and lawfully adopted by the Board of MLGW on August 6, 2025, and by the City Council on August 19, 2025 (the “Eleventh Supplemental Resolution” and together with the Master Electric System Resolution, the “Electric System Resolution”). For a more complete statement of the general covenants and provisions pursuant to which the Series 2025 Electric System Bonds will be issued, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS” herein. Also see **“APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION”** attached hereto.

Purpose of the Series 2025 Electric System Bonds

The Series 2025 Electric System Bonds are being issued to: (i) finance the costs of acquisition, expansion and/or improvements to the Electric System, including the reimbursement of certain costs incurred prior to the issuance and delivery of the Series 2025 Electric System Bonds; and (ii) pay certain costs of issuance related to the Series 2025 Electric System Bonds. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein. Also see “**APPENDIX A** – **OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” attached hereto.

Description of the Series 2025 Electric System Bonds

The Series 2025 Electric System Bonds will be dated the date of their delivery and will bear interest from the dated date thereof, at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2025 Electric System Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2026. Principal on the Series 2025 Electric System Bonds is payable on December 1 of each year, commencing December 1, 2026. The Series 2025 Electric System Bonds will be issued only in fully registered form, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof equal to the principal amounts set forth on the inside cover page of this Official Statement and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2025 Electric System Bonds. Purchases of beneficial ownership interests in the Series 2025 Electric System Bonds will be made in book-entry form only and purchasers will not receive physical delivery of certificates representing their beneficial ownership interests in the Series 2025 Electric System Bonds unless the book-entry-only system is discontinued by DTC. See “DESCRIPTION OF THE SERIES 2025 ELECTRIC SYSTEM BONDS” herein.

Security and Source of Payment for the Series 2025 Electric System Bonds

The Series 2025 Electric System Bonds are being issued as General Revenue Obligations pursuant to the Electric System Resolution and, as such, are limited obligations of the City and MLGW payable solely from and secured by a pledge of the Electric System Pledged Revenues (as defined herein), which is on a parity and equality of lien with respect to the Electric System Pledged Revenues with any Outstanding Electric System Senior Lien Revenue Obligations (as defined herein) issued under the Master Electric System Resolution, and any additional Electric System Senior Lien Revenue Obligations hereafter issued thereunder, and such lien is senior in lien and right of payment to any Electric System Subordinate Lien Revenue Obligations (as defined herein) issued under the Master Electric System Resolution in the future.

The City, on behalf of MLGW, has previously issued and currently has outstanding: (i) the Electric System Revenue Bonds, Series 2016; (ii) the Electric System Revenue Bonds, Series 2017; (iii) the Electric System Revenue Bonds, Series 2020A; (iv) the Electric System Revenue Refunding Bonds, Series 2020B; and (v) the Electric System Revenue and Revenue Refunding Bonds, Series 2024. Pursuant to the Master Electric System Resolution, the City, on behalf of MLGW, has previously issued Subordinate Lien Revenue Obligations under the Master Electric System Resolution (the “Electric System Subordinate Lien Revenue Obligations”); however, no Electric System Subordinate Lien Revenue Obligations are currently outstanding. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS – Outstanding Electric System Senior Lien Revenue Obligations” herein.

The Series 2025 Electric System Bonds are not obligations of the Tennessee Valley Authority or the United States and are not secured by any revenues or property of the Tennessee Valley Authority or the United States. For a more complete statement of the general covenants and provisions pursuant to which the Series 2025 Electric System Bonds are being issued, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS” herein. Also see “**APPENDIX D** – **SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION**” attached hereto.

THE ELECTRIC SYSTEM PLEDGED REVENUES RELATE SOLELY TO THE REVENUES OF THE ELECTRIC DIVISION. THE SERIES 2025 ELECTRIC SYSTEM BONDS ARE NOT PAYABLE FROM THE REVENUES COLLECTED BY MLGW FROM THE GAS DIVISION OR THE WATER DIVISION.

THE SERIES 2025 ELECTRIC SYSTEM BONDS DO NOT CONSTITUTE A DEBT OF THE CITY OR MLGW WITHIN THE MEANING OF ANY CONSTITUTIONAL, THE CITY CHARTER OR STATUTORY LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO THE PAYMENT OF THE SERIES 2025 ELECTRIC SYSTEM BONDS, AND NO HOLDER OF THE SERIES 2025 ELECTRIC SYSTEM BONDS SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWERS OF THE STATE OR THE CITY TO PAY THE SERIES 2025 ELECTRIC SYSTEM BONDS OR THE INTEREST THEREON, AND THE SERIES 2025 ELECTRIC SYSTEM BONDS, INCLUDING THE INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE CITY AND MLGW AS SET FORTH IN THE ELECTRIC SYSTEM RESOLUTION PAYABLE SOLELY FROM THE ELECTRIC SYSTEM PLEDGED REVENUES. THE SERIES 2025 ELECTRIC SYSTEM BONDS DO NOT CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY OTHER PROPERTY OTHER THAN THE ELECTRIC SYSTEM PLEDGED REVENUES.

Bond Registrar and Paying Agent

Regions Bank, Nashville, Tennessee, will act as the initial bond registrar and paying agent for the Series 2025 Electric System Bonds (in that capacity, the “Bond Registrar and Paying Agent”).

Continuing Disclosure Undertaking

In order to assist the Underwriters (as defined herein) in complying with Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, and as in effect on the date hereof (the “Rule”), simultaneously with the issuance and delivery of the Series 2025 Electric System Bonds, MLGW and the City will enter into a Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the Beneficial Owners (as defined herein), under which MLGW’s Annual Report (as defined herein) and notices of certain enumerated events (as described in the applicable Disclosure Certificate) will be filed by MLGW, on behalf of the City, with the repository designated by the SEC, presently being the Municipal Securities Rulemaking Board (the “MSRB”), through the Electronic Municipal Market Access (“EMMA”) system in an electronic format prescribed by the MSRB. See “CONTINUING DISCLOSURE UNDERTAKING” herein. Also see “**APPENDIX E – FORM OF THE CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE SERIES 2025 ELECTRIC SYSTEM BONDS**” attached hereto.

Forward-Looking Statements

This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The statements contained in this Official Statement, including the front cover, the inside cover page and the appendices attached hereto that are not purely historical, are forward-looking statements, including statements regarding MLGW’s expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “intend” or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to MLGW as of the date hereof, and MLGW, and the City assume no obligation to update any such forward-looking statements with new forward-looking statements. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the

actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult to predict accurately and many of which are beyond the control of the City and MLGW. Therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

IN CONSIDERING THE MATTERS SET FORTH IN THIS OFFICIAL STATEMENT, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW ALL THE INFORMATION INCLUDED HEREIN TO IDENTIFY ANY INVESTMENT CONSIDERATIONS. PROSPECTIVE INVESTORS SHOULD BE THOROUGHLY FAMILIAR WITH THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE FRONT COVER, THE INSIDE COVER PAGE AND THE APPENDICES ATTACHED HERETO AND SHOULD HAVE ASSESSED WHATEVER ADDITIONAL FINANCIAL, DEMOGRAPHIC, OPERATING AND OTHER INFORMATION ANY SUCH INVESTOR MAY DEEM NECESSARY, PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SERIES 2025 ELECTRIC SYSTEM BONDS.

Prospective Financial and Operating Information

All financial and other operating information presented in this Official Statement has been compiled from the records of the MLGW, except for information expressly attributed to other sources. All quotations from, and summaries and explanations of, provisions of statutes contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Series 2025 Electric System Bonds and proceedings of MLGW relating thereto are qualified in their entirety by reference to the form of the Series 2025 Electric System Bonds and such proceedings. Recent historical information does not indicate future or continuing trends in the financial position or other affairs of MLGW, unless specifically stated.

The forecasted financial information and operating data set forth herein has been prepared by the management of MLGW to present the forecasted debt service coverage and forecasted operating data for the Electric Division after issuance of the Series 2025 Electric System Bonds. The forecasted financial information and operating data was prepared, in the view of MLGW's management, on a reasonable basis, and reflects the best currently available estimates and judgments and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Electric Division of MLGW. This information is not fact and should not be relied upon as necessarily indicative of future results, and potential investors are cautioned not to place undue reliance on the forecasted financial information or operating data. MLGW's Independent Auditor (as defined herein), nor any other independent accountants or professional consultants, have compiled, examined, or performed any procedures with respect to the prospective financial information or operating data contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, such prospective information.

The assumptions and estimates underlying the prospective financial information and operating data are inherently uncertain and, though considered reasonable by the management for the Electric Division of MLGW as of the date of this Official Statement, are subject to a wide variety of significant business,

economic and competitive risks and uncertainties that could cause actual results to differ materially from those forecasted. Accordingly, there can be no assurance that forecasted results are indicative of the future performance of MLGW or that actual results will not be materially higher or lower than those forecasted. Inclusion of the prospective financial information and operating data in this Official Statement should not be regarded as a representation by the City, MLGW, the Underwriters or any other person that the forecasted results will be achieved. MLGW does not generally publish its business plans and strategies or make external forecasts of its anticipated financial position or results of operations. Accordingly, MLGW does not intend to update or otherwise revise the prospective financial information and operating data to reflect changes in general economic or industry conditions or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, MLGW does not intend to update or revise the prospective financial information and operating data to reflect changes in general economic or industry conditions.

Additional Information

MLGW maintains a website at www.mlgw.com and certain social media accounts. Information contained on the website and social media accounts is not part of this Official Statement and such information has not been incorporated by reference herein and should not be relied upon in deciding whether to invest in the Series 2025 Electric System Bonds.

This Official Statement, including the front cover, the inside cover page, and the appendices attached hereto, contain brief descriptions of, among other matters, MLGW, the City, the County, the Series 2025 Electric System Bonds, the security and source of payment for the Series 2025 Electric System Bonds, the Electric System Resolution, and the Disclosure Certificate. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Electric System Resolution, the Series 2025 Electric System Bonds, the Disclosure Certificate and other documents are intended as summaries only and are qualified in their entirety by reference to such documents. References herein to the Series 2025 Electric System Bonds are qualified in their entirety to the form thereof included in the Electric System Resolution.

All references contained in this Official Statement referring to the operating information regarding the Electric Division are qualified by reference and are attached hereto as **APPENDIX A**. All references contained in this Official Statement referring to the Annual Report and the audited financial statements of MLGW for the Fiscal Year ended December 31, 2024, are qualified by reference to the audited financial statements incorporated by reference and attached hereto, in their entirety, as **APPENDIX B**. Certain economic and demographic information regarding the City and the County is attached hereto as **APPENDIX C**.

The summary of certain provisions of the Electric System Resolution is attached hereto as **APPENDIX D**. The form of the Continuing Disclosure Certificate that will be entered into in connection with the issuance and delivery of the Series 2025 Electric System Bonds is attached hereto as **APPENDIX E**. The proposed form of the approving opinions of Co-Bond Counsel that will be delivered in connection with the issuance and delivery of the Series 2025 Electric System Bonds are attached hereto as **APPENDIX F**.

PROSPECTIVE INVESTORS SHOULD CONSIDER THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE FRONT COVER, THE INSIDE COVER PAGE AND THE APPENDICES ATTACHED HERETO, WITH RESPECT TO MAKING AN INVESTMENT DECISION AND SHOULD NOT CONSIDER INFORMATION CONTAINED HEREIN MORE OR LESS IMPORTANT BECAUSE OF ITS LOCATION. PROSPECTIVE INVESTORS SHOULD REFER TO THE LAWS, REPORTS OR OTHER DOCUMENTS SET FORTH AND DESCRIBED IN THIS OFFICIAL STATEMENT FOR MORE COMPLETE INFORMATION.

PLAN OF FINANCE

Series 2025 Electric System Bonds

The Board of MLGW and the City Council authorized the issuance and delivery of the Series 2025 Electric System Bonds in a total aggregate maximum principal amount not to exceed \$250 million on August 6, 2025, and August 19, 2025, respectively. The Series 2025 Electric System Bonds are being issued pursuant to and in accordance with the Act, the City Charter, and the Electric System Resolution to: (i) finance the costs of acquisition, expansion and/or improvements to the Electric System, including the reimbursement of certain costs incurred prior to the issuance and delivery of the Series 2025 Electric System Bonds; and (ii) pay certain costs of issuance related to the Series 2025 Electric System Bonds.

MLGW's annual debt service requirements in connection with the issuance and delivery of the Series 2025 Electric System Bonds are set forth under "ELECTRIC DIVISION ANNUAL DEBT SERVICE REQUIREMENTS" herein. In addition to the Series 2025 Electric System Bonds, the City, at the request of the Board of MLGW, may also issue Additional Obligations pursuant to the Master Electric System Resolution to finance the costs of additional portions of the Electric Division Capital Improvement Program. See "THE ELECTRIC DIVISION" herein. Also see "**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**" attached hereto.

SOURCES AND USES OF FUNDS

The table below illustrates the sources and uses of funds in connection with the issuance and delivery of the Series 2025 Electric System Bonds:

SOURCES		SERIES 2025 ELECTRIC SYSTEM BONDS
<u>Bond Proceeds:</u>		
Par Amount		\$235,155,000.00
Original Issue Premium		16,393,034.00
TOTAL		\$251,548,034.00
USES		SERIES 2025 ELECTRIC SYSTEM BONDS
<u>Project Fund Deposits:</u>		
Deposit to the Series 2025 Electric System Project Account		\$250,000,000.00
<u>Delivery Date Expenses:</u>		
Costs of Issuance*		\$1,548,034.00
TOTAL		\$251,548,034.00

* Includes the Underwriters' discount, legal counsel fees, Municipal Advisor fees, Rating Agencies fees, printing and mailing expenses, and other costs of issuance with respect to the Series 2025 Electric System Bonds.

Source: Memphis Light, Gas and Water Division.

DESCRIPTION OF THE SERIES 2025 ELECTRIC SYSTEM BONDS

General

The Series 2025 Electric System Bonds will be dated the date of their delivery and will bear interest from the dated date thereof, at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2025 Electric System Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2026 (“Interest Payment Date”). Principal on the Series 2025 Electric System Bonds is payable on December 1 of each year, commencing December 1, 2026. Interest on the Series 2025 Electric System Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2025 Electric System Bonds shall be issued as fully registered bonds, without coupons, in authorized denominations of \$5,000 or any integral multiples thereof, and when issued will be registered in the name of Cede & Co. as nominee of DTC to which principal and interest will be paid. DTC will act as securities depository for the Series 2025 Electric System Bonds. So long as the Series 2025 Electric System Bonds are held in book-entry-only form, principal of, premium, if any, and interest on the Series 2025 Electric System Bonds will be paid directly to DTC for distribution to the Beneficial Owners of the Series 2025 Electric System Bonds in accordance with the procedures adopted by DTC.

Payments of principal, premium, if any, and interest on the Series 2025 Electric System Bonds will be paid by the Bond Registrar and Paying Agent to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Series 2025 Electric System Bonds. Beneficial Owners of the Series 2025 Electric System Bonds will not receive physical delivery of Series 2025 Electric System Bond certificates except as more fully described herein and in the Electric System Resolution.

Interest on the Series 2025 Electric System Bonds will be paid by wire transfer or by check or draft mailed by the Bond Registrar and Paying Agent on any Interest Payment Date to the person in whose name the Series 2025 Electric System Bonds is registered in the bond registration books kept by the Bond Registrar and Paying Agent as of the close of business on the 15th day of the calendar month preceding any Interest Payment Date (“Registered Owner”). Notwithstanding the foregoing, while the Series 2025 Electric System Bonds are held in the book-entry-only system all principal, premium, if any, and interest will be paid to DTC, or its nominee by wire transfer and by DTC to the Beneficial Owners of the Series 2025 Electric System Bonds. See “DESCRIPTION OF THE SERIES 2025 ELECTRIC SYSTEM BONDS – Book-Entry-Only System” herein.

The Series 2025 Electric System Bonds are subject to redemption prior to maturity at the option of the City based on direction from the Board of MLGW, as set forth and more fully described herein. See “REDEMPTION PROVISIONS FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS” herein.

Book-Entry-Only System

DTC will act as securities depository for the Series 2025 Electric System Bonds. The Series 2025 Electric System Bonds will be issued as fully registered securities registered in the name of Cede & Co., DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2025 Electric System Bond certificate will be issued for each maturity of the Series 2025 Electric System Bonds as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of

the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "DTC Participants"). DTC has a Standard and Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025 Electric System Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Electric System Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Electric System Bond (a "Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Series 2025 Electric System Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Electric System Bonds, except in the event that use of the book-entry-only system for the Series 2025 Electric System Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Electric System Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Electric System Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Electric System Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Electric System Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025 Electric System Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Electric System Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2025 Electric System Bonds may wish to ascertain that the nominee holding the Series 2025 Electric System Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses with the Bond Registrar and Paying Agent and request that copies of the notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Series 2025 Electric System

Bonds within a series and maturity of the Series 2025 Electric System Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Electric System Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Electric System Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption or purchase price, and interest payments on the Series 2025 Electric System Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MLGW, the City or the Bond Registrar and Paying Agent, on payment date in accordance with their respective holdings as shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, MLGW, the City, or the Bond Registrar and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal, redemption or purchase price, and interest on the Series 2025 Electric System Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Electric System Bonds at any time by giving reasonable notice to MLGW, the City and the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Electric System Bond certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the City shall cause the Bond Registrar and Paying Agent to authenticate and deliver Series 2025 Electric System Bond certificates in accordance with the Electric System Resolution.

NONE OF THE CITY, MLGW NOR THE BOND REGISTRAR AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (B) DISTRIBUTION OF CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2025 ELECTRIC SYSTEM BONDS; (C) THE PAYMENT BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT TO THE PRINCIPAL AMOUNT OR REDEMPTION OR PURCHASE PRICE OF, OR INTEREST ON, ANY SERIES 2025 ELECTRIC SYSTEM BONDS; (D) THE DELIVERY OF ANY NOTICE BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (E) THE ELECTION OF THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2025 ELECTRIC SYSTEM BONDS; OR (F) ANY CONSENT GIVEN OR ANY OTHER ACTION TAKEN BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT.

For so long as the Series 2025 Electric System Bonds are registered in the name of DTC or its nominee, Cede & Co., MLGW, the City, and the Bond Registrar and Paying Agent will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2025 Electric System Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Series 2025 Electric System Bonds, references herein to the Beneficial Owners or Registered Owners of the Series 2025 Electric System Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2025 Electric System Bonds.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Series 2025 Electric System Bonds are in the book-entry-only system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2025 Electric System Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners pursuant to the Electric System Resolution will be given only to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters. However, MLGW, the City, the Municipal Advisor, nor the Underwriters take any responsibility for the accuracy or completeness of such statements or information contained in this Official Statement pertaining to DTC and DTC's book-entry-only system. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

Effect of Discontinuance of Book-Entry-Only System

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Electric System Bonds at any time by giving written notice to MLGW, the City, and the Bond Registrar and Paying Agent. Upon the discontinuance or termination of the services of DTC, unless a substitute securities depository is appointed, Series 2025 Electric System Bond certificates will be printed and delivered to the Beneficial Owners of the Series 2025 Electric System Bonds and the Series 2025 Electric System Bonds will be subject to transfer, exchange and registration provisions as set forth in the Electric System Resolution.

REDEMPTION PROVISIONS FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS

Optional Redemption. The Series 2025 Electric System Bonds maturing on or before December 1, 2035, shall not be subject to redemption prior to maturity. The Series 2025 Electric System Bonds maturing on or after December 1, 2036 (or portions thereof in authorized denominations of \$5,000 and integral multiples thereof) are subject to optional redemption by the City, at the direction of the Board, on and after December 1, 2035 in whole or in part, at any time in such order as determined by the City at a redemption price equal to the principal amount of the Series 2025 Electric System Bonds or portion thereof to be redeemed together with interest accrued thereon to the date fixed for redemption.

Mandatory Redemption. The Series 2025 Electric System Bonds maturing on December 1, 2050 and December 1, 2055 (the "Term Bonds") are subject to mandatory redemption, by operation of sinking fund installments (the "Sinking Fund Requirements"), prior to maturity on December 1 of each of the years indicated herein and are payable at one hundred percent (100%) of the amount so redeemed or paid, plus accrued interest thereon to the date of redemption, as set forth below.

The following tables illustrate the Term Bonds:

TERM BONDS

Redemption Date (December 1)	Principal Amount
2048	\$10,370,000
2049	10,890,000
2050*	11,435,000
Total	\$32,695,000

* Final Maturity.

TERM BONDS

Redemption Date (December 1)	Principal Amount
2051	\$12,005,000
2052	12,605,000
2053	13,235,000
2054	13,900,000
2055*	14,590,000
Total	\$66,335,000

* Final Maturity.

At the option of the City, at the direction of the Board of MLGW, whenever the Series 2025 Electric System Bonds are purchased, or redeemed (other than pursuant to the scheduled Sinking Fund Requirements), the principal amount of Series 2025 Electric System Bonds so retired will satisfy and be credited against the Sinking Fund Requirements (and the corresponding redemption requirements) for the Series 2025 Electric System Bonds of the same series in such manner as the City, at the direction of the Board of MLGW, so determines.

Selection of the Series 2025 Electric System Bonds

If less than all of the Series 2025 Electric System Bonds of like maturity or interest rate within a maturity of any series shall be called for redemption, the particular Series 2025 Electric System Bonds, or portions of Series 2025 Electric System Bonds, to be redeemed shall be selected by lot or in such other manner as MLGW, in its discretion may deem proper. Except as may be provided otherwise in a Supplemental Resolution, the portion of any Series 2025 Electric System Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Series 2025 Electric System Bonds for redemption, each such Series 2025 Electric System Bond shall be treated as representing that number of Series 2025 Electric System Bonds which is obtained by dividing the principal amount of such Series 2025 Electric System Bond to be redeemed in part by \$5,000.

Notice of Redemption

Notice of any redemption of the Series 2025 Electric System Bonds shall be given by the Bond Registrar and Paying Agent, on behalf of the Division, by mailing a copy of an official redemption notice by first class mail at least twenty (20) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Series 2025 Electric System Bonds or Series 2025 Electric System Bonds to be redeemed, unless such notice is waived by any such registered owner, at the address shown on the records of the Bond Registrar and Paying Agent or at such other address as is furnished in writing by such registered owner to the Bond Registrar and Paying Agent, and, with respect to the Series 2025 Electric System Bonds, to each entity authorized and approved by the SEC for the purposes of the Rule. Such notice shall include the terms and conditions prescribed by the Electric System Resolution. Neither the City or MLGW shall be responsible for mailing notices of redemption to Direct Participants or Indirect Participants or to the Beneficial Owners of the Series 2025 Electric System Bonds. Any failure by DTC to mail such notice to any Participant will not affect the validity of such redemption. See "DESCRIPTION OF THE SERIES 2025 ELECTRIC SYSTEM BONDS - Book-Entry-Only System" hereinabove.

Conditional Notice

Notwithstanding the foregoing, any notice of redemption may state that it is conditional upon the occurrence of certain events, including without limitation the receipt of certain funds by the City or MLGW or the Bond Registrar and Paying Agent or the issuance of certain bonds or other obligations by the City or MLGW. If so conditioned, the redemption will not be made unless such events occur, the notice thereof will specify such conditions and the required timing thereof and, if such conditions are not met, a notice thereof will be given by the Bond Registrar and Paying Agent to the registered owners of Series 2025 Electric System Bonds promptly after the date it is determined such conditions are not met.

Effect of Notice of Redemption

From and after any redemption date, all Series 2025 Electric System Bonds called for redemption shall cease to bear interest if funds are available at the office of the Bond Registrar and Paying Agent for the payment thereof and if notice has been duly provided as set forth herein.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS

General

The Series 2025 Electric System Bonds are being issued as General Revenue Obligations pursuant to the Electric System Resolution and, as such, are limited obligations of the City and MLGW payable solely from and secured by a pledge of the Electric System Pledged Revenues, which is on a parity and equality of lien with respect to the Electric System Pledged Revenues with any Outstanding Electric System Senior Lien Revenue Obligations issued under the Master Electric System Resolution, and any additional Electric System Senior Lien Revenue Obligations hereafter issued thereunder, and such lien is senior in lien and right of payment to any Electric System Subordinate Lien Revenue Obligations issued under the Master Electric System Resolution in the future.

All capitalized terms used in this Official Statement not otherwise defined herein shall have the same meanings ascribed to them as set forth in the Electric System Resolution. See “**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Definition of Certain Terms**” attached hereto.

The Electric System

Pursuant to the Electric System Resolution “System” means the complete electrical system and facilities of MLGW including, without limitation, all electric distribution, generation and transmission facilities of MLGW, together with all electric system properties of every nature hereafter owned by MLGW, including all improvements and extensions made by MLGW including all real and personal property of every nature comprising part of or used or useful in connection with the Electric System, all administrative and operational support facilities, and including all appurtenances, contracts, leases, franchises and other intangibles; provided, however, at the election of MLGW, any other electric system or facility acquired by the City or MLGW pursuant to State law (each an “Acquired System”) may be included within the Electric System and become a part thereof but be operated as a separate and independent system by MLGW with the continuing right, upon the election of MLGW, to incorporate such separately Acquired System (the “Electric System”).

Pledge Under the Electric System Resolution

The Electric System Pledged Revenues relate solely to the Revenues of the Electric Division. The Series 2025 Electric System Bonds are not payable from the revenues collected by MLGW from the Gas

Division or the Water Division. The City Charter requires the Electric Division, the Gas Division, and the Water Division to operate independently of each other, maintain separate books and accounts for each division and to allocate among the three divisions, on an equitable basis, joint expenses, including those related to common facilities. Revenues from the Electric Division, the Gas Division and Water Division, respectively, are only permitted to be used for the payment of debt service on the bonds from the applicable division to which they relate.

The Series 2025 Electric System Bonds do not constitute a debt of the City or MLGW within the meaning of any constitutional, City Charter or statutory limitation and are limited obligations of the City and MLGW as set forth in the Electric System Resolution payable solely from the Electric System Pledged Revenues. The Series 2025 Electric System Bonds are not obligations of the Tennessee Valley Authority or the United States and are not secured by any revenues or property of the Tennessee Valley Authority or the United States. For a more complete statement of the general covenants and provisions pursuant to which the Series 2025 Electric System Bonds are being issued, see “**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION**” attached hereto.

THE ELECTRIC SYSTEM PLEDGED REVENUES RELATE SOLELY TO THE REVENUES OF THE ELECTRIC DIVISION. THE SERIES 2025 ELECTRIC SYSTEM BONDS ARE NOT PAYABLE FROM THE REVENUES COLLECTED BY MLGW FROM THE GAS DIVISION OR THE WATER DIVISION.

Electric System Pledged Revenues

Pursuant to the Master Electric System Resolution, the “Electric System Pledged Revenues” include all Net Revenues of the Electric System and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts established for the Series 2025 Electric System Bonds under the Electric System Resolution, but excluding amounts in the Revenue Fund required to be used to pay Operating Expenses (as defined herein) and any amounts required under the Electric System Resolution to be set aside to pay any rebate obligations to the United States government, including, but not limited to, amounts in the Rebate Fund.

For purposes of the Electric System Resolution, “Revenues” means (i) all revenues, rentals, income, receipts, accounts receivable and money derived from the ownership and operation of the Electric System, received by MLGW, Investment Earnings and all other income earned and accreted from, and deferred gain from, securities and other investments and amounts earned on amounts deposited in funds and accounts under the Electric System Resolution or otherwise maintained with respect to the Electric System, and (ii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the benefit of the Electric System which are (y) not restricted by law or the payor to application for a particular purpose and (z) otherwise lawfully available for payment of Revenue Obligations or Contracts.

For purposes of the Electric System Resolution, “Operating Expenses” means the current costs and expenses of MLGW for operation, maintenance and repair applicable to the System, salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses (including legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting or technical services not funded with proceeds of Revenue Obligations), insurance expenses, taxes and other governmental charges, the imposition or amount of which is not subject to control of MLGW or the City, any payments made by MLGW during any fiscal year to purchase electrical power for distribution and sale during or after the end of that fiscal year, and other payments made under any electrical power supply contract or commodity swap or other hedging mechanism to the extent not inconsistent with generally accepted accounting principles. Operating Expenses do not include depreciation or obsolescence charges or reserves therefor, charges relating to any prepayment for the purchase of electricity made directly by MLGW, amortization of intangibles or other bookkeeping entries of a similar nature, on Revenue Obligations or Contracts of MLGW or the City, on behalf of MLGW, payable

from Net Revenues of the System, costs or charges made therefor, capital additions, replacements, betterments, extensions or improvements to or retirement from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, or payment in lieu of taxes or otherwise to the City or any political subdivision or public body, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System, nor such property items, including taxes and fuels, which are capitalized pursuant to the then existing accounting practices of the Board or expenses of an Acquired System if revenues of the Acquired System are not included in Revenues at the election of MLGW.

For a complete description and additional information regarding the Electric System Pledged Revenues and the flow of funds established pursuant to the Electric System Resolution, see “**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Pledged Revenues and Flow of Funds**” attached hereto.

Rate Covenant

MLGW covenants in the Master Electric System Resolution to, at all times, prescribe, fix, maintain, and collect rates, fees and other charges for the services and facilities furnished by the Electric System fully sufficient at all times: (a) for 100% of the Operating Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by MLGW and (b) such that Net Revenues of the Electric System in each Fiscal Year: (i) will equal at least 120% of the Debt Service Requirement on all Senior Lien Revenue Obligations, including the Series 2025 Electric System Bonds, and 100% of the Debt Service Requirement on all other Revenue Obligations then Outstanding, including any Outstanding Subordinate Lien Revenue Obligations, for such Fiscal Year; (ii) will enable MLGW to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and on any Contracts or Other System Obligation; (iii) will enable MLGW to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of MLGW is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the Electric System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the Electric System; (iv) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Master Electric System Resolution from prior Fiscal Years; and (v) will permit MLGW to comply with the terms of any agreement that MLGW has entered into to purchase, sell or generate electric power; provided for purposes of (a), (b)(i) and (ii) each category of Net Revenues of the Electric System shall be compared to the required payments with respect to, or for accounts related to, related Operating Expenses, Revenue Obligations, Contracts and Other System Obligations of the Electric System. See “**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – General Provisions – Rate Covenant**” attached hereto.

Additional Obligations

The City, at the request of the Board of MLGW, may issue Additional Obligations under the Master Electric System Resolution on a parity of lien with the Outstanding Electric System Senior Lien Revenue Obligations, including the Series 2025 Electric System Bonds, upon the satisfaction of certain conditions, including a financial test indicating that:

(a) the historical related Net Revenues of the Electric System for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Additional Obligations or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the maximum Debt Service Requirement for any Fiscal Year commencing with the first Fiscal Year after the Fiscal Year in which the Additional Obligations are issued on all related Senior Lien Revenue Obligations which will be Outstanding immediately after the issuance of the proposed Additional Obligations and secured on a parity therewith, provided, however, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues of the Electric System equal to 100% of the increased annual amount attributable to any

revision in the schedule of rates, fees, and charges for the services and facilities furnished by the Electric System, imposed prior to the date of delivery of the proposed Additional Obligations and not fully reflected in the historical related Net Revenues of the Electric System actually received during such historical period used; (y) if MLGW or the City has a contract to purchase or otherwise acquire an Acquired System that will become part of the Electric System, the historical Net Revenues of the Electric System may be adjusted to include the anticipated Net Revenues from the Acquired System; and (z) if MLGW has entered into a contract to furnish services of the Electric System that is not fully reflected in the historical Net Revenues of the Electric System, such historical Net Revenues of the Electric System may be adjusted to include the anticipated Net Revenues of the Electric System from such contract; or

(b) the forecasted related Net Revenues of the Electric System (which forecast period can take into account (i) any planned increases in the rates, fees and charges for the services and facilities furnished by the Electric System, (ii) any revenues projected to be received from any Acquired Systems as to which the City or MLGW has entered into a contract to purchase or otherwise acquire, and (iii) any projected savings in Operating Expenses resulting from a purchase of electrical power for distribution and sale during or after the end of any Fiscal Year, to the extent not included in Operating Expenses) in each Fiscal Year during the forecast period (defined as a period beginning with the first Fiscal Year beginning after the later of (y) the Fiscal Year in which any proposed Additional Obligations are to be issued or (z) the Fiscal Year in which any project to be financed with the proceeds of any proposed Additional Obligations is, in the judgment of MLGW, expected to be completed, and ending on the last day of the fifth Fiscal Year thereafter) are expected to equal at least 120% of the Debt Service Requirement during such period on all related Senior Lien Revenue Obligations which will be Outstanding immediately after the issuance of the proposed Additional Obligations and secured on a parity therewith.

The City, at the request of the Board of MLGW, may also issue Additional Obligations under the Master Electric System Resolution on a lien subordinate to the Senior Lien Revenue Obligations under the Master Electric System Resolution upon the satisfaction of certain conditions. See “**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Additional Revenue Obligations**” attached hereto.

No Debt Service Reserve Account

MLGW is not required under the Master Electric System Resolution to establish a subaccount of the Debt Service Reserve Account for any Revenue Obligations issued thereunder, and any such subaccount shall only be established if required by the Supplemental Resolution authorizing the issuance of such Revenue Obligations. Accordingly, the Eleventh Supplemental Resolution provides that the Debt Service Reserve Requirement for the Series 2025 Electric System Bonds shall be set at \$0. Pursuant to the Master Electric System Resolution, Additional Obligations issued on a parity of lien with MLGW’s (i) Electric System Revenue Bonds, Series 2016, (ii) Electric System Revenue Bonds, Series 2017, (iii) Electric System Revenue Bonds, Series 2020A, (iv) Electric System Revenue Refunding Bonds, Series 2020B, and (v) Electric System Revenue and Revenue Refunding Bonds, Series 2024, may be secured by one or more debt service reserve funds, which debt service reserve funds, if any, will not secure the Series 2025 Electric System Bonds.

Limited Obligations

THE SERIES 2025 ELECTRIC SYSTEM BONDS DO NOT CONSTITUTE A DEBT OF THE CITY OR MLGW WITHIN THE MEANING OF ANY CONSTITUTIONAL, THE CITY CHARTER OR STATUTORY LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO THE PAYMENT OF THE SERIES 2025 ELECTRIC SYSTEM BONDS, AND NO HOLDER OF THE SERIES 2025 ELECTRIC SYSTEM BONDS SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWERS OF THE STATE OR THE CITY TO PAY THE SERIES 2025 ELECTRIC SYSTEM BONDS, OR THE INTEREST

THEREON, AND THE SERIES 2025 ELECTRIC SYSTEM BONDS, INCLUDING THE INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE CITY AND MLGW AS SET FORTH IN THE ELECTRIC SYSTEM RESOLUTION PAYABLE SOLELY FROM THE ELECTRIC SYSTEM PLEDGED REVENUES. THE SERIES 2025 ELECTRIC SYSTEM DO NOT CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY OTHER PROPERTY OTHER THAN THE ELECTRIC SYSTEM PLEDGED REVENUES.

Outstanding Electric System Senior Lien Revenue Obligations

The City, on behalf of MLGW, has previously issued its: (i) \$40,000,000 Electric System Revenue Bonds, Series 2016 (the “Series 2016 Bonds”); (ii) \$90,000,000 Electric System Revenue Bonds, Series 2017 (the “Series 2017 Bonds”); (iii) \$148,000,000 Electric System Revenue Bonds, Series 2020A (the “Series 2020A Bonds”); (iv) \$29,000,000 Electric System Revenue Refunding Bonds, Series 2020B (the “Series 2020B Bonds”); and (v) \$197,880,000 Electric System Revenue and Revenue Refunding Bonds, Series 2024 (the “Series 2024 Bonds”), which are currently outstanding in the total aggregate principal amount of \$457,955,000 as of June 30, 2025 (collectively, the “Outstanding Electric System Senior Lien Revenue Obligations”). Pursuant to the Master Electric System Resolution, the City, on behalf of MLGW, has previously issued Subordinate Lien Revenue Obligations under the Master Electric System Resolution; however, no Electric System Subordinate Lien Revenue Obligations are currently outstanding.

MLGW’s Electric Division bond covenants require that for the Outstanding Electric System Senior Lien Revenue Obligations that the ratio of Net Revenues to principal and interest for any Fiscal Year will equal at least 120%. The composite debt service coverage, as of December 31, 2024, was 6.84. See “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” and “**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – General Provisions – Rate Covenant**” attached hereto. The following table illustrates the Outstanding Electric System Senior Lien Revenue Obligations, as of the June 30, 2025, including their respective outstanding par amounts and the final maturity dates.

MEMPHIS LIGHT, GAS AND WATER DIVISION ELECTRIC DIVISION OUTSTANDING SENIOR LIEN REVENUE OBLIGATIONS (As of June 30, 2025)

OUTSTANDING SENIOR LIEN REVENUE OBLIGATIONS	OUTSTANDING PAR AMOUNT	FINAL MATURITY DATE
Series 2016 Bonds	\$ 28,235,000	December 1, 2036
Series 2017 Bonds	67,285,000	December 1, 2037
Series 2020A Bonds	137,355,000	December 1, 2050
Series 2020B Bonds	27,200,000	December 1, 2034
Series 2024 Bonds	197,880,000	December 1, 2054
TOTAL	\$457,955,000	

Source: Memphis Light, Gas and Water Division.

ELECTRIC DIVISION ANNUAL DEBT SERVICE REQUIREMENTS

The following table illustrates the total aggregate Outstanding Electric System Senior Lien Revenue Obligations for MLGW as of June 30, 2025, and the annual debt service requirements for the Electric Division of MLGW in connection with the issuance and delivery of the Series 2025 Electric System Bonds:

FISCAL YEAR ENDING	EXISTING AGGREGATE OUTSTANDING SENIOR LIEN REVENUE OBLIGATIONS DEBT SERVICE			ELECTRIC SYSTEM REVENUE BONDS SERIES 2025			TOTAL AGGREGATE ELECTRIC SYSTEM REVENUE BONDS DEBT SERVICE		
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
December 31									
2025	\$ 15,105,000	\$ 19,548,753	\$ 34,653,753	-	-	-	\$ 15,105,000	\$ 19,548,753	\$ 34,653,753
2026	15,845,000	18,812,272	34,657,272	\$ 2,395,000	\$ 12,927,579	\$ 15,322,579	18,240,000	31,739,850	49,979,850
2027	16,615,000	18,037,962	34,652,962	3,750,000	11,573,538	15,323,538	20,365,000	29,611,499	49,976,499
2028	17,430,000	17,224,649	34,654,649	3,935,000	11,386,038	15,321,038	21,365,000	28,610,687	49,975,687
2029	18,290,000	16,369,834	34,659,834	4,135,000	11,189,288	15,324,288	22,425,000	27,559,122	49,984,122
2030	19,375,000	15,471,894	34,846,894	4,340,000	10,982,538	15,322,538	23,715,000	26,454,432	50,169,432
2031	20,180,000	14,665,553	34,845,553	4,560,000	10,765,538	15,325,538	24,740,000	25,431,091	50,171,091
2032	20,930,000	13,919,406	34,849,406	4,785,000	10,537,538	15,322,538	25,715,000	24,456,944	50,171,944
2033	21,710,000	13,137,193	34,847,193	5,025,000	10,298,288	15,323,288	26,735,000	23,435,481	50,170,481
2034	22,530,000	12,317,716	34,847,716	5,275,000	10,047,038	15,322,038	27,805,000	22,364,754	50,169,754
2035	18,125,000	11,461,588	29,586,588	5,540,000	9,783,288	15,323,288	23,665,000	21,244,875	44,909,875
2036	18,815,000	10,770,713	29,585,713	5,815,000	9,506,288	15,321,288	24,630,000	20,277,000	44,907,000
2037	16,485,000	10,052,538	26,537,538	6,110,000	9,215,538	15,325,538	22,595,000	19,268,075	41,863,075
2038	10,450,000	9,427,813	19,877,813	6,415,000	8,910,038	15,325,038	16,865,000	18,337,850	35,202,850
2039	10,870,000	9,011,413	19,881,413	6,735,000	8,589,288	15,324,288	17,605,000	17,600,700	35,205,700
2040	11,305,000	8,577,213	19,882,213	7,070,000	8,252,538	15,322,538	18,375,000	16,829,750	35,204,750
2041	11,755,000	8,124,563	19,879,563	7,425,000	7,899,038	15,324,038	19,180,000	16,023,600	35,203,600
2042	12,225,000	7,652,813	19,877,813	7,795,000	7,527,788	15,322,788	20,020,000	15,180,600	35,200,600
2043	12,720,000	7,160,963	19,880,963	8,185,000	7,138,038	15,323,038	20,905,000	14,299,000	35,204,000
2044	13,295,000	6,586,463	19,881,463	8,595,000	6,728,788	15,323,788	21,890,000	13,315,250	35,205,250
2045	13,895,000	5,985,713	19,880,713	8,960,000	6,363,500	15,323,500	22,855,000	12,349,213	35,204,213
2046	14,525,000	5,357,513	19,882,513	9,405,000	5,915,500	15,320,500	23,930,000	11,273,013	35,203,013
2047	15,180,000	4,700,463	19,880,463	9,875,000	5,445,250	15,320,250	25,055,000	10,145,713	35,200,713
2048	15,865,000	4,013,413	19,878,413	10,370,000	4,951,500	15,321,500	26,235,000	8,964,913	35,199,913
2049	16,525,000	3,357,863	19,882,863	10,890,000	4,433,000	15,323,000	27,415,000	7,790,863	35,205,863
2050	17,205,000	2,675,013	19,880,013	11,435,000	3,888,500	15,323,500	28,640,000	6,563,513	35,203,513
2051	9,495,000	1,964,038	11,459,038	12,005,000	3,316,750	15,321,750	21,500,000	5,280,788	26,780,788
2052	9,900,000	1,560,500	11,460,500	12,605,000	2,716,500	15,321,500	22,505,000	4,277,000	26,782,000
2053	10,395,000	1,065,500	11,460,500	13,235,000	2,086,250	15,321,250	23,630,000	3,151,750	26,781,750
2054	10,915,000	545,750	11,460,750	13,900,000	1,424,500	15,324,500	24,815,000	1,970,250	26,785,250
2055				14,590,000	729,500	15,319,500	14,590,000	729,500	15,319,500
TOTAL	\$457,955,000	\$279,557,068	\$737,512,068	\$235,155,000	\$224,528,754	\$459,683,754	\$693,110,000	\$504,085,822	\$1,197,195,822

Source: Memphis Light, Gas and Water Division.

CITY OF MEMPHIS, TENNESSEE

The City, incorporated as a city in 1826, is a municipal corporation duly organized and validly existing under the laws of the State. The City is located on the east bank of the Mississippi River in the southwest corner of the State. The City is the State's largest city not having a metropolitan form of government and is the county seat of the County. The City currently occupies a land area of approximately 301 square miles and had an estimated population of 618,639 as of 2024, according to the United States Census Bureau.

The City operated under a commission form of government from 1909 until January 1, 1968. At that time through a charter, a mayor-council form of government was established. The City Mayor is elected to a four-year term with a limit of serving two consecutive terms. All administrative and executive duties concerning day-to-day operations of the City government are the duty and responsibility of the City Mayor.

The City provides a full range of municipal services including (i) public safety, (ii) culture/recreation, (iii) community development, (iv) solid waste management, (v) public works, (vi) planning and zoning, (vii) sewers, (viii) utilities, (ix) transit, and (x) general administrative services. Each of these various Divisions of the City government is managed by a Chief or Director who is appointed by the City Mayor and confirmed by the City Council's approval. The City Council is the legislative branch of the City government responsible for, among other things, approving the budget, setting the tax rate, and establishing other lawful taxes and fees necessary to secure sufficient revenue to fund the budget as approved.

The current fiscal year of the City is the 12-month period beginning on July 1 and ending on June 30. For additional information regarding the City, see "**APPENDIX C – ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE**" attached hereto.

Shelby County, Tennessee

The County, established in 1819, is the largest county in the State, with the City serving as the County seat. The County is located in the southwest corner of the State on the eastern bank of the Mississippi River, and it serves as the hub of the surrounding 105-county Mid-South region. The County covers 761.3 square miles, wherein 301 square miles are situated within the limits of the City and the remaining square miles include the County's additional six incorporated municipalities of: (i) Arlington; (ii) Bartlett; (iii) Collierville; (iv) Germantown; (v) Lakeland; and (vi) Millington. According to the United States Census Bureau 2024 American Community Survey, the County has a population of 910,042.

The County operates and is governed by a mayor-commissioner form of government. The Mayor of the County (the "County Mayor"), is elected to a four-year term with a limit of serving two consecutive terms. The County Mayor is the County's Chief Executive Officer and oversees the operation of seven divisions: (i) Administration and Finance; (ii) Community Services; (iii) Corrections; (iv) Health Services; (v) Information Technology; (vi) Planning and Development; and (vii) Public Works. The County provides a full range of services, including law enforcement and detention, judicial and corrective systems, health and community services, fire protection, and recreational activities. The thirteen-member Shelby County Board of Commissioners is the legislative branch of the County government responsible for reviewing and approving the County administration's proposed programs and budgets.

The current fiscal year of the County is the 12-month period beginning on July 1 and ending on June 30. For additional information regarding the County, see "**APPENDIX C – ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE**" attached hereto.

MEMPHIS LIGHT, GAS AND WATER DIVISION

MLGW, a division of the City, was created through an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of the State of Tennessee, duly and lawfully adopted on March 9, 1939, as amended (the “Private Act”). MLGW is the largest three-service public utility in the United States and distributes electric power and natural gas throughout the City and the County and distributes water within the City and certain adjacent geographical areas. The Board of MLGW is governed by a five-member Board of Commissioners and two non-voting countywide Advisory Board members that are appointed by the Mayor of the City Mayor and confirmed by the City Council.

The City Charter requires the Electric Division, the Gas Division, and the Water Division to operate independently of each other, maintain separate books and accounts for each division and to allocate among the three divisions, on an equitable basis, joint expenses, including those related to common facilities. MLGW utilizes direct cost methods where applicable. For expenses not directly charged to a specific division, internally developed cost allocation methods are used based on the function performed. Each division is separately financed, and its indebtedness is repayable from its applicable Net Revenues.

MLGW maintains a comprehensive cash flow model which assesses the growth of the three divisions and determines future rate increase and debt issuance requirements. MLGW also incorporates a five-year capital plan in its budgeting process. The Engineering Departments of the Electric Division, Gas Division and the Water Division develop detailed technical master plans for their respective systems which are then correlated with a financial plan. MLGW operates on a Fiscal Year with the period beginning January 1 of each calendar year and ending December 31 of the same calendar year.

For the Fiscal Year ended December 31, 2024, the total operating revenues of the Electric Division were \$1,491,977,947 and were derived principally from the sale of electricity to an average of 439,607 customers during the same period. For the Fiscal Year ended December 31, 2024, the total operating revenues of the Gas Division were \$236,641,468 and were derived principally from the sale of gas to an average of 313,010 customers during the same period. For the Fiscal Year ended December 31, 2024, the total operating revenues of the Water Division were \$134,616,902 and were derived principally from the sale of water to an average of 255,823 customers during the same period. See “**APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**” attached hereto.

Service Area

MLGW supplies electric and gas service in the City and the County, pursuant to a franchise granted by the State in the City Charter, through its Electric Division and Gas Division. Water service is provided by MLGW through its Water Division wherein it distributes water on an exclusive basis to residents in the City, Arlington, Tennessee and Lakeland, Tennessee and the unincorporated areas of the County. The Water Division sells water to five adjacent utility districts located in (i) Bartlett, Tennessee, (ii) Collierville, Tennessee, (iii) Germantown, Tennessee, (iv) Millington, Tennessee, and (v) Olive Branch, Mississippi to supplement their own pumpage.

The City currently occupies a land area of approximately 301 square miles and had an estimated population of 610,919 as of 2024, according to the United States Census Bureau. The County covers 761.3 square miles, wherein 317 square miles are situated within the limits of the City and had an estimated population of 910,042 as of 2024 according to the United States Bureau of Census. For additional information about the City and the County, see “**APPENDIX C – ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE**” attached hereto.

Major Strategic Initiatives

MLGW has prioritized the development and implementation of new technologies in an effort to improve customer value and experience. Throughout its history, MLGW has been at the forefront of innovation and service delivery, and it continually upgrades its infrastructure to meet the growing demands of its customers. MLGW's commitment to sustainability and efficiency is evident in its various initiatives, including energy conservation programs and the integration of renewable energy sources. For example, MLGW achieved or exceeded its targeted metrics set forth in the "Way Forward Plan", a strategic initiative, which includes a five-year \$1 billion service improvement plan across the three divisions. Within the Electric Division, areas of focus included the replacement of defective underground cable, wood pole management, tree trimming, aging substation equipment, automation of the distribution system and the hardening of the overhead Electric System. Within the Gas Division, designs were completed for a large scale, multi-transmission pipeline replacement project, steel tap service couplings were replaced, and regulator stations were replaced. Within the Water Division, work continued to drill new wells to replace older wells, utility side lead service lines were replaced, and designs were completed for the replacement of the Allen Pumping Station.

In 2024, MLGW launched "MLGW 2045", a strategic initiative aimed at enhancing utility services while addressing customer concerns over reliability and affordability. Under this initiative, internal experts at MLGW are researching all aspects of its operation including regional growth patterns, utility industry benchmarks, and global trends that could affect MLGW in the future. For a further discussion regarding MLGW's modern developments and strategic initiatives pertaining to the Electric Division, see "**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**" attached hereto.

Management and Operations

The Board of MLGW governs and administers all the activities of its three separate divisions, the Electric Division, the Gas Division, and the Water Division, in connection with its business affairs and operations. MLGW operates independently, manages its own finances and is responsible for obligations incurred in such operations, including indebtedness payable from operations of MLGW. MLGW must have the approval of the City Council before incurring certain obligations, including purchasing real estate, execution of certain contracts and exercising the right of eminent domain. MLGW's annual budget is subject to approval by the City Council.

The daily operation of MLGW is managed by the President and Chief Executive Officer, who is nominated for a five-year term by the City Mayor and approved by the City Council. Under the Private Act, the President and Chief Executive Officer generally supervises the operation of MLGW and all of its officers and employees. The President and Chief Executive Officer is responsible for setting the overall vision and strategy, managing day-to-day operations.

Board of Commissioners

The Board of MLGW is governed by a five-member Board of Commissioners and two non-voting countywide Advisory Board members that are appointed by the Mayor of the City Mayor and confirmed by the City Council. Under the Private Act, the Board of MLGW is responsible for doing all things necessary to supply MLGW's service area with electricity, gas and water. The Board of MLGW is a successor to an initial Board of Water Commissioners established in 1903. In 1935, the functions of the Board of Water Commissioners were widened to include the operation of an electric system and was subsequently designated as the Board of Light and Water Commissioners. In 1939, the Private Act established MLGW as a Division of the City. In 1981, the Private Act was amended, among other things, to further expand the Board of MLGW's scope, control and management of MLGW and its three divisions.

The members of the Board of MLGW serve terms of three (3) years each. The Board of MLGW elects its own officers. State law provides that if at the expiration of any term of office of any Board Commissioner a successor has not been appointed, then the Board Commissioner whose term of office has expired is to continue to hold office until the Board Commissioner's successor is nominated by the City Mayor and duly approved by the City Council. The following individuals currently serve on the Board of Commissioners for MLGW:

Michael E. Pohlman, Chairman – was appointed to the Board of MLGW in 2018. His current term of office will expire July 30, 2026. He was CEO of Pickering Firm, Incorporated, a Memphis based, full-service engineering and architectural design firm, with offices in Tennessee, Mississippi and Arkansas. Mr. Pohlman is a 1979 Mechanical Engineering graduate from Christian Brothers University, a Tennessee Professional Engineer, and has served in various capacities at Pickering during his 45 years with the firm. He currently serves on the advisory boards for both the University of Memphis and Christian Brothers University engineering schools as well previously serving as the President of both the American Council of Engineering Companies (ACEC) for Tennessee and the American Society of Military Engineers (SAME) Memphis Post. Commissioner Pohlman retired from Pickering Firm, Incorporated, effective as of July 1, 2025.

Carl Person, Vice Chairman – was appointed to the Board of MLGW in 2022. His current term of office expires October 30, 2025. He has over 35 years of leadership experience with the Federal Express Corporation and United Parcel Service. He is the Founder and CEO of Customized Solutions Company; a boutique consulting firm specializing in public-private development, government relations, community engagement and process improvement. His firm has public and private clients that include national partnerships with Konica Minolta, NovaTech, Accela, Civic Plus Inc., Panorama Government Solutions and other corporations that span across multiple industries including retail, banking and government. Mr. Person is Board President of The Memphis Brooks Museum of Art. He is a Board Member for Metropolitan Inter-Faith Association (MIFA); and current Board Member of the Memphis Center City Development Corporation and the Gospel Music Association. He is past Chairman of The Downtown Memphis Commission Board of Directors, former State of Tennessee Department of Education CTE Advisory Board Member and former Civil Service Review Board Chair for the Shelby County Government. He volunteers at St. Jude Children's Research Hospital, The Mid-South Food Bank, Hattiloo Theater and supports other local and regional charity organizations.

Leon Dickson Sr., Board Commissioner – was appointed to the Board of MLGW in 2016. His current term of office expires October 30, 2025. Mr. Dickson is the owner and principal broker of BenchMark Realtors LLC. Mr. Dickson was selected to serve on The Tennessee Association of Realtors as the group's first African American President in 2018. He was also named Realtor of the Year, for the Tennessee Realtors Association in 2020. A realtor for 37 years, he's also a past president of the Memphis Area Association of Realtors in 2011 and was named its Realtor of the Year in 2012. The native Memphian volunteers at HopeWorks and Germanshire Elementary.

Mitch Graves, Board Commissioner – was appointed to the Board of MLGW in 2016. His current term of office expired June 30, 2025. Mr. Graves has served as CEO with West Cancer Center since 2019 and has over 30 years in healthcare leadership positions. West Cancer Center has over one hundred providers throughout seven mid-south locations. Throughout his career, he has focused on improving the health of the community as well as the patient's experience. As a life-long and fourth generation Memphian, Mr. Graves has always been active in his community serving on numerous boards. He currently serves on the Board of Memphis Light Gas and Water wherein he served is a past Chairman, The Villages of Germantown, and Southern Reins. Additionally, Mr. Graves serves on Church Health Center's Finance Committee. He most recently was appointed by Tennessee Governor Bill Lee to the Governor's Council for Judicial Appointments.

Cheryl Pesce, Board Commissioner – was appointed to the Board of MLGW in 2022. Her current term of office expires October 30, 2025. Cheryl Pesce is an entrepreneur with many years of executive board experience. She was the founder and Chief Operating Officer of the regionally-renowned Mid-South Heart

Center of Jackson, Tennessee, a major diagnostic cardiovascular center that serves the citizens of Madison County, Tennessee and surrounding counties. Her business, the Cheryl Pesce Lifestyle Brand, is nationally known and was spotlighted as one of the “100 Black-Owned Businesses You’ll Love” by the *New York Times* and MassMutual. Ms. Pesce was the first woman appointed to the Board of Trustees for the Union Planters National Bank. She has served on several regional boards, such as the Downtown Memphis Commission, the Jackson, Tennessee Executive Board for the Chamber of Commerce, and the Regional Hospital of Jackson. She was also a Tennessee State Commissioner, overseeing all hospitals in the State of Tennessee. Ms. Pesce was named one of the Top 10 Most Interesting and Influential People in Memphis, and her business was recognized as a FedEx Small Business Grant Top 100 Finalist. An active member of the Memphis community, Ms. Pesce has committed herself to a life of service and advocacy on behalf of its fellow citizens.

Advisory Board Members

James Lewellen, Advisory Board Member – of Collierville was appointed an ex-officio advisory member to MLGW’s Board of Commissioners in 2023. His current term expires on July 30, 2026. He recently retired as Town Administrator for the Town of Collierville where he served for 27 years. He is a graduate of Mississippi State University with a Master’s Degree in Public Policy and Public Administration. He began his career as a City Planner with Southaven and Germantown before transitioning into the Town Administrator role. He is a current member of the Tennessee City Manager’s Association and the International City Manager’s Association. Mr. Lewellen is presently serving as a Municipal Management Consultant with the Municipal Technical Advisory Service at the University of Tennessee.

John Butler, Advisory Board Member – of Arlington was appointed an ex-officio advisory member to MLGW’s Board of Commissioners in 2023. His current term expires on July 30, 2026. Before taking over as President of Agricenter International on July 1, 2016, John Butler, a fifth-generation farmer, was owner/operator of Jones Creek Farms for 20 years. Jones Creek Farms is a diversified row crop and cattle operation that has grown to several thousand acres, consisting of cotton, soybeans, feed grains, and a commercial cow/calf herd. Mr. Butler graduated from Mississippi State University with a Bachelor’s Degree in Animal Science and obtained a Master’s Degree in Leadership and Public Service from Lipscomb University. He worked for Cargill, Inc. for a number of years. In his various management roles at Cargill, he had permanent assignments all over the United States dealing with grain origination, processing, transportation, distribution, and customer service. Mr. Butler is passionate about the importance of U.S. agriculture and its role in providing the world with nutritious and economical products. He has spent countless hours traveling all over the U.S. and the world telling the story of American agriculture. He has served on several commodity associations and has been very active in numerous professional organizations such as the American and Tennessee Farm Bureaus, the United Soybean Board, the Tennessee Beef Industry Council, the Tennessee Soybean Association, and the Center for Food Integrity, to name a few.

Senior Leadership Council

Doug McGowen, President and Chief Executive Officer – is responsible for overseeing the day-to-day operations of Memphis Light Gas and Water. Mr. McGowen serves as the 12th President and CEO of Memphis Light Gas and Water, the nation's largest three-service municipal utility, serving more than 440,000 households and businesses. Immediately prior to taking the helm at MLGW, he served as the Chief Operating Officer for the City of Memphis and Mayor Jim Strickland. 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 Commanding Officer of the Naval Base in Millington, TN. Mr. McGowen also served as Commanding Officer of Strike Fighter Squadron ONE ZERO TWO. 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.

Alonzo Weaver, Senior Vice President and Chief Operating Officer – is responsible for construction, operation and maintenance of the infrastructure that delivers electric, gas and water to MLGW's customers. His responsibilities include energy acquisition, water production and water quality. Weaver joined MLGW in 1983 as an Engineering Assistant in Electric Operations and was promoted to Operations Assistant in that department in 1987. He later served as Assistant Manager for the North Service Center before being promoted to Manager, Electric Operations in 1992. 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. He also attended Rhodes College Institute for Executive Leadership and completed the MLGW Executive Development Program in 1988. Weaver is active in several industry associations, such as the American Public Power Association, the American Public Gas Association (APGA First Vice Chair), the American Association of Blacks in Energy, the American Gas Association and the Southern Gas Association. Locally, he serves on the Board of Junior Achievement of the Mid-South.

Rodney Cleek, Vice President, Chief Financial Officer and Secretary-Treasurer – is responsible for establishing, monitoring and maintaining company-wide financial and administrative objectives, policies, programs, and practices for MLGW. He joined MLGW in December 1999 as a Rates Engineer and was later promoted to Assistant Manager and Manager within the Budget, Plant and Rates Department before working as a Vice President for MLGW. 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. Mr. 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. He is actively involved in his church and serves as a Deacon. Mr. Cleek also serves as a Board Member for the MLGW Pension and OPEB trust funds.

Quinton Clark, Vice President of Electric Engineering and Operations – is responsible for all engineering, design, construction and operation of electric systems at Memphis Light, Gas and Water. Mr. Clark joined MLGW in 1992 as a staff engineer. He earned valuable experience through various roles at the company in Water Engineering, Reliability and Power Quality, Customer Engineering, Water Construction, Systems Operations, and Water Engineering & Operations. Mr. Clark was promoted to Supervisor of Water Engineering in 2005. In 2011, he was promoted to Manager of Systems Operations. In 2018, he was reassigned as Manager of Water Engineering and Operations where he guided the development of the water capital improvement plan for upgrading and replacing water infrastructure. Mr. Clark is a native Memphian and a graduate of Wooddale High School. He earned his Bachelor of Science in Electrical Engineering from Christian Brothers University and a Master of Business Administration from Union University. He holds a Professional Engineering License and a Grade IV Water Treatment License from the State of Tennessee. Mr. Clark is active in several industry associations including the American Public Power Association (APPA), Tennessee Valley Public Power Association, TVA Valley Vision, and Tennessee Municipal Electric Power Association. He has served as Vice-Chairman for the Shelby County Groundwater Quality Control Board.

Chandrika Winston-Rosser, Vice President of Gas and Water Engineering and Operations – is responsible for managing and coordinating all engineering, operations, and construction activities across the utility's Gas and Water divisions. Mrs. Rosser joined MLGW in 1997 as a Standards Engineer for Underground Electric and has since held numerous leadership positions, including Lead Engineer in Reliability and Power Quality; Supervisor of Residential Engineering; Assistant Manager of the North Service Center; Manager of Gas and Water Engineering; Water Matrix Manager; and Director of Corporate Safety. She holds a Bachelor of Science in Electrical Engineering from Memphis State University and a Master of Business Administration with an emphasis in Finance from the University of Memphis. Mrs. Rosser is a Licensed Professional Engineer in Tennessee and holds a Distribution Systems Grade 2 license issued by the State of Tennessee. Her professional affiliations include serving as a current and past Board Member of the Engineers' Club of Memphis, past Board Member for the KY/TN Region of the American Water Works Association, current Region Leader for the Tennessee Association of Utility Districts, and Director of the MLGW Credit Union.

Timothy Davis, Vice President, Chief Customer Officer, Customer Experience & Energy Services – with four decades of experience and a career rooted in service, transformation, and people-first initiatives, he is advancing MLGW’s mission to deliver a more customer-centric, technology-enabled, and community-connected experience for over 440,000 customers across Memphis and Shelby County. Mr. Davis is turning utility reform into a platform for economic empowerment, where access to reliable, affordable services becomes a launchpad for career pathways, business success, household stability, and community resilience. His career began as a meter reader and progressed through leadership roles at major utilities including Southern California Edison, Tucson Electric Power, San Antonio Water and Austin Energy. Whether managing a \$2 billion commercial portfolio, leading Economic Development, Automated Metering Infrastructure and Meter-to-Cash transformations, Organizational Change Management or overseeing Call Centers that fielded over 13 million calls annually, Davis has consistently delivered results grounded in inclusive leadership, empowering people through opportunity, operational excellence with public impact and advocating for the underserved. Before joining MLGW in 2022, he served as Director of Field Operations for Austin Energy, leading enterprise-wide initiatives in electric and water services. He previously served as Senior Director of Customer Solutions and Business Development at Tucson Electric Power, responsible for customer engagement, energy efficiency, corporate giving, and economic development. Timothy’s leadership can be defined as purposeful, principled and people-first. His mission is to drive outcomes that are meaningful, measurable and memorable — delivering more than electricity, gas, and water — by enabling economic opportunity, workforce development, and long-term community resilience for the communities he serves. Davis holds a Bachelor of Science in Business from the University of Redlands and a Master of Science from the University of La Verne. He is also a graduate of executive programs at Leadership Memphis, Tennessee Valley Public Power Academy, the University of California, University of Chicago, and University of Southern California.

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 Bachelor of Arts in Physics in 1983, attended Trevecca Nazarene College in Nashville where he received a Master of Educational Administration degree in 1994, and an Educational Specialist 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 Human Resources Certification Institute, Certified Labor Relations Professional (CLRP) certification from the National Public Employer Labor Relations Association (NPELRA) and SHRM-SCP from the Society for Human Resources Management. He is an active member of the Society for Human Resources Management (SHRM) and the National Public Employer Labor Relations Association (NPELRA). Dr. Goodloe is also a member of Alpha Phi Alpha Fraternity and a supporter of community agencies such as Vitalant, United Way, and Junior Achievement.

Ursula Madden, Vice President of Corporate Communications – is responsible for the daily internal and external communication through various mediums and platforms, promoting the mission and values of Memphis Light, Gas and Water. She has a bachelor’s degree in journalism with a minor in English literature and is a graduate of the University of Oregon. Before joining the MLGW team, she was the external affairs director for BlueOval SK, a new electric vehicle battery company in West Tennessee. She also served as the first chief communications officer for the City of Memphis, appointed by Mayor Jim Strickland. Ursula is also an Emmy award-winning journalist and was the main anchor and reporter at WMC Channel 5, the NBC affiliate in Memphis, for nearly two decades. Currently, Ursula serves on the board of directors for P.U.R.E. Academy. She has served as a past board member for United Way Mid-South, Church Health, St. Mary’s Episcopal School, and represented Mayor Strickland on the Memphis Brand Initiative board. She has volunteered at organizations such as Metropolitan Inter-Faith Association’s Meals on Wheels program and served as a mentor for two young ladies through Streets Ministries. Ursula has been married to her husband William for more than 25 years. They have a beautiful daughter, Laurel, who is in college.

Jennifer Sink, Esquire, Vice President and General Counsel – is responsible for advising the Board and MLGW officers and staff concerning all legal obligations and privileges, regulatory and compliance matters, ethics, and claims. Before joining MLGW in August of 2023, Ms. 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 Memphis City Attorney's Office in 2016, she was a shareholder at the Baker, Donelson, Bearman, Caldwell and Berkowitz law firm, practicing civil litigation and primarily health care litigation from 2003-2016. Ms. Sink graduated cum laude with a Juris Doctorate from Southern Illinois University in 2003 and graduated with a B.S. in Political Science from Florida State University. Ms. Sink is the Past-President (2023) of the Memphis Bar Association, is a Hearing Panelist for the Tennessee Board of Professional Responsibility and serves on the Board of Directors for the Memphis Botanic Gardens.

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 Computer Science Department Council and is Chairman of the Board for the Greater Memphis IT Council Foundation. She is a member of the Institute of Electronics Engineers, Inc. (IEEE) and the American Society for Engineering Education (ASEE).

Lesa Walton, Vice President, Chief Internal Audit 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. Mrs. 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 a Master of Professional Accountancy from Jackson State University in 1994 and B.S. in Accounting from the University of Arkansas at Little Rock in 1992. She received her Certified Public Accountant (CPA) designation in 1998. Mrs. 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 served as IIA Memphis Board of Governors. She is a supporter of community agencies such as The United Way, MIFA, and Junior Achievement. Mrs. Walton is an active member of White Stone Missionary Baptist Church serving as Chairperson of the Trustee Board, Chairperson of the Scholarship Committee and member of the Budget Committee.

Employee Relations

MLGW, which employs approximately 2,700 persons, considers its employee relations to be a cooperative working relationship. The International Brotherhood of Electrical Workers Local No. 1288 (the "IBEW") is the only union at MLGW and represents over 1,800 non-supervisory employees throughout MLGW. In December 2021, the labor negotiations proposal resulted in a new four-year agreement between MLGW and IBEW. The new agreement increased bargaining unit wages 5.0% effective January 1, 2022, 3.5% effective January 1, 2023, 3.5% effective January 1, 2024, and 3.5% effective January 1, 2025.

MLGW and IBEW have commenced negotiations for a new agreement, which is expected to be finalized prior to January 1, 2026. In the Memorandum of Understanding ("MOU") between MLGW and IBEW, IBEW agrees that it shall not engage in, encourage or approve any strike, work stoppage, boycott or any other form of interference with continuous and peaceful operation of MLGW and progress of the work. All issues are handled according to the Grievance and Arbitration/Mediation Procedure also stated in the

MOU. MLGW attempts to resolve employee grievances without resorting to external arbitration proceedings and works with the union to prevent and resolve problems.

The MLGW Training Center gained accreditation as a corporate university in 2007 and is known as MLGW University. MLGW has developed numerous training courses for its employees including supervisory training, managerial skills, crew leader training, computer skills, driving change at MLGW, inspiring the future, superior customer service, leadership accountability, CPR, commercial driver's license preparation, electronic technology, business writing, blueprint reading and drafting, clerical multi-skills, typing, map and meter reading, and fundamentals of gas and electricity. MLGW uses an assessment center approach as a leadership development tool for supervisory personnel. MLGW has twelve active joint union-management apprenticeship training programs.

Insurance

MLGW maintains an all-risk property insurance policy (the "Property Policy") and a casualty reserve fund for the Electric Division, the Gas Division and the Water Division (the "Casualties Reserve Fund") to offset losses not covered by the Property Policy. The Property Policy has an aggregate liability limit of \$600,000,000, but limits liability for certain types of losses including terrorism and flood. Unless extended, the current policy will expire May 31, 2026.

As of December 31, 2024, there is: (i) \$24,775,682.10 currently maintained in the Electric Division's Casualties Reserve Fund; (ii) \$11,119,363.73 currently maintained in the Gas Division's Casualties Reserve Fund; and (iii) \$8,912,958.89 currently maintained in the Water Division's Casualties Reserve Fund. The Electric Division's Casualties Reserve Fund was established by the MLGW Board on December 10, 1964. The Gas Division's Casualties Reserve Fund was established by the MLGW Board on December 21, 1967. The Water Division's Casualties Reserve Fund was established by the MLGW Board on January 1, 1974.

The Electric, Gas, and Water Divisions' Casualties Reserve Funds are each maintained at a maximum of 4% of uninsured plant. Subsequent to that time, there have been periodic reviews of the adequacy of the reserves and funding. The Electric, Gas, and Water Divisions' Casualties Reserve Funds are each maintained by transfers from working capital. If a property loss occurs, MLGW determines whether the loss will be paid from these funds or from on-going operations. There can be no assurance that the Electric, Gas or Water Divisions' Casualties Reserve Funds will be sufficient to cover all losses not covered by insurance or that it will be maintained at all in the future.

As to general liability insurance, MLGW is covered by the Tennessee Governmental Tort Liability Act, Tennessee Code Annotated (§§ 29-20-101 *et seq.*), as amended (the "Tort Liability Act"). Under the Tort Liability Act, governmental entities are exempt from general liability with certain exceptions (the "Covered Claims"). The Tort Liability Act provides statutory limits for the Covered Claims. The statutory limits for bodily injury claims, including death, are \$300,000 for any one person and \$700,000 for all persons in any one accident. The Tort Liability Act allows governmental entities to purchase insurance or to self-insure for the Covered Claims.

MLGW is self-insured for the Covered Claims for each divisions' workmen's compensation, third-party property damage and certain losses to plant and equipment not covered by insurance that are under \$25,000 per occurrence (the "IDI Reserve Fund"). MLGW has a Worker's Compensation Stop Loss policy with a \$1,000,000 retention, and as of December 31, 2024, there is \$4,908,021.46 currently maintained in the Electric Division's IDI Reserve Fund, \$4,714,284.02 currently maintained in the Gas Division's IDI Reserve Fund, and \$1,268,707.37 currently maintained in the Water Division's IDI Reserve Fund. MLGW funds the Electric Division's IDI Reserve Fund monthly as a percentage of revenue. MLGW's General Accounting area annually reviews the exposure and recommends adjustment of the rates as necessary.

In addition to the Property Policy, MLGW carries other types of insurance typically carried by similar businesses. Additional policies include a group travel insurance policy for all employees, and employee crime and dishonesty coverage.

Memphis Light, Gas and Water Division Retirement and Pension System

The Memphis Light, Gas and Water Retirement and Pension System (the “MLGW Pension Plan”) is a single-employer defined benefit pension plan administered by the MLGW Pension Board. The MLGW Pension Plan provides retirement, disability, and death benefits to participants and their beneficiaries who meet the eligibility requirements. Substantially all permanent full-time salaried employees of MLGW participate in either of two contributory defined benefit pension plans, the 1948 Plan or the 1978 Plan. In 1988, MLGW combined the 1948 Plan and the 1978 Plan. The funds and assets of each plan have been integrated, and are reflected as one plan, although vested benefits to employees in the 1948 Plan are protected. Retirement benefits vest after ten years of service.

On December 31, 2024, there were 5,360 pension plan members in the MLGW Pension Plan, 2,765 of whom were retirees and beneficiaries who are currently receiving benefits, 29 of whom were terminated vested employees entitled to but not yet receiving same, 945 of whom were fully vested active employees and 1,621 of whom were non-vested active employees. As of December 31, 2024, the MLGW Pension Fund had a net position of \$1,591,677,723. Total employer and employee contributions were \$28,687,679 and \$16,470,724, respectively. Benefits paid to members totaled \$144,650,239 during the same period. Approximately 57.4% of the costs associated with the MLGW Pension Plan are allocable to the Electric Division, with 25.6% allocable to the Gas Division and 17% allocable to the Water Division.

A resolution was adopted by the Board on October 15, 2012, and by the City Council on November 20, 2012, to change certain benefit levels for participants hired on or after January 1, 2014. Changes in benefit levels include a change in the normal retirement age based on number of years of service, and the elimination of the subsidized 75% survivor benefit. The MLGW Pension Board has the authority to establish and amend benefit provisions of the pension plan.

MLGW annually obtains an actuarial valuation of the MLGW Pension Plan for the purpose of calculating the necessary information for accounting and reporting requirements in accordance with Government Accounting Standards. The contribution requirements of pension plan members and MLGW are established, and may be amended and approved, by the MLGW Board and the City Council. It is the policy of MLGW to fund its portion of the accrued pension costs, together with pension plan member contributions, to cover the normal cost and amortization of the unfunded actuarial liability over a 30-year period. Pension plan members are required to contribute 8% of their annual covered salary. MLGW contributed 13.83% and 10.71% of the annual covered salary for Fiscal Years ended December 31, 2024, and 2023, respectively.

The tables on the following pages illustrate MLGW’s: (i) schedule of contributions to the retirement and pension system for the last ten (10) Fiscal Years; (ii) the historical funding progress for the last ten (10) calendar years; and (iii) the schedule of changes in the retirement and pension system’s net pension liability for the last two (2) Fiscal Years:

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MEMPHIS LIGHT, GAS AND WATER DIVISION
SCHEDULE OF CONTRIBUTIONS TO THE RETIREMENT AND PENSION SYSTEM
(For the Fiscal Years Ended December 31, 2015 through December 31, 2024)

Year Ended December 31	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions % Covered-Employee Payroll
2024	\$28,687,679	\$28,687,679	-	\$207,482,561	13.8%
2023	20,473,710	20,473,710	-	191,237,413	10.7
2022	20,941,090	20,941,090	-	184,709,533	11.3
2021	24,199,396	24,199,396	-	175,790,422	13.8
2020	24,504,032	24,504,032	-	173,424,888	14.1
2019	21,813,428	21,813,428	-	170,945,709	12.8
2018	22,174,419	22,174,419	-	169,605,389	13.1
2017	22,389,805	22,389,805	-	167,220,851	13.4
2016	21,390,060	21,390,060	-	161,925,757	13.2
2015	21,402,313	21,402,313	-	160,640,772	13.3

Source: Memphis Light, Gas and Water Division Retirement and Pension System Actuarial Valuation and Review as of January 1, 2025, prepared by Segal Consulting.

MEMPHIS LIGHT, GAS AND WATER DIVISION
HISTORICAL FUNDING PROGRESS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded/ (Overfunded) AAL(UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL % Covered Payroll [(b) - (a)] / (c)
1/1/2016	\$1,340,922	\$1,459,803	\$118,881	91.86%	\$160,641	74.00%
1/1/2017	1,388,365	1,473,380	85,015	94.23	161,926	52.50
1/1/2018	1,445,862	1,512,777	66,915	95.58	167,221	40.02
1/1/2019	1,456,130	1,542,094	85,964	94.43	169,605	50.68
1/1/2020	1,490,100	1,571,015	80,915	94.85	170,946	47.33
1/1/2021	1,565,274	1,609,169	43,895	97.27	173,425	25.31
1/1/2022	1,663,098	1,682,707	19,609	98.83	175,790	11.15
1/1/2023	1,673,011	1,761,326	88,315	94.99	184,710	47.81
1/1/2024	1,686,447	1,830,535	144,089	92.13	191,237	75.35
1/1/2025	1,675,183	1,833,298	158,115	91.38	207,483	76.21

Source: Memphis Light, Gas and Water Division Retirement and Pension System Actuarial Valuation and Review as of January 1, 2025, prepared by Segal Consulting.

**MEMPHIS LIGHT, GAS AND WATER DIVISION
SCHEDULE OF CHANGES IN THE RETIREMENT AND
PENSION SYSTEM'S NET PENSION LIABILITY
(For the Fiscal Years Ended December 31, 2023, through December 31, 2024)**

	2024	2023
<u>Total Pension Liability</u>		
Service Cost	\$36,855,543	\$36,221,606
Interest	122,967,231	118,225,931
Change of benefit terms	-	-
Differences between expected and actual experience	42,084,404	51,235,129
Changes of Assumptions	(16,102,901)	-
Benefit Payments, including refunds of employee contributions	<u>(144,650,239)</u>	<u>(132,517,270)</u>
Net Change in Total Pension Liability	41,154,038	73,165,396
Total Pension Liability – Beginning	<u>\$1,792,144,299</u>	<u>\$1,718,978,903</u>
Total Pension Liability – Ending (a)	<u>\$1,833,298,337</u>	<u>\$1,792,144,299</u>
<u>Plan Fiduciary Net Position</u>		
Contributions – Employer	\$28,687,679	\$20,473,710
Contributions – Employee	16,470,724	15,216,413
Net Investment Income	127,839,310	110,038,695
Benefit Payments, including refunds of employee contributions	(144,650,239)	(132,517,270)
Administrative Expense	<u>(1,014,668)</u>	<u>(958,208)</u>
Net Change in Plan Fiduciary Net Position	\$27,332,806	\$12,253,340
Plan Fiduciary Net Position – Beginning	<u>\$1,564,344,917</u>	<u>\$1,552,091,577</u>
Plan Fiduciary Net Position – Ending (b)	\$1,591,677,723	\$1,564,344,917
System's Net Pension Liability – Ending (a) – (b)	<u>\$241,620,614</u>	<u>\$227,799,382</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.82%	87.29%
Covered Payroll	\$207,482,561	\$191,234,413
Plan Net Pension Liability as percentage of covered payroll	116.45%	119.12%

Source: Memphis Light, Gas and Water Division Retirement and Pension System Actuarial Valuation and Review as of January 1, 2025, prepared by Segal Consulting.

Pension Plan Reform

The Tennessee “Public Employee Defined Benefit Financial Security Act of 2014” (the “Public Employee Defined Benefit Act”) was signed into law on May 22, 2014, and was codified as Title 9, Chapter 3, Part 5, Tennessee Code Annotated. In order to improve financial security of public defined benefit plans, the Public Employee Defined Benefit Act, among other things, requires each political subdivision which has established and maintains, directly or indirectly, a defined benefit pension plan for the benefit of its employees not administered by the Tennessee Consolidated Retirement System to: (a) adopt a resolution delineating a funding policy for financing the obligations under the pension plan for fiscal years beginning after June 15, 2015 (the “Funding Policy Resolution”); (b) utilize the level dollar amortization method for financing the unfunded accrued liability beginning no later than the plan fiscal year commencing after June 15, 2020; and (c) annually make a payment to the pension plan of no less than 100% of the actuarially determined annual required contribution that incorporates both the normal cost of benefits and the amortization of the pension plan's unfunded accrued liability (the “ADC”), provided however, the affected political subdivision may make a payment of more than 100% of the ADC. If the political subdivision fails to fund the ADC, the Public Employee Defined Benefit Act permits the State Commissioner of the Department of Finance and Administration, at the direction of the Comptroller of the Treasury, to withhold such amount or part of such amount from any state-shared taxes that are otherwise apportioned to such political subdivision.

As of December 31, 2024, the MLGW Pension Plan is in compliance with the Public Employee Defined Benefit Act and currently makes a payment of no less than 100% of the actuarially determined annual required contribution to the plan. The total actuarially determined annual required contribution was \$28,687,679 as of December 31, 2024.

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Other Postemployment Benefits

The Memphis Light, Gas and Water Division OPEB Trust (“OPEB Trust”) was established for the exclusive benefit of MLGW’s retired employees and their dependents (who meet the eligibility requirements) to fund the postemployment benefits provided through the health and welfare benefit plan. Amounts contributed to the OPEB Trust by MLGW are held in trust and are irrevocable and are for the sole and exclusive purpose of funding health and welfare benefits of the eligible participants, and the cost of operating and administering the OPEB Trust. The OPEB Trust is administered by the MLGW OPEB Trust Investment Committee.

The Plan provides postemployment coverage for health care, life insurance, accidental death and dismemberment (AD&D), medical, and prescription drugs to eligible retirees and their dependents. Benefits are payable to retirees and their spouses for their lifetime. Qualified dependents continue to receive benefits as long as they are qualified under the Plan. Dental, dependent life insurance, cancer, accident, and long-term care benefits are available, but are 100% paid by the retiree.

Employees retired under the MLGW Retirement and Pension Plan or disabled with five years of service at any age or disabled in the line of duty at any age with no years of service restriction, are eligible for OPEB benefits. Health care benefits are also offered to qualifying survivors of active employees who are eligible to retire at the time of death.

Members of the Plan consisted of the following as of December 31, 2024 (actuarial valuation date):

	Medical	Life
Retired members or beneficiaries currently receiving benefits	3,731	2,086
Deferred disabled members entitled to, but not yet receiving benefits	42	-
Active members	2,566	2,566
Total	6,339	4,652

Source: Memphis Light, Gas and Water Division.

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Net OPEB Liability and OPEB Expense

For Fiscal Year 2025, the OPEB Trust net OPEB liability was based on an actuarial valuation as of December 31, 2024. The following table illustrates the net OPEB liability and OPEB expense as of December 31, 2023, and December 31, 2024:

	2024 ⁽¹⁾	2023 ⁽¹⁾
Total OPEB Liability	\$877,778	\$827,120
Plan Fiduciary Net Position (Assets)	756,983	698,069
Net OPEB Liability	120,795	129,051
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	86.24%	84.40%
OPEB Expense	11,540	9,233
Service Cost at Beginning of Year	17,631	18,547
Total Payroll	207,483	191,237

⁽¹⁾ Amount in thousands.

Source: Memphis Light, Gas and Water Division.

Funding Policy and Annual OPEB Contributions

The contribution requirements of plan members and MLGW are established and may be amended by the Board of MLGW. Contribution rates for retired plan members and beneficiaries currently receiving benefits are periodically reset and are currently at 25% of costs for medical and drug benefits. For life insurance and AD&D, retirees contribute 40% of the cost.

The Board of MLGW has set the employer contribution rate based on the Actuarially Determined Contribution (“ADC”). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The ADC is based on the prior year’s valuation, then adjusted forward at an assumed payroll growth rate. The following table illustrates the amount (in thousands) contributed to the MLGW OPEB Trust as of December 31, 2023, and December 31, 2024:

	2024 ⁽¹⁾	2023 ⁽¹⁾
Actuarial Determined Contributions	\$33,933	\$34,131
Actual Contributions	40,806	40,136
Contribution Excess	(6,873)	(6,005)
Benefit Payments	39,772	39,001

⁽¹⁾ Amount in thousands.

Source: Compiled by Memphis Light, Gas and Water Division from data provided in the Memphis Light, Gas and Water Division OPEB Plan Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of December 31, 2024, in accordance with GASB Statement No. 74 and No. 75 prepared by Segal Consulting.

The following table illustrates MLGW's schedule of employer contributions to its OPEB Trust for the Fiscal Years ended December 31, 2015, through December 31, 2024:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
OTHER POST EMPLOYMENT BENEFITS TRUST
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Amounts in Thousands)**

Fiscal Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2024	\$33,933	\$40,806	(\$6,873)	\$207,483	19.67%
2023	34,131	40,136	(6,005)	191,237	20.99%
2022	31,406	38,381	(6,975)	184,710	20.78%
2021	32,403	37,561	(5,158)	175,790	21.37%
2020	32,111	34,895	(2,784)	173,425	20.12%
2019	31,709	33,949	(2,240)	170,946	19.86%
2018	48,270	48,972	(702)	169,605	28.87%
2017	46,978	45,184	1,794	167,221	27.02%
2016*	45,289	42,496	2,793	161,926	26.24%
2015	38,187	38,438	(251)	160,641	23.93%

* Starting with the Fiscal Year ended December 31, 2016, the employer contributions are shown on an accrual basis.

Source: Compiled by Memphis Light, Gas and Water Division from data provided in the Memphis Light, Gas and Water Division OPEB Plan Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of December 31, 2024, in accordance with GASB Statement No. 74 and No. 75 prepared by Segal Consulting.

THE ELECTRIC DIVISION

General

The Electric Division of MLGW serves the City and the County pursuant to a franchise granted by the State in the City Charter. The City holds title to certain real property used in connection with the daily operations of the Electric Division, including easements deemed adequate by MLGW on such properties not required to be held in fee simple. The Electric Division designs, constructs, operates and maintains the Electric System, wherein substantially all the Electric Division's required engineering, design, construction and operation functions are performed by MLGW personnel.

For the Fiscal Year ended December 31, 2024, the total operating revenues of the Electric Division were \$1,491,977,947 and were derived principally from the sale of electricity to an average of 439,607 customers during the same period. The Electric Division's capital construction expenditures for the Fiscal Year ended December 31, 2024, were \$273 million. See "**APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**" attached hereto.

The Electric Division has \$457,955,000 aggregate principal amount of Outstanding Electric Division Senior Lien Revenue Obligations and no longer has any Subordinate Lien debt outstanding as of June 30, 2025. See “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” attached hereto.

Source of Electric Power

The Electric Division currently purchases all its electricity from the Tennessee Valley Authority (the “TVA”). The Electric Division does not generate any electric power but purchases its entire supply from TVA pursuant to a power contract among the City, MLGW and the TVA effective January 1, 1985, as amended (the “Power Contract”). The Power Contract is subject to automatic one-year extensions on January 1st of each year. Except as provided in the 1990 Supplement to the Power Contract, MLGW has the right to terminate the Power Contract upon not less than five years written notice to the TVA, and the TVA has the right to terminate the Power Contract upon not less than ten years prior written notice to MLGW (or five years if the TVA’s discretionary wholesale rate-setting authority has been removed by any statute). MLGW shall not be limited to fully exercise any rights arising pursuant to contract, Act of Congress, executive order, court decision or regulatory action, or any other right or opportunity under any program offered by the TVA to reduce the level of purchases from the TVA and become a partial requirements customer of the TVA. In the event the Power Contract is terminated, the Power Contract provides that the TVA may not seek to recover “stranded costs” from MLGW for any period after September 30, 2007.

While there can be no assurance that TVA can or will meet the future power demands of its customers, including the Electric Division, MLGW believes that TVA projections indicate sufficient capacity to meet such demands for the foreseeable future. MLGW is the TVA’s largest customer. MLGW’s electric power contract provides that the MLGW may sell power to all customers in its service area, except certain federal installations and large consumers, which the TVA may serve directly. The Electric Division, as needed, contracts with independent contractors for certain services such as street lighting, underground conduit construction and pole replacements. See “FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY” and “INVESTMENT CONSIDERATIONS” herein. Also see “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” attached hereto.

Substations and Transmission System

The Electric Division is connected to the TVA system through three 500/161 kV bulk power substations. One substation with two 500/161 kV transformer banks each rated at 1,243 MVA is located in Cordova, in the eastern area of the County. The second bulk power substation is located in the northern area of the County, northeast of Millington. The nameplate rating of the two 500/161 kV transformer banks at this substation is 1,325 MVA. The third substation has two 500/161 kV transformer banks rated at 1,200 MVA and is located in the southern part of the County, on the Tennessee-Mississippi border. The 500 kV grid into the County consists of three 500 kV lines from the TVA system and two 500 kV interconnections with the South-Central Electric Power Pool to the west into Arkansas. An additional source of power into the Electric Division is the TVA-owned Allen Generating Station units located in the southwest corner of the County. The new Allen Generating Station can produce 1,106 MW of summer net power capability. See “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” attached hereto.

Distribution System

Approximately 487 distribution circuits, inclusive of network circuits, operating at 23 kV and 12.47 kV originate at the distribution substations and are routed throughout the County to the Electric Division’s customers. See “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” attached hereto.

Electric Grid Modernization

MLGW has prioritized the development and implementation of new technologies in an effort to improve customer value and experience. MLGW's Electric Grid Modernization initiative involves a combination of equipment, communications and processes to enhance internal operations, customer service, reliability and resiliency. MLGW's beginning initiative included deployment of smart meters and telecommunications infrastructure throughout MLGW's territory, so that customers can benefit from smart meter technology and the enhanced services it enables. In 2020, MLGW initiated a five-year infrastructure improvement plan designed to update and modernize electric components on the grid. MLGW is continuing this plan of replacing outdated infrastructure and grid modernization that will yield benefits in reliability and resilience for decades to come. The grid modernization phase involves deployment of distribution automation devices within the electric system, completion of an internal proprietary communications network for these and other devices, implementation of an advanced distribution management system with upgraded system operations capabilities. This effort is complemented by MLGW's first ever battery storage installation planned to come online in 2026, and getting underway with the first phase of design, acquisition/buildout of a new, state-of-the-art operations center that will control the MLGW's Electric System, Gas System, and Water System. MLGW's battery storage installation is a way to store excess energy purchased from the TVA or generated from renewable resources, such as solar, for distribution during times of high demand. The batteries are generally installed in "front of the meter" so they can be used to shave peak load during extremely hot or cold weather, reducing MLGW's peak demand charge to MLGW and keeping energy costs lower for residential and business customers. Energy storage projects will also allow MLGW to restore power more easily in the event of outages. See "**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**" attached hereto.

Electric Division Capital Improvement Program

The Electric Division had capital expenditures of \$162.7 million for the Fiscal Year ended December 31, 2024. The Electric Division regularly develops a five-year master plan for major improvements and annually estimates and budgets capital improvements for the then current and following Fiscal Year. The Electric Division has developed a detailed projection of improvements and additions for Fiscal Year 2025 through Fiscal Year 2029, the projected annual cost of which is set forth and illustrated in the following table. See "**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**" attached hereto.

MEMPHIS LIGHT, GAS AND WATER DIVISION ELECTRIC DIVISION FORECASTED CAPITAL PROGRAM⁽¹⁾ (Amounts in Thousands of Dollars)

Fiscal Year	Production	Substations and Transmission	Distribution System	General Plant	Total
2025	\$ 51,875	\$ 30,176	\$ 94,305	\$ 53,767	\$230,123
2026	54,375	38,792	84,601	67,232	245,000
2027	44,375	26,522	77,039	59,771	207,706
2028	-	36,833	84,744	38,295	159,872
2029	-	26,412	83,980	31,676	142,068
Total	\$150,625	\$158,736	\$424,669	\$250,741	\$984,770

⁽¹⁾ Based on the combination of the annual Electric Division Master Plan, historical reviews, rate increase expectations, and growth rate projections.

Source: Memphis Light, Gas and Water Division.

LITIGATION

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. There is no legal proceeding now pending or, to the knowledge of the City, threatened against the City which restrains or enjoins the issuance or delivery of the Series 2025 Electric System Bonds, the execution, delivery or performance of the Electric System Resolution, the fixing or collecting of rates and charges for the services of the Electric Division, the pledge of the Electric System Pledged Revenues, or the use of the proceeds of the Series 2025 Electric System Bonds or which questions or contests the validity of the Series 2025 Electric System Bonds, the Electric System Resolution, or the proceedings and authority under which they are to be issued, executed and delivered or the pledge of the Electric System Pledged Revenues. Neither the creation, organization nor existence of the City, nor the title of the present members or other officials of the City to their respective offices, is being currently contested or questioned to the knowledge of the City.

MLGW, like other similar public bodies, is subject to a variety of lawsuits and proceedings arising in the ordinary conduct of its affairs. While the outcome of such litigation and proceedings cannot be predicted, the final resolution of these pending lawsuits, proceedings and claims and any threatened lawsuits, proceedings and claims known to the General Counsel, against MLGW and its officials in such capacity are not expected to have a material adverse effect upon the financial position or results of operations of the Electric Division. Neither the creation, organization nor existence of MLGW, nor the title of the present members or other officials of MLGW to their respective offices, is being currently contested or questioned to the knowledge of MLGW.

FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

General

The electric utility industry has been and will continue to be affected by a number of factors that will have an impact on the business, operations and financial conditions of both public and private electric utilities, including MLGW. These include deregulation, compliance with electric reliability standards of the North American Electric Reliability Corporation (“NERC”) and Electric Grid initiatives.

In the past, one of these factors at both the national and local levels was to restructure the electric utility industry from a heavily regulated monopoly to an industry in which there is more (or open) competition for power supply service at both the wholesale and retail levels. Historically, electric utilities have operated as monopolies within their service territories, subject to certain exceptions. Under this arrangement, utilities have generally been able to charge rates primarily determined by their costs of service, rather than by competitive forces. There has been little activity regarding deregulation in recent years due to the perception of rapid escalation of electric rates in areas that have been deregulated. MLGW is the sole provider of electric distribution services in its service area with the exception of certain large users served directly by the TVA. There can be no assurance that this arrangement will continue for MLGW, and MLGW is already subject to certain competitive forces and other factors as described below. For additional information regarding factors affecting the electric utility industry, see “INVESTMENT CONSIDERATIONS” herein and “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” attached hereto.

Competitive Environment in Tennessee

In the late 1990s and early 2000s, various regulatory and legislative bodies in the State considered a wide range of issues associated with the advisability of retail competition in the electric utility industry. None of these groups recommended that the State actively pursue full retail competition at that time, and there are no currently pending State legislative or regulatory initiatives to provide for retail competition in the State at this time.

Transmission Access to Wholesale Power

MLGW's ability to access the wholesale power markets is limited, and the TVA currently enjoys substantial insulation from wholesale competition. The TVA operates under the Tennessee Valley Authority Act of 1933 (the "TVA Act"). Under the TVA Act, subject to certain minor exceptions, the TVA may not currently enter into contracts that would have the effect of making it or MLGW and other distributors a source of TVA power supply outside a statutorily specified area. However, under a special provision of the Energy Policy Act of 1992, the TVA is not required to provide its competitors with access to its transmission system to transmit power for consumption within the area that TVA or MLGW and other distributors of the TVA's power may serve. Thus, while the TVA may not sell power outside its current service area, except for certain pre-existing arrangements, its competitors are not allowed to obtain transmission service from the TVA to sell power within the TVA's service areas under existing law. Pending and future legislative and regulatory actions could impact MLGW's ability to access the wholesale market, and modification of the TVA's historically protected service area could adversely affect TVA's financial and operating condition.

Federal Energy Policy Act of 2005

The Energy Policy Act of 2005 ("2005 Energy Policy Act") authorizes the Federal Energy Regulatory Commission ("FERC") to require "unregulated transmitting utilities" to provide open access to their transmission systems on comparable terms and conditions as those "unregulated transmitting utilities" provide transmission service to themselves. While MLGW meets the minimum kilowatt-hour sales threshold to be an "unregulated transmission utility" under Section 201(f) of the Federal Power Act, it is unclear the extent to which, if any, MLGW's facilities would be considered subject to these requirements. MLGW is unable to predict at this time the impact of these requirements on MLGW's operations and finances.

The 2005 Energy Policy Act provides certain "load serving entities" holding firm transmission rights the ability to continue to use those rights to serve their customers, and one provision of the 2005 Energy Policy Act purports to provide these rights to wholesale customers of the TVA like MLGW. It is currently unclear whether these or other provisions of the 2005 Energy Policy Act will fundamentally change MLGW's power supply arrangements with the TVA or MLGW's ability to access the wholesale generation markets at a future point in time.

The 2005 Energy Policy Act also subjected electric utilities like MLGW to certain amendments to the Public Utility Regulatory Policies Act of 1978 ("PURPA"). The purposes of PURPA in 1978 were, and continue to be, to help the nation facilitate the conservation of energy, optimize efficiency, and provide for the establishment of equitable rates. As originally enacted, PURPA required certain utilities to consider and, if appropriate, adopt certain service practice and rate standards. As amended, PURPA now requires consideration of five new standards: (a) Net Metering; (b) Fuel Source Diversity; (c) Fossil Fuel Generation Efficiency; (d) Smart Metering (time-based metering and communications); and (e) Interconnection Standards for Independent Power Producers. Under the revised PURPA standards, the TVA Board is MLGW's regulatory authority for purposes of PURPA. The potential financial implications for some of the standards are currently unknown.

NERC Electric Reliability Standards Compliance

With the passage of the Energy Policy Act of 2005, Congress authorized FERC to establish an Electric Reliability Organization ("ERO") to protect the reliability of the bulk electric power system in the United States. NERC was certified by FERC as the ERO. Owners, operators, and users of the bulk power system are required to register in their respective roles with NERC and the appropriate regional entities, or in MLGW's case the Southeastern Electric Reliability Corporation ("SERC"). NERC intends to comprehensively and thoroughly protect the reliability of the U.S. power grid. To support this goal, NERC will include in its compliance registry each entity that NERC concludes can materially impact the reliability of the bulk power system. Based on NERC's "functional model," MLGW has registered with SERC/NERC as

a “Distribution Provider” (DP), “Transmission Owner” (TO), “Transmission Planner” (TP), and “Transmission Operator” (TOP).

MLGW operates an Internal Compliance Program to ensure compliance with all applicable NERC Reliability Standards and related regulations. In executing its “culture of compliance,” MLGW has established an organizational structure and a robust program of activity focused on ensuring the reliability of the Bulk Power System and the continuous improvement of its operations, testing, and training in support of this goal.

Environmental Issues

Electric utilities are subject to continuing environmental regulation. Federal, State and local standards and procedures that regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that MLGW’s facilities or projects will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Tariffs and Trade Restrictions

There is currently significant uncertainty about the future relationship between the United States and various other countries with respect to trade policies and tariffs. Tariffs or trade restrictions that may be implemented by the United States or retaliatory trade measures or tariffs implemented by other countries could result in increased demand for domestically produced electricity as access to electricity generated in Canada becomes more costly, increased costs for large transformers, switchgear, poles and other equipment, goods and materials used in operating the Division's business become more expensive, reduced demand and changes in purchasing behaviors for the Division's customers and reduced economic activity. Additionally, some businesses that MLGW may collaborate with may rely on global trade and their businesses could be negatively impacted by tariffs and trade restrictions. While tariffs and other retaliatory trade measures imposed by other countries on goods and services from the United States have not yet had a significant impact on MLGW's business, MLGW cannot predict future developments and their impact on operations.

One Big Beautiful Bill Act

The Inflation Reduction Act of 2022 offered funding, programs and incentives to accelerate the conversion to a clean energy economy and reduce the cost of renewable energy resources. Most of its provisions became effective in 2023. Provisions of the One Big Beautiful Bill Act, signed into law on July 4, 2025, are projected to significantly impact the electric industry by increasing energy costs, potentially hindering clean energy deployment, and impacting related job growth. The bill scales back clean energy tax incentives, potentially causing a slow down in renewable energy projects and impacting grid reliability. The bill repeals or significantly curtails tax credits for renewable energy projects, including wind, solar, and battery storage. According to a National Electrical Reciprocal Alliance (NERA) analysis commissioned by the Clean Energy Buyers Association, the most impacted states could see electricity prices rise by nearly 30% by 2029, with Tennessee forecasted to see a 17.9 % increase in electricity rates by 2029. These changes could have an impact on the cost of electricity purchased from the TVA and on current or future renewable projects planned by MLGW.

General Industry Risk Factors

In addition to the risks discussed above, the electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition of MLGW. Such factors include, among others, the following: (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described elsewhere in this Official Statement; (b) changes resulting from conservation and load management programs on the timing and use of electric energy; (c) changes in national, regional or state energy policy; (d) competition from other utilities, independent power producers, marketers and brokers; (e) competition with customer-owned generation, such as “self-generation” or “distributed generation,” which might include microturbines, fuel cells, and other generation resources; (f) shifts in the availability and relative costs of different fuels, whether such fuels are competitive alternatives to electricity or are used in the generation of electricity; (g) other federal, state or local legislative or regulatory changes; (h) loss of large industrial or commercial customers; and (i) changes in the economy. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any electric utility and will likely affect individual utilities in different ways.

MLGW is unable to predict what impact any of the foregoing factors will have on its operations and financial conditions, but the impact could be significant. This Official Statement includes a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official Statement. Extensive information on the electric utility industry is available in the public domain, and potential purchasers of the Series 2025 Electric System Bonds should obtain and review such information.

INVESTMENT CONSIDERATIONS

General

The purchase of the Series 2025 Electric System Bonds involves various investment considerations that are disclosed within this Official Statement, including the appendices attached hereto. Certain of these investment considerations are set forth in this section for purposes of convenience only and are not intended to be a comprehensive compilation of all potential risks and possible investment considerations, nor a substitute for an independent evaluation of the information presented within this Official Statement, including the appendices attached hereto.

Each prospective purchaser of any of the Series 2025 Electric System Bonds should read this Official Statement in its entirety, including the front cover, the inside cover page, the appendices attached hereto, the laws, reports and other documents set forth and described herein, and consult such prospective purchaser's own investment, financial and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Series 2025 Electric System Bonds.

Tennessee Valley Authority Risk Factors

Because MLGW purchases all of its electric power from the TVA, any risk factors affecting or potentially affecting the business operations of the TVA may also affect MLGW. The TVA may mitigate some of these risks by increasing the rates it charges for its power. The TVA Board is responsible for, among other things, establishing the rates TVA charges for power as well as TVA's long-term objectives, policies, and plans. Accordingly, the loss of a quorum for an extended period of time could impair TVA's ability to change rates and to modify its objectives, policies, and plans. Such an impairment would likely have a negative impact on TVA's ability to respond to significant changes in technology, the regulatory environment, or the industry overall and, in turn, negatively affect TVA's cash flows, results of operations, financial condition, and reputation. The nine-person TVA Board currently only has three board members. Lacking a quorum, which requires at least five board members, the TVA Board may not be able to vote on

certain decisions regarding new programs, new activity or new policy directives until a quorum is reestablished.

On July 1, 2025, the President of the United States nominated four new members for consideration by the Senate, including Mitch Graves a current member of the MLGW Board. Until such time as nominees are confirmed, the TVA Board continues to exercise its powers to ensure the continuity of operations without a quorum. A more detailed discussion of the risk factors affecting the TVA's operations can be found in "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the TVA's Annual Report and its Quarterly Report for the three and nine month periods ended June 30, 2025. The TVA's Annual Report is available to the public from the SEC's website at www.sec.gov and from the TVA's website at www.tva.gov.

Demand and Usage of Electric Utilities

There can be no assurance that the local demand for electric utility services provided by the Electric Division will continue in accordance with the historical levels. In addition, voluntary or mandatory conservation measures could decrease usage of services of the Electric System. Although a decline in demand for electric utility services would result in certain reduced expenses, such reductions would not be expected to be sufficient to fully offset the decline in revenues of the Electric Division. Reduction in the revenues of the Electric Division resulting from a decline in demand could require an increase in rates and/or charges in order to produce Electric System Revenues sufficient to comply with the Rate Covenant in the Electric System Resolution.

Electric Division Revenues

The ability of the City, on behalf of MLGW, to pay the principal of and interest on the 2025 Electric System Bonds depends on the ability of MLGW to generate Revenues from the Electric System at expected levels. Although, as more particularly described herein, the City expects that sufficient revenues will be generated through the imposition and collection of service charges, fees and other Electric Revenues described herein, there is no assurance that such imposition of service charges, fees or other Electric Revenues will result in the generation of the Electric System Pledged Revenues in amounts expected.

Business Disruption Risk

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt MLGW's ability to conduct its business. A prolonged disruption in MLGW's operations could have an adverse effect on MLGW's financial condition and results of operations. No assurances can be given that the MLGW's efforts to mitigate the effects of an emergency or other event will be successful in preventing disruptions to its operations in the event of an emergency.

General Economic Conditions

There can be no assurance that MLGW's costs of operations for the Electric Division will not be adversely impacted by numerous factors, many of which are macroeconomic in nature or affect the broader energy and utilities industry and, as such, are beyond the MLGW's control. Some of these factors include inflation, supply chain disruptions and delays, labor shortages and rising labor costs, and rising interest rates. Inflation and other factors can increase the price of fuel and commodities integral to Electric System operations. The United States Federal Reserve has taken intermittent actions resulting in increased interest rates, which can result in an increase to the costs of capital. The global economy has also faced supply chain shortages and delays in recent years. Global economic and geopolitical crises may also lead to increases in costs to the Electric System. The occurrence and impacts of global events and macroeconomic factors are difficult to predict but may have a material adverse effect on the Electric System operations and overall financial condition.

Enforceability of Remedies

The remedies available to the Beneficial Owners of the Series 2025 Electric System Bonds upon an event of default under the Electric System Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. The enforceability of remedies or rights with respect to the Series 2025 Electric System Bonds may be limited by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing constitutional and statutory law and judicial decisions, including specifically Title XI of the United States Code (federal bankruptcy code), certain remedies specified by the Electric System Resolution may not be readily available or may be limited.

Under existing law, municipalities must obtain the consent of state government in order to avail themselves of federal bankruptcy protection under Title XI of the United States Code. However, there is currently no State law granting such consent. The various legal opinions to be delivered concurrently with the issuance, sale and delivery of the Series 2025 Electric System Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the rights of creditors generally or as to the availability of any particular remedy. See "TAX MATTERS" herein and "**APPENDIX F – PROPOSED FORM OF CO-BOND COUNSEL OPINIONS FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS**" attached hereto.

Additional Obligations

The City, at the request of the Board of MLGW under the Master Electric System Resolution, may issue additional Senior Lien Revenue Obligations to finance the construction, extension, improvements and equipping of the Electric System and facilities of the City operated by MLGW: (i) on a parity of lien with respect to the Electric System Pledged Revenues with any Outstanding Electric System Senior Lien Revenue Obligations, including the Series 2025 Electric System Bonds payable solely from and secured by a pledge of the Electric System Pledged Revenues; or (ii) on a lien subordinate to the Outstanding Senior Lien Revenue Obligations, including the Series 2025 Electric System Bonds, in accordance with and upon the satisfaction of certain conditions set forth in the Master Electric System Resolution, the Eleventh Supplemental Resolution, and in a Supplemental Resolution authorizing the issuance of such General Revenue Obligations for the Electric System in the future. See "**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION**" attached hereto.

Pursuant to the Electric System Resolution, Additional Obligations issued on a parity of lien with the Outstanding Electric System Senior Lien Revenue Obligations, including the Series 2025 Electric System Bonds, may be secured by one or more debt service reserve funds, which debt service reserve funds, if any, will not secure the Series 2025 Electric System Bonds. The issuance of Additional Obligations would increase the debt service requirements and could adversely impact the debt service coverage on the Series 2025 Electric System Bonds. See "**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Additional Obligations**" attached hereto.

Early Payment Prior To Maturity

The Series 2025 Electric System Bonds may be subject to optional redemption prior to maturity. See "**REDEMPTION PROVISIONS FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS**" hereinabove. A prospective investor should consider this right when making any investment decision. Following a redemption, the Beneficial Owners of any Series 2025 Electric System Bonds that are redeemed may not be able to reinvest their funds at a comparable interest rate. See "**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION**" attached hereto.

Limited Protection Against Loss of Tax Exemption

There is no provision for the redemption of any of the Series 2025 Electric System Bonds or for the payment of additional interest on any of the Series 2025 Electric System Bonds in the event that interest on any of the Series 2025 Electric System Bonds becomes includable in gross income for federal income tax purposes. In the event that interest on the Series 2025 Electric System Bonds becomes includable in gross income for federal income tax purposes, the value and marketability of such Series 2025 Electric System Bonds would likely be adversely impacted. The City and MLGW will covenant not to do anything that would adversely impact the tax-exempt status of the Series 2025 Electric System Bonds. See “TAX MATTERS” herein and “**APPENDIX F – PROPOSED FORM OF CO-BOND COUNSEL OPINIONS FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS**” attached hereto.

Risk of Future Legislative Action and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2025 Electric System Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2025 Electric System Bonds will not have an adverse effect on the tax status of the interest on the Series 2025 Electric System Bonds or the market value or marketability of the Series 2025 Electric System Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2025 Electric System Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, investors in the Series 2025 Electric System Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2025 Electric System Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2025 Electric System Bonds may be affected and the ability of bondholders to sell their Series 2025 Electric System Bonds in the secondary market may be reduced. The Series 2025 Electric System Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2025 Electric System Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2025 Electric System Bonds.

Impact of Federal and State Regulations for the Electric Utility Industry

The Electric System is subject to numerous State and federal regulations. If the federal government or the State should impose more stringent standards upon the Electric System, or for example by mandating a higher proportion of renewable energy, which may be more expensive than conventional energy sources, the Electric System’s expenses could increase accordingly, and rates and charges for the Electric System would have to be increased to offset those expenses.

Although the MLGW has covenanted in the Electric System Resolution to prescribe, revise and collect such charges for the services, facilities and electricity furnished by the Electric System during each fiscal year at specified levels, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely impact the ability of MLGW to generate Electric System Pledged Revenues in the amounts required by Electric System Resolution to pay the principal of and interest on the Series 2025 Electric System Bonds and any Outstanding Electric Division Senior Lien Revenue Obligations when due. Certain potential increasing regulatory standards could materially increase the cost of MLGW for providing electric utility services to its customers in the service area.

The New Madrid Seismic Zone, Adverse Weather and Other Catastrophic Events

New Madrid Seismic Zone. The City is located adjacent to the New Madrid Seismic Zone, which is the most seismically active and well-studied region in the Central and Eastern United States. The last major earthquakes located within this seismic zone, believed to have ranged between 7.0 and 7.7 in magnitude, occurred in 1811 and 1812. According to the United States Geological Survey, there is a 7-10% chance that a repeat of earthquakes of similar scale to the 1811 and 1812 earthquakes will occur within the next fifty (50) years and a 25-40% risk of a still dangerous earthquake in the low-6 magnitude. During the past twenty-five (25) years, building codes in the City and the County have been gradually upgraded to require stricter seismic construction standards. However, many older buildings, particularly in the downtown area, are masonry structures built long before seismic requirements and are believed to be highly vulnerable to shaking from an earthquake. MLGW has implemented certain seismic design and mitigation programs for the Electric System, the Gas System, and the Water System, but seismic activity in or near the City could still cause significant damage to MLGW's facilities and disrupt the activities and affairs of MLGW, and adversely impact MLGW's customers within the service area. In addition to the potential damage to buildings and facilities owned by the City and operated by MLGW, due to the importance of the City as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake may cause significant temporary and possibly long-term harm to the City's economy, tax receipts and residential and business real property values.

Adverse Weather and Other Catastrophic Events. The location of MLGW's service territory in the southern United States and the City's proximity to the Mississippi River and other waterways, increases its vulnerability to flooding in certain areas and extreme heat. In addition to flooding and extreme heat, the City and County face other threats due to adverse weather conditions, including tornadoes and other storm events that could become increasingly severe and frequent. Severe weather events and natural disasters, generally, including floods, extreme heat, tornadoes and other storm events, can affect MLGW's operation and finances in a myriad of ways, including by potentially damaging the Electric System's infrastructure, interrupting service to customers, damaging customers' property in ways that change their energy needs and disrupting business operations of major contractors, vendors or other partners of the Electric System. In addition, changing weather conditions may result in unexpected levels of energy use and fluctuating revenues of the Electric System. For example, when temperatures are milder, customers often use less electricity, resulting in less revenue to the Electric System. Along with natural disasters, catastrophic events caused by human activity could also materially impact the Electric system in a manner that disrupts service to customers and decreases revenues and increases expenses of the Electric System.

Neither the City nor MLGW can predict the timing, frequency or severity of adverse weather events and/or other catastrophic events and their impact on the City's or MLGW's operations and finances.

Cybersecurity

City of Memphis, Tennessee

The City utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information, and as a result, the City may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupting municipal services and operations and subjecting the City to potential legal action. The City has no knowledge of, or historical record of, any successful cybersecurity breach or related attack. Attempted cybersecurity attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or agencies of similar characteristics. To mitigate such risks, the City has instituted various policies and procedures to protect its network infrastructure, including a cybersecurity training requirement for certain departments, as well as general cybersecurity training and awareness for all employees. The City also maintains insurance against cybersecurity incidents. Despite the City's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

Memphis Light, Gas and Water Division

MLGW utilizes various cybersecurity software systems and appliances to protect against cyber threats and monitor traffic, both attempting to enter MLGW and within MLGW, to protect MLGW's customer, employee and critical utility infrastructure data and information. This is done to prevent both intentional threats and unintentional employee errors. MLGW has no knowledge of, or historical record of, any successful cybersecurity breach or related attack. MLGW carries Cybersecurity Insurance for assistance with any such event that may happen in the future; however, there is no assurance the insurance coverage will cover the full amount of any cyber-attack. Attempted cybersecurity attacks, whether anonymous or targeted, occur periodically, which is not uncommon to organizations or agencies of similar characteristics. To mitigate such risks, MLGW has instituted various policies and procedures to protect its network infrastructure, including a cybersecurity training requirement for certain departments, as well as general cybersecurity training and awareness for all employees. MLGW is subject to cybersecurity regulatory requirements from multiple state and federal regulatory agencies, with regular monitoring and/or compliance audits related to the operation of MLGW's electric, gas and water infrastructure. Despite MLGW's measures to safeguard its network infrastructure, there are no guarantees that such measures will always be successful. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupting municipal services and operations, and subjecting MLGW to potential legal action.

The Emergence of Artificial Intelligence Technology Could Harm MLGW

MLGW's sensitive information may be subject to improper disclosure or fabrication by artificial intelligence ("AI") and machine learning technologies on systems external to MLGW, leading to compromises in cybersecurity. AI and machine learning technology may also be flawed, and data sets used in generative AI may be insufficient or contain biased, incorrect, or incomplete information. Additionally, the lack of governance and regulatory requirements for AI systems may make it difficult for MLGW to create compliance standards for employee AI usage and may make the intellectual property ownership and license rights to certain information unclear. MLGW could suffer reputational damage or face operational challenges resulting from any inconsistencies or flaws in the application of AI or machine learning technology. MLGW's current guidelines, enforceable through HR Policy, allow for the use of AI for general composition, but specifically disallow loading any MLGW data into an AI environment not approved by MLGW Data Security and in MLGW's control. MLGW is pursuing several avenues to use AI, but all will be within MLGW's controlled environments and access to use the tools will be by authorization only.

Public Health Emergencies and Global Conflicts

The outbreak of the Coronavirus Disease 2019 ("COVID-19"), a respiratory disease caused by a new strain of the coronavirus, affected global and local economies, including MLGW. Neither the City nor MLGW is able to predict whether and to what extent any increases in COVID-19 cases or the emergence of any future pandemic, epidemic, or other public health emergency may disrupt global and local economies, or whether any such disruption may adversely affect the operations or financial condition of the City, MLGW or the Electric System.

Historical data on the operational performance of the Electric System and financial strength of the Electric Division and as well as employment, income trends, and business activity for the City, the County, and MLGW are detailed in this Official Statement, including historical data collected both before and during the COVID-19 pandemic. Certain data and other information collected prior to and during the COVID-19 pandemic may not reflect current conditions. For example, some of the largest employers and ratepayers in the service area may have been forced to reduce their business activities during the COVID-19 pandemic and may be similarly affected as a result of any future pandemic, epidemic, or other public health emergency. See **"APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION"** and

“APPENDIX C – ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE” attached hereto.

In February 2022, the Russian military invaded and attacked Ukraine. In October 2023, a conflict began in the Gaza strip between Israel and the Islamic Resistance Movement, also known as Hamas. Both conflicts are ongoing and may have adverse global economic impacts that could affect the City and MLGW. The war between Russia and Ukraine and the after-effects of the COVID-19 pandemic have led to continued global labor shortages and supply chain disruptions. MLGW has experienced ongoing supply chain issues and shortages related to transformers, which shortages have delayed the timing of new construction on the MLGW distribution system. To mitigate such issues, MLGW has implemented programs to expedite the delivery of transformers and is monitoring transformer inventory levels for new construction and planned maintenance as well as supplies for climate-related events. MLGW is also working with developers and contractors who request new services in order to lessen the impact of delays on their projects. MLGW will continue to monitor and respond to developments affecting its workforce, customers and suppliers and intends to mitigate negative business impacts if and when appropriate.

MLGW cannot predict: (i) the duration or extent of any outbreak or pandemic; (ii) what effect any outbreak/pandemic-related government restrictions or warnings may have on demand for utility services, MLGW costs or revenues; (iii) whether and to what extent any other outbreak or pandemic may disrupt the local or global economy, manufacturing or supply-chain, or whether any such disruption may adversely impact MLGW-related operations; (iv) the extent to which any outbreak or pandemic, may result in changes in demand for electricity, gas or water, or may have an impact on the customers of MLGW or the utility industry, generally; or (v) whether any of the foregoing may have a material adverse effect on the finances and operations of MLGW. Future outbreaks or pandemics may reduce demand for MLGW’s services, which could cause a decrease in customer usage and declines in revenues generated by MLGW.

Additional Factors

In the future, the following additional factors, among others, may impact the business affairs and operations of electric utility providers, including the Electric Division of MLGW, to an extent that cannot be determined at this time:

- (1) The ability of, and costs to, MLGW to insure or otherwise protect itself against property damage and general liability claims; and
- (2) The TVA’s inability to provide electricity to MLGW will adversely impact MLGW’s ability to secure and provide electricity to its customers in the service area, or other risk factors relating to MLGW’s relationship with the TVA. See “FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – General Industry Risk Factors” hereinabove.

Ratings on the Series 2025 Electric System Bonds

The Rating Agencies (as defined herein) have assigned credit ratings to the Series 2025 Electric System Bonds. The ratings of the Series 2025 Electric System Bonds are not a recommendation to purchase, hold or sell the Series 2025 Electric System Bonds, and the ratings do not address the market price or suitability of the Series 2025 Electric System Bonds for a particular investor. The ratings assigned to the Series 2025 Electric System Bonds may not remain the same for a given period of time and may be lowered or withdrawn depending on, among other things, the Rating Agencies’ criterion of evaluation of the City’s overall economy and financial strength, evaluation of the financial strength of MLGW, including assessing the efficiency of the infrastructure and operation of the Electric System in the service area, and/or changes in the Rating Agencies’ methodology in assigning a credit rating to MLGW and the Series 2025 Electric System Bonds. Neither the City nor MLGW is required to maintain a specified rating with respect to the Series 2025 Electric System Bonds. See “RATINGS” herein.

Suitability of the Series 2025 Electric System Bonds for Investment

No dealer, broker, salesman or other person has been authorized by MLGW, the City, the Municipal Advisor or the Underwriters to give any information or make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by MLGW, the City, the Municipal Advisor or the Underwriters.

THIS SECTION DOES NOT PURPORT TO SUMMARIZE ALL RISKS THAT MAY BE ASSOCIATED WITH PURCHASING OR OWNING THE SERIES 2025 ELECTRIC SYSTEM BONDS AND PROSPECTIVE PURCHASERS ARE ADVISED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY (INCLUSIVE OF THE FRONT COVER, THE INSIDE COVER PAGE AND THE APPENDICES ATTACHED HERETO) FOR A MORE COMPLETE DESCRIPTION OF THE RISK FACTORS AND INVESTMENT CONSIDERATIONS RELATING TO THE SERIES 2025 ELECTRIC SYSTEM BONDS.

TAX MATTERS

Series 2025 Electric System Bonds

General Matters. In the opinion of Bass, Berry & Sims PLC, Memphis, Tennessee, and The Wade Firm, PLLC, Memphis, Tennessee, serving as Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025 Electric System Bonds (including any original issue discount properly allocable to the owner of a Series 2025 Electric System Bond) is excludable from gross income for federal income tax purposes and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion described above assumes the accuracy of certain representations and compliance by the City and the Division with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2025 Electric System Bonds. Failure to comply with such requirements could cause interest on the Series 2025 Electric System Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Electric System Bonds. The City and the Division have covenanted to comply with such requirements. Co-Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2025 Electric System Bonds.

The accrual or receipt of interest on the Series 2025 Electric System Bonds may otherwise affect the federal income tax liability of the owners of the Series 2025 Electric System Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Co-Bond Counsel have expressed no opinion regarding any such consequences. Purchasers of the Series 2025 Electric System Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2025 Electric System Bonds.

Original Issue Discount. The Series 2025 Electric System Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Original Issue Premium. The Series 2025 Electric System Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Series 2025 Electric System Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2025 Electric System Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2025 Electric System Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

State of Tennessee Taxes

Co-Bond Counsel also are of the opinion that, under existing law, the Series 2025 Electric System Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on the Series 2025 Electric System Bonds during the period the Series 2025 Electric System Bonds are held or beneficially owned by any organization

or entity other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2025 Electric System Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee. Ownership of the Series 2025 Electric System Bonds or interest thereon may be subject to state or local taxation in jurisdictions other than the State of Tennessee under applicable state or local laws, as to which Co-Bond Counsel express no opinion. Each prospective investor and purchaser of the Series 2025 Electric System Bonds should consult its, his or her own tax advisor regarding the status of the interest on the Series 2025 Electric System Bonds in a particular state or local jurisdiction other than Tennessee.

Changes In Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2025 Electric System Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2025 Electric System Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2025 Electric System Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2025 Electric System Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025 Electric System Bonds, and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2025 ELECTRIC SYSTEM BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2025 ELECTRIC SYSTEM BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2025 ELECTRIC SYSTEM BONDS.

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the Series 2025 Electric System Bonds are subject to the approving opinions of Bass, Berry & Sims, PLC, Memphis, Tennessee, and The Wade Law Firm, PLLC, as Co-Bond Counsel, whose approving opinions will be delivered concurrently with the issuance of the Series 2025 Electric System Bonds. The legal opinions will speak only as of their dates and subsequent distribution of them by recirculation of this Official Statement or otherwise shall not create any implication that subsequent to the date of the legal opinions Co-Bond Counsel has affirmed its opinions. The proposed text of the legal opinions of Co-Bond Counsel are attached hereto as “**APPENDIX F – PROPOSED FORM OF CO-BOND COUNSEL OPINIONS FOR THE SERIES 2025 ELECTRIC SYSTEM BONDS**” attached hereto. The actual legal opinions to be delivered may vary from the text of **APPENDIX F**, if necessary, to reflect facts and law on the date of delivery of the Series 2025 Electric System Bonds.

No representation is made to the Beneficial Owners of the Series 2025 Electric System Bonds that Co-Bond Counsel has verified the accuracy, completeness or fairness of the statements contained in this Official Statement, and Co-Bond Counsel assumes no responsibility to the Beneficial Owners of the Series 2025 Electric System Bonds except for the matters that will be set forth in their approving opinions.

Certain legal matters will be passed upon for the Underwriters by their counsel, Carpenter Law, PLLC, Memphis, Tennessee, for the City of Memphis by Tannera Gibson, Esquire, Chief Legal Officer/City Attorney, and for MLGW by Jennifer A. Sink, Esquire, Vice President and General Counsel to MLGW.

The legal opinions to be delivered concurrently with the issuance and delivery of the Series 2025 Electric System Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein, as of the date of such opinions. By providing legal opinions, the attorneys delivering such opinions do not become insurers or guarantors of the result indicated by that expression of professional judgment with respect to the transaction on which the opinions are delivered, or of the future performance of parties to the transaction. Furthermore, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

MUNICIPAL ADVISOR

Stephens Inc., Nashville, Tennessee, is serving as Municipal Advisor to MLGW in connection with the issuance, sale and delivery of the Series 2025 Electric System Bonds (the “Municipal Advisor”). The Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2025 Electric System Bonds is contingent upon the issuance, sale and delivery of the Series 2025 Electric System Bonds. The information set forth herein has been obtained from MLGW and the City and other sources believed to be reliable but has not been independently verified by the Municipal Advisor.

Stephens Inc., in its capacity as Municipal Advisor, has relied on the legal opinions of Co-Bond Counsel and has not independently verified and does not assume any responsibility for the information, covenants and representations contained therein nor in any of the legal documents with respect to the federal income tax status of the Series 2025 Electric System Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to MLGW and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

INDEPENDENT AUDITOR

The financial statements of MLGW, including the management’s discussion and analysis for the Fiscal Year ended December 31, 2024, dated June 4, 2025, has been audited by Clifton Larson Allen LLP, Nashville, Tennessee, serving as the independent auditor to MLGW (the “Independent Auditor”) and was prepared in conformity with accounting principles generally accepted for proprietary funds of governmental entities (the “Annual Report”).

The audit completed by the Independent Auditor involved (i) performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, (ii) evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the management of MLGW, and (iii) evaluating the overall financial presentation. The responsibility for the accuracy and presentation of the information provided in the Annual Report was the full responsibility of the management of MLGW.

The Annual Report is hereby incorporated into and qualified by reference as a part of APPENDIX B attached hereto and is available either through the website of the MSRB’s EMMA system at the following electronic hyperlink: <https://www.emma.msrb.org> or through the website of MLGW at the following electronic hyperlink: www.mlgw.com. To the extent there are any differences between the Annual Report

posted on the website of MLGW as compared to the same filed by MLGW on the MSRB's EMMA system, then the Annual Report for the filed on the MSRB's EMMA system shall control.

The Independent Auditor has not been engaged to perform and have not performed, since the date of the Annual Report, any review or analysis of MLGW's audited financial statements addressed within the Annual Report and have not performed any review or analysis of the audited financial statements set forth and more fully described within this Official Statement or the within the appendices attached hereto.

See "**APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**" attached hereto.

CERTAIN RELATIONSHIPS

The Wade Law Firm, PLLC, Co-Bond Counsel, from time to time, provides other legal services to the City and MLGW. Bass, Berry & Sims, PLC, Co-Bond Counsel, from time to time, provides other legal services to the City and MLGW. Carpenter Law, PLLC, Counsel to the Underwriters, from time to time, provides other legal services to the City and MLGW.

RATINGS

Moody's Investors Service, Inc. and Fitch Ratings, Inc. (together the "Rating Agencies") have assigned ratings of "Aa2" (stable outlook) and "AA" (stable outlook), respectively, to the Series 2025 Electric System Bonds.

Any explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings at the following addresses: Moody's Investors Services, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004. The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the Rating Agencies, and an explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

There is no assurance that such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the Rating Agencies, or any of them, may have an adverse impact on the liquidity or market price of the affected Series 2025 Electric System Bonds. Neither MLGW nor the City have undertaken any responsibility to oppose any such revision, suspension or withdrawal.

UNDERWRITING

Raymond James & Associates, Inc. (the "Representative") will enter into a Bond Purchase Agreement by and among the Representative, acting for itself and on behalf of FHN Financial Capital Markets and Ramirez & Co., Inc. (collectively, the "Underwriters"), the City and MLGW pursuant to which the Underwriters have agreed to jointly and severally purchase the Series 2025 Electric System Bonds at an aggregate purchase price of \$250,783,780.25, which represents the principal amount of the Series 2025 Electric System Bonds of \$235,155,000.00, plus a net premium in the amount of \$16,393,034.00, and minus an Underwriters' discount of \$764,253.75 (the "Bond Purchase Agreement"). The Bond Purchase Agreement provides that the Underwriters' obligations are subject to certain conditions precedent but that the Underwriters will be obligated to purchase all of the Series 2025 Electric System Bonds if any Series 2025 Electric System Bonds are purchased.

The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of each of the Series 2025 Electric System Bonds are subject to various conditions set forth and more fully described in the Bond Purchase Agreement. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2025 Electric System Bonds to the public. The prices and other terms with respect to the offering and sale of the Series 2025 Electric System Bonds may be changed from time to time by the Underwriters after such Series 2025 Electric System Bonds are released for sale. The Series 2025 Electric System Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2025 Electric System Bonds into investment trusts) at prices lower than the public offering prices. Public offering prices may be changed from time to time by the Underwriters.

The City and MLGW will represent to the Underwriters in the Bond Purchase Agreement that (i) the information and statements, including the financial statements of or pertaining to the City or MLGW contained in this Official Statement were and are correct in all material respects, and (ii) insofar as the City or MLGW and their affairs, including their financial affairs are concerned, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Underwriters and their respective affiliates may be full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor or other rights against the City and/or MLGW in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors, and employees may purchase, sell, or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers and such investment and trading activities may involve or relate to assets, securities or instruments of the City and/or MLGW (directly, as collateral securing other obligations or otherwise) or persons and entities with relationships with the City and/or MLGW. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities and instruments.

CONTINUING DISCLOSURE UNDERTAKING

In order to assist the Underwriters in complying with the Rule, simultaneously with the issuance and delivery of the Series 2025 Electric System Bonds, MLGW and the City will enter into the Disclosure Certificate for the benefit of the Beneficial Owners, under which the Annual Report and notices of certain enumerated events (as described in the applicable Disclosure Certificate) will be filed by MLGW, on behalf of the City, with the repository designated by the SEC, presently the MSRB, through EMMA in an electronic format prescribed by the MSRB.

Under the Disclosure Certificate, the City, as an “obligated person” under the Rule, will agree and undertake to cause MLGW to timely file the Annual Report and notices of the occurrence of certain enumerated events with respect to the Series 2025 Electric System Bonds with the repository designated by the SEC, presently being the MSRB through EMMA in an electronic format prescribed by the MSRB, all as more particularly described in the Disclosure Certificate.

These covenants have been made in order to assist the Underwriters in complying with the Rule. Such undertaking shall only apply so long as the applicable Series 2025 Electric System Bonds remain outstanding; provided, however, that the undertaking shall terminate upon the termination of the continuing disclosure

requirements of the Rule by legislative, judicial or administrative action and may be amended as provided in the Disclosure Certificate.

In the period beginning five years prior to the date of this Official Statement to the dated date of this Official Statement (the “Compliance Period”), MLGW believes that it has complied, in all material respects, with its continuing disclosure undertakings and has not failed to comply in any material respect with any previous undertaking with regards to the Rule to provide the Annual Report and other certain annual financial information and material event notices.

The City previously entered into various continuing disclosure undertakings with its underwriters, as an “obligated person” under the Rule. During the Compliance Period, the City believes that it has complied, in all material respects, with its continuing disclosure undertakings, except: (i) the City entered into certain sewer and stormwater drawdown loans on or about October 13, 2021, March 19, 2024, and March 26, 2024, respectively, and notice of the incurrence of such loans was filed on November 30, 2021, May 16, 2024, and May 30, 2024, respectively (and prior to any draws by the City on all or some of such loans); and (ii) due to their unavailability, the City did not timely file audited financial information for the City’s Fiscal Year 2021, Fiscal Year 2022, Fiscal Year 2023, and Fiscal Year 2024, due on December 30 pursuant to certain prior continuing disclosure undertakings, through filing certain unaudited financial information for such fiscal years which was timely submitted in each instance. Audited financial information for the City’s Fiscal Year 2021, Fiscal Year 2022, Fiscal Year 2023, and Fiscal Year 2024, was filed on January 5, 2022, March 10, 2023, January 2, 2024, and March 4, 2025, respectively.

MLGW and the City each have a system in place for compliance with its outstanding continuing disclosure obligations under similar undertakings, certificates, or related agreements. See “**APPENDIX E – FORM OF THE CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE SERIES 2025 ELECTRIC SYSTEM BONDS**” attached hereto.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to in this Official Statement do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2025 Electric System Bonds, the security for and the source for repayment for the Series 2025 Electric System Bonds and the rights and obligations of the bondholders.

The information contained in this Official Statement, including the front cover, the inside cover page, and the appendices attached hereto, has been obtained from representatives of MLGW and the City from public documents, records and other sources considered to be reliable. The Underwriters and the Municipal Advisor have reviewed the information contained in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters or the Municipal Advisor do not guarantee the accuracy or completeness of such information contained in this Official Statement.

Use of the words “shall” or “will” contained in this Official Statement or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the Beneficial Owners of the Series 2025 Electric System Bonds.

[Signatures on the Following Page]

**AUTHORIZATION OF AND CERTIFICATION
REGARDING THE OFFICIAL STATEMENT**

The execution and delivery of this Official Statement by the Mayor of the City and President and Chief Executive Officer of MLGW, including the distribution and use of this Official Statement by the Underwriters in connection with the public offer and sale of the Series 2025 Electric System Bonds, have been duly authorized and approved by the City Council and the Board of MLGW.

CITY OF MEMPHIS, TENNESSEE

By: /s/ Paul A. Young

**Paul A. Young
Mayor**

MEMPHIS LIGHT, GAS AND WATER DIVISION

By: /s/ Doug McGowen

**Doug McGowen
President and Chief Executive Officer**

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APPENDIX A

OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION

OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION



In addition to the information provided in the Official Statement, Memphis Light, Gas and Water Division of the City of Memphis, Tennessee (“MLGW”) have provided the following information regarding the Electric System. A complete review of this **APPENDIX A**, together with the entire Official Statement, including all the other appendices attached thereto, are essential to the making of an informed investment decision by any purchaser of the Series 2025 Electric System Bonds. In the making of an informed investment decision relating to the Series 2025 Electric System Bonds, a potential purchaser should not conclude that the presentation of the information set forth in this **APPENDIX A**, versus a presentation of the same set forth in the body of the Official Statement, or within any of the other appendices attached thereto, denotes that the information set forth in this **APPENDIX A** is of less relevance or importance than the information set forth in the body of the Official Statement, or within any of the other appendices attached thereto.

MLGW prepared its Annual Report, which is incorporated into and qualified by reference as a part of **APPENDIX B** of the Official Statement, which contains its audited financial statements for the Fiscal Year Ended December 31, 2024. In addition to preparing the Annual Report for Fiscal Year 2024, MLGW has prepared this **APPENDIX A**, which includes certain financial and operating information pertaining to the Electric Division for the same period. It is the intention of MLGW that this **APPENDIX A**, together with the Official Statement along with the appendices attached thereto, and other requested information will be used in connection with the issuance, sale and delivery of the Series 2025 Electric System Bonds.

Except as otherwise set forth and more fully described in the Official Statement under the caption “CONTINUING DISCLOSURE UNDERTAKING”, MLGW undertakes no responsibility and has no obligation to update the information contained within this **APPENDIX A**, the Official Statement or the appendices attached thereto subsequent to the date of the Official Statement.

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INTRODUCTION

The Memphis Light, Gas and Water Division of the City of Memphis, Tennessee (“MLGW”), a division of City of Memphis, Tennessee (the “City”), was created through an amendment to the Charter of the City of Memphis, Tennessee, as amended (the “City Charter”) by Chapter 381 of the Private Acts of the General Assembly of the State of Tennessee, duly and lawfully adopted on March 9, 1939, as amended. MLGW is the largest three-service public utility in the United States and distributes electric power and natural gas throughout the City and Shelby County (the “County”) and distributes water within the City and certain adjacent geographical areas. MLGW operates on a fiscal year with the period beginning January 1 of each calendar year and ending December 31 of the same calendar year (the “Fiscal Year”). All capitalized terms used in this not otherwise defined herein shall have the same meanings ascribed to them as set forth in the Official Statement or the Electric System Resolution.

Electric Division

The Electric Division of MLGW (the “Electric Division”) serves the City and the County pursuant to a franchise granted by the State in the City Charter. The City holds title to certain real property used in connection with the daily operations of the Electric Division, including easements deemed adequate by MLGW on such real properties not required to be held in fee simple. The Electric Division designs, constructs, operates and maintains an electrical transmission and distribution system (the “Electric System”), wherein substantially all the Electric Division’s required engineering, design, construction and operation functions are performed by MLGW personnel. The Electric Division, as needed, contracts with independent contractors for certain services such as street lighting, underground conduit construction and pole replacements.

For the Fiscal Year ended December 31, 2024, the total operating revenues of the Electric Division were \$1,491,977,947 and were derived principally from the sale of electricity to an average of 439,607 customers during the same period. The Electric Division’s capital construction expenditures for the Fiscal Year ended December 31, 2024, were \$162.7 million. The Electric Division has \$457,955,000 aggregate principal amount of Outstanding Electric Division Senior Lien Revenue Obligations and no longer has any Subordinate Lien debt outstanding as of the Fiscal Year ended December 31, 2024. See “**APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**” attached to the Official Statement.

Management and Operations

The Electric Engineering and Operations Department is responsible for ensuring the efficient and reliable delivery of electrical services for the Electric Division. It includes several specialized areas, such as: (i) Electric Construction, which is responsible for overseeing the building and installation of the electrical infrastructure; (ii) Electric Distribution System Engineering, which is responsible for designing and maintaining the systems that distribute electricity to the customers; (iii) Environmental Engineering, which is responsible for ensuring that electrical operations comply with environmental regulations and sustainability practices; (iv) System Operations, which is responsible for managing the real-time operation of the electrical grid to ensure stability and reliability; and (v) Substation Engineering and Operations, which is responsible for focusing on the design, maintenance and operation of the electrical substations, which are critical for transforming and distributing electricity.

The Board of MLGW is governed by a five-member Board of Commissioners and two non-voting countywide Advisory Board members. The daily operation of MLGW is managed by the President and Chief Executive Officer, who generally supervises the operation of MLGW and all of its officers and employees. The following flow chart illustrates MLGW’s Board of Commissioners and MLGW’s Senior Leadership Council, as of the date of the Official Statement.

Source of Electric Power

The Electric Division currently purchases all its electricity from the Tennessee Valley Authority (the “TVA”). The Electric Division does not generate any electric power but purchases its entire supply from TVA pursuant to a power contract among the City, MLGW and the TVA effective January 1, 1985, as amended (the “Power Contract”). The Power Contract is subject to automatic one-year extensions on January 1st of each year. Except as provided in the 1990 Supplement to the Power Contract, MLGW has the right to terminate the Power Contract upon not less than five years written notice to the TVA, and the TVA has the right to terminate the Power Contract upon not less than ten years prior written notice to MLGW (or five years if the TVA’s discretionary wholesale rate-setting authority has been removed by any statute). MLGW shall not be limited to fully exercise any rights arising pursuant to contract, Act of Congress, executive order, court decision or regulatory action, or any other right or opportunity under any program offered by the TVA to reduce the level of purchases from the TVA and become a partial requirements customer of the TVA. In the event the Power Contract is terminated, the Power Contract provides that the TVA may not seek to recover “stranded costs” from MLGW for any period after September 30, 2007.

The power sold to the Electric Division is supplied from the entire TVA system and not from a specific generating facility. While there can be no assurance that the TVA can or will meet the future power demands of its customers, including the Electric Division, MLGW believes that TVA projections indicate sufficient capacity to meet such demands for the foreseeable future. The Electric Division is the TVA’s largest customer. The Power Contract provides that the Electric Division may sell power to all customers in its service area, except certain federal installations and large consumers, which the TVA may serve directly. The Naval Support Activity at Millington, Tennessee, the Nucor Steel Plant and Praxair Incorporated are the only such installations or consumers in MLGW’s service area currently served directly by the TVA.

The cost and availability of power to the Electric System may be affected by, among other things, factors relating to the TVA’s nuclear program, fuel supply, environmental considerations such as future legislation regulating the use of fossil fuel and addressing potential climate change, the construction and financing of future generating and transmission facilities, and other factors relating to the TVA’s ability to supply the power demands of its customers including the Board of MLGW. Because MLGW purchases all of its electric power from the TVA, any risk factors affecting or potentially affecting the business operations of the TVA may also affect MLGW. A discussion of the risk factors affecting the TVA’s operations can be found in “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the TVA’s Annual Report. The TVA’s Annual Report is available to the public from the SEC’s website at www.sec.gov and from the TVA’s website at www.tva.gov.

Payments in Lieu of Taxes

Consistent with its agreements with the TVA, the authority of the City to cause to be paid from its Electric System revenues for each Fiscal Year amounts for payments in lieu of taxes, referred to as “tax equivalents”, on its Electric System and electric operations is controlled by Municipal Electric System Tax Equivalent Law of 1987 (the “Electric Law”). Pursuant to the Electric Law, the City Council may require payment of tax equivalents from Electric System revenues in such amounts to all taxing jurisdictions in the County, which, in the judgment of the City Council, shall represent the fair share cost of government property to be borne by the Electric System, except that the total amount so paid in the aggregate as tax equivalents for each Fiscal Year shall not exceed a maximum amount equal to the sum of the following:

(a) With respect to each of the respective taxing jurisdictions in which the Electric System is located, the equalized property tax rate, determined as provided in this section, for the taxing jurisdiction as of the beginning of such Fiscal Year, multiplied by the net plant value of the Electric System and the book value of materials and supplies within the taxing jurisdiction as of the beginning of such Fiscal Year, multiplied by the assessment ratio in effect as of the beginning of such Fiscal Year; and

(b) Four percent (4%) of the average revenue less power costs from electric operations for the preceding three (3) Fiscal Years of the Electric System.

The Electric Law also provides that such tax equivalent payments shall be made only from Electric System revenues remaining after payment of, or making reasonable provision for payment of:

(i) Current Electric System operating expenses, including salaries, wages, costs of materials and supplies, power at wholesale and insurance;

(ii) Current payments of interest on indebtedness incurred or assumed by the municipality for the acquisition, extension, or improvement of the Electric System, and the payment of principal amounts of such indebtedness, including sinking fund payments, when due;

(iii) Reasonable reserves for renewals, replacements and contingencies; and

(iv) Cash working capital adequate to cover operating expenses for a reasonable number of weeks.

For the Fiscal Year ended December 31, 2024, the Electric Division accrued \$48,880,509.59, for PILOT payments which represents a 17.99% increase from the amount accrued by the Electric Division for the Fiscal Year ended December 31, 2023 which was \$41,428,496.39.

MLGW 2045 and Other Ongoing Strategic Initiatives

Throughout its history, MLGW has been at the forefront of innovation and service delivery, and it continually upgrades its infrastructure to meet the growing demands of its customers. MLGW's commitment to sustainability and efficiency is evident in its various initiatives, including energy conservation programs and the integration of renewable energy sources. In 2024, MLGW launched "MLGW 2045", a 20-year strategic initiative aimed at enhancing utility services while addressing customer concerns over reliability and affordability. Under the MLGW 2045 initiative, more than 90 internal experts at MLGW are researching all aspects of its operation including regional growth patterns, utility industry benchmarks, and global trends that could affect MLGW in the future. To learn more about MLGW 2045, visit <http://www.mlgw.com/2045>.

MLGW has continually prioritized the development and implementation of new technologies in an effort to improve customer value and experience. Within the Gas Division, designs were completed for a large scale, multi-transmission pipeline replacement project, steel tap service couplings were replaced, and regulator stations were replaced. Within the Water Division, work continued to drill new wells to replace older wells, utility side lead service lines were replaced, and designs were completed for the replacement of the Allen Pumping Station. Within the Electric Division, areas of focus included the replacement of defective underground cable, wood pole management, tree trimming, aging substation equipment, automation of the distribution system and the hardening of the overhead Electric System. The grid modernization phase involves deployment of distribution automation devices within the electric system, completion of an internal proprietary communications network for these and other devices, implementation of an advanced distribution management system with upgraded system operations capabilities. For a further discussion regarding MLGW's major strategic initiatives and infrastructure improvements pertaining to the Electric Division, see "ELECTRIC SYSTEM" and "ELECTRIC DIVISION CAPITAL IMPROVEMENT PROGRAM" in this **APPENDIX A**.

Solar Generation and Utility Scale Battery Storage – Request For Proposal

MLGW is strengthening its commitment to sustainable energy with the release of a Request for Proposal ("RFP") to add 100 megawatts +/- of solar generation alongside 80 megawatts of utility scale battery

storage to its energy portfolio. The planned project will include 50 MW+/- of battery storage with 2- to 4-hour utility scale capacity and an additional 30 MW+/- of battery storage at designated substations. The facilities will be built on MLGW-owned or approved locations within the service area. The initiative is designed to modernize MLGW's infrastructure by reducing peak energy demand, improving grid stability and further exploring cost effective renewable energy solutions. As part of its long-term commitment to a cleaner, more reliable power grid, MLGW aims to have the first phase of operations online by the third quarter of 2026. MLGW plans to add 80 MW of energy storage capacity over the next several years. Because utilizing energy storage reduces peak demand charges, MLGW's investment in energy storage is expected to pay for itself in the short term and to provide value well beyond the cost of purchase and installation. MLGW plans to continue to develop and innovate additional ways to improve MLGW's performance for and value to its customers. To learn more about this RFP for solar generation and utility scale battery storage, visit <https://www.mlgw.com/SolarBattery>.

LED Streetlight Conversion Projects

In July 2022, the City announced that it has partnered with Ameresco Inc. to lead a LED streetlighting, controls and networking project that is expected to reduce energy costs throughout the City and strengthen operations and maintenance capabilities. As of 2024, more than 77,000 of the City's high pressure sodium streetlights were upgraded and converted to more efficient, longer-lasting LED light fixtures. This project is anticipated to improve lighting and safety in certain local neighborhoods, while also lowering its carbon footprint. This project is also expected to result in annual energy savings of more than 37,000 million kilowatt hours and reduce greenhouse gas emissions by more than 26,000 metric tons. As the streetlights were being converted to LED, MLGW was installing a light management system ("LMS"). The LMS allows MLGW to monitor streetlights remotely for outages or other issues. The LMS has cut in half the number of trucks sent out for streetlight maintenance. The updated light fixtures are set to be controllable through remote monitoring on a secure network capable of additional smart city applications. Construction of this project commenced in Fall 2022 and is now complete. In addition to the City of Memphis LED Conversion Project, MLGW worked with other local municipalities and completed similar projects utilizing the municipalities' selected vendor to complete the conversions. Almost 18,000 additional streetlights have been converted to LED through these projects with similar additional conversions in the queue.

Integrated Resource Plan—Electric Power Supplier

In June 2019, the Board of MLGW, with assistance from consultant Siemens Industry Incorporated ("Siemens"), conducted an Integrated Resource Plan (the "IRP") to evaluate options related to wholesale electric power supply. The IRP, which was finalized in July 2020, is a comprehensive, long-term plan that provides direction on how MLGW can meet the energy needs of its customers in the most reliable, cost-effective manner over the next 20 years. The IRP study presented various portfolios such as retaining the TVA, supplying MLGW's own power supply needs with a combination of local generation, purchased power agreements ("PPA") and Mid-Continent Independent System Operator ("MISO") located generation resource PPAs along with MISO market purchases. Each portfolio, other than retaining the TVA, would require significant transmission investments to access the power in the MISO market. MLGW issued multiple requests for proposals ("RFP") relating to the portfolios identified in the IRP. Based on the proposals submitted the Board of MLGW decided in the Fall of 2022 to continue to purchase MLGW's power supply requirements from the TVA under the existing Power Contract. During the pendency of the RFP process, the TVA offered to all of its distributors including MLGW an amendment to their power contracts with the TVA which provided, among other things, some flexibility in the generation of a limited amount of the distributor's power requirements. While the majority of the TVA's distributors opted to execute that amendment, the MLGW Board elected not to do so as it would have extended MLGW's notice of termination requirements under the Power Contract from five years to twenty years. To learn more about the IRP process, visit <http://www.mlgw.com/about/powersupply>.

ELECTRIC SYSTEM

General

Pursuant to the Master Electric System Resolution, the Electric System is defined as the complete electrical system and facilities of MLGW including, without limitation, all electric distribution, generation and transmission facilities of MLGW, together with all electric system properties of every nature hereafter owned by MLGW, including all improvements and extensions made by MLGW including all real and personal property of every nature comprising part of or used or useful in connection with the Electric System, all administrative and operational support facilities, and including all appurtenances, contracts, leases, franchises and other intangibles; provided, however, at the election of MLGW, any other electric system or facility acquired by the City or MLGW pursuant to State law (each an “Acquired System”) may be included within the Electric System and become a part thereof but be operated as a separate and independent system by MLGW with the continuing right, upon the election of MLGW, to incorporate such separately Acquired System.

Substations and Transmission System

The Electric Division is connected to the TVA system through three 500/161 kV bulk power substations. One substation with two 500/161 kV transformer banks each rated at 1,243 MVA is located in Cordova, in the eastern area of the County. The second bulk power substation is located in the northern area of the County, northeast of Millington. The nameplate rating of the two 500/161 kV transformer banks at this substation is 1,325 MVA. The third substation has two 500/161 kV transformer banks rated at 1,200 MVA and is located in the southern part of the County, on the Tennessee-Mississippi border. The 500 kV grid into the County consists of three 500 kV lines from the TVA system and two 500 kV interconnections with the South-Central Electric Power Pool to the west into Arkansas. An additional source of power into the Electric Division is the TVA-owned Allen Generating Station units located in the southwest corner of the County. The new Allen Generating Station can produce 1,106 MW of summer net power capability.

Power supplied by the TVA at the four interconnection points flows into the Electric Division through 67 substations interconnected by a total of 644 miles of 161kV and 115 kV transmission lines. Most MLGW customers are served from distribution substations at voltages of 23 kV or 12.47 kV. Several larger industry customers opt to be served at transmission voltage: One customer at 115 kV, and seven customers at 161 kV.

Distribution System

Approximately 487 distribution circuits, inclusive of network circuits, operating at 23 kV and 12.47 kV originate at the distribution substations and are routed throughout the County to the Electric Division’s customers. An underground distribution network serves the downtown area of the City. Outside the downtown area, MLGW’s distribution lines are primarily overhead, but MLGW is continuing to install new electric distribution lines underground where economically feasible.

Electric Grid Modernization

MLGW’s Electric Grid Modernization initiative involves a combination of equipment, communications and processes to enhance internal operations, customer service, reliability and resiliency. MLGW’s beginning initiative included deployment of smart meters and telecommunications infrastructure throughout MLGW’s territory, so that customers can benefit from smart meter technology and the enhanced services it enables. Full deployment was completed in 2020 with the exception of customers who opted out of the program. This technology enables MLGW to reduce operating costs, increase customer service, lower many customer service fees, improve outage management and restoration times, and provide customers with access to more detailed information about utility usage.

Way Forward Plan Initiative; Four-Step Approach to Improving Reliability

MLGW is committed to improving its infrastructure, modernizing their systems, and enhancing the reliability and efficiency of their services through strategic investments in equipment and technology. For example, MLGW achieved or exceeded its targeted metrics set forth in the “Way Forward Plan”, a strategic initiative launched in 2020, which included a five-year \$1 billion service improvement plan across the three divisions. In addition to the Way Forward Plan initiative, MLGW is currently undergoing its “Four-Step Approach To Improve Reliability” initiative which includes appropriating funds to pay for all or a portion of projects pertaining to: (i) preventative maintenance; (ii) renewal and replacement of infrastructure; (iii) electric grid modernization; and (iv) expansion of the Electric System. Within the Electric Division, areas of focus included the replacement of defective underground cable, wood pole management, tree trimming, aging substation equipment, automation of the distribution system and the hardening of the overhead Electric System. This section provides a brief summary of the strategic initiatives and ongoing infrastructure improvements to the Electric System.

Production/Distributive Energy Resources (Solar Generation/Battery Storage) Improvements –

In 2020, MLGW initiated a five-year infrastructure improvement plan designed to update and modernize electric components on the grid. MLGW is continuing this plan of replacing outdated infrastructure and grid modernization that will yield benefits in reliability and resilience for decades to come. The grid modernization phase involves deployment of distribution automation devices within the Electric System, completion of an internal proprietary communications network for these and other devices, implementation of an advanced distribution management system with upgraded system operations capabilities. This effort is complemented by MLGW’s first ever battery storage installation planned to come online in 2026, and getting underway with the first phase of design, acquisition/buildout of a new, state-of-the-art operations center that will control the MLGW’s Electric System, Gas System, and Water System. MLGW’s battery storage installation is a way to store excess energy purchased from the TVA or generated from renewable resources, such as solar, for distribution during times of high demand. The plan for solar energy and battery storage is to make the grid more resilient and to allow MLGW to generate energy locally in an effort to meet a portion of the community’s needs at a very affordable rate. See “INTRODUCTION – Solar Generation and Utility Scale Battery Storage – Request For Proposal” herein this **APPENDIX A**.

Substations, Transmission and Distribution Systems Improvements – In June 2025, MLGW disclosed that in 2024 and 2025, it has invested more than \$65 million in substation reliability upgrades and expanded system capacity to accommodate future growth. As a part of its initiative to replace its outdated infrastructure, MLGW has reached its five-year targeted goal of replacing 20 substation transformers, and it has exceeded its targeted goal of replacing 60 outdated substation breakers with replacing 91 new substation breakers. MLGW is committed to the replacement of outdated substation transformers and circuit breakers to prevent long duration outages due to transformer failures and circuit breaker failures. In connection with its transmission and distribution system, MLGW has exceeded its 5-year targeted goal for wood pole replacements, completing 3,098 wood pole replacements. MLGW continues working towards its targeted goal of replacing 392,400 feet of underground cable.

General Plant Improvements – In the Fiscal Year 2025 budget, MLGW committed funds in the amount of \$13.2 million dollars towards the purchase of data processing equipment that includes: server blades and chassis for computer systems, SAN Fiber Channel Network, storage replacement/expansion, work center wireless, replace virtual desktop environment storage system, field use laptops, DN/DHCP System replacement, network core upgrades and enhancements, corporate wireless upgrade enhancements, new and replacement servers and pc equipment. Additionally, in the Fiscal Year 2025 budget, MLGW committed funds in the amount of \$3,773,153 towards Fleet Power Operated Equipment and \$7,557,842 towards Transportation Equipment. These committed funds were budgeted to provide equipment for crews to complete job assignments, and the decision to replace equipment is based on the age, actual operation usage, projected usage, repair cost and frequency, parts availability, and effectiveness to meet an area’s needs.

Telecommunication Network and Communication Towers Improvements

In July 2025, MLGW disclosed that it selected Nokia to deploy a comprehensive private 5G wireless network across the City and the County (the “5G Network Deployment”). The 5G Network Deployment is a foundational aspect of MLGW’s Grid Modernization Initiative, enabling MLGW to meet the requirements of a modern electric grid. The 5G Network Deployment will: (i) have fast and reliable communication for grid devices; (ii) have increased reliability during winter storms and cyber events that will assist MLGW in restoring power to its customers after outages; (iii) enable more automation and smart control operations; and (iv) support future technology such as electric vehicles and battery storage. This collaboration marks a major milestone in advancing MLGW’s power grid modernization and its commitment to building a smarter, more resilient, and future-ready utility infrastructure for the community. Phase I focuses on establishing foundational coverage for core operations and it expected to achieve 93% coverage of the County. Phase II will enhance coverage, improve network resiliency, and support grid automation, emerging applications and future use cases. When this two-phase project is complete, MLGW will be the first municipal utility in the United States with a full-scale stand-alone 5G private wireless network that will enable real-time communication and automation across MLGW’s three divisions.

Fiscal Year 2024 Audited Results

This section briefly summarizes the Fiscal Year 2024 audited financial results of the Electric Division for the Fiscal Year ended December 31, 2024. For more information pertaining to the Fiscal Year 2024 audited results for the Electric Division, see “**APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**” attached to the Official Statement.

Fiscal Year 2024 Revenues – Total revenues were \$1.5 billion for Fiscal Year 2024, an increase of \$110 million, or 7.7%, from Fiscal Year 2023. Operating revenues were \$1.49 billion in 2024, an increase of \$100.4 million from 2023. The increase in operating revenue is due primarily to a 4.50% TVA increase and expiration of the COVID-19 pandemic credit in October 2023, a 5.25% TVA rate increase in October 2024, partially offset by lower TVA Fuel Cost Adjustment rates.

Fiscal Year 2024 Expenses – Total expenses were \$1.46 billion, an 8.8%, or \$118.1 million increase from Fiscal Year 2023 total expenses. This increase is primarily due to increases in other operating expenses of \$72.3 million, purchased power of \$34.4 million, and depreciation expense of \$9.6 million. Purchased power is up due to an increase in purchase volume, a 4.5% TVA increase and expiration of the COVID-19 Pandemic credit, partially offset by lower TVA Fuel Cost Adjustment rates.

Fiscal Year 2024 Net Position – As of December 31, 2024, the Electric Division’s total net position (total assets and deferred outflows of resources less total liabilities and deferred inflow of resources) was \$1.3 billion, an increase of \$41.4 million, or 3.3% as compared to December 31, 2023. The increase was primarily due to an increase in unrestricted net position of \$43.3 million, offset by a decrease in net investment in capital assets of \$5.3 million. Also, 67% of the net position was related to net investment in capital assets.

Fiscal Year 2024 Construction Activities

During Fiscal Year 2024, the Electric Division expended \$162.7 million on construction activities and capital purchases, a decrease of \$47.9 million or 22.8 % as compared to Fiscal Year 2023. Major Electric Division construction expenditures include substation and transmission projects (\$46.9 million), telecommunication communication and communication tower projects (\$29.1 million), streetlights maintenance and installation (\$19.8 million), extensions to serve new customers (\$17.4 million), routine maintenance of the electric distribution system (\$15.6 million), the purchase of transformers (\$10.4 million), street improvements (\$8.4 million), replacement of feeder and defective cable (\$7.1 million), distribution pole

replacement (\$5.2 million), the purchase of transportation equipment (\$5.1 million), information technology upgrades (\$4.9 million) distribution automation (\$4.7 million), additional circuits (\$3.6 million), purchase of meters (\$2.4 million), line reconstruction (\$2.3 million), additional general plant purchases and upgrades (\$1.4 million), capital security automation upgrades (\$0.9 million), storm restoration (\$0.5 million). In addition to contributions in aid of construction (\$23.6 million).

ELECTRIC DIVISION CAPITAL IMPROVEMENT PROGRAM

Operating and Capital Expenditure Budgeting Process

MLGW develops the operating and capital expenditure budgets annually to coincide with its Fiscal Year, which extends from January 1 to December 31. The 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. Each annual budget is prepared in compliance with Memphis City Ordinance #3509, which requires conformity with the Federal Energy Regulatory Commission (FERC), the regulations of any other applicable regulatory body, and in accordance with the provisions of and the bond resolutions approved by the City Council. The budget process begins early in the year that precedes the Fiscal Year for which the budget will take effect. The budget process continues for several months until final approval is obtained by the City Council. At the onset of the budget 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 thereafter 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 approval by the City Council scheduled in November or December.

Fiscal Year 2025 Approved Budget

On November 26, 2024, the City Council duly approved MLGW's Fiscal Year 2025 budget. The Fiscal Year 2025 budget is built on a solid foundation of significant progress in improving the reliability and resilience of MLGW's infrastructure allowing the ability to continually make investments that improve reliability and resilience to modernize its systems, and to expand the capacity of its systems to meet the growing demands of its customer base. MLGW is committed to improving its infrastructure, modernizing their systems, and enhancing the reliability and efficiency of their services through strategic investments in equipment and technology. For the Fiscal Year 2025 Budget, the Electric Division will appropriate funds toward the exploration, improvement and development of solar generation and battery storage, telecommunication networks, data processing equipment, improved buildings and structures, power operated and transportation equipment, substations, transmission and distribution systems, utility monitoring as well as security automation.

Electric Division Master Plan

The Electric Division regularly develops a five-year master plan for major improvements and annually estimates and budgets capital improvements for the then current and following Fiscal Year (the "Electric Division Master Plan"). The Electric Division has developed a detailed projection of improvements and additions for Fiscal Year 2025 through Fiscal Year 2029 (the "Electric Division Capital Program"), the projected annual cost of which is set forth and illustrated in the following table:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
FORECASTED CAPITAL PROGRAM⁽¹⁾
(Amounts in Thousands of Dollars)**

Fiscal Year	Production	Substations and Transmission	Distribution System	General Plant	Total
2025	\$ 51,875	\$ 30,176	\$ 94,305	\$ 53,767	\$230,123
2026	54,375	38,792	84,601	67,232	245,000
2027	44,375	26,522	77,039	59,771	207,706
2028	-	36,833	84,744	38,295	159,872
2029	-	26,412	83,980	31,676	142,068
Total	\$150,625	\$158,736	\$424,669	\$250,741	\$984,770

⁽¹⁾ Capital Plans are based on the combination of the annual Electric Division Master Plan, historical reviews, rate increase expectations, and growth rate projections.

Source: Memphis Light, Gas and Water Division.

Electric Division Capital Program Funding Plan

MLGW anticipates financing the Electric Division's Capital Program during the 2025-2029 periods from current and accumulated revenues of the Electric Division and bond proceeds. The forecasted sources of funding for the Electric Division's Capital Program for the for the Fiscal Year 2025 through Fiscal Year 2029 are set forth and illustrated in the following table:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
CAPITAL PROGRAM FUNDING PLAN⁽¹⁾
(Amounts in Thousands of Dollars)**

Fiscal Year	Current Revenues	2024 Bond Proceeds	2025 Bond Proceeds	Total
2025	-	\$84,286	\$145,837	\$230,123
2026	\$140,837	-	104,163	245,000
2027	207,706	-	-	207,706
2028	159,872	-	-	159,872
2029	142,068	-	-	142,068
Total	\$650,483	\$84,286	\$250,000	\$984,770

⁽¹⁾ Capital Plans are based on the combination of the annual Electric Division Master Plan, historical reviews, rate increase expectations, and growth rate projections.

Source: Memphis Light, Gas and Water Division.

The following table illustrates the proposed spending for the Electric Division's capital improvement projects under the Electric Division Master Plan for the Fiscal Year 2025 through Fiscal Year 2029:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION MASTER PLAN
FIVE-YEAR CAPITAL IMPROVEMENT FUNDING PLAN**

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

Source: Memphis Light, Gas and Water Division

Historical and Forecasted System Use

The Electric Division's sales are relatively flat, as shown below. Future growth of the Electric Division's sales is forecasted based on population growth studies and land-use projections by the Memphis Area Chamber of Commerce and analyses done by the Electrical Engineering Department.

The following table sets forth and illustrates historical figures for the County's population, the Electric Division's average number of customers, electric load and electric sales, as well as projections for such figures for the Fiscal Year ended December 31, 2029, as developed by MLGW:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
HISTORICAL AND FORECASTED ELECTRICAL SYSTEM USE
(For the Fiscal Years ended December 31, 2015 through December 31, 2029)**

Fiscal Year	Shelby County Population⁽¹⁾	Average Number of Customers⁽⁴⁾	Peak Billing Demand⁽²⁾⁽⁵⁾	Total Sales⁽³⁾⁽⁶⁾
2015	937,067	427,789	3,205.3	13,756.0
2016	936,021	426,816	3,134.4	13,721.8
2017	935,251	431,502	3,066.4	13,308.2
2018	936,365	429,499	3,076.9	13,993.0
2019	937,166	432,482	3,161.3	13,486.9
2020	929,744	436,644	3,042.8	12,774.2
2021	924,454	439,827	3,001.8	13,071.1
2022	916,371	436,897	3,115.6	13,064.8
2023	925,410	430,579	3,093.4	12,611.6
2024	915,868	439,607	3,017.9	12,974.0
2029	898,397	442,914	3,303.2	15,094.2

⁽¹⁾ Source: U.S. Census Bureau, except for Fiscal Year 2029. The Fiscal Year 2029 population figures were retrieved from an ESRI market profile report provided by the Memphis Chamber.

⁽²⁾ In thousands of kW.

⁽³⁾ In thousands of Mwh.

⁽⁴⁾ Average number of customers for Fiscal Year 2029 was derived from linear regression forecasting models which results in a ten-year compound growth rate of 0.15%.

⁽⁵⁾ Peak demand based on the hourly total sales divided by the annual historic load factor of 49.5%, adjusted for large customer growth. The annual growth rate is 0.15%.

⁽⁶⁾ Annual total sales for Fiscal Year 2029 derived from linear regression forecasts models with an annual growth rate of 0.15%, adjusted for large customer growth.

Source: Memphis Light, Gas and Water Division.

ELECTRIC DIVISION RATE SETTING PROCESS

Rates and Charges

MLGW may change its retail rate level only upon application by MLGW and approval of the City Council. The City Council has approved mechanisms for pass-through of wholesale electric rate changes from the TVA without requiring additional specific approval.

If the rates and charges provided in the retail rate schedule applied for by MLGW and approved by the City Council do not produce Electric Revenues sufficient to provide for the operation and maintenance of the Electric Division on a self-supporting and financially sound basis, including requirements for interest and principal payments on indebtedness, the Power Contract provides that the City and the Board of MLGW shall put into effect promptly such changes in rates and charges as will provide the increased Electric Revenues necessary to place the Electric Division upon a self-supporting and financially sound basis.

If the rates and charges in effect at any time produce Electric Revenues which the TVA finds are more than sufficient for such purposes, the TVA, the City and MLGW shall agree upon a reduction in the rates and charges. Changes in wholesale rates by the TVA are required by the Power Contract to be automatically passed on to the Electric Division's customers, with no requirement of approval by the City Council. Electric rates are not subject to regulation by state or federal commissions.

Pursuant to the 1990 Supplement to the Power Contract, the TVA allows to MLGW a “transmission credit” on its wholesale bill, beginning April 1990 and retroactive to November 1988, calculated by applying specified percentage rates to the original installed cost of certain substation, transmission line and communication facilities owned by the City. This “transmission credit” provides additional operating revenue to MLGW.

For the last five-year period 2020-2024 the transmission credit has increased the Electric Division’s operating revenues by: (i) \$36,192,155.60 in 2020; (ii) \$37,174,931.00 in 2021; (iii) \$37,948,411.00 in 2022; (iv) \$38,888,955.76 in 2023; and (v) \$40,037,021.48 in 2024.

Additionally, the billing of streetlight fees was transferred from the City to MLGW. MLGW has always maintained and repaired more than 100,000 streetlights in the County and billed the City directly for energy and other costs related to street lighting inside the City. A City Council ordinance passed in June 2013, allows MLGW to directly bill streetlight fees to its utility customers within the City limits.

The Electric Division’s Retail rates have changed and/or have been duly approved by the City Council to be changed 15 times in the years between 2011 and 2024 because of changes in the TVA’s wholesale rates and rate actions by MLGW.

With the approval by the City Council of the 2024 Budget, rate increases were approved for the Electric Division of (i) 4.00% effective on January 4, 2024, (ii) 4.00% effective on January 3, 2025, and (iii) 4.00% to become effective in January 2026.

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History of Rate Changes

The following chart illustrates the rate changes and the reasons for such rate changes relating to MLGW's Electric Division from 2011-2026:

MEMPHIS LIGHT, GAS AND WATER DIVISION ELECTRIC DIVISION HISTORY OF RATE CHANGES (For the Years 2011-2026)

DATES	RATE CHANGES	REASONS FOR CHANGE
09/30/2011	3.08%	TVA Purchased Power ⁽¹⁾
10/01/2013	2.00%	TVA Purchased Power ⁽¹⁾
10/01/2014	1.94%	TVA Purchased Power ⁽¹⁾
10/01/2015	1.90%	TVA Purchased Power ⁽¹⁾
01/04/2016	-1.41%	MLGW Operating Expenses
09/30/2016	1.92%	TVA Purchased Power ⁽¹⁾
09/29/2017	2.02%	TVA Purchased Power ⁽¹⁾
07/02/2018	2.00%	MLGW Operating Expenses
10/01/2018	2.11%	TVA Purchased Power ⁽¹⁾
01/03/2019	1.20%	Expiration of the TVA Prepaid Energy Credit
07/02/2020	3.00%	MLGW Operating Expenses
01/04/2021	2.70%	MLGW Operating Expenses
01/01/2022	1.50%	MLGW Operating Expenses
10/01/2023	4.50%	TVA Purchase Power ⁽¹⁾
01/04/2024 ⁽²⁾	4.00%	MLGW Operating Expenses
01/03/2025 ⁽²⁾	4.00%	MLGW Operating Expenses
01/05/2026 ⁽²⁾	4.00%	MLGW Operating Expenses

⁽¹⁾ Pursuant to the Power Contract among MLGW, the City and the TVA, there is an automatic pass-through for the TVA wholesale rate increases.

⁽²⁾ With the approval by the City Council of the 2024 Budget, rate increases were approved of 4.00% effective on January 4, 2024, 4.00% effective on January 3, 2025, and 4.00% to become effective on January 5, 2026.

Source: Memphis Light, Gas and Water Division.

Average Monthly Residential Electric Bills in the United States

The following table illustrates a comparison of the Electric Division's average monthly residential electric bill against the average monthly residential electric bills in other selected major United States cities:

MONTHLY RESIDENTIAL ELECTRIC BILLS IN SELECTED MAJOR UNITED STATES CITIES

United States Cities	Monthly Electric Bills ⁽¹⁾
Boston, Massachusetts	\$358.94
New York, New York	\$336.54
Los Angeles, California	\$268.95
Philadelphia, Pennsylvania	\$200.71
Milwaukee, Wisconsin	\$199.10
Detroit, Michigan	\$192.42
Baltimore, Maryland	\$191.09
Washington, District of Columbia	\$183.12
Dallas, Texas	\$182.15
Houston, Texas	\$181.85
Phoenix, Arizona	\$176.58
Birmingham, Alabama	\$172.85
Chicago, Illinois	\$158.73
Atlanta, Georgia	\$156.24
Indianapolis, Indiana	\$149.20
Seattle, Washington	\$147.04
Denver, Colorado	\$144.51
Nashville, Tennessee	\$137.87
Reno, Nevada	\$137.80
Las Vegas, Nevada	\$137.63
Knoxville, Tennessee	\$135.75
Jackson, Mississippi	\$135.30
Charlotte, North Carolina	\$134.88
Austin, Texas	\$132.40
Memphis, Tennessee	\$132.09
Miami, Florida	\$130.53
New Orleans, Louisiana	\$129.51
Chattanooga, Tennessee	\$129.33
Little Rock, Arkansas	\$128.44
Salt Lake City, Utah	\$127.59
Jackson, Tennessee	\$126.63
Orlando, Florida	\$125.00
Huntsville, Alabama	\$124.85
Omaha, Nebraska	\$123.77
Louisville, Kentucky	\$123.76
Jacksonville, Florida	\$121.30
Oklahoma City, Oklahoma	\$108.17
San Antonio, Texas	\$104.44
Springfield, Missouri	\$103.62
St. Louis, Missouri	\$102.77

⁽¹⁾ Based upon an assumed consumption of 1,000 kilowatt hours.

Source: Memphis Light, Gas and Water Division, 2025 Utility Bill Comparisons for Selected United States Cities.

The following table illustrates the energy usage of the Electric Division's ten largest customers for the Fiscal Year ended December 31, 2024:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
TEN LARGEST ELECTRIC CUSTOMERS
(For the Fiscal Year Ended December 31, 2024)**

Rank⁽¹⁾	Names of Electric Customers	Energy Sales to Customers (kWh)	Sales to Customers as a % of Total Division Sales⁽²⁾	Revenue from Customers	Revenue from Customers as a % of Total Division Sales Revenue⁽³⁾
1	Premcor Refining Group, Inc.	563,270,184	4.342%	\$ 34,151,944.90	2.319%
2	Covoro Mining Solutions, LLC	194,349,303	1.498%	12,849,444.99	0.873%
3	K.T.G. (USA) L.P.	191,597,550	1.477%	11,900,272.04	0.808%
4	Federal Express Corporation	104,860,374	0.808%	10,450,060.85	0.710%
5	Solae, LLC	89,069,804	0.687%	6,604,415.02	0.448%
6	University of Memphis	56,373,728	0.435%	5,366,562.84	0.364%
7	Memphis Cellulose, LLC	47,272,313	0.364%	5,326,677.49	0.362%
8	M.C. Stiles North Treatment Plant	64,910,444	0.500%	5,323,628.11	0.362%
9	Blues City Brewery, LLC	56,141,801	0.433%	4,409,331.28	0.299%
10	T.E. Maxson South Treatment Plant	47,285,275	0.364%	4,144,579.71	0.281%
TOTAL		1,415,130,776	10.907%	\$100,526,917.23	6.827%

⁽¹⁾ Customers ranked by Revenue. Excludes customers served directly by the TVA.

⁽²⁾ Total Electric Division sales of energy for the Fiscal Year ended December 31, 2024, were 12,974,001,000 kWh.

⁽³⁾ Total Electric Division sales revenue for the Fiscal Year ended December 31, 2024, was \$1,472,595,139.

Source: Memphis Light, Gas and Water Division.

The following table illustrates the energy usage of the Electric Division's ten largest customers for Year-To-Date June 30, 2025:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
TEN LARGEST ELECTRIC CUSTOMERS
(For Year-To-Date Ended June 30, 2025)⁽⁶⁾**

Rank⁽¹⁾	Names of Electric Customers	Energy Sales to Customers (kWh)	Sales to Customers as a % of Total Division Sales⁽²⁾	Revenue from Customers	Revenue from Customers as a % of Total Division Sales Revenue⁽³⁾
1	Premcor Refining Group, Inc.	287,456,172	4.647%	\$19,172,793	2.433%
2	Covoro Mining Solutions, LLC	93,320,784	1.508%	6,821,473	0.866%
3	K.T.G. (USA) L.P.	92,130,630	1.489%	6,446,835	0.818%
4	CTC Property, LLC (3201) ⁽⁴⁾	79,490,436	1.285%	6,381,923	0.810%
5	4545 S. Mendenhall, LLC ⁽⁵⁾	87,654,716	1.417%	5,726,965	0.727%
6	Federal Express Corporation	47,586,975	0.769%	5,129,794	0.651%
7	Solae, LLC	46,450,787	0.751%	3,728,951	0.473%
8	Memphis Cellulose, LLC	25,490,328	0.412%	3,027,952	0.384%
9	CTC Property, LLC (3183)	11,866,950	0.192%	2,974,809	0.377%
10	M.C. Stiles North Treatment Plant	30,692,448	0.496%	2,838,002	0.360%
TOTAL		802,140,226	12.966%	\$62,249,497	7.899%

⁽¹⁾ Customers ranked by Revenue. Excludes customers served directly by the TVA.

⁽²⁾ Total Electric Division sales of energy for Year-To-Date June 30, 2025, were 6,186,438,814 kWh.

⁽³⁾ Total Electric Division sales revenue for Year-To-Date June 30, 2025, was \$788,100,794.

⁽⁴⁾ CTC Property, LLC is an affiliate of xAI and has three additional delivery points that rank as #12, #13 and #15 in revenue.

⁽⁵⁾ 4545 S. Mendenhall, LLC is an affiliate of Merkle Standard, a business involved in cryptocurrency mining.

⁽⁶⁾ MLGW is only required to update the "TEN LARGEST ELECTRIC CUSTOMERS" table on an annual basis as of the end of its Fiscal Year as set forth and more fully described in the Continuing Disclosure Certificate within **APPENDIX E** attached to the Official Statement.

Source: Memphis Light, Gas and Water Division.

The following table illustrates the average number of Electric Division customers for the Fiscal Years ended December 31, 2015, through December 31, 2024:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
AVERAGE NUMBER OF ELECTRIC CUSTOMERS
(For the Fiscal Years Ended December 31, 2015 through December 31, 2024)**

Year	Residential	Commercial	Industrial	Other ⁽¹⁾	Total
2015	366,721	43,761	152	17,155	427,789
2016	366,265	43,373	133	17,045	426,816
2017	370,693	43,469	118	17,222	431,502
2018	368,848	43,319	118	17,214	429,499
2019	371,771	43,392	112	17,207	432,482
2020	375,625	43,695	105	17,219	436,644
2021	378,516	44,033	100	17,178	439,827
2022	376,067	43,825	96	16,909	436,897
2023	372,070	42,269	89	16,151	430,579
2024	380,286	42,867	86	16,368	439,607

⁽¹⁾ Includes outdoor lighting, traffic signals and interdepartmental customers.

Source: Memphis Light, Gas and Water Division.

The following table illustrates the megawatt hours of electricity sold annually during the Fiscal Years ended December 31, 2015, through December 31, 2024, for the Electric Division:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
MEGAWATT HOURS OF ELECTRICITY SOLD
(For the Fiscal Years Ended December 31, 2015 through December 31, 2024)**

Year	Residential	Commercial	Industrial	Other ⁽¹⁾	Total
2015	5,295,187	6,326,434	1,866,238	268,149	13,756,008
2016	5,322,901	6,286,966	1,859,280	252,696	13,721,843
2017	5,042,850	6,138,759	1,870,301	256,271	13,308,181
2018	5,596,144	6,264,086	1,865,158	267,701	13,993,089
2019	5,359,163	6,076,707	1,785,888	265,185	13,486,943
2020	5,109,124	5,615,566	1,780,161	269,327	12,774,178
2021	5,257,499	5,820,384	1,736,565	256,679	13,071,127
2022	5,291,763	5,799,454	1,706,538	267,046	13,064,801
2023	5,079,133	5,789,324	1,579,046	164,131	12,611,634
2024	5,206,854	5,872,424	1,740,384	154,339	12,974,001

⁽¹⁾ Includes outdoor lighting, traffic signals and interdepartmental customers.

Source: Memphis Light, Gas and Water Division.

The following table illustrates the historical power and energy requirements regarding the peak billing demand and total sales for the Fiscal Years ended December 31, 2015, through December 31, 2024, for the Electric Division:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
HISTORICAL POWER AND ENERGY REQUIREMENTS
(For the Fiscal Years Ended December 31, 2015 through December 31, 2024)**

Fiscal Year	Peak Demand (In kW)	Change	Total Sales (In MWh)	Change	Annual Load Factor⁽¹⁾
2015	3,205,270	5.38%	13,756,008	-0.07%	49.0%
2016	3,134,387	-2.21%	13,721,843	-0.25%	50.0%
2017	3,066,440	-2.17%	13,308,181	-3.01%	49.5%
2018	3,076,912	0.34%	13,993,089	5.15%	51.8%
2019	3,161,252	2.74%	13,486,943	-3.62%	48.7%
2020	3,042,774	-3.75%	12,774,178	-5.28%	47.9%
2021	3,001,776	-1.35%	13,071,127	2.32%	49.7%
2022	3,115,622	3.79%	13,064,801	-0.05%	47.7%
2023	3,073,446	-1.35%	12,611,634	-3.47%	46.8%
2024	3,017,911	-1.81%	12,974,001	2.87%	49.1%

⁽¹⁾ Annual Load Factor equals average hourly purchases divided by Peak Billing Demand.

Source: Memphis Light, Gas and Water Division Financial Reports and Statistics.

The following table illustrates the forecasted power and energy requirements regarding the peak billing demand and total sales in the future for Fiscal Years ended December 31, 2025, through December 31, 2029, for the Electric Division:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
FORECASTED POWER AND ENERGY REQUIREMENTS
(For the Fiscal Years Ended December 31, 2025 through December 31, 2029)**

Fiscal Year	Peak Demand (In kW)⁽¹⁾	Total Sales (In MWh)⁽²⁾	Annual Load Factor⁽³⁾
2025	3,017,404	13,321,961	50.4%
2026	3,288,382	15,026,480	52.2%
2027	3,293,315	15,049,020	52.2%
2028	3,298,255	15,071,594	52.2%
2029	3,303,202	15,094,201	52.2%

⁽¹⁾ Peak demand based on the hourly sales divided by the projected annual load factor. The annual growth rate is 0.15%, excluding large customer loads.

⁽²⁾ Annual sales derived from the linear regression forecast models with an annual growth rate of 0.15%, excluding large customer loads.

⁽³⁾ Annual Load Factor equals the average hourly purchases divided by the Peak Billing Demand.

Source: Memphis Light, Gas and Water Division.

MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION⁽¹⁾
Years-To-Date Ended June 30, 2025 and June 30, 2024
(Amounts in Thousands)

	YEAR TO DATE THIS YEAR ⁽¹⁾	YEAR TO DATE LAST YEAR	YEAR TO DATE VARIANCE ⁽¹⁾
Sales Revenue	\$766,945	\$669,437	\$97,508
Accrued Unbilled Revenue	21,156	9,266	11,890
Miscellaneous Revenue	11,321	11,513	(192)
Revenue Adjustment for Uncollectibles	(4,164)	(2,672)	(1,492)
TOTAL OPERATING REVENUE	795,258	687,544	107,714
Power Cost	568,823	505,589	63,234
OPERATING MARGIN	226,435	181,955	44,480
Operations Expense	98,250	83,207	15,043
Maintenance Expense	42,037	43,420	(1,383)
Other Operating Expense	63,354	57,494	5,860
TOTAL OPERATING EXPENSE (excluding Power Cost)	203,641	184,121	19,520
Operating Income (Loss)	22,794	(2,166)	24,960
Other Income	42,369	26,545	15,824
Lease Income - Right of Use Assets	681	563	118
Interest Expense - Right of Use Assets	21	1	20
Reduction of Plant Cost Recovered Through CIAC	13,236	10,345	2,891
NET INCOME (LOSS) BEFORE DEBT EXPENSE	52,587	14,596	37,991
Amortization of Debt Discount & Expense	(1,872)	(1,331)	(541)
Interest on Long Term Debt	9,774	5,671	4,103
TOTAL DEBT EXPENSE	7,903	4,340	3,563
Net Income (Loss) After Debt Expense	44,684	10,256	34,428
Contributions in Aid of Construction	13,236	10,345	2,891
INCREASE (DECREASE) IN NET POSITION	\$ 57,920	\$ 20,601	\$37,319

STATISTICAL HIGHLIGHTS	YEAR TO DATE THIS YEAR	YEAR TO DATE LAST YEAR	YEAR TO DATE VARIANCE
Electric Metered Services (<i>All Customers</i>)	443,690*	437,070*	6,620
Electric Total Sales (<i>MWH In Thousands</i>)	6,186,439	5,917,100	269,339
Average Purchased Power Cost per MWH	\$87.10	\$79.81	\$7.29

WEATHER HIGHLIGHTS	YEAR TO DATE THIS YEAR	YEAR TO DATE LAST YEAR	YEAR TO DATE VARIANCE
Heating Degree Days (HDD)	39,543	36,918	2,625
Cooling Degree Days (CDD)	12,725	14,182	(1,457)

CAPITAL EXPENDITURES HIGHLIGHTS	YEAR TO DATE THIS YEAR	YEAR TO DATE LAST YEAR	YEAR TO DATE VARIANCE
Capital Expenditures (<i>In Thousands</i>)	\$63,976	\$87,981	(24,005)

⁽¹⁾ Unaudited, preliminary financial statements.

* Average metered services (all customers).

Source: Memphis Light, Gas and Water Division.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ELECTRIC DIVISION (YEARS-TO-DATE ENDED JUNE 30, 2025 AND JUNE 30, 2024)⁽¹⁾

Revenues

Years to Date Ended June 30, 2025 and June 30, 2024: Total operating revenues were \$795.3 million at June 2025, an increase of \$107.7 million, or 15.7%, from 2024, due to increases in sales revenue of \$97.5 million and accrued unbilled revenue of \$11.9 million, offset by an increase in revenue adjustment for uncollectible accounts of \$1.5 million and a decrease in miscellaneous revenue of \$0.2 million.

Total electric sales are 6,186,439 MWH, up 269,339 MWH or 4.5% from 5,917,100 MWH at June 2024, due mostly to an increase in industrial electric sales of 272,017 MWH (33.8%) related to growth in large-load customers. The remaining customer classes had smaller movement compared to prior year. Weather played a lesser impact this year with Heating Degree Days up by 7.1% and Cooling Degree Days down by 10.3%.

Expenses

Years to Date Ended June 30, 2025 and June 30, 2024: As of June 2025, total operating expenses were \$772.5 million, an increase of \$82.8 million or 12%, from June 2024. This resulted from an increase in operations and maintenance expenses ("O&M expenses") of \$76.9 million and an increase in other operating expenses of \$5.9 million.

The increase in O&M expenses was primarily driven by increases in power costs of \$63.2 million, pension expense of \$9 million, administrative and general expenses of \$5 million, and other post-employment benefits of \$1 million, offset in part by a decrease in transmission maintenance expenses of \$1.4 million. The increase in other operating expenses was primarily due to an increase in payment in lieu of taxes of \$4.6 million and depreciation expense of \$1.4 million.

Change in Net Position

Years to Date Ended June 30, 2025 and June 30, 2024: The change in net position is \$57.9 million, up \$37.3 million from \$20.6 million at June 2024. The change is primarily due to an increase in operating margin (operating revenue less power cost) of \$44.5 million and an increase in other income of \$15.9 million, offset by an increase in operating expense of \$19.5 million and an increase in debt expense of \$3.6 million.

⁽¹⁾ Unaudited, preliminary financial statements.

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HISTORICAL AND FORECASTED FINANCIAL RESULTS

Debt Service Coverage

The management of MLGW has prepared the forecasted financial information set forth below to present the forecasted debt service coverage for the Electric Division after issuance of the Series 2025 Electric System Bonds. The prospective financial information was not prepared with a view toward public disclosure or with a view towards complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MLGW management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MLGW. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of the entire Official Statement, including the appendices attached thereto, are cautioned not to place undue reliance on the forecasted financial information. Neither MLGW's independent auditor, nor any other independent accountants or financial advisors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by the management of MLGW as of the date hereof, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those forecasted.

Accordingly, there can be no assurance that forecasted results are indicative of the future performance of MLGW or that actual results will not be materially higher or lower than those forecasted. Inclusion of the prospective financial information contained in this Official Statement, including the appendices attached thereto, should not be regarded as a representation by any person that the forecasted results will be achieved.

MLGW does not generally publish its business plans and strategies or make external forecasts of its anticipated financial position or results of operations. Accordingly, MLGW does not intend to update or otherwise revise the prospective financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, MLGW does not intend to update or revise the prospective financial information to reflect changes in general economic or industry conditions.

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Historical Debt Service Coverage

The following table illustrates certain data with MLGW's historical debt service coverage for the Electric Division for the Fiscal Years ended December 31, 2020 through December 31, 2024:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
HISTORICAL DEBT SERVICE COVERAGE
For the Fiscal Years Ended December 31, 2020 through December 31, 2024
(Amounts in Thousands of Dollars)**

	2020	2021	2022	2023	2024
Operating Revenues	\$1,194,269	\$1,312,820	\$1,491,580	\$1,381,531	\$1,491,978
Interest and Other Income ⁽¹⁾	41,251	41,244	42,548	56,355	56,086
Total Income	\$1,235,520	\$1,354,064	\$1,534,128	\$1,437,886	1,548,064
Operating and Maintenance Expense ⁽²⁾	\$1,122,497	\$1,181,614	\$1,369,700	\$1,274,247	1,373,591
Net Revenues Available for Debt Service	\$113,023	\$172,450	\$164,428	\$163,639	174,473
Debt Service on Outstanding Senior Lien Bonds	16,836	23,385	23,390	23,386	25,498
Total Debt Service Coverage on Outstanding Senior Lien Bonds⁽³⁾	6.71	7.37	7.03	7.00	6.84

⁽¹⁾ Includes other income, other income-transmission credit and prepay credit amortization.

⁽²⁾ Includes Total Operating Expense and Total Maintenance Expense per the Statements of Income and Expenses and excludes depreciation, amortization, payments in lieu of taxes, and non-cash pension-related charges.

⁽³⁾ Pursuant to the Master Electric System Resolution, MLGW is required to impose and the City shall approve rates and other charges fully sufficient at all times such that Net Revenues of the Electric System in each Fiscal Year will at least equal 1.20 times the Debt Service Requirement on all Senior Lien Revenue Obligations and 1.00 times the Debt Service Requirement on all other Revenue Obligations then Outstanding, including Outstanding Subordinate Lien Revenue Obligations, if any.

Source: Memphis Light, Gas and Water Division.

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Projected Debt Service Coverage

The following table illustrates certain data with MLGW's projected debt service coverage for the Electric Division for the Fiscal Years ended December 31, 2025 through December 31, 2029, and has been prepared by MLGW and has not been examined or compiled by MLGW's Independent Auditor or any other independent accountant or Municipal Advisor. The forecasted information is based on the following assumptions:

**MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
PROJECTED DEBT SERVICE COVERAGE⁽¹⁾
For the Fiscal Years Ended December 31, 2025 through December 31, 2029
(Amounts in Thousands of Dollars)**

Fiscal Year	2025	2026	2027	2028	2029
Operating Revenues ⁽²⁾	\$1,641,140	\$1,816,733	\$1,828,423	\$1,836,896	\$1,899,861
Interest and Other Income	70,700	53,228	51,680	51,098	50,832
Total Income	\$1,711,840	\$1,869,961	\$1,880,103	\$1,887,994	\$1,950,693
Operating and Maintenance Expense ⁽³⁾	\$1,496,000	\$1,621,032	\$1,635,447	\$1,649,519	\$1,659,750
Net Revenues Available for Debt Service	\$215,839	\$248,929	\$244,656	\$238,475	\$290,943
Debt Service on Proposed Series 2025 Senior Lien Bonds	-	15,323	15,324	15,321	15,324
Debt Service on Outstanding Bonds	34,654	34,657	34,653	34,655	34,660
Total Debt Service on Senior Lien Bonds	34,654	49,980	49,977	49,976	49,984
Debt Service Coverage on Senior Lien Bonds	6.23x	4.98x	4.90x	4.77x	5.82x

⁽¹⁾ Includes revenues, expenses, and debt service.

⁽²⁾ With the approval of the 2024 Budget, multi-year rate increases were approved of 4.00% for 2024, 4.00% for 2025, and 4.00% for 2026. Includes a projected 3% rate increase for 2027.

⁽³⁾ Assumes projected MLGW (including power cost) average O&M expense growth rate of 1.0% per year through 2028 and excludes depreciation, amortization, payment-in-lieu of taxes and impacts of non-cash Pension and OPEB expense.

Source: Memphis Light, Gas and Water Division.

MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended December 31, 2020 through December 31, 2024
(Amounts in Thousands of Dollars)

	2020	2021 ⁽¹⁾	2022 ⁽²⁾	2023 ⁽³⁾	2024
OPERATING REVENUE					
Electric Sales Revenue	\$1,178,547	\$1,288,843	\$1,467,331	\$1,362,395	\$1,472,595
Forfeited Discounts	4,344	10,558	12,318	10,995	12,354
Miscellaneous Service Revenue	8,889	9,956	10,107	10,688	11,231
Rent from Electric Property	4,645	5,170	6,271	2,669	2,096
Other Electric Revenue	1,574	1,350	1,461	1,473	1,575
Revenue Adjustment for Uncollectible	(3,730)	(3,057)	(5,908)	(6,689)	(7,873)
Total Operating Revenue	\$1,194,269	\$1,312,820	\$1,491,580	\$1,381,531	1,491,978
OPERATING EXPENSE					
Power Cost	\$939,781	\$ 985,215	\$1,151,829	\$1,050,251	1,084,669
Distribution	37,127	40,735	45,918	41,938	56,317
Transmission	7,007	7,206	7,174	5,403	5,918
Customer Accounts	14,720	14,473	14,593	16,653	18,556
Sales	1,690	1,825	2,068	1,861	2,017
Administrative and General	46,233	43,506	50,110	52,405	63,695
Pension Expense	8,182	(13,258)	(24,036)	31,058	34,129
Other Post-Employment Benefits	(6,253)	(16,437)	(21,830)	(4,225)	3,499
Customer Service and Information	1,651	1,734	1,688	1,857	2,023
Total Operating Expense	\$1,050,138	\$1,064,999	\$1,227,514	\$1,197,201	1,270,823
MAINTENANCE EXPENSE					
Transmission	\$ 2,890	\$ 5,625	\$ 6,571	\$ 2,920	5,111
Distribution	35,680	43,101	52,956	\$ 59,826	88,990
Administrative and General	2,939	3,807	4,047	\$ 5,143	5,693
Total Maintenance Expense	\$ 41,509	\$ 52,533	\$ 63,574	\$ 67,889	99,794
OTHER OPERATING EXPENSE					
Depreciation	\$ 55,661	\$ 57,227	\$ 57,460	\$ 59,235	64,561
Amortization	1,252	1,597	4,600	3,753	7,543
Regulatory Debits - Amortization of Legacy Meters	1,083	1,199	1,218	1,234	1,254
Regulatory Debits – Amortization of LED Retrofit					544
Payment in Lieu of Taxes	45,156	45,396	47,076	41,429	48,881
FICA Taxes	1,690	1,789	1,931	2,108	2,257
Total Other Operating Expense	\$ 104,842	\$ 107,208	\$ 112,285	\$ 107,759	\$ 125,040
Total Operating & Maintenance Expense	\$1,196,489	\$1,224,740	\$1,403,373	\$1,372,849	\$1,495,657
OPERATING INCOME (LOSS)	(\$2,220)	\$ 88,080	\$ 88,207	\$ 8,682	(\$ 3,679)
OTHER INCOME (EXPENSE)					
Other Income	\$ 5,059	\$ 4,161	\$ 4,601	\$ 17,466	\$ 16,007
Other Income - Transmission Credit	36,192	37,175	37,948	38,889	40,037
Contributions in Aid of Construction	17,502	18,218	31,940	14,234	26,074
Interest Expense - Right of Use Assets		(26)	(203)	(234)	(130)
Reductions of Plant Costs Recovered through Contributions in Aid of Construction	(17,502)	(18,218)	(31,940)	(14,234)	(26,074)
Net Income Before Debt Expense	\$ 39,031	\$ 129,390	\$ 130,553	\$ 64,803	\$ 52,235
DEBT EXPENSE					
Interest on Long-Term Debt	\$ 9,269	\$ 12,786	\$ 12,331	\$ 11,850	\$ 13,938
Amortization of Debt Discount, Expense and Premium	(2,382)	(2,968)	(2,870)	(2,767)	(3,015)
Total Debt Expense	\$ 6,887	\$ 9,818	\$ 9,461	\$ 9,083	\$ 10,923
INCREASE (DECREASE) IN NET POSITION	<u>\$32,144</u>	<u>\$119,572</u>	<u>\$121,092</u>	<u>\$55,720</u>	<u>\$41,312</u>

⁽¹⁾ In 2022, MLGW implemented GASB Statement No. 87, *Leases*. GASB 87 requires lessee to recognize an intangible right of use asset and a lease liability, and a lessor to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information regarding leasing activities. Accordingly, the accompanying financial statements, as of and for the Fiscal Year ended December 31, 2022, have been restated for the change, which did not have a material impact on the Electric, Gas and Water Division net position.

⁽²⁾ In 2023, MLGW implemented GASB Statement No. 96, *Subscription-Based Information Technology Agreements (SBITAs)*. GASB 96's objectives are to better meet the information needs of financial statement users by improving how governments report SBITAs, enhancing the comparability of financial statements between governments, and enhancing the relevance, reliability, and consistency of information about governments' subscription-based activities. Accordingly, the accompanying financial statements, as of and for year ended December 31, 2022, have been restated for the change.

⁽³⁾ In 2024, MLGW implemented GASB Statement No. 101, *Compensated Absences*. GASB 101 requires that liabilities for compensated absences be recognized or (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Accordingly, the accompanying financial statements, as of and for year ended December 31, 2023, have been restated for the change.

Source: Memphis Light, Gas and Water Division.

MEMPHIS LIGHT, GAS AND WATER DIVISION
ELECTRIC DIVISION
SELECTED STATEMENT OF NET POSITION DATA
For the Fiscal Years Ended December 31, 2020 through December 31, 2024
(Amounts in Thousands of Dollars)

	2020	2021 ⁽¹⁾	2022 ⁽²⁾	2023 ⁽³⁾	2024
ASSETS					
Utility Plant (Net)	\$1,138,651	\$1,150,027	\$1,180,919	\$1,320,150	\$1,412,697
Restricted Funds	195,035	117,779	85,654	82,478	164,196
Current Assets	396,103	513,995	568,616	452,298	520,574
Deferred Outflows of Resources	48,973	51,685	91,138	196,994	208,506
Other Non-Current Assets	35,209	86,072	141,206	31,188	31,742
Intangible Right of Use Assets		549	7,009	4,851	7,878
Total Assets And Deferred Outflows of Resources	<u>\$1,813,971</u>	<u>\$1,920,107</u>	<u>\$2,074,542</u>	<u>\$2,087,959</u>	<u>\$2,345,593</u>
LIABILITIES AND NET POSITION					
Net Position	959,107	1,078,679	1,199,771	1,255,491	1,296,803
Long-Term Debt	356,713	342,287	327,517	312,326	490,267
Current Liabilities	200,041	210,384	238,519	233,263	255,953
Deferred Inflows of Resources	141,860	168,051	203,403	21,669	54,592
Other Non-Current Liabilities	156,250	120,706	105,332	265,210	247,978
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$1,813,971</u>	<u>\$1,920,107</u>	<u>\$2,074,542</u>	<u>\$2,087,959</u>	<u>\$2,345,593</u>

⁽¹⁾ In 2022, MLGW implemented GASB Statement No. 87, Leases. GASB 87 requires lessee to recognize an intangible right of use asset and a lease liability, and a lessor to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information regarding leasing activities. Accordingly, the accompanying financial statements, as of and for the Fiscal Year ended December 31, 2022, have been restated for the change, which did not have a material impact on Electric, Gas and Water Division net position.

⁽²⁾ In 2023, MLGW implemented GASB Statement No. 96, Subscription-Based Information Technology Agreements (SBITAs). GASB 96's objectives are to better meet the information needs of financial statement users by improving how governments report SBITAs, enhancing the comparability of financial statements between governments, and enhancing the relevance, reliability, and consistency of information about governments' subscription-based activities. Statement No. 96 is effective for fiscal years beginning after June 15, 2022. Adoption of this Statement of Net Position Data is reflected in MLGW's audited financial statements.

⁽³⁾ In 2024, MLGW implemented GASB Statement No. 101, Compensated Absences. GASB 101 requires that liabilities for compensated absences be recognized or (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Accordingly, the accompanying financial statements, as of and for the Fiscal Year ended December 31, 2023, have been restated for the change.

Source: Memphis Light, Gas and Water Division.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE
FISCAL YEAR ENDED DECEMBER 31, 2024**

**AUDITED FINANCIAL STATEMENTS OF MLGW FOR THE
FISCAL YEAR ENDED DECEMBER 31, 2024**

The financial statements of MLGW, including the management's discussion and analysis for the Fiscal Year ended December 31, 2024, dated June 4, 2025, has been audited by Clifton Larson Allen LLP, Nashville, Tennessee, serving as the independent auditor to MLGW (the "Independent Auditor") and was prepared in conformity with accounting principles generally accepted for proprietary funds of governmental entities (the "Annual Report").

The audit completed by the Independent Auditor involved (i) performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, (ii) evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the management of MLGW, and (iii) evaluating the overall financial presentation. The responsibility for the accuracy and presentation of the information provided in the Annual Report was the full responsibility of the management of MLGW.

The Annual Report is hereby incorporated into and qualified by reference as a part of this **APPENDIX B** attached hereto and is available either through the website of the website of MLGW at **www.mlgw.com** and through the website of the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") at the following electronic hyperlink:

<https://emma.msrb.org/P11870496-P11431192-P11875999.pdf>

To the extent there are any differences between the Annual Report posted on the website of MLGW as compared to the same filed by MLGW on the MSRB's EMMA system, then the Annual Report for the filed on the MSRB's EMMA system shall control.

The Independent Auditor has not been engaged to perform and have not performed, since the date of the Annual Report, any review or analysis of MLGW's audited financial statements addressed within the Annual Report and have not performed any review or analysis of the audited financial statements set forth and more fully described within the Official Statement or the within the appendices attached thereto.



2024 Annual Report

Memphis Light, Gas and Water Division

85TH
ANNIVERSARY
1939 – 2024

*The Scimitar
Building, Memphis
Light, Gas and
Water Headquarters,
circa 1949.*

Packet Pg. 134

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Utility trucks carrying workers to job sites in the early days of Memphis Power and Light.

About MLGW



The responsibility to provide excellent service to Memphis and Shelby County's citizens inspires us daily, informing us of our purpose, principles and direction. Founded in 1939, Memphis Light, Gas and Water Division is the nation's largest three-service municipal utility company; our electric, gas and water services are the foundation of the quality of life that more than 440,000 customers enjoy. We strive to exceed expectations daily and earn our customers' business and trust.

Our Suppliers

The Tennessee Valley Authority provides MLGW with wholesale electricity. MLGW is TVA's largest customer, representing about 9 percent of TVA's sales to local power companies. MLGW buys its natural gas from a variety of suppliers.

It is transported by three pipeline companies—Texas Gas Transmission Corp., Trunkline Gas Co., and ANR Pipeline Co. Memphis and Shelby County receive water from the Memphis Sand and Fort Pillow aquifers, one of the world's largest artesian water systems.

2024 Leaders

Memphis Light, Gas and Water is governed by a five-member Board of Commissioners who are appointed by the Mayor of the City of Memphis and confirmed by the Memphis City Council. The MLGW Board also includes two non-voting Advisory Board members.



MLGW Board of Commissioners

Leon Dickson Sr., Chairman
Michael E. Pohlman, Vice Chairman
Mitch Graves

Carl Person
Cheryl Pesce

Advisory Board Members

John Butler

James Lewellen

Senior Leadership Council

Doug McGowen, President and CEO
Alonzo Weaver, Senior Vice President and Chief Operating Officer
Rodney Cleek, Vice President, Chief Financial Officer and Secretary-Treasurer
Quinton Clark, Vice President of Electric Engineering and Operations
Timothy Davis, Vice President of Customer Experience and Energy Services
Dr. Von Goodloe, Vice President of Shared Services
Bettye Hartwell, Vice President and Chief People Officer
Ursula Madden, Vice President of Corporate Communications
Jennifer Sink, Vice President and General Counsel
Lashell Vaughn, Vice President and Chief Information Officer
Chandrika Winston-Rosser, Vice President of Gas and Water Engineering and Operations
Lesia Walton, Chief Internal Auditing Officer

*MLGW began its
 electric operations
 in 1939 and 1940
 with six electric
 distribution
 substations.*

85TH
 ANNIVERSARY

A word from MLGW President and CEO Doug McGowen

Last year was transformative for Memphis Light, Gas and Water. While we take pride in the fact that we have provided 85-years of utility and customer service to Memphis and surrounding areas, we are looking ahead. What we did in 2024, and what we continue to do, is invest in our people and our infrastructure – making MLGW the reliable service provider the Mid-South deserves.

We are taking a four-part approach to improve reliability for our customers. First, MLGW is fully funding preventative maintenance. MLGW hired three contractor companies to oversee tree trimming in our service area. Crews started in September 2023, and by the end of August 2024 they had trimmed more miles of trees than had been trimmed in 27 years. Reliability metrics quickly improved because of this renewed commitment and investment in vegetation management.



Second, is MLGW's dedicated effort at renewal and replacement of infrastructure before it breaks. Historically, MLGW has had to postpone renewing or replacing infrastructure until it failed completely. But that piecemeal methodology is costly. When you couple increasingly extreme weather patterns with outdated equipment, you get disastrous results. Thankfully, funds budgeted for maintenance and infrastructure replacement under The Way Forward Plan helped us get started – and in 2024 MLGW introduced the Renewal and Replacement of Infrastructure (r2I) plan to continue our work. I am happy to say we met or exceeded most of our five-year goals to replace outdated infrastructure.

By the end of 2024 MLGW had met or exceeded nearly all our goals to improve our system.

- *20 substation transformers, the goal was 20*
- *96 substation circuit breakers, the goal was 60*
- *3,265 wooden poles, the goal was 2,600*
- *407,000 feet of underground cable, the goal was 392,400*

The improvements to MLGW's water infrastructure included 15 new production wells. We dug more wells to help prevent the kind of water pressure loss that triggers a boil water advisory. MLGW also replaced 5,950 lead service lines, exceeding our five-year, 5,000 service line goal.

The Division not only exceeded the goal for replacing water lines made of lead, or containing galvanized steel, we completed our lead service line inventory in August 2024, well ahead of the deadline from the Environmental Protection Agency. The Water Department was proactive in finding funds to replace lead service lines on the customer-side of the water meter. It is not a requirement under the EPA's Lead and Copper Rule Revisions, but we felt it was the right thing to do.

We are also making progress renewing and replacing aging gas infrastructure. By the end of 2024

Continued on next page

Continued from page 4

MLGW completed:

- 5.56 miles of cast iron retrofitting, meeting our goal
- 4,152 steel tap replacements, the goal was 3,722
- 12 regulator stations installed, meeting our goal

We did not meet our target to replace 6.85 miles of gas transmission pipelines, but we have the materials now and construction started in earnest in 2025.

We are improving, but we are not where we want to be yet. The third part of our four-part approach to increase reliability is grid modernization. Engineers from MLGW's Reliability and Power Quality team are using reliability data to identify taps and transformers with chronic problems. They have field inspected backbone circuits and collected data. Circuits may be reconfigured or redesigned depending on what's discovered. Modernizing our electric grid will take us until 2028 or 2029, but we are on it.

The final part of our approach is system expansion. When MLGW was created in 1939, the population in Memphis (just Memphis, not the Memphis metro area) was fewer than 300,000. Today there are more than 600,000 people living in the city. We must expand our utility systems accordingly so that we are serving our customers and promoting growth.

Overall, I think 2024 was a good year and MLGW made a lot of promising advancements. I am certain we will face challenges in the years to come, but we are ready for what is ahead.



Doug McGowen
President and CEO

The Division's reliability has significantly increased from the investments we've made. In 2024 MLGW recorded its highest reliability rate in six years!



ALL HANDS-ON DECK:

Winter Storm Heather

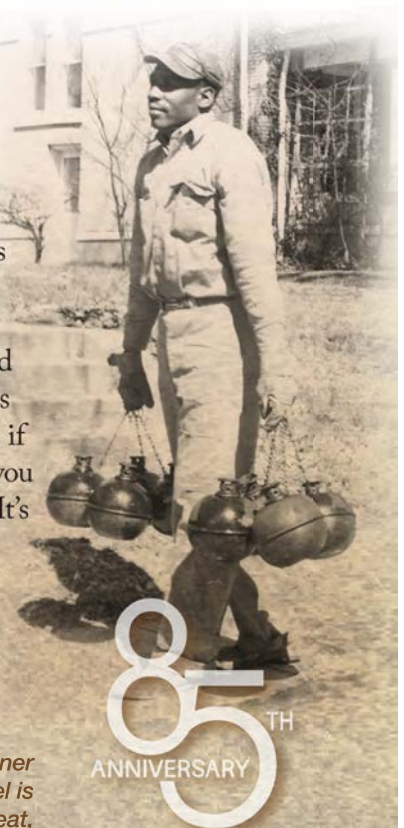
Mid-January Winter Storm Heather dropped snow across the Tennessee Valley. Temperatures fell below freezing and stayed there. By January 17, 2024 the demand for electricity reached an all-time high for provider Tennessee Valley Authority.

Water pipes froze and burst, water mains began to break and on January 18, 2024 water pressure started to drop across MLGW's system. The Division issued a precautionary boil water advisory for approximately 15% of customers. Pipes continued to break and leak. On Friday, January 19, 2024 MLGW amended the precautionary advisory to include all water-service customers.

Despite dangerously frigid temperatures, Division employees worked around the clock to find leaks and fix them. "I want to first of all call out the frontline folks at MLGW," President and CEO Doug McGowen told the Memphis City Council Tuesday, January 23, 2024. President McGowen explained the challenges as "incredibly cold temperatures, digging in the ground, working with water in sub-freezing temperatures is not fun, but they do it and they all showed up."

Showed up in force! Employees from the Water Meter, Electric Meter and Gas Meter Shops responded to Winter Storm Heather. So did workers from Water Distribution, Water Operations, the Water Laboratory and System Operations. Saturday, January 20, 2024 employees from multiple departments joined the "find and fix" effort. "If you work in Transportation at MLGW, if you work in the Gas Division and things are going great, if you're Safety, if you're Water Distribution, if you're an Engineer at MLGW, if you are in the Meter Reading Department, if you are an Admin, it doesn't matter where you work," McGowen told the Council. "It's all hands-on deck."

MLGW repaired 89 water main breaks, responded to nearly 4,000 customer water leaks (residential and commercial) and around 100 broken fire suppression systems. With clearance from the Tennessee Department of Environment and Conservation (TDEC), MLGW lifted the precautionary boil water advisory on Tuesday, January 23, 2024.



Smudge pots, a container in which oil or other fuel is burned to produce heat, circa 1955.

Lightning Damage

Lightning from an April 7, 2024 storm sparked a fire and burned up the Substation 27 relay. MLGW teams including Environmental Engineering, Communications Control/Relay, Substation Construction and Maintenance responded to the situation.

They split themselves into two shifts, 14 hours a day, so they could work 24/7. Teams worked around the clock to repair and rebuild equipment damaged by the storm. Substation 27 resumed normal operations on May 6, 2024, approximately two weeks ahead of schedule. Chief McGowen called the effort “Herculean.”



High Winds and Record Rainfall

The Mid-South was battered by winds up to 57 mph and record rainfall (4.25") related to Tropical Depression Francine in September 2024. The storm caused downed limbs and trees, and widespread storm-related outages. At the height of the storm, damage caused power interruptions to 34,300 customers. Crews worked around the clock to assess damage, make repairs and restore power.

85TH
ANNIVERSARY

A fleet of trucks known as the Chill Chaser Chariots promoted gas heat in the early '30s. The interior of the wagons held various sizes and styles of gas heaters which were installed by MLGW gas fitters.



In the Community

MLGW employees touch every part of this community – with the electricity, water and natural gas service they provide – and also with their giving spirit.

In February, 2024, MLGW presented the United Way of the Mid-South with a check for \$682,141.60. All of the funds came directly from employee donations. When you break the numbers down, that's about \$175 per employee! MLGW presented the United Way of the Mid-South with another big check in November 2024. The Division raised \$44,000 for the group through the 18th annual United Way Charity Golf tournament in October 2024.

Division employees donate money AND time to the United Way of the Mid-South. Each year, MLGW works with the United Way of Greater Memphis to kick off a massive volunteer effort in Shelby County. For the 2024 Day of Caring, volunteers put together information packets for Girls, Inc., did yardwork for Knowledge Quest, and spruced up the main campus of Room in the Inn.



Contributions from MLGW employees exceeded the 2024 goal for the Operation Feed campaign to benefit the Mid-South Food Bank. The target was \$35,000. MLGW employees went above and beyond and raised more than \$51,000! For every dollar donated the food bank can provide four meals. Division employees gave enough to provide 205,642 meals for our community.



Division volunteers worked with the Mid-South Food Bank again in November 2024 for a mobile food pantry. They spent a rainy day filling car after car with frozen, fresh and boxed food. Some volunteers even made it a family affair and brought their kids out to volunteer.

Keeping it Clean and Moving

In March 2024, employees hit the streets for the first ever Power Clean. MLGW personnel in safety vests and gloves used “grabbers” to pick up litter in the downtown area. Power Clean volunteers tidied up at the North and South Service Centers in the following months.



MLGW volunteers kept the celebration MOVING for Christmas at the Bartlett Market and Festivities in November. The Division sponsored the market's Polar Express train! Bartlett's Mayor, CAO and one of its Alderman showed up to express their thanks.

Education Encouraged

From elementary school to college – and beyond – Memphis Light, Gas and Water supports students. MLGW's efforts help develop the local workforce by providing opportunities for education and on-the-job learning. The Division also encourages employees to continue their education, so they are best equipped for the utility industry.

MLGW is a signature partner of the Memphis Shelby County Schools' College, Career and Technical Education (CCTE) program. Working with the District, MLGW's Information Systems department held an Information Technology Day at the Netters Building in February 2024. Students from East High School's T-STEM (Science, Technology, Engineering and Mathematics) Academy attended and talked to MLGW staff about new software, cybersecurity, drone technology and more.

We invested in local students, and perhaps, the future of MLGW in April when we donated a veritable fleet of high-mileage equipment to Memphis Shelby County Schools (MSCS). The Division gave the district pickup trucks and sedans as well as heavy equipment like backhoes. All donated vehicles had reached their end-of-life; none were used for transportation. Students at schools with auto/mechanical/vocational programs got to tear down the vehicles and learn maintenance.

Winners of the 2023 MLGW Art Contest were recognized at the MLGW Board of Commissioners meeting April 30, 2024. Students were broken up into four categories according to their grade level (K – 2, Grades 3 – 5, Grades 6 – 8 and Grades 9 – 12). The winning artist from each category created a new, MLGW Power League Superhero named “ElectRock.”

Division employees bowled over the competition at the April 26 Bowl-a-Thon benefitting Junior Achievement of Memphis and the Mid-South. Thirty-nine teams represented MLGW in 2024 and raised more than \$25,000! MLGW won first place for Top Performing Company.





In May 2024, MLGW helped sponsor Junior Achievement's Inspire career expo. Employee volunteers from Engineering, Revenue Protection, Economic Development and Corporate Communications met and talked with students about all the different types of careers the utility industry offers. Hundreds of eighth-grade students attended the three-day event.

Some of Memphis's best and brightest students earned a spot in MLGW's highly competitive summer internship program. More than 890 students applied; a select 22 students were chosen. Students worked across several teams including Engineering, Legal and Information Technology. MLGW's Human Performance and People Development (HPPD) team oversees six initiatives designed to give students hands-on, real-world experience, and to get

them interested in possibly working at the utility when they graduate.

Boot camp training is one of those initiatives. In 2024, for the first time ever, MLGW offered an Automotive Technology Boot Camp. Students received an immersive, hands-on education. They learned about engines, braking systems, manual and automatic transmissions as well as how to service electric vehicles. The three-week boot camp is a partnership between MLGW, Southwest Tennessee Community College and MSCS. Participants earned a certificate and (even better) a stipend for their work. 2024 was the first year for the Automotive Technology Boot Camp, but the second for the Utility Construction Boot Camp.

MLGW hosted the inaugural STEM conference at the utility's training center in October 2024. The "EmPOWERing Futures: MLGW STEM Conference" was designed to inspire and engage students from area schools in the fields of Science, Technology, Engineering, and Mathematics (STEM). Students from eight area schools attended. They learned how to create animations, how to code, and how clouds are formed (among other things).

A quote from Conrad Hall the award-winning cinematographer sums up MLGW's attitude towards education. "You are always a student, never a master. You have to keep moving forward." It's an idea we have embraced for 85 years, one we will continue to uphold for another 85.

Mallory Pumping Station, originally named Parkway Pumping Station, as a groundwater treatment plant constructed in the 1920s.



WORKING WITH FIRST RESPONDERS:

Safety at Fire Scenes

On March 19, 2024, Layne Mendius, Gaspo Dixon, Josh Lepard, Henry Smith and John Holland from Corporate Safety, and Randy Steele from MLGW's Electric Meter Shop held the first of six, hands-on training classes for Bartlett firefighters.

Firefighters learned how to identify different types of overhead equipment, how to dismantle an electric meter in an emergency, how to shut off gas at the meter and much, much more.

Corporate Safety Specialists also trained firefighters in Collierville and Germantown in 2024.

AFV Fires

Tennessee Department of Environment and Conservation (TDEC) hosted a fire safety training class in February 2024 and asked MLGW to help. Division staff drove three alternative fuel vehicles to the Memphis Fire Department's training facility on Academy Drive.

MLGW provided cadets with a Nissan Leaf, a dual-fuel CNG (compressed natural gas) pickup truck and a hybrid bucket truck to inspect as part of their training.

The rise in use of alternative fuel vehicles (AFVs) puts fire and rescue personnel at increasing risk due to a lack of understanding of how to respond to incidents involving these vehicles. Customized National Fire Protection Association (NFPA) instruction helps provide the knowledge and skills to keep first responders and the public safer.

Damaged utility infrastructure like downed electrical lines and broken/leaking gas lines can make fighting fires more hazardous for first responders. A team of MLGW's Corporate Safety Specialists works to educate firefighters on the dangers of working around utility equipment, and how to mitigate the risks.



85TH
ANNIVERSARY

Turbine room
in 1923, which were
the early beginnings of
provi

Packet Pg. 145

Nationally Ranked

Did you know that MLGW has a nationally ranked Water Tapping team? Did you also know that they have only been competing together for two years? Meet 2 and ½ Men. They are a young team on an upward trajectory.

Calvin Hodges, William Huffman (Coach), Dylan Stapleton and Christopher Miller from Water Distribution won the Regional Water Tapping Competition in 2023, their first year as a team. They went on to place ninth at the National Competition in Anaheim.

In August 2024, they competed against three MLGW teams – The Regulators; The Guys; and The Bad Men. 2 and ½ Men won the MLGW Water Tapping Contest and advanced to the regional competition in Kentucky where they won!

Their regional victory at the 2024 Kentucky/Tennessee section of the American Water Works Association (AWWA) Pipe Tapping – Men's Competition puts 2 and ½ Men into the National Competition in 2025. "We're looking to do better than ninth," said Coach William Huffman. Congratulations 2 and ½ Men, We are rooting for you!



Employee Benefits

Memphis Light, Gas and Water introduced multiple new and exciting employee programs in 2024. From recognition to wellness, these programs are meant to help MLGW staff grow and stay healthy.

Jet Dental kicked things off in January when they transformed the lobbies of the Administration Building and Netters into dental offices. Dental hygienists and assistants X-rayed and cleaned the teeth of dozens of MLGW employees. All employees are allowed regular, twice-a-year checkups at no cost through MLGW's dental insurance plan.

Keeping with the holistic approach to wellness, MLGW created a partnership with Explore Bike Share (EBS) in March. The program allowed employees to use an e-bike, day or night, for free. All active MLGW employees received unlimited access to EBS e-bike stations from downtown to Shelby Farms Park. In April, MLGW's Health Clinic opened its doors. Located at 1215 Poplar Avenue, the Clinic offers treatment for minor illnesses and injuries as well as biometric screenings and no co-pay is required!



Division employees can show each other their appreciation with the "Celebrate Your Spark" program. The point-based, reward and recognition program launched in June. Employees can exchange their "Celebrate Your Spark" points for merchandise or gift cards.

In September, MLGW introduced three Employee Resource Groups (ERG). There is an ERG for women, a multi-cultural ERG and an ERG for young professionals. The Labor Relations team oversees the groups, but ERGs are employee-led and managed. The focus of an ERG is to create support networks for its members.



Letter of Transmittal

MEMPHIS LIGHT, GAS AND WATER DIVISION

To the Board of Commissioners and Valued Stakeholders:

We are pleased to submit the Annual Report of Memphis Light, Gas and Water Division (MLGW) for the fiscal year ending on December 31, 2024, as required by the Charter Provisions of the City of Memphis (City) creating Memphis Light, Gas and Water Division. This report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for proprietary funds of governmental entities.

Responsibility for the accuracy and presentation of the information provided is the full responsibility of the management of MLGW. Disclosures necessary to assist the reader in understanding of the financial statements have been included.

MLGW's financial statements have been audited by Clifton Larson Allen LLP, licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of MLGW, for the fiscal year ending on December 31, 2024, are free from material misstatement. The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that MLGW's financial statements for the fiscal year ending on December 31, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of the report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. MLGW's MD&A can be found immediately following the auditors' report.

Profile of the Government—MLGW was created by an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of Tennessee, adopted March 9, 1939, as amended (the "Private Act"). 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 in accordance with the Private Act. For economic reasons, activities common to all three divisions are administered jointly and costs are prorated monthly among the divisions. A 1981 amendment to the City Charter permits forming additional divisions to provide other energy services.

MLGW controls the administration of its activities and business affairs. It operates independently, manages its own finances and is responsible for obligations incurred in such operations, including indebtedness payable from operations of the Division.

MLGW must have the City Council's approval for its annual budget and before incurring certain obligations, including purchasing real estate and exercising the right of eminent domain.

MLGW is managed by a Board of Commissioners, which consists of five voting members nominated by the Mayor and approved by the City Council and two advisory, non-voting members. The Board is responsible for supplying the Division's service areas with electricity, gas, and water. Board members serve staggered terms of three years each.

Every two years, the Board elects a Chairman and a Vice Chair, whose terms begin January 1. Board members continue to serve until a new Board member is appointed by the Mayor and confirmed by the City Council.

The daily operations of MLGW are managed by the President and Chief Executive Officer, who is nominated for a five-year term by the Mayor and approved by the City Council. Under the Private Act, the President generally supervises MLGW's operations and its officers and employees.

Local Economy—Memphis and Shelby County are located on the banks of the Mississippi River in the southwestern corner of Tennessee. The Bluff City ranks as the second largest city in the state and the 29th largest in the nation with a population of 618,639 according to the most recent Census data projections (July 2023). Shelby County has a population of 910,042. Efforts put forth by the Greater Memphis Chamber led to the creation of 1,927 new jobs and an unemployment rate of only 4%. There were 292 company visits and \$1.1 billion of capital investment.

Three Fortune 500 World Headquarters—FedEx, International Paper and AutoZone – call Memphis home. In addition, Nike, Hilton, Coca-Cola, Medtronic, and Amazon have major offices or distribution facilities in Memphis.

For over 30 years, Memphis customers have spent less for their winter utility bills than their counterparts in many metro areas, capturing the top ranking 20 times since 1991. MLGW has had the lowest total combined residential bill in eight of the past 12 years and has never ranked worse than fourth during those years.

National Economy—According to the Bureau of Economic Analysis (BEA), a division of the U.S. Department of Commerce, real gross domestic product (GDP), a key indicator of economic growth, increased 2.8% for all of 2024.

Per the BEA: “The increase in real GDP in 2024 reflected increases in consumer spending, investment, government spending, exports, and imports.”

Financial Policies and Major Initiatives—MLGW maintains a comprehensive cash flow model which assesses the growth of the separate divisions and determines future rate increase and debt issuance requirements. MLGW also incorporates a five-year capital plan in its budgeting process. MLGW's Electric, Gas and Water Engineering Departments develop detailed technical master plans for their respective systems which are then correlated with the financial plan.

MLGW has significant investments planned in utility infrastructure. MLGW completed the Way Forward initiative which included a significant service improvement plan across the three divisions. MLGW achieved or exceeded its targeted metrics in almost all initiatives related to the Way Forward initiative. MLGW plans on renewing and replacing infrastructure through our new

Renewal and Replacement of Infrastructure plan (r2I).

Within the Electric Division, areas of focus included the replacement of defective underground cable, wood pole management, tree trimming, aging substation equipment, automation of the distribution system and the hardening of the overhead electric system.

Within the Gas Division, designs were completed for a large scale, multi-transmission pipeline replacement project, steel tap service couplings were replaced, and regulator stations were replaced.

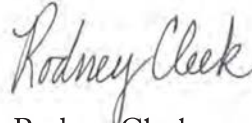
Within the Water Division, work continued to drill new wells to replace older wells, utility side lead service lines were replaced, and designs were completed for the replacement of the Allen Pumping Station.

Acknowledgments—The preparation of this report was made possible by the overall dedication of MLGW's Finance Division. We would like to express our appreciation to all Finance Division members who helped prepare this report. Special thanks must also be given to Clifton Larson Allen LLP for their efficient and timely completion of this year's audit.

Respectfully submitted,



Doug McGowen
President and CEO

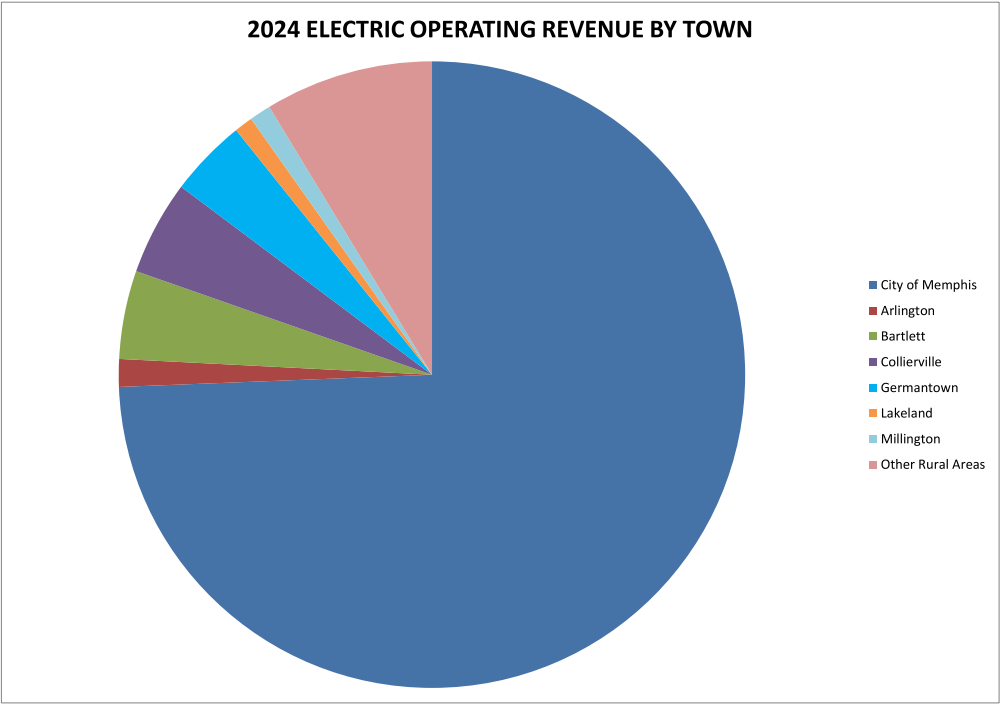


Rodney Cleek
VP, CFO and Secretary-Treasurer

**FINANCIAL HIGHLIGHTS
FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023 AND 2022
(dollars and consumption in thousands)**

Operating Statistics by Towns:

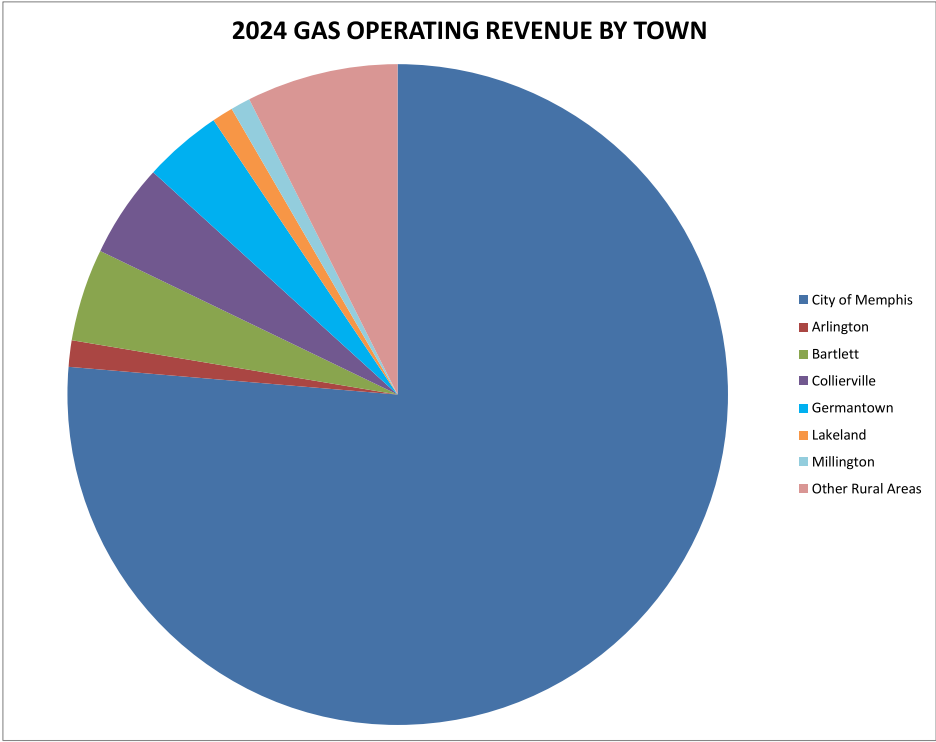
	ELECTRIC AMOUNT			ELECTRIC KWH		
	2024	2023	2022	2024	2023	2022
City of Memphis	\$ 1,109,719	\$ 1,027,506	\$ 1,114,271	9,672,827	9,396,501	9,768,296
Arlington	21,151	18,972	19,881	183,721	171,849	174,840
Bartlett	68,081	63,871	68,280	557,891	549,464	565,771
Collierville	72,718	68,286	72,407	615,436	609,978	626,163
Germantown	59,894	55,982	60,369	500,719	491,072	510,710
Lakeland	14,347	13,013	13,615	117,842	113,256	113,746
Millington	16,347	15,017	15,264	132,420	127,179	125,187
Other Rural Areas	129,721	118,883	127,493	1,193,145	1,152,334	1,180,088
Total	\$ 1,491,978	\$ 1,381,531	\$ 1,491,580	12,974,001	12,611,634	13,064,801



**FINANCIAL HIGHLIGHTS
FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023 AND 2022
(dollars and consumption in thousands)**

Operating Statistics by Towns:

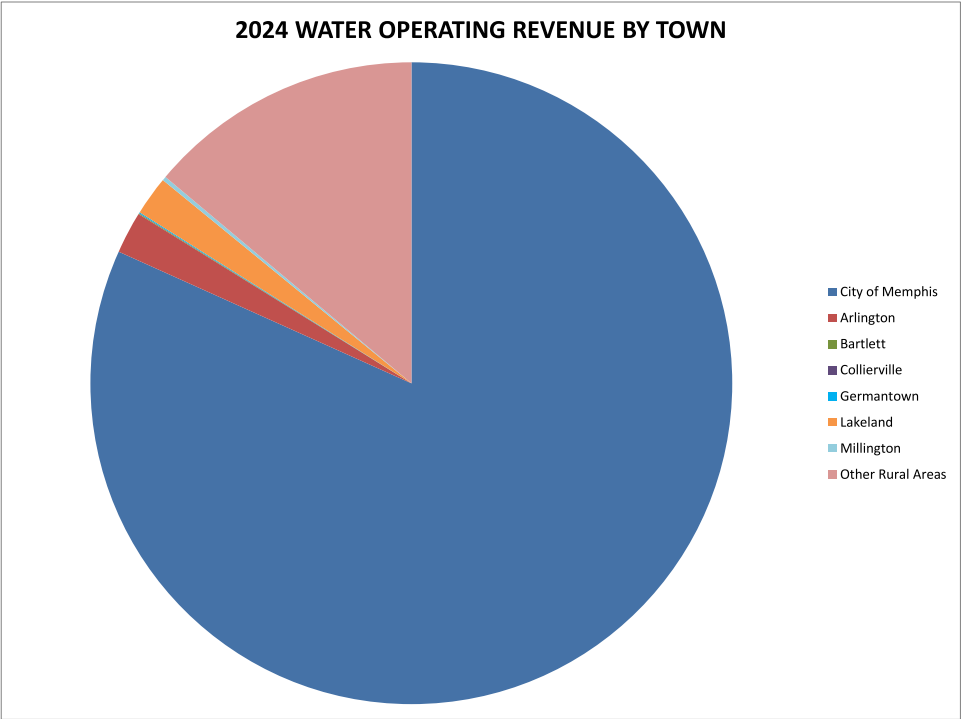
	GAS AMOUNT			GAS MCF		
	2024	2023	2022	2024	2023	2022
City of Memphis	\$ 180,629	\$ 197,246	\$ 257,983	21,771	21,406	23,370
Arlington	3,076	2,821	4,516	465	388	479
Bartlett	10,715	11,919	16,904	1,548	1,638	1,729
Collierville	10,850	11,537	17,467	1,714	1,678	1,866
Germantown	9,093	9,548	14,516	1,484	1,436	1,545
Lakeland	2,440	2,578	3,694	369	370	382
Millington	2,299	2,430	3,768	358	354	390
Other Rural Areas	17,539	18,980	27,416	2,598	2,661	2,771
Total	\$ 236,641	\$ 257,059	\$ 346,264	30,307	29,932	32,532



**FINANCIAL HIGHLIGHTS
FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023 AND 2022
(dollars and consumption in thousands)**

Operating Statistics by Towns:

	WATER AMOUNT			WATER CCF		
	2024	2023	2022	2024	2023	2022
City of Memphis	\$ 110,016	\$ 103,976	\$ 109,483	44,456	41,601	42,553
Resale to Other Municipalities:						
Arlington	2,851	3,422	3,013	568	924	707
Bartlett	47	51	53	3	3	4
Collierville	5	5	5	-	-	-
Germantown	77	143	148	15	24	29
Lakeland	2,642	2,608	2,583	607	610	608
Millington	277	281	272	58	59	58
Other Rural Areas	18,702	20,151	19,297	4,535	4,862	4,656
Total	\$ 134,617	\$ 130,636	\$ 134,854	50,242	48,083	48,615





Financial Section



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners and Management
Memphis Light, Gas and Water Division
Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each enterprise fund and the aggregate remaining fund information of Memphis Light, Gas and Water Division ("MLGW"), a division of the City of Memphis, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise MLGW's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise funds and the aggregate remaining fund information of MLGW, as of December 31, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Memphis Light, Gas and Water Division Retirement and Pension System and the Memphis Light, Gas and Water Division Other Post Employment Benefits Trust, which represent 100% of the assets and revenues of the aggregate remaining fund information as of December 31, 2024 and 2023, and the respective changes in financial position for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Memphis Light, Gas and Water Division Retirement and Pension System and the Memphis Light, Gas and Water Division Other Post Employment Benefits Trust, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MLGW and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements of MLGW are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of each major fund and the aggregate remaining fund information of only that portion of each major fund and the aggregate remaining fund information of the City of Memphis that is attributable to the transactions of MLGW. They do not purport to, and do not, present fairly the financial position of the City of Memphis, as of December 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As disclosed in Note 1, MLGW implemented the provisions of Governmental Accounting Standards Board Statement No. 101 – Compensated Absences. The Standard aligns the recognition and measurement of compensated absences under a unified model. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Memphis Light, Gas and Water's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MLGW's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MLGW's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedules of changes in net pension liability (asset); schedule of employer contributions - pension; schedules of changes in net OPEB liability; and the schedule of employer contributions - OPEB, as listed in the table contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MLGW's basic financial statements. The supplementary information shown as the schedule of bonds, principal and interest requirements, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of changes in long-term debt by individual issue, and schedule of additions and retirements to utility plant (collectively the "Supplementary Information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of bonds, principal and interest requirements, schedule of changes in long-term debt by individual issue and schedule of additions and retirements to utility plant are required by the State of Tennessee Comptroller of the Treasury's Audit Manual. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners and Management
Memphis Light, Gas and Water Division

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, and schedule of current utility rates, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. The schedule of current utility rates is required by the State of Tennessee Comptroller of the Treasury's Audit Manual.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of MLGW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MLGW's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MLGW's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Nashville, Tennessee
REPORT DATE



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)**



The following management discussion and analysis ("MD&A") for the Electric, Gas, and Water Divisions of Memphis Light, Gas and Water Division ("MLGW") is intended as an introduction and should be read in conjunction with the financial statements and the notes that follow this section.

Highlights

- ❖ In late 2023, Memphis City Council approved a 12% rate increase to be spread evenly over three years. The first 4% increase began in January 2024, and funded the MLGW grid modernization initiative, specifically Distribution Automation (DA). DA enables remote control and automatic circuit reconfiguration, boosting power system resilience.
- ❖ In 2024, MLGW and contracted partner Ameresco completed the City of Memphis LED streetlight conversion project which began in 2023. More than 77,000 high pressure sodium streetlights were converted to more efficient, longer-lasting LED lights.
- ❖ As streetlights were being converted to LED, MLGW was installing a light management system (LMS). The LMS allows MLGW to monitor streetlights remotely for outages or other issues. The LMS has cut in half the number of trucks sent out for streetlight maintenance.
- ❖ MLGW and all other water systems in the US were required to submit an inventory of lead water service lines to the Environmental Protection Agency (EPA) by October 2024. On October 8, 2024, the EPA released its Lead and Copper Rule Improvements (LCRI) requiring water systems to remove all lead service lines within 10 years. The LCRI also require more rigorous testing of drinking water and a lower threshold requiring communities to take action to protect people from lead exposure in water.
- ❖ MLGW donated high mileage equipment to Memphis Shelby County Schools. The Division donated vehicles like pickup trucks, sedans, and heavy equipment like backhoes, which will be used for training in auto/mechanical/vocational programs.
- ❖ 'MLGW 2045' launched in 2024. The strategic initiative led by President and CEO Doug McGowen is aimed at enhancing utility services while addressing customer concerns over reliability and affordability. Eleven internal workgroups made up of more than 90 experts at MLGW are researching all aspects of the operation including regional growth patterns, utility industry benchmarks, and global trends that could affect MLGW in the future.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Overview of the Financial Statements

MLGW's financial statements are comprised of Management's Discussion and Analysis (MD&A); the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; the Statements of Cash Flows; the accompanying Notes; and required supplementary information. This report also contains supplemental information required by the State in addition to the basic financial statements.

MLGW's basic financial statements were expanded in fiscal year 2020 to meet the requirements of GASB Statement No. 84. Therefore, in addition to the financial statements of the Electric, Gas and Water Divisions discussed above, the financial statements of MLGW's fiduciary activities are also presented in conformity with accounting principles generally accepted in the United States of America. The fiduciary activities of MLGW include the Memphis Light, Gas and Water Retirement and Pension System (the "MLGW Pension Plan") and the Memphis Light, Gas and Water OPEB Trust ("OPEB Trust").

In 2023, MLGW adopted GASB Statement No. 96, Subscription-Based Information Technology Agreements (SBITAs) using a full retrospective approach. GASB 96 requires an intangible right of use asset and a subscription liability, thereby enhancing the relevance and consistency of information regarding SBITA activities. Accordingly, the accompanying financial statements, as of and for the year ended December 31, 2022, have been restated for the change, which did not have a material impact on the net position.

In 2024, MLGW adopted GASB Statement No. 101, Compensated Absences using a full retrospective approach. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Accordingly, the accompanying financial statements, as of and for the year ended December 31, 2023, have been restated for the change.

The Statements of Net Position report the assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference being the net position. Net position will be displayed in three components: net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the organization is improving or declining. The Statements of Revenues, Expenses and Changes in Net Position show how net position changed during each year based on revenues and expenses. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The Statements of Cash Flows report changes in cash and cash equivalents summarized by net changes from operating, noncapital financing, capital and related financing and investing activities. The Statements of Changes in Fiduciary Net Position show how net position restricted for pensions and other post-employment benefits changed during each year based on revenues and expenses. The Notes provide additional detailed information to support the financial statements. The statements present the current year and preceding year for comparison. The report also includes Statistical Highlights: these highlights convey significant data that afford the reader a better historical perspective and assist in assessing the current financial status and trends of MLGW. The highlights present a three-year comparison encompassing the current year and the preceding two years for the Electric, Gas and Water Divisions.

MLGW comprises the utility operations of the City of Memphis. Pursuant to the Memphis City Charter, MLGW is required to maintain separate books and accounts of the electric, gas, and water operations, so that said books and accounts reflect the financial condition of each division separately, to the end that each division shall be self-sustaining.

Costs are allocated to the three divisions in a manner that ensures results of operations and changes in financial position are presented fairly and consistently from year to year.

MLGW's financial statements are provided to the City of Memphis and reformatted to conform to the City's format for enterprise funds. The City of Memphis incorporates MLGW's statements ending December 31 into its statements ending June 30.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

STATISTICAL HIGHLIGHTS-ELECTRIC DIVISION

Years Ended December 31

CATEGORIES	2024	2023	2022
OPERATING REVENUE			
Residential	\$ 633,075,104	\$ 587,340,039	\$ 633,309,772
Commercial - General Service	685,215,002	641,954,186	673,815,211
Industrial	111,735,907	96,770,069	112,883,410
Outdoor Lighting and Traffic Signals	13,753,270	13,065,130	13,061,983
Street Lighting Billing	13,871,723	13,869,970	13,654,743
Interdepartmental	9,739,139	10,598,877	11,057,869
Green Power	(316,255)	(296,458)	(455,410)
Miscellaneous	24,791,420	29,461,652	32,843,267
Accrued Unbilled Revenue	7,985,587	(4,543,406)	7,317,135
Revenue Adjustment for Uncollectibles	(7,872,950)	(6,689,269)	(5,907,532)
TOTAL OPERATING REVENUE	\$ 1,491,977,947	\$ 1,381,530,790	\$ 1,491,580,448
CUSTOMERS			
Residential	380,286	372,070	376,067
Commercial - General Service	42,834	42,234	43,825
Industrial	86	89	96
Outdoor Lighting and Traffic Signals	16,368	16,151	16,874
Interdepartmental	33	35	35
Total Customers	439,607	430,579	436,897
KWH SALES (THOUSANDS)			
Residential	5,206,854	5,079,135	5,291,763
Commercial - General Service	5,784,430	5,689,548	5,799,454
Industrial	1,740,384	1,579,045	1,706,538
Outdoor Lighting and Traffic Signals	75,141	85,924	87,606
Street Lighting Billing	79,198	78,207	77,974
Interdepartmental	87,994	99,775	101,466
Total KWH Sales (Thousands)	12,974,001	12,611,634	13,064,801
OPERATING REVENUE/CUSTOMER			
Residential	\$ 1,664.73	\$ 1,578.57	\$ 1,684.03
Commercial - General Service	15,996.99	15,199.94	15,375.13
Industrial	1,299,254.73	1,087,304.14	1,175,868.85
Outdoor Lighting and Traffic Signals	840.26	808.94	774.09
Interdepartmental	295,125.43	302,825.07	315,939.10
OPERATING REVENUE/KWH*			
Residential	\$ 0.122	\$ 0.116	\$ 0.120
Commercial - General Service	0.118	0.113	0.116
Industrial	0.064	0.061	0.066
Outdoor Lighting and Traffic Signals	0.183	0.152	0.149
Street Lighting Billing	0.175	0.177	0.175
Interdepartmental	0.111	0.106	0.109
KWH/CUSTOMER			
Residential	13,691.94	13,651.02	14,071.33
Commercial - General Service	135,042.96	134,714.87	132,332.09
Industrial	20,237,023.26	17,742,078.65	17,776,437.50
Outdoor Lighting and Traffic Signals	4,590.73	5,320.04	5,191.77
Interdepartmental	2,666,484.85	2,850,714.29	2,899,028.57

*See graph on M-6.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

STATISTICAL HIGHLIGHTS-GAS DIVISION
Years Ended December 31

CATEGORIES	2024	2023	2022
OPERATING REVENUE			
Residential	\$ 124,635,366	\$ 131,447,264	\$ 194,154,810
Commercial - General Service	59,579,886	65,168,706	95,910,627
Industrial	1,695,094	1,111,349	2,634,394
Interdepartmental	147,853	157,281	261,091
Transported Gas	12,411,651	15,144,296	11,277,147
Market Gas	6,149,058	7,254,303	15,335,574
Liquefied Natural Gas (LNG)	1,176,038	4,826,667	5,314,986
Compressed Natural Gas (CNG)	346,626	511,120	536,741
Industrial Gas - Other Revenue	14,381,352	15,269,798	17,954,068
Lease Revenue	623,410	590,877	654,302
Miscellaneous	12,743,237	22,793,697	1,042,095
Accrued Unbilled Revenue	4,166,101	(4,806,898)	54,277
Accrued Unbilled Revenue - Other Industrial Gas	411,490	(1,238,135)	2,531,858
Revenue Adjustment for Uncollectibles	(1,825,694)	(1,170,862)	(1,397,743)
TOTAL OPERATING REVENUE	\$ 236,641,468	\$ 257,059,463	\$ 346,264,227
CUSTOMERS			
Residential	292,004	285,590	290,951
Commercial - General Service	20,378	20,045	21,281
Industrial	21	23	29
Interdepartmental	12	13	14
Transported Gas	40	38	38
Market Gas	18	19	21
Subtotal	312,473	305,728	312,334
LNG	1	3	2
CNG (Sales Transactions)	535	707	579
Industrial Gas - Other	1	1	1
Total Customers	313,010	306,439	312,916
MCF SALES			
Residential	17,846,752	17,587,416	19,402,399
Commercial - General Service	10,215,315	10,354,573	10,703,255
Industrial	383,520	216,608	331,091
Interdepartmental	28,657	29,436	33,296
Market Gas	1,832,909	1,743,650	2,061,488
Subtotal	30,307,153	29,931,683	32,531,529
LNG	179,219	653,032	483,620
CNG	35,036	51,710	37,231
Industrial Gas - Other	7,008,340	6,370,556	3,626,288
Total MCF Sales	37,529,748	37,006,981	36,678,668
OPERATING REVENUE/CUSTOMER			
Residential	\$ 426.83	\$ 460.27	\$ 667.31
Commercial - General Service	2,923.74	3,251.12	4,506.87
Industrial	80,718.75	48,319.51	90,841.17
Interdepartmental	12,321.10	12,098.53	18,649.36
Transported Gas	310,291.27	398,534.11	296,767.04
Market Gas	341,614.34	381,805.43	730,265.42
OPERATING REVENUE/MCF*			
Residential	\$ 6.984	\$ 7.474	\$ 10.007
Commercial - General Service	5.832	6.294	8.961
Industrial	4.420	5.131	7.957
Interdepartmental	5.159	5.343	7.842
Market Gas	3.355	4.160	7.439
MCF/CUSTOMER			
Residential	61.12	61.58	66.69
Commercial - General Service	501.29	516.57	502.95
Industrial	18,262.86	9,417.74	11,416.93
Interdepartmental	2,388.08	2,264.31	2,378.29
Market Gas	101,828.28	91,771.05	98,166.10

*See graph on M-6.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

STATISTICAL HIGHLIGHTS-WATER DIVISION

Years Ended December 31

CATEGORIES	2024	2023	2022
OPERATING REVENUE			
Residential	\$ 65,693,846	\$ 64,136,738	\$ 64,517,490
Commercial - General Service	58,005,885	56,546,536	56,511,699
Resale	194,635	164,715	271,907
Fire Protection	7,124,907	7,234,952	7,006,902
Interdepartmental	110,997	88,777	85,478
Miscellaneous	5,436,465	5,976,973	5,681,587
Accrued Unbilled Revenue	68,962	(2,114,863)	1,776,806
Revenue Adjustment for Uncollectibles	(2,018,795)	(1,397,760)	(998,238)
TOTAL OPERATING REVENUE	\$ 134,616,902	\$ 130,636,068	\$ 134,853,631
CUSTOMERS			
Residential	231,088	224,948	229,845
Commercial - General Service	19,357	18,991	20,290
Resale	7	9	9
Fire Protection	5,317	5,200	5,421
Interdepartmental	54	56	56
Total Customers	255,823	249,204	255,621
METERED WATER (CCF)			
Residential	22,761,956	21,680,083	21,848,436
Commercial - General Service	27,395,724	26,361,651	26,644,388
Resale	41,117	12,498	94,996
Interdepartmental	42,886	28,784	26,763
Total CCF Sales	50,241,683	48,083,016	48,614,583
OPERATING REVENUE/CUSTOMER			
Residential	\$ 284.28	\$ 285.12	\$ 280.70
Commercial - General Service	2,996.64	2,977.54	2,785.20
Resale	27,804.97	18,301.66	30,211.88
Fire Protection	1,340.02	1,391.34	1,292.55
Interdepartmental	2,055.49	1,585.31	1,526.39
OPERATING REVENUE/CCF*			
Residential	\$ 2.886	\$ 2.958	\$ 2.953
Commercial - General Service	2.117	2.145	2.121
Resale	4.734	13.179	2.862
Interdepartmental	2.588	3.084	3.194
CCF/CUSTOMER			
Residential	98.50	96.38	95.06
Commercial - General Service	1,415.29	1,388.11	1,313.18
Resale	5,873.86	1,388.67	10,555.11
Interdepartmental	794.19	514.00	477.91

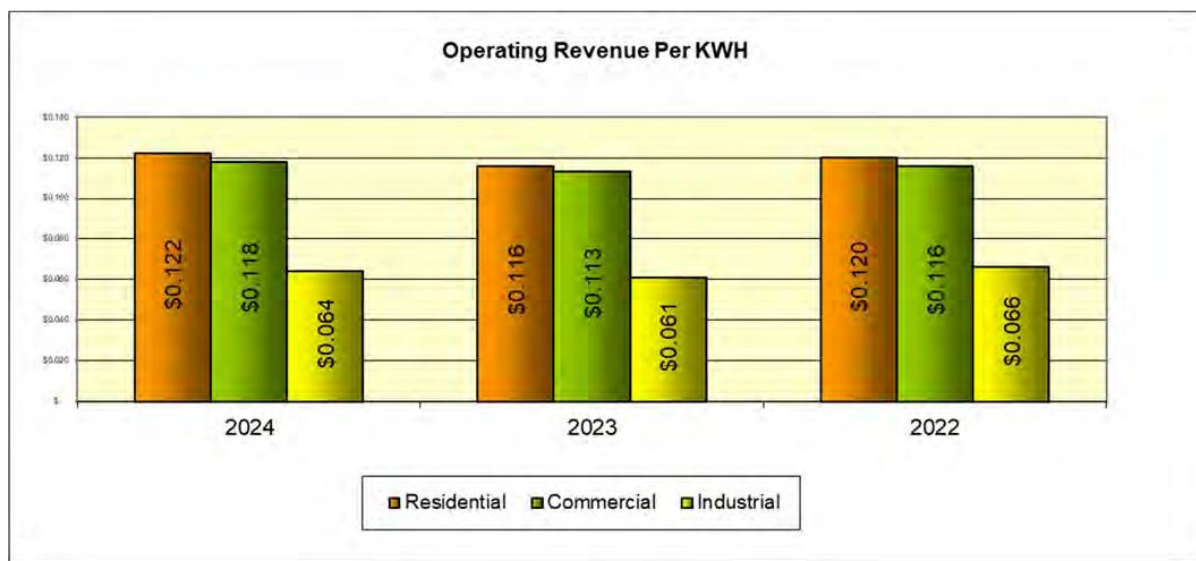
*See graph on M-7.



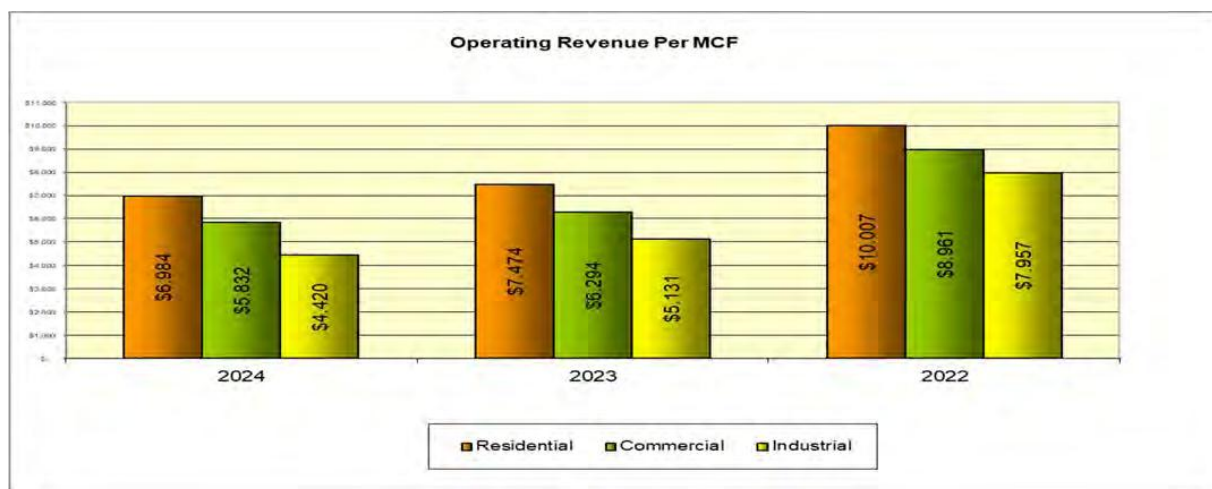
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

GRAPHS

Electric Division



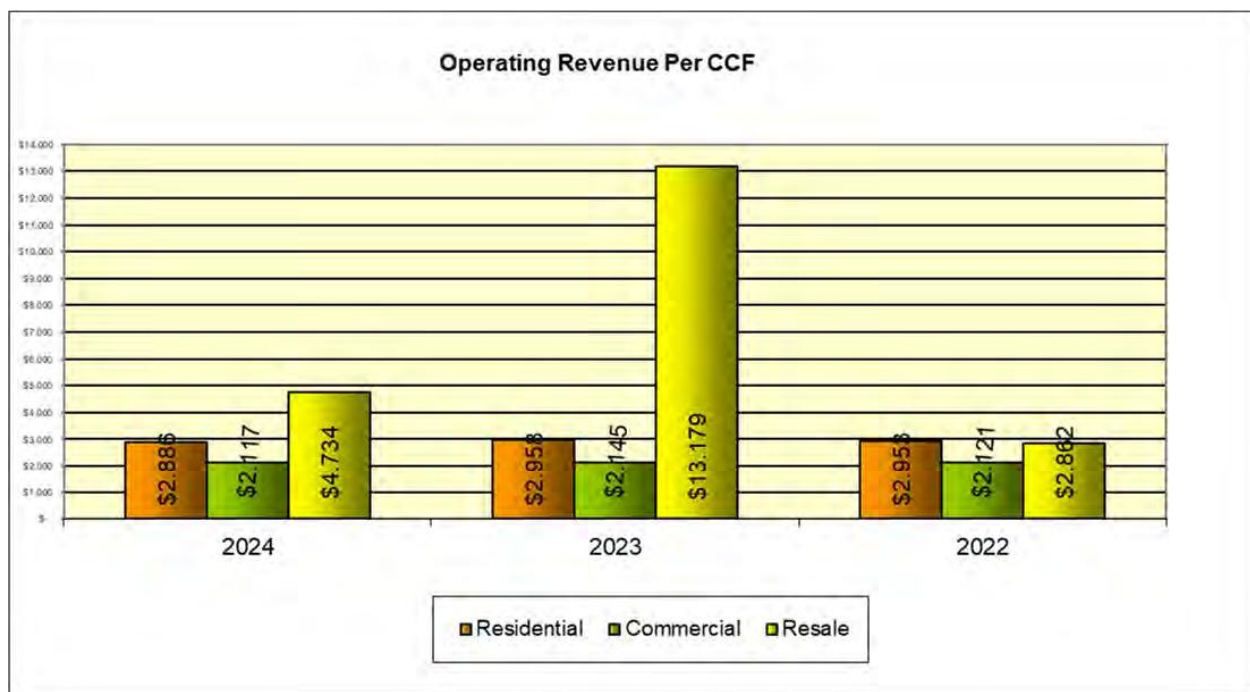
Gas Division





MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)

Water Division





**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Bond Ratings

MLGW's Electric, Gas, and Water Divisions continue to maintain strong bond ratings. In September 2024, MLGW issued a new bond series and one refunding series in the Electric Division. The bond offering was well received by the markets.

The Electric Division has total debt outstanding of \$457,955 as of December 31, 2024. MLGW's debt service coverage is 6.84. This coverage is well above the 1.2 required by the Electric Division bond covenant for the senior lien debt. On August 21, 2024, Fitch Ratings affirmed its AA long-term rating for the electric system revenue bonds with a stable outlook.

The Gas Division has total debt outstanding of \$116,750 as of December 31, 2024. The Gas Division's debt service coverage is 5.46. This coverage is well above the 1.2 required by the Gas Division bond covenant.

The Water Division has total debt outstanding of \$110,345 as of December 31, 2024. The Water Division's debt service coverage is 4.24. This coverage is well above the 1.2 required by the Water Division bond covenant.

Figure 1: Bond Ratings and Debt Administration for the Electric, Gas and Water Divisions

MLGW Bond Ratings				Debt Administration (In Thousands)		
	S&P	Fitch	Moody's		Outstanding Balance	Coverage
Electric Series				Electric	\$457,955	6.84
2016	A+	AA	Aa2			
2017	A+	AA	Aa2			
2020A	A+	AA	Aa2			
2020B	A+	AA	Aa2			
2024		AA	Aa2			
Gas Series				Gas	\$116,750	5.46
2016	AA-		Aa1			
2017	AA-		Aa1			
2020	AA-		Aa1			
Water Series				Water	\$110,345	4.24
2014	AAA		Aa1			
2016	AAA		Aa1			
2017	AAA		Aa1			
2020	AAA		Aa1			



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Analysis of the Electric Division's Statements of Net Position

Condensed financial information comparing the Electric Division's net position for the past three fiscal years is presented below:

Table 1 Electric Division Condensed Statements of Net Position December 31 (In Thousands)					
	<u>2024</u>	<u>2023</u>	<u>FY24 - FY23</u>	<u>2022</u>	<u>FY23 - FY22</u>
		<u>As Restated</u>	<u>Percentage</u>	<u>As Restated</u>	<u>Percentage</u>
			<u>Change</u>		<u>Change</u>
Current assets (excluding restricted funds)	\$ 520,574	\$ 452,298	15.1%	\$ 568,616	-20.5%
Restricted assets	164,196	82,478	99.1%	85,654	-3.7%
Other assets	31,742	31,188	1.8%	141,206	-77.9%
Utility plant	1,412,697	1,320,150	7.0%	1,180,919	11.8%
Intangible assets - right of use assets (leases & subscriptions)	7,648	4,851	57.7%	7,009	-30.8%
Total assets	2,136,857	1,890,965	13.0%	1,983,404	-4.7%
Deferred outflows of resources					
Employer pension contribution	17,213	12,284	40.1%	12,565	-2.2%
Employer OPEB contribution	24,484	24,082	1.7%	23,029	4.6%
Pension liability experience	47,795	31,613	51.2%	7,965	296.9%
OPEB liability experience	9,539	8,030	18.8%	11,173	-28.1%
Pension changes of assumptions	12,066	16,088	-25.0%	20,110	
OPEB changes of assumptions	9,261	12,348	-25.0%	15,435	
Pension investment earnings experience	73,261	72,551		-	
OPEB investment earnings experience	14,887	19,355		-	
Unamortized balance of refunded debt	-	643	-100.0%	861	-25.3%
Total assets and deferred outflows	2,345,363	2,087,959	12.3%	2,074,542	0.6%
Current liabilities payable from current assets	231,382	202,999	14.0%	207,982	-2.4%
Current liabilities payable from restricted assets	24,406	30,264	-19.4%	30,537	-0.9%
Long-term debt	490,267	312,326	57.0%	327,517	-4.6%
Non-current liabilities	247,816	265,210	-6.6%	105,333	151.8%
Total liabilities	993,871	810,799	22.6%	671,369	20.8%
Deferred inflows of resources					
Unamortized balance of refunded debt - Series 2024	127	-			
Leases	6,298	6,972	100.0%	4,233	64.7%
Pension liability experience	504	1,008	-50.0%	1,512	-33.3%
OPEB liability experience	3,055	4,337	-29.6%	2,263	91.6%
Pension changes of assumptions	17	35	-51.4%	52	-32.7%
OPEB changes of assumptions	44,591	9,317	378.6%	34,012	-72.6%
Pension investment earnings experience	-	-		108,482	-100.0%
OPEB investment earnings experience	-	-		52,849	-100.0%
Total liabilities and deferred inflows	1,048,463	832,468	25.9%	874,772	-4.8%
Net position:					
Net investment in capital assets	986,492	991,792	-0.5%	844,408	17.5%
Restricted for:					
Casualty Insurance	24,776	23,728	4.4%	15,809	50.1%
Medical Benefits & other	9,308	6,949	34.0%	18,268	-62.0%
Unrestricted	276,324	233,022	18.6%	321,286	-27.5%
Total Net position	\$ 1,296,900	\$ 1,255,491	3.3%	\$ 1,199,771	4.6%



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Assets

2024 Compared to 2023:

As of December 31, 2024, total assets and deferred outflows were \$2.3 billion, an increase of \$257.1 million, or 12.3% compared to December 31, 2023. This increase is primarily due to an increase in utility plant of \$92.5 million, current assets of \$68.3 million, and \$177.9 million in restricted funds.

2023 Compared to 2022:

As of December 31, 2023, total assets and deferred outflows were \$2.1 billion, an increase of \$13.4 million, or 0.6% compared to December 31, 2022. This increase is primarily due to increases in utility plant of \$139.2 million, pension investment earnings experience of \$72.6 million, and pension liability experience of \$23.6 million, partially offset by decreases in current assets of \$116.3 million and other assets of \$110 million.

Capital Assets and Construction Activities

2024 Compared to 2023:

The Electric Division's utility plant assets, net of accumulated depreciation were \$1.41 billion as of December 31, 2024, an increase of 7.0% over fiscal year 2023. During 2024, the Electric Division expended \$162.7 million on construction activities and capital purchases, a decrease of \$47.9 million or 22.8% compared to fiscal year 2023. Major Electric Division construction expenditures include substation and transmission projects (\$46.9 million) telecommunication communication and communication tower projects (\$29.1 million), streetlights maintenance and installation (\$19.8 million), extensions to serve new customers (\$17.4 million), routine maintenance of the electric distribution system (\$15.6 million), the purchase of transformers (\$10.4 million), street improvements (\$8.4million), replacement of feeder and defective cable (\$7.1million), distribution pole replacement (\$5.2 million), the purchase of transportation equipment (\$5.1million), information technology upgrades (\$4.9 million), distribution automation (\$4.7 million), additional circuits (\$3.6 million), purchase of meters (\$2.4 million), line reconstruction (\$2.3 million), additional general plant purchases and upgrades (\$1.4 million), capital security automation upgrades (\$0.9 million), storm restoration (\$0.5 million), in addition to contributions in aid of construction (\$23.6 million).

2023 Compared to 2022:

The Electric Division's utility plant assets, net of accumulated depreciation were \$1.32 billion as of December 31, 2023, an increase of 11.8% over fiscal year 2022. During 2023, the Electric Division expended \$210.6 million on construction activities and capital purchases, an increase of \$117.8 million or 127.0% compared to fiscal year 2022. Major Electric Division construction expenditures include streetlights maintenance and installation (\$47.9 million), storm restoration (\$36.7 million), substation and transmission projects (\$36.7 million), routine maintenance of the electric distribution system (\$25.4 million), extensions to serve new customers (\$15.0 million), distribution automation (\$13.1 million), street improvements (\$7.9 million) replacement of feeder and defective cable (\$5.8 million), information technology upgrades (\$5.1 million), additional circuits (\$4.7 million), the purchase of transformers (\$4.1 million), the purchase of transportation equipment (\$4.4 million), distribution pole replacement (\$4.0 million), telecommunication communication and communication tower projects (\$3.2 million), purchase of meters (\$2.5 million), line reconstruction (\$1.9 million), capital security automation upgrades (\$1.5 million), building upgrades (\$1.1 million), and additional general plant purchases (\$0.5 million) in addition to contributions in aid of construction (\$11.5 million).



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Liabilities

2024 Compared to 2023:

As of December 31, 2024, total liabilities and deferred inflows were \$1.05 billion, an increase of \$215.7 million, or 25.9% compared to December 31, 2023. The increase is due to increases in long-term debt of \$177.9 million, OPEB changes of assumptions of \$35.3 million, and current liabilities payable from current assets of \$28 million, offset by a decrease in non-current liabilities of \$17.4 million. The decrease in non-current liabilities is primarily due to a decrease in net OPEB liability for \$58.6 million, offset by an increase in net pension liability of \$36.5 million.

2023 Compared to 2022:

As of December 31, 2023, total liabilities and deferred inflows were \$835 million, a decrease of \$39.8 million, or 4.5% compared to December 31, 2022. The decrease is due decreases in pension investment earnings experience of \$108.5 million, OPEB investment earnings experience of \$52.8 million, and OPEB changes of assumptions of \$24.7 million, offset by an increase in net pension liability of \$100 million and an increase in net OPEB liability of \$63.3 million.

Net Position

2024 Compared to 2023:

As of December 31, 2024, the Electric Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflow of resources) was \$1.3 billion, an increase of \$41.4 million, or 3.3% compared to December 31, 2023. The increase was primarily due to an increase in unrestricted net position of \$43.3 million, offset by a decrease in net investment in capital assets of \$5.3 million. Seventy-six percent of the net position was related to net investment in capital assets.

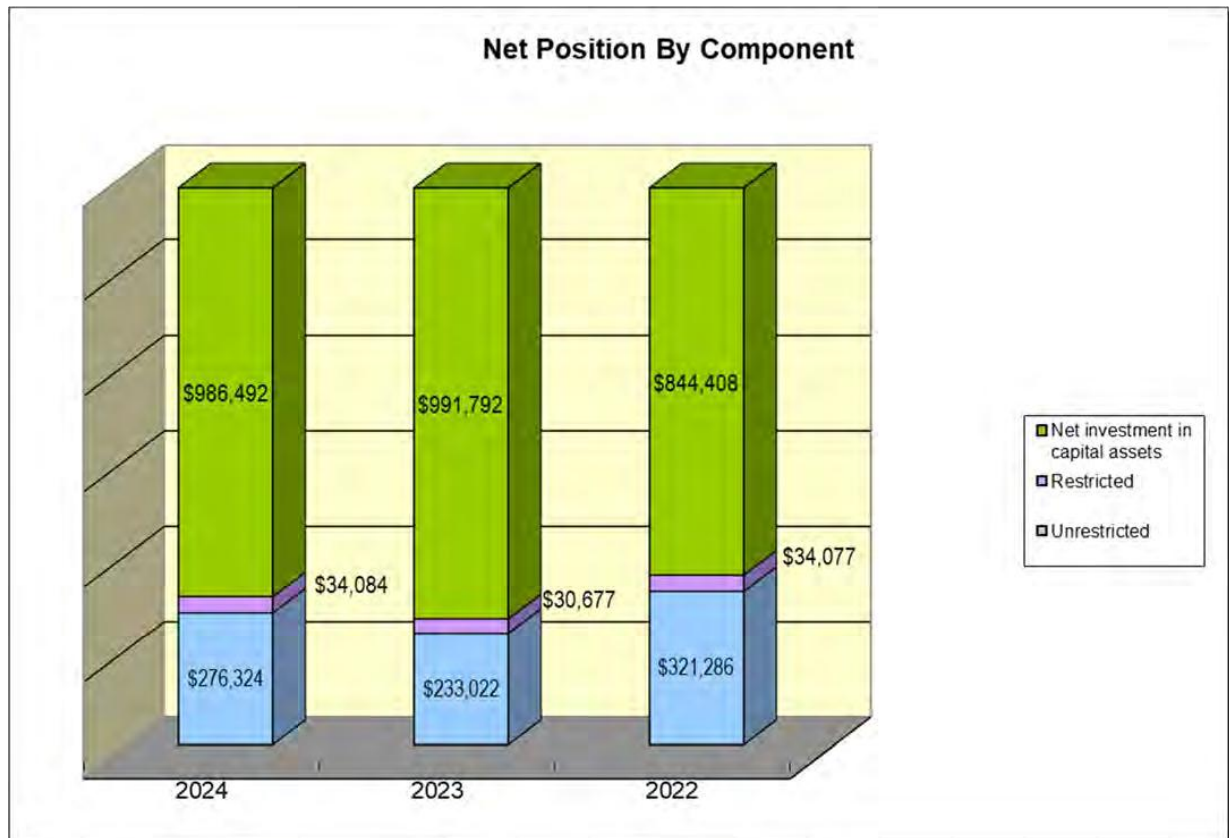
2023 Compared to 2022:

As of December 31, 2023, the Electric Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflow of resources) was \$1.3 billion, an increase of \$55.7 million, or 4.6% compared to December 31, 2022. The increase was primarily due to an increase in net investment in capital assets of \$147.4 million, offset by a decrease of \$88.3 million in unrestricted net position. Seventy-nine percent of the net position was related to net investment in capital assets.



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)

Figure 2: Electric Division's Net Position (in thousands):





**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Analysis of the Electric Division's Statements of Revenues, Expenses and Changes in Net Position

Condensed financial information comparing the Electric Division's revenues, expenses, and changes in net position for the past three fiscal years is presented below:

Table 2 Electric Division Condensed Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2024, 2023, and 2022 <i>(In Thousands)</i>					
	<u>2024</u>	<u>2023</u> As Restated	<u>FY24 - FY23</u> <u>Percentage</u> <u>Change</u>	<u>2022</u> As Restated	<u>FY23 - FY22</u> <u>Percentage</u> <u>Change</u>
Revenues:					
Operating revenues	\$ 1,491,978	\$ 1,381,531	8.0%	\$ 1,491,580	-7.4%
Non-operating revenues	56,088	56,356	-0.5%	42,548	32.5%
Total revenues	<u>1,548,066</u>	<u>1,437,887</u>	<u>7.7%</u>	<u>1,534,128</u>	<u>-6.3%</u>
Expenses:					
Purchased power	1,084,669	1,050,251	3.3%	1,151,829	-8.8%
Depreciation & amortization	73,861	64,222	15.0%	63,277	1.5%
Other operating expense	295,164	222,824	32.5%	147,503	51.1%
Non-operating expense	11,039	9,317	18.5%	9,664	-3.6%
Total expenses	<u>1,464,733</u>	<u>1,346,614</u>	<u>8.8%</u>	<u>1,372,273</u>	<u>-1.9%</u>
Income before contributions in aid of construction and transfers	83,333	91,273	-8.7%	161,855	-43.6%
Contributions in aid of construction	26,074	14,234	83.2%	31,940	-55.4%
Reduction of plant costs recovered through contributions in aid of construction	(26,074)	(14,234)	-83.2%	(31,940)	55.4%
Transfers to City of Memphis	(41,924)	(35,553)	-17.9%	(40,763)	12.8%
Change in net position	<u>\$ 41,409</u>	<u>\$ 55,720</u>	<u>-25.7%</u>	<u>\$ 121,092</u>	<u>-54.0%</u>
Net position, beginning of year	\$ 1,255,491	\$ 1,199,771	4.6%	\$ 1,078,679	11.2%
Change in net position	41,409	55,720	-25.7%	121,092	-54.0%
Net position, end of year	<u>\$ 1,296,900</u>	<u>\$ 1,255,491</u>	<u>3.3%</u>	<u>\$ 1,199,771</u>	<u>4.6%</u>



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Change in Net Position

2024 Compared to 2023:

The change in net position is \$41.4 million, down \$14.3 million from \$55.7 million at December 31, 2023. This decrease is primarily due to a decrease in operating income of \$7.9 million and an increase in transfers to the City of Memphis of \$6.4 million.

2023 Compared to 2022:

The change in net position is \$55.7 million, down \$65.4 million from \$121.1 million at December 31, 2022. This decrease is primarily due to an increase in pension expense of \$55.4 million and an increase in other post employment benefits of \$16.6 million.

Revenues

2024 Compared to 2023:

Total revenues were \$1.5 billion for fiscal year 2024, an increase of \$110 million, or 7.7%, from fiscal year 2023. Operating revenues were \$1.49 billion in 2024, an increase of \$110.4 million from 2023. The increase in operating revenue is due primarily to a 4.50% TVA increase and expiration of the Pandemic credit in October 2023, a 5.25% TVA rate increase in October 2024, partially offset by lower TVA Fuel Cost Adjustment (FCA) rates.

2023 Compared to 2022:

Total revenues were \$1.4 billion for fiscal year 2023, a decrease of \$96.2 million, or 6.3%, from fiscal year 2022. Operating revenues were \$1.36 billion in 2023, a decrease of \$110 million from 2022. The decrease in operating revenue is due primarily to a 3.5% decrease in sales volume and 16.9% lower TVA Fuel Cost Adjustment (FCA) rates.

Expenses

2024 Compared to 2023:

For fiscal year 2024, total expenses were \$1.46 billion, an 8.8%, or \$118.1 million increase from fiscal year 2023 total expenses. This increase is primarily due to increases in other operating expense of \$72.3 million, purchased power of \$34.4 million, and depreciation expense of \$9.6 million. Purchased power is up due to an increase in purchase volume, a 4.5% TVA increase and expiration of the Pandemic credit, partially offset by lower TVA Fuel Cost Adjustment (FCA) rates.

2023 Compared to 2022:

For fiscal year 2023, total expenses were \$1.35 billion, a 1.9%, or \$25.7 million decrease from fiscal year 2022 total expenses. This decrease is primarily due to a decrease in purchased power of \$101.6 million, partially offset by an increase



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

in other operating expense of \$75.3 million. Purchase power is down due to a decrease in purchase volume and lower TVA Fuel Cost Adjustment (FCA) rates.

Contributions in aid of construction

2024 Compared to 2023:

Contributions in aid of construction ("CIAC") were \$26.1 million for fiscal year 2024, an increase of \$11.8 million (83.2%) from fiscal year 2023. This increase is mainly the result of an increase in construction contributions of \$12.1 million, offset by a decrease in donated easements of \$0.3 million.

2023 Compared to 2022:

Contributions in aid of construction ("CIAC") were \$14.2 million for fiscal year 2023, a decrease of \$17.7 million (55.4%) from fiscal year 2022. This decrease is mainly the result of a decrease in construction contributions of \$19.8 million, offset by an increase in donated easements of \$2.1 million.

Transfers to the City of Memphis

2024 Compared to 2023:

MLGW's transfer to the City of Memphis is based on the formula provided by the May 29, 1987 TVA Power Contract Amendment (Supp. No. 8). The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). Transfers to the City represent the Electric Division's in lieu of tax payment. The 2024 transfer increased by \$6.4 million as a result of a increase in the net plant investment coupled with an increase in the tax rate.

2023 Compared to 2022:

MLGW's transfer to the City of Memphis is based on the formula provided by the May 29, 1987 TVA Power Contract Amendment (Supp. No. 8). The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). Transfers to the City represent the Electric Division's in lieu of tax payment. The 2023 transfer decreased by \$5.2 million as a result of a reduction in the equalization ratio.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Analysis of the Gas Division's Statements of Net Position

Condensed financial information comparing the Gas Division's net position for the past three fiscal years is presented below:

Table 3 Gas Division Condensed Statements of Net Position December 31 <i>(In Thousands)</i>					
	2024	2023	FY24 - FY23 Percentage Change	2022	FY23 - FY22 Percentage Change
		As Restated		As Restated	
Current assets (excluding restricted funds)	\$ 271,423	\$ 280,101	-3.0%	\$ 282,742	-0.9%
Restricted assets	28,668	43,778	-34.5%	62,080	-29.5%
Other assets	34,942	36,682	-4.7%	80,826	-54.6%
Utility plant	397,551	391,863	1.5%	393,636	-0.5%
Intangible assets - right of use assets (leases & subscriptions)	3,150	2,033	54.9%	2,970	-31.5%
Total assets	735,734	754,457	-2.5%	822,254	-8.2%
Deferred outflows of resources					
Employer pension contribution	6,598	4,709	40.1%	4,816	-2.2%
Employer OPEB contribution	9,385	9,231	1.7%	8,828	4.6%
Pension liability experience	18,322	12,118	51.2%	3,053	296.9%
OPEB liability experience	3,656	3,078	18.8%	4,283	-28.1%
Pension changes of assumptions	4,625	6,167	-25.0%	7,709	-20.0%
OPEB changes of assumptions	3,549	4,733	-25.0%	5,917	-20.0%
Pension investment earnings experience	28,083	27,811	1.0%	-	-
OPEB investment earnings experience	5,707	7,419	-23.1%	-	-
Total assets and deferred outflows	815,659	829,723	-1.7%	856,860	-3.2%
Current liabilities payable from current assets	53,309	53,898	-1.1%	91,417	-41.0%
Current liabilities payable from restricted assets	8,931	12,777	-30.1%	13,067	-2.2%
Long-term debt	127,455	133,822	-4.8%	140,035	-4.4%
Non-current liabilities	90,884	98,850	-8.1%	38,726	155.3%
Total liabilities	280,579	299,347	-6.3%	283,245	5.7%
Deferred inflows of resources					
Leases	17,847	18,571	-3.9%	15,431	20.3%
Pension liability experience	193	386	-50.0%	580	-33.4%
OPEB liability experience	1,171	1,663	-29.6%	867	91.8%
Pension changes of assumptions	7	13	-46.2%	20	-35.0%
OPEB changes of assumptions	17,093	3,571	378.7%	13,038	-72.6%
Pension investment earnings experience	-	-	-	41,585	-100.0%
OPEB investment earnings experience	-	-	-	20,259	-100.0%
Accumulated decrease in fair value of hedging derivative instruments	160	29	451.7%	2,297	-98.7%
Total liabilities and deferred inflows	317,050	323,580	-2.0%	377,322	-14.2%
Net position:					
Net investment in capital assets	265,256	266,311	-0.4%	277,444	-4.0%
Restricted for:					
Casualty Insurance	11,119	10,645	4.5%	7,001	52.0%
Medical Benefits & other	4,221	3,144	34.2%	8,214	-61.7%
Unrestricted	218,013	226,043	-3.6%	186,879	21.0%
Total Net position	\$ 498,609	\$ 506,143	-1.5%	\$ 479,538	5.5%



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Assets

2024 Compared to 2023:

As of December 31, 2024, total assets and deferred outflows were \$815.3 million, a decrease of \$14.4 million or 1.7%, compared to December 31, 2023. This decrease is due, in part, to decreases in current assets (excluding restricted funds) of \$8.9 million and restricted assets of \$15.1 million, offset, in part, by increases in net utility plant of \$5.7 million and pension liability experience of \$6.2 million. Current assets (excluding restricted funds) decreased due to cash and cash equivalents of \$7.9 million and investments of \$6.2 million. Other assets decreased due to meter replacement – long term of \$1.3 million. Restricted assets decreased \$15.1 million due, in part, to the depletion of the Bond Series 2020 construction fund of \$11.6 million.

2023 Compared to 2022:

As of December 31, 2023, total assets and deferred outflows were \$829.7 million, a decrease of \$27.2 million or 3.2%, compared to December 31, 2022. This decrease is due, in part, by decreases in other assets of \$47 million and restricted assets of \$18 million. Other assets decreased due to net pension asset – long term of \$46.2 million. Restricted assets decreased \$18.3 million due, in part, to the depletion of the Bond Series 2020 construction fund of \$15.7 million.

Capital Assets and Construction Activities

2024 Compared to 2023:

The Gas Division's utility plant assets, net of accumulated depreciation were \$397.6 million as of December 31, 2024, an increase of 1.5% over fiscal year 2023. During 2024, the Gas Division expended \$30.1 million on construction activities and equipment purchases, an increase of \$7.5 million or 32.9% compared to fiscal year 2023. Major Gas Division expenditures include extensions to serve new customers (\$6.3 million), building upgrades (\$5.4 million), transportation equipment (\$5.0 million), routine maintenance of the distribution system (\$4.9 million), purchase of meters and metering equipment (\$4.5 million), gas main service replacement (\$4.5 million), street improvements (\$2.0 million), LNG facility upgrades (\$0.05 million), in addition to contributions in aid of construction (\$2.6 million).

2023 Compared to 2022:

The Gas Division's utility plant assets, net of accumulated depreciation were \$391.9 million as of December 31, 2023, a decrease of 0.5% over fiscal year 2022. During 2023, the Gas Division expended \$22.7 million on construction activities and equipment purchases, an increase of \$4.7 million or 25.9% compared to fiscal year 2022. Major Gas Division expenditures include extensions to serve new customers (4.4 million), the purchase of transportation equipment (\$5.0 million), gas main service replacement (\$4.8 million), the purchase of gas meters (\$3.6 million), routine maintenance of the gas distribution system (\$5.0 million), street improvements (\$1.0 million), LNG facility upgrades (\$0.2 million), building upgrades (\$0.8 million) and additional in general plant purchases (\$0.08 million) in addition to contributions in aid of construction (\$2.2 million).



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Liabilities

2024 Compared to 2023:

At December 31, 2024, total liabilities and deferred inflows were \$316.8 million, representing a decrease of \$6.7 million, or 2.1%, compared to \$323.6 million at December 31, 2023. This decrease is due, in part, to the decreases in current liabilities payable from restricted assets of \$3.8 million, leases of \$0.7 million, OPEB liability experience of \$0.5 million, and pension liability experience of \$0.2 million, offset by the increase in OPEB changes of assumptions of \$13.5 million.

2023 Compared to 2022:

At December 31, 2023, total liabilities and deferred inflows were \$324.6 million, representing a decrease of \$52.7 million, or 14%, compared to \$377.3 million at December 31, 2022. This decrease is due, in part, to the decreases current liabilities payable from current assets of \$37.6 million, OPEB changes of assumption of \$9.5 million, pension investment earnings experience of \$9.3 million, long-term debt of \$6.2 million, OPEB investment earnings experience of \$5.0 million and accumulated decrease in fair value of hedging derivative instruments of \$2.3 million, offset by increases in non-current liabilities of \$22.8 million.

Net Position

2024 Compared to 2023:

As of December 31, 2024, the Gas Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$498.6 million, a decrease of \$7.5 million, or 1.5%, from December 31, 2023. The decrease is due primarily to a decrease in unrestricted net position of \$8.0 million, offset by an increase in restricted net position of \$1.6 million. Fifty-three percent of the net position was related to net investment in capital assets.

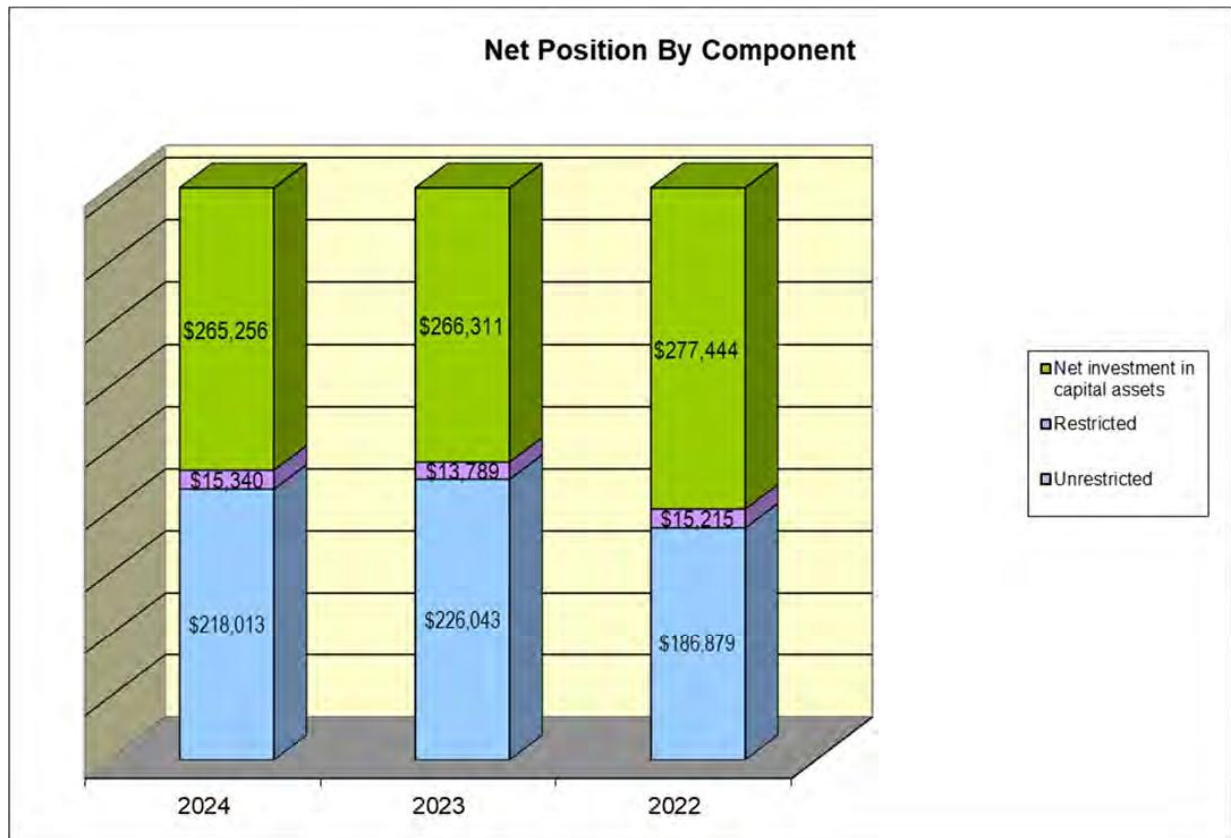
2023 Compared to 2022:

As of December 31, 2023, the Gas Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$506.1 million, an increase of \$26.6 million, or 5.5%, from December 31, 2022. The increase is due primarily to an increase in unrestricted of \$39.2 million, offset by a decrease in net investments in capital assets of \$11.1 million. Fifty-three percent of the net position was related to net investment in capital assets.



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)

Figure 3: Gas Division's Net Position (in thousands):





**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Analysis of the Gas Division's Statements of Revenues, Expenses and Changes in Net Position

Condensed financial information comparing the Gas Division's revenues, expenses, and changes in net position for the past three fiscal years is presented below:

Table 4 Gas Division Condensed Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2024, 2023, and 2022 <i>(In Thousands)</i>					
	<u>2024</u>	<u>2023</u>	<u>FY24 - FY23</u>	<u>2022</u>	<u>FY23 - FY22</u>
		As Restated	Percentage Change	As Restated	Percentage Change
Revenues:					
Sales, service and other operating revenues	\$ 223,836	\$ 240,885	-7.1%	\$ 333,373	-27.7%
Transported gas revenue	12,805	16,175	-20.8%	12,891	25.5%
Non-operating revenues	10,443	10,762	-3.0%	(1,292)	933.0%
Total revenues	<u>247,084</u>	<u>267,822</u>	<u>-7.7%</u>	<u>344,972</u>	<u>-22.4%</u>
Expenses:					
Purchased gas	99,692	104,449	-4.6%	197,956	-47.2%
Depreciation & amortization	26,530	25,203	5.3%	24,775	1.7%
Other operating expense	109,078	92,767	17.6%	65,956	40.6%
Non-operating expense	3,686	3,873	-4.8%	3,954	-2.0%
Total expenses	<u>238,986</u>	<u>226,292</u>	<u>5.6%</u>	<u>292,641</u>	<u>-22.7%</u>
Income before contributions in aid of construction and transfers	8,098	41,530	-80.5%	52,331	-20.6%
Contributions in aid of construction	4,223	4,220	0.1%	5,465	-22.8%
Reduction of plant costs recovered through contributions in aid of construction	(4,223)	(4,220)	-0.1%	(5,465)	22.8%
Transfers to City of Memphis	(15,632)	(14,925)	-4.7%	(17,680)	15.6%
Change in net position	<u>\$ (7,534)</u>	<u>\$ 26,605</u>	<u>-128.3%</u>	<u>\$ 34,651</u>	<u>-23.2%</u>
Net position, beginning of year	\$ 506,143	\$ 479,538	5.5%	\$ 444,887	7.8%
Change in net position	(7,534)	26,605	-128.3%	34,651	-23.2%
Net position, end of year	<u>\$ 498,609</u>	<u>\$ 506,143</u>	<u>-1.5%</u>	<u>\$ 479,538</u>	<u>5.5%</u>



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Change in Net Position

2024 Compared to 2023:

The change in net position is (\$7.5) million, down \$34.1 million from December 31, 2023. This decrease is primarily due to a decrease in total revenue of \$20.7 million and increases in total expenses of \$12.7 million and in transfers to the City of Memphis of \$0.7 million.

2023 Compared to 2022:

The change in net position is \$26.6 million, down \$8.0 million from December 31, 2022. This decrease is primarily due to a decrease in total revenue of \$77.2 million, offset by decreases in total expenses of \$66.3 million and transfers to City of Memphis of \$2.8 million.

Revenues

2024 Compared to 2023:

Total revenues were \$247.1 million for fiscal year 2024, a decrease of \$20.7 million or 7.7% from fiscal year 2023. Sales, service, and other operating revenues were \$223.8 million, a decrease of \$17 million, or 7.1%, from 2023 due to lower natural gas prices and lower sales volume. Purchased gas cost decreased \$4.8 million, or 4.6% due to a decrease in natural gas purchases and lower gas cost per unit. Transported gas revenues decreased \$3.4 million, or 20.8%, and non-operating revenue decreased \$0.3 million, compared to fiscal year 2023.

2023 Compared to 2022:

Total revenues were \$267.8 million for fiscal year 2023, a decrease of \$77.1 million or 22.4% from fiscal year 2022. Sales, service, and other operating revenues were \$240.9 million, a decrease of \$92.5 million, or 27.7%, from 2022 due to lower natural gas prices and lower sales volume. Purchased gas cost decreased \$93.5 million, or 47.2% due to a decrease in natural gas purchases and lower gas cost per unit. Transported gas revenues increased \$3.3 million, or 25.5%, and non-operating revenue increased \$12.1 million, compared to fiscal year 2022.

Expenses

2024 Compared to 2023:

For fiscal year 2024, total expenses were \$239.0 million as of December 31, 2024, an increase of \$12.7 million, 5.6%, from fiscal year 2023 expenses of \$226.3 million. Other operating expense was \$109.1 million as of December 31, 2024, an increase of \$16.3 million. Purchased gas cost was \$99.7 million, down 4.6%, or \$4.8 million December 31, 2023, as a result of lower natural gas purchases and lower gas cost per unit.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

2023 Compared to 2022:

For fiscal year 2023, total expenses were \$226.2 million as of December 31, 2023, a decrease of \$66.3 million, 22.7%, from fiscal year 2022 expenses of \$292.6 million. Purchased gas cost was \$104.4 million, down 47.2%, or \$93.5 million from December 31, 2022, as a result of lower natural gas purchases and lower gas cost per unit. Other operating expense was \$92.8 million as of December 31, 2023, an increase of \$26.8 million.

Contributions in aid of construction

2024 Compared to 2023:

Contributions in aid of construction ("CIAC") were \$4.2 million for fiscal year 2024, an increase of \$0.003 million (0.1%) from fiscal year 2023. This increase was mainly the result of an increase in construction contributions of \$0.40 million, offset by a decrease in donated easements of \$0.39 million.

2023 Compared to 2022:

Contributions in aid of construction ("CIAC") were \$4.2 million for fiscal year 2023, a decrease of \$1.2 million (22.8%) from fiscal year 2022. This decrease was mainly the result of a decrease in construction contributions of \$2.7 million, offset by an increase in donated easements of \$1.5 million.

Transfers to the City of Memphis

2024 Compared to 2023:

MLGW's transfer to the City of Memphis is based on the formula provided by the State of Tennessee Municipal Gas System Tax Equivalent Law of 1987. The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). Transfers to the City represent the Gas Division's in lieu of tax payment. The 2024 transfer increased by \$0.7 million as a result of an increase in the net plant investment coupled with an increase in the tax rate.

2023 Compared to 2022:

MLGW's transfer to the City of Memphis is based on the formula provided by the State of Tennessee Municipal Gas System Tax Equivalent Law of 1987. The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). Transfers to the City represent the Gas Division's in lieu of tax payment. The 2023 transfer decreased by \$2.8 million as a result of a decrease in the net plant investment coupled with a reduction in the equalization ratio.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Analysis of the Water Division's Statements of Net Position

Condensed financial information comparing the Water Division's net position for the past three fiscal years is presented below:

Table 5 Water Division Condensed Statements of Net Position December 31 <i>(In Thousands)</i>					
	2024	2023	FY24 - FY23	2022	FY23 - FY22
		As Restated	Percentage Change	As Restated	Percentage Change
Current assets (excluding restricted assets)	\$ 149,917	\$ 171,464	-12.6%	\$ 143,736	19.3%
Restricted assets	20,814	20,354	2.3%	39,391	-48.3%
Other assets	7,066	7,667	-7.8%	41,701	-81.6%
Utility plant	421,098	396,142	6.3%	377,761	4.9%
Intangible assets - right of use assets (leases & subscriptions)	2,387	1,535	55.5%	2,218	-30.8%
Total assets	601,282	597,162	0.7%	604,807	-1.3%
Deferred outflows of resources					
Employer pension contribution	4,877	3,481	40.1%	3,560	-2.2%
Employer OPEB contribution	6,937	6,823	1.7%	6,525	4.6%
Pension liability experience	13,542	8,957	51.2%	2,257	296.9%
OPEB liability experience	2,703	2,275	18.8%	3,166	-28.1%
Pension changes of assumptions	3,419	4,558	-25.0%	5,698	
OPEB changes of assumptions	2,624	3,498	-25.0%	4,373	
Pension investment earnings experience	20,757	20,556		-	
OPEB investment earnings experience	4,218	5,484		-	
Total assets and deferred outflows	660,359	652,794	1.2%	630,386	3.6%
Current liabilities payable from current assets	27,250	30,459	-10.5%	24,494	24.4%
Current liabilities payable from restricted assets	4,215	5,927	-28.9%	6,785	-12.6%
Long-term debt	117,796	123,453	-4.6%	128,982	-4.3%
Non-current liabilities	65,656	71,407	-8.1%	25,825	176.5%
Total liabilities	214,917	231,246	-7.1%	186,086	24.3%
Deferred inflows of resources					
Leases	1,560	1,804	-13.5%	1,032	74.8%
Pension liability experience	143	286	-50.0%	428	-33.2%
OPEB liability experience	866	1,229	-29.5%	641	91.7%
Pension changes of assumptions	5	10	-50.0%	15	-33.3%
OPEB changes of assumptions	12,634	2,640	378.6%	9,637	-72.6%
Pension investment earnings experience	-	-		30,737	
OPEB investment earnings experience	-	-		14,974	
Total liabilities and deferred inflows	230,125	237,215	-3.0%	243,550	-2.6%
Net position:					
Net investment in capital assets	295,968	267,881	10.5%	263,392	1.7%
Restricted for:					
Casualty Insurance	8,913	8,382	6.3%	5,444	54.0%
Medical Benefits & other	5,584	4,148	34.6%	7,207	-42.4%
Unrestricted	119,769	135,168	-11.4%	110,793	22.0%
Total Net position	\$ 430,234	\$ 415,579	3.5%	\$ 386,836	7.4%



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Assets

2024 Compared to 2023:

As of December 31, 2024, total assets and deferred outflows were \$660.3 million, an increase of \$7.5 million compared to December 31, 2023. The increase is due to increases in net utility plant of \$25.0 million and pension liability experience of \$4.6 million, offset by a decrease in OPEB investment earnings experience of \$1.3 million and pension changes of assumptions of \$1.1 million. The increases were offset by a decrease in current assets of \$21.5 million.

2023 Compared to 2022:

As of December 31, 2023, total assets and deferred outflows were \$652.8 million, an increase of \$22.4 million compared to December 31, 2022. The increase is due to increases in pension investment earnings experience of \$20.6 million, and net utility plant of \$18.4 million. The increases were offset by a decrease net pension assets – long term of \$34 million and a decrease in restricted assets of \$19 million due to the drawdown of proceeds related to the Series 2020 Bonds.

Capital Assets and Construction Activities

2024 Compared to 2023:

The Water Division's utility plant assets, net of accumulated depreciation were \$421.1 million as of December 31, 2024, an increase of 6.3% over fiscal year 2023. During 2024, the Water Division expended \$37.3 million on construction activities and equipment purchases, an increase of \$6.8 million or 22.5 % compared to fiscal year 2023. Major Water Division construction expenditures include production wells rehabilitation (\$11.0 million), rehabilitation of pumping station (\$9.2 million), street improvements (\$6.8 million), routine maintenance of the water production and distribution system (\$4.5 million), extensions to serve new customers (\$3.8 million), new water main and lead replacement (\$3.1 million), purchase of transportation equipment (\$1.7 million), additional general plant purchases (\$1.2 million), in addition to contributions in aid of construction (\$4.0 million).

2023 Compared to 2022:

The Water Division's utility plant assets, net of accumulated depreciation were \$396.1 million as of December 31, 2023, an increase of 4.9% over fiscal year 2022. During 2023, the Water Division expended \$30.5 million on construction activities and equipment purchases, an increase of \$3.2 million or 11.8% compared to fiscal year 2022. Major Water Division construction expenditures include routine maintenance of the water distribution system (\$9.0 million), extensions to serve new customers (\$5.0 million), rehabilitation of pumping station (\$7.7 million), new water main and lead replacement (\$3.2 million), production wells rehabilitation (\$2.9 million), street improvements (\$2.6 million), the purchase of water meters (\$1.4 million), maintenance of the production system (\$0.8 million), purchase of transportation equipment (\$0.6 million), underground reservoir upgrades (\$0.4 million), additional general plant upgrades (\$0.05), in addition to contributions in aid of construction (\$3.3 million).



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Liabilities

2024 Compared to 2023:

As of December 31, 2024, total liabilities and deferred inflows were \$230.0 million, representing a decrease of \$7.2 million, or 3.0%, compared to December 31, 2023. This decrease is primarily due to decreases in non-current liabilities of \$5.8 million, long-term debt of \$5.7 million, and current liabilities payable from current assets of \$3.3 million, offset by increases in OPEB changes of assumptions of \$10.0 million.

2023 Compared to 2022:

As of December 31, 2023, total liabilities and deferred inflows were \$237.9 million, representing a decrease of \$5.7 million, or 2.3%, compared to December 31, 2022. This decrease is primarily due to decreases in OPEB changes of assumptions of \$7.0 million, OPEB investment earnings experience of \$15.0 million, and pension investment earnings experience of \$30.7 million, offset by increases in subscription liability – long term of \$28.4 million and net pension liability of \$18.0 million.

Net Position

2024 Compared to 2023:

As of December 31, 2024, the Water Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$430.2 million, an increase of \$14.7 million, or 3.5%, from December 31, 2023. The increase is due primarily to an increase in net investment in capital assets of \$28.1 million, offset by a decrease in unrestricted net position of \$15.4 million. Sixty-nine percent of the net position was related to net investment in capital assets.

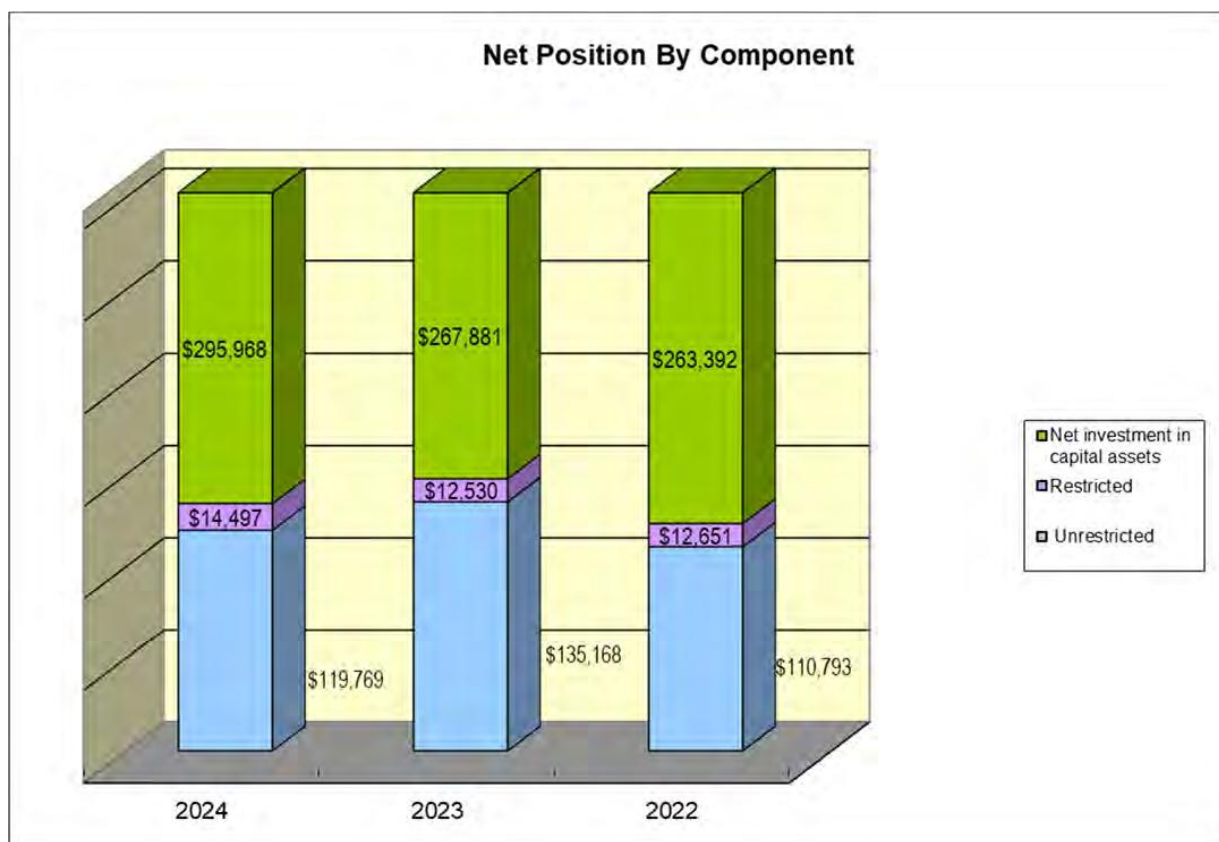
2023 Compared to 2022:

As of December 31, 2023, the Water Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$415.6 million, an increase of \$28.7 million, or 7.4%, from December 31, 2022. The increase is due primarily to an increase in unrestricted net position of \$24.4 million and an increase in net investment in capital assets of \$4.5 million, partially offset by a decrease in restricted net position of \$0.1 million. Sixty-four percent of the net position was related to net investment in capital assets.



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)

Figure 4: Water Division's Net Position (in thousands):





**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Analysis of the Water Division's Statements of Revenues, Expenses and Changes in Net Position

Condensed financial information comparing the Water Division's revenues, expenses, and changes in net position for the past three fiscal years is presented below:

Table 6 Water Division Condensed Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2024, 2023, and 2022 <i>(In Thousands)</i>					
	<u>2024</u>	<u>2023</u>	<u>FY24 - FY23</u>	<u>2022</u>	<u>FY23 - FY22</u>
		<u>As Restated</u>	<u>Percentage</u>	<u>As Restated</u>	<u>Percentage</u>
			<u>Change</u>		<u>Change</u>
Revenues:					
Operating revenues	\$ 134,617	\$ 130,636	3.0%	\$ 134,854	-3.1%
Non-operating revenues	7,763	7,903	-1.8%	1,803	338.3%
Total revenues	<u>142,380</u>	<u>138,539</u>	<u>2.8%</u>	<u>136,657</u>	<u>1.4%</u>
Expenses:					
Depreciation expense	14,465	12,911	12.0%	12,497	3.3%
Other operating expense	105,218	88,780	18.5%	63,871	39.0%
Non-operating expense	3,342	3,505	-4.7%	3,580	-2.1%
Total expenses	<u>123,025</u>	<u>105,196</u>	<u>16.9%</u>	<u>79,948</u>	<u>31.6%</u>
Income before contributions in aid of construction and transfers	19,355	33,343	-42.0%	56,709	-41.2%
Contributions in aid of construction	5,185	4,638	11.8%	4,364	6.3%
Reduction of plant costs recovered through contributions in aid of construction	(5,185)	(4,638)	-11.8%	(4,364)	-6.3%
Transfers to City of Memphis	(4,700)	(4,600)	-2.2%	(4,500)	-2.2%
Change in net position	<u>\$ 14,655</u>	<u>\$ 28,743</u>	<u>-49.0%</u>	<u>\$ 52,209</u>	<u>-44.9%</u>
Net position, beginning of year	\$ 415,579	\$ 386,836	7.4%	\$ 334,627	15.6%
Change in net position	14,655	28,743	-49.0%	52,209	-44.9%
Net position, end of year	<u>\$ 430,234</u>	<u>\$ 415,579</u>	<u>3.5%</u>	<u>\$ 386,836</u>	<u>7.4%</u>



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Change in Net Position

2024 Compared to 2023:

As of December 31, 2024, the change in net position is \$14.7 million, down \$14.1 million from \$28.7 million at December 31, 2023. This decrease is due to an increase in other operating expenses of \$16.4 million, offset by an increase in operating revenues of \$3.8 million.

2023 Compared to 2022:

As of December 31, 2023, the change in net position is \$23.7 million, down \$23.5 million from \$52.2 million at December 31, 2022. This decrease is due to an increase in other operating expenses of \$25.0 million, offset by a decrease in operating revenues of \$4.2 million.

Revenues

2024 Compared to 2023

Total revenues were \$142.4 million for fiscal year 2024, an increase of \$3.8 million compared to fiscal year 2023. This increase is due to an increase in operating revenues of \$4.0 million.

2023 Compared to 2022:

Total revenues were \$138.5 million for fiscal year 2023, an increase of \$1.9 million compared to fiscal year 2022. This increase is due to an increase in non-operating income of \$6.1 million due primarily to an increase in investment and other income of \$6.1 million, offset by a decrease in operating revenues of \$4.2 million.

Expenses

2024 Compared to 2023:

As of December 31, 2024, total expenses for the Water Division were \$123.0 million, an increase of \$17.9 million, or 17.1%, compared to fiscal year 2023. The increase is due to an increase in other operating expense of \$16.4 million.

2023 Compared to 2022:

As of December 31, 2023, total expenses for the Water Division were \$105.2 million, an increase of \$25.2 million, or 31.6%, compared to fiscal year 2022. The increase is due to an increase in other operating expense of \$24.9 million.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Contributions in aid of construction

2024 Compared to 2023:

Contributions in aid of construction ("CIAC") were \$5.2 million for fiscal year 2024, an increase of \$0.6 million (11.8%) from fiscal year 2023. This increase was mainly the result of an increase in construction contributions of \$0.8 million, offset by a decrease in donated easements of \$0.2 million.

2023 Compared to 2022:

Contributions in aid of construction ("CIAC") were \$4.6 million for fiscal year 2023, an increase of \$0.3 million (6.3%) from fiscal year 2022. This increase was mainly the result of an increase in donated easements of \$1.2 million, offset by a decrease in construction contributions of \$0.9 million.

Transfers to the City of Memphis

2024 Compared to 2023:

The Water Division through an agreement with the City, transfers a payment in the amount of \$2.5 million per year. The agreement is effective through the year 2028. The City directed MLGW's Water Division to pay an additional \$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW is to continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.

2023 Compared to 2022:

The Water Division through an agreement with the City, transfers a payment in the amount of \$2.5 million per year. The agreement is effective through the year 2028. The City directed MLGW's Water Division to pay an additional \$2,000, \$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2022, 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW is to continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.

Economic Factors

MLGW serves the City of Memphis and the Shelby County area that, according to the most recent Census data (July 2024), has a population of 910,530. The unemployment rate within the City of Memphis was 4.1% at December 31, 2024.

Inflationary trends in the region are comparable to national indices.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)**

Additional Financial Information

This discussion is designed to provide MLGW's customers, investors, and other interested parties with a general overview of the financial position and results of operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Manager of General Accounting, Memphis Light, Gas and Water Division, P.O. Box 430, Memphis, TN 38101, or call 901-528-4221.

Financial Statements

Required and Supplemental Information



Memphis Light, Gas and Water Division
Years ended December 31, 2024 and 2023
with Independent Auditors' Report

STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)



	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
	As Restated		As Restated		As Restated	
Assets						
Current assets:						
Cash and cash equivalents	\$ 113,539	\$ 91,585	\$ 107,212	\$ 115,082	\$ 63,570	\$ 72,616
Investments	78,174	64,665	73,243	79,480	43,908	51,510
Derivative instruments	-	-	160	29	-	-
Restricted funds - current	118,017	37,211	13,179	27,530	9,799	10,073
Accrued interest receivable	-	-	252	216	-	-
Accounts receivable - MLGW services (less allowance for doubtful accounts)	119,637	121,039	26,279	28,842	13,193	14,420
Accounts receivable - billing on behalf of other entities	-	-	16,171	14,112	12,891	18,839
Accounts receivable - Other Industrial Gas	-	-	1,118	2,461	-	-
Lease receivable - current	504	478	503	483	175	169
Unbilled revenues	63,993	56,008	17,651	13,485	4,374	4,305
Unbilled revenues - Other Industrial Gas	-	-	1,705	1,294	-	-
Unrecovered purchased power/gas cost	4,454	6,916	244	-	-	-
Gas stored - LNG	-	-	2,068	2,424	-	-
Inventories	131,607	103,681	19,365	17,019	8,795	7,793
Prepayment - insurance	-	-	1,319	1,267	-	-
Prepayment - City of Memphis pavement replacement permits	-	-	61	25	-	-
Unamortized debt expense - current	236	153	72	76	77	80
Meter replacement - current	1,265	1,249	1,495	1,477	486	481
LED Retrofit - current	623	544	-	-	-	-
Other current assets	6,542	5,980	2,505	2,329	2,448	1,251
Total current assets	638,591	489,509	284,602	307,631	159,716	181,537
Non-current assets:						
Restricted funds:						
Insurance reserves - injuries and damages	4,908	6,143	4,714	5,228	1,269	1,475
Insurance reserves - casualties and general	24,776	23,728	11,119	10,645	8,913	8,382
Medical benefits	12,173	15,280	5,552	6,970	3,630	4,557
Customer deposits	35,087	35,310	6,449	8,519	3,443	3,112
Interest fund - revenue bonds - series 2014	-	86	-	-	29	31
Interest fund - revenue bonds - series 2016	107	114	107	114	55	59
Interest fund - revenue bonds - series 2017	234	251	116	123	62	66
Interest fund - revenue bonds - series 2020A	462	476	197	202	205	211
Interest fund - revenue refunding bonds - series 2020B	41	41	-	-	-	-
Interest fund - revenue bonds - series 2024	734	-	-	-	-	-
Interest fund - revenue refunding bonds - series 2024	74	-	-	-	-	-
Sinking fund - revenue bonds - series 2014	10	289	-	-	64	62
Sinking fund - revenue bonds - series 2016	156	149	156	149	121	118
Sinking fund - revenue bonds - series 2017	338	324	148	142	94	91
Sinking fund - revenue bonds - series 2020A	258	247	110	105	120	115
Sinking fund - revenue refunding bonds - series 2020B	39	40	-	-	-	-
Sinking fund - revenue bonds - series 2024	270	-	-	-	-	-
Sinking fund - revenue refunding bonds - series 2024	228	-	-	-	-	-
Construction fund - revenue bonds - series 2020A	-	-	-	11,581	-	-
Construction fund - revenue bonds - series 2024	84,301	-	-	-	-	-
Groundwater reserve fund	-	-	-	-	2,809	2,075
Total restricted funds	164,196	82,478	28,668	43,778	20,814	20,354
Less restricted funds - current	(118,017)	(37,211)	(13,179)	(27,530)	(9,799)	(10,073)
Restricted funds - non-current	46,179	45,267	15,489	16,248	11,015	10,281

See accompanying notes.

STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
	As Restated		As Restated		As Restated	
Other assets:						
Prepayment - in lieu of taxes	1,583	1,598	36	36	-	-
Unamortized debt expense	2,379	1,320	628	700	648	724
Notes receivable	-	-	-	-	1,313	1,243
Lease receivable - long term	5,978	6,383	18,498	18,914	1,478	1,633
Meter replacement - long term	11,884	12,951	15,780	17,032	3,627	4,067
Other prepayments	28	-	-	-	-	-
LED Retrofit - long term	9,890	8,936	-	-	-	-
Total other assets	31,742	31,188	34,942	36,682	7,066	7,667
Utility plant						
Plant in service	2,441,357	2,318,963	850,408	824,818	680,179	645,908
Plant held for future use	-	-	212	212	-	-
Non-utility plant	15,345	15,345	200	200	-	-
Total utility plant	2,456,702	2,334,308	850,821	825,230	680,179	645,908
Less accumulated depreciation & amortization	(1,044,005)	(1,014,158)	(453,269)	(433,367)	(259,081)	(249,766)
Utility plant, net	1,412,697	1,320,150	397,551	391,863	421,098	396,142
Intangible assets						
Right of use assets	21,755	13,221	9,137	5,496	6,779	4,056
Less accumulated amortization	(14,107)	(8,370)	(5,987)	(3,463)	(4,392)	(2,521)
Intangible assets, net	7,648	4,851	3,150	2,033	2,387	1,535
Total non-current assets	1,498,266	1,401,456	451,132	446,826	441,566	415,625
Total assets	2,136,857	1,890,965	735,734	754,457	601,282	597,162
Deferred outflows of resources						
Unamortized balance of refunded debt	-	643	-	-	-	-
Employer pension contribution	17,213	12,284	6,598	4,709	4,877	3,481
Employer OPEB contribution	24,484	24,082	9,385	9,231	6,937	6,823
Pension liability experience	47,795	31,613	18,322	12,118	13,542	8,957
OPEB liability experience	9,539	8,030	3,656	3,078	2,703	2,275
Pension changes of assumptions	12,066	16,088	4,625	6,167	3,419	4,558
OPEB changes of assumptions	9,261	12,348	3,549	4,733	2,624	3,498
Pension investment earnings experience	73,261	72,551	28,083	27,811	20,757	20,556
OPEB investment earnings experience	14,887	19,355	5,707	7,419	4,218	5,484
Total deferred outflows of resources	208,506	196,994	79,925	75,266	59,077	55,632
Total assets and deferred outflows of resources	\$ 2,345,363	\$ 2,087,959	\$ 815,659	\$ 829,723	\$ 660,359	\$ 652,794

See accompanying notes.

STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
	As Restated		As Restated		As Restated	
Liabilities						
Current liabilities:						
Accounts payable - purchased power and gas	\$ 159,317	\$ 135,212	\$ 22,422	\$ 17,838	\$ -	\$ -
Accounts payable - other payables and liabilities	44,666	44,351	8,901	9,569	8,981	10,002
Accounts payable - recovered gas cost due to customers	-	-	-	7,141	-	-
Accounts payable - billing on behalf of other entities	-	-	12,520	10,405	10,399	12,900
Accrued compensated absences	11,657	11,053	4,389	4,178	3,146	3,036
Bonds payable	13,806	10,996	4,366	4,158	4,197	4,039
Lease liability - current	230	75	92	29	68	21
Subscription liability - current	1,706	1,312	619	580	459	461
Total current liabilities payable from current assets	231,382	202,999	53,309	53,898	27,250	30,459
Current liabilities payable from restricted assets:						
Insurance reserves - injuries and damages	4,908	6,143	4,714	5,228	1,269	1,475
Medical benefits	2,864	8,333	1,307	3,801	854	2,485
Customer deposits	13,684	13,771	2,078	2,913	1,343	1,214
Bonds payable - accrued interest	1,650	968	419	439	351	367
Bonds payable - principal	1,299	1,049	413	396	398	386
Total current liabilities payable from restricted assets	24,406	30,264	8,931	12,777	4,215	5,927
Total current liabilities	255,788	233,263	62,240	66,675	31,465	36,386
Non-current liabilities:						
Customer deposits	21,403	21,539	4,371	5,605	2,100	1,898
LNG deposits	-	-	25	25	-	-
Accrued compensated absences	4,917	4,730	2,011	1,979	1,320	1,347
Revenue bonds - series 2014	-	19,130	-	-	8,045	8,785
Revenue bonds - series 2016	26,435	28,235	26,435	28,235	18,740	20,135
Revenue bonds - series 2017	63,380	67,285	28,335	30,045	17,280	18,360
Revenue bonds - series 2020A	134,375	137,355	57,200	58,470	61,685	63,065
Revenue refunding bonds - series 2020B	26,745	27,200	-	-	-	-
Revenue bonds - series 2024	177,270	-	-	-	-	-
Revenue refunding bonds - series 2024	14,645	-	-	-	-	-
Unamortized debt premium	47,417	33,121	15,485	17,072	12,046	13,108
Lease liability - long term	518	-	202	-	149	-
Subscription liability - long term	3,939	1,225	1,696	470	1,270	347
Net pension liability	136,679	100,132	52,394	38,384	38,726	28,371
Net OPEB liability	77,431	136,011	29,682	52,137	21,939	38,536
City of Memphis Broadband Project	1,399	-	-	-	-	-
Other	1,530	1,573	503	250	152	908
Total non-current liabilities	738,083	577,536	218,339	232,672	183,452	194,860
Total liabilities	993,871	810,799	280,579	299,347	214,917	231,246
Deferred inflows of resources:						
Unamortized balance of refunded debt- Series 2024	127	-	-	-	-	-
Leases	6,298	6,972	17,847	18,571	1,560	1,804
Pension liability experience	504	1,008	193	386	143	286
OPEB liability experience	3,055	4,337	1,171	1,663	866	1,229
Pension changes of assumptions	17	35	7	13	5	10
OPEB changes of assumptions	44,591	9,317	17,093	3,571	12,634	2,640
Accumulated increase in fair value of hedging derivative instruments	-	-	160	29	-	-
Total deferred inflows of resources	54,592	21,669	36,471	24,233	15,208	5,969
Net position						
Net investment in capital assets	986,492	991,792	265,256	266,311	295,968	267,881
Restricted for:						
Casualty Insurance	24,776	23,728	11,119	10,645	8,913	8,382
Medical Benefits & other	9,308	6,949	4,221	3,144	5,584	4,148
Unrestricted	276,324	233,022	218,013	226,043	119,769	135,168
Total net position	1,296,900	1,255,491	498,609	506,143	430,234	415,579
Total liabilities, deferred inflows of resources and net position	\$ 2,345,363	\$ 2,087,959	\$ 815,659	\$ 829,723	\$ 660,359	\$ 652,794

See accompanying notes.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)**



	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
		As Restated		As Restated		As Restated
Operating revenues:						
Sales and service revenues	\$ 1,464,722	\$ 1,355,706	\$ 196,007	\$ 209,026	\$ 129,081	\$ 124,659
Transported gas revenues	-	-	12,805	16,175	-	-
Other revenues	27,256	25,825	27,829	31,859	5,536	5,977
Total operating revenues	1,491,978	1,381,531	236,641	257,060	134,617	130,636
Operating expenses:						
Purchased power and gas for resale	1,084,669	1,050,251	99,692	104,449	-	-
Production	-	-	-	-	22,559	21,266
Operation	188,411	149,059	96,759	81,408	63,602	51,044
Maintenance	99,796	67,889	11,571	10,595	19,057	16,470
Depreciation & amortization	73,861	64,222	26,530	25,203	14,465	12,911
Payment in lieu of taxes	6,957	5,876	748	764	-	-
Total operating expenses	1,453,694	1,337,297	235,300	222,419	119,683	101,691
Operating income	38,284	44,234	1,341	34,641	14,934	28,945
Non-operating revenues (expenses):						
Contributions in aid of construction	26,074	14,234	4,223	4,220	5,185	4,638
Reduction of plant costs recovered through contributions in aid of construction	(26,074)	(14,234)	(4,223)	(4,220)	(5,185)	(4,638)
Transmission credits	40,037	38,889	-	-	-	-
Investment and other income	16,051	17,467	10,443	10,762	7,763	7,903
Interest expense	(11,039)	(9,317)	(3,686)	(3,873)	(3,342)	(3,505)
Total non-operating revenues (expenses)	45,049	47,039	6,757	6,889	4,421	4,398
Income before transfers	83,333	91,273	8,098	41,530	19,355	33,343
Transfers out - City of Memphis	(41,924)	(35,553)	(15,632)	(14,925)	(4,700)	(4,600)
Change in net position	\$ 41,409	\$ 55,720	\$ (7,534)	\$ 26,605	\$ 14,655	\$ 28,743
Net position, beginning of year	\$ 1,255,491	\$ 1,199,771	\$ 506,143	\$ 479,538	\$ 415,579	\$ 386,836
Change in net position	41,409	55,720	(7,534)	26,605	14,655	28,743
Net position, end of year	\$ 1,296,900	\$ 1,255,491	\$ 498,609	\$ 506,143	\$ 430,234	\$ 415,579

See accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)



	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
	As Restated		As Restated		As Restated	
Cash flows from operating activities:						
Receipts from customers and users	\$ 1,492,933	\$ 1,355,492	\$ 230,821	\$ 263,983	\$ 142,001	\$ 123,510
Payments to suppliers	(1,171,870)	(1,135,028)	(138,925)	(173,024)	(54,569)	(40,880)
Payments to/on behalf of employees	(162,475)	(122,381)	(71,649)	(63,534)	(51,862)	(44,077)
Payments from (to) other Division funds	(4,648)	(5,183)	(354)	(611)	(2,243)	(2,641)
Payments for taxes	(7,117)	(5,528)	(748)	(766)	-	-
Net cash provided by operating activities	146,823	87,373	19,145	26,048	33,327	35,912
Cash flows from noncapital financing activities:						
Transfers to City of Memphis	(41,924)	(35,553)	(15,632)	(14,925)	(4,700)	(4,600)
Net cash used in noncapital financing activities	(41,924)	(35,553)	(15,632)	(14,925)	(4,700)	(4,600)
Cash flows from capital and related financing activities:						
Purchase and construction of utility plant	(189,797)	(234,120)	(35,834)	(26,861)	(45,849)	(34,936)
Purchase of leases and subscriptions	(8,534)	(1,160)	(3,641)	(521)	(2,723)	(385)
Contributions in aid of construction	26,074	14,234	4,223	4,220	5,185	4,638
Proceeds from issuance of long-term debt	214,819	-	-	-	-	-
Principal payments on long-term debt	(31,175)	(11,490)	(4,555)	(4,335)	(4,425)	(4,250)
Interest payments on debt	(13,254)	(11,896)	(5,159)	(5,376)	(4,294)	(4,470)
Principal paid on lease liabilities	672	(204)	265	(65)	196	(48)
Principal paid on subscription liabilities	3,449	(2,912)	1,396	(1,213)	1,014	(900)
Interest paid on lease liabilities	(5)	(8)	(1)	(4)	(1)	(3)
Interest paid on subscription liabilities	(113)	(226)	(56)	(89)	(43)	(66)
Net cash provided by (used in) capital and related financing activities	2,136	(247,782)	(43,362)	(34,244)	(50,940)	(40,420)
Cash flows from investing activities:						
Sales and maturities of investments	32,877	63,662	47,066	7,349	32,382	1,131
Purchases of investments	(46,123)	(28,781)	(40,713)	(32,144)	(25,137)	(21,087)
Payments received on notes receivable	-	-	-	-	(69)	93
Investment income earned on investments	10,147	14,673	10,631	11,719	6,194	7,152
Net cash provided by (used in) investing activities	(3,099)	49,554	16,984	(13,076)	13,370	(12,711)
Increase in cash and cash equivalents	103,936	(146,409)	(22,865)	(36,197)	(8,943)	(21,819)
Cash and cash equivalents, beginning of year	161,667	308,076	152,274	188,471	88,017	109,836
Cash and cash equivalents, end of year	\$ 265,603	\$ 161,667	\$ 129,409	\$ 152,274	\$ 79,074	\$ 88,017

See accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
	As Restated		As Restated		As Restated	
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 38,284	\$ 44,234	\$ 1,341	\$ 34,641	\$ 14,934	\$ 28,945
Adjustments to reconcile net operating income to net cash provided by operating activities:						
Depreciation and amortization expense	69,760	62,634	25,801	25,352	12,926	12,239
Amortization of leases and subscriptions	6,079	3,497	2,653	1,462	1,968	1,071
Transmission credits	40,037	38,889	-	-	-	-
Other income (loss)	5,219	2,794	(203)	(863)	1,379	753
(Increase) decrease in assets and deferred outflows:						
Accounts receivable - MLGW services	1,403	(30,279)	(1,555)	(1,380)	1,227	(3,539)
Accounts receivable - billing on behalf of other entities	-	-	2,059	2,170	5,949	(8,289)
Accounts receivable - Other Industrial Gas	-	-	1,343	1,831	-	-
Lease receivable	378	(2,477)	397	(3,465)	149	(733)
Deferred outflows - Pension	(17,089)	(19,345)	(6,551)	(7,416)	(4,842)	(5,481)
Deferred outflows - Pension investment earnings experience	39,213	(138,799)	15,032	(53,206)	11,110	(39,326)
Net pension asset	-	120,464	-	46,178	-	34,132
Deferred outflows - OPEB	1,176	5,176	451	1,984	333	1,467
Deferred outflows - OPEB investment earnings experience	14,765	(53,478)	5,660	(20,500)	4,183	(15,152)
Unbilled revenues	(7,986)	4,543	(4,166)	4,807	(69)	2,115
Unbilled revenues - Other Industrial Gas	-	-	(411)	1,238	-	-
Prepayments - in lieu of taxes	15	14	-	-	-	-
Unrecovered purchased power and gas costs	2,462	(3,637)	(244)	-	-	-
Inventories	(27,926)	(29,733)	(2,345)	(4,559)	(1,001)	(1,966)
Other assets	315	(195)	499	5,218	-	-
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable - purchased power and gas	24,105	(18,327)	4,583	(24,025)	-	-
Accounts payable - other payables and liabilities	2,233	21,612	(146)	2,755	981	4,565
Accounts payable - recovered gas cost due to customers	-	-	(7,140)	(15,767)	-	-
Accounts payable - billing on behalf of other entities	-	-	2,116	526	(2,501)	2,955
Accrued interest payable - subscriptions	15	-	13	-	10	-
Customer deposits	(223)	819	(2,070)	(644)	332	(137)
Insurance reserves	(1,235)	1,210	(514)	335	(206)	(270)
Medical benefit accrual	(5,468)	(1,828)	(2,494)	(834)	(1,631)	(545)
Compensated absences	791	(2,522)	243	(1,091)	83	(596)
Deferred inflows - Leases	(674)	2,739	(724)	3,140	(245)	773
Deferred inflows - Pension	(521)	(521)	(200)	(200)	(148)	(148)
Deferred inflows - Pension investment earnings experience	(39,923)	(42,234)	(15,304)	(16,190)	(11,312)	(11,966)
Net pension liability	36,547	100,132	14,010	38,384	10,355	28,371
Deferred inflows - OPEB	33,992	(22,621)	13,030	(8,671)	9,631	(6,409)
Deferred inflows - OPEB investment earnings experience	(10,297)	(18,726)	(3,947)	(7,178)	(2,917)	(5,306)
Net OPEB liability	(58,580)	63,349	(22,456)	24,284	(16,598)	17,949
Other liabilities	(44)	(11)	384	(2,268)	(753)	440
Total adjustments	108,539	43,139	17,804	(8,593)	18,393	6,967
Net cash provided by operating activities	\$ 146,823	\$ 87,373	\$ 19,145	\$ 26,048	\$ 33,327	\$ 35,912
Reconciliation of cash and cash equivalents per statements of cash flows to the statements of net position:						
Restricted funds	\$ 164,196	\$ 82,478	\$ 28,668	\$ 43,778	\$ 20,814	\$ 20,354
Less investments included in restricted funds	(12,132)	(12,396)	(6,471)	(6,586)	(5,310)	(4,953)
Cash and cash equivalents included in restricted funds	152,064	70,082	22,197	37,192	15,504	15,401
Current assets - cash and cash equivalents	113,539	91,585	107,212	115,082	63,570	72,616
Total cash and cash equivalents	\$ 265,603	\$ 161,667	\$ 129,409	\$ 152,274	\$ 79,074	\$ 88,017
Noncash capital activities:						
Capital assets additions included in accounts payable	\$ (535)	\$ (7,389)	\$ (817)	\$ (245)	\$ (2,013)	\$ (1,250)
Capital assets acquired through leases	\$ 765	\$ (202)	\$ 297	\$ (65)	\$ 223	\$ (48)
Capital assets acquired through subscriptions	\$ 2,031	\$ (1,956)	\$ 821	\$ (872)	\$ 629	\$ (635)

See accompanying notes.

STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST PLAN AND OPEB TRUST
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)



	2024	2023
ASSETS		
Cash and cash equivalents	\$ 48,113	\$ 55,389
Receivables:		
Employer and employee contributions	1,105	1,849
Interest, dividends and real estate	2,189	2,989
Receivable for securities sold	2,812	912
Miscellaneous	1	3
Collateral held in trust for securities on loan	36,633	39,967
Total receivables	42,740	45,720
Investments at fair value:		
Equity Funds:		
Common stock - domestic	298,892	259,131
Common stock & mutual funds - international	192,099	183,534
Common stock index mutual funds - domestic	600,609	515,652
Equity collective fund - domestic	54,279	47,642
Equity collective fund - international	29,186	28,936
Fixed Income Funds:		
Corporate bonds - domestic	36,819	34,919
Corporate bonds - international	818	4,183
Corporate bonds CIT - international	65,426	59,527
Corporate bond mutual funds - domestic	42,948	54,878
Convertible bond mutual funds - domestic	12,121	10,621
Government bonds - domestic	18,604	28,311
Government agencies - domestic	2,747	2,878
Global bond fund - international	50,771	66,012
Asset backed securities - domestic	4,112	1,866
Asset backed securities - international	403	404
Mortgage backed securities - domestic	20,246	15,305
Core fixed income CIT - domestic	49,776	53,400
Special Strategies Funds:		
Private equity funds - domestic	193,829	186,337
Private equity funds - international	32,146	30,563
Distressed debt funds - domestic	59,590	55,266
Distressed debt funds - international	31,193	40,806
Private debt fund - domestic	35,946	32,240
Multi-asset fund - domestic	20,824	13,984
Life settlement funds - domestic	80,707	90,685
Equity hedge fund - domestic	35,501	30,768
Real Estate Funds	325,969	356,690
Short-Term Investment	1,342	-
Total investments	2,296,903	2,204,538
Total assets	2,387,756	2,305,647
LIABILITIES		
Benefits payable	-	954
Liability for securities purchased	102	65
Accrued liabilities	2,361	2,247
Collateral subject to return to borrowers	36,633	39,967
Total liabilities	39,096	43,233
Restricted for:		
Pension benefits	1,591,678	1,564,345
Post-employment benefits other than pensions	756,982	698,069
FIDUCIARY NET POSITION RESTRICTED		
FOR PENSION AND OPEB	<u>\$ 2,348,660</u>	<u>\$ 2,262,414</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST PLAN AND OPEB TRUST
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)



	<u>2024</u>	<u>2023</u>
ADDITIONS		
Contributions		
Employer	\$ 69,494	\$ 60,610
Member	<u>16,471</u>	<u>15,216</u>
Total contributions	85,965	75,826
Investment Income		
Net appreciation in fair value of investments	157,962	137,255
Interest income	11,982	15,244
Dividend income	16,839	18,945
Real estate income	4,556	5,726
Other income	31	91
Less: investment expenses, other than from securities lending	<u>(5,776)</u>	<u>(5,310)</u>
Net investment income, other than from securities lending	185,594	171,951
Securities lending income	2,093	1,999
Securities lending expenses:		
Borrower rebates	(1,936)	(1,835)
Management fees	<u>(32)</u>	<u>(33)</u>
Total securities lending expenses	(1,968)	(1,868)
Net securities lending income	<u>125</u>	<u>131</u>
Net investment income	<u>185,719</u>	<u>172,082</u>
Total additions	271,684	247,908
DEDUCTIONS		
Benefit payments	181,245	162,886
Contributions refund	2,616	8,037
Administrative expenses	<u>1,577</u>	<u>1,553</u>
Total deductions	185,438	172,476
Change in net position	<u>86,246</u>	<u>75,432</u>
FIDUCIARY NET POSITION RESTRICTED		
FOR PENSION AND OPEB		
Beginning of year	<u>2,262,414</u>	<u>2,186,982</u>
End of year	<u><u>2,348,660</u></u>	<u><u>2,262,414</u></u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)



1. Summary of Significant Accounting Policies

Organization

Memphis Light, Gas and Water Division (“MLGW”), a division of the City of Memphis, Tennessee (the “City”), was created by an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of Tennessee (the “Charter”), adopted March 9, 1939, as amended. MLGW is managed by its President, a five-member Board of Commissioners, and two non-voting countywide Advisory Board members that are nominated by the City Mayor and approved by the Memphis City Council (the “Council”). MLGW, through its three divisions, provides electricity, gas and water to customers in Shelby County, Tennessee, which includes the City. MLGW’s annual budget and electric, gas and water rates require the approval of the Council. MLGW must also obtain the approval of the Council before incurring certain obligations.

Basis of Presentation

The financial statements present the Electric, Gas and Water Divisions of MLGW in conformity with accounting principles generally accepted in the United States of America that are applicable to a proprietary fund of a government unit. The accompanying financial statements present the separate financial positions, results of operations, and cash flows of each of the three divisions--Electric, Gas and Water--(the “Divisions”) of MLGW, but do not present the financial position, results of operations, or cash flows of MLGW, a division of the City of Memphis. Accordingly, the accompanying disclosures relate separately to the Divisions, as applicable, and not collectively to MLGW. Unless expressly stated, each disclosure, including references to “MLGW” herein, applies solely to each of the separate divisions on an individual basis. The Divisions collectively pool resources for investing purposes and collectively participate in a pension plan and OPEB trust. Accordingly, certain disclosures for investments, the employee retirement system and other post-employment benefits are presented on a combined basis. These statements are not intended to present the financial position of the City, the results of the City’s operations or the cash flows of the City’s funds, nor do they represent the financial position, results of operations, or cash flows of MLGW’s Retirement and Pension System discussed in Note 10 or the Other Postemployment Benefits (“OPEB”) Trust discussed in Note 11.

MLGW’s basic financial statements were expanded in fiscal year 2020 to meet the requirements of GASB Statement No. 84. Therefore, in addition to the financial statements of the Electric, Gas and Water Divisions discussed above, the financial statements of MLGW’s fiduciary activities are also presented in conformity with accounting principles generally accepted in the United States of America. The fiduciary activities of MLGW include the Memphis Light, Gas and Water Retirement and Pension System (the “MLGW Pension Plan”) and the Memphis Light, Gas and Water OPEB Trust (“OPEB Trust”). The financial statements, note disclosures, and required supplementary information for these fiduciary activities are presented herein and can also be found in separately issued reports.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statements of Net Position. Net Position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) is segregated into net investment in capital assets, restricted and unrestricted components.

The Statements of Revenue, Expenses and Change in Net Position presents increases (revenue) and decreases (expenses) in the total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

MLGW is required by state statute and the Charter to maintain separate accounting for each division and to allocate among the Divisions, on an equitable basis, joint expenses, including those related to common facilities. MLGW utilizes direct cost methods where applicable. For expenses not directly charged to a specific division, internally developed cost allocation methods are used based on the function performed. Each division is separately financed, and its indebtedness is repayable from its net revenues.

Where applicable, the Federal Energy Regulatory Commission's ("FERC") (Electric and Gas Divisions) and the National Association of Regulatory Utility Commissioners' ("NARUC") (Water Division) Uniform Systems of Accounts are used.

MLGW prepares its financial statements in accordance with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 476-500, for regulated operations. These paragraphs recognize that accounting for rate regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation.

Regulatory Accounting

Regulatory accounting allows a regulated utility to defer a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that through the rate making process, there will be a corresponding increase or decrease in future revenues. Accordingly, MLGW has recognized certain regulatory assets and regulatory liabilities in the accompanying Statements of Net Position.

In the event MLGW no longer meets the criteria for regulated operations under GASB 62, MLGW would be required to recognize the effects of any regulatory change in assets or liabilities in its Statements of Revenues, Expenses and Changes in Net Position.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Regulatory Accounting (continued)

The following are the regulatory assets and liabilities included in the Statements of Net Position:

	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
Regulatory Assets:						
Current:						
Unrecovered purchased power/gas cost	\$ 4,454	\$ 6,916	\$ 244	\$ -	\$ -	\$ -
Meter replacement	1,265	1,249	1,495	1,477	486	481
LED Retrofit	623	544	-	-	-	-
Unamortized debt expense	236	153	72	76	77	80
Total current	<u>6,578</u>	<u>8,862</u>	<u>1,811</u>	<u>1,553</u>	<u>563</u>	<u>561</u>
Non-Current:						
Meter replacement	11,884	12,951	15,780	17,032	3,627	4,067
LED Retrofit	9,890	8,936	-	-	-	-
Unamortized debt expense	2,379	1,320	628	700	648	724
Total non-current	<u>24,153</u>	<u>23,207</u>	<u>16,408</u>	<u>17,732</u>	<u>4,275</u>	<u>4,791</u>
Total Regulatory Assets	<u>\$ 30,731</u>	<u>\$ 32,069</u>	<u>\$ 18,219</u>	<u>\$ 19,285</u>	<u>\$ 4,838</u>	<u>\$ 5,352</u>
Regulatory Liabilities:						
Current:						
Purchased gas adjustment	\$ -	\$ -	\$ 1,084	\$ 3,241	\$ -	\$ -
Total Regulatory Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084</u>	<u>\$ 3,241</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, investments, restricted fund investments, accounts receivable and accounts payable are a reasonable estimate of their fair values. The estimated fair values of MLGW's other financial instruments have been determined by MLGW using available market information. All investments are carried at fair value and changes in the fair values of investments are included in investment income in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

MLGW categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

MLGW had the following recurring fair value measurements as of December 31, 2024:

- U.S. Treasury Securities of \$214,493 (Level 1 inputs)
- Commercial Paper of \$40,189; Government Mortgage-backed Securities of \$13,369; and U.S. Government Agencies of \$225,456 (Level 2 inputs)

MLGW had the following recurring fair value measurements as of December 31, 2023:

- U.S. Treasury Securities of \$342,430 (Level 1 inputs)
- Commercial Paper of \$61,495; Government Mortgage-backed Securities of \$16,027; and U.S. Government Agencies of \$46,836 (Level 2 inputs)

Cash and cash equivalents

MLGW considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivables result from charges for both utilities and other ancillary services provided by MLGW, and include wholesale, commercial, industrial and government customers in the Shelby County, Tennessee, geographic area. Accounts receivable are potentially exposed to concentrations of credit risk. As a general policy, customer deposits are required for receivables unless or until the customer has established a good credit history. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

As of December 31, 2024 and 2023, accounts receivable and allowances for doubtful accounts were as follows:

	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
Accounts Receivable	\$ 147,223	\$ 139,740	\$ 45,852	\$ 46,899	\$ 29,409	\$ 36,428
Allowance for doubtful accounts	(27,586)	(18,700)	(2,284)	(1,484)	(3,325)	(3,169)
Total A/R, net of allowance	<u>\$ 119,637</u>	<u>\$ 121,039</u>	<u>\$ 43,568</u>	<u>\$ 45,415</u>	<u>\$ 26,084</u>	<u>\$ 33,259</u>

MLGW performs a monthly analysis of outstanding trade receivables to assess the likelihood of collection. For aged receivable balances, MLGW records an allowance to adjust the trade receivable to MLGW's best estimate of the amount it will ultimately collect. Such allowances are netted against operating revenues.

MLGW's policy is to write off trade receivables after 150 days of non-payment. The bad debt amounts netted against operating revenues are as follows:

	2024	2023
Electric	\$ 7,873	\$ 6,689
Gas	1,826	1,171
Water	2,019	1,398

Unbilled Revenues

MLGW customers are spread across twenty-one different billing cycles. Each cycle can range from twenty-five to thirty-five days. The summation of these twenty-one cycles represents a revenue month. Billing cycles do not correspond to a calendar month and, thus, have days that fall into two or more calendar months. Revenue is reported on a calendar month basis. Unbilled revenue represents management's estimate of the revenue earned for days of service that have not been billed as of year-end.

Inventories and Stored Natural Gas

Inventories, consisting primarily of materials and supplies inventory, and stored natural gas are valued at cost or net realizable value using the average cost method.



1. Summary of Significant Accounting Policies (continued)

Restricted Funds and Related Reserves

Certain MLGW assets are restricted for specific purposes. Legal and contractual agreements restrict amounts for debt service, refund of customer deposits, futures margin requirements, and capital improvements.

The Gas Division maintains a cash margin account with its futures clearing member. The clearing member requires that a minimum cash margin be maintained based on the value of the Division's outstanding derivative positions. The minimum cash margin requirements are considered restricted and are reflected in restricted assets in the accompanying Statements of Net Position. The amounts of cash in excess of the minimum cash margin requirement are included in cash and cash equivalents.

Construction funds are generally maintained for the purpose of paying for certain repairs and capital additions and improvements. The respective bond resolutions of the Electric, Gas and Water Divisions allow for funding for future construction.

The insurance reserves for injuries and damages are maintained for estimated liabilities incurred and risks assumed on claims for injuries and damages. The insurance reserves for casualties are maintained at discretionary amounts to partially cover losses of a catastrophic nature which are not ordinarily insurable or which are not insurable on an economical basis.

Medical benefit reserves are maintained for MLGW's medical insurance program, which serves employees and retirees. The medical benefit reserves represent the estimated costs incurred but not yet paid plus fifty percent of the claims fluctuation reserve ("CFR") in providing medical benefits to employees and retirees which are not insured by third party providers. The inclusion of the CFR in the medical benefit reserve added assurance that the liability estimate is sufficient under moderately adverse conditions. Beginning January 1, 2025, retiree medical costs are paid through the OPEB Trust. With this transition, the medical benefit cost for the Division will decrease. As a result of the expected decrease in claim activity, the medical benefit liability reserves excludes the CFR as of December 31, 2024.

Since MLGW is self-insured for injuries and damages and medical benefit costs, MLGW's Charter requires each division to restrict funds to cover the future cost of injuries and damage and medical benefit claims.

Customer deposit funds are maintained for the future repayment of deposits collected from customers without adequate credit history, in accordance with MLGW's policy and the respective customer service agreement.

Bond reserve and debt service funds are restricted under the terms of the respective bond indentures to pay current bond principal and interest as they become due.

The Water Division maintains a ground water reserve fund in accordance with a five year Agreement entered on July 1, 2018 by and between MLGW and the University of Memphis (University) on behalf of the Herff College of Engineering's Center for Applied Earth Science and Engineering Research (CAESER).

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Restricted Funds and Related Reserves (continued)

The Agreement was amended on July 1, 2023 and shall continue through June 30, 2028. MLGW will fund \$5,000 to CAESER over the period of the contract for Aquifer Management and Protection Research.

A resolution was approved by the City Council on January 9, 2018 to increase Water annual sales revenue by 1.05% to be effective with meters read on Cycle 1 of the January 2018 revenue month to fund the aquifer research. The funds will be used to cover the deliverables in accordance with the Agreement for the groundwater study.

Customer Deposits

Customers that do not have adequate credit history are required to make utility deposits before services are provided. Deposits are refunded or applied toward a customer's bill after a 24-month good pay status. Deposits are allocated to the Electric, Gas and Water Divisions based upon each division's percentage of total sales revenue of the previous year-end.

Utility Plant

The costs of additions and replacements of units of property are capitalized. Costs include contracted work, direct labor and materials, allocable overhead and where applicable, allowances for borrowed funds used during construction. Donated assets are valued at acquisition value at the acquisition date. Costs are reduced by contributions in aid of construction. Upon retirement of property units, the original cost, plus removal cost, minus salvage is charged to either accumulated depreciation or accumulated amortization. The units of property adopted are related to those suggested by FERC for the Electric and Gas Divisions and NARUC for the Water Division, which allow for the reduction of plant cost recovered through contributions in aid of construction as opposed to recovery of costs through future regulatory rates.

Interest on debt is recovered through current revenues. The amount of interest cost incurred and charged to electric expense in 2024 and 2023 totaled \$10,798 and \$9,083, respectively. The amount of interest cost incurred and charged to gas expense in 2024 and 2023 totaled \$3,629 and \$3,780, respectively. The amount of interest cost incurred and charged to water expense in 2024 and 2023 totaled \$3,297 and \$3,436, respectively.

Depreciation and amortization are computed using the composite method based on estimated service lives of various classes of depreciable property at rates equivalent to annual rates of approximately 2.8% for the electric division, 2.7% for the gas division and 1.8% for the water division. Computations of the estimated service lives are the result of various depreciation studies and comparisons with industry standards.

For assets owned by one division, but jointly used by more than one division, the other divisions share the costs by paying rent to the owning division to cover depreciation, interest, in lieu of taxes, and transfers.



1. Summary of Significant Accounting Policies (continued)

Compensated Absences

It is MLGW's policy to provide all eligible, full-time employees' vacation benefits. Vacation benefits are based on years of continuous service with the Division and the time spent on actual employment during the preceding vacation year. An employee may elect to carry over up to ten vacation days into the next benefit year. Any vacation days remaining at the end of the year over that which can be reimbursed or carried over, are forfeited. Upon termination of employment, employees are paid for vacation benefits that are accrued in the current year, in addition to unused vacation benefits. An employee retiring will receive credit for vacation benefits accrued through last day worked.

It is MLGW's policy to grant bonus days to full-time employees at designated intervals according to prescribed standards of eligibility. An employee's bonus day accrual begins upon the completion of three months of service, regardless of the number of days an employee is absent. Upon completion of this period, an employee will earn a bonus day if there are no absences, which breaks or freezes a bonus day accrual. Bonus days expire after twelve months from the day earned. An employee may elect to take bonus days before the date of expiration or the employee will automatically be compensated at regular rate of pay for bonus days allowed to expire. Upon termination of employment, employees are paid for bonus days accrued. An employee retiring will accrue bonus days through last day worked.

It is MLGW's policy to grant full-time employees a birthday holiday. Employee's birthday holiday is accrued each year on the birthday anniversary and will be taken or paid within twelve months from the day earned. A birthday holiday not taken or paid within twelve months of accrual will be forfeited.

It is MLGW's policy to grant paid sick leave to full-time employees according to prescribed standards of eligibility. Accrual for sick leave begins on the first day of employment. Sick leave is accrued at the rate of one day per month for any month in which an employee receives 100% pay for eleven or more workdays. An employee can accumulate unlimited sick leave. Exempt and non-exempt (hired on or after January 1, 1998) employees are paid for accrued unused sick leave over one hundred days at a rate of forty-two percent. Non-exempt employees hired on or before January 1, 1998, have the option of pay out on 42% of total sick leave or 100% on the first sixty-five days. Sick leave for employees eligible to retire represents 42% of total sick leave with the remaining 58% to be creditable pension service, which is a component of the pension expense. An employee terminated will not receive payment for unused sick leave.

All vacation, bonus days, birthday holiday and sick leave benefits are considered to be more likely than not to be paid out. As a result, MLGW has accrued, and the estimated current portion is reflected as a current liability and the estimated long-term portion is reflected as a long-term liability on the Statements of Net Position. Bonus days and birthday holidays are included in accrued vacation liability.

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
 (Dollars in Thousands)
 (Continued)



1. Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

Changes in compensated absences are summarized as of December 31, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2024	As Restated			
Electric Division				
Current:				
Accrued vacation	\$ 11,053	\$ 8,970	\$ (8,366)	\$ 11,657
Non-Current:				
Reserve for unused sick leave	4,730	1,332	(1,145)	4,917
Total compensated absences	<u>\$ 15,783</u>	<u>\$ 10,302</u>	<u>\$ (9,511)</u>	<u>\$ 16,574</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2024	As Restated			
Gas Division				
Current:				
Accrued vacation	\$ 4,178	\$ 3,374	\$ (3,163)	\$ 4,389
Non-Current:				
Reserve for unused sick leave	1,979	763	(731)	2,011
Total compensated absences	<u>\$ 6,157</u>	<u>\$ 4,137</u>	<u>\$ (3,894)</u>	<u>\$ 6,400</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2024	As Restated			
Water Division				
Current:				
Accrued vacation	\$ 3,036	\$ 2,624	\$ (2,514)	\$ 3,146
Non-Current:				
Reserve for unused sick leave	1,347	405	(432)	1,320
Total compensated absences	<u>\$ 4,383</u>	<u>\$ 3,029</u>	<u>\$ (2,946)</u>	<u>\$ 4,466</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

Changes in compensated absences are summarized as of December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance As Restated
Year ended December 31, 2023				
Electric Division				
Current:				
Accrued vacation	\$ 10,650	\$ 9,388	\$ (8,985)	\$ 11,053
Non-Current:				
Reserve for unused sick leave	7,655	1,539	(4,464)	4,730
Total compensated absences	<u>\$ 18,305</u>	<u>\$ 10,927</u>	<u>\$ (13,449)</u>	<u>\$ 15,783</u>

	Beginning Balance	Increases	Decreases	Ending Balance As Restated
Year ended December 31, 2023				
Gas Division				
Current:				
Accrued vacation	\$ 4,093	\$ 3,404	\$ (3,319)	\$ 4,178
Non-Current:				
Reserve for unused sick leave	3,154	713	(1,888)	1,979
Total compensated absences	<u>\$ 7,247</u>	<u>\$ 4,117</u>	<u>\$ (5,207)</u>	<u>\$ 6,157</u>

	Beginning Balance	Increases	Decreases	Ending Balance As Restated
Year ended December 31, 2023				
Water Division				
Current:				
Accrued vacation	\$ 2,955	\$ 2,455	\$ (2,374)	\$ 3,036
Non-Current:				
Reserve for unused sick leave	2,024	490	(1,167)	1,347
Total compensated absences	<u>\$ 4,979</u>	<u>\$ 2,945</u>	<u>\$ (3,541)</u>	<u>\$ 4,383</u>



1. Summary of Significant Accounting Policies (continued)

Leases

Lease contracts convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction without transfer of ownership of the asset. The lease term is the period of time when there is a noncancelable right to use the underlying asset. MLGW is both a lessor and lessee with regards to leases.

For lessor contracts, lease revenue is recognized in Other Revenues on a straight-line basis over the lease term, and lease receivables and deferred inflows of resources are reported at present value using MLGW's incremental borrowing rate. Lease receivables are reported as Short-Term Lease Receivables in Current Assets for the current portion and Long-Term Lease Receivables in Other Assets for the long-term portion on the Statements of Net Position.

For lessee contracts, lease expense is recognized as amortization on a straight-line basis over the shorter of the lease term or useful life of the underlying asset, and lease assets and liabilities are reported at present value using MLGW's incremental borrowing rate. Lease assets are recognized as intangible right of use assets, and lease liabilities are reported in Current Liabilities for the current portion and Non-current Liabilities for the long-term portion on the Statements of Net Position.

Subscription Based Information Technology Agreements

The Subscription Based Information Technology Agreements (SBITAs) are contracts that define the right to use another party's information technology (IT) software, as specified in the contract, for a period of time in an exchange or exchange-like transactions. The subscription term includes the period during which MLGW has a noncancelable right to use the underlying IT assets, and includes periods covered by the option to extend (if it is reasonably certain that MLGW or the SBITA vendor will exercise that option) or terminate the contract.

For the SBITA contracts, MLGW recognizes an intangible subscription asset and a subscription liability, measured at present value of subscription payments over the subscription term on commencement date using MLGW's incremental borrowing rate. The subscription assets are amortized over the subscription term. The liabilities are reported in Current Liabilities for the current portion and Non-current Liabilities for the long-term portion on the Statements of Net Position.

Futures, Options and Swap Contracts

The Gas Division enters into futures contracts, swaps and options on futures contracts as cash flow hedges to manage the risk of volatility in the market price of natural gas on anticipated purchase transactions. The Electric Division periodically enters into futures contracts, swaps and options on futures contracts as cash flow hedges to manage the risk of volatility in the market price of unleaded gasoline and diesel fuel on anticipated purchase transactions. The market values of the open derivative positions are reported on the Statement of Net Position as derivative instruments. The changes in fair market value are recognized as



1. Summary of Significant Accounting Policies (continued)

Futures, Options and Swap Contracts (continued)

deferred inflows (gains) or deferred outflows (losses) until the related gas purchases are recognized in the Statement of Revenues, Expenses and Changes in Net Position.

Bond Premiums, Discounts, and Issuance Costs

Bond premiums and discounts, as well as issuance costs, are deferred and amortized using the interest method over the lives of the applicable bond issues. Long-term debt is reported net of the applicable bond premium or discount. Unamortized bond issuance costs are accounted for as a regulatory asset. As such, bond issue costs are capitalized and amortized over the term of the related debt.

Net Position

Net position is classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted net position consists of funds restricted for casualty insurance, medical benefits, and other restricted funds.
- Unrestricted net position – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the Division's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

Revenues are recognized when earned which generally occurs when electricity, gas, or water is delivered to the customer. Customer meters are read and bills are rendered monthly. MLGW records an estimate for unbilled revenues earned from the dates its customers were last billed to the end of each month.

MLGW distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal operations. The principal operating revenues of MLGW consist of electric, gas and water sales and related activities. Non-operating revenues consist of transmission credits,



1. Summary of Significant Accounting Policies (continued)

Revenues and Expenses (continued)

investment income and other ancillary activities. Transmission credits are fees paid by the Tennessee Valley Authority for its use of the Electric Division's transmission facilities in supplying power to MLGW.

Operating expenses include the cost of purchased power and gas, water production costs, operation and maintenance expenses, depreciation on capital assets and payments in lieu of taxes. Expenses not meeting this definition are reported as non-operating expenses.

Deferred Outflows and Inflows of Resources

MLGW adheres to generally accepted accounting principles as it relates to the recognition of deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net assets that is applicable to a future reporting period and a deferred inflow of resources is defined as an acquisition of net assets that is applicable to a future reporting period.

In accordance with GASB Statement No. 87, *Leases* (GASB 87), MLGW recognizes deferred inflows of resources associated with reporting the commencement of the lease term and recognition of revenue over the course of the lease.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, MLGW recognizes deferred outflows and inflows of resources associated with the biennial measurement and recognition of MLGW's net OPEB liability (asset) and OPEB expense.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27*, MLGW recognizes deferred outflows and inflows of resources associated with the annual measurement and recognition of MLGW's net pension liability (asset) and pension expense.

Also, in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, MLGW recognizes deferred outflows and inflows of resources associated with reporting the fair value change in derivative instruments purchased as a hedge against commodity price risk.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Memphis Light, Gas and Water Retirement and Pension System (the "MLGW Pension Plan") and additions to and deductions from the MLGW Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For that purpose, benefits payments (including refunds of employee contribution) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Other Postemployment Benefits

For purposes of measuring the Net OPEB liability (NOL), deferred outflows of resources and deferred inflows of resources related to OPEB benefits, OPEB expense, information about the fiduciary net position of the Memphis Light, Gas and Water OPEB Trust (“OPEB Trust”) and additions to and deductions from the MLGW OPEB Trust fiduciary net position have been determined on the same basis as they are reported by the MLGW OPEB Trust. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Related Parties

MLGW conducts business with related parties as “arm’s length” transactions: generally, MLGW provides utility and related services to and receives payments from these parties in the same manner as other non-related customers. Major related party entities include the City of Memphis government. For the years ending December 31, 2024 and 2023, receivables from related parties for utility construction, pole rentals and utility related services excluding utility bills were \$3,058 and \$3,033, respectively.

As of December 31, 2024, the only free service provided to the City is water for firefighting. Free water service provided to the City for public purposes is estimated to be \$122 for 2024 and \$114 for 2023.

The Electric, Gas and Water Divisions make transfers to the City. See Note 17 (Transfers to City).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Period Restatements

In 2024, MLGW implemented GASB Statement No. 101, *Compensated Absences*. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also requires that leave that is more likely than not to be settled through conversion to defined benefits plan be excluded from the liability for compensated absences because such leave already is taken into account in a pension liability. Accordingly, the accompanying financial statements, as of and for year ended December 31, 2023, have been restated for the change, which did have a material impact on the net position. As a result of the implementation of this provision, MLGW increased Electric, Gas, and Water Divisions net position for 2023 by \$2,552, \$1,004, \$679, respectively.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



1. Summary of Significant Accounting Policies (continued)

Prior Period Restatements (continued)

As a result of adopting GASB 101, as of December 31, 2023, MLGW's Electric Division increased current liability for accrued vacation by \$93 and decreased non-current liability reserve for unused sick leave by \$2,645. The Electric Division also reduced operation expenses by \$2,552.

As a result of adopting GASB 101, as of December 31, 2023, MLGW's Gas Division increased current liability for accrued vacation by \$35 and decreased non-current liability reserve for unused sick leave by \$1,039. The Gas Division also reduced operation expenses by \$1,004.

As a result of adopting GASB 101, as of December 31, 2023, MLGW's Water Division increased current liability for accrued vacation by \$23 and decreased non-current liability reserve for unused sick leave by \$702. The Water Division also reduced operation expenses by \$679.

Additional disclosures also resulted from the adoption of GASB 101.

Events occurring after reporting date

Management has evaluated events and transactions that have occurred between December 31, 2024 and June 4, 2025, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

Recent Accounting Standards

Effective for fiscal year 2024, MLGW adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement of guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for fiscal years beginning after December 15, 2023. Adoption of this Statement is reflected in the Division's financial statements.

Effective for fiscal year 2024, MLGW adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023. Adoption of this Statement did not have an impact on the Division's financial statements.



1. Summary of Significant Accounting Policies (continued)

Recent Accounting Standards (continued)

Effective for fiscal year 2024, MLGW adopted the provisions of GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. Certain provisions of this standard are effective for fiscal years beginning after June 15, 2023. Adoption of this Statement did not have an impact on the Division's financial statements.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset (b) it is probable that the sale will be finalized with one year of the financial statement date. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement No. 104 is effective for the fiscal years after June 15, 2025. MLGW has not completed the process of evaluating the impact of this statement on its financial statements and has not elected early implementation.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the financial statements, (2) Financial summary, (3) Detailed analyses, (4) Significant capital asset and long-term Financing activity, and (5) Currently known facts, decisions, or conditions. Statement No. 103 is effective for fiscal years after June 15, 2025. MLGW has not completed the process of evaluating the impact of this statement on its financial statements and has not elected early implementation.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to better meet the information needs of financial statement users by providing information related to risks not required to be disclosed. This Statement requires an assessment of a concentration or constraint vulnerable to a substantial impact. This disclosure will be required to include (1) the concentration or constraint; (2) event associated with the concentration or constraint that could cause a substantial impact; and (3) actions taken to mitigate the risk. Statement No. 102 is effective for fiscal years after June 15, 2024. MLGW has not completed the process of evaluating the impact of this statement on its financial statements and has not elected early implementation.



2. Deposits and Investments (continued)

The MLGW Statement of Investment Policy has been adopted and approved by the MLGW Board of Commissioners. This policy sets forth the investment and operational policies for the management of the public funds of MLGW. The Board of Commissioners has the power to invest MLGW funds in accordance with the prudent investor rule. The Board members exercise authority and control over MLGW's investment portfolio by setting policies which MLGW's investment staff execute either internally, or through the use of external prudent experts.

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, MLGW will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

MLGW deposits consist of bank deposits. The bank deposits are insured up to \$250 by the Federal Deposit Insurance Corporation ("FDIC") and the remainder is covered by the State of Tennessee Collateral Pool; certificates of deposit must be placed directly with depository institutions.

The depository bank shall provide collateral for MLGW deposits in accordance with requirements for public funds deposits in Tennessee. The market value of the pledged securities in the collateral pool must equal at least 105% of the value of the deposit secured, less the amount protected by federal deposit insurance. As of December 31, 2024 and December 31, 2023, MLGW deposits with financial institutions were \$144,578 and \$50,755, respectively. For 2024 and 2023, all bank deposits were maintained in collateralized accounts or covered by federal depository insurance and were not exposed to custodial credit risk.

Investments

The investment policy governs the overall administration and investment management of the funds held in the MLGW investment portfolio. MLGW is authorized by the Board of Commissioners to invest in the following investments as authorized by state law and as it deems proper: U.S. Treasuries; U.S. government obligations; repurchase agreements; commercial paper with specified ratings; bankers' acceptances with specified ratings; bank deposits; certificates of deposit; state pool; and proceeds of bonds, notes and other obligations issued by MLGW.

MLGW is prohibited from investing in the following securities: purchases on margin or short sales; investments in reverse repurchase agreements; collateralized mortgage obligations; and "exotic" derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices.

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 (Continued)



2. Deposits and Investments (continued)

Investments (continued)

The following table presents the investments and maturities of MLGW's investment portfolio as of December 31, 2024:

Investment Type	Fair Value	Remaining Maturities (in Years)		
		Maturities < 1 year	Maturities 1 to 4 years	Maturities > 4 years
Tennessee Local Government Investment Pool	\$ 46,100	\$ 46,100	\$ -	\$ -
U.S. Treasuries	214,493	59,141	155,352	-
Federal Agency (Fixed Rate)	224,290	213,005	11,285	-
Federal Agency (Callable)	14,535 ¹	6,178 ²	8,357 ³	-
Commercial Paper (Rated AA or higher)	40,189	40,189	-	-
Total Investments	\$ 539,607	\$ 364,613	\$ 174,994	\$ -

¹ Bonds are guaranteed by the United States Government

² Bonds mature in 2025; Callable daily until maturity

³ \$3,664 of these bonds mature in 2026; Callable daily until maturity
 \$4,693 of these bonds mature in 2028; Callable daily until maturity

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
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(Continued)



2. Deposits and Investments (continued)

Investments (continued)

The following table presents the investments and maturities of MLGW's investment portfolio as of December 31, 2023:

Investment Type	Fair Value	Remaining Maturities (in Years)		
		Maturities < 1 year	Maturities 1 to 4 years	Maturities > 4 years
Tennessee Local Government Investment Pool	\$ 94,600	\$ 94,600	\$ -	\$ -
U.S. Treasuries	342,430	225,390	117,040	-
Federal Agency (Fixed Rate)	27,609	17,491	10,118	-
Federal Agency (Callable)	35,252 ¹	25,605 ²	9,647 ³	-
Commercial Paper (Rated AA or higher)	61,495	61,495	-	-
Total Investments	\$ 561,386	\$ 424,581	\$ 136,805	\$ -

¹ Bonds are guaranteed by the United States Government

² \$12,131 of these bonds mature in 2024*

\$11,556 of these bonds mature in 2024; Callable quarterly until maturity

\$1,918 of these bonds mature in 2024; Callable daily until maturity

³ \$7,325 of these bonds mature in 2025; Callable quarterly until maturity

\$1,349 of these bonds mature in 2026; Callable quarterly until maturity

\$973 of these bonds mature in 2026*

* Callable agency only allows for principal cashflows to be received in a ~6 month window just before the final maturity date.

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, MLGW will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty, or the counterparty's trust department or agent but not in the name of MLGW. Investments in external investment pools and in money market funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. To limit its exposure, MLGW's investment policy requires that all securities purchased by MLGW shall be held in safekeeping by a third-party custodial bank or financial institution. None of MLGW's investments at December 31, 2024 and 2023 were exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
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 (Continued)



2. Deposits and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. MLGW's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the investment policy states no investment will have a maturity of greater than four years from date of purchase. MLGW had purchased no investments in debt securities that were outside of the policy as of December 31, 2024 and 2023. MLGW uses the segmented time distribution method of disclosure, as shown above, to identify this risk. Some investments can be highly sensitive to changes in interest rates due to their terms or characteristics. In MLGW's investment portfolio, asset-backed and government mortgage-backed securities are most sensitive to changes in interest rates as their repayments can vary significantly with interest rate changes. As of December 31, 2024, these securities represent 2.5% of the total investment portfolio with a fair market value of \$12,571. As of December 31, 2023, these securities represent 3.1% of the total investment portfolio with a fair market value of \$16,027.

Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation. This credit risk is measured by the credit quality of investments in debt securities as described by nationally recognized statistical rating organizations. Investments in obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk. As of December 31, 2024, MLGW debt securities that were subject to credit risk were \$40,189, or 7.45% of total investments. These debt securities have a remaining maturity of less than one year. The Tennessee Local Government Investment Pool is a non-rated, SEC 2a-7-like fund and the amount stated is based on the pool price per share. The pool is reported at its amortized book value. The LGIP is a TN Treasury Department program that manages state and local governments' short-term investments. The LGIP is commingled with the SPIF. The SPIF Investment Policy states, "For investment purposes, pursuant to T.C.A. §9-4-704, funds in the Local Government Investment Pool ("LGIP") have been commingled with state funds held in the SPIF".

All cash, cash equivalents, and investments are reported at fair value except for the position in the LGIP. The LGIP operates in conformity with GASB statement No. 79, Certain External Investment Pools and Pool Participants, as amended. Accordingly, the LGIP is reported at the net asset value per share which is calculated using the amortized cost method.



2. Deposits and Investments (continued)

Credit Risk (continued)

MLGW's ratings and policy limits as of December 31, 2024 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>
Tennessee Local Government Investment Pool	\$ 46,100	N/A	N/A
Commercial Paper	37,217	AAA	Aaa
Commercial Paper	2,972	AA-	Aa2
Total credit risk debt securities	40,189		
U.S. Treasuries	214,493	AA+u	Aaa
Federal Agency (Fixed Rate)	224,290	AA+	Aaa
Federal Agency (Callable)	14,535	AA+	Aaa
U.S. Government and Agencies	<u>453,318</u>		
Total debt securities investments	\$ 539,607		

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 DECEMBER 31, 2024 AND 2023
 (Dollars in Thousands)
 (Continued)



2. Deposits and Investments (continued)

Credit Risk (continued)

As of December 31, 2023, MLGW debt securities that were subject to credit risk were \$61,495, or 11.9% of total investments. These debt securities have a remaining maturity of less than one year.

MLGW's ratings and policy limits as of December 31, 2023 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>
Tennessee Local Government Investment Pool	\$ 94,600	N/A	N/A
Commercial Paper	18,362	AA	Aa3
Commercial Paper	23,817	AA-	Aa3
Commercial Paper	6,434	AA+	Aaa
Commercial Paper	12,882	AAA	Aaa
Total credit risk debt securities	61,495		
U.S. Treasuries	342,430	AA+u	Aaa
Federal Agency (Fixed Rate)	27,609	Aaa	AA+
Federal Agency (Callable)	35,252	Aaa	AA+
U.S. Government and Agencies	<u>405,291</u>		
Total debt securities investments	<u>\$ 561,386</u>		

Non-Rating Description

NA Not Available

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DECEMBER 31, 2024 AND 2023
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(Continued)



2. Deposits and Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer that represent five percent or more of total investments must be disclosed by amount and issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in bank deposits, external investment pools, and other pooled investments are excluded from this requirement. In accordance with the investment policy, no more than 10% of MLGW's portfolio will be invested in the securities of any single issuer with the following exceptions: U.S. Government Obligations up to 100% of the portfolio book value for any single issuer at the date of acquisition.

In addition, MLGW's investment policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument as follows:

U.S. Treasuries	100%	maximum
US Government Obligations	100%	maximum
Federal Agency (Fixed Rate)	100%	maximum
Federal Agency (Callable)	50%	maximum
Repurchase Agreements	50%	maximum
Commercial Paper (Rated AA or higher)	90%	maximum
Banker's Acceptance (Rated AA or higher)	60%	maximum
Certificates of Deposit	20%	maximum
Municipal Obligations	20%	maximum
Tennessee LGIP	40%	maximum

In accordance with GASB Statement No. 40, governments should provide information about investments in any one issuer that represent 5 percent or more of total investments. As of December 31, 2024, the investments in any one issuer of commercial paper that represents 5% or more of MLGW's investments are as follows:

Issuer	Reported Amount	Percentage of Portfolio
Canada Government	\$ 37,218	6.90%
Total	\$ 37,218	

NOTES TO FINANCIAL STATEMENTS
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 (Dollars in Thousands)
 (Continued)



2. Deposits and Investments (continued)

Concentration of Credit Risk (continued)

As of December 31, 2023, there were no investments in any one issuer of commercial paper that represents 5% or more of MLGW's investments.

Restricted and Unrestricted Funds

Restricted funds, cash and cash equivalents, and investments consisted of the following as of December 31, 2024 and 2023:

	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
Restricted fund:						
Cash and cash equivalents	\$ 152,064	\$ 70,082	\$ 22,198	\$ 37,192	\$ 15,504	\$ 15,401
Investments	12,132	12,396	6,471	6,586	5,309	4,953
Total restricted funds	<u>\$ 164,196</u>	<u>\$ 82,478</u>	<u>\$ 28,669</u>	<u>\$ 43,778</u>	<u>\$ 20,813</u>	<u>\$ 20,354</u>
	Electric Division		Gas Division		Water Division	
	2024	2023	2024	2023	2024	2023
Unrestricted fund:						
Cash and cash equivalents	\$ 113,539	\$ 91,585	\$ 107,212	\$ 115,082	\$ 63,570	\$ 72,616
Investments	78,174	64,665	73,243	79,480	43,908	51,510
Total unrestricted funds	<u>\$ 191,713</u>	<u>\$ 156,250</u>	<u>\$ 180,455</u>	<u>\$ 194,562</u>	<u>\$ 107,478</u>	<u>\$ 124,126</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
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3. Notes Receivable

In 1997, MLGW and the Town of Arlington (“Arlington”) entered into an agreement, whereby Arlington conveyed ownership, operation, maintenance, construction, and improvement and expansion of the Arlington water facilities and system to MLGW. The agreement provided Arlington to bill and collect water development fees to remit payment to MLGW for water facilities and system improvement costs incurred plus 6% annual accrued interest. The agreement provided for Arlington to remit to MLGW on the 15th day of each succeeding month the fees collected during the month less its service fee until MLGW is paid in full.

The Arlington note receivable is included in notes receivable in the accompanying 2024 Water Division’s Statements of Net Position.

4. Lease Receivables

MLGW leases land, pole space, and other assets to third parties. As of December 31, 2024, remaining lease terms range from two to 27 years, and several leases have an option to extend the lease term after the completion of the contracted term.

The Electric Division had a lease receivable balance as of December 31, 2024 was \$6,482, of which \$504 is current and \$5,978 is long-term on the Statements of Net Position. The lease receivable balance as of December 31, 2023 was \$6,861, of which \$478 was current and \$6,383 is long-term on the Statements of Net Position. The Electric Division recognized revenue of \$701 for the year ended December 31, 2024 and \$731 for the year ended December 31, 2023. The Electric Division interest income was \$277 for the year ended December 31, 2024 and \$296 for the year ended December 31, 2023. Revenue is reported in investment and other income on the Statements of Revenues, Expenses, and Changes in Net Position. There were no material variable lease payments paid or received nor impairment losses in fiscal year 2024 or 2023.

The Gas Division had a lease receivable balance as of December 31, 2024 was \$19,001, of which \$503 is current and \$18,498 is long-term on the Statements of Net Position. The lease receivable balance as of December 31, 2023 was \$19,397, of which \$483 was current and \$18,914 is long-term on the Statements of Net Position. The Gas Division recognized revenue of \$778 for the year ended December 31, 2024 and \$597 for the year ended December 31, 2023. The Gas Division interest income was \$726 for the year ended December 31, 2024 and \$706 for the year ended December 31, 2023. Revenue is reported as other operating revenue and investment and other income on the Statements of Revenues, Expenses, and Changes in Net Position. There were no material variable lease payments paid or received nor impairment losses in fiscal year 2024 or 2023.

The Water Division had a lease receivable balance as of December 31, 2024 was \$1,653 of which \$175 is current and \$1,478 is long-term on the Statements of Net Position. The lease receivable balance as of December 31, 2023 was \$1,802, of which \$169 was current and \$1,633 is long-term on the Statements of Net Position. The Water Division recognized revenue of \$247 for the year ended December 31, 2024 and \$197 for the year ended December 31, 2023. The Water Division interest income was \$69 for the year ended

NOTES TO FINANCIAL STATEMENTS
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4. Lease Receivables (continued)

December 31, 2024 and \$83 for the year ended December 31, 2023. Revenue is reported in investment and other income on the Statements of Revenues, Expenses, and Changes in Net Position. There were no material variable lease payments paid or received nor impairment losses in fiscal year 2024 or 2023.

MLGW leases pole space to third party telecommunication companies through agreements which classify as regulated leases. The lease rates for these agreements are prescribed by TVA based on TVA's cost recovery model. These regulated lease assets are not subject to exclusive use by any counterparty. MLGW recognized revenue of \$2.1 million for the year ended December 31, 2024 and \$2.9 million for the year ended December 31, 2023.

The following table summarizes the expected future minimum payments for regulated leases as of December 31, 2024:

<u>Year</u>	<u>Expected Future Minimum Payment</u>
2025	\$ 6,282
2026	6,282
2027	6,282
2028	6,282
2029	6,282
2030-2033	25,129
	<u>\$ 56,539</u>

NOTES TO FINANCIAL STATEMENTS
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5. Lease Liabilities

MLGW leases certain equipment, and other assets under noncancelable lease arrangements. Terms of the leases range from one to 5 years and contain fixed payment terms. Certain office space leases contain the option for renewal, which has been considered in the lease liability when MLGW is reasonably certain to exercise the renewal option.

Changes in lease liabilities are summarized as of December 31, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2024				
Electric Division				
Total lease liabilities	\$ 75	<u>\$ 923</u>	<u>\$ (250)</u>	\$ 748
Less current portion	(75)			(230)
Long-term portion	<u>\$ -</u>			<u>\$ 518</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2024				
Gas Division				
Total lease liabilities	\$ 29	<u>\$ 345</u>	<u>\$ (80)</u>	\$ 294
Less current portion	(29)			(92)
Long-term portion	<u>\$ -</u>			<u>\$ 202</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2024				
Water Division				
Total lease liabilities	\$ 21	<u>\$ 260</u>	<u>\$ (64)</u>	\$ 217
Less current portion	(21)			(68)
Long-term portion	<u>\$ -</u>			<u>\$ 149</u>

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 (Continued)



5. Lease Liabilities (continued)

Changes in lease liabilities are summarized as of December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2023				
Electric Division				
Total lease liabilities	\$ 279	\$ -	\$ (204)	\$ 75
Less current portion	(229)			(75)
Long-term portion	<u>\$ 50</u>			<u>\$ -</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2023				
Gas Division				
Total lease liabilities	\$ 94	\$ -	\$ (65)	\$ 29
Less current portion	(74)			(29)
Long-term portion	<u>\$ 20</u>			<u>\$ -</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2023				
Water Division				
Total lease liabilities	\$ 69	\$ -	\$ (48)	\$ 21
Less current portion	(55)			(21)
Long-term portion	<u>\$ 14</u>			<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS
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 (Dollars in Thousands)
 (Continued)



5. Lease Liabilities (continued)

Maturities and future interest requirements related to the balances of lease liabilities outstanding as of December 31, 2024, are summarized as follows:

	<u>Electric Division</u>	
	<u>Lease</u>	<u>Interest</u>
	<u>Maturities</u>	<u>Requirements</u>
2025	347	44
2026	243	11
2027	112	4
2028	46	-
Total	<u>\$ 748</u>	<u>\$ 59</u>

	<u>Gas Division</u>	
	<u>Lease</u>	<u>Interest</u>
	<u>Maturities</u>	<u>Requirements</u>
2025	140	16
2026	93	4
2027	43	2
2028	18	-
Total	<u>\$ 294</u>	<u>\$ 22</u>

	<u>Water Division</u>	
	<u>Lease</u>	<u>Interest</u>
	<u>Maturities</u>	<u>Requirements</u>
2025	103	12
2026	69	3
2027	32	1
2028	13	-
Total	<u>\$ 217</u>	<u>\$ 16</u>

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6. Subscription Based Information Technology Agreements

MLGW has Subscription Based Information Technology Agreements (SBITAs), which are contracts that convey control of the right to use another party's information technology software, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which MLGW has a noncancelable right to use the underlying IT assets, and includes periods covered by the option to extend (if it is reasonably certain that MLGW or the SBITA vendor will exercise that option). As of December 31, 2024, the remaining subscription terms range from two to three years.

Changes in SBITA liabilities are summarized as of December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2024				
Electric Division				
Total SBITA liabilities	\$ 2,538	\$ 3,859	\$ (752)	\$ 5,645
Less current portion	(1,313)			(1,706)
Long-term portion	<u>\$ 1,225</u>			<u>\$ 3,939</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2024				
Gas Division				
Total SBITA liabilities	\$ 1,050	\$ 1,664	\$ (399)	\$ 2,315
Less current portion	(580)			(619)
Long-term portion	<u>\$ 470</u>			<u>\$ 1,696</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2024				
Water Division				
Total SBITA liabilities	\$ 809	\$ 1,243	\$ (323)	\$ 1,729
Less current portion	(462)			(459)
Long-term portion	<u>\$ 347</u>			<u>\$ 1,270</u>

NOTES TO FINANCIAL STATEMENTS
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 (Continued)



6. Subscription Based Information Technology Agreements (continued)

Changes in SBITA liabilities are summarized as of December 31, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2023				
Electric Division				
Total SBITA liabilities	\$ 5,264	<u>\$ 1,347</u>	<u>\$ (4,073)</u>	\$ 2,538
Less current portion	<u>(2,924)</u>			<u>(1,313)</u>
Long-term portion	<u>\$ 2,340</u>			<u>\$ 1,225</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2023				
Gas Division				
Total SBITA liabilities	\$ 2,268	<u>\$ 516</u>	<u>\$ (1,734)</u>	\$ 1,050
Less current portion	<u>(1,295)</u>			<u>(580)</u>
Long-term portion	<u>\$ 973</u>			<u>\$ 470</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2023				
Water Division				
Total SBITA liabilities	\$ 1,709	<u>\$ 381</u>	<u>\$ (1,281)</u>	\$ 809
Less current portion	<u>(960)</u>			<u>(462)</u>
Long-term portion	<u>\$ 749</u>			<u>\$ 347</u>

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6. Subscription Based Information Technology Agreements (continued)

Maturities and future interest requirements related to the balances of SBITA liabilities outstanding as of December 31, 2024, are summarized as follows:

	<u>Electric Division</u>	
	<u>SBITA</u>	<u>Interest</u>
	<u>Maturities</u>	<u>Requirements</u>
2025	3,373	57
2026	2,095	23
2027	177	14
Total	<u>\$ 5,645</u>	<u>\$ 94</u>

	<u>Gas Division</u>	
	<u>SBITA</u>	<u>Interest</u>
	<u>Maturities</u>	<u>Requirements</u>
2025	1,258	24
2026	989	9
2027	68	6
Total	<u>\$ 2,315</u>	<u>\$ 39</u>

	<u>Water Division</u>	
	<u>SBITA</u>	<u>Interest</u>
	<u>Maturities</u>	<u>Requirements</u>
2025	932	18
2026	747	7
2027	50	4
Total	<u>\$ 1,729</u>	<u>\$ 29</u>

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 (Dollars in Thousands)
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7. Utility Plant and Intangible Right of Use Assets

Utility plant and intangible right of use assets activity for the years ended December 31, 2024 and 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2024				
Electric Division				
Capital assets not being depreciated:				
Land	\$ 38,587	\$ -	\$ -	\$ 38,587
Land - Non-utility	15,345	-	-	15,345
Intangibles: Plant	-	27,270	-	27,270
Construction in progress	173,634	150,726	(145,714)	178,646
Total capital assets not being depreciated	227,566	177,996	(145,714)	259,848
Capital assets being depreciated or amortized:				
Structures and improvements	78,324	(3,198)	(15)	75,111
Transmission and distribution plant equipment	1,810,112	86,508	(7,532)	1,889,088
General plant equipment	203,368	35,067	(20,820)	217,615
Intangibles: Software	14,938	102	-	15,040
Total capital assets being depreciated or amortized	2,106,742	118,479	(28,367)	2,196,854
Less accumulated depreciation and amortization	(1,014,158)	(70,510)	40,663	(1,044,005)
Total capital assets being depreciated or amortized, net	1,092,584	47,969	12,296	1,152,849
Total capital assets, net	\$ 1,320,150	\$ 225,965	\$ (133,418)	\$ 1,412,697
Intangible Right of Use Assets				
SBITA	\$ 12,577	\$ 7,638	\$ -	\$ 20,215
Office Equipment	643	925	(28)	1,540
Other	-	-	-	-
Total Intangible Right of Use Assets	13,220	8,563	(28)	21,755
Less accumulated amortization-SBITA	(7,792)	-	(5,947)	(13,739)
Less accumulated amortization-Office Equipment	(578)	-	(132)	(710)
Less accumulated amortization-Other	-	-	-	-
Total Intangible Right of Use Assets, net	\$ 4,850	\$ 8,563	\$ (6,107)	\$ 7,306

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 (Dollars in Thousands)
 (Continued)



7. Utility Plant and Intangible Right of Use Assets (continued)

Year ended December 31, 2024	Beginning Balance	Increases	Decreases	Ending Balance
Gas Division				
Capital assets not being depreciated:				
Land	\$ 7,456	\$ -	\$ -	\$ 7,456
Construction in progress	27,646	27,614	(13,595)	41,665
Plant held for future use	212	-	-	212
Total capital assets not being depreciated	35,314	27,614	(13,595)	49,333
Capital assets being depreciated or amortized:				
Structures and improvements	72,608	757	-	73,365
Processing and distribution plant equipment	584,013	6,473	(506)	589,980
General plant equipment	75,910	6,365	(1,518)	80,757
Intangibles: Software	57,185	-	-	57,185
Non-utility plant equipment	200	-	-	200
Total capital assets being depreciated or amortized	789,916	13,595	(2,024)	801,487
Less accumulated depreciation and amortization	(433,367)	(24,573)	4,671	(453,269)
Total capital assets being depreciated or amortized, net	356,549	(10,978)	2,647	348,218
Total capital assets, net	<u>\$ 391,863</u>	<u>\$ 16,636</u>	<u>\$ (10,948)</u>	<u>\$ 397,551</u>
 Intangible Right of Use Assets				
SBITA	\$ 5,249	\$ 3,298	\$ -	\$ 8,547
Office Equipment	247	344	-	591
Total Intangible Right of Use Assets	5,496	3,642	-	9,138
Less accumulated amortization-SBITA	(3,242)	-	(2,606)	(5,848)
Less accumulated amortization-Office Equipment	(222)	-	(47)	(269)
Total Intangible Right of Use Assets, net	<u>\$ 2,032</u>	<u>\$ 3,642</u>	<u>\$ (2,653)</u>	<u>\$ 3,021</u>

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 (Dollars in Thousands)
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7. Utility Plant and Intangible Right of Use Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2024				
Water Division				
Capital assets not being depreciated:				
Land	\$ 2,654	\$ (3)	\$ -	\$ 2,651
Construction in progress	77,575	35,056	(35,012)	77,619
Total capital assets not being depreciated	80,229	35,053	(35,012)	80,270
Capital assets being depreciated or amortized:				
Structures and improvements	55,695	6,366	(7)	62,054
Pumping, transmission and distribution plant equipment	470,228	27,099	(561)	496,766
General plant equipment	37,578	1,550	(216)	38,912
Intangibles: Software	2,177	-	-	2,177
Total capital assets being depreciated or amortized	565,678	35,015	(784)	599,909
Less accumulated depreciation and amortization	(249,766)	(12,495)	3,180	(259,081)
Less acquisition adjustment	-	-	-	-
Total capital assets being depreciated or amortized, net	315,912	22,520	2,396	340,828
Total capital assets, net	\$ 396,141	\$ 57,573	\$ (32,616)	\$ 421,098
Intangible Right of Use Assets				
SBITA	\$ 3,874	\$ 2,469	\$ -	\$ 6,343
Office Equipment	182	254	-	436
Total Intangible Right of Use Assets	4,056	2,723	-	6,779
Less accumulated amortization-SBITA	(2,357)	-	(1,934)	(4,291)
Less accumulated amortization-Office Equipment	(164)	-	(31)	(195)
Total Intangible Right of Use Assets, net	\$ 1,535	\$ 2,723	\$ (1,965)	\$ 2,293

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 (Dollars in Thousands)
 (Continued)



7. Utility Plant and Intangible Right of Use Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2023	As Restated			
Electric Division				
Capital assets not being depreciated:				
Land	\$ 38,586	\$ 1	\$ -	\$ 38,587
Land - Non-utility	15,345	-	-	15,345
Construction in progress	102,598	198,760	(127,724)	173,634
Total capital assets not being depreciated	156,529	198,761	(127,724)	227,566
Capital assets being depreciated or amortized:				
Structures and improvements	77,799	525	-	78,324
Transmission and distribution plant equipment	1,715,662	115,906	(21,456)	1,810,112
General plant equipment	193,850	9,940	(422)	203,368
Intangibles: Software	13,375	1,564	(1)	14,938
Total capital assets being depreciated or amortized	2,000,686	127,935	(21,879)	2,106,742
Less accumulated depreciation and amortization	(976,296)	(91,297)	53,435	(1,014,158)
Total capital assets being depreciated or amortized, net	1,024,390	36,638	31,556	1,092,584
Total capital assets, net	\$ 1,180,919	\$ 235,399	\$ (96,168)	\$ 1,320,150
Intangible Right of Use Assets				
SBITA	\$ 11,230	\$ 1,347	\$ -	\$ 12,577
Office Equipment	630	13	-	643
Other	200	(200)	-	-
Total Intangible Right of Use Assets	12,060	1,160	-	13,220
Less accumulated amortization-SBITA	(4,489)	(3,303)	-	(7,792)
Less accumulated amortization-Office Equipment	(562)	(16)	-	(578)
Total Intangible Right of Use Assets, net	\$ 7,009	\$ (2,159)	\$ -	\$ 4,850

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7. Utility Plant and Intangible Right of Use Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Year ended December 31, 2023	As Restated			
Gas Division				
Capital assets not being depreciated:				
Land	\$ 7,456	\$ -	\$ -	\$ 7,456
Construction in progress	22,838	22,050	(17,242)	27,646
Plant held for future use	212	-	-	212
Total capital assets not being depreciated	30,506	22,050	(17,242)	35,314
Structures and improvements	71,901	711	(4)	72,608
Processing and distribution plant equipment	574,717	9,718	(422)	584,013
General plant equipment	70,730	6,813	(1,633)	75,910
Intangibles: Software	57,185	-	-	57,185
Non-utility plant equipment	200	-	-	200
Total capital assets being depreciated or amortized	774,733	17,242	(2,059)	789,916
Less accumulated depreciation and amortization	(411,603)	(24,351)	2,587	(433,367)
Total capital assets being depreciated or amortized, net	363,130	(7,109)	528	356,549
Total capital assets, net	\$ 393,636	\$ 14,941	\$ (16,714)	\$ 391,863
Intangible Right of Use Assets				
SBITA	\$ 4,733	\$ 516	\$ -	\$ 5,249
Office Equipment	242	5	-	247
Total Intangible Right of Use Assets	4,975	521	-	5,496
Less accumulated amortization-SBITA	(1,854)	(1,388)	-	(3,242)
Less accumulated amortization-Office Equipment	(152)	(70)	-	(222)
Total Intangible Right of Use Assets, net	\$ 2,969	\$ (937)	\$ -	\$ 2,032

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7. Utility Plant and Intangible Right of Use Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2023	As Restated			
Water Division				
Capital assets not being depreciated:				
Land	\$ 2,656	\$ 5	\$ (7)	\$ 2,654
Construction in progress	69,660	27,767	(19,852)	77,575
Total capital assets not being depreciated	72,316	27,772	(19,859)	80,229
Capital assets being depreciated or amortized:				
Structures and improvements	55,541	156	(2)	55,695
Pumping, transmission and distribution plant equipment	452,256	18,588	(616)	470,228
General plant equipment	36,639	1,105	(166)	37,578
Intangibles: Software	2,177	-	-	2,177
Total capital assets being depreciated or amortized	546,613	19,849	(784)	565,678
Less accumulated depreciation and amortization	(241,168)	(11,835)	3,237	(249,766)
Less acquisition adjustment	-	-	-	-
Total capital assets being depreciated or amortized, net	305,445	8,014	2,453	315,912
Total capital assets, net	<u>\$ 377,761</u>	<u>\$ 35,786</u>	<u>\$ (17,406)</u>	<u>\$ 396,141</u>
Intangible Right of Use Assets				
SBITA	\$ 3,492	\$ 382	\$ -	\$ 3,874
Office Equipment	179	3	-	182
Total Intangible Right of Use Assets	3,671	385	-	4,056
Less accumulated amortization-SBITA	(1,341)	(1,016)	-	(2,357)
Less accumulated amortization-Office Equipment	(112)	-	(52)	(164)
Total Intangible Right of Use Assets, net	<u>\$ 2,218</u>	<u>\$ (631)</u>	<u>\$ (52)</u>	<u>\$ 1,535</u>

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7. Utility Plant and Intangible Right of Use Assets (continued)

Total net capital asset changes include additions to construction in progress, transfers to or from other accounts, depreciation and amortization and the effects of sales, retirements, and contribution in aid of construction.

MLGW's planned construction program expenditures for 2025 are estimated as follows (unaudited):

Electric Division	230,123
Gas Division	74,677
Water Division	77,568

8. Futures, Options and Swap Contracts

MLGW uses a range of derivative instruments to hedge commodity risk including futures contracts, options on futures contracts and swap contracts. The purchase and sale of futures contracts, options on futures contracts and swap contracts involve highly leveraged and rapidly fluctuating markets that can lead to significant losses for market participants. As such, market participants are required to maintain margin deposits with a Futures Commission Merchant (FCM) in order to trade in the commodity futures market. These margin deposits are required by the FCM as a condition of its contract to provide execution, clearing and bookkeeping services relative to the purchase and sale of commodity futures.

The FCM is not subject to state laws which govern financial institutions serving as depositories for municipal funds, but instead is governed by rules and regulations promulgated by the Federal Commodity Futures Trading Commission. The Commodity Exchange Act requires the FCM to segregate all customer transactions and assets from the FCM's proprietary activities.

Futures contracts, options on futures contracts and swap contracts are marked-to-market daily and valued at closing market prices on the valuation date. The fluctuations in the value of the futures contracts and the options on futures contracts are recorded for financial statement purposes as deferred gains or losses.

MLGW's derivative instruments could be potentially exposed to concentrations of counterparty credit. MLGW's derivatives transactions are conducted directly or indirectly with the New York Mercantile Exchange ("NYMEX"). By clearing all trades through NYMEX, MLGW's exposure to counterparty credit risk for such transactions are largely minimized. The fair market value of the futures and options are Level 3 inputs.

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8. Futures, Options and Swap Contracts (continued)

Gas Division:

The Gas Division enters into futures contracts, options on futures contracts and swap contracts as cash flow hedges to manage the risk of volatility in the market price of natural gas on anticipated purchase transactions. The market values of the open derivative positions are reported on the Statements of Net Position as derivative financial instruments. MLGW maintained a margin deposit balance of \$1,248 and \$3,036 with its FCM at December 31, 2024 and 2023, respectively.

The schedule below shows the market values and notional amounts of the open futures contracts and options on futures contracts as of December 31, 2024 and 2023.

Type	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Market Value</u>	<u>Notional Amount</u>	<u>Market Value</u>	<u>Notional Amount</u>
Futures	\$ -	\$ -	\$ -	\$ -
Options	160	66,180	29	82,380
Total	<u>\$ 160</u>	<u>\$ 66,180</u>	<u>\$ 29</u>	<u>\$ 82,380</u>

The schedule below reflects the deferred gains (losses) at year end associated with recording open derivative positions.

Type	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Deferred Gains (Losses)</u>	<u>Deferred Gains (Losses)</u>
Futures	\$ -	\$ -
Options	444	(579)
Total	<u>\$ 444</u>	<u>\$ (579)</u>

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8. Futures, Options and Swap Contracts (continued)

Deferred costs at year end associated with gains (losses) on closed derivative positions are shown below.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Type	<u>Deferred Gains (Losses)</u>	<u>Deferred Gains (Losses)</u>
Futures	\$ -	\$ (630)
Options	<u>(614)</u>	<u>7,748</u>
Total	<u>\$ (614)</u>	<u>7,118</u>

The deferred gains (losses) at year end for the open derivative positions are reported on the Statement of Net Position as deferred inflows of resources and deferred outflows of resources, respectively. The deferred gains and losses derived from closed derivative positions are reported as other current assets and liabilities, respectively.

Electric Division:

The Electric Division periodically enters into futures contracts, options on futures contracts and swap contracts to manage the risk of volatility in the market price of unleaded and diesel fuel on anticipated purchase transactions. The balance in MLGW's FCM fuel margin at December 31, 2024 and 2023 was (\$0) and (\$0), respectively.

9. Deferred Compensation Plan

MLGW offers its employees a voluntary compensation plan under Internal Revenue Code Section 457. The plan, available to all full-time MLGW employees, permits them to defer a portion of their salaries until future years. The deferred compensation paid through payroll deduction is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected in MLGW's Statements of Net Position.



10. Employee Retirement System

Plan Description

Memphis Light, Gas and Water Retirement and Pension System (the “MLGW Pension Plan”) is a single employer defined benefit pension plan administered by the MLGW Pension Board. The plan covers permanent, full-time employees and appointed commissioners who opt to participate. MLGW issues a separate audited financial report for the MLGW Pension Plan that includes financial statements and required supplementary information. That report may be obtained at www.mlgw.com.

Benefits Provided

The MLGW Pension Plan provides death and disability benefits as well as retirement benefits. MLGW Pension Plan members hired prior to January 1, 2014 who attain the age of fifty-five and retire on or after ten years of creditable service, or attain the age of seventy and retire on or after five years of creditable service, or attain twenty-five years of creditable service regardless of age are entitled to an annual retirement allowance computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage, times the final average compensation.

MLGW Pension Plan members hired on or after January 1, 2014 who attain the age of sixty and retire on or after ten years of creditable service, or attain the age of seventy and retire on or after five years of creditable service, or attain the age of fifty-five with twenty-five years of creditable service are entitled to an annual retirement allowance computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage, times the final average compensation.

Effective January 1, 2001, the following table is the applicable benefit percentage for each year of creditable service at the applicable retirement age under the MLGW Pension Plan:

<u>Retirement Age</u>	<u>Benefit Percentage For Each Year of Creditable Service</u>
59 1/2 and less	2.25%
60	2.30%
61	2.40%
62 and older	2.50%

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10. Employee Retirement System (continued)

Benefits Provided (continued)

Final average compensation is the member's basic earnings (which includes member contributions pursuant to Section 414(h) and Section 457 of the Internal Revenue Code (the "Code") for the three consecutive years of creditable service if less than 30 years, two consecutive years if more than 30 years and one year if 35 or more years of creditable service during which the compensation was the highest) plus work out of classification pay, shift differential pay, and automobile allowance for such employees designated by Resolution of the Board of Commissioners.

The annual retirement allowance shall not exceed 85% of the member's final average compensation. Effective January 1, 2022, the minimum monthly retirement benefit for all members is the greater of \$60 per year of service or \$600 per month.

Cost of Living Adjustments

As of July 1, of each plan year, each retired participant who (1) has attained age 56 on such date and (2) has been terminated from the employment of the Division for at least one year, shall be entitled to an increase in the amount of his monthly benefit under the MLGW Pension Plan equal to the cost-of-living adjustment.

A surviving spouse or handicapped child receiving death benefits shall be entitled to a cost-of-living adjustment if the surviving spouse or handicapped child has attained age 56 and the deceased participant has separated from service at least one year prior to July 1.

The cost-of-living adjustment shall be equal to the product of the monthly benefit payable to the participant, the surviving spouse, or handicapped child under the MLGW Pension Plan for the immediately preceding plan year multiplied by the applicable percentage increase in the Consumer Price Index (CPI) for the immediately preceding calendar year.

The applicable percentage increase shall be determined based on the age of the participant, surviving spouse, or handicapped child as of the first day of July of the plan year in which the adjustment is made as follows:

Age	Percentage of CPI Increase
56-58	30%
59-61	60%
62 and older, and all Disabled Participants	75%

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10. Employee Retirement System (continued)

Cost of Living Adjustments (continued)

The cost-of-living adjustment for any retired participant, surviving spouse, or handicapped child in any plan year shall not exceed 5% of the retired participant's, surviving spouses or handicapped child's benefit under the MLGW Pension Plan for the immediately preceding plan year. Under no circumstances shall the cost-of-living adjustment result in a decrease in the benefit of a retired participant, surviving spouse, or handicapped child.

Net Pension Liability (Asset)

The net pension liability (asset) is the difference between the actuarial present value of projected pension benefit payments attributable to employees' past service and the Plan's fiduciary net position. For 2024, MLGW's net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024.

For 2023, MLGW's net pension liability (asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2023.

Employees Covered

Plan membership consisted of the following participants as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Retirees and beneficiaries receiving benefits	2,751	2,717
Participants inactive during year ended December 31 with vested rights	33	31
Active members fully vested	971	1,021
Active members not vested	<u>1,453</u>	<u>1,395</u>
Total	<u><u>5,208</u></u>	<u><u>5,164</u></u>



10. Employee Retirement System (continued)

Contributions

The contribution requirements of pension plan members and MLGW are established and may be amended and approved by the MLGW Pension Board, the MLGW Board of Commissioners and the Memphis City Council. Pension plan members are required to contribute 8% of their annual covered salary. Under Article III, Section 3.2 of the pension plan, MLGW shall contribute to the pension fund such amounts as from time to time are estimated by the actuary. MLGW also funds the 8% pension plan member's contributions on behalf of the president and vice presidents. For 2023, MLGW contributed 10.71% of the annual covered payroll. Employer contributions recognized by the MLGW Pension Plan during 2023 totaled \$20,474. For 2022, MLGW contributed 11.34% of the annual covered payroll. Employer contributions recognized by the MLGW Pension Plan during 2022 totaled \$20,941.

Actuarial Assumptions

The actuarially determined contribution (ADC) is calculated using a January 1 valuation date as of the beginning of the fiscal year prior to the year in which contributions are reported. Therefore, the ADC for the year ended December 31, 2023 is based on the January 1, 2022 actuarial valuation.

The actuarial assumptions used in the valuation as of January 1, 2024 are based on the results of an experience study for the period January 1, 2014 to December 31, 2018.

Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.00% including inflation, net of pension plan investment expenses
Cost-of-living adjustments	0.75% for ages 56-58 1.50% for ages 59-61 1.875% for ages 62 and older, and all disabled participants



10. Employee Retirement System (continued)

Actuarial Assumptions (continued)

The ADC for the year ended December 31, 2022 is based on the January 1, 2021 actuarial valuation. The actuarial assumptions used in the valuation as of January 1, 2023 are based on the results of an experience study for the period January 1, 2014 to December 31, 2018.

Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.00% including inflation, net of investment expenses
Cost-of-living adjustments	0.75% for ages 56-58 1.50% for ages 59-61 1.875% for ages 62 and older, and all disabled participants

Pre-retirement mortality rates are based on the PRI-2012 Employee Mortality Table. Healthy annuitant mortality rates are based on 120% of PRI-2012 Healthy Annuitant Mortality Table. Disabled annuitant mortality rates are based on 120% of PRI-2012 Disabled Retiree Mortality Table. Beneficiaries are based on 120% of PRI-2012 Contingent Survivor Mortality Table. All mortality tables above are projected generationally with Scale SSA-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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10. Employee Retirement System (continued)

Actuarial Assumptions (continued)

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	6.49%
International Equity	9%	7.02%
Fixed Income	24%	1.99%
Alternatives	15%	7.49%
Real Estate	15%	3.29%
Short Term Investments	2%	0.89%
Total	100%	

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	6.91%
International Equity	9%	7.21%
Fixed Income	24%	1.61%
Alternatives	15%	7.71%
Real Estate	15%	3.61%
Short Term Investments	2%	0.71%
Total	100%	

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10. Employee Retirement System (continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.00% as of December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current 8.00% of pay contribution rate and that MLGW contributions will equal the actuarially determined contribution. For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the MLGW Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023 and 2022.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the net pension liability (asset) of MLGW as of December 31, 2023, calculated using the discount rate of 7.00%, as well as what MLGW's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset) as of December 31, 2023	\$ 421,785	\$ 227,799	\$ 64,708

The following table presents the net pension liability (asset) of MLGW as of December 31, 2022, calculated using the discount rate of 7.00%, as well as what MLGW's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset) as of December 31, 2022	\$ 353,780	\$ 166,887	\$ 9,877

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10. Employee Retirement System (continued)

Pension Plan's Fiduciary Net Position

Detailed information about the MLGW Pension Plan's fiduciary net position is available in the separately issued plan financial statements. For purposes of measuring the net pension liability, all information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position have been determined on the same basis as they are reported by the MLGW Pension Plan.

The MLGW Pension Plan's financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. Investments are stated at fair value. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan.

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10. Employee Retirement System (continued)

Net Pension Liability (Asset)

The following table presents the Changes in Net Pension Liability (Asset) for the year-ended December 31, 2023.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2022	\$ 1,718,979	\$ 1,552,092	\$ 166,887
Changes for the Year:			
Service Costs	36,221		36,221
Interest	118,226		118,226
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	51,235		51,235
Changes of Assumptions	-		-
Contributions – Employer		20,474	(20,474)
Contributions – Employee		15,216	(15,216)
Net Investment Income		110,038	(110,038)
Benefit Payments / Refunds	(132,517)	(132,517)	
Administrative Expenses		(958)	958
Net Change	\$ 73,165	\$ 12,253	\$ 60,912
Balance at December 31, 2023	<u>\$ 1,792,144</u>	<u>\$ 1,564,345</u>	<u>\$ 227,799</u>

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10. Employee Retirement System (continued)

Net Pension Liability (Asset)

The following table presents the Changes in Net Pension Liability (Asset) for the year-ended December 31, 2022.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2021	\$ 1,643,128	\$ 1,843,901	\$ (200,773)
Changes for the Year:			
Service Costs	34,220		34,220
Interest	113,017		113,017
Differences Between Expected and Actual Experience	54,247		54,247
Changes of Assumptions	-		-
Contributions – Employer		20,941	(20,941)
Contributions – Employee		14,657	(14,657)
Net Investment Income		(200,888)	200,888
Benefit Payments / Refunds	(125,633)	(125,633)	
Administrative Expenses		(886)	886
Net Change	\$ 75,851	\$ (291,809)	\$ 367,660
Balance at December 31, 2022	\$ 1,718,979	\$ 1,552,092	\$ 166,887

NOTES TO FINANCIAL STATEMENTS
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10. Employee Retirement System (continued)

Pension Expense

The following table presents the pension expense for the year-ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Service cost	\$ 36,221	\$ 34,220
Interest on Total Pension Liability	118,226	113,017
Employee contributions	(15,216)	(14,657)
Administrative Expenses	958	886
Expected return on assets	(105,224)	(125,891)
Expensed portion of current year period differences between expected and actual experience in Total Pension Liability	10,247	10,849
Expensed portion of current year period assumptions changes	-	-
Changes of Benefit Terms	-	-
Expensed portion of current year period differences between projected and actual investment earnings	(963)	65,356
Current year recognition of deferred inflows and outflows established in prior years	14,817	(30,479)
Total expense	<u>\$ 59,066</u>	<u>\$ 53,301</u>

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10. Employee Retirement System (continued)

Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to pension for the year-ended December 31, 2024.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 28,688	\$ -
Net difference between projected and actual earnings on pension plan investments	122,102	-
Net difference between projected and actual experience in Total Pension Liability	79,659	(840)
Assumption changes	20,110	(29)
Total	\$ 250,559	\$ (869)

Note: The \$28,688 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	
2025	\$ 50,591
2026	67,904
2027	93,222
2028	9,284
Thereafter	-

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10. Employee Retirement System (continued)

Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to pension for the year-ended December 31, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 20,474	\$ -
Net difference between projected and actual earnings on pension plan investments	120,919	-
Net difference between projected and actual experience in Total Pension Liability	52,688	(1,680)
Assumption changes	26,813	(58)
Total	\$ 220,894	\$ (1,738)

Note: The \$20,474 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	
2024	\$ 14,816
2025	41,307
2026	58,620
2027	83,938
Thereafter	-



11. Other Postemployment Benefits

The Memphis Light, Gas and Water Division OPEB Trust (“OPEB Trust”) was established for the exclusive benefit of MLGW’s retired employees and their dependents (who meet the eligibility requirements) to fund the postemployment benefits provided through the health and welfare benefit plan. Amounts contributed to the OPEB Trust by MLGW are held in trust and are irrevocable and are for the sole and exclusive purpose of funding health and welfare benefits of the eligible participants, and the cost of operating and administering the OPEB Trust. The OPEB Trust is administered by the MLGW OPEB Trust Investment Committee.

MLGW issues a separate audited financial report for the OPEB Trust that includes financial statements and required supplementary information. That report may be obtained at www.mlgw.com.

Plan Description

Memphis Light, Gas and Water Division, by resolution of its Board of Commissioners, has established, adopted, and maintains a medical benefits (health and welfare) plan (the “Plan”) for its retired employees and their eligible dependents. The Plan is a single employer defined benefit healthcare plan administered by MLGW.

The Board of Commissioners of Memphis Light, Gas and Water Division serves as the “Trustee” and establishes the policies of the MLGW OPEB Trust. The Trustee shall fulfill the duties of the fiduciary responsible for MLGW OPEB Trust’s administration and shall have overall control of the administration of the OPEB Trust, with all powers and discretion necessary to enable it to properly carry out its duties. The Trustee delegated the responsibility and authority to administer the assets of the OPEB Trust to the OPEB Trust Investment Committee.

The OPEB Trust Investment Committee is comprised of one member of the Board of Commissioners of the Division (who serves as Chairman), the President and CEO of the Division, the Vice President, CFO and Secretary-Treasurer of the Division, two Employee Members, one Retiree Member, and one Citizen Member.

The Plan provides postemployment coverage for health care, life insurance, accident/death and dismemberment (AD&D), medical, and prescription drugs to eligible retirees and their dependents. Benefits are payable to retirees and their spouses for their lifetime. Qualified dependents continue to receive benefits as long as they are qualified under the Plan. Dental, dependent life insurance, cancer, accident, and long-term care benefits are available, but are 100% paid by the retiree.

Employees retired under the MLGW Retirement and Pension Plan or disabled with five years of service at any age or disabled in the line of duty at any age with no years of service restriction, are eligible for OPEB benefits. Health care benefits are also offered to qualifying survivors of active employees who are eligible to retire at the time of death.

NOTES TO FINANCIAL STATEMENTS
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(Continued)



11. Other Postemployment Benefits (continued)

Plan Description (continued)

Members of the Plan consisted of the following at December 31, 2023 (valuation date):

	<u>Medical</u>	<u>Life</u>
Retired members currently receiving benefits	2,039	2,039
Beneficiaries currently receiving benefits	1,679	-
Vested terminated members entitled to, but not yet receiving benefits	-	-
Active members	<u>2,424</u>	<u>2,424</u>
Total	<u>6,142</u>	<u>4,463</u>

Funding Policy and Contributions

The contribution requirements of plan members and MLGW are established and may be amended by the MLGW Board of Commissioners. Contribution rates for retired plan members and beneficiaries currently receiving benefits are periodically reset and are currently at 25% of costs for medical and drug benefits. For life insurance and AD&D, retirees contribute 40% of the cost.

The Board of Commissioners has set the employer contribution rate based on the Actuarially Determined Contribution (“ADC”). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The ADC is based on the prior year’s valuation, then adjusted forward at an assumed payroll growth rate.

MLGW contributed \$40,806 and \$40,136 for the years ended December 31, 2024 and 2023, respectively to the OPEB Trust.

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. The plan’s measurement date is December 31, 2023.



11. Other Postemployment Benefits (continued)

Actuarial Assumptions (continued)

Inflation	2.50%
Salary increases	Inflation plus merit increases based on age and service
Discount Rate	7.00%
Healthcare costs trend rates	
Medical	7.00% grading to 4.50% over 10 years
Prescription drug	8.00% grading to 4.50% over 14 years
Administrative costs	3.00%
Mortality rates	PRI-2012 Healthy Annuitant Mortality Table, Headcount-Weighted, for males and females, as appropriate, with adjustments for mortality improvement using Scale SSA-2019.

Pre-retirement mortality rates are based on PRI-2012 Employee Mortality Table with sex-distinct rates. Healthy annuitant mortality rates are based on the PRI-2012 Healthy Annuitant Mortality Table with sex-distinct rates, plus a 20% load. Disabled annuitant mortality rates are based on PRI-2012 Disabled Retiree Mortality Table with sex-distinct rates, plus a 20% load. Beneficiaries' mortality rates are based on PRI-2012 Contingent Survivor Mortality Table with sex-distinct rates, plus 20% load. All mortality tables above are Headcount-Weighted and projected generationally with Scale SSA-2019.

Investment Rates of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2023:



11. Other Postemployment Benefits (continued)

Investment Rates of Return (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.00%	6.60%
International Equity	12.00%	6.70%
Fixed Income	21.50%	1.80%
Alternatives	15.50%	7.60%
Real Estate	15.00%	3.40%
Short Term Investments	1.00%	1.00%
Total	100.00%	

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.00%	6.91%
International Equity	12.00%	7.21%
Fixed Income	21.50%	1.61%
Alternatives	15.50%	7.71%
Real Estate	15.00%	3.61%
Short Term Investments	1.00%	0.71%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total OPEB Liability (TOL) was 7.00% as of December 31, 2023 and December 31, 2022. The projection of cash flows used to determine the discount rate assumed that MLGW contributions would be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both December 31, 2023 and December 31, 2022 using the discount rate.

NOTES TO FINANCIAL STATEMENTS
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 (Dollars in Thousands)
 (Continued)



11. Other Postemployment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Cost Trend

The following presents the Net OPEB Liability (NOL) of MLGW as of December 31, 2023, calculated using the discount rate of 7.00%, as well as what the Division's NOL would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$ 242,029	\$ 129,051	\$ 36,414
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$ 39,656	\$ 129,051	\$ 238,968

The following presents the Net OPEB Liability (NOL) of MLGW as of December 31, 2022, calculated using the discount rate of 7.00%, as well as what the Division's NOL would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$ 341,939	\$ 226,685	\$ 131,784
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$ 127,381	\$ 226,685	\$ 348,993

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
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11. Other Postemployment Benefits (continued)

OPEB Plan's Fiduciary Net Position

Detailed information about the MLGW OPEB Trust's fiduciary net position is available in the separately issued plan financial statements. For purposes of measuring the NOL, all information about the OPEB plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position have been determined on the same basis as they are reported by the MLGW OPEB Trust.

The MLGW OPEB Trust's financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. Investments are stated at fair value. Benefit payments are recognized when due and payable in accordance with the terms of the plan.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



11. Other Postemployment Benefits (continued)

Net OPEB Liability

The following table presents the Changes in Net OPEB Liability for the year-ended December 31, 2023.

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2022	\$ 861,575	\$ 634,890	\$ 226,685
Changes for the Year:			
Service Costs	18,547	-	18,547
Interest	60,267	-	60,267
Differences Between Expected and Actual Experience	8,924	-	8,924
Contributions – Employer	-	40,136	(40,136)
Net Investment Income	-	62,043	(62,043)
Changes of Assumptions	(83,193)	-	(83,193)
Benefit Payments / Refunds	(38,406)	(38,406)	-
Administrative Expenses	(594)	(594)	-
Net Change	<u>\$ (34,455)</u>	<u>\$ 63,179</u>	<u>\$ (97,634)</u>
Balance at December 31, 2023	<u>\$ 827,120</u>	<u>\$ 698,069</u>	<u>\$ 129,051</u>

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
 (Dollars in Thousands)
 (Continued)



11. Other Postemployment Benefits (continued)

Net OPEB Liability (continued)

Plan Changes Since Prior Valuation

Benefit Changes:

- There were no material changes in benefit provisions.

Assumption changes:

Effective with the December 31, 2023 measurement, the following assumptions were changed:

- Healthcare claims cost and trend rates were updated to reflect the most recent experience and future expectations.
- The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from Segal's claims data warehouse.

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NOTES TO FINANCIAL STATEMENTS
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 (Dollars in Thousands)
 (Continued)



11. Other Postemployment Benefits (continued)

Net OPEB Liability (continued)

The following table presents the Changes in Net OPEB Liability for the year-ended December 31, 2022.

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2021	\$ 825,452	\$ 704,348	\$ 121,104
Changes for the Year:			
Service Costs	18,094	-	18,094
Interest	57,870	-	57,870
Differences Between Expected and Actual Experience	(5,593)	-	(5,593)
Contributions – Employer	-	38,381	(38,381)
Net Investment Income	-	(73,591)	73,591
Changes of Assumptions	-	-	-
Benefit Payments / Refunds	(33,805)	(33,805)	-
Administrative Expenses	(443)	(443)	-
Net Change	\$ 36,123	\$ (69,458)	\$ 105,581
Balance at December 31, 2022	<u>\$ 861,575</u>	<u>\$ 634,890</u>	<u>\$ 226,685</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



11. Other Postemployment Benefits (continued)

Net OPEB Liability (continued)

Plan Changes Since Prior Valuation

Benefit Changes:

- There were no material changes in benefit provisions.

Assumption changes:

- There were no material changes in assumptions.

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11. Other Postemployment Benefits (continued)

OPEB Expense

The following table presents the OPEB expense for the year-ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Service cost	\$ 18,547	\$ 18,094
Interest on the Total OPEB Liability	60,267	57,870
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	1,784	(932)
Expensed portion of current-period changes of assumptions or other inputs	(16,638)	-
Projected earnings on plan investments	(44,482)	(49,449)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(3,512)	24,608
Recognition of beginning of year deferred outflows of resources as OPEB expense	34,377	19,685
Recognition of beginning of year deferred inflows of resources as OPEB expense	(41,110)	(73,573)
Total OPEB expense	<u>\$ 9,233</u>	<u>\$ (3,697)</u>

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NOTES TO FINANCIAL STATEMENTS
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 (Dollars in Thousands)
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11. Other Postemployment Benefits (continued)

Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to OPEB for the year-ended December 31, 2024.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 40,806	\$ -
Changes of assumptions or other inputs	15,434	(74,318)
Net difference between projected and actual earnings on OPEB plan investments	24,812	-
Difference between expected and actual experience in the Total OPEB Liability	15,898	(5,092)
Total	\$ 96,950	\$ (79,410)

NOTE: \$40,806 contribution made subsequent to the measurement date will be recognized as a reduction of net OPEB liability in 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2025	\$ (15,665)
2026	(825)
2027	12,521
2028	(19,298)
2029	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS
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11. Other Postemployment Benefits (continued)

Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to OPEB for the year-ended December 31, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 40,136	\$ -
Changes of assumptions or other inputs	20,579	(15,528)
Net difference between projected and actual earnings on OPEB plan investments	32,258	-
Difference between expected and actual experience in the Total OPEB Liability	13,384	(7,229)
Total	\$ 106,357	\$ (22,757)

NOTE: \$40,136 contribution made subsequent to the measurement date will be recognized as a reduction of net OPEB liability in 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2024	\$ (6,732)
2025	2,701
2026	17,541
2027	30,887
2028	(932)
Thereafter	-

NOTES TO FINANCIAL STATEMENTS
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12. Pollution Remediation Obligation

MLGW has contracts with state licensed environmental remediation companies. The liabilities to remove asbestos, mold and lead from various substations and equipment because of imminent danger were derived from the environmental remediation contractor's estimate. These estimates assume no expected change orders.

MLGW annually evaluates current conditions, remediation plan updates and changes in legal or regulatory requirements to revise MLGW's estimated liability. Regulatory accounts are used to capture the net effect of the changes in estimates for each Division. See Note 1 (Regulatory Accounting).

The schedule below shows the balances as of December 31, 2024 and 2023 for the lead pollution liability from various substations and equipment by Division:

		<u>2024</u>	<u>2023</u>
Electric			
	Lead	\$ 573	\$ 653
Total Electric		<u>573</u>	<u>653</u>
Gas			
	Soil	295	945
	Lead	220	251
Total Gas		<u>515</u>	<u>1,196</u>
Water			
	Lead	162	909
Total Water		<u>162</u>	<u>909</u>
Total Liability		<u>\$ 1,250</u>	<u>\$ 2,758</u>

NOTES TO FINANCIAL STATEMENTS
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13. Risk Management

MLGW is exposed to various risks of loss related to active and retiree medical claims; injuries to workers; torts; theft of, damage to, and destruction of assets; errors and omissions; environmental damages; and natural disasters. There were no settlements in excess of the insurance coverage in any of the last three prior fiscal years.

MLGW is self-insured for health and medical benefits and for injuries and damages including workers compensation and general liability claims. The Tennessee Governmental Tort Liability Act, TCA 29-20-101, et al, (the “Act”) applies to all tort actions against MLGW arising in the state of Tennessee. The Act establishes statutory limits of liability and MLGW is immune from any award or judgment for death, bodily injury or property damage in excess of the limits as set forth in the Act.

Pursuant to the Act, the current limits of liability for personal injuries are \$300 per person and \$700 for two or more persons per occurrence. The liability for property damage is limited to \$100 per occurrence.

MLGW purchases insurance to address the risks of loss associated with the following: property damage; employee travel; out-of-state automobile travel; employee dishonesty; forgery; computer fraud; counterfeiting; damage to leased or rented equipment; and worker injuries exceeding MLGW’s retained risk of loss.

MLGW has established insurance reserves for the estimated liabilities, including an accrual for incurred but not reported claims, resulting from medical benefits and injuries and damages claims as established by a third-party administrator and MLGW’s Legal Department. The medical benefits reserve and the costs and charges to the reserve are allocated to each division based on a standard administrative and general cost allocation.

MLGW is party to various lawsuits filed against it in the normal course of business (see Note 18).

The changes in the self-insurance reserves for medical benefits and injuries and damages for the years ended December 31, 2024 and 2023 are as follows:

	<u>Medical Benefits</u>			<u>Injuries and Damages</u>		
	<u>Electric Division</u>	<u>Gas Division</u>	<u>Water Division</u>	<u>Electric Division</u>	<u>Gas Division</u>	<u>Water Division</u>
Balance -- December 31, 2022	\$ 10,161	\$ 4,635	\$ 3,030	\$ 4,933	\$ 4,893	\$ 1,745
Payments	(44,984)	(20,519)	(13,416)	(1,827)	(754)	(488)
Incurred claims expense	43,156	19,685	12,871	3,037	1,089	218
Balance -- December 31, 2023	8,333	3,801	2,485	\$ 6,143	\$ 5,228	\$ 1,475
Payments	(44,951)	(20,504)	(13,406)	(1,872)	(449)	(711)
Incurred claims expense	39,482	18,010	11,775	637	(65)	505
Balance -- December 31, 2024	<u>\$ 2,864</u>	<u>\$ 1,307</u>	<u>\$ 854</u>	<u>\$ 4,908</u>	<u>\$ 4,714</u>	<u>\$ 1,269</u>

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14. Bonds

Bonds as of December 31, 2024 and 2023 consist of the following:

	Interest Rates	2024	2023
Electric Division:			
Electric System Revenue Bonds:			
Series 2014, due serially 2023-2024	4.00 - 5.00%	\$ -	\$ 22,445
Series 2016, due serially 2023-2036	4.00 - 5.00%	28,235	29,950
Series 2017, due serially 2023-2037	3.50 - 5.00%	67,285	71,005
Series 2020A, due serially 2023-2050	3.00 - 5.00%	137,355	140,195
Series 2020B, due serially 2023-2034	0.88 - 1.97%	27,200	27,655
Series 2024, due serially 2023-2053	4.25 - 5.00%	180,000	-
Series 2024, due serially 2023-2029	5.00 - 5.00%	17,880	-
Premium on revenue bonds		47,417	33,121
Total		505,372	324,371
Less: current portion of bonds payable		(15,105)	(12,045)
		\$ 490,267	\$ 312,326
Gas Division:			
Gas System Revenue Bonds:			
Series 2016, due serially 2023-2036	4.00 - 5.00%	\$ 28,235	\$ 29,950
Series 2017, due serially 2023-2037	4.00 - 5.00%	30,045	31,675
Series 2020, due serially 2023-2050	3.00 - 5.00%	58,470	59,680
Premium on revenue bonds		15,485	17,072
Total		132,235	138,377
Less: current portion of bonds payable		(4,780)	(4,555)
		\$ 127,455	\$ 133,822
Water Division:			
Water System Revenue Bonds:			
Series 2014, due serially 2023-2034	3.00 - 4.00%	\$ 8,785	\$ 9,500
Series 2016, due serially 2023-2036	2.00 - 4.00%	20,135	21,490
Series 2017, due serially 2023-2037	3.00 - 5.00%	18,360	19,400
Series 2020, due serially 2023-2050	3.00 - 5.00%	63,065	64,380
Premium on revenue bonds		12,046	13,108
Total		122,391	127,878
Less: current portion of bonds payable		(4,595)	(4,425)
		\$ 117,796	\$ 123,453

NOTES TO FINANCIAL STATEMENTS
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 (Continued)



14. Bonds (continued)

Principal payments on bonds are due annually on December 1. Debt service requirements as of December 31, 2024 are as follows:

<u>Electric Division</u>	
	<u>Principal</u> <u>Interest</u>
2025	\$ 15,105 \$ 19,549
2026	15,845 18,812
2027	16,615 18,037
2028	17,430 17,225
2029	18,290 16,370
2030-2034	104,725 69,513
2035-2039	74,745 50,723
2040-2044	61,300 38,102
2045-2049	75,990 23,414
2050-2054	57,910 7,812
Total	<u>\$ 457,955</u> <u>\$ 279,557</u>

<u>Gas Division</u>	
	<u>Principal</u> <u>Interest</u>
2025	\$ 4,780 \$ 4,932
2026	5,020 4,693
2027	5,270 4,442
2028	5,535 4,179
2029	5,805 3,902
2030-2034	33,535 15,027
2035-2039	25,270 7,984
2040-2044	12,750 5,169
2045-2049	15,340 2,577
2050	3,445 138
Total	<u>\$ 116,750</u> <u>\$ 53,043</u>

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
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 (Continued)



14. Bonds (continued)

	<u>Water Division</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 4,595	\$ 4,125
2026	4,785	3,930
2027	4,970	3,749
2028	5,195	3,524
2029	5,420	3,300
2030-2034	30,680	12,914
2035-2039	20,955	7,503
2040-2044	13,845	5,099
2045-2049	16,255	2,698
2050	3,645	145
Total	<u>\$ 110,345</u>	<u>\$ 46,987</u>

MLGW, at its option, may redeem bonds prior to maturity at premiums and prices specified in the indentures.

Bonds are secured by the pledge of the respective division's revenues, by funds established by the bond resolutions and, in certain circumstances, proceeds from the sale of certain division assets.

Upon the occurrence of an Event of Default and upon the request of the holders of not less than twenty-five percent (25%) of then Outstanding Senior Lien Revenue Obligations, the Paying Agent shall, in addition to all other remedies and rights upon or under the Resolution, have the right, by appropriate proceedings in any court of competent jurisdiction, to obtain the appointment of a receiver for the System, which receiver may enter upon and take possession of the System, operate and maintain the System, fix rates and collect all revenue arising therefrom in as full a manner and to the same extent as MLGW itself might do.

The Divisions have pledged sufficient revenue, after deduction of all current operating expenses to meet bond principal and interest payments of revenue bonds when due. Such bond requirements are met through monthly deposits to the bond funds as required by the bond covenants. As of December 31, 2024, these requirements have been satisfied.

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(Continued)



14. Bonds (continued)

The estimated fair value of long-term debt for the Electric, Gas, and Water Divisions based on quoted market prices (including accrued interest) are as follows as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Electric Division	\$ 465,083	\$ 317,025
	<u>2024</u>	<u>2023</u>
Gas Division	\$ 117,369	\$ 126,891
	<u>2024</u>	<u>2023</u>
Water Division	\$ 105,969	\$ 114,952

During 2024, the Electric Division issued \$180,000,000 in Revenue Bonds to finance the costs of acquiring, expanding and/or improving the Electric System and to pay certain costs of issuance with respect to the Series 2024 Electric Division Bonds. The Electric Division also issued \$17,800,000 in Revenue Refunding Bonds to advance refund the remaining outstanding Electric System Revenue Bonds, Series 2014 (the "Refundable Bonds") and to pay certain costs of issuance with respect to the Series 2024 Electric System Refunding Bonds. In September 2024, the Electric Division defeased the Electric Revenue Bonds, Series 2014 in the amount of \$139,612.76. The first principal payment will be made December 1, 2025, and thereafter will be made annually with a final maturity date of December 1, 2054. The Series 2024 revenue bonds bear interest at annual fixed rates ranging from 4.25% to 5.00%.

During 2020, the Electric Division issued \$148,000 of Series 2020A revenue bonds to finance the costs of acquiring, expanding and/or improving the Electric Division and to pay certain costs of issuance with respect to the Series 2020A Electric Division Bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2050. The Series 2020A revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.

During 2020, the Electric Division issued \$29,000 of Series 2020B revenue refunding bonds to advance refund on a federally taxable basis, a portion of the outstanding Electric System Revenue Bonds, Series 2014 (the "Refundable Bonds") and to pay certain costs of issuance with respect to the Series 2020B Electric System Refunding Bonds. The refunding was undertaken to reduce total future debt service payments. The principal amount of the Refundable Bonds outstanding at December 31, 2020 was \$23,865. The 2020 Series Bonds have a net present value benefit of \$3,362, with a cash savings of \$3,799 over the life of the bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2034. The Series 2020B revenue bonds bear interest at annual fixed rates ranging from 0.88% to 1.97%.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



14. Bonds (continued)

During 2020, the Gas Division issued \$63,000 of Series 2020 revenue bonds to finance the costs of acquiring, expanding and/or improving the Gas Division and to pay certain costs of issuance with respect to the Series 2020 Gas Division Bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2050. The Series 2020 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.

During 2020, the Water Division issued \$68,000 of Series 2020 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2020 Water Division Bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2050. The Series 2020 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.

During 2017, the Electric Division issued \$90,000 of Series 2017 revenue bonds to finance the costs of acquiring, expanding and/or improving the Electric Division and to pay certain costs of issuance with respect to the Series 2017 Electric Division Bonds. The first principal payment was made December 1, 2018, and thereafter will be made annually with a final maturity date of December 1, 2037. The Series 2017 revenue bonds bear interest at annual fixed rates ranging from 3.50% to 5.00%.

During 2017, the Gas Division issued \$40,000 of Series 2017 revenue bonds to finance the costs of acquiring, expanding and/or improving the Gas Division and to pay certain costs of issuance with respect to the Series 2017 Gas Division Bonds. The first principal payment was made December 1, 2018, and thereafter will be made annually with a final maturity date of December 1, 2037. The Series 2017 revenue bonds bear interest at annual fixed rates ranging from 4.00% to 5.00%.

During 2017, the Water Division issued \$25,000 of Series 2017 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2017 Water Division Bonds. The first principal payment was made December 1, 2018, and thereafter will be made annually with a final maturity date of December 1, 2037. The Series 2017 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.

During 2016, the Electric Division issued \$40,000 of Series 2016 revenue bonds to finance the costs of acquiring, expanding and/or improving the Electric Division and to pay certain costs of issuance with respect to the Series 2016 Electric Division Bonds. The first principal payment was made December 1, 2017, and thereafter will be made annually with a final maturity date of December 1, 2036. The Series 2016 revenue bonds bear interest at annual fixed rates ranging from 4.00% to 5.00%.

During 2016, the Gas Division issued \$40,000 of Series 2016 revenue bonds to finance the costs of acquiring, expanding and/or improving the Gas Division and to pay certain costs of issuance with respect to the Series 2016 Gas Division Bonds. The first principal payment was made December 1, 2017, and thereafter will be made annually with a final maturity date of December 1, 2036. The Series 2016 revenue bonds bear interest at annual fixed rates ranging from 4.00% to 5.00%.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



14. Bonds (continued)

During 2016, the Water Division issued \$30,000 of Series 2016 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2016 Water Division Bonds. The first principal payment was made December 1, 2017, and thereafter will be made annually with a final maturity date of December 1, 2036. The Series 2016 revenue bonds bear interest at annual fixed rates ranging from 2.00% to 4.00%.

During 2014, the Water Division issued \$15,000 of Series 2014 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2014 Water Division Bonds. The first principal payment was made December 1, 2015, and thereafter will be made annually with a final maturity date of December 1, 2034. The Series 2014 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 4.00%.

MLGW's Electric Division bond covenants require that for Series 2016, 2017, 2020 and 2024 Bonds the ratio of net revenues to principal and interest for any fiscal year will equal at least 120%. The composite electric bonds debt service coverage as of December 31, 2024 was 6.84.

MLGW's Gas Division bond covenants require that for Series 2016, 2017, 2020 and 2024 Bonds the ratio of net revenues to principal and interest for any fiscal year will equal at least 120%. The composite gas bonds debt service coverage as of December 31, 2024 was 5.46.

MLGW's Water Division bond covenants require that for Series 2014, 2016, 2017, 2020 and 2024 Bonds the ratio of net revenues to principal and interest for any fiscal year will equal at least 120%. The composite water bonds debt service coverage as of December 31, 2024 was 4.24.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



14. Bonds (continued)

Long-term debt activity for the years ended December 31, 2024 and 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Year ended December 31, 2024:				
Electric Division				
Bonds payable:				
Revenue bonds	\$ 291,250	\$ 197,880	\$ (31,175)	\$ 457,955
Premium on revenue bonds	33,121	18,281	(3,985)	47,417
Total bonds payable	<u>\$ 324,371</u>	<u>\$ 216,161</u>	<u>\$ (35,160)</u>	<u>\$ 505,372</u>
Gas Division				
Bonds payable:				
Revenue bonds	\$ 121,305	\$ -	\$ (4,555)	\$ 116,750
Premium on revenue bonds	17,072	-	(1,587)	15,485
Total bonds payable	<u>\$ 138,377</u>	<u>\$ -</u>	<u>\$ (6,142)</u>	<u>\$ 132,235</u>
Water Division				
Bonds payable:				
Revenue bonds	\$ 114,770	\$ -	\$ (4,425)	\$ 110,345
Premium on revenue bonds	13,108	-	(1,062)	12,046
Total bonds payable	<u>\$ 127,878</u>	<u>\$ -</u>	<u>\$ (5,487)</u>	<u>\$ 122,391</u>
Year ended December 31, 2023:				
Electric Division				
Bonds payable:				
Revenue bonds	\$ 302,740	\$ -	\$ (11,490)	\$ 291,250
Premium on revenue bonds	36,267	-	(3,146)	33,121
Total bonds payable	<u>\$ 339,007</u>	<u>\$ -</u>	<u>\$ (14,636)</u>	<u>\$ 324,371</u>
Gas Division				
Bonds payable:				
Revenue bonds	\$ 125,640	\$ -	\$ (4,335)	\$ 121,305
Premium on revenue bonds	18,730	-	(1,658)	17,072
Total bonds payable	<u>\$ 144,370</u>	<u>\$ -</u>	<u>\$ (5,993)</u>	<u>\$ 138,377</u>
Water Division				
Bonds payable:				
Revenue bonds	\$ 119,020	\$ -	\$ (4,250)	\$ 114,770
Premium on revenue bonds	14,212	-	(1,104)	13,108
Total bonds payable	<u>\$ 133,232</u>	<u>\$ -</u>	<u>\$ (5,354)</u>	<u>\$ 127,878</u>



15. Rates and Energy Supplies

Rates

Electric, gas and water rates are established by MLGW and rate changes are subject to approval by the City Council. The City Council has approved mechanisms for pass-through of wholesale electric rate changes from TVA and natural gas price changes from suppliers without requiring additional specific approval.

In the 2024 Budget, MLGW proposed a multi-year service improvement plan, with a focus on reliability improvements, infrastructure replacement and grid modernization. MLGW's Electric Division was granted approval for multi-year rate actions. MLGW implemented new electric rate schedules for meters read on or after January 4, 2024. The impact was a 4.0% increase for all customer classes.

TVA implemented a wholesale rate increase effective with the October 2024 revenue month, increasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 5.25%. MLGW implemented changes to retail rate schedules effective with meters read on or after October 2, 2024 to pass along increased costs of wholesale power to its retail customers. The retail effect across all customer classes was an increase of approximately 3.0%.

TVA eliminated the TVA Pandemic Relief Credit in October 2023, effectively increasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 2.5%. MLGW implemented changes to retail rate schedules effective with meters read on or after October 31, 2023 to pass along increased costs of wholesale power to its retail customers. The retail effect across all customer classes was an increase of approximately 1.6%.

TVA implemented a wholesale rate increase effective with the October 2023 revenue month, increasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 4.5%. MLGW implemented changes to retail rate schedules effective with meters read on or after October 2, 2023 to pass along increased costs of wholesale power to its retail customers. The retail effect across all customer classes was an increase of approximately 2.6%.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Electric Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new electric rate schedules for meters read on or after January 4, 2022. The impact was a 1.5% increase for all customer classes.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Electric Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new electric rate schedules for meters read on or after January 4, 2021. The impact was a 2.7% increase for all customer classes.

TVA implemented a temporary wholesale rate adjustment effective with the November 2020 revenue month, decreasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 2.5% in response to the COVID-19 pandemic. The TVA Pandemic Relief Credit expired October 2023 revenue month. MLGW implemented changes to retail rate schedules effective with meters



15. Rates and Energy Supplies (continued)

Rates (continued)

read on or after October 29, 2020 to pass along reduced costs of wholesale power to its retail customers. The retail effect across all customer classes was a decrease of approximately 1.6%.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Electric Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new electric rate schedules for meters read on or after July 2, 2020. The impact was a 3.0% increase for all customer classes.

MLGW retail electric rates are adjusted for TVA's Fuel Cost Adjustor ("FCA"). The FCA is a variable wholesale energy rate that can fluctuate each month with TVA's cost of fuel for electricity generation and purchased power costs. The FCA affects energy (per kilowatt-hour) charges for all retail customers.

MLGW retail electric rates are also adjusted by a Power Cost Adjustment ("PCA"). The PCA is a component added to the monthly FCA that recovers the shortfall in power cost due to changes in load factor. The PCA is a quarterly fixed rate adjustment applied to energy charges for retail customers with demands less than 5,000 kilowatts. The PCA was approved on November 19, 2013, by the City Council as part of the 2014 MLGW Budget. MLGW implemented the PCA for meters read on or after January 2, 2014.

MLGW gas rate schedules are developed using a projected price of natural gas and related gas storage and transportation charges. Retail natural gas rates are adjusted monthly for the Purchased Gas Adjustment ("PGA") rider. A PGA is applied to customer bills to reflect the difference between the actual cost of gas, storage and transportation in a given month and the projected levels built into the base rate schedule.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Gas Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new gas rate schedules for meters read on or after January 4, 2022. The impact was a 2.0% increase for all customer classes.

In response to price increases in the natural gas market, MLGW restructured gas rate schedules by increasing the projected base price used for rate development. New retail rate schedules were effective with meters read on or after August 31, 2022. The action was revenue neutral, neither decreasing nor increasing customer bills.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Water Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new water rate schedules for meters read on or after January 4, 2022. The impact was a 5.0% increase for all customer classes. In fiscal year 2021, MLGW implemented new water rate schedules for meters read on or after January 4, 2021. The impact was a 7.0% increase for all customer classes. In fiscal year 2020, MLGW implemented new water rate schedules for meters read on or after July 2, 2020. The impact was a 15.0% increase for all customer classes.



15. Rates and Energy Supplies (continued)

Energy Supplies

TVA currently supplies all of MLGW's electric power requirements pursuant to a power contract. Under the terms of the TVA power contract, MLGW may terminate its supply arrangement with TVA upon five years' prior written notice. TVA may terminate on not less than ten years' prior written notice.

MLGW purchases natural gas from multiple suppliers on multiple pipelines in order to minimize operational and performance risk. MLGW has short-term natural gas purchase commitments which are normally for one year or less.

MLGW has long-term natural gas purchase commitments as listed below:

MLGW entered into a natural gas purchase contract with the Tennessee Energy Acquisition Corporation (TEAC) on December 1, 2006 in order to participate in a prepay natural gas opportunity. Natural gas began flowing to MLGW effective January 1, 2007. Effective January 1, 2007 through June 30, 2016, purchase volume for MLGW was 15,000 MMBtu/day for the November through March periods and 16,500 MMBtu/day for the April through October periods. Gas volumes were offered to MLGW for this period at Panhandle Eastern Pipeline Field Zone Index pricing minus \$0.530. Effective July 1, 2016 through December 31, 2026, purchase volume for MLGW increased to 35,000 MMBtu/day for the November through March periods and 26,500 MMBtu/day for the April through October periods. Gas volumes are offered to MLGW at Panhandle Eastern Pipeline Field Zone and Texas Gas Zone 1 Index pricing minus \$0.530. This contract will expire December 31, 2026.

MLGW entered into a natural gas purchase contract with the Municipal Gas Authority of Georgia (MGAG) on July 24, 2018 in order to participate in a prepay natural gas opportunity. During the period of October 1, 2018 through December 31, 2023, gas volumes were offered to MLGW at Texas Gas Zone 1 Index minus \$0.4235. Natural gas began flowing to MLGW effective October 1, 2018 at a volume of 3,000 MMBtu/day. The gas volume increased to 6,000 MMBtu/day effective January 1, 2024. An amendment to this contract dated November 7, 2023 changed the discount amount and the contract expiration date. As a result, starting January 1, 2024, gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.54 and the contract will expire December 31, 2053.

MLGW entered into a natural gas purchase contract with the Public Energy Authority of Kentucky (PEAK) on December 4, 2018 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.3350. Natural gas began flowing to MLGW effective July 1, 2019. Purchase volume for MLGW is 7,800 MMBtu/day for the November through March periods and 3,900 MMBtu/day for the April through October periods of the contract. This contract will expire October 31, 2049.

MLGW entered into a natural gas purchase contract with the Tennergy Energy Acquisition Corporation (Tennergy) on February 1, 2019 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.27. Natural gas began flowing to MLGW effective January 1, 2020. Purchase volume for MLGW is 10,000 MMBtu/day for the November through

NOTES TO FINANCIAL STATEMENTS
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 (Dollars in Thousands)
 (Continued)



15. Rates and Energy Supplies (continued)

Energy Supplies (continued)

March periods and 5,000 MMBtu/day for the April through October periods of the contract. This contract will expire December 31, 2049.

MLGW entered into a natural gas purchase contract with the Public Energy Authority of Kentucky (PEAK) on February 14, 2019 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.32. Natural gas began flowing to MLGW effective July 1, 2019. Purchase volume for MLGW is 2,200 MMBtu/day for the November through March periods and 1,100 MMBtu/day for the April through October periods of the contract. This contract will expire October 31, 2049.

MLGW entered into a natural gas purchase contract with the Public Energy Authority of Kentucky (PEAK) on December 1, 2019 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 and Trunkline Z1A Index pricing minus \$0.2750. Natural gas began flowing to MLGW effective November 1, 2020. Effective November 1, 2020, purchase volume for MLGW is approximately 39,300 MMBtu/day for the November through March periods. Effective November 1, 2027, the November through March purchase volume will increase to approximately 47,000 MMBtu/day. Effective April 1, 2027, the purchase volume is 850 MMBtu/day for the April through October periods of the contract. This contract will expire December 31, 2049.

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NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
 (Dollars in Thousands)
 (Continued)



16. Federal Grant Contributions

In April 2020, MLGW applied for a Port Security Grant for Security Automation. In September 2020, on behalf of the Department of Homeland Security, FEMA awarded grant contract #EMW-2020-PU-00507 for the Electric Division Security Automation System project under the Port Security Grant Program. The award amount is \$1,000 of which MLGW must contribute a cost match of \$333 of non-Federal funds or 25 percent of the total approved project costs of \$1,333. In 2020, MLGW incurred eligible costs of \$201 and submitted those costs for reimbursement of which the payment of \$201 was received in February 2021. In 2021, MLGW incurred eligible costs of \$374 and submitted those costs for reimbursement of which, \$358 was received in 2021 and \$16 was received January 2022. No additional costs were incurred during 2022. In 2023, MLGW incurred eligible costs of \$418 and submitted those costs for reimbursement of which \$418 was received in 2023. The grant is now closed.

Electric	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Expenditures	\$ 418	\$ -	\$ 374	\$ 201
Eligible Reimbursement	\$ 418	\$ 16	\$ 374	\$ 201
Reimbursement Received	\$ 418	\$ 16	\$ 559	\$ -
Receivable Balance	\$ -	\$ -	\$ (16)	\$ (201)

In May 2020, MLGW applied for a COVID-19 Response Grant. In April 2022, on behalf of Department of Homeland Security FEMA awarded grant contract 4514DR-TN for the Division. The award amount is \$236 of which is 100% reimbursable. In 2022, MLGW submitted eligible costs of \$236 for reimbursement of \$236. There were no additional costs submitted. MLGW received and signed the contract April 2024 and received reimbursement August 2024. The grant is now closed.

All Divisions	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Expenditures	\$ -	\$ -	\$ 236
Eligible Reimbursement	\$ -	\$ -	\$ 236
Reimbursement Received	\$ 236	\$ -	\$ -
Receivable Balance	\$ -	\$ (236)	\$ (236)

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
 (Dollars in Thousands)
 (Continued)



16. Federal Grant Contributions (continued)

In March 2021, MLGW applied for a Public Assistance Grant 4594DR-TN for the restoration work performed after the February 2021 storm. In September 2022, on behalf of the Department of Homeland Security, FEMA awarded grant contract #34101-00123. The award amount is \$2,636, of which \$1,234 was reimbursement for the Electric Division and \$1,402 to the Water Division. In 2021, total eligible expenditures submitted were \$2,929, of which \$1,371 was for the Electric Division and \$1,558 for the Water Division. In September 2022, MLGW received \$1,234 for the Electric Division and \$129 for the Water Division. In December 2022, however, MLGW decreased the Water Division receivable by \$128 representing hazard mitigation under runs that are currently being processed and pending de-obligation by FEMA. In October 2023, the grant contract was amended to include \$38 de minimis indirect costs for the Water Division. In November 2024, MLGW received the final payment of \$1,183 for the Water Division. In November 2024, MLGW received the final payment of \$1,183 for the Water Division.

Electric	<u>2022</u>
Total Expenditures	\$ -
Eligible Reimbursement	\$ 1,234
Reimbursement Received	\$ 1,234
Receivable Balance	\$ -

Water	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Expenditures	\$ -	\$ -	\$ -
Eligible Reimbursement	\$ -	\$ 38	\$ 1,402
Eligible Reimbursement	\$ -	\$ -	\$ (128)
Reimbursement Received	\$ 1,183	\$ -	\$ 129
Receivable Balance	\$ -	\$ (1,183)	\$ (1,145)

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
 (Dollars in Thousands)
 (Continued)



16. Federal Grant Contributions (continued)

In February 2022, MLGW applied for a Public Assistance Grant 4645DR-TN for the restoration work performed after the February 2022 storm. In 2022, total eligible expenditures submitted were \$16,582, of which \$16,546 was for the Electric Division and \$36 for the Water Division. In July 2024, on behalf of the Department of Homeland Security, FEMA awarded grant contract #34101-32424. The award amount is \$12,451, of which \$12,424 was reimbursement for the Electric Division and \$27 to the Water Division. MLGW is awaiting reimbursement. In May 2025, MLGW decreased the Electric Division receivable by \$16 representing ineligible costs that are currently being processed and pending de-obligation by FEMA.

Electric	<u>2024</u>
Total Expenditures	\$ -
Eligible Reimbursement	\$ (12,424)
Reimbursement Received	\$ 16
Receivable Balance	\$ (12,408)

Water	<u>2024</u>
Total Expenditures	\$ -
Eligible Reimbursement	\$ (27)
Reimbursement Received	\$ -
Receivable Balance	\$ (27)

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023
 (Dollars in Thousands)
 (Continued)



16. Federal Grant Contributions (continued)

In December 2022, MLGW applied for a Public Assistance Grant 4691DR-TN for the restoration work performed after the December 2022 storm. In 2022, total eligible expenditures submitted were \$716, of which \$283 was for the Electric Division and \$433 for the Water Division. In July 2024, on behalf of the Department of Homeland Security, FEMA awarded grant contract #34101-41824. The award amount is \$537, of which \$212 was reimbursement for the Electric Division and \$325 to the Water Division. In November 2024, MLGW received \$537 payment for the Electric and Water Divisions.

Electric	<u>2024</u>
Total Expenditures	\$ -
Eligible Reimbursement	\$ (212)
Reimbursement Received	\$ 212
Receivable Balance	\$ -
 Water	 <u>2024</u>
Total Expenditures	\$ -
Eligible Reimbursement	\$ (325)
Reimbursement Received	\$ 325
Receivable Balance	\$ -

In August 2023, MLGW applied for the DWR-ARP Resource Protection Grants State Water Infrastructure Grants (SWIG) for the purchase and installation of a backup generator for the Arlington LNG Water Pumping Station. In May 2024, on behalf of the US Department of the Treasury, TDEC awarded grant contract 32701-05501 for the Water Division. The award amount is \$403 of which MLGW must contribute a cost match of \$21 or 5% of the project cost of \$424.

In August 2023, MLGW applied for the DWR-ARP Resource Protection Grants State Water Infrastructure Grants (SWIG) for the purchase and installation of a backup generator for select wells in the Davis and Shaw Pumping Station wellfields. In May 2024, on behalf of the US Department of the Treasury, TDEC awarded grant contract 32701-05502 for the Water Division. The award amount is \$4,023 of which MLGW must contribute a cost match of \$212 or 5% of the project cost of \$4,235.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



16. Federal Grant Contributions (continued)

In January 2024, MLGW applied for the DWR-BIL Lead Service Line Inventory Grant to complete a comprehensive lead service line inventory. In August 2024, on behalf of the US Environmental Protection Agency, TDEC awarded grant contract 32701-25-013 for the Water Division. The award amount is \$213 of which MLGW must contribute a cost match of \$38 or 15% of the total approved project cost of \$250.

17. Transfers to City

The Electric, Gas and Water Divisions make transfers to the City.

The Electric Division transfer is based on the formula provided by the May 29, 1987, TVA Power Contract Amendment (Supp. No. 8). The formula includes a property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). The Division pays the amount requested by the City not exceeding this formula.

The Gas Division transfer is based on the formula provided by the Municipal Gas System Tax Equivalent Law of 1987. The formula includes a property tax equivalency calculation plus 4% of operating revenue less gas costs (three-year average). The Division pays the amount requested by the City not exceeding this formula.

The Water Division through an agreement with the City, transfers a payment in the amount of \$2,500 per year. This agreement is effective through the year 2028. The City directed MLGW's Water Division to pay an additional \$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW is to continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.

18. Commitments and Contingencies

The Electric and Gas Divisions have derivative contracts and agreements that are exchange traded exclusively on public exchanges thereby eliminating counterparty credit risk. The counterparty to any derivative transaction on an exchange is either the Chicago Mercantile Exchange ("CME"), which is the parent of the NYMEX, or the Intercontinental Exchange ("ICE"). The exposure to credit loss in the event of nonperformance by the other party is represented by the fair values of the open derivative contracts. However, there is no counterparty financial risk for contracts transacted through the NYMEX or the ICE.

MLGW pays a Transfer to the City and in lieu of taxes to Shelby County Government and the incorporated towns of Shelby County for the Electric and Gas Divisions based on the Tennessee Municipal Electric and Gas System Tax Equivalent Laws of 1987. MLGW pays a Transfer to the City for the Water Division based upon an agreement with the City, which calls for a payment of \$2,500 for each of the fiscal years through 2028. The City directed MLGW's Water Division to pay an additional \$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW is to continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Dollars in Thousands)
(Continued)



18. Commitments and Contingencies (continued)

MLGW is party to various legal proceedings incidental to its business. In the opinion of management, MLGW's liability, if any, in all pending litigation or other proceedings, taken as a whole after consideration of amounts accrued, insurance coverage, or other indemnification arrangements, will not have a material adverse effect on its financial position or results of operations.

See Note 15 for discussions of MLGW's power contract with TVA and gas purchase commitments.

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REQUIRED SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
DECEMBER 31, 2024
(Dollars in Thousands)



	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 36,221	\$ 34,220	\$ 32,463	\$ 32,142	\$ 31,636	\$ 31,185	\$ 31,977	\$ 32,591	\$ 30,139	\$ 31,786
Interest	118,226	113,017	111,732	109,265	110,927	108,432	103,731	102,248	99,940	100,436
Change of benefit terms	-	-	4,760	-	-	-	-	-	-	-
Differences between expected and actual experience	51,235	54,247	6,177	9,102	(5,040)	3,726	4,908	(11,298)	2,275	(16,338)
Changes in assumptions	-	-	40,219	-	(174)	-	-	-	-	(22,112)
Benefit payments, including refunds of employee contributions	(132,517)	(125,633)	(121,781)	(111,826)	(107,731)	(113,316)	(104,919)	(102,628)	(100,528)	(100,249)
Net change in total pension liability	73,165	75,851	73,570	38,683	29,618	30,027	35,697	20,913	31,825	(6,477)
Total pension liability – beginning	1,718,979	1,643,128	1,569,558	1,530,875	1,501,257	1,471,230	1,435,533	1,414,620	1,382,794	1,389,271
Total pension liability – ending (a)	\$1,792,144	\$ 1,718,979	\$ 1,643,128	\$ 1,569,558	\$ 1,530,875	\$ 1,501,257	\$ 1,471,230	\$ 1,435,533	\$ 1,414,620	\$ 1,382,794
Plan fiduciary net position										
Contributions – employer	\$ 20,474	\$ 20,941	\$ 24,199	\$ 24,504	\$ 21,813	\$ 22,174	\$ 22,390	\$ 21,390	\$ 21,390	\$ 26,804
Contributions – employee	15,216	14,657	14,216	13,828	13,462	13,217	12,959	12,513	12,310	11,729
Net investment income (loss)	110,038	(200,888)	252,598	192,438	237,314	(39,996)	216,498	108,008	15,231	98,931
Benefit payments including refunds of employee contributions	(132,517)	(125,633)	(121,781)	(111,826)	(107,731)	(113,316)	(104,919)	(102,628)	(100,528)	(100,249)
Administrative expense	(958)	(886)	(868)	(779)	(931)	(871)	(860)	(730)	(759)	(714)
Net change in plan fiduciary net position	\$ 12,253	\$ (291,809)	\$ 168,364	\$ 118,165	\$ 163,927	\$ (118,792)	\$ 146,068	\$ 38,553	\$ (52,356)	\$ 36,501
Other Adjustments	-	-	-	-	-	-	-	-	788	-
Plan fiduciary net position – beginning	\$1,552,092	\$ 1,843,901	\$ 1,675,537	\$ 1,557,372	\$ 1,393,445	\$ 1,512,237	\$ 1,366,169	\$ 1,327,616	\$ 1,379,184	\$ 1,342,683
Plan fiduciary net position – ending (b)	\$1,564,345	\$ 1,552,092	\$ 1,843,901	\$ 1,675,537	\$ 1,557,372	\$ 1,393,445	\$ 1,512,237	\$ 1,366,169	\$ 1,327,616	\$ 1,379,184
System's net pension liability (asset) – ending (a) – (b)	\$ 227,799	\$ 166,887	\$ (200,773)	\$ (105,979)	\$ (26,497)	\$ 107,812	\$ (41,007)	\$ 69,364	\$ 87,004	\$ 3,610
Plan fiduciary net position as a percentage of the total pension liability	87.29%	90.29%	112.22%	106.75%	101.73%	92.82%	102.79%	95.17%	93.85%	99.74%
Covered employee payroll	\$ 191,237	\$ 184,709	\$ 175,790	\$ 173,425	\$ 170,946	\$ 169,605	\$ 167,221	\$ 161,926	\$ 160,641	\$ 152,368
System's net pension liability (asset) as a percentage of covered payroll	119.12%	90.35%	-114.21%	-61.11%	-15.50%	63.57%	-24.52%	42.84%	54.16%	2.37%

Notes to schedule:

Benefit changes: There were no changes to the plan of benefits reflected in the last two years.

Change of assumptions: There were no changes to actuarial assumptions or methods reflected in the last two years.

REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
DECEMBER 31, 2024
(Dollars in Thousands)



Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 21,390	\$ 21,390	\$ -	\$ 160,641	13.32%
2016	21,390	21,390	-	161,926	13.21%
2017	22,390	22,390	-	167,221	13.39%
2018	22,174	22,174	-	169,605	13.07%
2019	21,813	21,813	-	170,946	12.76%
2020	24,504	24,504	-	173,425	14.13%
2021	24,199	24,199	-	175,790	13.77%
2022	20,941	20,941	-	184,710	11.34%
2023	20,474	20,474	-	191,237	10.71%
2024	28,688	28,688	-	207,483	13.83%

**SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
DECEMBER 31, 2024**



Valuation date	January 1, 2024
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll, using 0.50% annual increases
Remaining amortization period	19 years remaining as of January 1, 2022

Asset valuation method

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value basis, and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

Actuarial Assumptions:

Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.00%, including inflation, net of pension plan investment expense
Cost-of-living adjustments	0.75% for ages 56-58 1.50% for ages 59-61 1.875% for ages 62 and older, and all disabled participants

Other Information:

The actuarially determined contribution (ADC) is calculated using January 1 valuation date as of the beginning of the fiscal year prior to the year in which contributions are reported. Therefore, the ADC for the year ended December 31, 2023 is based on the January 1, 2022 actuarial valuation.

Please see the January 1, 2024 actuarial valuation report for a full listing of assumptions.

REQUIRED SCHEDULE OF CHANGES IN NET OPEB LIABILITY
DECEMBER 31, 2024
(Dollars in Thousands)



	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 18,547	\$ 18,094	\$ 16,093	\$ 15,401	\$ 15,804	\$ 15,381	\$ 19,520
Interest	60,267	57,870	54,019	51,713	53,030	50,559	64,666
Change of benefit terms	-	-	-	-	-	-	(61,896)
Differences between expected and actual experience	8,924	(5,593)	12,400	(4,090)	15,351	(3,134)	3,674
Changes of assumptions	(83,193)	-	30,869	-	(46,584)	-	(200,370)
Benefit payments, including refunds of member contributions	(39,000)	(34,248)	(33,268)	(30,588)	(31,916)	(28,676)	(29,457)
Net change in Total OPEB Liability	\$ (34,455)	\$ 36,123	\$ 80,113	\$ 32,436	\$ 5,685	\$ 34,130	\$ (203,863)
Total OPEB Liability - beginning	861,575	825,452	745,339	712,903	707,218	673,088	876,951
(a) Total OPEB Liability - ending	\$ 827,120	\$ 861,575	\$ 825,452	\$ 745,339	\$ 712,903	\$ 707,218	\$ 673,088
Plan Fiduciary Net Position							
Contributions - employer	40,136	38,381	37,561	34,895	33,949	48,972	45,184
Net investment income	62,043	(73,591)	106,511	84,891	76,564	(14,273)	57,671
Benefit payments, including refunds of member contributions	(38,406)	(33,805)	(32,445)	(29,775)	(31,146)	(27,876)	(28,765)
Administrative expense	(594)	(443)	(823)	(812)	(770)	(801)	(692)
Net change in Plan Fiduciary Net Position	\$ 63,179	\$ (69,458)	\$ 110,804	\$ 89,199	\$ 78,597	\$ 6,022	\$ 73,398
Plan Fiduciary Net Position - beginning	634,890	704,348	593,544	504,345	425,748	419,726	346,328
(b) Plan Fiduciary Net Position - ending	\$ 698,069	\$ 634,890	\$ 704,348	\$ 593,544	\$ 504,345	\$ 425,748	\$ 419,726
(c) Net OPEB Liability - ending (a) - (b)	\$ 129,051	\$ 226,685	\$ 121,104	\$ 151,795	\$ 208,558	\$ 281,470	\$ 253,362
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	84.40%	73.69%	85.33%	79.63%	70.75%	60.20%	62.36%
Covered employee payroll ¹	\$ 191,237	\$ 184,710	\$ 175,790	\$ 173,425	\$ 170,946	\$ 169,605	\$ 167,221
Plan Net OPEB Liability as percentage of covered payroll	67.48%	122.72%	68.89%	87.53%	122.00%	165.96%	151.51%

¹ Covered payroll represents earnable and pensionable compensation. Only earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Notes to schedule:

Benefit Changes: There have been no material changes in plan provisions.

Changes of assumptions:

- Effective with the December 31, 2023 measurement, the following assumption were changed:
 - Healthcare claims cost and trends were updated to reflect the most recent experience and future expectations.
 - The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from Segal's claims data warehouse.

Historical data: This schedule will be expanded to reflect ten years of data, as the information becomes available.

REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
DECEMBER 31, 2024
(Dollars in Thousands)



Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions*	Contribution Deficiency / (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 38,187	\$ 38,438	\$ (251)	\$ 160,641	23.93%
2016	45,289	42,496	2,793	161,926	26.24%
2017	46,978	45,184	1,794	167,221	27.02%
2018	48,270	48,972	(702)	169,605	28.87%
2019	31,701	33,949	(2,248)	170,946	19.86%
2020	32,111	34,895	(2,784)	173,425	20.12%
2021	32,403	37,561	(5,158)	175,790	21.37%
2022	31,406	38,381	(6,975)	184,710	20.78%
2023	34,131	40,136	(6,005)	191,237	20.99%
2024	33,933	40,806	(6,873)	207,483	19.67%

*Starting with 2016, contributions are shown on an accrual basis.

SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
DECEMBER 31, 2024



Valuation date	December 31, 2023
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	30-year closed, level salary
Remaining amortization period	21 years remaining as of December 31, 2023 (21 amortization period used for 2024)
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	Inflation plus merit increases based on age and service
Investment rate of return	7.00%
Healthcare cost trend rates	
Medical	7% grading to 4.50% over 10 years
Prescription drug	8% grading to 4.50% over 14 years
Dental, administrative costs	3.00%
Mortality rates	PRI-2012 Healthy Annuitant mortality Table, Headcount-Weighted, for males and females, as appropriate, with adjustments for mortality improvement using Scale SSA-2019.
Other Information:	The actuarially determined contribution (ADC) is calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.
	Please see the January 1, 2024 actuarial valuation report for a full list of assumptions.

**SCHEDULE OF BONDS,
PRINCIPAL AND INTEREST REQUIREMENTS
DECEMBER 31, 2024
(Dollars in Thousands)**



	Series 2016		Series 2017	
	Principal	Interest	Principal	Interest
Electric Division:				
2025	\$ 1,800	\$ 1,252	\$ 3,905	\$ 2,754
2026	1,890	1,162	4,100	2,558
2027	1,985	1,067	4,305	2,353
2028	2,085	968	4,520	2,138
2029	2,185	864	4,750	1,912
2030	2,295	755	4,985	1,675
2031	2,410	640	5,235	1,425
2032	2,510	543	5,420	1,242
2033	2,610	443	5,605	1,052
2034	2,710	339	5,805	856
2035	2,820	230	6,005	653
2036	2,935	117	6,215	443
2037	-	-	6,435	225
Total	<u>\$ 28,235</u>	<u>\$ 8,380</u>	<u>\$ 67,285</u>	<u>\$ 19,286</u>

**SCHEDULE OF BONDS,
PRINCIPAL AND INTEREST REQUIREMENTS
DECEMBER 31, 2024
(Dollars in Thousands)
(Continued)**



	Series 2020A		Series 2020B		Series 2024 Revenue		Series 2024 Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Electric Division:								
2025	\$ 2,980	\$ 5,437	\$ 455	\$ 480	\$ 2,730	\$ 8,732	\$ 3,235	\$ 894
2026	3,130	5,288	460	476	2,865	8,596	3,400	732
2027	3,285	5,132	465	471	3,010	8,452	3,565	562
2028	3,450	4,968	470	465	3,160	8,302	3,745	384
2029	3,625	4,795	480	458	3,315	8,144	3,935	197
2030	3,805	4,614	4,805	451	3,485	7,978	-	-
2031	3,995	4,424	4,885	373	3,655	7,804	-	-
2032	4,195	4,224	4,965	289	3,840	7,621	-	-
2033	4,405	4,014	5,060	199	4,030	7,429	-	-
2034	4,625	3,794	5,155	102	4,235	7,227	-	-
2035	4,855	3,563	-	-	4,445	7,016	-	-
2036	5,000	3,417	-	-	4,665	6,793	-	-
2037	5,150	3,267	-	-	4,900	6,560	-	-
2038	5,305	3,113	-	-	5,145	6,315	-	-
2039	5,465	2,953	-	-	5,405	6,058	-	-
2040	5,630	2,789	-	-	5,675	5,788	-	-
2041	5,800	2,621	-	-	5,955	5,504	-	-
2042	5,970	2,447	-	-	6,255	5,206	-	-
2043	6,150	2,267	-	-	6,570	4,894	-	-
2044	6,400	2,021	-	-	6,895	4,565	-	-
2045	6,655	1,765	-	-	7,240	4,220	-	-
2046	6,920	1,499	-	-	7,605	3,858	-	-
2047	7,195	1,222	-	-	7,985	3,478	-	-
2048	7,485	935	-	-	8,380	3,079	-	-
2049	7,785	635	-	-	8,740	2,723	-	-
2050	8,095	324	-	-	9,110	2,351	-	-
2051	-	-	-	-	9,495	1,964	-	-
2052	-	-	-	-	9,900	1,561	-	-
2053	-	-	-	-	10,395	1,066	-	-
2054	-	-	-	-	10,915	546	-	-
Total	<u>\$ 137,355</u>	<u>\$ 81,528</u>	<u>\$ 27,200</u>	<u>\$ 3,764</u>	<u>\$ 180,000</u>	<u>\$ 163,830</u>	<u>\$ 17,880</u>	<u>\$ 2,769</u>

**SCHEDULE OF BONDS,
PRINCIPAL AND INTEREST REQUIREMENTS
DECEMBER 31, 2024
(Dollars in Thousands)
(Continued)**



	Series 2016		Series 2017		Series 2020	
	Principal	Interest	Principal	Interest	Principal	Interest
Gas						
Division:						
2025	\$ 1,800	\$ 1,252	\$ 1,710	\$ 1,365	\$ 1,270	\$ 2,315
2026	1,890	1,162	1,800	1,280	1,330	2,251
2027	1,985	1,067	1,885	1,190	1,400	2,185
2028	2,085	968	1,980	1,096	1,470	2,115
2029	2,185	864	2,080	997	1,540	2,041
2030	2,295	755	2,185	892	1,620	1,964
2031	2,410	640	2,295	783	1,700	1,883
2032	2,510	543	2,410	668	1,785	1,798
2033	2,610	443	2,530	548	1,875	1,709
2034	2,710	339	2,630	447	1,970	1,615
2035	2,820	230	2,735	342	2,065	1,517
2036	2,935	117	2,845	232	2,130	1,455
2037	-	-	2,960	118	2,195	1,391
2038	-	-	-	-	2,260	1,325
2039	-	-	-	-	2,325	1,257
2040	-	-	-	-	2,395	1,187
2041	-	-	-	-	2,470	1,116
2042	-	-	-	-	2,540	1,041
2043	-	-	-	-	2,620	965
2044	-	-	-	-	2,725	860
2045	-	-	-	-	2,830	751
2046	-	-	-	-	2,945	638
2047	-	-	-	-	3,065	520
2048	-	-	-	-	3,185	398
2049	-	-	-	-	3,315	270
2050	-	-	-	-	3,445	138
Total	<u>\$ 28,235</u>	<u>\$ 8,380</u>	<u>\$ 30,045</u>	<u>\$ 9,958</u>	<u>\$ 58,470</u>	<u>\$ 34,705</u>

**SCHEDULE OF BONDS,
PRINCIPAL AND INTEREST REQUIREMENTS
DECEMBER 31, 2024
(Dollars in Thousands)
(Continued)**



		Series 2014		Series 2016		Series 2017	
		Principal	Interest	Principal	Interest	Principal	Interest
Water Division:							
2025	\$	740	\$ 338	\$ 1,395	\$ 652	\$ 1,080	\$ 727
2026		765	308	1,435	610	1,135	673
2027		790	285	1,465	581	1,190	616
2028		820	253	1,525	523	1,250	557
2029		855	221	1,585	462	1,300	506
2030		890	186	1,645	398	1,355	455
2031		925	151	1,715	333	1,405	400
2032		960	114	1,765	281	1,455	351
2033		1,000	75	1,820	228	1,515	294
2034		1,040	35	1,870	174	1,575	232
2035		-	-	1,930	117	1,640	169
2036		-	-	1,985	60	1,705	103
2037		-	-	-	-	1,755	53
Total	\$	<u>8,785</u>	<u>\$ 1,966</u>	<u>\$ 20,135</u>	<u>\$ 4,419</u>	<u>\$ 18,360</u>	<u>\$ 5,136</u>

**SCHEDULE OF BONDS,
PRINCIPAL AND INTEREST REQUIREMENTS
DECEMBER 31, 2024
(Dollars in Thousands)
(Continued)**



		Series 2020	
		Principal	Interest
Water Division:			
2025	\$	1,380	\$ 2,408
2026		1,450	2,339
2027		1,525	2,267
2028		1,600	2,191
2029		1,680	2,111
2030		1,765	2,027
2031		1,850	1,938
2032		1,945	1,846
2033		2,040	1,749
2034		2,145	1,647
2035		2,250	1,539
2036		2,315	1,472
2037		2,385	1,402
2038		2,460	1,331
2039		2,530	1,257
2040		2,610	1,181
2041		2,685	1,103
2042		2,765	1,022
2043		2,850	939
2044		2,935	854
2045		3,025	766
2046		3,115	675
2047		3,240	550
2048		3,370	421
2049		3,505	286
2050		3,645	145
Total		\$ 63,065	\$ 35,466

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
DECEMBER 31, 2024
(Dollars in Thousands)



Description		Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 2023	Issued 2024	Payments/ Matured 2024	Refunded 2024	Outstanding 2024
Electric System Revenue Bonds - Series 2014	\$	71,000	4.0 to 5.0%	6/3/2014	12/1/2029	\$ 22,445	\$ -	\$ 3,315	\$ 19,130	\$ -
Electric System Revenue Bonds - Series 2016	\$	40,000	4.0 to 5.0%	9/1/2016	12/1/2036	\$ 29,950	\$ -	\$ 1,715	\$ -	\$ 28,235
Electric System Revenue Bonds - Series 2017	\$	90,000	3.5 to 5.0%	9/28/2017	12/1/2037	\$ 71,005	\$ -	\$ 3,720	\$ -	\$ 67,285
Electric System Revenue Bonds - Series 2020A	\$	148,000	3.0 to 5.0%	9/22/2020	12/1/2050	\$ 140,195	\$ -	\$ 2,840	\$ -	\$ 137,355
Electric System Revenue Refunding Bonds - Series 2020B	\$	29,000	.88 to 1.97%	9/22/2020	12/1/2034	\$ 27,655	\$ -	\$ 455	\$ -	\$ 27,200
Electric System Revenue Bonds - Series 2024	\$	180,000	4.25 to 5.0%	9/12/2024	12/1/2054	\$ -	\$ 180,000	\$ -	\$ -	\$ 180,000
Electric System Revenue Refunding Bonds - Series 2024	\$	17,880	5.0 to 5.0%	9/12/2024	12/1/2029	\$ -	\$ 17,880	\$ -	\$ -	\$ 17,880
Total Electric System Bonds						\$ 291,250	\$ 197,880	\$ 12,045	\$ 19,130	\$ 457,955

Description		Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 2023	Issued 2024	Payments/ Matured 2024	Refunded 2024	Outstanding 2024
Gas System Revenue Bonds - Series 2016	\$	40,000	4.0 to 5.0%	9/1/2016	12/1/2036	\$ 29,950	\$ -	\$ 1,715	\$ -	\$ 28,235
Gas System Revenue Bonds - Series 2017	\$	40,000	4.0 to 5.0%	9/28/2017	12/1/2037	\$ 31,675	\$ -	\$ 1,630	\$ -	\$ 30,045
Gas System Revenue Bonds - Series 2020	\$	63,000	3.0 to 5.0%	9/22/2020	12/1/2050	\$ 59,680	\$ -	\$ 1,210	\$ -	\$ 58,470
Total Gas System Bonds						\$ 121,305	\$ -	\$ 4,555	\$ -	\$ 116,750

Description		Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 2023	Issued 2024	Payments/ Matured 2024	Refunded 2024	Outstanding 2024
Water System Revenue Bonds - Series 2014	\$	15,000	3.0 to 5.0%	6/3/2014	12/1/2034	\$ 9,500	\$ -	\$ 715	\$ -	\$ 8,785
Water System Revenue Bonds - Series 2016	\$	30,000	2.0 to 4.0%	9/1/2016	12/1/2036	\$ 21,490	\$ -	\$ 1,355	\$ -	\$ 20,135
Water System Revenue Bonds - Series 2017	\$	25,000	3.0 to 5.0%	9/28/2017	12/1/2037	\$ 19,400	\$ -	\$ 1,040	\$ -	\$ 18,360
Water System Revenue Bonds - Series 2020	\$	68,000	3.0 to 5.0%	9/22/2020	12/1/2050	\$ 64,380	\$ -	\$ 1,315	\$ -	\$ 63,065
Total Water System Bonds						\$ 114,770	\$ -	\$ 4,425	\$ -	\$ 110,345

**SCHEDULE OF LEASE LIABILITIES, PRINCIPAL AND INTEREST REQUIREMENT BY FISCAL YEAR
DECEMBER 31, 2024
(Dollars in Thousands)**



Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 12-31-2023	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 12/31/2024
LEASES PAYABLE									
Konica Minolta - 2021-A	\$ 384,392.25	3.78%	1/1/2021	9/30/2024	\$ 67	\$ -	\$ (67)	\$ -	\$ -
Konica Minolta - 2024-A	189,035.62	4.40%	7/1/2024	7/31/2025	-	189	(56)	-	133
Konica Minolta - 2024-B	314,487.36	4.40%	12/6/2024	12/5/2028	-	314	(6)	-	308
Konica Minolta - 2024-C	452,762.23	4.40%	10/1/2024	11/30/2026	-	453	(54)	-	399
Pitney Bowes - 2021	53,132.40	3.78%	1/1/2021	4/11/2024	16	-	(16)	-	-
Pitney Bowes - 2022	77,154.24	3.78%	1/1/2022	11/14/2024	43	-	(43)	-	-
Pitney Bowes - 2024-A	21,749.04	4.40%	5/11/2024	5/10/2025	-	22	(13)	-	9
Pitney Bowes - 2024-B	87,448.49	4.40%	11/3/2024	11/2/2026	-	87	(11)	-	76
Apexus	351,202.37	4.40%	11/1/2024	10/31/2027	-	351	(18)	-	333
Total Leases Payable					\$ 126	\$ 1,416	\$ (284)	\$ -	\$ 1,258

**SCHEDULE OF LEASE LIABILITIES, PRINCIPAL AND INTEREST REQUIREMENT BY FISCAL YEAR
DECEMBER 31, 2024
(Dollars in Thousands)**



Year Ending December 31,	Total Requirements	Total		Apexus		Konica Minolta - 2024-A		Konica Minolta - 2024-B		Konica Minolta - 2024-C		Pitney Bowes - 2024-A		Pitney Bowes - 2024-B	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 660	\$ 589	\$ 71	\$ 108	\$ 12	\$ 133	\$ 33	\$ 73	\$ 12	\$ 224	\$ 12	\$ 9	\$ -	\$ 42	\$ 2
2026	423	405	18	119	7	-	-	77	8	175	3	-	-	34	0.5
2027	194	187	7	106	2	-	-	81	5	-	-	-	-	-	-
2028	78	77	1	-	-	-	-	77	1	-	-	-	-	-	-
	<u>\$ 1,355</u>	<u>\$ 1,258</u>	<u>\$ 97</u>	<u>\$ 333</u>	<u>\$ 21</u>	<u>\$ 133</u>	<u>\$ 33</u>	<u>\$ 308</u>	<u>\$ 26</u>	<u>\$ 399</u>	<u>\$ 15</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 2.5</u>

**SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024**



Electric Division Rate Class	Base Charge	Customers											
All Electric Rate Schedules Are Subject To Adjustment Under The Provisions of the TVA Fuel Cost and Purchased Power Adjustment Rider.													
Residential – Schedule RS	Effective meters read on or after October 2, 2024	380,225											
Service Charge:	\$15.27 per month, less Hydro Allocation Credit: \$1.54												
Energy Charge:	<table><tr><td>Summer</td><td>Winter</td><td>Transition</td></tr><tr><td>First 500 kWh per month:</td><td>\$0.09227</td><td>\$0.08853</td><td>\$0.08628</td></tr><tr><td>Additional kWh per month:</td><td>\$0.09120</td><td>\$0.08747</td><td>\$0.08521</td></tr></table>	Summer	Winter	Transition	First 500 kWh per month:	\$0.09227	\$0.08853	\$0.08628	Additional kWh per month:	\$0.09120	\$0.08747	\$0.08521	
Summer	Winter	Transition											
First 500 kWh per month:	\$0.09227	\$0.08853	\$0.08628										
Additional kWh per month:	\$0.09120	\$0.08747	\$0.08521										
The above rates are subject to adjustment under the provisions of the TVA Fuel Cost and Purchase Power Adjustment Rider.													
Time-Of-Use Residential Rate Schedule RSTOU	Effective October 1, 2024	61											
Service Charge:	\$15.27 per month, less Hydro Allocation Credit: \$1.54												
Energy Charge:	<table><tr><td>Summer</td><td>Winter</td><td>Transition</td></tr><tr><td>On-Peak kWh per month:</td><td>\$0.16374</td><td>\$0.11092</td><td>\$0.07385</td></tr><tr><td>Off-Peak kWh per month:</td><td>\$0.07385</td><td>\$0.07385</td><td>\$0.07385</td></tr></table>	Summer	Winter	Transition	On-Peak kWh per month:	\$0.16374	\$0.11092	\$0.07385	Off-Peak kWh per month:	\$0.07385	\$0.07385	\$0.07385	
Summer	Winter	Transition											
On-Peak kWh per month:	\$0.16374	\$0.11092	\$0.07385										
Off-Peak kWh per month:	\$0.07385	\$0.07385	\$0.07385										
The above rates are subject to adjustment under the provisions of the TVA Fuel Cost and Purchase Power Adjustment Rider.													
General Service – Schedule GSA	Effective meters read on or after October 2, 2024	42,909											
Part 1)	If (a) the higher of (i) the customer’s currently effective contract demand, if any, or (ii) its highest billing demand during the latest 12 month period is not more than 50 kW, and (b) customer’s monthly energy takings for any month during such period do not exceed 15,000 kWh:												
Service Charge:	\$30.00 per delivery point per month												
Energy Charge:	<table><tr><td>Summer</td><td>Winter</td><td>Transition</td></tr><tr><td></td><td>\$0.10162</td><td>\$0.09794</td><td>\$0.09565</td></tr></table>	Summer	Winter	Transition		\$0.10162	\$0.09794	\$0.09565					
Summer	Winter	Transition											
	\$0.10162	\$0.09794	\$0.09565										
Part 2)	If (a) the higher of (i) the customer’s currently effective contract demand or (ii) its highest billing demand during the latest 12 month period is greater than 50 kW but not more than 1,000 kW, or (b) if the customer’s billing demand is less than 50 kW and its energy takings for any month during such period exceed 15,000 kWh:												
Service Charge:	\$90.00 per delivery point per month												
Demand Charge:	<table><tr><td>Summer</td><td>Winter</td><td>Transition</td></tr><tr><td>First 50 kW of billing demand per month:</td><td>\$0.00</td><td>\$0.00</td><td>\$0.00</td></tr><tr><td>Excess over 50 kW of billing demand per month:</td><td>\$17.67</td><td>\$16.43</td><td>\$16.43</td></tr></table>	Summer	Winter	Transition	First 50 kW of billing demand per month:	\$0.00	\$0.00	\$0.00	Excess over 50 kW of billing demand per month:	\$17.67	\$16.43	\$16.43	
Summer	Winter	Transition											
First 50 kW of billing demand per month:	\$0.00	\$0.00	\$0.00										
Excess over 50 kW of billing demand per month:	\$17.67	\$16.43	\$16.43										
Energy Charge:	<table><tr><td>Summer</td><td>Winter</td><td>Transition</td></tr><tr><td>First 15,000 kWh per month:</td><td>\$0.11659</td><td>\$0.11297</td><td>\$0.11065</td></tr><tr><td>Additional kWh per month:</td><td>\$0.05305</td><td>\$0.04962</td><td>\$0.04834</td></tr></table>	Summer	Winter	Transition	First 15,000 kWh per month:	\$0.11659	\$0.11297	\$0.11065	Additional kWh per month:	\$0.05305	\$0.04962	\$0.04834	
Summer	Winter	Transition											
First 15,000 kWh per month:	\$0.11659	\$0.11297	\$0.11065										
Additional kWh per month:	\$0.05305	\$0.04962	\$0.04834										

SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024
(Continued)



Electric Division Rate Class (cont.)	Base Charge			Customers
General Service – Schedule GSA (cont.)				
Part 3)	If the higher of the customer’s currently effective contract demand or its highest billing demand during the latest 12 month period is greater than 1,000 kW:			
Service Charge:	\$375.00 per delivery point per month			
Demand Charge:	Summer	Winter	Transition	
First 1,000 kW of billing demand per month:	\$16.53	\$15.27	\$15.27	
Excess over 1,000 kW of billing demand per month:	\$16.31	\$15.04	\$15.04	
Excess of billing demand over the higher of 2,500 kW or the customer’s contract demand per month:	\$16.31	\$15.04	\$15.04	
Energy Charge:				
All kWh per month:	\$0.05928	\$0.05582	\$0.05453	
Manufacturing Power Rate - Part A Schedule MSA	Effective October 1, 2024			0
Service Charge:	\$375.00 per delivery point per month			
	Summer	Winter	Transition	
Per kW coincident billing demand charge per month:	\$9.35	\$8.28	\$8.28	
Per kW maximum billing demand charge per month:	\$7.25	\$7.07	\$7.07	
	Summer	Winter	Transition	
Excess per kW charge per month by which billing demand exceeds contract demand:	\$16.60	\$15.35	\$15.35	
On-peak per kWh energy charge:	\$0.07655	\$0.06466	\$0.05453	
Off-peak per kWh energy charge:	\$0.05389	\$0.05436	\$0.05453	
Time-of-Use General Service Schedule TGS	Effective October 1, 2024			11
Service Charge:	\$1,800.00 per delivery point per month			
TVA Administrative Charge:	\$350.00 per delivery point per month			
Excess Demand:	Demand amount that exceeds the effective contract demand			
Off-Peak Block 1:	First 200 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy			
Off-Peak Block 2:	Next 200 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy			
Off-Peak Block 3:	Over 400 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy			



**SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024**

Electric Division Rate Class (cont.)	Base Charge				Customers
Time-of-Use General Service					
Schedule TGS					
(cont.)					
Rates applicable for delivery at:					
	Transmission Voltage: 115 kV and up				
	TDGSAX	TGSBX	TGSCX	TGSDX	
Summer					
On-peak billing demand per kW:	\$13.52	\$13.43	\$13.43	\$13.43	
Maximum billing demand per kW:	\$6.88	\$6.87	\$6.26	\$5.96	
Excess demand per kW:	\$13.52	\$13.43	\$13.43	\$13.43	
On-peak energy per kWh:	\$0.10204	\$0.08341	\$0.08341	\$0.08233	
Off-peak block 1 per kWh:	\$0.06067	\$0.05264	\$0.05264	\$0.05155	
Off-peak block 2 per kWh:	\$0.00823	\$0.00962	\$0.00962	\$0.00714	
Off-peak block 3 per kWh:	\$0.00451	\$0.00540	\$0.00540	\$0.00433	
Winter					
On-peak billing demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
Maximum billing demand per kW:	\$6.88	\$6.87	\$6.26	\$5.96	
Excess demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
On-peak energy per kWh:	\$0.08315	\$0.06938	\$0.06938	\$0.06829	
Off-peak block 1 per kWh:	\$0.06433	\$0.05538	\$0.05538	\$0.05430	
Off-peak block 2 per kWh:	\$0.00823	\$0.00962	\$0.00962	\$0.00714	
Off-peak block 3 per kWh:	\$0.00451	\$0.00540	\$0.00540	\$0.00433	
Transition					
On-peak billing demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
Maximum billing demand per kW:	\$6.88	\$6.87	\$6.26	\$5.96	
Excess demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
On-peak energy per kWh:	\$0.06583	\$0.05225	\$0.05225	\$0.05116	
Off-peak block 1 per kWh:	\$0.06583	\$0.05225	\$0.05225	\$0.05116	
Off-peak block 2 per kWh:	\$0.00823	\$0.00962	\$0.00962	\$0.00714	
Off-peak block 3 per kWh:	\$0.00451	\$0.00540	\$0.00540	\$0.00433	
Rates applicable for delivery at:					
	Distribution Voltage: < 115 kV				
	TDGSA	TGSB	TGSC	TGSD	
Summer					
On-peak billing demand per kW:	\$14.09	\$13.96	\$13.96	\$13.96	
Maximum billing demand per kW:	\$7.12	\$7.11	\$6.49	\$6.18	
Excess demand per kW:	\$14.09	\$13.96	\$13.96	\$13.96	
On-peak energy per kWh:	\$0.10619	\$0.08679	\$0.08679	\$0.08569	
Off-peak block 1 per kWh:	\$0.06310	\$0.05475	\$0.05475	\$0.05365	
Off-peak block 2 per kWh:	\$0.00850	\$0.00995	\$0.00995	\$0.00738	
Off-peak block 3 per kWh:	\$0.00461	\$0.00556	\$0.00556	\$0.00447	
Winter					
On-peak billing demand per kW:	\$12.85	\$12.72	\$12.72	\$12.72	
Maximum billing demand per kW:	\$7.12	\$7.11	\$6.49	\$6.18	
Excess demand per kW:	\$12.85	\$12.72	\$12.72	\$12.72	
On-peak energy per kWh:	\$0.08653	\$0.07217	\$0.07217	\$0.07107	
Off-peak block 1 per kWh:	\$0.06692	\$0.05761	\$0.05761	\$0.05650	
Off-peak block 2 per kWh:	\$0.00850	\$0.00995	\$0.00995	\$0.00738	
Off-peak block 3 per kWh:	\$0.00461	\$0.00556	\$0.00556	\$0.00447	
Transition					
On-peak billing demand per kW:	\$12.85	\$12.72	\$12.72	\$12.72	
Maximum billing demand per kW:	\$7.12	\$7.11	\$6.49	\$6.18	
Excess demand per kW:	\$12.85	\$12.72	\$12.72	\$12.72	
On-peak energy per kWh:	\$0.06847	\$0.05433	\$0.05433	\$0.05323	
Off-peak block 1 per kWh:	\$0.06847	\$0.05433	\$0.05433	\$0.05323	
Off-peak block 2 per kWh:	\$0.00850	\$0.00995	\$0.00995	\$0.00738	
Off-peak block 3 per kWh:	\$0.00461	\$0.00556	\$0.00556	\$0.00447	



**SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024**

Electric Division Rate Class (cont.)	Base Charge	Customers
Time-of-Use Manufacturing Service Schedule TMS	Effective October 1, 2024	27
Service Charge:	\$1,800.00 per delivery point per month	
TVA Administrative Charge:	\$350.00 per delivery point per month	
Excess Demand:	Demand amount that exceeds the effective contract demand	
Off-Peak Block 1:	First 200 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy	
Off-Peak Block 2:	Next 200 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy	
Off-Peak Block 3:	Over 400 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy	
Rates applicable for delivery at:	Transmission Voltage: 115 kV and up	
	TDMSAX TMSBX TMSCX TMSDX	
Summer		
On-peak billing demand per kW:	\$12.64 \$12.64 \$12.64 \$12.64	
Maximum billing demand per kW:	\$4.71 \$3.08 \$2.46 \$2.16	
Excess demand per kW:	\$12.64 \$12.64 \$12.64 \$12.64	
On-peak energy per kWh:	\$0.07076 \$0.07357 \$0.07219 \$0.06866	
Off-peak block 1 per kWh:	\$0.03992 \$0.04271 \$0.04130 \$0.03781	
Off-peak block 2 per kWh:	\$0.00606 \$0.00606 \$0.00779 \$0.00498	
Off-peak block 3 per kWh:	\$0.00290 \$0.00290 \$0.00779 \$0.00427	
Winter		
On-peak billing demand per kW:	\$11.44 \$11.44 \$11.44 \$11.44	
Maximum billing demand per kW:	\$4.71 \$3.08 \$2.46 \$2.16	
Excess demand per kW:	\$11.44 \$11.44 \$11.44 \$11.44	
On-peak energy per kWh:	\$0.05668 \$0.05949 \$0.05809 \$0.05457	
Off-peak block 1 per kWh:	\$0.04267 \$0.04547 \$0.04404 \$0.04052	
Off-peak block 2 per kWh:	\$0.00606 \$0.00606 \$0.00779 \$0.00498	
Off-peak block 3 per kWh:	\$0.00290 \$0.00290 \$0.00779 \$0.00427	
Transition		
On-peak billing demand per kW:	\$11.44 \$11.44 \$11.44 \$11.44	
Maximum billing demand per kW:	\$4.71 \$3.08 \$2.46 \$2.16	
Excess demand per kW:	\$11.44 \$11.44 \$11.44 \$11.44	
On-peak energy per kWh:	\$0.04375 \$0.04652 \$0.04513 \$0.04160	
Off-peak block 1 per kWh:	\$0.04375 \$0.04652 \$0.04513 \$0.04160	
Off-peak block 2 per kWh:	\$0.00606 \$0.00606 \$0.00779 \$0.00498	
Off-peak block 3 per kWh:	\$0.00290 \$0.00290 \$0.00779 \$0.00427	
Rates applicable for delivery at:	Distribution Voltage: < 115 kV	
	TDMSA TMSB TMSC TMSD	
Summer		
On-peak billing demand per kW:	\$13.17 \$13.17 \$13.17 \$13.17	
Maximum billing demand per kW:	\$4.85 \$3.18 \$2.54 \$2.24	
Excess demand per kW:	\$13.17 \$13.17 \$13.17 \$13.17	
On-peak energy per kWh:	\$0.07364 \$0.07656 \$0.07511 \$0.07146	
Off-peak block 1 per kWh:	\$0.04150 \$0.04442 \$0.04296 \$0.03933	
Off-peak block 2 per kWh:	\$0.00626 \$0.00626 \$0.00805 \$0.00515	
Off-peak block 3 per kWh:	\$0.00296 \$0.00296 \$0.00805 \$0.00440	

**SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024**



Electric Division Rate Class (cont.)	Base Charge				Customers
Time Of Use Manufacturing Service					
Schedule TMS					
(cont.)					
Rates applicable for delivery at:					
	Distribution Voltage: < 115 kV				
	TDMSA	TMSB	TMSC	TMSD	
Winter					
On-peak billing demand per kW:	\$11.92	\$11.92	\$11.92	\$11.92	
Maximum billing demand per kW:	\$4.85	\$3.18	\$2.54	\$2.24	
Excess demand per kW:	\$11.92	\$11.92	\$11.92	\$11.92	
On-peak energy per kWh:	\$0.05896	\$0.06189	\$0.06044	\$0.05678	
Off-peak block 1 per kWh:	\$0.04438	\$0.04730	\$0.04582	\$0.04215	
Off-peak block 2 per kWh:	\$0.00626	\$0.00626	\$0.00805	\$0.00515	
Off-peak block 3 per kWh:	\$0.00296	\$0.00296	\$0.00805	\$0.00440	
Transition					
On-peak billing demand per kW:	\$11.92	\$11.92	\$11.92	\$11.92	
Maximum billing demand per kW:	\$4.85	\$3.18	\$2.54	\$2.24	
Excess demand per kW:	\$11.92	\$11.92	\$11.92	\$11.92	
On-peak energy per kWh:	\$0.04551	\$0.04841	\$0.04693	\$0.04329	
Off-peak block 1 per kWh:	\$0.04551	\$0.04841	\$0.04693	\$0.04329	
Off-peak block 2 per kWh:	\$0.00626	\$0.00626	\$0.00805	\$0.00515	
Off-peak block 3 per kWh:	\$0.00296	\$0.00296	\$0.00805	\$0.00440	
Drainage Pumping Station Rate					
Schedule DPS					
Service Charge:	\$30.00 per delivery point per month				5
Energy Charge:	Summer	Winter	Transition		
All kWh per month:	\$0.04803	\$0.04574	\$0.04309		
Outdoor Lighting Rate - Schedule LS					
Effective meters read on or after October 2, 2024					
16,369					
Part A – Charges for street and park lighting systems, traffic signal systems, and athletic field lighting installations.					
Energy Charge:	Summer	Winter	Transition		
All kWh per month:	\$0.05962	\$0.05962	\$0.05962		
Outdoor Lighting Facilities Charge:					
The annual facility charge shall be 10.41% of the installed cost to the Division's electric system of the facility devoted to street and park lighting service specified in this Part A. Such installed cost shall be recomputed on July 1 of each year, or more often if substantial changes in the facilities are made. Each month, one-twelfth of the then total annual facility charge shall be billed to the customer. If any part of the facilities has not been provided at the electric system's expense or if the installed cost of any portion thereof is reflected on the books of another municipality or agency or department, the annual facility charge shall be adjusted to reflect properly the remaining cost to be borne by the electric system.					

**SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024**



Electric Division Rate Class (cont.)

Base Charge

Customers

**Outdoor Lighting Rate - Schedule LS
(cont.)**

Traffic signal systems and athletic field lighting installations shall be provided, owned, and maintained by and at the expense of the customer, except as Division may agree otherwise in accordance with the provisions of the paragraph next following in this section. The facilities necessary to provide service to such systems and installations shall be provided by and at the expense of Division's electric system, and the annual facility charge provided for first above in this section shall apply to the installed cost of such facilities.

When so authorized by policy duly adopted by Division's governing board, traffic signal systems and athletic field lighting installations may be provided, owned and maintained by Division's electric system for the customer's benefit. In such cases Division may require reimbursement from the customer for a portion of the initial installed cost of any such system or installation and shall require payment by the customer of facility charges sufficient to cover all of Division's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such system or installation; provided that, for athletic field lighting installations, such facility charge shall in no case be less than 12% per year of such costs. Said facility charge shall be in addition to the annual facility charge on the facilities necessary to provide service to such system or installation as provided for in the preceding paragraphs.

Part B – Charges for outdoor lighting for individual customers

Customers may lease outdoor lighting fixtures from the Division, subject to Rules and Regulations of Division. Fixture types and associated monthly costs are available in the Schedule of Charges. The schedule will be reviewed and updated from time-to-time due to changes in costs, fixture availability, etc., at the discretion of the Division.

**SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024**



Gas Division Rate Class	Base Charge	Customers
All Gas Rate Schedules Are Subject To Adjustment Under The Provisions of the Purchased Gas Adjustment Rider.		
Residential - Schedules G-1 & G-3	Effective for meters read on or after October 2, 2024	292,004
	Schedule G-1 is available for domestic use to residential customers in individual private residences or other individual dwelling units situated within the corporate limits of the City of Memphis, Tennessee. Schedule G-3 is available for domestic use to residential customers in individual private residences or other individual dwelling units situated outside the corporate limits of the City of Memphis, Tennessee.	
Service Charge:	\$10.42 per month, plus	
Commodity Charge:	First 100 ccf per month @ \$0.583 per ccf	
	Excess over 100 ccf per month @ \$0.490 per ccf, plus the above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	\$10.42 per meter per month	
Small General Service - Schedule G-7	Effective for meters read on or after October 2, 2024	20,050
	This rate schedule is available for gas service to all gas customers except residential.	
Service Charge:	For 0 to 425 cfh meter, \$31.24 Over 426 to 1,400 cfh meter, \$57.26 Over 1,400 cfh meter, \$104.12 per month plus,	
Commodity Charge:	All gas consumed: \$0.525 per ccf per month, plus	
	The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	The minimum monthly bill shall be \$0.681 for each ccf of the higher of: (1) The maximum daily demand during the preceding eleven months, or (2) The daily contract demand, but in no case less than the Service charge listed above.	
Large General Service Firm On-peak Schedules G-8 and G-9	Effective for meters read on or after October 2, 2024	351
	This rate schedule is available for gas service to all customers contracting for not less than 100 ccf of maximum daily demand.	
Demand Charge:	\$0.261 ccf per month of contract demand or maximum daily demand during the twelve (12) months ending with the billing month, whichever is higher, plus	

**SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024**



Gas Division Rate Class (cont.)	Base Charge	Customers
Large General Service Firm On-peak Schedules G-8 and G-9 (cont.)		
Commodity Charge:	First 200,000 ccf per month @ \$0.482 per ccf Excess over 200,000 ccf per month @ \$0.384 per ccf, plus The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	The minimum bill shall be \$0.942 for each ccf of the higher of: (1) the maximum daily demand during the twelve (12) months ending with the billing month, or (2) the daily contract demand.	
Large General Service Interruptible Off-peak Schedules G-10 and G-12	Effective for meters read on or after October 2, 2024 This rate schedule is available for gas service to all customers contracting for not less than 1,500 ccf of maximum daily demand and providing oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity.	10
Service Charge:	\$520.59 per month, plus	
Commodity Charge:	First 200,000 Ccf per month @ \$0.450 per ccf Excess over 200,000 ccf per month @ \$0.378 per ccf, plus The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	The minimum monthly bill shall be \$0.365 for each ccf of the higher of (1) the maximum daily demand during the twelve months ending with the billing month, or (2) the daily contract demand, but in no event less than the service charge.	

SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024
(Continued)



Water Division Rate Class	Base Charge	Customers
Residential – Inside City Rate Schedule W-1	Effective meters read on or after January 4, 2022	183,893
	For water furnished to premises entirely within the corporate limits of the City of Memphis	
Monthly Rate:	All water consumed: \$2.393 per ccf per month	
Minimum Bill:	The minimum monthly bill shall be determined by the size of the meter installed, as follows:	
	5/8" meter \$10.12	
	3/4" meter \$14.60	
	1" meter \$25.90	
	1-1/2" meter \$58.28	
	2" meter \$103.61	
Residential – Outside City Rate Schedule W-2	Effective meters read on or after January 4, 2022	27,819
	For water furnished to premises outside the corporate limits of the City of Memphis.	
Monthly Rate:	All water consumed: \$3.726 per ccf per month	
Minimum Bill:	The minimum monthly bill shall be determined by the size of the meter installed, as follows:	
	5/8" meter \$14.09	
	3/4" meter \$20.26	
	1" meter \$36.06	
	1-1/2" meter \$81.09	
	2" meter \$144.13	
General Service – Inside City Rate Schedule W-7	Effective meters read on or after January 4, 2022	17,765
	For water service to all customers within the corporate limits of the City of Memphis, except residential customers.	
Monthly Rate:	Water consumed per month:	
	First 30 ccf \$3.051 per ccf	
	Next 70 ccf \$2.595 per ccf	
	Next 100 ccf \$1.974 per ccf	
	Next 400 ccf \$1.644 per ccf	
	Next 5,400 ccf \$1.279 per ccf	
	Excess over 6,000 ccf \$1.332 per ccf	

SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024
(Continued)



Water Division Rate Class (cont.)	Base Charge	Customers
General Service – Inside City Rate		
Schedule W-7		
(cont.)		
Minimum Bill:	The minimum monthly bill shall be determined by the size of the meter installed, as follows:	
	5/8" meter	\$19.38
	3/4" meter	\$22.61
	1" meter	\$38.73
	1-1/2" meter	\$77.51
	2" meter	\$161.55
	3" meter	\$322.99
	4" meter	\$483.01
	6" meter	\$611.01
	8" meter	\$739.06
	10" meter	\$1,530.94
	12" meter	\$2,136.16
	14" meter	\$2,937.25
	Battery of 2-2" meters	\$322.99
	Battery of 3-2" meters	\$483.01
General Service – Outside City Rate		
Schedule W-8		
	Effective meters read on or after January 4, 2022	900
	For water service to all customers outside the corporate limits of the City of Memphis, except residential customers.	
Monthly Rate:	Water consumed per month:	
	First 30 ccf	\$4.585 per ccf
	Next 70 ccf	\$3.855 per ccf
	Next 100 ccf	\$2.942 per ccf
	Next 400 ccf	\$2.467 per ccf
	Next 5,400 ccf	\$1.936 per ccf
	Excess over 6,000 ccf	\$2.009 per ccf
Minimum Bill:	The minimum monthly bill shall be determined by the size of the meter installed, as follows:	
	5/8" meter	\$29.64
	3/4" meter	\$34.58
	1" meter	\$59.27
	1-1/2" meter	\$118.50
	2" meter	\$246.92
	3" meter	\$493.87
	4" meter	\$738.05
	6" meter	\$933.70
	8" meter	\$1,129.32
	10" meter	\$2,339.41
	12" meter	\$3,264.26
	14" meter	\$4,485.28
	Battery of 2-2" meters	\$493.87
	Battery of 3-2" meters	\$738.05

SCHEDULE OF CURRENT UTILITY RATES
DECEMBER 31, 2024
(Continued)



Water Division Rate Class (cont.)	Base Charge	Customers
Residential – Shelby County Water Distribution System - Schedule W-51	Effective meters read on or after January 4, 2022	19,376
For water service within the area served by the Shelby County Water Distribution System at the time of its acquisition on June 30, 1999, for domestic uses to residential customers in individual private residences or other individual dwelling units.		
Monthly Rate:	All water consumed: \$3.726 per ccf per month	
Minimum Bill:	The minimum monthly bill shall be determined by the size of the meter installed, as follows:	
	5/8" meter	\$14.09
	3/4" meter	\$20.26
	1" meter	\$36.06
	1-1/2" meter	\$81.09
	2" meter	\$144.13
Residential customers shall be served through a single meter not larger than 2" in size.		
General Service – Shelby County Water Distribution System - Schedule W-57	Effective meters read on or after January 4, 2022	693
For water service within the area served by the Shelby County Water Distribution System at the time of its acquisition on June 30, 1999, for all customers except residential customers using service exclusive for domestic use.		
Monthly Rate:	Water consumed per month:	
	First 30 ccf	\$4.585 per ccf
	Next 70 ccf	\$3.855 per ccf
	Next 100 ccf	\$2.942 per ccf
	Next 400 ccf	\$2.467 per ccf
	Next 5,400 ccf	\$1.936 per ccf
	Excess over 6,000 ccf	\$2.009 per ccf
Minimum Bill:	The minimum monthly bill shall be determined by the size of the meter installed, as follows:	
	5/8" meter	\$29.64
	3/4" meter	\$34.58
	1" meter	\$59.27
	1-1/2" meter	\$118.50
	2" meter	\$246.92
	3" meter	\$493.87
	4" meter	\$738.05
	6" meter	\$933.70
	8" meter	\$1,129.32
	10" meter	\$2,339.41
	12" meter	\$3,264.26
	14" meter	\$4,485.28

SCHEDULE OF ADDITIONS AND RETIREMENTS TO UTILITY PLANT
DECEMBER 31, 2024
(Dollars in Thousands)



	Electric Division	Gas Division	Water Division
Utility plant in service, December 31, 2023	\$ 2,145,328	\$ 797,174	\$ 568,333
Additions - Construction	145,715	13,595	35,011
Retirements	(28,304)	(2,106)	(526)
Transfers	(29)	81	(258)
Utility plant in service, December 31, 2024	\$ 2,262,710	\$ 808,744	\$ 602,560

Note: Utility plant in service balances exclude amounts for construction work in process, non-utility property and land held for future use.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners and Management
Memphis Light, Gas and Water Division
Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Electric, Gas and Water Divisions (the "Divisions") of Memphis Light, Gas and Water Division ("MLGW"), enterprise funds of the City of Memphis, Tennessee, and the aggregate remaining fund information of MLGW, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise MLGW's basic financial statements, and have issued our report thereon dated REPORT DATE. Our report includes a reference to other auditors who audited the financial statements of Memphis Light, Gas and Water Division Retirement and Pension System and the Memphis Light, Gas and Water Division Other Post Employment Benefits Trust, as described in our report on Memphis Light, Gas and Water Division's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MLGW's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MLGW's internal control. Accordingly, we do not express an opinion on the effectiveness of MLGW's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of MLGW's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Commissioners and Management
Memphis Light, Gas and Water Division

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MLGW's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MLGW's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MLGW 's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Nashville, Tennessee
REPORT DATE



CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners and Management
Memphis Light, Gas and Water Division
Memphis, TN

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Memphis Light, Gas and Water's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Memphis Light, Gas and Water's major federal programs for the year ended December 31, 2024. Memphis Light, Gas and Water's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Memphis Light, Gas and Water complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Memphis Light, Gas and Water and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Memphis Light, Gas and Water's compliance with the compliance requirements referred to above.

Board of Commissioners and Management
Memphis Light, Gas and Water Division

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Memphis Light, Gas and Water's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Memphis Light, Gas and Water's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Memphis Light, Gas and Water's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Memphis Light, Gas and Water's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Memphis Light, Gas and Water's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Memphis Light, Gas and Water's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such

Board of Commissioners and Management
Memphis Light, Gas and Water Division

that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Nashville, TN
REPORT DATE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**



Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying/Grant Number	Beginning Federal Expenditures	Cash Receipts	Expenditures	Ending Federal Expenditures
U.S. Department of Homeland Security						
Passed through the State of Tennessee Emergency Management Agency:						
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	4594DR-TN	\$ (1,183)	\$ 1,183	\$ -	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	4645DR-TN	(12,435)	-	-	(12,435)
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	4691DR-TN	(537)	537	-	-
Emergency Management Performance Grants	97.036	4514DR-TN	(236)	236	-	-
			<u>\$ (14,391)</u>	<u>\$ 1,956</u>	<u>\$ -</u>	<u>\$ (12,435)</u>
Total Expenditure of Federal Awards			<u>\$ (14,391)</u>	<u>\$ 1,956</u>	<u>\$ -</u>	<u>\$ (12,435)</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**



1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the federal award activity of MLGW under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a portion of the operations of the MLGW, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MLGW.

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note 1 of MLGW's financial statements. Such expenditures are recognized consistent with the cost principles contained in the Uniform Guidance for all awards, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

Memphis Light Gas and Water has elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

4. DISASTER GRANTS – PRESIDENTIAL DECLARED DISASTERS (97.036)

After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disaster) (Assistance Listing 97.036) to reimburse for eligible cost associated with disaster recovery. Reimbursements are provided in the form of cost-shared grants. Approximately, \$12,451 were incurred in fiscal year 2024.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies)

_____ yes X none reported

Noncompliance material to financial
statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies)

_____ yes X none reported

Type of auditors' report issued on compliance for:
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

Assistance Listing Number

Name of Federal Program or Cluster

97.036

Disaster Grants - Public Assistance (Presidentially
Declared Disaster)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Section II - Financial Statement Findings

No findings to report

Section III - Findings and Questioned Costs - Major Federal Programs

No findings to report

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2024

There were no prior year findings reported.



APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE AND SHELBY COUNTY, TENNESSEE

In addition to the information provided in the Official Statement, the City of Memphis, Tennessee (the “City”) and Shelby County, Tennessee (the “County”) have provided the following general information regarding the City and the County. A complete review of this **APPENDIX C**, together with the body of the Official Statement and all the other appendices attached thereto, are essential to the making of an informed investment decision by any purchaser of the Series 2025 Electric System Bonds. In the making of an informed investment decision relating to the Series 2025 Electric System Bonds, a potential purchaser should not conclude that the presentation of information set forth in this **APPENDIX C**, versus a presentation of the same set forth in the body of the Official Statement, denotes that the information set forth in this **APPENDIX C** is of less relevance or importance than the information set forth in the body of the Official Statement.

The City nor the County have authorized anyone to give any information or to make any representations not contained herein or supplemental hereto and, if given or made, such other information or representations must not be relied upon as having been authorized. All the following information estimates and expressions of opinion are subject to change without notice.

*Although the economic and demographic information provided below has been collected from sources that the City and the County consider to be reliable, neither the City nor the County have made any independent verification of the information provided by non-City and non-County sources, and neither the City nor the County take any responsibility for the completeness or accuracy thereof. The current state of the economy of the City, the County, the State of Tennessee (the “State”), and the United States of America may not be reflected in the information contained in this **APPENDIX C**, because the information below generally reflects annual data for comparative purposes, and is often in relation to dates and periods prior to the onset of the COVID-19 pandemic and the resulting measures instituted to mitigate it. Historical numbers, including but not limited to those regarding employment, transportation, and tourism, presented herein cannot be relied upon as reflective of current conditions or predictive of future results, which may be materially different from the information presented herein. The delivery by the City and the County of the information contained herein is provided only as general background and shall not, under any circumstances, create any implication that there has been no material change in the affairs of the City or the County since the date of the Official Statement.*

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CITY OF MEMPHIS, TENNESSEE

The City of Memphis, Tennessee (the “City”), incorporated as a city in 1826, is a municipal corporation organized under the laws of the State of Tennessee (the “State”). The City is located on the east bank of the Mississippi River in the southwest corner of the State. The City is the State’s largest city not having a metropolitan form of government and is the county seat of Shelby County, Tennessee. The City currently occupies a land area of approximately 301 square miles and had an estimated population of 618,639 as of 2024, according to the United States Census Bureau.

The City operated under a commission form of government from 1909 until January 1, 1968. At that time through a charter, a mayor-council form of government was established. The Mayor of the City (the “City Mayor”) is elected to a four-year term with a limit of serving two consecutive terms. All administrative and executive duties concerning day-to-day operations of the City government are the duty and responsibility of the City Mayor. The City Mayor carries out the policies of the City and, with City Council approval, appoints various City board members, officers and division directors. The City provides a full range of municipal services including (i) public safety, (ii) culture/recreation, (iii) community development, (iv) solid waste management, (v) public works, (vi) planning and zoning, (vii) sewers, (viii) utilities, (ix) transit, and (x) general administrative services. Each of these various Divisions of the City government is managed by a Chief or Director who is appointed by the City Mayor and confirmed with the City Council’s approval. The City’s Annual Comprehensive Financial Report, which is inclusive of the current fiscal year’s audited financial statements (the “City ACFR”), includes the financial statements of the funds of the City and boards and authorities that provide City services and for which the City is financially accountable. The City’s ACFR for Fiscal Year 2024, can be reviewed at <https://emma.msrb.org/P21905853.pdf>.

Memphis City Council

The City Council of the City (the “City Council”) is the legislative branch of the City government responsible for, among other things, approving the budget, setting the tax rate, and establishing other lawful taxes and fees necessary to secure sufficient revenue to fund the budget as approved. The City Council also elects its own chairperson and approves the City administration’s proposed programs. The City Mayor may veto an action of the City Council, but a simple majority can override any veto. The City Council is composed of thirteen (13) representative citizens who are elected for four-year terms with a limit of serving two consecutive terms. The following thirteen (13) individuals serve as the City Council for the City as of the date of the Official Statement:

		MEMPHIS CITY COUNCIL			
Chair, Super District 9-2		Vice Chair, District 4			
J. Ford Canale		Jana Swearengen-Washington			
District 1		District 2		District 3	
Rhonda Logan		Jerri Green		Pearl Eva Walker	
District 5		District 6		District 7	
Philip Spinosa		Edmund Ford, Sr.		Michalyn Easter-Thomas	
Super District 8-1		Super District 8-2		Super District 8-3	
JB Smiley, Jr.		Janika White		Yolanda Cooper-Sutton	
Super District 9-1		Super District 9-3			
Chase Carlisle		Dr. Jeff Warren			

SHELBY COUNTY, TENNESSEE

The County of Shelby, Tennessee (the “County”), established in 1819, is the largest county in the State, with the “City of Memphis serving as the County seat. The County is located in the southwest corner of Tennessee on the eastern bank of the Mississippi River, and it serves as the hub of the surrounding 105-county Mid-South region. The County covers 783 square miles, wherein 301 square miles are situated within the limits of the City and the remaining square miles include the additional six incorporated municipalities of: (i) Arlington, Tennessee; (ii) Bartlett, Tennessee; (iii) Collierville, Tennessee; (iv) Germantown, Tennessee; (v) Lakeland, Tennessee; and (vi) Millington, Tennessee. According to the United States Census Bureau 2024 American Community Survey, the County has a population of 910,042.

The County operates and is governed by a mayor-commissioner form of government. The Mayor of the County (the “County Mayor”), serving under a four-year term, is the County’s Chief Executive Officer and oversees the operation of seven divisions: (i) Administration and Finance; (ii) Community Services; (iii) Corrections; (iv) Health Services; (v) Information Technology; (vi) Planning and Development; and (vii) Public Works. In addition to the County Mayor, the Shelby County Board of Commissioners, the County Assessor, the County Clerk, the County Register, the County Trustee, the Juvenile Court Clerk, the Circuit Court Clerk, Criminal Court Clerk, General Sessions Court Clerk, Probate Court Clerk and the County Sheriff are also elected to four-year terms.

The County provides a full range of services, including law enforcement and detention, judicial and corrective systems, health and community services, fire protection, and recreational activities. The County is also financially accountable for the Memphis-Shelby County Schools District and other schools operating within the other municipal school districts located in the County, public hospital named Regional One Health, Agricenter International, and emergency communications district, which all are reported separately within the County’s Annual Comprehensive Financial Report, which is inclusive of the current fiscal year’s audited financial statements (the “County ACFR”). The County ACFR for Fiscal Year 2024 can be reviewed at <https://emma.msrb.org/P21918840.pdf>.

Shelby County Board of Commissioners

The thirteen-member Shelby County Board of Commissioners (the “County Commission”) is the legislative branch of the County government responsible for reviewing and approving the County administration’s proposed programs and budgets. The following thirteen (13) individuals serve as the County Commission for the County as of the date of the Official Statement:



SHELBY COUNTY BOARD OF COMMISSIONERS



Chair, District 5 Shante Avant		Chair, Pro Tempore District 2 David Bradford	
District 1 Amber Mills	District 3 Mick Wright		District 4 Brandon Morrison
District 6 Charlie Caswell, Jr.	District 7 Henri Brooks		District 8 Mickell Lowery
District 9 Edmund Ford, Jr.	District 10 Britney Thornton		District 11 Miska Clay-Bibbs
District 12 Erika Sugarmon		District 13 Michael Whaley	

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Data

The following table illustrates the population data for the County, the City, the State, and the United States for the Calendar Years 2020 through 2024.

POPULATION DATA⁽¹⁾
(For the Calendar Years 2020- 2024)
(Amounts in Thousands)

Geographical Areas	2020	2021	2022	2023	2024
Shelby County	930	923	916	910	910
City of Memphis	633	626	621	619	618
State of Tennessee	6,911	6,964	7,049	7,126	7,227
United States	331,449	332,049	333,271	334,915	340,110

⁽¹⁾ From time to time, the United States Census Bureau revises its population estimates. Methodology differences may exist between data sources, and estimates from different sources are not comparable.

Source: United States Census Bureau.

Per Capita Personal Income

The following table illustrates the per capita income for the County, the City, the State, and the United States for the Calendar Years 2019 through 2023:

PER CAPITA PERSONAL INCOME⁽¹⁾
(For the Calendar Years 2019- 2023)

Geographical Areas	2019	2020	2021	2022	2023
Shelby County	\$50,468	\$53,855	\$59,191	\$59,078	\$61,979
City of Memphis	47,904	51,155	56,910	57,193	60,083
State of Tennessee	49,009	51,046	57,508	59,210	62,229
United States	56,047	59,510	64,460	66,244	69,810

⁽¹⁾ From time to time, the United States Census Bureau revises its population estimates.

⁽²⁾ Includes the Memphis Metropolitan Statistical Area.

Source: United States Bureau of Economic Analysis.

Employment

The following table illustrates annual employment and unemployment trends in the City, the County, the State and the United States for calendar years 2015 to 2024. The onset of the COVID-19 pandemic in 2020 significantly affected the unemployment rates for the City, the County, the State and the United States. According to the U.S. Bureau of Labor Statistics, for October 2024, the unemployment rate (not seasonally adjusted) for the Memphis area was 4.3%.

LABOR FORCE TRENDS⁽¹⁾ (For the Calendar Years 2015-2024)

Calendar Year	Shelby County ⁽²⁾		City of Memphis	Unemployment Percentages		
	Employed	Unemployed		Shelby County	Tennessee	USA
2024	406.2	19.1	4.9%	4.5%	3.4%	4.0%
2023	413.1	18.8	4.9	4.3	3.3	3.6
2022	418.0	19.8	5.1	4.5	3.4	3.6
2021	417.0	30.5	8.2	6.8	4.3	5.3
2020	404.5	43.3	11.3	9.7	7.5	8.1
2019	450.0	18.1	4.2	4.0	3.4	3.7
2018	424.0	18.4	4.6	4.2	3.5	3.9
2017	417.7	19.1	4.8	4.4	3.8	4.4
2016	411.9	23.8	5.3	5.5	4.8	4.9
2015	401.5	26.5	6.2	6.1	5.6	5.3

⁽¹⁾ From time to time, the United States Bureau of Labor Statistics may revise its employment data.

⁽²⁾ In thousands.

Source: United States Bureau of Labor Statistics.

Building Permits

The following table illustrates annual data on the number of building permits granted and the value of related construction between Fiscal Year 2020 through Fiscal Year 2024 for the County and the City.

BUILDING PERMITS (For the Fiscal Years 2020 through 2024)

Fiscal Year	Shelby County ⁽¹⁾		City of Memphis		City as a % of Shelby County
	Total Number Issued	Valuation ⁽²⁾	Total Number Issued	Valuation ⁽²⁾	
2020	5,922	\$1,707,890	4,182	\$1,399,648	82.0%
2021	5,757	1,312,969	3,997	988,645	75.3
2022	6,114	1,988,649	4,523	1,559,000	78.4
2023	5,795	1,920,903	4,333	1,412,881	73.6
2024	5,553	2,310,354	4,017	1,750,484	75.8

⁽¹⁾ Includes all incorporated and unincorporated areas of the County except the Cities of Bartlett and Collierville.

⁽²⁾ In thousands of dollars.

⁽³⁾ Includes large construction projects, including projects for St. Jude Children's Research Hospital and the City's downtown convention center.

Source: Shelby County, Tennessee Building Department.

City of Memphis Labor Relations

The City currently has approximately 6,723 full-time employees, approximately 4,320 of whom are represented by employee labor organizations. The effective agreements with these organizations will expire on June 30, 2028, except for the agreement with the Fire IAFF organization which, subject to annual wage openers, will expire on June 30, 2027. The American Federation of State, County and Municipal Employees, Local 1733, represents approximately 860 employees; the Memphis Police Association represents approximately 1,390 police officers; and the International Association of Fire Fighters, Local 1784, represents approximately 1,475 employees. The International Union of Operating Engineers represents 249 employees; the International Association of Machinists and Aerospace Workers represents 91 employees; the International Brotherhood of Electrical Workers and Crafts Union represents 130 employees; and Communication Workers of America represents 125 employees.

All labor-related activities are coordinated through the Human Resources Compliance Service Center of the Division of Human Resources. In addition to the general administration of labor agreements, this Service Center partners with the Talent Management Service Center to provide extensive management and non-management training and coordinates all labor negotiations. In accordance with applicable law, labor negotiations are conducted in open meetings.

The City Charter prohibits strikes by City employees and provides for the automatic dismissal of any striking employee, allowing for their reinstatement only as "new probationary employees." In addition, a City Ordinance contains an impasse procedure which addresses economic issues between the City and its employees. This procedure provides for a three-person fact-finding committee made up of City Council members. City Council members of any impasse committee are chosen by the City administration and the employee association. The committee evaluates the economic positions at impasse and recommends the last best offer total package of either union or the City. The full City Council may accept the committee's recommendation or deny it and accept the position of the other party.

Shelby County Labor Relations

In a Policy Statement issued by the County Mayor and approved by the County Commission on June 14, 1979 (the "Policy Statement"), some County administrative employees were given the right to join or to refrain from joining, through an orderly process, a bona-fide organization for purposes of representation in matters of collective bargaining. Secret ballot elections may be provided in accordance with this Policy Statement, similar to the procedures followed by the National Labor Relations Board, but in keeping with the law of the State of Tennessee applicable to labor unions in public employment.

Within the County Mayor's area of responsibility, approximately 621 employees are represented by several labor organizations including the International Brotherhood of Electrical Workers Union, Local #474, with two memorandums of understanding (Support Services and Craft, Trade and Labor); the International Firefighters Association, Local #2585; and the American Federation of State, County and Municipal Employees (AFSCME), Local #1733 for Correction Officers. These agreements have terms and scope which vary, but all applicable parties to such agreements will continue operating under the same terms and conditions until any extension can be finalized if the same is necessary.

Within the County Sheriff's area of responsibility, approximately 478 employees are represented by the Deputy Sheriff's Association, Local #58. Approximately 448 Deputy Jailers are represented by AFSCME #1733. A unit of approximately 60 employees in Records and Information, and Maintenance is represented by IBEW #474. These agreements have terms and scope which vary, but all applicable parties to such agreements will continue operating under the same terms and conditions until any extension can be finalized if the same is necessary.

Largest Memphis Area Employers

The following table from the *Memphis Business Journal*: Book of Lists 2024-2025 sets forth and illustrates the Largest Memphis Area Employers (ranked by local full-time employees):

Memphis Area Top 20 Employers⁽¹⁾

	Employer Names	Local Employees⁽¹⁾	Type of Business
1	Federal Express Corporation	32,333	Transportation, e-commerce & business services
2	Tennessee State Government	16,500	State government
2	United States Government	16,500	Federal government
4	Memphis-Shelby County Schools	15,000	Primary & secondary education
5	Methodist Le Bonheur Healthcare	11,815	Integrated healthcare delivery system
6	Baptist Memorial Health Care Corp.	9,956	Integrated healthcare system
7	Naval Support Activity Mid-South	7,500	Military installation
8	City of Memphis	6,837	City government
9	St. Jude Children's Research Hospital	6,167	Medical research hospital
10	Nike Inc.	6,000	Sports & fitness footwear & apparel
11	Walmart Inc.	5,300	Discount general merchandise
12	The Kroger Co.	4,820	Retail groceries
13	Shelby County Government	4,554	County government
14	DeSoto County School District	4,455	Primary & secondary education
15	Amazon	4,000	Package fulfillment/distribution
15	Saint Francis Healthcare	4,000	Healthcare
17	DHL Supply Chain	3,066	Supply chain services
18	University of Tennessee Health Science Center	2,900	Health Science University
19	Lt. Col. Luke Weathers Jr. VA Medical Center	2,799	Medical Center
20	Regional One Health	2,791	Health system

⁽¹⁾ Estimated full-time employees.

Source: *Memphis Business Journal*: Book of Lists 2024-2025.

Largest Memphis Area Manufacturers

The following table from the *Memphis Business Journal*: Book of Lists 2024-2025 sets forth and illustrates the Largest Manufacturers in the Memphis area (ranked by local full-time employees):

Memphis Area Manufacturing Companies⁽¹⁾

	Company Names	Local Employees ⁽¹⁾	Type of Products
1	Smith & Nephew Inc.	2,300	Wide range of products related to joint replacement
2	Hino Motors Manufacturing USA Inc.	1,300	Rear axles, control arms & suspension components for Toyota trucks; frame side rails for Hino trucks
3	UTC-Carrier Corp.	980	Split system condensing units & heat pumps
4	Unilever	720	Breyers ice cream, Klondike bars, popsicles
5	Stryker	550	Orthopedic implants, including foot & ankle implants
6	Nucor Steel Memphis Inc.	524	Automotive performance aftermarket, including cams & valve train components, fuel injection systems, torque converters
7	ABB Installation Products	510	Electrical connectors & components for construction, industrial & utility markets
8	The Hershey Co.	475	Candy, mints & gum
9	Riviana Foods Inc.	469	Rice products
10	Charms, a Division of Tootsie Roll Indus.	440	Hard candy
11	Olympus Surgical Technologies America	422	Ear, nose & throat (ENT), intracapsular adenotonsillectomy, middle ear surgery, FESS (sinus surgery) & inferior turbinate reduction products
12	K.T.G. (USA) Inc.	400	Bathroom tissue, facial tissue, paper towels
12	MicroPort Orthopedics Inc.	400	Knee & hip implants
14	Barr Brands International Inc.	386	Specialty cleaning & home improvement brands, including DampRid, Microban, Mold Armor, Goof Off, Spray & Forget
15	Charles River	373	Contract development & manufacturing for autologous & allogeneic cell & gene therapeutic products
16	Kellogg Co.	355	Cereal
17	Edelbrock	350	Automotive performance aftermarket, including cams & valve train components, fuel injection systems, torque converters, automatic transmissions
18	IFF	297	Soy protein powder for human consumption
19	Valero Energy Corp.	288	Gasoline, diesel fuel, jet fuel, petrochemicals
20	Bryce Corp.	281	Flexible packaging
21	ThyssenKrupp Elevator Manufacturing Inc.	260	Elevators & industrial lifting equipment, service & maintenance

⁽¹⁾ Estimated full-time employees.

Source: *Memphis Business Journal*: Book of Lists 2024-2025.

Agribusiness

The County has long been considered the unofficial capital of the 13-million acre Mississippi River Delta area (the “Delta”), which boasts some of the county’s richest soils and one of the purest and most plentiful water supplies in the world. Farming is a major occupation of the region and has developed into major agribusiness activities. The County is a hotbed for innovative companies driving the future of food. The County’s diverse and trained talent are fueling farm-to-table food delivery trends and improving farming efficiencies while enhancing yields. Additionally, the County’s sustainable surface and groundwater, unmatched logistics and access to abundant farmland with experienced growers have made Memphis ground zero for a new era of agriculture.

The County is uniquely located within a 150-mile radius of every major crop in the United States, whereby having access to 52 varieties of crops, including corn, soybeans, rice and wheat. The County is home to 399 farms with a total of 75,704 acres. In recent years, the Delta area experienced significant flooding, including the flooding of hundreds of thousands of acres of farmland. Flooding in the area has become more frequent with recent patterns of increasing rainfall. It is unknown how increasing rainfall patterns may affect Delta communities, the area’s farming business and the area’s larger economy in the future.

Private-Sector Business Investment and Job Creation

In recent years, the Greater Memphis Chamber of Commerce (the “Memphis Chamber”) announced numerous relocations and expansions of corporations and businesses into the County, collectively yielding billions in economic impact and creating thousands of new permanent and temporary jobs in the County. The County’s economy has experienced notable success in attracting new businesses along with the continued growth of existing businesses, due in large part to, among other things, the County’s location near the geographic center of the nation, combined with excellent transportation facilities. Continued expansion in the County has occurred in recent years with the relocation and expansion of corporate/regional headquarters of various companies and industries specializing in technology, including agribusiness and ag tech, e-commerce, healthcare, manufacturing, distribution and many other areas where the local economy of the County has become stronger and more competitive compared to other major cities.

In June 2022, the Memphis Chamber announced a new strategic plan that targets job growth and inclusivity called Prosper Memphis 2030 (“Prosper”). The Memphis Chamber is actively recruiting 55 economic development projects that will yield a local capital investment in the aggregate of around \$10.6 billion. These pipeline projects, over 80% of which are in advanced manufacturing, will create around 15,000 new permanent jobs that will pay an annual average wage of \$58,000. Through Prosper, the Memphis Chamber wants to attract 50,000 high-quality jobs in the County by 2030, wherein half of these high-quality jobs will go to diverse job candidates. On July 23, 2025, the Memphis Chamber was named the 2025 “Chamber of the Year” in Category 4 (Regional Chamber) by the Association of Chamber of Commerce Executives (ACCE).

Blue Suede Network – in 2024, the Economic Development Growth Engine for the City of Memphis and Shelby County, Tennessee (“EDGE”) approved a 15-year payment-in-lieu-of-taxes (“PILOT”) for a 3,400-mile fiber optic network in the County. If completed, the network is expected to provide 85% of City of Memphis residents with access to high-speed fiber connectivity. Blue Suede Networks, an entity of Meridiam Infrastructure North America, is slated to oversee installation and operations for the fiber network.

Blue Oval City – on September 27, 2021, the Memphis Chamber and their local and state economic development partners on Monday welcomed Ford Motor Company and SK Innovation as it announced plans to make the single largest investment in Tennessee history by building an electric vehicle and battery manufacturing plant at the Memphis Regional Megasite. Ford and its partner, SK Innovation, are expected to begin construction in January and open the plant by 2024, bringing 6,000 new jobs and a \$5.6 billion

investment to West Tennessee. The Blue Oval City development will put West Tennessee at the forefront of the latest developments in electric vehicle innovation. This mega campus is envisioned to be a sustainable automotive manufacturing ecosystem. The \$5.6 billion battery and vehicle manufacturing campus will be the largest in the Ford world – built for the next century. The first electric Trucks produced at BlueOval City are expected to be assembled by 2028.

xAI – in June 2024, the artificial intelligence company began building the world’s largest supercomputer in the County. The Electric Division of the Memphis Light, Gas and Water Division will be able to provide xAI’s utility needs without putting local power and water systems at risk. The multi-billion-dollar investment will be the largest capital investment by a new-to-market company in the County’s history. It is expected to open sometime before the end of this calendar year, subject to various factors, including the pending approval of EDGE and other local, State and regional authorities.

Reconext – on October 16, 2024, Tennessee Governor Bill Lee along with the State Department of Economic and Community Development and company officials representing Reconext announced that the Texas-based company would be expanding its operations to the Memphis area with a more than \$9 million dollar investment. Reconext is a global aftermarket electronics company that is a leading global provider of aftermarket lifecycle services for electronics, serves leading manufacturers, operators, retailers, insurers, data centers and large corporations. The various markets serviced by Reconext include consumer electronics, customer premises equipment, enterprise network & data storage, IoT, mobile and point of sale equipment.

Hyosung HICO – is a South Korean power transformer manufacturer that established its first United States production facility in Memphis in 2019. In May 2025, the Memphis Chamber announced that Hyosung HICO would be making a significant expansion of its Memphis operations and will invest \$50.8 million and create 123 new jobs in Shelby County. This expansion is reported to enhance Hyosung HICO’s existing transformer manufacturing facility, which currently occupies 360,000 square feet on a 200-acre site.

TRANSPORTATION AND DISTRIBUTION

The County’s largest industry, in addition to healthcare, agriculture, and utilities, is e-commerce through transportation and distribution. According to the Memphis Chamber of Commerce, the County and City of Memphis has the second largest concentration of transportation, distribution, and logistics in the United States. The County’s central geographical position within the United States, combined with its unique infrastructure through its transportation and distribution opportunities with air, rail, and water, serve as an attractive destination for various advantageous economic development opportunities. The following is a short summary discussing the primary components of the County’s unique geographical infrastructure.

Air

Memphis-Shelby County Airport Authority

The Memphis-Shelby County Airport Authority (the “Airport Authority”) was created in 1969 pursuant to the Metropolitan Airport Authority Act and is body politic and corporate of the State of Tennessee. The Airport Authority is governed by a seven-member Board of Commissioners (the “Board”), five of whom are appointed by the Mayor of the City of Memphis and two by the County Mayor. The Airport Authority owns and operates two general aviation reliever airports; the General DeWitt Spain Airport and the Charles W. Baker Airport, each located on approximately 400 acres of land in the County. There are approximately 220 general aviation aircraft based at the Charles W. Baker Airport and the General DeWitt Spain Airport. Both airports have automated fueling systems, aircraft maintenance services, hangars and tie downs, aircraft rentals and charter services for general aviation. Runway 18-36 at Charles W. Baker Airport is 3,500 feet in length and Runway 16-34 at the General DeWitt Spain Airport is 3,800 feet in length. Both runways are 75 feet wide with asphalt surfaces.

Memphis International Airport – the Memphis International Airport (“MEM”) is located in the County, approximately ten miles southeast of Downtown Memphis and 3.5 miles north of the Tennessee-Mississippi state line and occupies approximately 5,100 acres of land. MEM has four 150-foot wide runways, all of which are equipped with precision instrument landing systems and are suitable for use by large air carrier aircraft. MEM’s other existing facilities include a 3.5 million square foot sorting and handling facility operated by Federal Express Corporation; a Ground Transportation Center, which houses rental car operations and 4,554 economy public parking spaces; a three-level 2,657 space parking garage; fueling facilities; an industrial park; and various airport and aircraft support services.

Aviation Activities – During Fiscal Year 2024, MEM experienced 4.9 million origin and destination (O&D) passengers traveling through MEM, which represented an increase of 8% as compared to Fiscal Year 2023. Additionally, aircraft landed weight decreased from 25,838,898 per thousand-pound units in Fiscal Year 2023 to 25,742,962 per thousand-pound units in Fiscal Year 2024. These changes in activity were realized due to the increase in passenger traffic and the decrease in cargo airline activity. Air Cargo activity increased in Fiscal Year 2024 by 0.61%, and MEM remained the largest cargo airport United States, and the world’s second largest cargo airport with approximately 4.4 million and 4.3 million U.S. tons of total cargo in Fiscal Year 2024 and Fiscal Year 2023, respectively. The following table illustrates MEM’s aviation activity for Calendar Years 2020 through 2024:

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
MEMPHIS INTERNATIONAL AIRPORT
AVIATION ACTIVITIES
(For the Calendar Years 2020 through 2024)**

	2024	2023	2022	2021	2020
Enplaned Passengers by Airline Type					
Major / National	1,908,651	1,924,514	1,643,091	1,238,057	659,893
Regional/Commuter	514,371	459,309	515,523	540,652	347,474
Non-Scheduled	1,076	72	579	6,635	2,238
TOTAL	2,424,098	2,383,895	2,159,193	1,785,344	1,009,605
Aircraft Total Movements ⁽¹⁾	175,978	185,720	181,612	187,036	180,644
Aircraft Landed Weight (in thousand pound units)	24,072,767	25,847,631	25,863,250	27,092,170	26,787,218

Per Thousand Pounds of Cargo Handled 2024:	Domestic	International	Air Mail	Total	
Cargo – Enplaned	3,526,257.2	699,351.3	2,257.0	4,227,865.6	
Cargo – Deplaned	3,101,186.9	946,103.6	2,933.7	4,050,224.1	
Total Cargo Handled 2024	6,627,444.0	1,645,454.9	5,190.7	8,278,089.7	
Total Cargo Handled 2023	7,001,690.8	1,537,551.2	18,828.3	8,558,070.3	
Increase (Decrease) (2024 vs. 2023)	(374,246.8)	107,903.8	(13,637.6)	(279,980.6)	
Percent Increase (Decrease)	(5.35%)	7.02%	(72.43%)	(3.27%)	

⁽¹⁾ Excludes Military and General Aviation Activity.

Source: Memphis-Shelby County Airport Authority, Calendar Year Statistics, (<http://www.flymemphis.com>).

Concourse B Modernization Project – the newly designed Concourse B at MEM reopened in March 2022 and expanded the spine and southeast leg of Concourse B to provide a more efficient facility with additional passenger amenities such as higher ceilings, wider corridors, larger gate areas, new concessions, moving walkways, additional seating with cupholders, children’s play area, military lounge, USB ports, and cordless charging stations. In addition, MEM is utilizing “view smart windows”, wherein this technology uses artificial intelligence to automatically adjust in response to the sun, maximizing natural light and minimizing heat and glare to enhance the passenger experience.

Concourse A Modernization Project – according to a recent press release, Demolition of Concourse A at MEM has begun. Airport Administration also provided in that same press release that the demolition is expected to be completed in late 2025/early 2026. Upon completion of the modernization project, the area will be the site of a new Memphis-Shelby County Airport Authority (MSCAA) administration building and new checked baggage inspection system (CBIS).

Airport Authority Master Plan (MEM On The Move) – the Airport Authority has recently announced plans for several capital improvements projects at MEM that will primarily focus on modernizing the terminal for Concourse B, improving the parking system, and other passenger-friendly updates. The current estimated cost for this phase is anticipated to be over \$700 million, which is the largest capital project in MEM’s history. The Airport Authority has announced the following capital improvement projects that will be a part of this phase:

Terminal Modernization – upon completion of this phase of the Master Plan, the modernized terminal will feature: (i) expanded open space in the baggage and ticketing areas, with improved passenger flow; (ii) larger security screening checkpoint; (iii) escalators and stairs relocated to the front of the terminal building; (iv) new TSA in-line checked baggage inspection system; (v) seismic upgrades, making the structure more resistant to earthquake damage. This phase of the Master Plan and associated capital improvement projects are anticipated to begin 2027 and be completed in 2030.

Parking Improvements – upon completion of this phase of the Master Plan, the parking improvements will feature: (i) increased parking through adding 800 spaces; (ii) a new parking ticket and payment system; (iii) license plate recognition cameras to identify vehicles by their license plates using light and an infrared camera to take images of the back of vehicles; and (iv) a new parking guidance system that will combine traffic monitoring, onsite communication, and parking sensor technologies to improve travelers’ parking experiences. This phase of the Master Plan and associated capital improvement projects are currently underway.

Passenger-Friendly Updates – upon completion of this phase of the Master Plan, the anticipated updates will feature: (i) a new commercial ground transport lane to be relocated on the baggage claim level of the short-term parking garage which will offer transportation services from taxis, shuttles, limos and ride share services from Lyft and Uber; and (ii) replacing the outer drive to seismically enhance and expand departure-level drive, which is needed to enable the terminal building expansion. This phase of the Master Plan and associated capital improvement projects are expected to commence Summer 2025.

For additional information related to MEM or the overall development plan with the “MEM On The Move” Master Plan and any associated construction updates, visit <https://www.flymemphis.com>.

Highway

The City is connected to the rest of the United States by eight federal, three interstate and seven state highway systems. These highway systems, combined with a circumferential expressway and two highway bridges crossing the Mississippi River, make all parts of the City readily accessible to its surrounding communities.

Rail

The County is the third largest rail center in the United States behind Chicago, Illinois and St. Louis, Missouri. Five Class One railroads operate out of the County with competitive freight service to all principal cities in the United States and direct, on-line service to 35 states. The railroads serving the County include: (i) the Norfolk Southern Railroad, (ii) BNSF Railway, (iii) Canadian National, (iv) CSX, and (v) the Union Pacific System.

These Class I railroads operate with a competitive direct on-line freight service to Mexico which can be reached by rail within 48 hours from the County, Canada and to 45 of the 50 states within the United States. Eighteen other rail carriers maintain off duty offices in the County for the development and coordination of traffic over their lines. The rail lines offer a variety of modern, specialized equipment and services, including piggy back and containerized freight.

Water

The Mississippi River ranks third in length, fourth in drainage area and fifth in volume in the world. Among the world's ten largest rivers, reaching from the Gulf of Mexico deep into the heartlands of the United States, the Mississippi River system encompasses about 8,900 miles of navigable inland waterways. The Mississippi River system has helped make the County and the City a close neighbor of the agricultural Midwest and the industrial East and West Coasts.

The waterways allow for barge service to New Orleans and other Gulf Ports along the Gulf Intracoastal Waterway. The Gulf Intracoastal Waterway system of approximately 1,173 miles connects Florida and Texas and has offered unprecedented growth opportunities to certain industries in the County and the City. In addition, regular service is available to Europe and Asia through the Gulf Intracoastal Waterway.

In terms of freight handled, the International Port of Memphis (the "Port") is the fourth largest shallow draft river port in the United States and second largest inland shallow draft river port on the Mississippi River. The Port handles approximately 12 million tons of barge driven cargo each year. The navigation channel is maintained by the United States Army Corps of Engineers. Favorable climatic conditions typically permit year-round availability of water transportation. According to a study commissioned by the Memphis Shelby County Port Commission in December 2022, the Port's operations annually generate over \$6 billion in economic impact while contributing to both direct and indirect employment across the region supporting thousands of jobs.

The following table presents total tonnage shipped through the Port of Memphis for calendar years 2014 through 2023:

**INTERNATIONAL PORT OF MEMPHIS
TOTAL TONNAGE
(For the Calendar Years 2014-2023)**

Calendar Year	Total Tonnage
2014	14,748,636
2015	12,025,514
2016	12,184,332
2017	11,536,737
2018	11,055,740
2019	8,914,841
2020	8,680,428
2021	9,071,813
2022	8,207,414
2023	7,195,444

Source: Waterborne Commerce Statistics of the United States.

Two still-water harbors in the Memphis area provide shelter from the river current – the Port and Wolf River Harbor. Wolf River Harbor, the City’s original harbor and located in north Memphis and McKellar Lake, is a \$50 million, man-made harbor just south of the Central Business District in the City. Public facilities include three public terminals; LASH service; roll-on, roll-off service; bulk loading facilities to barges; bulk sacking facilities; chemical fertilizer storage tanks; heavy lifts up to 100 tons (CBI Nuclear heavy lift to 1200T); two boat/barge repair facilities; and six grain elevators.

Most major common carrier barge lines provide service to the Port, including American Commercial Barge Lines, Federal Barge Lines, Ohio Barge Lines, Sioux City and New Orleans Barge Lines, DRAVO-Mechling Corporation, Riverway Barge Corporation and Valley Barge Lines.

Public Transit

The Memphis Area Transit Authority (“MATA”) provides public mass transportation within the City of Memphis and parts of the County on fixed-route buses, paratransit vehicles and rubber-tired and vintage rail trolleys. MATA provides fixed-route bus and paratransit services throughout its service area, which consists of 280 square miles. In 2023, MATA ridership (all modes) consisted of over 3 million passenger trips. The fixed-route bus system operates about 6 million revenue miles annually on approximately 33 routes. MATA’s service is available 365 days per year.

Interstate Bus Lines

Trailways / Greyhound Bus Lines is the major interstate bus line serving the City and County, offering bus service from its Memphis area terminals to the continental United States and Canada. Trailways / Greyhound Bus is supported by three smaller lines: Bridge Transit Corp., Great Southern Coaches, and Gulf Transport Co.

TOURISM

The tourism industry in Memphis has shown considerable growth since 1990. Some of the principal reasons for this considerable growth include but are not limited to: (i) the investment of public and private funds into tourism development projects each for new construction and for preservation/reuse of the historical and architectural integrity of certain notable venues; (ii) the continued development and expansion with the area's rich music and arts culture; (iii) the unique southern region cuisine options, including the local barbeque; and (iv) and the development of casino gaming in nearby Northern Mississippi. According to the Memphis Convention and Visitors Bureau, Memphis recorded over 13.5 million annual visitors in 2023, and the tourism statistics included an annual economic impact from domestic visitors who contributed approximately 4.2 billion in 2022 through direct, indirect, and induced spending to the economy of the City, the County and the State. Also, according to the Memphis Convention and Visitors Bureau, there are currently over 2,300 leisure and hospitality businesses operating in the City and the County, wherein these businesses employ around 44,400 individuals. The following are examples of various tourism attractions that can be enjoyed throughout the City and the County:

Professional Sports

Memphis Grizzlies (FedExForum Arena) – in 2001, the National Basketball Association's ("NBA") Grizzlies were refranchised and relocated to Memphis becoming the Memphis Grizzlies. The FedEx Forum Arena (the "FedEx Forum"), constructed for the use by the Grizzlies' is an approximately 18,200 seat multipurpose sports, entertainment and public assembly facility with suites, lounge boxes and other premium seating. The FedEx Forum was completed in September 2004 and opened for the 2004-2005 NBA season. It is the home of the Memphis Grizzlies of the NBA, the University of Memphis men's basketball team and various concerts and other events.

Memphis Redbirds (AutoZone Park) – in 2000, Memphis became the home of the Memphis Redbirds, a minor league baseball team, and constructed a new stadium, AutoZone Park, in the heart of downtown. The Memphis Redbirds (the AAA farm club of the St. Louis Cardinals) plays at the AutoZone Park, a baseball stadium in downtown Memphis containing approximately 10,000 seats and two upper decks with 48 luxury Club suites. AutoZone Park provides grass berm seating down both the left field line and the right field line and has a family-oriented games and amusement area.

Performing Arts

Cannon Center for the Performing Arts – located in downtown Memphis, a 2,072-seat multi-purpose venue, is home to the Memphis Symphony Orchestra and hosts a multitude of other events including ballet, opera, pop and jazz concerts, touring theatrical productions, children's theater and general sessions for conventions at the adjoining Renasant Convention Center.

Halloran Centre for Performing Arts and Education – is located in downtown Memphis and opened in 2015. The Halloran Centre measures over 39,000 square feet, inclusive of a modern theatre with a state-of-the-art sound system, an intimate 361-seat theatre, a flexible banquet hall, classroom space, and a 40-seat boardroom overlooking South Main Street. The Halloran Centre is home to the On Stage at the Halloran Centre entertainment series, the Orpheum Theatre Group's education and community programs, and year-round concerts, theatre performances, family programs, and multicultural events.

Hattiloo Theatre – located in midtown Memphis, enhances the audience's appreciation for the diversity and nuances of Black theatre and provides opportunities for otherwise underutilized local actors and directors to develop their crafts. Hattiloo Theatre produces plays, not merely for entertainment, but as a means for creating broader access to and appreciation of diversity within the arts being a vehicle for deeper cultural enrichment, beneficial to people of all life experiences, ethnicities and strata of socioeconomic status.

Orpheum Theatre – located in downtown Memphis, has been the Mid-South home of touring Broadway productions since 1977. In addition to the Broadway Series, the theatre also hosts performances by Ballet Memphis, various concerts, and local cultural and community events such as Memphis in May and the International Blues Challenge. Since it first opened in 1928, the Orpheum has dazzled patrons with its artisan millwork, gilding, original fixtures, a Mighty Wurlitzer organ, and architectural beauty. The Orpheum was one of the first buildings in Memphis placed on the National Register of Historic Places. With annual maintenance expenses of more than \$650,000, in the last three decades the Orpheum Theatre has undergone more than \$15 million in renovation and improvements that have made it a world-class performing arts facility while preserving the historical and architectural integrity of the vaudeville palace.

Museums; Cultural and Visual Arts Venues

Children’s Museum of Memphis – mission is to create memorable learning experiences through hands-on exhibits and programs. By harnessing the power of play and hands-on engagement, kids essentially experience classroom-like curriculum in fresh new ways. The museum prioritizes its role as a treasured community asset to children and their families by curating more than 30 vibrant exhibits fine-tuned to early learning and overseeing a trove of programs and special events that celebrate and enhance the childhood experience in a hands-on way.

Memphis Brooks Museum of Art – founded in 1916 is home to Tennessee’s oldest and largest major collection of world art, inclusive of more than 10,000 works from ancient Greece, Rome & the Americas; Renaissance masterpieces from Italy; English portraiture; American painting and decorative arts; contemporary art; a survey of African art; and Inside Art. The Brooks Museum has announced plans to move to downtown Memphis, relocating to a new \$150 million facility overlooking the Mississippi River, which is anticipated to open in late 2025. The new museum is 112,000 square feet and about 25% larger in size than the existing facility. The Brooks Museum will connect the river to the core of downtown and will define a new public promenade for all Memphians.

Memphis Music Hall of Fame – is located in downtown Memphis and honors many of the greatest musicians of all time, who created this Memphis’ musical legacy and created a sound that changed the cultural complexion of the world forever. Each year, the Memphis Music Hall of Fame Induction Ceremony honors that year’s inductees through musical performances, spoken word, and live and video tributes by many of today’s biggest musical names who have been influenced by Memphis’ musical greats. In 2024, the Memphis Rock ‘n’ Roll Museum and the Memphis Music Hall of Fame acquired the old Hard Rock Cafe building in downtown Memphis, which will serve as their new location.

Entertainment Districts and Facilities

Beale Street Historic District – The Beale Street Historic District, filled with rich music heritage, is located in downtown Memphis and on an annual basis attracts approximately four million patrons, both tourists and residents. Entertainment in this District focuses on the Blues, which developed on Beale Street throughout the early and middle part of the twentieth century.

Liberty Park – The City has rebranded its Fairgrounds Campus and named it “Liberty Park”. Within Liberty Park, the City invested to develop (i) a 22-acre Youth Sports and Event Complex encompassed with a play area, outdoor track with soccer and football fields, and a large building space containing basketball and volleyball courts and is adaptable for other sports such as wrestling, gymnastics, and cheerleading; and (ii) a 13-acre space to be transformed into a mixed-use area focused on hospitality, commercial retail, family entertainment, office space, and market-rate housing. The City issued Tourism Development Zone Bonds for this project in the second quarter of 2021.

Overton Square Entertainment District – is located in the heart of midtown Memphis featuring a variety of restaurants, an assortment of unique retail shops, live theater, entertainment venues and Memphis’ only independent movie theater. Overton Square Entertainment District boasts some of the tastiest restaurants in the city and great out-of-the way nightlife spots as well.

Simmons Bank Liberty Stadium – is the 58,325-seat stadium that is home to the University of Memphis Tigers’ football team. The University of Memphis and the City of Memphis recently announced their intentions to invest between \$150 million and \$200 million towards a major renovation of the Simmons Bank Liberty Stadium. The invest includes: (i) a transformation of the Stadium’s west side providing several innovative premium seating options; (ii) creating a hospitality experience within the halo space surrounding the Stadium; (iii) create new seating options, such as family boxes on the north end and party deck patios for the University’s students on the south end; and (iv) a potential repurpose and retrofit of the east side suite tower. The construction is anticipated to be completed by the commencement of the University of Memphis Tigers’ 2026 football season.

Public Tourist Attractions

Agricenter International – is an international agricultural market center established in 1985 and is located in the eastern part of the County, approximately 30 minutes from downtown Memphis. Agricenter International is a leader in agricultural field crop research and its 1,000-acre demonstration farm and 140,000-square-foot exhibition center provides a professional forum for the unbiased development, evaluation, demonstration, education, and marketing of the latest and most advanced agricultural technologies and products. Agricenter International welcomes over 1.3 million visitors annually, including manufacturers, researchers and agribusiness organizations and producers from across the country, yielding a \$524 million annual economic impact on the region. The Agricenter is operated by a nonprofit entity pursuant to a management contract with the Shelby County Agricenter Commission.

Bass Pro Shops at the Pyramid – In 2015, Bass Pro Shops opened a retail store and tourist attraction in the Pyramid building located in downtown Memphis on the banks of the Mississippi River. In addition to its retail store, the 220,000 square foot facility includes a hotel, a bowling alley, restaurants, an aquarium, an indoor shooting range, a duck aviary and an alligator pit.

Graceland Memphis – is the home of the late Elvis Presley, which serves as a museum honoring the early rock-and-roll pioneer. Graceland attracts an annual average of more than 750,000 people, many of whom make Graceland the primary reason for their visit to the City of Memphis.

Memphis Zoo – is located in midtown Memphis and is home to more than 3,500 animals representing over 500 different species. Created in April 1906, the Memphis Zoo has been a major tenant of Overton Park for more than 100 years. The land currently sits on 76 acres, of which approximately 55 acres are developed. The Memphis Zoo has invested over \$77 million in renovation and expansion. The zoo’s animal inhabitants reside in three zones with 19 exhibits. It is one of only three zoos in the country to house giant pandas. In May 2024, the Memphis Zoo announced its plans to improve and expand its attractions over a 20-year period with an estimated cost of \$250 million, including the demolition of certain buildings to create space for more attractions, resulting in some exhibit and pathway closures during construction.

Southland Casino Racing – is a casino, buffet, and greyhound racetrack in West Memphis, Arkansas. Simulcast thoroughbred and greyhound races from other tracks around the United States are also offered. Following Southland’s \$40 million renovation project, the expansion included a new main entrance, a new 55,000 square foot gaming room, a 65,000 square foot racing floor, a 400-seat event center, a 150-seat nightclub and a 280-seat buffet with three themed cooking areas.

Public Parks and Outdoor Venues

Leftwich Tennis Center – is the largest public tennis center in Memphis. The City partnered with the University of Memphis to invest \$30 million into the Leftwich Tennis Center for the purpose of creating a new world-class tennis facility through demolishing the current facility and constructing, furnishing, and equipping a new tennis facility; wherein the newly constructed Leftwich Tennis Center will continue to be available for non-exclusive use by the University of Memphis Tennis Program and the general public.

Memphis Botanic Garden – is located on 96 acres, the Memphis Botanic Garden features more than 30 specialty gardens. The Garden has several unique features and was certified as a Level 4 Arboretum, the highest designation, making it one of four in Tennessee. The Garden’s Hosta Trail was recognized by the American Hosta Society as one of fifteen nationally certified trails in the U.S and one of two certified trails in the South.

Mud Island River Park – is a small peninsula that is located in downtown Memphis and sits in the heart of the Mississippi River. The peninsula features the new 50-foot “MEMPHIS” sign, a scale model of the Lower Mississippi River, an 18-gallery river museum, a 5,000-seat concert amphitheater, and a residential area with great views of the Memphis skyline. Activities on Mud Island include concerts, kayaking, paddle boarding, and biking.

Shelby Farms Park Conservancy – is one of the largest urban parks in the United States, measuring over 4,500 acres and covers more than five times the area of Central Park in New York City, New York which is 843 acres in comparison. The Park features over 40 miles of paved and unpaved trails and 20 bodies of water for fishing. The Park’s trail network includes Shelby Farms Greenline, an iconic 10.65-mile paved cycling and pedestrian trail that connects the heart of City of Memphis to the heart of Cordova through Shelby Farms Park.

Tom Lee Park – is currently managed and operated by Memphis River Parks Partnership is located in downtown Memphis and measures about 30 acres, overlooking the Mississippi River. This Park includes four primary zones: (i) The Civic Gateway located at the northern end of the Park and includes a crossing of Riverside Drive leading to the new entry plaza with shade trees, civic water feature, and overall landscape improvements; (ii) The Active Core which includes a 20,000 square foot civic canopy that offers a covered space for recreation and events alongside a signature play area with varying topography and unique playscapes; (iii) The Community Batture including a forested area situated on higher ground, providing an additional gathering place for families; and (iv) The Habitat Terrace at the south end of the park including the canopy walk that connects the Park to downtown through an elevated path through the biodiverse forest. Tom Lee Park is a popular location for walkers, joggers, and cyclists.

Renasant Convention Center

The Renasant Convention Center – The Renasant Convention Center (the “Convention Center”) offers 300,000-square-feet of space designed especially for conventions, tradeshow and performing arts. The Convention Center is located in the downtown convention district on the trolley line, convenient to hotels, attractions, shopping and entertainment, The Convention Center includes a 125,000-square-foot exhibition hall, a 35,000-square-foot secondary exhibit hall, a 28,000-square-foot ballroom, 31 meeting rooms and the Cannon Center. The renovation and expansion were completed in 2021 and were designed to both modernize the facility and increase meeting space, including the addition of a new exterior concourse and pre-function space. In 2023, the Convention Center was named Best Convention Center by Smart Meetings’ Smart Stars. This is the second consecutive year the Convention Center has received this award.

HEALTHCARE AND BIOSCIENCE

The County is a leading medical and bioscience center, and is home to several hospitals and healthcare institutions, including but not limited to, Regional One Health, St. Jude Children's Research Hospital, Baptist Memorial Hospital, Methodist Le Bonheur Healthcare, and Saint Francis Healthcare.

Regional One Health – Regional One Health is a private hospital owned by a not-for-profit corporation, which receives annual appropriations from the County. Regional One Health's Centers of Excellence include the Elvis Presley Memorial Trauma Center, which is the only Level 1 trauma center in the region and the third busiest in the nation; the Firefighters Regional Burn Center, the only full-service center in a 150-mile radius; the Sheldon B. Korones Newborn Center (an intensive care unit for premature and distressed newborns), the only Level IV trauma center in West Tennessee; the Wound Care Center, which specializes in the treatment of chronic non-healing wounds; and High Risk Obstetrics. Regional One Health's Board of Directors is appointed by the County Mayor and is confirmed by the County Commission. According to the *Memphis Business Journal* Book of Lists 2024-2025, Regional One Health is the third largest medical employer in the Memphis area employing 3,054 local full-time employees, 316 active and associate medical staff members, and 687 full-time Registered Nurses ("RN") and Licensed Practical Nurses ("LPN"). In 2023, the medical institution reported a total net revenue of \$588.29 million.

The County has historically provided supplemental funding to Regional One Health Hospital to cover its operating costs and/or shortfalls on an annual basis. The Fiscal Year 2025 budget appropriates \$29 million to cover operating costs and contemplates a proposed one-time unprecedented allocation of dedicated funds to Regional One Health in the amount of \$30.5 million for, among other things, the new construction of hospital facilities. Property acquisitions have begun with an anticipated timeline for demolition and construction to begin within the 12-18 months. The County cannot predict whether the budgeted supplemental funding will be sufficient to support Regional One Health or if such appropriation of funding will increase or decrease in future fiscal years.

St. Jude Children's Research Hospital – St. Jude Children's Research Hospital ("St. Jude") is the world's leading childhood cancer research center and one of the only institutions devoted solely to the study of catastrophic childhood illnesses, with its primary focus on leukemia and solid tumors. American Lebanese Syrian Associated Charities (ALSAC) is the fundraising and awareness organization for St. Jude and is responsible for raising 75% of the funds necessary to operate St. Jude. The development of the Inspiration 4 Advanced Research Center was completed and opened in April 2021. The 625,000 square-foot research facility included 64 labs and space for up to 1,000 employees to conduct research on childhood cancer and catastrophic diseases. St. Jude's 2022-2027 strategic plan includes plans to commit \$1.9 billion to invest in additional research, a housing complex for patients and families, an outpatient clinic with additional clinic office building and more. According to the *Memphis Business Journal* Book of Lists 2024-2025, St. Jude is ranked as the largest medical employer in the Memphis area employing 6,167 local full-time employees, and 702 full-time RNs and LPNs. In 2023, the facility reported a total net revenue of \$153.77 million.

Baptist Memorial HealthCare Corporation – Baptist Memorial Healthcare Corporation ("Baptist") is a multi-facility health care system serving the regional communities of the Mid-South. Facilities owned and operated by Baptist in the County include Baptist Memphis, Baptist Collierville, Baptist Memorial Rehabilitation Hospital and Baptist Women's and Children's Hospital. It is one of the country's largest not-for-profit healthcare systems. In 2022, the Baptist Memorial Hospital-Desoto Campus completed its \$19 million emergency expansion and renovation project expanding the original facility by 20,000 square feet to house the Baptist Medical Group's comprehensive cancer center, primary care, urgent care, pulmonary medicine, and diagnostic imaging. According to the *Memphis Business Journal* Book of Lists 2024-2025, across each of its Memphis area campuses, Baptist Memorial Hospital employs approximately 3,570 local full-time employees.

Methodist LeBonheur Healthcare – Methodist LeBonheur Healthcare (“Methodist”), one of Tennessee’s largest healthcare providers, is an integrated delivery system providing a broad spectrum of inpatient and outpatient care services to patients from over 60 counties in Tennessee, Mississippi, Arkansas and Missouri. Methodist dedicated a new \$275 million tower in late 2018, which included a state-of-the-art transplant institute that consolidated patient services into a single location. In addition to providing medical services to its patients, Methodist LeBonheur Healthcare contributes to the community in a variety of ways that includes its Methodist LeBonheur Community Outreach program, which provides screenings, education and support to improve the everyday lives of children in the community. The Methodist Healthcare Foundation/LeBonheur Foundation also provides funding for a variety of projects, including the Methodist Comprehensive Sickle Cell Center, Methodist Hospice Residence and FedEx Family House. Methodist LeBonheur Healthcare, through its Children’s Hospital, also provides services as the only comprehensive pediatric hospital in the region. According to the *Memphis Business Journal* Book of Lists 2024-2025 Methodist LeBonheur Healthcare and LeBonheur Children’s Hospital combined employs approximately 3,577 local full-time employees.

Saint Francis Healthcare -Memphis/Saint Francis Bartlett – Saint Francis Healthcare has served the East Memphis community since 1974. Saint Francis Healthcare has two acute care facilities located within the County, in the City of Memphis and in the City of Bartlett. In 2024, Saint Francis Bartlett was named as a recipient of the Get with the Guidelines® - Stroke Gold Plus Award for its commitment to helping ensure stroke patients receive the most appropriate treatment according to nationally recognized, research-based guidelines, ultimately leading to more lives saved and reduced disability. According to the *Memphis Business Journal* Book of Lists 2024-2025, on its Memphis and Bartlett campuses, Saint Francis employs approximately 1,444 local full-time employees.

University of Tennessee Health Science Center – In addition, the University of Tennessee Health Science Center (“UTHSC”) is a staple of the community and has trained and employed some of the nation’s top health-care professionals. According to the *Memphis Business Journal* Book of Lists 2023-2024, UTHSC has an estimated number of 2,400 full-time local employees. UTHSC has research focus areas in cancer, diabetes, cardiovascular diseases, renal disease, disorders of the nervous system, infectious diseases, regenerative medicine and stem cell biology, health disparities, disorders of the eye, precision medicine, and drug discovery and development. According to the *Memphis Business Journal* Book of Lists 2024-2025, UTHSC had an estimated total student enrollment of 2,527 as of Fall 2024.

The County is considered the second largest orthopedic device manufacturing center in the United States. The County serves as home to the divisional or corporate headquarters of the following orthopedic and medical device leaders, including but not limited to: (i) Smith & Nephew, Inc.; (ii) Medtronic Spine & Biologics; (iii) Stryker; and (iv) Olympus Surgical Technologies America

Smith & Nephew, Inc. – is a portfolio medical technology company focused on the repair, regeneration and replacement of soft and hard tissue and offers a wide range of products related to joint replacement, resurfacing, healing fractures and deformities. According to the *Memphis Business Journal* Book of Lists 2024-2025, Smith & Nephew, Inc. has an estimated 2,300 full-time local employees.

Medtronic Spine & Biologics – is a medical device company that has a focus area on specialties with minimal access spine technologies for treating painful conditions of the spine, fusion systems for abnormal spine curves, artificial cervical discs to replace damaged or degenerative discs in the neck. According to the *Memphis Business Journal* Book of Lists 2024-2025, Medtronic Spine & Biologics has an estimated 720 full-time local employees.

Stryker – is a medical device company that has a focus area on specialties with orthopedic implants, including foot and ankle implants, orthopedic biologic products, and orthopedic instrumentation. According to the *Memphis Business Journal* Book of Lists 2024-2025, Stryker has an estimated number of 550 full-time local employees.

Olympus Surgical Technologies America – is a medical device company that has a focus area on specialties with ear, nose & throat (ENT) manufacturing and providing repair. According to the *Memphis Business Journal* Book of Lists 2024-2025, Olympus Surgical Technologies America has an estimated number of 422 full-time local employees.

LIBRARIES

The Memphis/Shelby County Public Library System (the “Library System”) has 18 branches throughout the area. The Benjamin L. Hooks Central Library is a 330,000 square-foot facility that is situated in the middle of the City of Memphis and serves as the flagship information hub of the Mid-South. This library system houses five million volumes, with an annual circulation of about four million books. There are five additional public libraries in the County located in Arlington, Collierville, Germantown, Millington, and the Shelby County Law Library in the City. In May 2021, the Institute of Museum and Library Services announced the Library System as one of three recipients of the 2021 National Medal for Museum and Library Service, the nation’s highest honor given to museums and libraries that make significant and exceptional contributions to their communities. The Library System is the first-ever two-time recipient, winning each in 2007 and 2021.

EDUCATION

Memphis-Shelby County Schools District

The Memphis-Shelby County Schools District (“MSCS”), previously known as Shelby County Schools District, is a public school district that serves the City of Memphis as well as most of the unincorporated areas of the County. In Fiscal Year 2022, the Memphis-Shelby County School Board of Education approved a change to the name of the SCS to MSCS being a better representation of the students served. MSCS is the largest public school district in Tennessee and is among the 25th largest public school districts in the United States with over 200 schools serving more than 104,000 students. MSCS is the fourth largest employer in Shelby County with an estimated 15,000 employees, including more than 6,000 teachers.

Shelby County Municipal School Districts

Subsequent to the merger of MCS and SCS, effective on July 1, 2014, officially created and enacted the development of six new municipal school districts in the County. Those school districts are: (i) Arlington Community Schools District wherein this district is inclusive of four (4) educational institutions; (ii) Bartlett City School District wherein this district is inclusive of ten (10) educational institutions; (iii) Collierville Schools District wherein this district is inclusive of nine (9) educational institutions; (iv) Germantown Municipal School District wherein this district is inclusive of six (6) educational institutions; (v) Lakeland School District wherein this district is inclusive of two (2) educational institutions; and (vi) Millington Municipal Schools wherein this district is inclusive of four (4) educational institutions (collectively the “Shelby County Municipal School Districts”). The MSCS is the largest district of the seven municipal school districts wherein it is inclusive of more than two hundred educational institutions.

The table below illustrates the average daily membership and daily attendance for all Shelby County Municipal School Districts for 2021-2024:

SHELBY COUNTY, TENNESSEE
SHELBY COUNTY MUNICIPAL SCHOOL DISTRICTS
AVERAGE DAILY MEMBERSHIP AND AVERAGE DAILY ATTENDANCE
(For the Academic School Years 2021 through 2024)

		2021-2022		2022-2023		2023-2024	
Shelby County Municipal School Districts	Number of Schools ⁽¹⁾	Average Daily Membership	Average Daily Attendance	Average Daily Membership	Average Daily Attendance	Average Daily Membership	Average Daily Attendance
Arlington Community Schools	4	4,916	4,699	4,733	4,372	4,495	4,372
Bartlett City Schools	10	8,632	8,190	8,746	8,468	8,751	8,468
Collierville Schools	10	8,926	8,574	9,145	9,001	9,265	9,001
Germantown Municipal School District	7	5,960	5,612	5,881	5,753	5,900	5,753
Lakeland School System ⁽²⁾	2	1,864	1,773	2,080	2,222	2,282	2,222
Millington Municipal Schools	3	2,402	2,215	2,478	2,393	2,495	2,393
Memphis-Shelby County Schools	209	101,568	101,776	103,207	100,618	104,866	100,618

⁽¹⁾ As of 2023-2024 Academic School Year.

⁽²⁾ Through an interlocal agreement, Lakeland middle and high school students attend schools in the Arlington Community School and the Bartlett County Schools districts.

Source: State of Tennessee, Department of Education, Annual Statistical Report June 30, 2024.

Post-Secondary Institutions

The Memphis area is home to numerous post-secondary institutions, notably including: the University of Memphis; Christian Brothers University; Rhodes College; Lemoyne-Owen College; Baptist Memorial College of Health Sciences; and the University of Tennessee Health Science Center – Memphis.

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APPENDIX D

**SUMMARY OF CERTAIN PROVISIONS OF THE
ELECTRIC SYSTEM RESOLUTION**

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Summary of Certain Provisions of the Electric System Resolution

The following briefly summarizes certain terms and provisions of the Master Resolution adopted by MLGW on June 20, 2002 and by the City on July 2, 2002; as supplemented by a First Supplemental Resolution adopted by MLGW on June 20, 2002 and by the City on July 2, 2002; as amended by the First Supplemental Amending Resolution adopted by MLGW on October 16, 2003 and by the City on October 21, 2003; as supplemented by the Second Supplemental Resolution adopted by MLGW on October 16, 2003 and by the City on October 21, 2003; as supplemented by the Third Supplemental Resolution adopted by MLGW on May 1, 2008 and by the City on June 3, 2008; as supplemented by the Fourth Supplemental Resolution adopted by MLGW on October 15, 2009 and by the City on November 3, 2009, and as ratified and readopted by the City on December 1, 2009; as supplemented by the Fifth Supplemental Resolution adopted by the City on April 15, 2014, and MLGW on April 8, 2014; as supplemented by the Sixth Supplemental Resolution adopted by MLGW on June 1, 2016 and by the City on July 5, 2016; as supplemented by the Seventh Supplemental Resolution adopted by MLGW on July 19, 2017 and by the City on August 22, 2017; as supplemented by the Eighth Supplemental Resolution adopted by MLGW on June 30, 2020, and by the City on August 4, 2020; as supplemented by the Ninth Supplemental Resolution adopted by MLGW on June 30, 2020, and by the City on August 4, 2020; as supplemented by the Tenth Supplemental Resolution adopted by MLGW on July 17, 2024, and by the City on July 23, 2024; and as supplemented by the Eleventh Supplemental Resolution adopted by MLGW on August 6, 2025, and by the City on August 19, 2025 (collectively, the “Resolution”). This summary is not a complete explanation of the terms and conditions of the Resolution. Investors should refer to the Resolution for a complete statement of the terms, provisions and conditions thereof.

Definitions of Certain Terms

“**Accreted Value**” means, with respect to each Compound Interest Bond, the principal amount of such Compound Interest Bond, plus, on the date of calculation, the interest accrued thereon to such date compounded at the interest rate thereof on each compounding date contained in such Compound Interest Bond, and, with respect to any calculation on a date other than a compounding date, the Accreted Value means the Accreted Value as of the preceding compounding date plus interest on such amount from such compounding date to the date of calculation at a rate equal to the interest rate on such Compound Interest Bond.

“**Acquired System**” means any other electric system or facility acquired by the City or MLGW pursuant to State law.

“**Acts**” mean Chapter 34 of Title 7, Chapter 21 of Title 9 and Chapter 10 of Title 12 of the Tennessee Code Annotated, as amended.

“**Additional Interest**” means, for any period during which any Pledged Bonds are owned by a Credit Issuer pursuant to a Credit Facility or Credit Facility Agreement, the amount of interest accrued on such Pledged Bonds at the Pledged Bond Rate less the amount of interest which would have accrued during such period on an equal principal amount of Bonds at the Bond Rate.

“**Additional Obligations**” means Revenue Obligations issued in accordance with and pursuant to the Resolution.

“**Annual Budget**” means the annual budget of the Board relating to the System (which shall specify all costs, obligations, and expenses properly allocable to the System), as amended or supplemented in accordance with established procedures of the Board, adopted or in effect for a particular Fiscal Year.

“Balloon Date” means any Principal Maturity Date or Put Date for Balloon Obligations in a Balloon Year.

“Balloon Obligations” means any Revenue Obligations 25% or more of the original principal amount of which (i) is due in any 12-month period or (ii) may, at the option of the holders thereof, be required to be redeemed, prepaid, purchased directly or indirectly by the City or MLGW, or otherwise paid in any 12-month period; provided that, in calculating the principal amount of such Revenue Obligations due or required to be redeemed, prepaid, purchased, or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be redeemed or amortized prior to such 12-month period.

“Balloon Year” means any 12-month period in which more than 25% of the original principal amount of related Balloon Obligations mature or are subject to mandatory redemption or could, at the option of the holders thereof, be required to be redeemed, prepaid, purchased directly or indirectly by the City or MLGW, or otherwise paid.

“Beneficiaries” means the holders of any Revenue Obligations and the parties to Contracts.

“Board” means the Board of Light, Gas and Water Commissioners operating as the governing body of MLGW.

“Bond Counsel” means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing retained by MLGW.

“Bondholder” or **“holder”** means the registered owner or the holder of one or more Revenue Obligations.

“Bond Rate” means the rate of interest per annum payable on specified Revenue Obligations other than Pledged Bonds.

“Bond Register” means the registration books maintained and to be maintained by the Bond Registrar.

“Bond Registrar” means any bank or trust company designated as such by MLGW with respect to any of the Bonds. Such Bond Registrar shall perform the duties required of the Bond Registrar in the Resolution.

“Bonds” means any revenue bonds or notes authorized by and authenticated and delivered pursuant to the Resolution.

The term **“category”** or **“category of Revenues”** means an objectively definable portion of Revenues related to a particular type of service, activity or facility, including the categories of General Revenues, Released Revenues and Special Purpose Revenues and subcategories within such categories. A “category of Revenues,” unless otherwise determined by MLGW, includes Investment Earnings or other moneys in funds or amounts derived from such portion of Revenues.

“City” means the City of Memphis, Tennessee, a municipal corporation created and existing under the laws of the State.

“Code” means the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder.

“Commitment,” when used with respect to Balloon Obligations, means a binding written commitment from a financial institution, surety, or insurance company to refinance such Balloon Obligations on or prior to any Balloon Date thereof, including without limitation any Credit Facility for such Balloon Obligations.

“Compound Interest Bonds” means Bonds that bear interest which is calculated based on periodic compounding, payable only at maturity or earlier redemption.

“Conduit Bonds” means bonds, notes or other obligations issued by a Conduit Issuer to provide proceeds to be loaned by the Conduit Issuer to the City or MLGW pursuant to a Loan Agreement.

“Conduit Issuer” means a governmental entity or instrumentality of any governmental entity that issues Conduit Bonds at the request of MLGW.

“Consulting Engineer” means (i) an engineering firm or individual engineer employed by MLGW with substantial experience in advising utilities similar to the System operated by MLGW as to the construction and maintenance of the System and in the projection of relative costs of expansion in the System or (ii) an engineer or engineers who are employees of MLGW whose reports or projections are certified by a Financial Adviser.

“Contracts” means all Credit Facility Agreements, including any related Reimbursement Obligations, all agreements with respect to Reserve Account Credit Facilities, including any related Reimbursement Obligations, all Qualified Hedge Agreements, and any agreement made pursuant to the Resolution.

“Contract Payments Account” means the Contract Payments Account within the Sinking Fund established pursuant to the Resolution.

“Costs,” with respect to any Project, means the total cost, paid or incurred, to study, plan, design, finance, acquire, construct, reconstruct, install or otherwise implement the Project including improvements to another Project, and shall include, but shall not be limited to, the following costs and expenses relating to such Project and the reimbursement to MLGW for any such items previously paid by MLGW;

- (a) the cost of all lands, real or personal properties, rights, easements and franchises acquired;
- (b) the cost of all financing charges and interest prior to, during construction and after;
- (c) the cost of the acquisition, construction, reconstruction, implementation or installation of any Project;
- (d) the cost of engineering, architectural, planning, development, and supervisory services, fiscal agents’ and legal expenses, plans and specifications, and other expenses necessary or incident to determining the feasibility or practicability of any Project, administrative expenses, and such other expenses as may be necessary or incident to any financing with proceeds of Revenue Obligations;
- (e) the cost of placing any Project in operation;

- (f) the cost of condemnation of property necessary for construction implementation and operation;
 - (g) the costs of issuing any Revenue Obligations to finance or to refinance any Project;
 - (h) any other costs which may be incident to any Project prior to completion and implementation;
- and
- (i) interest on the Revenue Obligations during the construction and installation of any Project and for up to six (6) months thereafter; and
 - (j) any other costs permitted by the Acts.

“Council” means the governing body of the City.

“Credit Facility” means any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, or similar obligation, arrangement, or instrument issued by a bank, insurance company, or any entity that is used by MLGW to perform one or more of the following tasks: (i) enhancing MLGW’s credit by assuring owners of any of the Revenue Obligations that principal of and interest on such Revenue Obligations will be paid promptly when due; (ii) providing liquidity for the owners of Revenue Obligations through undertaking to cause Revenue Obligations to be bought from the owners thereof when submitted pursuant to an arrangement prescribed by a Supplemental Resolution; or (iii) remarketing any Revenue Obligations so submitted to the Credit Issuer (whether or not the same Credit Issuer is remarketing the Revenue Obligations). The term Credit Facility shall not include a Reserve Account Credit Facility.

“Credit Facility Agreement” means an agreement between the City, at the request of MLGW and/or MLGW and a Credit Issuer pursuant to which the Credit Issuer issues a Credit Facility and may include a related Reimbursement Obligation. The term Credit Facility Agreement shall not include an agreement with respect to a Reserve Account Credit Facility.

“Credit Issuer” means any issuer of a Credit Facility then in effect for all or part of the Revenue Obligations. The term Credit Issuer shall not include any Reserve Account Credit Facility Provider. Whenever in the Resolution the consent of the Credit Issuer is required, such consent shall only be required from the Credit Issuer whose Credit Facility is issued with respect to the Revenue Obligations for which the consent is required.

“Current Interest Bonds” means those Bonds which are not Compound Interest Bonds.

“Debt Service Requirement” means the total principal and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with MLGW or any Paying Agent), in any specified period, provided:

- (i) If any Revenue Obligations Outstanding or proposed to be issued shall bear interest at a Variable Rate, including Hedged Obligations if the interest thereon calculated as set forth below is expected to vary and Revenue Obligations secured by a Credit Facility if the interest thereon calculated as set forth below is expected to vary, the interest coming due in any specified future period shall be determined as if the Variable Rate in effect at all times during such future period equaled, at the option of MLGW either (1) the average of the actual Variable Rates which were in effect (weighted according to the length of the period during which each such Variable Rate was in effect) for the most recent 12-month period immediately preceding the date of

calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (2) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date as certified by a Financial Adviser.

(ii) If any Compound Interest Bonds are Outstanding or proposed to be issued, the total principal and interest coming due in any specified period shall be determined in accordance with a Supplemental Resolution of MLGW authorizing such Compound Interest Bonds.

(iii) With respect to any Revenue Obligations secured by a Credit Facility, the Debt Service Requirement therefor shall include (1) any commission or commitment fee obligations with respect to such Credit Facility, (2) the outstanding amount of any Reimbursement Obligation and interest thereon, (3) any Additional Interest owed on Pledged Bonds, and (4) any remarketing agent fees; provided if (a) the Credit Facility requires the Credit Issuer to make all interest payments on the Revenue Obligations, (b) the Reimbursement Obligation provides for payments by MLGW or the Credit Issuer based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, and (c) the Credit Issuer, upon the execution of the Credit Facility Agreement, would qualify as a Qualified Hedge Provider if the Credit Facility Agreement were to be construed as a Hedge Agreement and the related Revenue Obligations as Hedged Obligations, then interest on such Revenue Obligations shall be calculated by adding (x) the amount of interest payable on such Revenue Obligations pursuant to their terms and (y) the amount of payments for interest to be made by the City or MLGW under the Credit Facility Agreement, and subtracting (z) the amounts payable by the Credit Issuer to the City or MLGW or as interest on such Revenue Obligations as specified in the Credit Facility Agreement; but only to the extent the Credit Issuer is not in default under the Credit Facility and if such default has occurred and is continuing, interest on such Revenue Obligations shall be calculated as if there were no Credit Facility. In determining the amounts described in this paragraph for any future period, MLGW (A) may assume that any Credit Facility presently in effect will remain in effect even if such Credit Facility has an expiration date prior to the maturity of the related Revenue Obligations and (B) may assume that the current payments relating to the Credit Facility will remain in effect or may estimate such payments in the future provided that MLGW obtains a certificate from a Financial Adviser that such estimates are reasonable.

(iv) With respect to any Hedged Obligations, the interest on such Hedged Obligations during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the City or MLGW on such Hedged Obligations pursuant to their terms and (y) the amount of Hedge Payments payable by the City or MLGW under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the City or MLGW on the related Hedged Obligations shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the "Determination Period") shall be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent 12- month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period).

(v) For the purpose of calculating the Debt Service Requirement on Balloon Obligations (1) which are subject to a Commitment or (2) which do not have a Balloon Year commencing within 12 months from the date of calculation or (3) which are issued in anticipation of the issuance of Bonds that are not Balloon Obligations, at the option of MLGW, the actual principal and interest on such Balloon Obligations shall be

included in the Debt Service Requirement, subject to the other assumptions contained therein, or such Balloon Obligations shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 30 years at an assumed interest rate (which shall be the interest rate certified by a Financial Adviser to be the interest rate at which MLGW could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Balloon Obligations and with a 20-year term); provided, however, that if the maturity of such Balloon Obligations (taking into account the term of any Commitment) is in excess of 30 years from the date of issuance, then such Balloon Obligations shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Obligations to maturity (including the Commitment) and at the interest rate applicable to such Balloon Obligations. For the purpose of calculating the Debt Service Requirement on Balloon Obligations not described in the preceding sentence, the principal payable on such Bonds during the Balloon Year shall be calculated as if paid on the Balloon Date.

(vi) The principal of and interest on Revenue Obligations, amounts for interest under a Credit Facility and Hedge Payments shall be excluded from the determination of Debt Service Requirement to the extent that the same were or are expected to be paid with amounts on deposit on the date of calculation (or proceeds of Revenue Obligations to be deposited on the date of issuance of proposed Revenue Obligations) in a fund under the Resolution.

(vii) With respect to a Revenue Obligation that is a Loan Agreement, the Debt Service Requirement shall be calculated in a manner consistent with the calculation of the Debt Service Requirement on other Revenue Obligations and shall include payments under the Loan Agreement which consist of principal, interest, payments made in connection with a Hedge Agreement entered into by a Conduit Issuer in connection with the Conduit Bonds, fees and expenses of any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, remarketing agreement, legal fees and expenses, trustee fees, fees and expenses of the Conduit Issuer, fees and expenses of any administration, rating agency fees, rebate and similar obligations of the Conduit Issuer with respect to the Conduit Bonds, but excluding any Termination Payments to be made in connection with a Hedge Agreement entered into by a Conduit Issuer.

“Debt Service Reserve Account” means the Debt Service Reserve Account within the Sinking Fund established in the Resolution.

“Debt Service Reserve Requirement” means an amount determined from time to time by MLGW as a reasonable reserve, if any, for the payment of principal of and interest on Revenue Obligations for which a subaccount in the Debt Service Reserve Account is created or added to pursuant to a Supplemental Resolution.

“Defeasance Obligations” means Government Obligations and such other investments that are from time to time permitted by applicable law to be used by the City or MLGW to provide for the payment of Revenue Obligations in connection with the refunding of such Revenue Obligations.

“Depository” means any depository of a fund established under the Resolution selected in the discretion of MLGW.

“Division” or **“MLGW”** means the Memphis Light, Gas and Water Division of the City of Memphis, a division of the City of Memphis, established pursuant to Chapter 381 of the 1939 Private Acts of Tennessee, as amended.

“DTC” means The Depository Trust Company, New York, New York, or its nominee, or its successors and assigns, or any other depository performing similar functions under the Resolution.

“Financial Adviser” means an investment banking or financial advisory firm, commercial bank, or any other Person who or which is retained by MLGW for the purpose of passing on questions relating to the availability and terms of specified types of Revenue Obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of MLGW, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Adviser has been retained.

“Fiscal Year” means the 12-month period used by MLGW for its general accounting purposes, as it may be changed from time to time. The Fiscal Year at the time the Resolution was adopted began on January 1 and ended on December 31.

“Forecast Period” means a period beginning with the first Fiscal Year beginning after the later of (i) the Fiscal Year in which any proposed Additional Obligations are to be issued or (ii) the Fiscal Year in which any Project to be financed with the proceeds of any proposed Additional Obligations is, in the judgment of MLGW, expected to be completed and ending on the last day of the fifth (5th) Fiscal Year thereafter.

“General Revenue Account” means the General Revenue Account within the Revenue Fund established by the Resolution.

“General Revenue Obligations” means Revenue Obligations secured by a Senior Lien on General Revenues.

“General Revenue Facilities” means the System, but not including all Special Purpose Facilities and Released Revenue Facilities

“General Revenues” means all Revenues other than Released Revenues and Special Revenues.
“Governing Body” means the Board.

“Government Obligations” means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, or (ii) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of and the interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, (y) are not subject to redemption or prepayment prior to maturity except at the option of the holder of such obligations and (z) may include U.S. Treasury Trust Receipts.

“Hedge Agreement” means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that MLGW determines is to be used, or is intended to be used, to

manage or reduce the cost of any Revenue Obligations, to convert any element of any Revenue Obligations from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

“Hedge Payments Account” means the Hedge Payments Account within the Sinking Fund established pursuant to the Resolution.

“Hedge Payments” means amounts payable by the City or MLGW pursuant to any Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

“Hedge Period” means the period during which a Hedge Agreement is in effect.

“Hedge Receipts” means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

“Hedged Obligations” means any Revenue Obligations for which the City or MLGW shall have entered into a Qualified Hedge Agreement.

“Independent Certified Public Accountant” means a certified public accountant, or a firm of certified public accountants, who or which are “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote their full time to MLGW (but who or which may be regularly retained by MLGW).

“Interest Payment Date” means each date on which interest is to become due on any Revenue Obligations, as established in a Supplemental Resolution for such Revenue Obligations.

“Interest Account” means the Interest Account within the Sinking Fund established pursuant to the Resolution.

“Investment Earnings” means all interest received on and profits derived from investments made with Revenues or any other moneys in the funds and accounts established under the Resolution.

“Loan Agreement” means any agreement or contract entered into by the City or MLGW whereby another governmental entity or instrumentality of a governmental entity agrees to advance funds to the City or MLGW and the City or MLGW agrees to repay those funds with interest and all costs associated with the Loan Agreement and any bonds, notes or other obligations issued to fund the Loan Agreement.

“Master Resolution” means the Master Resolution adopted by MLGW on June 20, 2002 and by the City Council of the City of Memphis, Tennessee (the “City”) on July 2, 2002, as amended by the First Supplemental Amending Resolution adopted by MLGW on October 16, 2003 and by the City on October 21, 2003, and as further amended from time to time.

“Net Revenues” means, for each category of Revenues, Revenues net of related Operating Expenses.

“Operating Expenses” means the current costs and expenses of MLGW for operation, maintenance and repair applicable to the System, salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses (including legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting or technical services not funded with proceeds of Revenue Obligations), insurance expenses, taxes and other governmental charges, the imposition or amount of which is not subject to control of MLGW or the

City, any payments made by MLGW during any fiscal year to purchase electrical power for distribution and sale during or after the end of that fiscal year, and other payments made under any electrical power supply contract or commodity swap or other hedging mechanism to the extent not inconsistent with generally accepted accounting principles. Operating Expenses do not include depreciation or obsolescence charges or reserves therefor, charges relating to any prepayment for the purchase of electricity made directly by MLGW, amortization of intangibles or other bookkeeping entries of a similar nature, on Revenue Obligations or Contracts of MLGW or the City, on behalf of MLGW, payable from Net Revenues of the System, costs or charges made therefor, capital additions, replacements, betterments, extensions or improvements to or retirement from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, or payment in lieu of taxes or otherwise to the City or any political subdivision or public body, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System, nor such property items, including taxes and fuels, which are capitalized pursuant to the then existing accounting practices of the Board or expenses of an Acquired System if revenues of the Acquired System are not included in Revenues at the election of MLGW.

“Other System Obligations” means obligations of any kind, including but not limited to, revenue bonds, capital leases. Hedge Agreements which are not Qualified Hedge Agreements, installment purchase agreements, or notes (but excluding Revenue Obligations and Contracts), incurred or issued by MLGW to finance or refinance the cost of acquiring, constructing, reconstructing, improving, bettering, or extending any part of the System or any other cost relating to the System, which do not have a lien on any category of Revenues.

“Outstanding” means, when used in reference to the Revenue Obligations, all Revenue Obligations that have been duly authenticated and/or delivered under the Resolution, with the exception of (a) Revenue Obligations in lieu of which other Revenue Obligations have been issued under agreement to replace lost, mutilated, stolen, or destroyed obligations, (b) Bonds surrendered by the owners in exchange for other Bonds under the Resolution, and (c) Revenue Obligations for the payment of which provision has been made in accordance with Article IX of the Resolution. In determining the amount of Compound interest Bonds Outstanding under the Resolution, the Accreted Value of such Compound Interest Bonds at the time of determination shall be used.

The term **“parity”** or **“parity secured”** when applied to two or more series of Revenue Obligations means each such Revenue Obligation has a lien of equal rank on the same category of Revenues.

“Paying Agent” means a bank, trust company, or any other Person designated as such by MLGW with respect to the Revenue Obligations issued hereunder and authorized to pay the principal of, premium, if any, or interest on such Revenue Obligations on behalf of MLGW. Such Paying Agent shall perform the duties required of the Paying Agent in the Resolution and any Supplemental Resolution authorizing Revenue Obligations. MLGW may designate itself as Paying Agent with respect to any Revenue Obligations; provided, however, if an Event of Default has occurred and is ongoing hereunder, then any Bondholder of Revenue Obligations to which the Event of Default relates may petition a court of competent jurisdiction for appointment of a replacement Paying Agent.

“Permitted Investments” means obligations selected by MLGW in which MLGW is permitted to invest moneys pursuant to applicable law.

“Person” or **“person”** means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, body, government, or agency or political subdivision thereof.

“Pledged Bond” means any Revenue Obligation purchased and held by a Credit Issuer pursuant to a Credit Facility Agreement. A Revenue Obligation shall be deemed a Pledged Bond only for the actual period during which such Revenue Obligation is owned by a Credit Issuer pursuant to a Credit Facility Agreement.

“Pledged Bond Rate” means the rate of interest payable on Pledged Bonds, as may be provided in a Credit Facility or Credit Facility Agreement.

“Pledged Revenues” means all Net Revenues and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in the Resolution, but excluding (i) amounts in the Revenue Fund required to be used to pay Operating Expenses and (ii) any amounts required in the Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code, including, but not limited to, amounts in the Rebate Fund.

“President and CEO” means the individual appointed by the Mayor, confirmed by the Council, as the chief executive officer of MLGW.

The term **“principal”** means the principal amount of any Revenue Obligations and includes the Accreted Value of any Compound Interest Bonds. All references to principal shall be construed as if they were also references to Accreted Value with respect to Compound Interest Bonds.

“Principal Account” means the Principal Account within the Sinking Fund established pursuant to the Resolution.

“Principal Maturity Date” means each date on which principal is to become due on any Revenue Obligations, by maturity or mandatory sinking fund redemption, as established in a Supplemental Resolution for such Revenue Obligations.

“Project” means the construction of improvements and extensions to and the equipping of improvements to the System, in whole or in part, and the acquisition of all property, real and personal, related thereto, with the proceeds of any Revenue Obligations.

“Put Date” means any date on which a holder may elect to have Balloon Obligations redeemed, prepaid, purchased directly or indirectly by the City or MLGW, or otherwise paid.

“Qualified Hedge Agreement” means any Hedge Agreement with a Qualified Hedge Provider.

“Qualified Hedge Provider” means an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed or insured or collateralized by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the second highest Rating category of each Rating Agency (ignoring any gradations within a Rating category), but, if there is no Credit Facility with respect to the related Hedged Obligations, in no event lower than any Rating on the related Hedged Obligations at the time of execution of the Hedge Agreement, or (ii) in any such lower Rating categories which each Rating Agency indicates in writing to MLGW will not, by itself, result in a reduction or withdrawal of its Rating on the related Hedged Obligations that is in effect prior to entering into the Hedge Agreement. An entity’s status as a “Qualified Hedge Provider” is determined only at the time MLGW or the City, at the direction of MLGW, enters into a Hedge Agreement with such entity and will not be redetermined with respect to that Hedge Agreement.

“Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“Rating Agencies” or **“Rating Agency”** means Fitch, Moody’s, and Standard & Poor’s or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Revenue Obligations at the request of MLGW. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Revenue Obligations, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

“Rebate Fund” means the Rebate Fund, established pursuant to the Resolution.

“Record Date” means any record date designated in a Supplemental Resolution for any Revenue Obligations.

“Reimbursement Obligation” means the obligation of the Board or of the City, on behalf of the Board, to directly reimburse any Credit Issuer for amounts paid by such Credit Issuer under a Credit Facility, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument. The term Reimbursement Obligation includes obligations pursuant to a Credit Facility Agreement either to make payments for interest based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, in return for the Credit Issuer’s fixed obligations under the Credit Facility or to make fixed payments for interest in return for the Credit Issuer’s payments based on such variables.

The term **“related”** means, when used to refer to Revenue Obligations, subaccounts, category of Revenues or liens, the item modified by such term has a definite relationship to the subject as described in the Resolution. The term **“related”** means, when used to refer to Operating Expenses, (i) for Released Revenue Obligations or Released Revenues, Operating Expenses with respect to Released Revenue Facilities, (ii) for Special Purpose Revenue Obligations or Special Purpose Revenues, Operating Expenses with respect to Special Purpose Facilities, and (iii) for General Revenue Obligations or General Revenues, all Operating Expenses of the System less Operating Expenses with respect to Related Revenue Facilities and Special Purpose Facilities.

“Released Revenue Account” means the Released Revenue Account within the Revenue Fund established pursuant to the Resolution.

“Released Revenue Facilities” means the portion of the System with respect to which Released Revenues arise or from which they are generated.

“Released Revenue Obligations” means Revenue Obligations secured by a Senior Lien on one or more categories of Released Revenues.

“Released Revenues” mean particular categories of Revenues which would otherwise be General Revenues, but have been identified by MLGW in accordance with the Resolution as not constituting General Revenues.

“Resolution” means the Master Resolution as it may from time to time be modified, supplemented, or amended by Supplemental Resolutions.

“Revenue Obligations” means any revenue bonds, notes or other obligations authorized by and authenticated and delivered or any loan agreement executed and delivered pursuant to the Resolution.

“Revenues” means (i) all revenues, rentals, income, receipts, accounts receivable and money derived from the ownership and operation of the System, received by MLGW, Investment Earnings and all other income earned and accreted from, and deferred gain from, securities and other investments and amounts earned on amounts deposited in funds and accounts under the Resolution or otherwise maintained with respect to the System, computed in accordance with generally accepted accounting principles (excluding any investment earnings from construction or improvement funds created for the deposit of Revenue Obligation proceeds pending use, to the extent such income is applied to the purposes for which the Revenue Obligations were issued, and funds created to refund any outstanding obligations payable from Revenues of the System), and (ii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the benefit of the System which are (y) not restricted by law or the payor to application for a particular purpose and (z) otherwise lawfully available for payment of Revenue Obligations or Contracts. The term “Revenues” also does not include: (a) proceeds of insurance so long as such proceeds are to be paid to a party separate from MLGW, in respect of a liability or are to be used to repair or replace portions of the System; (b) extraordinary gains from the sale of assets or similar one-time sources of income; and (c) amounts resulting from any prepayment for the purchase of electricity by MLGW which would be treated as other income in accordance with generally accepted accounting principles.

“Senior Lien” means a lien on one or more categories of Revenues that entitles the Beneficiaries of such lien to have a claim on such Revenues prior to any other Person and ahead of the use of such Revenues for any purpose other than payment of Operating Expenses; provided one or more series of Revenue Obligations, Contracts and related Beneficiaries may have parity Senior Liens on the same categories of Revenues pursuant to the terms of the Resolution.

“Senior Lien Revenue Obligations” means General Revenue Obligations and Released Revenue Obligations but not Subordinate Lien Obligations provided “Senior Lien Obligations” also includes Additional Senior Lien Obligations issued in compliance with the provisions of the Resolution and obligations secured by a Senior Lien pursuant to the Resolution.

“Series 2025 Bonds” means not to exceed \$250,000,000 Electric System Revenue Bonds, Series 2025, of the City, to be dated the date of issuance.

“Sinking Fund” means the Sinking Fund established pursuant to the Resolution.

“Special Purpose Facilities” means facilities which (i) will not result, upon completion or acquisition, in a material reduction in Net General Revenues in the judgment of the Board of MLGW, (ii) will not be of such a type or design that the subsequent closing thereof will materially impair the general operations of the System and (iii) the Board has designated in a Supplemental Resolution, as “Special Purpose Facilities” and may include an Acquired System.

“Special Purpose Revenues” means Revenues arising from or generated by one or more Special Purpose Facilities. At the election of MLGW, Special Purpose Revenues shall include all fees, notes, rates, charges and income received from an Acquired System.

“Special Purpose Revenue Account” means the Special Purpose Revenue Account within the Revenue Fund established pursuant to the Resolution.

“Special Purpose Revenue Obligations” means Obligations secured by a Senior Lien on Special Purpose Revenues.

“Subordinate Lien” means a lien on one or more categories of Revenues which is not a Senior Lien.

“State” means the State of Tennessee.

“Subordinate Lien Obligations” means Revenue Obligations which only have a Subordinate Lien and obligations secured by a Subordinate Lien pursuant to the Resolution.

“Supplemental Resolution” means a resolution supplemental to the Master Resolution (which itself may be supplemented by one or more resolutions) to be adopted prior to and authorizing the issuance and delivery of any series of Revenue Obligations. Such a resolution as supplemented shall establish, or shall establish a method or procedure for establishing, the date or dates of the pertinent series of Revenue Obligations, the schedule of maturities of such Revenue Obligations, whether any such Revenue Obligations will be Compound Interest Bonds, the rate or rates of interest to be borne thereby (or a range thereof), whether fixed or variable, the interest payment dates for such Revenue Obligations, the terms and conditions, if any, under which such Revenue Obligations may be made subject to redemption (mandatory or optional) prior to maturity, the form of such Revenue Obligations, the liens relating to such Revenue Obligations, the Contracts, if any, relating to such Revenue Obligations, and such other details as MLGW may determine.

“System” means the complete electrical system and facilities of MLGW including, without limitation, all electric distribution, generation and transmission facilities of MLGW, together with all electric system properties of every nature hereafter owned by MLGW, including all improvements and extensions made by MLGW while the Revenue Obligations remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the electric system, all administrative and operational support facilities, and including all appurtenances, contracts, leases, franchises and other intangibles; provided, however, at the election of MLGW, an Acquired System may be included within the System as defined therein and become a part thereof or, at the election of MLGW, not become a part of the System but be operated as a separate and independent system by MLGW with the continuing right, upon the election of MLGW, to incorporate such separately Acquired System within the System.

“Tax-Exempt Bonds” means any Revenue Obligations the interest on which has been determined, in an unqualified opinion of Bond Counsel, to be excludable from the gross income of the owners thereof for federal income tax purposes.

“Termination Payments” means an amount payable by MLGW or the City on behalf of MLGW or a Qualified Hedge Provider upon termination of a Hedge Agreement and similar payments made by a Conduit Issuer under a Loan Agreement.

“Variable Rate” means a rate of interest applicable to the Revenue Obligations, other than a fixed rate of interest which applies to a particular maturity of Revenue Obligations so long as that maturity of Revenue Obligations remains Outstanding.

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Pledged Revenues and Flow of Funds

Pledge of Revenues: Limited Obligations; Contract Liens

(a) All Pledged Revenues shall be and are hereby pledged to the prompt payment of the principal of, premium, if any, and interest on the Revenue Obligations, obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution and the obligations under the Contracts; provided:

(1) General Revenues shall secure only (A) General Revenue Obligations, (B) Subordinate Lien Obligations which have a lien on General Revenues, and (C) any Contracts with respect to such General Revenue Obligations;

(2) Released Revenues shall secure only (A) the related Released Revenue Obligations, (B) Subordinate Lien Obligations which have a lien on any related Released Revenues, (C) any Contracts with respect to such Released Revenue Obligations, and (D) separate agreements pursuant to the provisions of the Resolution;

(3) Special Purpose Revenues shall secure only (A) the related Special Purpose Revenue Obligations, (B) Subordinate Lien Obligations which have a lien on any related Special Purpose Revenues, and (C) any Contracts with respect to such Special Purpose Revenue Obligations; and

(4) A Contract may have a Senior Lien or a Subordinate Lien on a related category of Revenues, or no lien at all on Revenues, but (A) no Contract shall have a lien on Revenues that is senior to the lien on the category of Revenues securing the Revenue Obligations related to the Contract, and (B) the lien of the Contract shall be on parity with the lien of the related Revenue Obligations only to the extent the payment of principal of, premium, if any, and interest on such Revenue Obligations is made through such Contract as evidenced by Reimbursement Obligations or through a Qualified Hedge; provided other amounts due on a Contract may be secured by a lien ranking immediately thereafter with the effect set forth in the Resolution.

Pledged Revenues shall immediately be subject to the lien of this pledge for the benefit of the Beneficiaries without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding against MLGW and the City and against all other persons having claims against MLGW and the City, whether such claims shall have arisen in tort, contract, or otherwise, and regardless of whether such persons have notice of the lien of this pledge. This pledge shall rank superior to all other pledges which may hereafter be made of any Pledged Revenues. The lien of this pledge does not secure any obligation of MLGW other than the Revenue Obligations, obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution and the Contracts.

(b) The Revenue Obligations and related Contracts shall be limited obligations of the City and MLGW as provided therein payable solely from the particular Revenues pledged thereto. The Revenue Obligations and the interest thereon and related Contracts shall not constitute a debt of any municipality, the State, or any political subdivision thereof other than the City and MLGW and shall not constitute an indebtedness within the meaning of any constitutional or statutory provision whatsoever. The City has no authority to levy any taxes to pay the Revenue Obligations or the Contracts. Neither the members of the Governing Body nor any person executing the Revenue Obligations shall be liable personally on the Revenue Obligations by reason of the issuance thereof or on the Contracts by reason of the execution thereof.

(c) Other System Obligations (other than obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution) are not secured by a lien on any category of

Revenues, but such obligations, prior to an Event of Default, may be paid from Revenues as described in the Resolution.

Funds, Accounts, and Subaccounts

The following funds, accounts, and subaccounts are established under the Master Resolution, and the moneys deposited in such funds, accounts, and subaccounts shall be held in trust for the purposes set forth in the Master Resolution:

(a) Electric System Revenue Fund, to be held by MLGW, and within the Revenue Fund:

- (1) General Revenue Account.
- (2) Released Revenue Account.
- (3) Special Purpose Revenue Account.

(b) Electric System Sinking Fund, to be held by MLGW, and within the Sinking Fund:

(1) Interest Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same categories of Revenues.

(2) Hedge Payments Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series share exactly the same lien status on the same categories of Revenues and are secured in parity by the same or identical Qualified Hedge Agreements with the same provider.

(3) Contract Payments Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same categories of Revenues and are secured in parity by the same or identical Contracts with the same provider.

(4) Principal Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same categories of Revenues.

(5) Loan Repayment Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same category of Revenues.

(6) Debt Service Reserve Account, with a subaccount for each series of Revenue Obligations which has a Debt Service Reserve Requirement; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations are specified in the related Supplemental Resolutions to share a pledge of such account and have a combined Debt Service Reserve Requirement.

- (c) Electric System Renewal and Extension Fund, if one is created by MLGW, to be held by MLGW.
- (d) Electric System Rebate Fund, to be held by MLGW.
- (e) Electric System Project Fund, to be held by MLGW.

Each account listed above shall be held within the fund under which it is created. Each subaccount listed above shall be held within the account under which it is created. MLGW reserves the right, in its sole discretion, to create additional subaccounts or to abolish any subaccounts within any account from time to time.

Revenue Fund

All Revenues shall be deposited to the Revenue Fund established under the Resolution from time to time as and when received. The amounts deposited shall be immediately allocated to the account within the Revenue Fund designated therefor: General Revenues other than Special Purpose Revenues and Released Revenues to the General Revenue Account; Released Revenues to the Released Revenue Account; and Special Purpose Revenues to the Special Purpose Revenue Account. Moneys in the Revenue Fund shall be applied from time to time to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by MLGW, in its sole discretion; (a) to pay Operating Expenses; (b) to deposit into the Sinking Fund the amounts required by the Resolution; (c) to deposit into the Debt Service Reserve Account the amounts required by of the Resolution; (d) to deposit into the Rebate Fund the amounts required by the Resolution; (e) to pay to any party to a Contract the amounts due thereon, including Additional Interest, continuing commission or commitment fees, remarketing agent fees and repayment of amounts equivalent to principal on related Bonds; (f) to pay any amounts required to be paid with respect to any Other System Obligations; (g) for transfer to the Renewal and Extension Fund, if any; and (h) for any other lawful purpose; provided the following strictures shall be applicable for purposes of such use of funds:

(1) For Operating Expenses, (A) amounts in the Released Revenue Account shall be used only for Operating Expenses of Released Revenue Facilities, (B) amounts in the Special Purpose Revenue Account shall be used for Operating Expenses of Special Purpose Revenue Facilities, and (C) Operating Expenses related to General Revenues shall be paid first from amounts in the General Revenue Account;

(2) For deposits to the Sinking Fund, the Debt Service Reserve Account or the Rebate Fund, (A) amounts in the Released Revenue Account shall be used only for deposits to subaccounts relating to Revenue Obligations which have a lien on any Released Revenues or for other purposes pursuant to the Resolution, (B) amounts in the Special Purpose Revenue Account shall be for deposits to subaccounts relating to Revenue Obligations having a lien on Special Purpose Revenues, and (C) deposits to subaccounts relating to Revenue Obligations which have a lien on General Revenues shall be made first from amounts in the General Revenue Account;

(3) For any payments on a Contract, amounts may be drawn only from the account or accounts relating to the revenues securing the Revenue Obligations related to such Contract, only in accordance with the strictures of (2) and, unless otherwise provided in the related Supplemental Resolution because a Credit Facility is intended to be drawn on for payments on Revenue Obligations, only after all payments then due with respect to the related Revenue Obligations have been made;

(4) For any payments with respect to any Other System Obligations, (A) if such Other System Obligations relate to Released Revenue Facilities, then from the Released Revenue Account; (B) if such Other System Obligations relate to Special Purpose Revenue Facilities, from the Special Purpose Revenue Account, and (C) otherwise, first from the General Revenue Account;

(5) No payments may be made to a subaccount of the Sinking Fund related to Subordinate Lien Obligations unless all required payments have been made to other subaccounts with respect to Revenue Obligations, or Contracts related to Revenue Obligations, which have a lien on a category of Revenues ahead of or in parity with the lien of such Subordinate Lien Obligations and no payments may be made with respect to any Other System Obligations unless all required payments have been made to each subaccount with respect to Revenue Obligations and on all Contracts; provided if required by the terms thereof, obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution shall be paid with the other Senior Lien Revenue Obligations or Subordinate Lien Obligations;

(6) If at any time the amounts in any subaccount of the Sinking Fund are less than the amounts required by the Resolution, and there are not on deposit in any Renewal and Extension Fund available moneys sufficient to cure any such deficiency, then MLGW shall withdraw from subaccounts related to Subordinate Lien Obligations (taking such amounts first from subaccounts related to Subordinate Lien Obligations, pro rata,) and deposit in such subaccount of the Sinking Fund, as the case may be, the amount necessary (or all the moneys in such funds and accounts, if less than the amount required) to make up such deficiency.

Sinking Fund

(a) General. Sufficient moneys shall be paid in periodic installments from the Revenue Fund into the Interest Account, the Hedge Payments Account, the Principal Account and the Loan Repayment Account for the purpose of paying the Revenue Obligations as they become due and payable and for the purpose of making payments under Contracts.

(b) Interest Account. Unless otherwise provided in a Supplemental Resolution, on or before each Interest Payment Date for a series of Revenue Obligations, MLGW shall deposit in the related subaccount of the Interest Account an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than the interest (excluding Additional Interest) coming due on such Revenue Obligations on such Interest Payment Date. Moneys in the related subaccount of the Interest Account shall be used solely to pay interest (excluding Additional Interest) on the Revenue Obligations when due or to pay Reimbursement Obligations for Credit Facilities under which the Credit Issuer makes all interest payments on the Revenue Obligations. MLGW shall also deposit and continue to deposit all Hedge Receipts under related Qualified Hedge Agreements and any payments from a Credit Issuer under a Credit Facility Agreement in the related subaccount of the Interest Account from time to time as and when received.

(c) Hedge Payments Account and Contract Payments Account. Unless otherwise provided in a Supplemental Resolution or a Hedge Agreement, on or before each payment date for Hedge Payments under Qualified Hedge Agreements, MLGW shall deposit in the related subaccount of the Hedge Payments Account an amount which, together with any Hedge Receipts on deposit in the Interest Account and other moneys already on deposit therein and available to make such payment, is not less than such Hedge Payments coming due on such payment date. Moneys in the related subaccount of the Hedge Payments Account shall be used solely to pay Hedge Payments under Qualified Hedge Agreements when due. Unless otherwise provided in a Supplemental Resolution or a Contract, on or before each payment date for amounts, other than for Reimbursement Obligations, due on Contracts other than Qualified Hedge Agreements, including Additional Interest, continuing commission or commitment fees and remarketing fees, MLGW shall deposit in the related

subaccount of the Contract Payments Account an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than the amount coming due on such payment date. Moneys in the related subaccount of the Contract Payments Account shall be used solely for such payments when due.

(d) Principal Account. Unless otherwise provided in a Supplemental Resolution, on or before each Principal Maturity Date for a series of Revenue Obligations, MLGW shall deposit in the related subaccount of the Principal Account an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than the principal coming due on such Revenue Obligations on such Principal Maturity Date. Moneys in the related subaccount of the Principal Account shall be used solely for the payment of principal of the Revenue Obligations as the same shall become due and payable at maturity or upon redemption or to pay Reimbursement Obligations for Credit Facilities under which the Credit Issuer makes all principal payments on the Revenue Obligations.

(e) Loan Repayment Account. Unless otherwise provided in a Supplemental Resolution, on or before each loan repayment date for a Loan Agreement, MLGW shall deposit in the related subaccount of the Loan Repayment Account an amount which, together with moneys already on deposit therein and available to make such payments is not less than all payments due under a Loan Agreement other than principal, interest and Termination Payments. Moneys in the Loan Repayment Account shall be used solely for such payments.

(f) Further Payments. No further payments need be made into a subaccount of the Interest Account or the Principal Account whenever the amount available in such subaccount of the Interest Account and the related subaccount of the Principal Account, if added to the amount then in the related subaccount of the Debt Service Reserve Account, if any (without taking into account any amount available to be drawn on any applicable Reserve Account Credit Facility), is sufficient to retire all the Revenue Obligations then Outstanding and Contracts to which such subaccounts relate and to pay all unpaid interest accrued and to accrue prior to such retirement. No moneys in any subaccount of the Interest Account or the Principal Account shall be used or applied to the optional purchase or redemption of or prepayment of Revenue Obligations prior to maturity unless: (i) provision shall have been made for the payment of all of the Revenue Obligations to which such subaccount relates and all other Revenue Obligations having a parity or higher ranking lien on any category of Revenues securing such Revenue Obligations; or (ii) the Revenue Obligations to which such subaccount relates are Senior Lien Revenue Obligations and such moneys are applied to the purchase and cancellation of such Revenue Obligations which are subject to mandatory redemption on the next mandatory redemption date, which falls due within 12 months, such Revenue Obligations are purchased at a price not more than would be required for mandatory redemption, and such Revenue Obligations are canceled upon purchase and credited against the redemption otherwise to be made on such mandatory redemption date; or (iii) the Revenue Obligations to which such subaccount relates are Senior Lien Revenue Obligations and such moneys are applied to the purchase and cancellation of such Revenue Obligations at a price less than the amount of principal which would be payable on such Revenue Obligations, together with interest accrued through the date of purchase, and such Revenue Obligations are canceled upon purchase; or (iv) the Revenue Obligations to which such subaccount relates are Senior Lien Revenue Obligations and such moneys are in excess of the then required balance of the related subaccount in the Interest Account or the Principal Account and are applied to redeem or prepay a part of such Revenue Obligations on the next succeeding redemption date for which the required notice of redemption may be given.

(g) Debt Service Reserve Account. There shall be deposited into the same or separate subaccount of the Debt Service Reserve Account the amounts specified, if any, in Supplemental Resolutions with respect to the first series of Revenue Obligations and any Additional Obligations. MLGW shall not be required by the Resolution to establish a subaccount of the Debt Service Reserve Account for any Revenue Obligations, and any such subaccount shall only be established if required by the Supplemental Resolution authorizing the issuance of the Revenue Obligations. After the issuance of any Additional Obligations, any

increase in the amount of the Debt Service Reserve Requirement resulting from the issuance of Additional Obligations which also are secured by an existing subaccount of the Debt Service Reserve Account shall be accumulated, to the extent not covered by deposits from proceeds of Revenue Obligations or funds on hand or as otherwise provided in the Supplemental Resolution authorizing the issuance of the first series of Revenue Obligations secured by such subaccount, over a period not exceeding 61 months from date of delivery of such Additional Obligations in monthly deposits from the Revenue Fund, none of which is less than 1/60 of the amount to be accumulated. The balance of each subaccount of the Debt Service Reserve Account shall be maintained at an amount equal to the Debt Service Reserve Requirement for the related Revenue Obligations (or such lesser amount that is required to be accumulated in such subaccount of the Debt Service Reserve Account in connection with the periodic accumulation to the Debt Service Reserve Requirement after the issuance of Additional Obligations or upon the failure of MLGW to provide a substitute Reserve Account Credit Facility in certain events). There shall be transferred from the Revenue Fund on a pro rata basis (1) to each subaccount of the Debt Service Reserve Account the amount necessary to restore the amount of cash and securities in such subaccount of the Debt Service Reserve Account to an amount equal to the difference between (a) the Debt Service Reserve Requirement for the related Revenue Obligations (or such lesser monthly amount that is required to be deposited into the Debt Service Reserve Account after the issuance of Additional Obligations or upon the failure of MLGW to provide a substitute Reserve Account Credit Facility in certain events), and (b) the portion of the required balance of such subaccount of the Debt Service Reserve Account satisfied by means of a Reserve Account Credit Facility, and (2) to any Reserve Account Credit Facility Provider the amount necessary to reinstate any Reserve Account Credit Facility which has been drawn down. Notwithstanding anything therein to the contrary, a subaccount in the Debt Service Reserve Account that secures General Revenue Obligations shall only be funded with General Revenues, a subaccount in the Debt Service Reserve Account that secures Special Purpose Revenue Obligations shall only be funded with related Special Purpose Revenues, and a subaccount in the Debt Service Reserve Account that secures Released Revenue Obligations shall only be funded with related Released Revenues. No Revenues shall be used to fund a subaccount in the Debt Service Reserve Account to secure Subordinate Lien Obligations if an Event of Default has occurred under the Resolution with respect to the related category of Revenue Obligations. Whenever for any reason the amount in the related subaccounts of the Interest Account or the Principal Account is insufficient to pay all interest or principal falling due on any Revenue Obligations, MLGW shall make up any deficiency by transfers from the Renewal and Extension Fund, if any. Whenever, on the date that such interest or principal is due on any Revenue Obligations, there are insufficient moneys in the related subaccounts of the Interest Account or the Principal Account available to make such payment, MLGW shall, without further instructions, apply so much as may be needed of the moneys in the related subaccount, if any, of the Debt Service Reserve Account to prevent default in the payment of such interest or principal, with priority to interest payments. Whenever by reason of any such application or otherwise the amount remaining to the credit of the related subaccount of the Debt Service Reserve Account is less than the amount then required to be in such subaccount of the Debt Service Reserve Account, such deficiency shall be remedied by monthly deposits from the related account or accounts of the Revenue Fund, to the extent funds are available in the related account or accounts of the Revenue Fund for such purpose after all required transfers set forth above have been made.

MLGW may elect to satisfy in whole or in part the Debt Service Reserve Requirement for any Revenue Obligations by means of a Reserve Account Credit Facility, subject to the following requirements; (A) the Reserve Account Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the greater of the then current Rating on the related series of Revenue Obligations or the second highest long-term Rating of such Rating Agency; (B) no obligation to the Reserve Account Credit Facility Provider shall be secured by a lien equal to or superior to the lien granted to the related series of Revenue Obligations; (C) each Reserve Account Credit Facility shall have a term of at least one (1) year (or, if less, the remaining term of the related series of Revenue Obligations) and shall entitle MLGW to draw upon or demand payment and receive the amount so requested in immediately available funds the date of such draw or demand; (D) the Reserve Account Credit Facility shall permit a drawing by MLGW for the full stated amount in the event (i)

the Reserve Account Credit Facility expires or terminates for any reason prior to the final maturity of the related series of Revenue Obligations, and (ii) MLGW fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Account of cash, obligations, a substitute Reserve Account Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Reserve Account Credit Facility Provider is withdrawn or reduced below the greater of the Rating assigned to the related series of Revenue Obligations immediately prior to such action by the Rating Agency or the second highest long-term Rating of such Rating Agency, MLGW shall provide a substitute Reserve Account Credit Facility within sixty (60) days after such rating change, and, if no substitute Reserve Account Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly deposits commencing not later than the first day of the month immediately succeeding the date representing the end of such sixty (60) day period; and (F) if the Reserve Account Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, MLGW shall provide a substitute Reserve Account Credit Facility within sixty (60) days thereafter, and, if no substitute Reserve Account Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly deposits commencing not later than the first day of the month immediately succeeding the date representing the end of such sixty (60) day period. If the events described in either clauses (E) or (F) above occur, MLGW shall not relinquish the Reserve Account Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Reserve Account Credit Facility or any combination thereof. Any amounts received from a Reserve Account Credit Facility for the purpose of paying principal and/or interest on related Revenue Obligations shall be deposited directly into the related subaccounts of the Interest Account and the Principal Account, and such deposit shall constitute the application of amounts in the related subaccount of the Debt Service Reserve Account. Any amounts received from a Reserve Account Credit Facility drawn upon as a result of expiration or termination of such Reserve Account Credit Facility shall be deposited to the related subaccount of the Debt Service Reserve Account. All repayments of any draw-down on the Reserve Account Credit Facility and any interest or fees due the Reserve Account Credit Facility Provider under such Reserve Account Credit Facility shall be secured by a lien on Revenues subordinate to the lien of the related Revenue Obligations for payments into the related subaccounts of the Sinking Fund, the Rebate Fund and payments on any Credit Facility Agreement securing the related Revenue Obligations.

Any such Reserve Account Credit Facility shall be pledged to the benefit of the owners of all of the Revenue Obligations secured by it. MLGW reserves the right, if it deems it necessary in order to acquire such a Reserve Account Credit Facility, to amend the Resolution without the consent of any of the owners of the Bonds in order to grant to the Reserve Account Credit Facility Provider such additional rights as it may demand, provided that such amendment shall not, in the written opinion of Bond Counsel filed with MLGW, impair or reduce the security granted to the owners of Revenue Obligations or any of them.

Renewal and Extension Fund

MLGW may deposit, in its sole discretion, funds in a Renewal and Extension Fund created by MLGW, which may be created by MLGW in its sole discretion. All sums accumulated and retained in the Renewal and Extension Fund shall be used first to prevent default in the payment of interest on or principal of any General Revenue Obligations when due and then shall be applied by MLGW from time to time, as and when MLGW shall determine, to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by MLGW in its sole discretion: (a) for the purposes for which moneys held in the Revenue Fund may be applied under the Resolution, (b) to pay any amounts which may then be due and owing under any Hedge Agreement (including fees, expenses, and indemnity payments) and any Termination Payments due under a Hedge Agreement or Loan Agreement, (c) to pay any governmental charges and assessments against the System or any part thereof which may then be due and owing, (d) to make acquisitions, betterments, extensions, repairs, or replacements or other capital

improvements (including the purchase of equipment) to the System deemed necessary by MLGW (including payments under contracts with vendors, suppliers, and contractors for the foregoing purposes), and (e) to acquire Revenue Obligations (other than Special Purpose Revenue Obligations) by redemption or by purchase in the open market prior to their respective maturities, and when so used for such purposes the moneys shall be withdrawn from the Renewal and Extension Fund and deposited into the related subaccounts of the Interest Account and the Principal Account for the Revenue Obligations to be so redeemed or purchased.

Deposits and Security of Funds and Accounts

All moneys in the funds and accounts established under the Resolution shall be held by the Board in one or more Depositories qualified for use by MLGW. Uninvested moneys shall, at least to the extent not guaranteed by the Federal Deposit Insurance Corporation, be secured to the fullest extent required by the laws of the State for the security of public funds.

Investment of Funds and Accounts

Moneys in the funds and accounts established under the Resolution shall be invested and reinvested in Permitted Investments and containing such maturities as are deemed suitable by MLGW.

Investment Earnings in each fund and account (except the Debt Service Reserve Account) shall be retained therein. Investment Earnings from the investment of moneys in each subaccount of the Debt Service Reserve Account shall be retained in such subaccount of the Debt Service Reserve Account at all times if the balance (taking into account the current market value of the Investments held in the Debt Service Reserve Account) is less than the respective Debt Service Reserve Requirement; thereafter and at all times if the balance of such subaccount of the Debt Service Reserve Account is equal to or greater than the respective Debt Service Reserve Requirement (taking into account the current market value of the investments held in the Debt Service Reserve Account), such Investment Earnings shall be deposited in the related subaccount of the Interest Account.

A Supplemental Resolution authorizing the issuance of any Revenue Obligations may specify maturity limitations and different allocations of Investment Earnings on investments of moneys in the funds and accounts relating to such Revenue Obligations.

Moneys in each of such funds shall be accounted for as a separate and special fund apart from all other funds, provided that investments of moneys therein may be made in a pool of investments together with other moneys of MLGW so long as sufficient Permitted Investments in such pool, not allocated to other investments of contractually or legally limited duration, are available to meet the requirements of the foregoing provisions.

Valuation of Investments

All investments made for any fund, account or subaccount shall, for purposes of the Resolution, be valued at fair market value on the last day of Fiscal Year.

Application of Excess in Sinking Fund

Whenever at the end of each Fiscal Year the amount of moneys in any account or subaccount of the Sinking Fund, including the Debt Service Reserve Account, exceeds the amount then currently required to be held therein, the excess shall be transferred to the related account in the Revenue Fund.

Disposition of Moneys After Payment of Revenue Obligations and Contracts

Any amounts remaining in any fund or account established under the Resolution after payment in full of the principal of, redemption premium, if any, and interest on the Revenue Obligations (or after provision for payment thereof has been made) and obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution, the fees, charges, and expenses of the Paying Agent and Bond Registrar, all amounts owing to any Credit Issuer, any Reserve Account Credit Facility Provider, and any Qualified Hedge Provider or other party to a Contract, and all other amounts required to be paid under the Resolution (including amounts required to be paid into the Rebate Fund), shall be promptly paid to MLGW.

Additional Revenue Obligations

No Revenue Obligations Except as Permitted in the Resolution

No Revenue Obligations may be issued and no other obligations, except Contracts, which are secured by any interest in or lien on Pledged Revenues may be entered into except pursuant to the Resolution; provided, however, the City or MLGW may issue an initial series of Senior Lien Revenue Obligations pursuant to a Supplemental Resolution without meeting the requirements of the Resolution.

Additional Senior Lien Revenue Obligations

(a) Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) or all of a series of Senior Lien Revenue Obligations may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such Senior Lien Revenue Obligations, and the refunding Revenue Obligations so issued shall constitute Senior Lien Revenue Obligations secured on a parity with any Revenue Obligations secured on a parity with the refunded Revenue Obligations, if all of the following conditions are satisfied:

(1) MLGW shall have obtained a report from an Independent Certified Public Accountant or a Financial Adviser demonstrating that the refunding will reduce the total debt service payments on Outstanding Senior Lien Revenue Obligations, including payments on related Contracts, which are parity secured with the Revenue Obligations to be refunded on a present value basis; or

(2) as an alternative to, and in lieu of, satisfying the requirements of (1), all Outstanding Senior Lien Revenue Obligations which are secured on a parity with the Revenue Obligations to be refunded are being refunded under arrangements which immediately result in making provision for the payment of such Revenue Obligations; and

(3) requirements of (b)(2), (5), and (6) are met with respect to such refunding Revenue Obligations.

(b) Additional Senior Lien Revenue Obligations (including refunding Revenue Obligations which do not meet the requirements of (a)) may also be issued on a parity with Outstanding Senior Lien Revenue Obligations pursuant to a Supplemental Resolution, and the Revenue Obligations so issued shall be secured on a parity with such Outstanding Senior Lien Revenue Obligations, if all of the following conditions are satisfied:

(1) There shall have been procured and filed with MLGW either:

(A) a report by a Financial Adviser or a certificate by the Secretary-Treasurer of MLGW to the effect that the historical related Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Additional Obligations or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the maximum Debt Service Requirement for any Fiscal Year commencing with the first Fiscal Year after the Fiscal Year in which the Additional Obligations are issued on all related Senior Lien Revenue Obligations which will be Outstanding immediately after the issuance of the proposed Additional Obligations and secured on a parity therewith, provided, however, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Additional Obligations and not fully reflected in the historical related Net Revenues actually received during such historical period used; (y) if MLGW or City has a contract to purchase or otherwise acquire an Acquired System that will become part of the System, the historical Net Revenues may be adjusted to include the anticipated Net Revenues from the Acquired System; and (z) if MLGW has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract; or

(B) a report by a Financial Adviser to the effect that in each Fiscal Year of the Forecast Period the forecasted related Net Revenues (which forecast can take into account (i) any planned increases in the rates, fees and charges for the services and facilities furnished by the System, (ii) any revenues forecasted to be received from any Acquired Systems as to which the City or Division has entered into a contract to purchase or otherwise acquire, and (iii) any forecasted savings in Operating Expenses resulting from a purchase of electrical power for distribution and sale during or after the end of any Fiscal Year, to the extent not included in Operating Expenses) are expected to equal at least 120% of the Debt Service Requirement during such period on all related Senior Lien Revenue Obligations which will be Outstanding immediately after the issuance of the proposed Additional Obligations and secured on a parity therewith.

(2) MLGW shall have received, at or before issuance of the Additional Obligations, a report from a Financial Adviser or a certificate of the Secretary-Treasurer of MLGW to the effect that the payments required to be made into each account or subaccount of the Sinking Fund have been made and the balance in each account or subaccount of the Sinking Fund is not less than the balance required by the Resolution as of the date of issuance of the proposed Additional Obligations.

(3) A Supplemental Resolution authorizing the proposed Additional Obligations must require (i) that the amount to be accumulated and maintained in the subaccount of the Debt Service Reserve Account for Senior Lien Revenue Obligations which are to be secured on a parity with such Additional Obligations, if any, be increased to not less than 100% of the Debt Service Reserve Requirement, if any, computed on a basis which includes all Senior Lien Revenue Obligations which will be Outstanding and secured on a parity with the Additional Obligations immediately after the issuance of the proposed Additional Obligations and (ii) that the amount of such increase be deposited in such subaccount prior to or at the end of the period and at least as fast as the rate specified in the Resolution.

(4) A Supplemental Resolution authorizing the proposed Additional Obligations must require the proceeds of such proposed Additional Obligations to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Additional Obligations, to refund other obligations issued for such purposes (whether or not such refunding

Revenue Obligations satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of Bond Counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Additional Obligations.

(5) The Secretary-Treasurer shall have certified, by written certificate dated as of the date of issuance of the Additional Obligations, that MLGW is in compliance with all requirements of the Resolution.

(6) MLGW shall have received an opinion of Bond Counsel, dated as of the date of issuance of the Additional Obligations, to the effect that the Supplemental Resolution authorizing the issuance of Additional Obligations has been duly adopted by MLGW or by the City, as the case may be.

(c) Obligations which would be Other System Obligations but for the existence of a Senior Lien on a category of Revenues securing such obligations may be issued and so secured, and thereafter will be treated as Senior Lien Revenue Obligations, if all of the conditions of (b)(2) through (6) are satisfied treating such obligations as Additional Obligations and the issuance and security documents therefore as Supplemental Resolutions.

Additional Subordinate Lien Obligations

(a) Revenue Obligations also may be issued on a Subordinate Lien basis pursuant to a Supplemental Resolution or a resolution otherwise adopted by MLGW payable from moneys which would otherwise be available for any other lawful purpose, and the Revenue Obligations so issued shall constitute Subordinate Lien Obligations, if (1) the Supplemental Resolution authorizing the Subordinate Lien Obligations shall provide that such Subordinate Lien Obligations shall be junior and subordinate in lien and right of payment (A) directly, to any Outstanding Senior Lien Revenue Obligations or Senior Lien Revenue Obligations issued in the future which have a Senior Lien on a category of Revenues as to which such proposed Additional Obligations have a Subordinate Lien; and (2) MLGW shall have received a report from a Financial Adviser, or a certificate of the Secretary-Treasurer to the effect that the payments required to be made into each account or subaccount of the Sinking Fund have been made and the balance in each account or subaccount of the Sinking Fund is not less than the balance required by the resolution for Senior Lien Revenue Obligations as of the date of issuance of any Subordinate Lien Obligations.

(b) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, or other similar proceedings in connection therewith, relative to MLGW or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution, or other winding up of MLGW, whether or not involving insolvency or bankruptcy, the owners of all Senior Lien Revenue Obligations then Outstanding and parties to related Contracts shall be entitled to receive payment in full of all principal and interest due on all such Senior Lien Revenue Obligations, all other payments due under Loan Agreements, which Loan Agreements are Senior Lien Obligations and all payments due under related Contracts in accordance with the provisions of the Resolution before the owners of any Subordinate Lien Obligations having a Subordinate Lien on a category of Revenues as to which such Senior Lien Revenue Obligations have a Senior Lien or related Contracts are entitled to receive any payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Resolution on account of principal of, premium, if any, or interest on the Subordinate Lien Obligations or related Contracts.

(c) If any Event of Default shall have occurred and be continuing (under circumstances when the provisions of paragraph (b) shall not be applicable), the owners of all Senior Lien Revenue Obligations then Outstanding and parties to related Contracts shall be entitled to receive payment in full of all principal and interest then due on all such Senior Lien Revenue Obligations, all other payments due under Loan Agreements, which Loan Agreements are Senior Lien Obligations, and all payments due on related Contracts before the owners of the Subordinate Lien Obligations or parties to Contracts related to Senior Lien

Obligations or which are subordinate to Senior Lien Revenue Obligations are entitled to receive any payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Resolution of principal of, premium, if any, or interest on the Subordinate Lien Obligations or payments under related Contracts.

(d) No owner of Senior Lien Revenue Obligations or party to any related Contract shall be prejudiced in its right to enforce subordination of the Subordinate Lien Obligations and related Contracts by any act or failure to act on the part of MLGW or the City.

(e) The obligations of MLGW and the City to pay to the owners of the Subordinate Lien Obligations the principal of, premium, if any, and interest thereon in accordance with their terms and to pay parties to related Contracts in accordance with the terms of the related Contracts shall be unconditional and absolute. Nothing in the Resolution shall prevent the owners of the Subordinate Lien Obligations or parties to related Contracts from exercising all remedies otherwise permitted by applicable law or under the Resolution or the related Contracts upon default thereunder, subject to the rights contained in the Resolution of the owners of Senior Lien Revenue Obligations and parties to related Contracts to receive cash, property, or securities otherwise payable or deliverable to the owners of the Subordinate Lien Obligations and parties to related Contracts, and any Supplemental Resolution authorizing Subordinate Lien Obligations may provide that, insofar as a trustee or paying agent for the Subordinate Lien Obligations is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal or premium, if any, and interest on such Subordinate Lien Obligations and payments under related Contracts if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(f) Any series of Subordinate Lien Obligations and related Contracts may have such rank or priority with respect to any other series of Subordinate Lien Obligations and related Contracts as may be provided in the Supplemental Resolution or other resolution authorizing such series of Subordinate Lien Obligations and may contain such other provisions as are not in conflict with the provisions of the Resolution.

(g) Obligations which would be Other System Obligations but for the existence of a Subordinate Lien on a category of Revenues securing such obligations may be issued and so secured, and thereafter will be treated as Subordinate Lien Obligations, if all of the conditions of paragraphs (a) through (c) above are satisfied treating such obligations as Subordinate Lien Obligations and the issuance and security documents therefor as Supplemental Resolutions.

Additional Special Purpose Revenue Obligations

Additional Special Purpose Revenue Obligations may be issued after compliance with any requirements therefor set forth in any Supplemental Resolution related to such Special Purpose Obligations or Outstanding Special Purpose Obligations which will be secured on a parity with such Additional Special Purpose Obligations.

Released Revenue Obligations; Accession of Subordinate Lien Obligations to Senior Lien Status

For so long as any Bonds are Outstanding, each of the City and the Division hereby agrees that it shall not (a) cause a separable category or portion of revenues, income, receipts and money relating to a definable service, facility or program of the System to be withdrawn from General Revenues and thereafter treated as Released Revenues or (b) cause the accession of any Subordinate Lien Obligations to the status of complete parity with any Senior Lien Revenue Obligations.

Adoption of Proceedings

MLGW, or the City at the request of MLGW, shall adopt a Supplemental Resolution authorizing the issuance of any Additional Obligations and, except for the first Supplemental Resolution, reciting that the requirements of this Article have been satisfied, and shall set forth in such proceedings, among other things, the security therefor, the date or dates such Additional Obligations shall bear and the rate or rates of interest, interest payment date or dates, maturity date or dates, and redemption provisions with respect to such Additional Obligations and any other matters applicable to such Additional Obligations as MLGW may deem advisable.

Any such Supplemental Resolution shall restate and reaffirm, by reference, all of the applicable terms, conditions, and provisions of the Resolution not modified by the Supplemental Resolution.

Proceedings Authorizing Additional Obligations

No Supplemental Resolution authorizing the issuance of Additional Obligations shall conflict with the terms and conditions of the Resolution, except to the extent that the Supplemental Resolution is adopted for one of the purposes set forth in the Resolution and complies with the provisions of the Resolution for the adoption of Supplemental Resolutions without the consent of holders of the Revenue Obligations.

Applicability to Additional Obligations

The provisions of the Resolution shall be construed as including and being applicable to any future series of Revenue Obligations, and any such Revenue Obligations shall be treated, unless otherwise specifically stated, just as if they had been issued pursuant to the terms of the Master Resolution and the first Supplemental Resolution.

Credit Facilities and Hedge Agreements

(a) In connection with the issuance of any Revenue Obligations, MLGW may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the principal of, premium, if any, or interest due or to become due on such Revenue Obligations, providing for the purchase of such Revenue Obligations by the Credit Issuer, or providing funds for the purchase of such Revenue Obligations by MLGW. In connection therewith MLGW, or the City on behalf of MLGW, shall enter into Credit Facility Agreements with such Credit Issuers providing for, among other things, (i) the payment of fees and expenses to such Credit Issuers for the issuance of such Credit Facilities; (ii) the terms and conditions of such Credit Facilities and the Revenue Obligations affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facilities. MLGW, or the City on behalf of MLGW, may secure any Credit Facility by an agreement providing for the purchase of the Revenue Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as are specified by MLGW, in the applicable Supplemental Resolution. MLGW may in a Credit Facility Agreement agree to directly reimburse such Credit Issuer for amounts paid under the terms of such Credit Facility, together with interest thereon; provided, however, that no Reimbursement Obligation shall be created for purposes of the Resolution until amounts are paid under such Credit Facility. Any such Reimbursement Obligation shall be deemed to be a part of the Revenue Obligations to which the Credit Facility relates which gave rise to such Reimbursement Obligation, and references to principal and interest payments with respect to such Revenue Obligations shall include principal and interest (except for Additional Interest and principal amortization requirements with respect to the Reimbursement Obligation that are more accelerated than the amortization requirements for the related Revenue Obligations, without acceleration) due on the Reimbursement

Obligation incurred as a result of payment of such Revenue Obligations with the Credit Facility. All other amounts payable under the Credit Facility Agreement (including any Additional Interest and principal amortization requirements with respect to the Reimbursement Obligation that are more accelerated than the amortization requirements for the related Revenue Obligations, without acceleration) shall be fully subordinate to the payment of debt service on the related class of Revenue Obligations. Any such Credit Facility shall be for the benefit of and secure such Revenue Obligations or portion thereof as specified in the applicable Supplemental Resolution. Notwithstanding the other provisions of the Resolution, MLGW's obligations under a Credit Facility which requires the Credit Issuer to make all interest payments due on the Revenue Obligations may be secured to the extent of such amounts by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by the Resolution to secure the related Revenue Obligations, or may be wholly or partially subordinate in lien and right of payment to the payment of the Revenue Obligations, as determined by MLGW.

(b) In connection with the issuance of any Revenue Obligations or at any time thereafter so long as such Revenue Obligations remain Outstanding, MLGW may enter into Hedge Agreements with Qualified Hedge Providers, and no other providers, with respect to any Revenue Obligations. MLGW shall authorize the execution, delivery, and performance of each Qualified Hedge Agreement in a Supplemental Resolution, in which it shall designate the related Hedged Obligations. MLGW's obligation to pay Hedge Payments on a Qualified Hedge Agreement may be secured by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by the Resolution to secure the related Hedged Obligations (other than Termination Payments), or may be wholly or partially subordinate in lien and right of payment to the payment of the Revenue Obligations, as determined by MLGW.

Other Obligations

MLGW expressly reserves the right, at any time, to adopt one or more other bond resolutions and reserves the right, at any time, to issue any other obligations not secured by the amounts pledged under the Resolution.

General Provisions

Rate Covenant

MLGW shall continuously own, and MLGW shall continuously control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:

(a) for 100% of the Operating Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by MLGW; and

(b) such that Net Revenues in each Fiscal Year:

(1) will equal at least 120% of the Debt Service Requirement on all Senior Lien Revenue Obligations and 100% of the Debt Service Requirement on all other Revenue Obligations then Outstanding for such Fiscal Year;

(2) will enable MLGW to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and on any Contract or Other System Obligation;

(3) will enable MLGW to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of MLGW is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System;

(4) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years; and

(5) will permit MLGW to comply with the terms of any agreement that MLGW has entered into to purchase, sell or generate electric power;

provided for purposes of (a), (b) (1) and (2) each category of Net Revenues shall be compared to the required payments with respect to, or for accounts related to, related Operating Expenses, Revenue Obligations, Contracts and Other System Obligations.

If the audited Revenues in any Fiscal Year are less than the total amount required as set forth in subsections (a) and (b) above, then MLGW shall promptly request the Consulting Engineer or Financial Advisor to make recommendations as to a revision in such rates, fees, charges or methods of operating the System which will result in the required amount of Revenues as set forth in subsections (a) and (b) above. Upon receipt of such recommendations, MLGW will, subject to applicable requirements imposed by law, immediately take action to revise such rates, fees and charges and take such other actions respecting the methods of operation of the System as shall in its discretion be deemed necessary.

The rates, fees, and other charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that, as nearly as practicable, such rates, fees, and other charges shall be uniform in application to all users falling within any reasonable class.

Maintenance of the System in Good Condition

MLGW covenants that it has and will continue to enforce reasonable rules and regulations governing the System and the operation thereof, that all compensation, salaries, fees, and wages paid by it in connection with the operation, maintenance, and repair of the System will be reasonable, and that no more persons will be employed by it than are necessary, that it will operate the System in an efficient and economical manner and will at all times maintain the System in good repair and in sound operating condition, that it will make all necessary repairs, renewals, and replacements to the System, and that it will comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body applicable to the System and MLGW's operation thereof.

Insurance

With respect to the System, MLGW will carry adequate public liability, fidelity, and property insurance, such as is maintained by similar Systems as the System; provided, MLGW shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, as amended, and provided further, MLGW may self-insure against any risks that its Governing Body deems appropriate provided MLGW maintains adequate reserves, in such amounts as MLGW determines is reasonable, for such self-insurance.

MLGW, without in any way limiting the generality of the following, shall: (a) require each construction contractor and each subcontractor to furnish a bond, or bonds, of such type and in amounts adequate to assure the faithful performance of their contracts and the payment of all bills and claims for labor

and material arising by virtue of such contracts; and (b) require each construction contractor or the subcontractor to maintain at all times until the completion and acceptance of the Project adequate compensation insurance for all of their employees and adequate public liability and property damage insurance for the full and complete protection of Division from any and all claims of every kind and character which may arise by virtue of the operations under their contracts, whether such operations be by themselves or by anyone directly or indirectly for them, or under their control.

All such policies shall be for the benefit of and made payable to MLGW and shall be on deposit with MLGW.

All moneys received for losses under any such insurance policies, except public liability policies, are hereby pledged by MLGW, as security for the Revenue Obligations until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by repairing the property damaged or replacing the property destroyed or by depositing the same in the Renewal and Extension Fund. Adequate provision for making good such loss and damage shall be made within 120 days from the date of the loss, insurance proceeds not used in making such provision shall be deposited in the Renewal and Extension Fund on the expiration of such 120-day period. Such insurance proceeds shall be payable to MLGW by appropriate clause to be attached to or inserted in the policies.

No Sale, Lease, or Encumbrance; Exceptions

Unless consent is given by the holders of at least a majority of the aggregate principal amount of the Revenue Obligations and by any Credit Issuer, MLGW will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof except as may be set forth in the Resolution; provided, however, the use of any of the System facilities may at any time be permanently abandoned or the System or any portion of the System or of the System facilities sold or otherwise disposed of, provided that:

(a) All covenants and undertakings in connection with all Revenue Obligations then outstanding and payable from the Revenues of the System are in compliance and any required reserve funds have been fully established and contributions thereto are current;

(b) After the abandonment, sale or other disposal of all or a portion of the System, (i) provision is made for the payment of all the outstanding Revenue Obligations or (ii) the remaining Revenues of the System after such sale shall be sufficient to pay principal of, premium, if any, and interest on the remaining Revenue Obligations and sufficient to be in compliance with the covenants set forth in the Resolution as certified by a Consulting Engineer or Financial Adviser;

(c) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System or it is otherwise in the best interests of MLGW to dispose of all or a part of the System as determined by the Governing Body of MLGW and

(d) MLGW receives an opinion of nationally recognized bond counsel to the effect that the disposition of the System or any portion thereof and use of the proceeds therefrom will not adversely affect the exclusion of interest on the Revenue Obligations from gross income of the holders thereof for purposes of federal income taxation.

Nothing in the Resolution is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as MLGW in full compliance with the covenants set forth in the Resolution immediately following such transfer or exchange.

In addition to the transfers permitted above, MLGW shall have the right to sell, lease, transfer or otherwise dispose of the System as a whole or substantially as a whole, to any municipal corporation, county, political subdivision, governmental corporation or governmental agency (each of which shall be included within the term “Transferee” as used in the Resolution), provided the transferee thus acquiring the System from MLGW will assume the performance of and be bound by all of MLGW’s and the City’s obligations to the holders of the Revenue Obligations to make the payments into the funds required by the resolutions authorizing the Revenue Obligations and the Resolution and to pay the principal of, premium, if any, and interest on the Revenue Obligations as provided in the covenants and provisions of the Resolution.

For so long as any Series 2025 Bonds are Outstanding, each of the City and the Division hereby agrees that it shall not combine any or all of the Division’s utility systems into a single unified operation (the “Combined System”) or commingle the revenues of the systems so combined in the Combined System.

No Impairment of Rights

MLGW shall not enter into any contract or contracts, nor take any action, the results of which might materially impair the rights of the holders of any Revenue Obligations.

Books and Accounts

MLGW shall keep proper books and accounts in compliance with applicable laws and regulations, if any, and shall cause such books and accounts to be audited for each Fiscal Year by an independent certified public accountant or firm of independent certified public accountants. A copy of each annual audit report showing in reasonable detail the financial condition of the System at the close of the Fiscal Year, the income and expenses for such Fiscal Year, including the transactions relating to any and all funds and accounts created pursuant to the Resolution, shall be available to any Bondholder upon request.

Enforcement of Charges and Connections

MLGW shall compel the prompt payment of rates, fees, and charges imposed for service connected with the System, and to that end will vigorously enforce all of the provisions of any resolution or ordinance of MLGW having to do with the same, and all of the rights and remedies permitted MLGW under law. MLGW expressly covenant and agrees that such charges will be enforced and promptly collected to the full extent permitted by law.

Payments

All payments falling due on the Revenue Obligations and related Contracts shall be made by MLGW, from the Pledged Revenues or, at MLGW’s option, other legally available revenues to the owners thereof when due in full, and all reasonable and authorized charges made by the Bond Registrar and any Paying Agent shall be paid by MLGW, when due.

No Loss of Lien on Revenues

MLGW and the City shall not do, or omit to do, or permit to be done or to be omitted any matter or thing whatsoever whereby the lien of the Resolution on the Pledged Revenues or any part thereof might or could be lost or impaired.

Annual Budget

MLGW agrees to adopt an Annual Budget for the System for each Fiscal Year in compliance with the rate covenant as stated in the Resolution.

Tax Provisions

MLGW recognizes that the purchasers and owners of Tax-Exempt Bonds will have accepted the Tax-Exempt Bonds on, and paid for the Tax-Exempt Bonds a price which reflects, the understanding that interest on such Tax-Exempt Bonds is not included in the gross income of the owners for federal income tax purposes under laws in force at the time the Tax-Exempt Bonds shall have been delivered.

MLGW shall take any and all action which may be required from time to time in order to assure that interest on the Tax-Exempt Bonds shall remain excludable from the gross income of the owners of the Tax-Exempt Bonds for federal income tax purposes and shall refrain from taking any action which would adversely affect such status.

The covenants, certifications, representations, and warranties contained under this heading shall survive payment in full or provision for payment in full of the Tax-Exempt Bonds until the end of the statute of limitations following the later of final payment of such Revenue Obligations (without regard to any defeasance or other provision for the payment thereof) or the last date as of which payments under Section 148(f) of the Code could be due to the United States.

Compliance with Purchase Contracts

MLGW agrees to comply with all material terms of any agreement to purchase electric power for the System, and the Resolution shall not be construed to prevent MLGW from complying with the terms of any such agreements.

Events of Default and Remedies

Definition of Events of Default

An “Event of Default” shall mean the occurrence of any one or more of the following:

(a) a failure to pay the principal or redemption price of any Senior Lien Revenue Obligation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) a failure to pay any installment of interest on any Senior Lien Revenue Obligation when and as such installment of interest shall become due and payable; or

(c) a court of competent jurisdiction shall enter an order, judgment, or decree appointing a receiver of the System or any of the funds or accounts established under the Resolution, or approving a petition seeking reorganization of MLGW under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State, and such order, judgment, or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(d) the City or MLGW shall fail to perform any of the other covenants, conditions, agreements, and provisions contained in the Senior Lien Revenue Obligations or in the Resolution on the part of the City or MLGW to be performed, and such failure shall continue for 90 days after written notice specifying such failure and requiring it to be remedied shall have been given to MLGW by the Paying Agent or by the owners of not less than or any Credit Issuer securing not less than twenty-five percent (25%) in aggregate principal amount of the Senior Lien Revenue Obligations; provided, however, if the failure stated in such notice can be corrected, but not within such 90 day period, MLGW shall have 180 days after such written notice to cure such default if corrective action is instituted by MLGW within such 90 day period and diligently pursued until the failure is corrected; or

(e) an Event of Default under any Supplemental Resolution relating to Senior Lien Revenue Obligations shall occur;

provided if the Event of Default relates solely to Revenue Obligations related to a particular category of Revenues and no other event has occurred which, with the lapse of time or the delivery of notice or both, could become an Event of Default with respect to any other Revenue Obligations then Outstanding, such Event of Default shall be deemed to apply solely to the related Revenue Obligations and Contracts and the provisions of the Resolution shall otherwise remain in full force and effect with respect to all other Revenue Obligations and related Contracts.

Remedies

Upon the occurrence of an Event of Default, the Paying Agent shall have the power to proceed with any right or remedy available at law or in equity or by statute, as it may deem best, including any suit, action or special proceeding in equity or at law for the collection of amounts due and to become due under the Resolution and under the Senior Lien Revenue Obligations or the performance of any covenant or agreement contained therein or for the enforcement of any proper legal or equitable remedy as the Paying Agent shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law. The rights specified in the Resolution are to be cumulative to all other available rights, remedies or powers.

Without limiting the foregoing, upon the request of the holders of not less than twenty-five percent (25%) of the Outstanding Senior Lien Revenue Obligations, the Paying Agent shall, in addition to all other remedies and rights upon or under the Resolution, have the right, by appropriate proceedings in any court of competent jurisdiction, to obtain the appointment of a receiver for the System, which receiver may enter upon and take possession of the System, operate and maintain the System, fix rates and collect all revenues arising therefrom in as full a manner and to the same extent as MLGW itself might do. The receiver shall deposit all moneys collected by it in a separate account or accounts and shall dispose of such revenues in accordance with the terms and conditions of the resolutions authorizing Senior Lien Revenue Obligations and the Resolution and as the court shall direct.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right and remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Resolution, whether by the Paying Agent, any Credit Issuer or by the Bondholders, shall extend to or affect any subsequent or other Event of Default, or impair any rights or remedies consequent thereon.

Rights of Bondholders

Upon the occurrence of an Event of Default and if requested so to do by the Holders of more than fifty percent (50%) in aggregate principal amount of the Senior Lien Revenue Obligations then Outstanding and if indemnified for its costs and expenses, the Paying Agent, subject to the provisions under "Right of Bondholders to Direct Proceedings" as provided below, shall be obligated to exercise such one or more of the rights and remedies conferred by the Resolution as the Paying Agent, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

Right of Bondholders to Direct Proceedings

Anything to the contrary in the Resolution notwithstanding, the Holders of more than fifty percent (50%) in aggregate principal amount of the Senior Lien Revenue Obligations then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Paying Agent, to direct (as between such Bondholders and the Paying Agent) the time, method and place of conducting all proceedings otherwise permitted to be taken in connection with the enforcement of the terms and conditions of the Resolution, or for the appointment of a receiver or any other proceedings thereunder, provided the Paying Agent is indemnified as provided above.

Remedies Cumulative

No remedy conferred upon or reserved to the holders of any Revenue Obligations is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute.

Waiver of Default

No delay or omission of any holder of any Revenue Obligations to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein, and every power and remedy given by the Resolution to the holders of any Revenue Obligations may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys After Default

If an Event of Default occurs and shall not have been remedied, MLGW or a receiver appointed for the purpose shall apply all Pledged Revenues as follows and in the following order of priority (subject to the last paragraph of this section):

(a) Expenses of Receiver and Paying Agent and Bond Registrar - to the payment of the reasonable and proper charges, expenses, and liabilities of the receiver and the Paying Agent and Bond Registrar under the Resolution with the amounts payable under this (a), if related to a particular series and therefore to a particular category of Revenues, first from such category and second from other categories of Revenues in amounts as determined by the receiver or the Paying Agent, and if not so related to a particular series or category of Revenues, then from all Revenues as determined by the Receiver or the Paying Agent;

(b) Operating Expenses - then, within each category of Revenues, to the payment of all reasonable and necessary related Operating Expenses;

(c) Principal or redemption price, interest, and payments on Loan Agreements and payments on related Contracts - then, within each category of Revenues, to the payment of the interest and principal or redemption price then due on the related Senior Lien Revenue Obligations and payments then due under Loan Agreement and payments under related Contracts, as follows:

(1) Unless the principal of all the Senior Lien Revenue Obligations related to such category of Revenues shall have become due and payable due to the maturity thereof, all such moneys shall be applied as follows:

first: to the payment to the persons entitled thereto of all installments of interest then due on the Senior Lien Revenue Obligations, in the order of the maturity of such installments (with

interest on defaulted installments of interest at the rate or rates borne by the Senior Lien Revenue Obligations with respect to which such interest is due, but only to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference. If some of the Senior Lien Revenue Obligations bear interest payable at different intervals or upon different dates and if at any time moneys from the Debt Service Reserve Account must be used to pay any such interest, the moneys in the Debt Service Reserve Account shall be applied (to the extent necessary) to the payment of all interest falling due on the dates upon which such interest is payable to and including the date six months after the date of application of such moneys. After such period, moneys in the Debt Service Reserve Account plus any other moneys available in the Interest Account shall be set aside for the payment of interest on Senior Lien Revenue Obligations of each class (a class consisting of all Senior Lien Revenue Obligations payable as to interest on the same dates) pro rata among Senior Lien Revenue Obligations of the various classes on a daily basis so that there shall accrue to each owner of a Senior Lien Revenue Obligation throughout each Fiscal Year the same proportion of the total interest payable to such owner of a Senior Lien Revenue Obligation as shall so accrue to every other owner of a Senior Lien Revenue Obligation during such Fiscal Year. As to any Compound Interest Bond which is a Senior Lien Revenue Obligation, such interest shall accrue on the Accreted Value of such Senior Lien Revenue Obligation and be set aside on a daily basis until the next compounding date for such Senior Lien Revenue Obligations, whereupon it shall be paid to the owner of such Senior Lien Revenue Obligation as interest on a defaulted obligation and only the unpaid portion of such interest (if any) shall be treated as principal of such Senior Lien Revenue Obligation.

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Lien Revenue Obligations which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Senior Lien Revenue Obligations called for redemption for the payment of which moneys are held pursuant to the provisions of Article IX of the Resolution), in the order of their due dates, with interest upon such Senior Lien Revenue Obligations from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Senior Lien Revenue Obligations due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference. If some of the Senior Lien Revenue Obligations mature (including mandatory redemption prior to maturity as a maturity) upon a different date or dates and if at any time moneys from the Debt Service Reserve Account must be used to pay any such principal falling due, the moneys in the Debt Service Reserve Account not required to pay interest under paragraph first above shall be applied to the extent necessary to the payment of all principal falling due prior to the date 12 months after the date of application of such moneys. After such period, moneys in the Debt Service Reserve Account not required to pay interest plus any other moneys available in the Principal Account shall be set aside for the payment of principal of Senior Lien Revenue Obligations of each class (a class consisting of all Senior Lien Revenue Obligations payable as to principal on the same date) pro rata among Senior Lien Revenue Obligations of the various classes which mature or must be redeemed pursuant to mandatory redemption prior to maturity throughout each Fiscal Year in such proportion of the total principal payable on each such Senior Lien Revenue Obligation as shall be equal among all classes of Senior Lien Revenue Obligations maturing or subject to mandatory redemption within such Fiscal Year. The Accreted Value of a Compound Interest Bond which is a Senior Lien Revenue

Obligation (except for interest which shall have been paid under paragraph first) shall be treated as principal for purposes of this paragraph third.

third: to the payment of the redemption premium on and the principal of any Senior Lien Revenue Obligations called for optional redemption pursuant to their terms.

fourth: to interest portions of Reimbursement Obligations that have not been designated as Senior Lien Revenue Obligations, but are related to Senior Lien Revenue Obligations pursuant to the terms of the related Contracts.

fifth: to the payment of the principal portions of Reimbursement Obligations that have not been designated as Senior Lien Revenue Obligations but are related to Senior Lien Revenue Obligations pursuant to the terms of the related Contracts.

sixth: to the payment of all other amounts then due on Loan Agreements (excluding Termination Payments) and on Contracts (excluding Termination Payments) related to Senior Lien Revenue Obligations.

(2) If the principal of all the Senior Lien Revenue Obligations shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Senior Lien Revenue Obligations, with interest thereon as aforesaid, and due and unpaid payments under related Contracts (excluding Termination Payments) and due and unpaid payments under Loan Agreements other than principal and interest (excluding Termination Payments), without preference or priority of principal over interest or payments on Contracts and other payments on Loan Agreements (excluding Termination Payments) or of interest over principal or payments on Contracts and other payments on Loan Agreements, or of payments on Contracts (excluding Termination Payments) over principal or interest, or of any installment of interest over any other installment of interest, or of any Senior Lien Revenue Obligation over any other Senior Lien Revenue Obligations, or of any such payment under a Contract and other payments on Loan Agreements (excluding Termination Payments) over any other such payment under a Contract and other payments on Loan Agreements (excluding Termination Payments), ratably, according to the amounts due respectively for principal, interest, and payments under Contracts and other payments on Loan Agreements (excluding Termination Payments), to the persons entitled thereto without any discrimination or preference.

Notwithstanding anything else in the Resolution to the contrary, payments made pursuant to (b) and (c) shall be made by category of Revenues to related Revenue Obligations such that:

(i) Amounts traceable to General Revenues are used only for General Revenue Obligations and related Contracts;

(ii) Amounts traceable to Released Revenues are used only for Released Revenue Obligations and related Contracts or otherwise as permitted by the Resolution;

(iii) Amounts traceable to Special Purpose Revenues are used only for Special Purpose Revenue Obligations and related Contracts or otherwise as permitted by the Resolution; and

(iv) Amounts not traceable to particular categories of Revenues shall be used first as General Revenues for purposes of this section, then as other Released Revenues, and then as Special Purpose Revenues.

Rights of Credit Issuer

Notwithstanding any other provision of the Resolution, in the event that the City or MLGW shall draw under a Credit Facility any amount for the payment of principal of or interest on any Revenue Obligations, then upon such payment the related Credit Issuer shall succeed to and become subrogated to the rights of the recipients of such payments to the extent of such payments and such principal or interest shall be deemed to continue to be unpaid and Outstanding for all purposes and shall continue to be fully secured by the Resolution until the Credit Issuer, as successor and subrogee, has been paid all amounts owing in respect of such subrogated payments of principal and interest. Such rights shall be limited and evidenced by having MLGW note the Credit Issuer's rights as successor and subrogee on its records, and MLGW shall, upon request, deliver to the Credit Issuer (i) in the case of interest on the Revenue Obligations, an acknowledgment of the Credit Issuer's ownership of interest to be paid on the Revenue Obligations specifying the amount of interest owed, the period represented by such interest, and the numbers of the Revenue Obligations on which such interest is owed and (ii) in the case of principal of the Revenue Obligations, either the Revenue Obligations themselves duly assigned to the Credit Issuer or new Revenue Obligations registered in the name of the Credit Issuer or in such other name as the Credit Issuer shall specify. Whenever moneys become available for the payment of any interest or principal then overdue, the Credit Issuer shall be treated as to interest or principal owed to it as successor and subrogee as if it had been the holder of the Revenue Obligations on which such interest or principal is payable on any special record date therefor.

Rights and Remedies Vested in Paying Agent

All rights of action and remedies under the Resolution or under any of the Senior Lien Revenue Obligations may be enforced by the Paying Agent without the possession of any of the Senior Lien Revenue Obligations or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Paying Agent shall be brought in its name as Paying Agent without the necessity of joining as plaintiffs or defendants any Holders of the Senior Lien Revenue Obligations or any Credit Issuer, and any recovery of judgment shall, subject to the terms of the Resolution, be for the benefit of the Holders of the Senior Lien Revenue Obligations and any Credit Issuer.

Rights and Remedies of Bondholders

No Holder of any Senior Lien Revenue Obligation shall have any right to institute any suit, action or proceeding in equity or law for the enforcement of the Resolution, for the execution of any trust thereof or for the appointment of a receiver or to enforce any other right or remedy thereunder, unless (a) a Default has occurred of which the Paying Agent has been notified, or of which it is deemed to have notice, (b) such Default shall have become an Event of Default and the Holders of more than fifty percent (50%) in aggregate principal amount of Senior Lien Revenue Obligations then outstanding shall have made written request to the Paying Agent and shall have offered reasonable opportunity to the Paying Agent either to proceed to exercise the powers granted in the Resolution or to institute such action, suit or proceeding in its own name, and (c) such Bondholders have offered to the Paying Agent indemnity as provided in the Resolution and the Paying Agent shall thereafter fail or refuse to exercise the powers therein granted, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are declared in every case at the option of the Paying Agent to be conditions precedent to the execution of the powers and trusts of the Resolution, and to any action or cause of action for the enforcement thereof, or for the appointment of a receiver or for any other right or remedy thereunder; it being understood and intended that no one or more Holders of the Senior Lien Revenue Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the lien thereof by its, his or their action or to enforce any right or remedy thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit, first, of the Holders of all Senior Lien Revenue Obligations and, second, of any Credit Issuer.

Termination of Proceedings

If the Paying Agent shall have proceeded to enforce any right or remedy under the Resolution by any action at law or in equity, by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Paying Agent, then and in every such case MLGW, the Paying Agent, any Credit Issuer and the Bondholders shall be restored to their former positions and rights under the Resolution, respectively, with respect to the Pledged Revenues, and all rights, remedies and powers of the Paying Agent, any Credit Issuer and the Bondholders, respectively, shall continue as if no such proceedings had been taken.

Waivers of Events of Default

The Paying Agent shall waive any Event of Default under the Resolution and its consequences upon the written request of the Holders of more than fifty percent (50%) in aggregate principal amount of all Senior Lien Revenue Obligations then Outstanding, provided, however, there shall not be waived:

(i) any Event of Default pertaining to the payment of the principal or redemption price of any Senior Lien Revenue Obligation at its maturity or Redemption Date; or

(ii) any Event of Default pertaining to the payment when due of the interest on any Senior Lien Revenue Obligation unless prior to such waiver, all arrears of interest and all principal or redemption price payments in respect of which such Event of Default shall have occurred, with interest thereon (to the extent permitted by law) for the period from the occurrence of such Event of Default until paid in full at a rate per annum equal to the interest rate payable on the Senior Lien Revenue Obligations from time to time during such period in accordance with the terms of the Senior Lien Revenue Obligations, and all expenses of the Paying Agent in connection with such Event of Default, shall have been paid or provided for, and in case of any such waiver, or in case any proceeding taken by the Paying Agent on account of any such Event of Default shall have been discontinued or abandoned or for any reason, or shall have been determined adversely to the Paying Agent, then and in every such case MLGW, the Paying Agent, the Credit Issuer and the Bondholders shall be restored to their former positions and rights under the Resolution, respectively, but no such waiver shall extend to or affect any subsequent or other Event of Default, or impair any rights or remedies consequent thereon.

Paying Agent

Acceptance of Duties

With respect to the Senior Lien Revenue Obligations issued under the Resolution, the Paying Agent by participating in the closing of the initial series of Senior Lien Revenue Obligations, shall be deemed to have accepted the duties imposed upon it by the Resolution, and to have agreed to perform said duties, but only upon and subject to the following express terms and conditions;

(a) The Paying Agent, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred undertakes to perform such duties and only such duties as are specifically set forth in the Resolution, and no implied agreements or obligations shall be read into the Resolution against the Paying Agent. In case an Event of Default has occurred and is continuing, the Paying Agent shall exercise such of the rights and powers vested in it by the Resolution and use the same degree of care and skill in their exercise as a prudent corporate trustee would exercise or use under the circumstances.

(b) The Paying Agent may execute any of the trusts or powers of the Resolution and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified in subsection (a) above, and shall be entitled to advice of counsel concerning all matters relating to its duties thereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts thereof. The Paying Agent may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for MLGW), approved by the Paying Agent in the exercise of reasonable care. The Paying Agent shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Paying Agent shall not be responsible for any recital in the Resolution, or in the Senior Lien Revenue Obligations (except with respect to the authentication certificate of the Paying Agent endorsed on the Senior Lien Revenue Obligations), or for the recording or rerecording, filing or re-filing of the Resolution or any other document, or for the validity of the execution or approval hereof by MLGW or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Senior Lien Revenue Obligations, or for the value of or title in and to the Pledged Revenues or any part of the Pledged Revenues or otherwise as to the maintenance of the security hereof, and the Paying Agent shall not be bound to ascertain or inquire as to the performance or observance of any agreements or conditions on the part of MLGW except as set forth in the Resolution.

(d) Except to the extent specifically provided in the Resolution, the Paying Agent shall not be accountable for the use of the proceeds of any of the Senior Lien Revenue Obligations. The Paying Agent, in its individual capacity, may in good faith buy, sell, own, hold or deal in any of the Revenue Obligations issued under the Resolution, and may join in any action which any Bondholder may be entitled to take with like effect as if such Person did not act in any capacity thereunder. The Paying Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with any Credit Issuer, and may act as depository. Paying Agent or agent for any committee or body of Bondholders in connection with any other resolution or similar agreement to which MLGW or any Credit Issuer is a party and hold any bonds secured thereby or other obligations of MLGW as freely as if such Person did not act in any capacity under the Resolution.

(e) Except as is otherwise provided in subsection (a) above:

(i) The Paying Agent shall be protected in acting upon opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Paying Agent, pursuant to the Resolution upon the request, authority or consent of the Bond Registrar acting at the direction of any Person who at the time of making such request or giving such authority or consent is the Holder of any Senior Lien Revenue Obligation, shall be conclusive and binding upon all future Holders of the same Senior Lien Revenue Obligation and upon Senior Lien Revenue Obligations issued in exchange therefor or in place thereof. The Paying Agent may conclusively rely upon a certificate furnished by any Credit Issuer as to amounts owing with respect to any Credit Facility.

(ii) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Paying Agent shall be entitled to rely upon a certificate of MLGW as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Paying Agent has been notified as provided in subsection (e)(iv) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but

shall in no case be bound to secure the same. The Paying Agent may accept a certificate of MLGW to the effect that a resolution in the form therein set forth has been adopted as conclusive evidence that such resolution has been adopted and is in full force and effect.

(iii) The right of the Paying Agent to do things enumerated in the Resolution shall not be construed as a duty and the Paying Agent shall not be answerable for other than its gross negligence or willful misconduct.

(iv) Unless a Responsible Officer of the Paying Agent shall be specifically notified in writing of an Event of Default by MLGW, any Credit Issuer or by the Holders of more than fifty percent (50%) in aggregate principal amount of Outstanding Senior Lien Revenue Obligations, the Paying Agent shall not be required to take notice or be deemed to have notice of any Default under the Resolution except failure to pay the principal or redemption price of or interest on the Senior Lien Revenue Obligations when due. All notices or other instruments required to be delivered to the Paying Agent must, in order to be effective, be delivered at the principal corporate trust office of the Paying Agent, and in the absence of such notice so delivered the Paying Agent may conclusively assume there is no Default except as aforesaid. In the event that any payment referred to above is not paid when due, the Paying Agent shall give Immediate Notice to MLGW and any Credit Issuer that such payment has not been made and shall immediately confirm such notice by registered or certified mail to MLGW and any Credit Issuer.

(f) The Paying Agent shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(g) Notwithstanding anything elsewhere therein contained, the Paying Agent shall have the right, but shall not be required, to demand, in respect of the authentication of any Senior Lien Revenue Obligations, the taking of any action reasonably within the purview of the Resolution, as a condition of such action by the Paying Agent.

(h) Before taking any action under the Resolution (other than acting on a Credit Facility) at the request or direction of any Bondholder, the Paying Agent may require that satisfactory security or indemnity be furnished by the Holders of the Senior Lien Revenue Obligations for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Paying Agent, by reason of any action so taken.

(i) All moneys received by the Paying Agent or the Bond Registrar for the Senior Lien Revenue Obligations shall, until used or applied or invested as therein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required in the Resolution or by law.

(j) No provision of the Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate security or indemnity against such risk or liability is not reasonably assured to it.

(k) The Paying Agent shall be entitled to pay any amount to a Credit Issuer required under the Resolution upon written notice from the Credit Issuer that such amount is due and owed by MLGW to the Credit Issuer pursuant to the Resolution, a Credit Facility or other related documents, and the Paying Agent shall have no obligation to determine whether such amount is in fact owed to the Credit Issuer.

Fees, Charges and Expenses of Paying Agent

MLGW shall pay and/or reimburse the Paying Agent reasonable compensation for its Ordinary Services rendered under the Resolution.

Notice by Paying Agent and Division

(a) If a Default occurs of which the Paying Agent is by the terms of the Resolution required to take notice or if notice of a Default be given as provided in the Resolution, then the Paying Agent shall give written notice thereof by first-class mail, postage prepaid, to any Credit Issuer, MLGW and the Holders of all Senior Lien Revenue Obligations then Outstanding of the applicable series.

(b) At any time that any series of Senior Lien Revenue Obligations are rated by a Rating Agency or MLGW, shall promptly give notice to such Rating Agency, at such address as the Rating Agency shall have furnished to MLGW of:

- (i) any change in the identity of the Paying Agent,
 - (ii) any amendments or supplements of the Resolution or the Senior Lien Revenue Obligations,
 - (iii) any redemption of all the Senior Lien Revenue Obligations or any mandatory purchase of all the Senior Lien Revenue Obligations,
 - (iv) any amendment, renewal, substitution, termination or expiration of any Credit Facility;
- and
- (v) any other information that the Rating Agency may reasonably request.

Removal of the Paying Agent

The Paying Agent may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Paying Agent and to MLGW and any Credit Issuer, and signed by MLGW or the Holders of more than fifty percent (50%) in aggregate principal amount of the outstanding Senior Lien Revenue Obligations; provided, however, that such removal shall take effect only upon the appointment of a successor Paying Agent as provided in the Resolution and provided further if the removal is by MLGW, that there shall not then exist an Event of Default under the Resolution.

Defeasance

Provision for Payment

Except as otherwise set forth in a Supplemental Resolution authorizing Revenue Obligations, all or any portion of the Revenue Obligations for the payment, prepayment or redemption of which sufficient moneys or sufficient Defeasance Obligations shall have been deposited with the Paying Agent or an escrow agent selected by MLGW (whether upon or prior to the maturity or the redemption date of such Revenue Obligations) shall be deemed to be paid and no longer Outstanding under the Resolution; provided, however, that if such Revenue Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in Article II of the Resolution or firm and irrevocable arrangements shall have been made for the giving of such notice. Defeasance Obligations shall be considered sufficient for purposes of Article IX of the Resolution only; (i) if such Defeasance Obligations are not callable by the issuer of the Defeasance Obligations prior to their stated maturity, and (ii) if such Defeasance Obligations fall due

and bear interest in such amounts and at such times as will assure sufficient cash (whether or not such Defeasance Obligations are redeemed by MLGW pursuant to any right of redemption) to pay currently maturing interest and to pay principal and redemption premiums, if any, when due on the Revenue Obligations without rendering the interest on any Tax-Exempt Bonds includable in gross income of any owner thereof for federal income tax purposes.

MLGW may at any time surrender to the Bond Registrar for cancellation by it any Bonds previously authenticated and delivered under the Resolution which MLGW may have acquired in any manner whatsoever. All such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Release of Pledge

If all Revenue Obligations and obligations secured by a lien on a category of Revenues have been paid or provision for payment thereof made pursuant to the Resolution and the related Supplemental Resolution, then at the option of MLGW, the terms and provisions of the Resolution relating solely to such category of Revenues may be determined as void and of no further force or effect; provided the other terms and provisions of the Resolution shall remain in effect until the election of MLGW, after payment or provision for payment of all Revenue Obligations and obligations secured by a lien created pursuant to the Resolution on any Revenues.

Supplemental Resolutions

Supplemental Resolutions Not Requiring Consent of Bondholders

MLGW, from time to time and at any time, subject to the conditions and restrictions in the Resolution, may adopt one or more Supplemental Resolutions which thereafter shall form a part of the Resolution, for any one or more or all of the following purposes:

(a) to add to the covenants and agreements in the Resolution other covenants and agreements thereafter to be observed or to surrender, restrict, or limit any right or power reserved in the Resolution to or conferred upon MLGW or the City (including but not limited to the right to issue Additional Obligations);

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision contained in the Resolution, or in regard to matters or questions arising under the Resolution, as MLGW may deem necessary or desirable and not inconsistent with the Resolution;

(c) to subject to the lien and pledge of the Resolution additional revenues, receipts, properties, or other collateral;

(d) to evidence the appointment of successors to any Paying Agent(s) or Bond Registrars);

(e) to modify, amend, or supplement the Resolution in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any federal statute hereinafter in effect, and similarly to add to the Resolution such other terms, conditions, and provisions as may be permitted or required by such Trust Indenture Act of 1939 or any similar federal statute;

(f) to make any modification or amendment of the Resolution required in order to make any Revenue Obligations eligible for acceptance by DTC or any similar holding institution or to permit the issuance of any Revenue Obligations or interests therein in book-entry form;

(g) to modify any of the provisions of the Resolution in any respect if such modification shall not become effective until after all the Outstanding Revenue Obligations immediately prior to the effective date of such Supplemental Resolution shall cease to be Outstanding and if any Revenue Obligations issued contemporaneously with or after the effective date of such Supplemental Resolution shall contain a specific reference to the modifications contained in such subsequent proceedings;

(h) to modify the provisions of the Resolution with respect to the disposition of any moneys remaining in the Project Fund upon the completion of any Project or to revise, enlarge or reduce the definition or description of any particular Project;

(i) to create additional subaccounts or to abolish any subaccounts within any account;

(j) to modify the Resolution to permit the qualification of any Revenue Obligations for offer or sale under the securities laws of any state in the United States of America;

(k) to modify the Resolution in connection with the issuance of Additional Obligations or Subordinate Lien Obligations permitted to be issued under the Resolution prior to such modification, and such modification may deal with any subjects and make any provisions relating to the Additional Obligations or Subordinate Lien Obligations which MLGW deems necessary or desirable for that purpose;

(l) to make such modifications in the provisions of the Resolution as may be deemed necessary by MLGW to accommodate the issuance of Revenue Obligations which (i) are Compound Interest Bonds (including, but not limited to, provisions for determining the Debt Service Requirement for such Compound Interest Bonds and for treatment of Accreted Value in making such determination) or (ii) bear interest at a Variable Rate;

(m) to make such modifications as are necessary to permit the combination of the System with the other utility systems operated by MLGW for purposes of collecting and accounting for revenues; or

(n) to modify any of the provisions of the Resolution in any respect (other than a modification of the type described in the Resolution requiring the unanimous written consent of the holders); provided that for (i) any Outstanding Revenue Obligations which are assigned a Rating and which are not secured by a Credit Facility providing for the payment of the full amount of principal and interest to be paid thereon, each Rating Agency shall have given written notification to MLGW that such modification will not cause the then applicable Rating on any Revenue Obligations to be reduced or withdrawn, and (ii) any Outstanding Revenue Obligations which are secured by Credit Facilities providing for the payment of the full amount of the principal and interest to be paid thereon, each Credit Issuer shall have consented in writing to such modification.

Any Supplemental Resolution authorized by the provisions of this Section may be adopted by MLGW and the City without the consent of or notice to the owners of any of the Revenue Obligations (except as otherwise set forth in such Supplemental Resolution) at the time Outstanding, notwithstanding any of the provisions of the Resolution described under "Supplemental Resolutions Requiring Consent of Holders of Revenue Obligations" below. Any such Supplemental Resolution may modify the provisions of the Resolution in such a manner, and to such extent and containing such provisions, as MLGW may deem necessary or desirable to effect any of the purposes stated above. As used in this Section, the term "modify" shall mean "modify, amend, or supplement" and the term "modification" shall mean "modification, amendment, or supplement." Modifications to any Loan Agreement shall also be made only in conformance with any additional provisions required by such Loan Agreement. MLGW and the City may agree in any Supplemental Resolution authorizing Revenue Obligations not to exercise its right to modify the Resolution pursuant to any of the provisions above without the consent of a requisite number of holders of the Revenue Obligations being issued.

The provisions of this Section and described under “Supplemental Resolutions Requiring Consent of Holders of Revenue Obligations below of the Resolution shall be interpreted by category of Revenues such that each provision of any Supplemental Resolution shall be reviewed for compliance with such sections upon its effect on the Revenue Obligations and Loan Agreements secured by the related category of Revenues and whether the consent of any holders, of a majority of holders of a certain category of Revenue Obligations and Loan Agreements or the consent of all such holders shall be determined with respect to each category of Revenues. Supplemental Resolutions may be adopted containing provisions which (1) do not require the consents of any holders, (2) require the consents of some but not all holders of Revenue Obligations and Loan Agreements related to a category of Revenues, (3) require the consents of some but not all holders of Revenue Obligations and Loan Agreements related to several categories of Revenues, (4) require the consents of all holders of Revenue Obligations and Loan Agreements related to a category of Revenues, (5) require the consents of all holders of Revenue Obligations and Loan Agreements, or (6) are covered in a combination of some or all of (1) through (5).

Supplemental Resolutions Requiring Consent of Holders of Revenue Obligations

Exclusive of Supplemental Resolutions covered under “Supplemental Resolutions Not Requiring Consent of Bondholders” above, with the consent (evidenced as provided in Article VIII of the Resolution) of the owners of not less than a majority in aggregate principal amount of the Outstanding Revenue Obligations of each class (senior and subordinate), voting separately by class, of each series of Revenue Obligations related to an affected category of Revenues or related Revenue Obligations, MLGW and the City may from time to time and at any time adopt a Supplemental Resolution for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Resolution or of any Supplemental Resolution; provided, however, that no such Supplemental Resolution shall: (a) extend the maturity date or due date of any mandatory sinking fund redemption with respect to any Revenue Obligations Outstanding under the Resolution; (b) reduce or extend the time for payment of principal of, redemption premium, or interest on any Revenue Obligations Outstanding under the Resolution; (c) reduce any premium payable upon the redemption of any Revenue Obligations under the Resolution or advance the date upon which any Revenue Obligations may first be called for redemption prior to its stated maturity date; (d) give to any Revenue Obligation or Revenue Obligations (or related Contracts) a preference over any other Revenue Obligation or Revenue Obligations (or related Contracts) not already permitted by the Resolution; (e) permit the creation of any lien or any other encumbrance on the Pledged Revenues having a lien equal to or prior to the lien created under the Resolution for the Senior Lien Revenue Obligations; (f) reduce the percentage of owners of Revenue Obligations required to approve any such Supplemental Resolution; or (g) deprive the owners of the Revenue Obligations of the right to payment of the Revenue Obligations or from the Pledged Revenues, without, in each case, the consent of the owners of all the Revenue Obligations then Outstanding of the category of Revenue Obligations affected thereby. No amendment may be made under this Section which affects the rights or duties of any Credit Issuer securing any of the Revenue Obligations or any Qualified Hedge Provider under any Hedge Agreement without its written consent. The provisions of this paragraph shall be strictly construed such that Supplemental Resolutions requiring the consents of owners of Revenue Obligations shall be limited to those clearly falling within one of the enumerated categories.

If MLGW intends to enter into or adopt any Supplemental Resolution as described in this Section, MLGW shall mail, by registered or certified mail, to the registered owners of the Revenue Obligations at their addresses as shown on the Bond Register and the holders or assignees of such holders of any Loan Agreement, a notice of such intention along with a description of such Supplemental Resolution not less than 30 days prior to the proposed effective date of such Supplemental Resolution. The consents of the registered owners of the Revenue Obligations and the holders or assignees of such holders of any Loan Agreement need not approve the particular form of wording of the proposed Supplemental Resolution, but it shall be sufficient

if such consents approve the substance thereof. Failure of the owner of any Bond and the holders or assignees of such holders of any Loan Agreement to receive the notice required in the Resolution shall not affect the validity of any Supplemental Resolution if the required number of owners of the Bonds and the holders or assignees of such holders of any Loan Agreement of each class shall provide their written consent to such Supplemental Resolution. Modifications to any Loan Agreement shall also be made in conformance with any additional provisions required by such Loan Agreement. In connection with the issuance of any Revenue Obligations, the underwriter of such Revenue Obligations shall be deemed to be the initial holder of such Revenue Obligations for all purposes under the Resolution, whether or not such Revenue Obligations are delivered in book-entry form through DTC or another securities depository, and the consent of such underwriter to any Supplemental Resolution shall be fully binding on all subsequent holders of such Revenue Obligations.

Notwithstanding any provision of the Resolution to the contrary, upon the issuance of a Credit Facility to secure any Revenue Obligations and for the period in which such Credit Facility is outstanding, the Credit Issuer may have the consent rights of the owners of the Revenue Obligations which are secured by such Credit Facility pertaining to some or all of the amendments or modifications of the Resolution, to the extent provided in the applicable Supplemental Resolution. Notwithstanding the foregoing, if a Credit Issuer is granted the consent rights of the owners of any Revenue Obligations in a Supplemental Resolution and refuses to exercise such consent rights, either affirmatively or negatively, then the registered owners of the Revenue Obligations secured by the related Credit Facility may exercise such consent rights.

Notice of Supplemental Resolutions

MLGW shall cause the Bond Registrar to mail a notice by registered or certified mail to the registered owners of all Bonds Outstanding, at their addresses shown on the Bond Register or at such other address as has been furnished in writing by such registered owner to the Bond Registrar, and to the holder or its assignee of any Loan Agreement at the address set forth therein, setting forth in general terms the substance of any Supplemental Resolution which has been: (i) adopted by MLGW pursuant to the Resolution; or (ii) approved by holders or any Credit Issuer and adopted by MLGW pursuant to the Resolution.

Bond Opinion for Supplemental Resolutions

So long as there are Tax-Exempt Bonds Outstanding, no Supplemental Resolution may become effective prior to the filing by MLGW of an opinion from Bond Counsel that such Supplemental Resolution will have no adverse effect on the tax status of any Tax-Exempt Bonds and the adoption of such Supplemental Resolution was permitted by the terms of the Resolution.

[End of Appendix]

APPENDIX E

**FORM OF THE CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE
SERIES 2025 ELECTRIC SYSTEM BONDS**

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**CITY OF MEMPHIS, TENNESSEE
MEMPHIS LIGHT, GAS AND WATER DIVISION**

**\$235,155,000
ELECTRIC SYSTEM REVENUE BONDS
SERIES 2025**

CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** (this “**Disclosure Certificate**”) is executed and delivered on this 23rd day of October 2025 by the **CITY OF MEMPHIS, TENNESSEE** (the “**City**”) and the **MEMPHIS LIGHT, GAS AND WATER DIVISION** (“**MLGW**”) in connection with the issuance of the City’s \$235,155,000 Electric System Revenue Bonds, Series 2025 (the “**Series 2025 Electric System Bonds**”). The Series 2025 Electric System Bonds are being issued by the City pursuant to and in accordance with: (i) certain provisions of Tennessee law, including particularly Chapter 34, Title 7, Tennessee Code Annotated (§§ 7-34-101 through §§ 7-34-118 *et seq.*), as amended (the “**Act**”); (ii) the Charter of the City of Memphis, Tennessee, as amended (the “**Charter**”); and (iii) the Electric System Revenue Obligations Master Resolution duly and lawfully adopted by the Board of Commissioners of the Memphis Light, Gas and Water Division (the “**Board**”) on June 20, 2002, and by the Council of the City of Memphis, Tennessee (the “**City Council**”) on July 2, 2002, as previously amended and supplemented (the “**Master Electric System Resolution**”), and as further amended and supplemented with respect to the Series 2025 Electric System Bonds by that certain Eleventh Supplemental Resolution duly and lawfully adopted by the Board of MLGW on August 6, 2025, and by the City Council on August 19, 2025 (the “**Eleventh Supplemental Resolution**” and together with the Master Electric System Resolution, the “**Electric System Resolution**”). Certain capitalized terms used but not otherwise defined herein under **Section 2** shall have the meanings ascribed to them in the Electric System Resolution or the Official Statement (as defined herein), as applicable.

The City and MLGW mutually covenant and agree as follows:

RECITALS:

WHEREAS, contemporaneously with the execution and delivery of this Disclosure Certificate, the City, on behalf of MLGW, will issue its Series 2025 Electric System Bonds, pursuant to the Electric System Resolution; and

WHEREAS, the City authorized the preparation and distribution of (i) the Preliminary Official Statement dated September 24, 2025 (the “Preliminary Official Statement”), and (ii) the Official Statement dated September 30, 2025 (the “Official Statement”) with respect to the public offer and negotiated sale of the Series 2025 Electric System Bonds; and

WHEREAS, the City, MLGW, and Raymond James & Associates, Inc., as representative, acting for itself and on behalf of FHN Financial Capital Markets and Ramirez & Co., Inc. (collectively, the “**Underwriters**”), have entered into a Bond Purchase Agreement, dated and effective September 30, 2025, with respect to the public offer and negotiated sale of the Series 2025 Electric System Bonds; and

WHEREAS, the Series 2025 Electric System Bonds are subject to the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission (“**SEC**”), promulgated pursuant to the Securities Exchange Act of 1934, as amended (the “**Rule**”), and the City and MLGW are entering into this Disclosure Certificate in order to assist the Underwriters in complying with the Rule; and

NOW THEREFORE, in consideration of the purchase of the Series 2025 Electric System Bonds by the Underwriters and the mutual promises and agreements made herein, the receipt and legal sufficiency of which consideration is hereby mutually acknowledged, the City and MLGW do hereby certify and agree as follows:

SECTION 1. Incorporation of Recitals and Purpose. The above recitals are true and correct and are incorporated into and made a part hereof. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Series 2025 Electric System Bonds and in order to assist the Underwriters in complying with the Rule.

SECTION 2. Definitions. Capitalized terms used, but not otherwise defined, in this Disclosure Certificate shall have the meanings assigned thereto in the Electric System Resolution or the Official Statement, as applicable. In addition to the terms defined elsewhere herein, the following capitalized terms shall have the following meanings for the purposes of this Disclosure Certificate:

“Annual Filing Date” means the date, set forth in **Section 3(a)** of this Disclosure Certificate, by which the Annual Report is to be filed with the Repository.

“Annual Report” shall mean any annual report provided by MLGW on behalf of the City pursuant to, and as described in **Section 3** and **Section 4** of this Disclosure Certificate.

“Audited Financial Statements” shall mean the basic financial statements of MLGW for the prior Fiscal Year, certified by an independent auditor and prepared in accordance with Generally Accepted Accounting Principles (GAAP), as in effect from time to time, audited by an independent certified public accountant in accordance with auditing standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

“Business Day” means a day other than a Saturday or a Sunday or a day on which banks in the State of Tennessee are authorized or required by law to close.

“Disclosure Representative” collectively shall mean: (i) the Chief Financial Officer of the City, or his or her designee, or such other person as the City shall designate in writing from time to time as the person responsible for providing the information; or (ii) the Chief Financial Officer of MLGW, or his or her designee, or such other person as MLGW shall designate in writing from time to time as the person responsible for providing the information.

“Dissemination Agent” shall mean any dissemination agent appointed or engaged by the City or MLGW to assist in carrying out its obligations under this Disclosure Certificate pursuant to **Section 7** hereof.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule. Further information regarding EMMA can be retrieved by visiting the website **<http://emma.msrb.org>**.

“Financial Obligation” means a: (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by MLGW as its fiscal year for financial reporting purposes and shall initially mean the period beginning January 1 of each calendar year and ending December 31 of the same calendar year.

“**GAAP**” means generally accepted accounting principles promulgated by the Government and Financial Accounting Standards Boards, as in effect from time to time in the United States.

“**Holder**” means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Electric System Bond (including persons holding Series 2025 Electric System Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Series 2025 Electric System Bond for federal income tax purposes.

“**MSRB**” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended. Currently, the MSRB’s address, phone number and fax number for purposes of the Rule is:

Municipal Securities Rulemaking Board
c/o CDINet
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Phone: (703) 797-6000
Fax: (703) 683-1930

“**Notice Event**” means an event listed in **Section 5(a)** of this Disclosure Certificate.

“**Notice Event Filing**” shall have the meaning specified in **Section 5(c)** of this Disclosure Certificate.

“**Obligated Person**” collectively shall mean the City, MLGW and any person who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Series 2025 Electric System Bonds (other than providers of municipal bond insurance, letters of credit or other liquidity facilities). The City and MLGW confirms that currently it is the only Obligated Person with respect to the Series 2025 Electric System Bonds.

“**Official Statement**” shall mean the official statement, dated September 30, 2025, relating to the Series 2025 Electric System Bonds.

“**Repository**” means each entity authorized and approved by the SEC from time to time to act as a repository for purposes of the Rule, as reflected on the website of the SEC at www.sec.gov. Currently, the sole Repository is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

“**Rule**” shall mean Rule 15c2-12 of the SEC, promulgated pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**SEC**” shall mean the United States Securities and Exchange Commission.

“**State**” shall mean the State of Tennessee.

“**Underwriters**” shall mean any of the original underwriters of the Series 2025 Electric System Bonds who are required to comply with the Rule in connection with the offering of the Series 2025 Electric System Bonds.

“**Voluntary Report**” means the information provided to the Disclosure Dissemination Agent by the City pursuant to **Section 8** of this Disclosure Certificate.

SECTION 3. Provision of Annual Report.

(a) The City or MLGW shall provide, annually, an electronic copy of the Annual Report and a Certification to the Disclosure Dissemination Agent on or before the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to each Repository not later than September 30 following the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2025. If September 30 falls on a day that is not a Business Day, the Annual Report will be due on the first Business Day thereafter. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents and may cross-reference other information available to the public on the MSRB's website, filed with the SEC or otherwise provided under **Section 4** of this Disclosure Certificate.

(b) If the City, MLGW or the Dissemination Agent is unable to provide the Repository the Annual Report by the date required in subsection (a) above, the City, MLGW or the Dissemination Agent shall send, in a timely manner, a notice to the Repository in electronic format as prescribed by the Repository, in substantially the form attached at **EXHIBIT A** hereto.

(c) The City, MLGW or the Dissemination Agent shall:

(i) Determine each year prior to the date for providing the Annual Report the name and address of the Repository to which the Annual Report is to be filed; and

(ii) File a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date on which it was provided to the Repository.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Each Annual Report shall contain Annual Financial Information with respect to MLGW, consisting of or cross-referencing the following:

(i) the Audited Financial Statements; provided, however, that if the Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements of MLGW in a format similar to the Audited Financial Statements and the Audited Financial Statements shall be filed in the same manner as the Annual Report when they become available;

(ii) If the accounting principles used by MLGW have changed during the previous Fiscal Year and such changes are material to MLGW, a narrative description of the impact of the change, as required by **Section 8** of this Disclosure Certificate;

(iii) A statement indicating that the Fiscal Year has not changed or, if the Fiscal Year has changed, a statement defining the new Fiscal Year;

(iv) An update of the following operating data and financial information contained in the **APPENDIX A** attached to the Official Statement regarding the Electric Division of MLGW:

(A) The table entitled "HISTORICAL AND FORECASTED ELECTRIC SYSTEM USE" set forth within "**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**" (**page A-11**).

(B) The table entitled “TEN LARGEST ELECTRIC CUSTOMERS” set forth within “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” (**page A-15**).

(C) The tables entitled “AVERAGE NUMBER OF ELECTRIC CUSTOMERS” (**page A-17**) and “MEGAWATT HOURS OF ELECTRICITY SOLD” each set forth within “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” (**page A-17**).

(D) The table entitled “HISTORICAL POWER AND ENERGY REQUIREMENTS” set forth within “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” (**page A-18**).

(E) The table entitled “HISTORICAL DEBT SERVICE COVERAGE” set forth within “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” (**page A-22**).

(F) The tables entitled “ELECTRIC DIVISION STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION” (**page A-24**) and “ELECTRIC DIVISION SELECTED STATEMENT OF NET POSITION DATA” each set forth within “**APPENDIX A – OPERATING INFORMATION REGARDING THE ELECTRIC DIVISION**” (**page A-25**).

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City or MLGW is an Obligated Person (as defined by the Rule), which have been previously filed with the MSRB or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City or MLGW will clearly identify each such document so incorporated by reference.

SECTION 5. Reporting of Notice Events.

(a) In accordance with the Rule, the City, MLGW or the Dissemination Agent shall file with the Repository, in the appropriate format required by the Repository and in a timely manner not in excess of ten (10) Business Days after the occurrence of the following Notice Events, notices of the occurrence of any of the following Notice Events with respect to the Series 2025 Electric System Bonds:

1. Principal and interest payment delinquencies;
2. Non-Payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Electric System Bonds, or other material events affecting the tax status of the Series 2025 Electric System Bonds;

7. Modifications to rights of securities Holders, if material;
8. Bond calls, if material and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2025 Electric System Bonds;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person (of the type described in the Note to Paragraph (b)(5)(i)(C)(12) of the Rule);
13. The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or a change in the name of a trustee, if material;
15. Incurrence of a Financial Obligation of the City or MLGW, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of MLGW or the City, any of which affect the Holders of the Series 2025 Electric System Bonds, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or MLGW, any of which reflect financial difficulties.

Failure to provide the Annual Report, as required, together with a completed notice substantially in the form set forth in **EXHIBIT A** attached to this Disclosure Certificate.

SECTION 6. CUSIP Numbers. Whenever providing information to the Repository, including but not limited to Annual Reports, documents incorporated by reference into the Annual Reports, Audited Financial Statements, notices of Notice Events and Voluntary Reports filed pursuant to this Disclosure Certificate, the City or MLGW shall indicate the full name of the Series 2025 Electric System Bonds and, to the best of its knowledge, the 9-digit CUSIP numbers for the Series 2025 Electric System Bonds as to which the provided information relates. The City or MLGW, by providing the CUSIP numbers is not representing or certifying as to the accuracy thereof.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

SECTION 8. Voluntary Reports.

(a) The City or MLGW may file any information with the Repository from time to time, pursuant to a Certification of the Disclosure Representative accompanying such information (a “**Voluntary Report**”).

(b) Nothing in this Disclosure Certificate shall be deemed to prevent the City or MLGW from disseminating any other information using the means of dissemination set forth in this Disclosure Certificate or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Certificate. If the City or MLGW chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Certificate, the City or MLGW shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 9. Termination of Reporting Obligation.

(a) The obligations of the City, MLGW and the Disclosure Dissemination Agent under this Disclosure Certificate shall terminate with respect to the Series 2025 Electric System Bonds (i) upon the legal defeasance, prior redemption or payment in full of all of the Series 2025 Electric System Bonds, (ii) when the City or MLGW is no longer an Obligated Person with respect to the Series 2025 Electric System Bonds, or (iii) upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

(b) If in the opinion of nationally recognized bond counsel satisfactory to the City or MLGW, the Rule shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder and, if and to the extent in the opinion of nationally recognized bond counsel satisfactory to the City, MLGW the Rule or any provisions thereof shall be declared by a federal court of competent and final, non-appealable jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void or otherwise inapplicable to the Series 2025 Electric System Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder.

SECTION 10. Default; Remedies. In the event of a failure of the City, MLGW or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Certificate, the Holders' rights to enforce the provisions of this Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate, it being the City's and MLGW's position that money damages would be inadequate recompense and difficult to ascertain. A default under this Disclosure Certificate shall not constitute a default on the Series 2025 Electric System Bonds or be deemed to be a default under the Electric System Resolution or under any other document relating to the Series 2025 Electric System Bonds and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, the City or MLGW may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(i) Such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligated Person with respect to the Series 2025 Electric System Bonds or the type of business conducted by the Obligated Person;

(ii) Such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would have complied with the requirements of the Rule if such amendment or waiver had been effective on the date hereof, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) Such amendment or waiver does not materially impair the interests of the Holders of the Series 2025 Electric System Bonds, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the City, MLGW or by the approving vote of the Holders of the Series 2025 Electric System Bonds pursuant to the terms of the Electric System Resolution at the time of the amendment.

(b) If any provision of **Section 4** hereof is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

(c) If the provisions of this Disclosure Certificate specifying the accounting principles to be followed in preparing the Audited Financial Statements are amended or waived, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Obligated Person to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The City or MLGW shall file a notice of the change in the accounting principles with the Repository on or before the effective date of any such amendment or waiver.

(d) Notwithstanding the preceding paragraphs, the City or MLGW shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the SEC from time to time by giving not less than twenty (20) days written notice of its intent to do so, together with a copy of the proposed amendment, to the Disclosure Dissemination Agent.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, MLGW, the Dissemination Agent, if any, the Underwriters and the Holders from time to time of the Series 2025 Electric System Bonds and shall create no rights in any other person or entity.

SECTION 13. Obligated Persons. Any change in Obligated Persons shall be reported by the City or MLGW in connection with the Annual Report. If any person other than the City becomes an Obligated Person relating to the Series 2025 Electric System Bonds, the City shall use its reasonable best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person; provided, however, the City takes no responsibility for the accuracy or completeness of any financial information or operating data or other filings by any future Obligated Person.

SECTION 14. No Personal Liability. None of the members or employees of the City or MLGW shall be charged personally with any liability or held liable under any term or provision of this Disclosure Certificate because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof.

SECTION 15. Identifying Information. In accordance with the Rule, all disclosure filings submitted to the Repository pursuant to this Disclosure Certificate must be accompanied by identifying information as prescribed by the Repository.

SECTION 16. Severability. In case any part of this Disclosure Certificate is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Certificate, nor shall the illegality or invalidity of any application of this Disclosure Certificate affect any legal and valid application. This Disclosure Certificate shall be construed or enforced as if such illegal or invalid portion were not contained herein.

SECTION 17. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 18. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the internal laws of the State (without regard to conflict of law principles thereof), provided that, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

[Signatures on the Following Pages]

[Signature Page for the Electric Division Continuing Disclosure Certificate]

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Certificate to be executed on its behalf by its authorized representative on the date first above written.

CITY OF MEMPHIS, TENNESSEE

By: _____
Paul A. Young
Mayor

[Signature Page for the Electric Division Continuing Disclosure Certificate]

IN WITNESS WHEREOF, MLGW has caused this Continuing Disclosure Certificate to be executed on its behalf by its authorized representative on the date first above written.

MEMPHIS LIGHT, GAS AND WATER DIVISION

By: _____
Doug McGowen
President and Chief Executive Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Memphis, Tennessee

Name of Bond Issue: \$235,155,000 City of Memphis, Tennessee Electric System Revenue Bonds, Series 2025

Date of Issuance: October 23, 2025

NOTICE IS HEREBY GIVEN that the City of Memphis, Tennessee (the “City”) has not provided the Annual Report with respect to the above-captioned bonds as required by the Continuing Disclosure Certificate dated October 23, 2025. The City expects that the Annual Report will be filed by

_____.

Dated: _____

MEMPHIS LIGHT, GAS AND WATER DIVISION,
on behalf of the City of Memphis, Tennessee

By: _____
Doug McGowen
President and Chief Executive Officer

APPENDIX F

**PROPOSED FORM OF CO-BOND COUNSEL OPINIONS FOR THE
SERIES 2025 ELECTRIC SYSTEM BONDS**

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October 23, 2025

City Council
Memphis, Tennessee 38103

Board of Light, Gas & Water
Commissioners of the City of Memphis
Memphis, Tennessee 38103

\$235,155,000
City of Memphis, Tennessee
Electric System Revenue Bonds
Series 2025

We have acted as co-bond counsel in connection with the issuance by the City of Memphis, Tennessee (the “City”), a municipal corporation of the State of Tennessee (the “State”), of the City of Memphis, Tennessee, Electric System Revenue Bonds, Series 2025, in the original aggregate principal amount of \$235,155,000 (the “Series 2025 Bonds”). In such capacity, we have examined: (a) the Constitution and the statutes of the State, including specifically Title 7, Chapter 34, Tennessee Code Annotated, as amended (the “Act”); (b) the Charter of the City; (c) a certified copy of that certain Electric System Revenue Obligations Master Resolution adopted by the Council of the City (the “Council”) on July 2, 2002 (as supplemented and amended from time to time heretofore in accordance with its terms, the “Master Resolution”); (d) a certified copy of that certain Eleventh Supplemental Resolution Relating to Electric System Revenue Bonds, Series 2025, adopted by the Council on August 19, 2025 (the “Eleventh Supplemental Resolution”); (e) the Bond Series Certificate of the City and the Division relating to the Series 2025 Bonds (the “Bond Series Certificate”); and (f) such other laws, documents and proofs as we have deemed necessary as a basis for this opinion. The Master Resolution as supplemented and amended from time to time, including as supplemented by the Eleventh Supplemental Resolution and the Bond Series Certificate, being referred to herein as the “Resolution.” Capitalized terms used, but not defined, herein shall have the meanings assigned thereto in the Resolution.

The Series 2025 Bonds are being issued to provide moneys to finance certain Costs of acquisition, expansion and/or improvements to the electric system and facilities (the “System”) of the City operated by the Memphis Light, Gas and Water Division of the City (the “Division”) and to pay the costs of issuance and sale of the Series 2025 Bonds. The Series 2025 Bonds constitute Senior Lien Revenue Obligations under the Resolution. The City heretofore has issued certain other Revenue Obligations under the Resolution and the City reserves the right to issue Additional Obligations under the Resolution on the terms and conditions and for the purposes stated therein.

For the purposes of this opinion letter, we have not made any independent investigation into any financial matters of the City, the Division or the System, and we have not prepared or investigated any financial information that has been or may be furnished to any purchaser of the Series 2025 Bonds. Accordingly, we express no opinion whatsoever herein as to the accuracy or completeness of any such financial information furnished in connection with the issuance and delivery of the Series 2025 Bonds.

In rendering our opinions set forth below, we have (a) relied as to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, upon certified proceedings, certifications and representations of public officials, including representations of officials and representatives of the City and the Division, including, without limitation, representations as to the use and investment of the proceeds of the Series 2025 Bonds and the priority of the lien on the Pledged Revenues of the System created under the Resolution, and (b) assumed continuous compliance by each of the City and the Division of its covenants contained in the Resolution and documents related thereto, including, without limitation, covenants as to the use and investment of the proceeds of the Series 2025 Bonds.

Each of the City and the Division has covenanted in the Resolution and in certain certificates dated the date hereof that it will not use any proceeds of the Series 2025 Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments except as may be otherwise permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code," and all applicable regulations promulgated under the Code, including any proposed or temporary regulations, are collectively referred to herein as the "Regulations"), that it will comply with the arbitrage rebate requirements of Section 148(f) of the Code and the Regulations, and that it will comply with all other applicable provisions of the Code and the Regulations with respect to the Series 2025 Bonds.

Based on the foregoing, and subject to the qualifications contained herein, we are of the opinion that, on the date hereof:

1. The City has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Council of the City, is in full force and effect, is valid and binding upon the City and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create for the benefit of the holders of the Series 2025 Bonds of the Pledged Revenues, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. We express no opinion as to the sufficiency of such Pledged Revenues for the payment of principal of or interest on the Series 2025 Bonds, subject only to the provisions of the Eleventh Supplemental Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Eleventh Supplemental Resolution.

2. The City is duly authorized and entitled to issue the Series 2025 Bonds and the Series 2025 Bonds have been duly and validly authorized and issued by the City in accordance with the Constitution and laws of the State, the Act and the Resolution, and constitute the valid and binding obligations of the City as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Act and the Resolution. The Series 2025 Bonds are special obligations of the City payable from and secured exclusively by a pledge of the Pledged Revenues, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal of and premium, if any, or interest on the Series 2025 Bonds.

3. Based on existing statutes, regulations, rulings and court decisions and assuming compliance by the City and the Division with the above-described covenants, interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in the immediately preceding sentence assumes and is subject to the accuracy of the representations and certifications of the City and the Division and continuous compliance by the City and the Division with the covenants contained in the official proceedings related to the Series 2025 Bonds, including

covenants to the effect that the City and the Division will comply with all requirements of the Code and the Regulations promulgated thereunder that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, and continue to be, excludable from gross income of the recipients thereof for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Series 2025 Bonds to be includable in gross income for federal income tax purposes retroactive to the date of the issuance of the Series 2025 Bonds.

4. Under existing law, the Series 2025 Bonds and the income therefrom are exempt from all present State, county and municipal taxes in the State except (a) State excise taxes on all or a portion of the interest on the Series 2025 Bonds during the period the Series 2025 Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State and (b) State franchise taxes by reason of the inclusion of the book value of the Series 2025 Bonds in the State franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State.

We express no opinion regarding other federal or state tax consequences arising with respect to the Series 2025 Bonds or any other matter with respect to the Series 2025 Bonds except as set forth herein. Ownership of the Series 2025 Bonds may result in other collateral federal or state income tax consequences to certain taxpayers depending on the particular taxpayer's tax status and other items of income or deduction. We express no opinion regarding any federal or state collateral tax consequences related to the Series 2025 Bonds.

The rights of the owners of the Series 2025 Bonds and the enforceability of the Series 2025 Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and principles of equity applicable to the availability of specific performance and other equitable relief.

In rendering this opinion letter, we have not considered the laws of any jurisdiction other than the laws of the State and the federal income tax laws of the United States of America, and we are not rendering any opinion, by implication or otherwise, regarding the laws of any jurisdiction other than the laws of the State and such federal income tax laws.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. We assume no responsibility to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur hereafter.

Sincerely,

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