

Proposals Deliver \$2 Billion in Value to Memphis



Memphis is important to TVA. We are prepared to act on TVA's proposals and partner with MLGW and the City to deliver up to \$2 billion of value over the next 20 years to the people and businesses of Memphis.

Available to MLGW Through TVA's Proposals*

**CURRENT
BENEFITS:**

**\$712
MILLION**

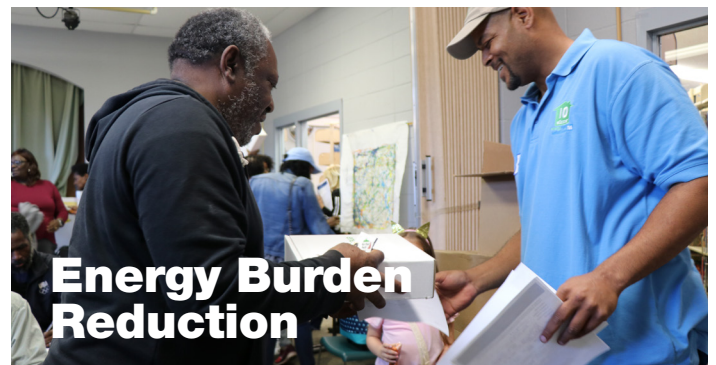
**ADDITIONAL VALUE
OPPORTUNITIES:**

**\$535
MILLION**

**LONG-TERM
PARTNERSHIP PROPOSAL:**

**\$750
MILLION**

**TVA IS PREPARED TO ACT AND TRANSLATE THESE PROPOSALS INTO
\$2 BILLION IN VALUE**



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*For discussion purposes only. Nothing in these documents constitutes a binding offer or form the basis for an agreement under any legal or equitable theory. Values and some proposals are expressed in millions of dollars (\$) and are subject to market and other conditions. Full details are in the proposal summary and term sheet. 20-3431 0620

Components of \$2 Billion Proposals



Below is a summary of the potential value of the benefits currently delivered by TVA, additional value opportunities, and the value of the Long-Term Partnership Proposal over 20 years.

Benefits Currently Delivered Through MLGW and TVA's 80-Year Relationship

PILOT Payments

\$366M

- Payments in lieu of taxes distributed via the State of Tennessee

Economic Development Benefits

\$276M

- TVA's Investment Credit program rewards companies for new/expanded operations

Memphis Community Support and Partnerships to Reduce Energy Burden

\$70M

- Includes grants to Mid-South Food Bank, Memphis in May, Library, Museums, NAACP Awards, Urban League, School Programs / STEM, etc.; Provides incentives to homes, businesses, and local industries; includes weatherization programs like Share the Pennies and Home Uplift

Potential Value Over 20 Years

\$712M

Additional Value Opportunities by Staying with TVA*

Core Communities Revitalization, Energy Burden Reduction, Economic Development

\$135M

- A TVA, MLGW, and Memphis community partnership focused on revitalization and community development over the next 10 years; Increased commitment to TVA's Home Uplift program and sponsorship of a forum to identify opportunities for energy burden reduction, along with matching funds to implement those opportunities; includes Allen Fossil Plant land value for the Memphis Port Project

Sale and Purchase of MLGW's Transmission System

\$400M

- TVA currently leases MLGW's transmission system for approximately \$35M per year. TVA could purchase the MLGW transmission system and integrate it into the TVA system

\$5 Billion Port of Memphis Development Project

- Similar port projects have generated more than \$5 billion in economic activity in surrounding communities over 10 years; TVA plans to expedite its ongoing Allen Fossil Site to prepare the land for the Port of Memphis development project

TVA Presence in Memphis

- TVA will commit to establish Memphis as TVA's hub for core community revitalization and energy burden reduction resources, which could result in 100 full-time employees and an expansion of TVA's Memphis headquarters

Additional Solar Development

- TVA will commit to implement a staged approach to meeting Memphis's renewable energy objectives using industry-leading TVA programs

Prepays

- TVA is willing to explore multiple prepay scenarios, including gas and electricity. Prepays are subject to market and other conditions

Potential Value Over 20 Years

\$535M

Benefits of Adopting the Long-Term Partnership Proposal

3.1% Rate Credit

\$450M

- MLGW will receive an immediate and ongoing 3.1% rate credit, or approximately \$22.5 million annually

200 MW Solar Savings Through the Flexibility Program

\$300M

- Could save rate payers up to \$15 million annually

Enhanced Direct Involvement in TVA Planning and Decision Making

- Long-term partners have expanded engagement in TVA planning, capital allocation, and decision-making processes

Potential Value Over 20 Years

\$750M

Further Delays Could Reduce Savings

The RFP process could delay a deal with TVA by 24 to 36 months. In addition to the financial losses, a lengthy RFP process would delay TVA's plan to increase its presence in Memphis, sponsorship of the energy burden forum, and partnership involvement in TVA's asset planning and decision-making process.

	24 Months	36 Months
Additional Value Opportunities*		
• Revitalization and Community Development	\$20M	\$30M
• Energy Burden Forum and Home Uplift	\$4M	\$6M
Long-Term Partnership Proposal		
• 3.1% Rate Credit	\$45M	\$68M
• 200MW Solar Flexibility Savings	\$30M	\$45M
Total Potential Opportunity Cost	\$100M	\$150M



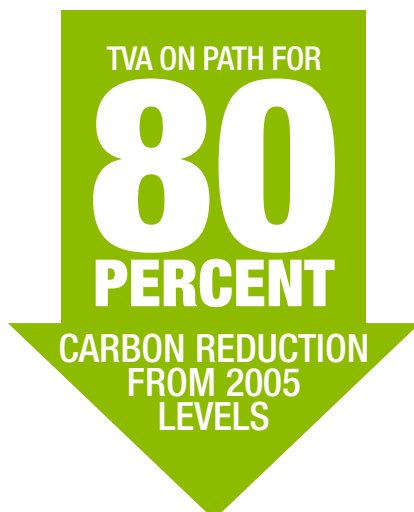
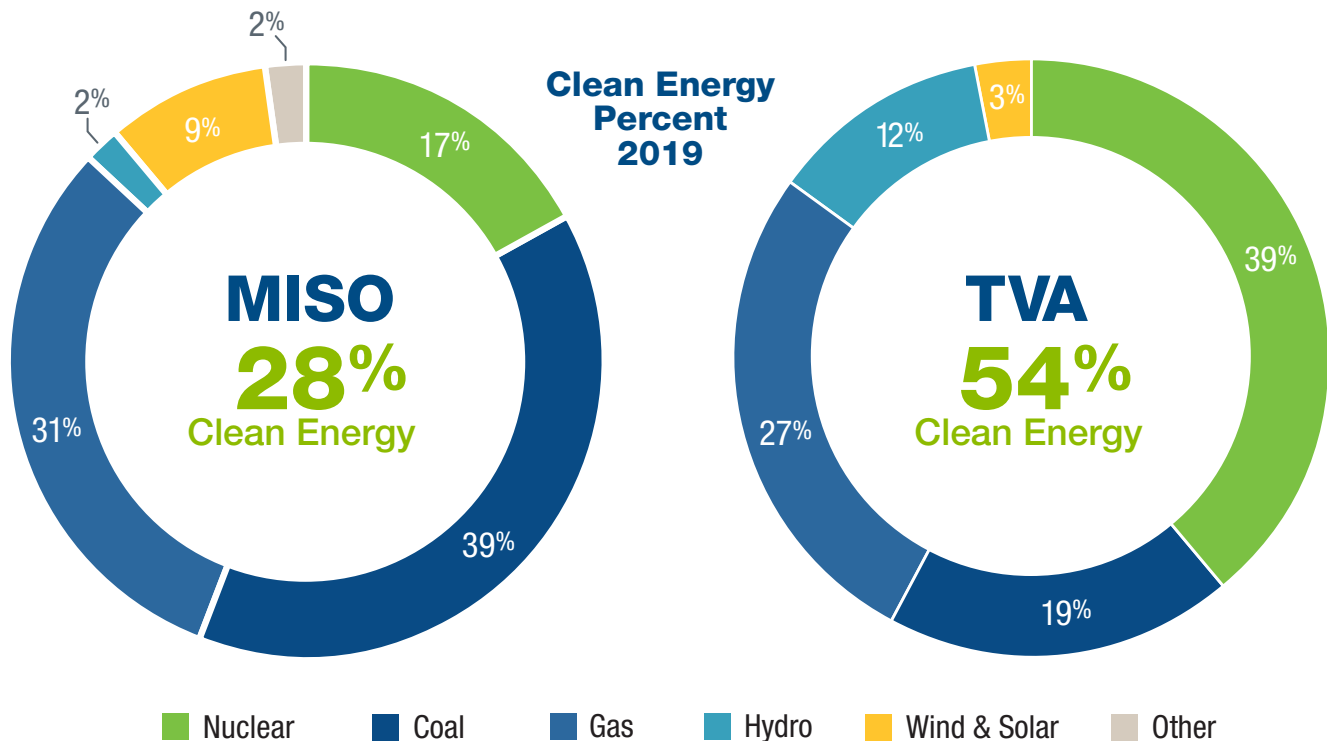
TVA's Proposals come with the Cleanest Energy in the Region



TVA represents a significantly cleaner option for Memphis.

TVA's energy supply almost twice as clean as MISO

In addition to TVA's clean energy percentage being almost twice that of MISO, TVA's renewable generation was 15% compared to only 11% for MISO in 2019.



- TVA has **more utility-scale renewable generation than anyone else in the region**, and the release of the 2020 Renewable RFP is expected to enhance this position
- Working together – TVA and MLGW have been cleaning the air in Memphis for years
- We have already rolled out solar solutions at Sharp Manufacturing, Nike and Millington NSA and a long-term TVA and MLGW partnership will empower MLGW (and Memphis) with the ability to **address local needs**
- Above what we have already accomplished, **we can do more together**, and MLGW does not need to leave TVA to further cut greenhouse gas emissions attributed to Memphis.
- TVA and MLGW can chart a path to get Memphis an **additional 10%** renewable energy as early as 2026

Dates in History: TVA AND MEMPHIS

1930 ▶

Nov. 6, 1934

Memphians vote to authorize a bond issue to acquire or construct an electric-distribution system. Bond issue passes 32,623 to 1,858.



◀ 1940

December 1941

TVA, alongside International Harvester and other corporations, exhibits our work in energy, environmental stewardship, and economic development at an industrial fair in Memphis.



January 1937

To commemorate the vote, Memphis names a street in north Memphis near the intersection of Thomas and White as "November 6th Street."

January 28, 1937

The greatest flood in U.S. history strikes the Ohio and Mississippi River Valleys in January 1937. TVA sets up a 10-acre Memphis base for flood relief and provides supplies and equipment, such as cranes, boats, and portable electric lights to be used in cooperation with the Red Cross.

◀ 1950

August 6, 1956

To provide its own power, the City of Memphis begins construction of the 750 megawatt Allen Steam Plant.



June 1, 1958

Memphis leaves the TVA power system.

June 1, 1938

Date of Initial TVA service to Memphis.

May 22, 1959

Allen's first unit begins commercial operation, providing about half of the city's power requirements. Memphis buys the remainder of its needs from TVA.

◀ 1960

Fiscal Year 1962

(July 1, 1961 – June 30, 1962)

During the fiscal year, TVA and Memphis discuss the resumption by the city of the distribution of TVA power.

January 1, 1965

The Memphis municipal electric system returns to the TVA system, becoming the largest distributor of TVA power and saving MLGW customers \$10 million a year through lower rates. The city leases Allen Steam Plant to TVA.



May 10, 1939

TVA and the City of Memphis jointly purchase Memphis Power & Light Company properties in and around the City of Memphis—TVA paid \$2.1 million of the \$17.3-million price.



June 28, 1939

TVA acquires and begins operation of over 63 miles of transmission lines and 37,500 kilovolt-ampere of substation capacity in the Memphis area. These facilities include the North and South Memphis Substations as well as transmission lines connecting with facilities acquired from the West Tennessee Power and Light Company.



1980 ▶

April 3, 1965

Installation begins of the first of four giant 500-kilovolt transformers that will dispatch electricity over TVA's new \$30 million, 150-mile transmission line from Johnsonville to Cordova. The line is pressed into service immediately to supply power to Memphis.

1965

TVA retires the 4th Street steam plant it leased from Memphis in 1939 and acquired in 1950

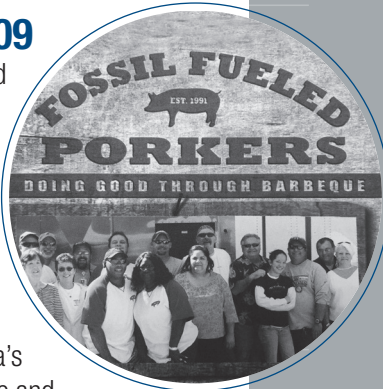
◀ 2000

Nov. 5, 2003

The Tennessee Valley Authority approves a \$1.5 billion contract to pre-sell electricity to Memphis Light, Gas & Water for the next 15 years at a discounted rate. The agreement allows TVA to raise cash, and saves MLGW customers about \$15 million a year.

May 2009

The Allen Plant's Fossil Fueled Porkers BBQ Team competes in the Memphis in May World Championship Barbeque Cooking Contest. The Porkers have finished in the top 10 numerous times. The team also cooks for many organizations around Memphis, such as Martha's Manor, Ronald McDonald House and Habitat for Humanity.



◀ 2020

May 2020

TVA begins weatherization program to assist Shelby County Schools

October 12 – 23, 1983

The Valley Adventure barge—TVA's 50th anniversary exhibit—travels through four states and on four rivers to bring the celebration to 23 communities with the final stop, lasting 12 days, at Memphis.



1984

TVA purchases Allen Fossil Plant.

June 1989

TVA helps MLGW celebrate its 50th anniversary by providing a page of best wishes in a special section of the *Commercial Appeal*.

2010 ▶

May 2013

TVA pilots the energy conservation program eScore in Memphis, leveraging \$19.8 million in investment and providing some 3,700 homeowners with \$900,000 in incentive rebates.

August 21, 2014

The TVA Board of Directors decides to replace Allen Fossil Plant with a combined-cycle natural gas facility.

June 2017

TVA completes a 1 megawatt solar facility adjacent to the Allen Natural Gas Plant, bringing clean renewable energy to Memphis.



April 2018

Allen Combined Cycle Plant begins supplying power to the grid. The plant has two of the world's largest and most efficient turbines that run on natural gas, with a generating capacity of about 330 megawatts each. The site also has a combustion steam turbine with about 420 megawatts of capacity, enabling total plant capacity to reach over 1,100 megawatts—enough power to supply more than a half million homes.

July 2019

In partnership with Mid-South Food Bank, TVA launches a Healthy School Pantry Program.

November 2019

TVA completes 350th home in Memphis through Home Uplift Program and launches mobile weatherization training lab.

