

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**

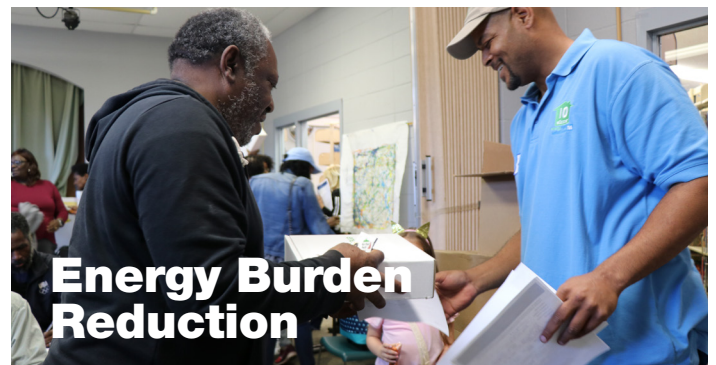
**ADDITIONAL VALUE
OPPORTUNITIES:**

**\$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

