



February 5, 2020

J. T. Young, President and CEO
Memphis, Light, Gas and Water
220 South Main Street
Memphis, TN 38103

“Consider what the impact of a 30% reduction on the wholesale power cost would have on your business or home utility bill each month.”

Dear President Young,

We are writing to you in regard to the historic Integrated Resource Planning (IRP) process that MLGW is undertaking to assess whether or not to leave the TVA for a cheaper, cleaner alternative power supply.

On January 23, 2020, Siemens, the consultant hired to oversee the IRP process by MLGW, released preliminary report on the IRP process entitled: “Integrated Resource Planning and Transmission Discussion PSAT Meeting”.

We are pleased to report that Siemens’ projections track key findings of Friends of the Earth’s own consultant, the Brattle Group. Most importantly, Siemens and Brattle have both projected that Memphians can save hundreds of millions of dollars a year by severing their power contract with the TVA and generating and/or procuring their power from alternative providers.

In the new Siemens’ analysis, they suggest that in comparison to the roughly \$1 Billion a year paid to the TVA, an alternative power supply could cost somewhere between \$ 617 - \$ 674 Million. This tracks FOE/Brattle findings published in January 2019, that concluded savings of \$240 - \$ 333 million per year.

In addition, the new Siemens analysis suggests that solar and wind power, either from facilities constructed in the Memphis area, or procured from other providers, can and should be a significant part of an economical alternative to the TVA (slide 34-42). As was concluded in FOE/Brattle analyses, new, clean renewable energy could be produced at prices significantly lower than power provide by TVA .

Indeed, the thousands of megawatts of power discussed by Siemens for construction in Memphis (slide 36) could mean hundreds of high paying jobs on new solar, wind and gas facilities, transmission lines and efficiency programs, right here in Memphis and Shelby County. Leaving the TVA for an alternative power supply would therefore be a major economic boon for Memphis, as those dollars would be spent in Memphis.

The Siemens analysis makes the important point that in order to bring lower cost power to Memphis, new transmission lines will need to be built (slide 26). Construction of such lines will be a major investment for the future of the city and county assuring that it will have cheaper, cleaner, reliable power for decades to come. While the investment involved in such transmission lines could cost some \$10.5 million a year for 30 years, this investment pales in comparison to the hundreds of millions of dollars per year that would be saved by leaving the TVA.

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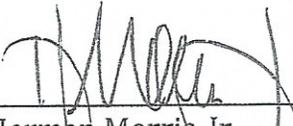


Within the next couple of months, Siemens will conclude its analysis, but, it is already clear that Memphis can save hundreds of millions of dollars a year by leaving the TVA and producing and procuring its own power. For every month that this decision is prolonged, Memphis is spending some \$30 million dollars more than it needs to for power from the TVA. We encourage the Mayor, City Council and MLGW to act swiftly and responsibly to notify the TVA of Memphis' intent to leave its contract and to develop a cheaper, cleaner, safer 21st Century power system to be proud of.

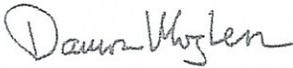
Respectfully,



Dave Freeman
Former Chairman,
Tennessee Valley Authority
Senior Advisor, Friends of the Earth



Herman Morris, Jr.
Former President & CEO,
Memphis Light, Gas and Water
Representative, Friends of the Earth in Memphis



Damon Moglen
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