RESOLUTION

WHEREAS, the Legislature of the State of Tennessee has passed the Municipal Electric System Tax Equivalent Act and the Municipal Gas System Tax Equivalent Act, which acts provide a uniform formula throughout the state establishing the maximum in-lieu-of tax payments by a municipal electrical distributor and municipal gas distributor respectively; and

WHEREAS, the formula consists of two parts:

(1) The equalized tax rates multiplied by the net plant value and book value of material and equipment, multiplied by the assessment ratio in effect at the beginning of the fiscal year, plus,

(2) Four percent (4%) of the average of revenue less power cost for the preceding three (3) years, and

WHEREAS, estimates of net plant value of the gas and electric divisions and of the average power costs for the preceding three (3) years have been made and the formula has been applied thereto; and

WHEREAS, in keeping with the policy established by the City Council by resolution adopted in May 1978 the in-lieu-of tax payments have been made in two installments to the City Treasurer, an advance payment in April and the balance in November. The advance payment for calendar year 2009 has already been made in compliance with prior resolutions.

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Memphis, that the payments by the Memphis Light Gas and Water Division of in-lieu-of tax payments to the City for fiscal year 2010 shall be the amount calculated by the Memphis Light Gas & Water Division under the formula for the Electric Division and for the Gas Division.

BE IT FURTHER RESOLVED, that as soon after June 30, 2009, and at the end of each fiscal year thereafter, the Memphis Light Gas and Water Division shall compute the amount due under the formula established in the above two laws. Payment will be made in two installments to the City Treasurer, an advance payment in April and the balance in November.