



Memphis City Council Summary Sheet

Please provide a brief summary of the item, in bullet form, not to exceed one page:

1. Describe item (Resolution, Ordinance, etc.)

Resolution to approve the 2012 Electric, Gas and Water Operations and Capital Budget which includes an increase in water rates of 5.0% to be effective with meters read on Cycle 1 of the January 2012 revenue month on a non-prorated basis and which includes commercial and industrial gas rate schedule changes that produce no additional gas revenue.

2. Identify initiating party (e.g., Public Works; at request of City Council, etc.)

At the request of Memphis Light, Gas & Water

3. State whether this is a change to an existing ordinance or resolution, if applicable.

There is no change to an existing resolution or ordinance.

4. State whether this requires a new contract, or amends an existing contract, if applicable.

The resolution does not require a new contract, or amends an existing contract.

5. State whether this requires an expenditure of funds/requires a budget amendment.

No contracts, expenditure of funds, or budget amendments are required.

RESOLUTION

WHEREAS, the Board of Light, Gas and Water Commissioners has submitted a proposed budget for the Memphis Light, Gas and Water Division for operation and maintenance expenses for the calendar year 2012, and the capital expenditures for 2012 specifying the portion to be funded from current year's revenue; and

WHEREAS, the Council has, through its MLGW Committee and other interested members of the Council, reviewed the budget and conducted hearings thereon; and

WHEREAS, the Board of Commissioners has approved said budget and submitted to the City Council with the recommendation of the Board for approval;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Memphis that the attached 2012 Budget for operation and maintenance expenses and capital expenditures of the Memphis Light, Gas and Water Division is approved.

JANIS FULLILOVE
Chairman, MLGW Committee

MYRON LOWERY
Chairman
Memphis City Council

EXCERPT
from
MINUTES OF MEETING
of
BOARD OF LIGHT GAS AND WATER COMMISSIONERS, CITY OF MEMPHIS
held
October 20, 2011

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The President presented the 2012 budgets of the Electric, Gas and Water Divisions for 2012 operation and maintenance expenses and the 2012 capital expenditures to the Board of Light, Gas and Water Commissioners for adoption.

Such annual budgets will include the applicable revenues, expenses and capital improvements for each system. These budgets have been reviewed by the Budget Review Committee, the applicable management staff, and the Board.

The President also recommends that the Board approve the adoption and revisions to Water Rate Schedules W-1, W-2, W-5, W-6, W-7, W-8, W-9, W-10, W-11, W-51, W-53, W-57, FP-1 and FP-2 proposed to become effective with Cycle 1 meter readings for the January 2012 revenue month on a non-prorated basis. The proposed rate increase of approximately 5.0% for water for each customer rate class is estimated to produce an annual increase in revenues of \$3,973,840 for water during the calendar year 2012.

The rate increase for the Water Division is due to the effects of increases in general operating expenses, reduced cash balances, and capital expenditures for system improvements.

The President also recommends that the Board approve the adoption and revisions to the Gas Rate Schedules G-7, G-8 & G-9, G10 & G12, G10 & G12 Market (replaces IT-Prime), FT-1 (replaces IT-1), FT-2 (replaces IT-2), CNG (new) and LNG (new) proposed to become effective with Cycle 1 meter readings for the January 2012 revenue

month. The gas rate schedule language revisions to the commercial and industrial gas rate schedules allow MLGW to add flexibility to commercial and industrial rates to meet customer service needs.

After discussion, the Board of Memphis Light, Gas and Water Commissioners determined that, in their opinion, the proposed new water rates are necessary in order to keep the Water Division financially sound, and that they are in compliance with Chapter 381 of Private Acts 1939, as amended, creating the Division. Additionally, the Board of Memphis Light, Gas and Water Commissioners determined that, in their opinion, the gas rate schedule changes are necessary and the gas rate schedule language changes produce no additional Gas Division revenues for MLGW.

NOW THEREFORE BE IT RESOLVED BY the Board of Light, Gas and Water Commissioners:

- (1) THAT, the Budgets for the Electric, Gas and Water Divisions for the 2012 operation and maintenance expenses and the 2012 capital expenditures, as presented by the President, subject to further action as may be necessary by the President to amend the budgets to reflect the outcome of on-going negotiations regarding the Memorandum of Understanding and subject to the consent and approval of the Council of the City of Memphis, be adopted and be in effect for the fiscal year 2012;
- (2) THAT, the Board of Light, Gas and Water Commissioners approve and adopt the attached Water Rate Schedules and attached Gas Rate Schedules as described in the foregoing preamble to this resolution subject to the consent and approval of the Council of the City of Memphis, to become effective with Cycle 1 meter readings for the January 2012 revenue month on a non-prorated basis; and
- (3) THAT, the Board of Light, Gas and Water Commissioners, by this resolution, petitions the Memphis City Council to convene as a ratemaking body at a public hearing to be held on December 6, 2011 and to consider and determine revisions in MLGW water and gas tariffs and rates effective with meters read on Cycle 1 of the January 2012 revenue month as herein recommended and approved by this Board;

- (4) BE IT FURTHER RESOLVED THAT the President is directed to cause to be published in a newspaper of general circulation in Shelby County, Tennessee a public notice of the intention of MLGW to seek approval from the Memphis City Council of the water and gas rate revisions adopted herein at a public ratemaking hearing to be convened on December 6, 2011.

I hereby certify that the foregoing is a true copy of a resolution adopted by the Board of Light, Gas and Water Commissioners at a regular - special meeting held on 20 day of October, 2011, at which a quorum was present.



Acting Secretary - Treasurer