By Karl Schledwitz

Sometimes government faces a complicated issue that take years to resolve, like landing a man on the moon or creating an effective healthcare system. But sometimes government faces an issue that isn’t so complicated, yet officials are slow to deal with it even though the public would benefit. As a result, they hide behind the assertion that the issue is complicated when it is not.

Therein lies a problem facing our city that revolves around the simple question: from what source or sources should Memphis buy its electricity?

The method to reliably supply electric power to cities throughout the U.S. was figured out a century ago. Now enhanced by the power of technology, every city in this country has reliable electric power. There is no difference when you flip the switch and electricity lights up your home in Memphis, New York City, or Rose Bud, Arkansas. The light comes on or the light goes off. That’s because electricity’s creation and transmission are based on the same uniform federal standards.

The federal government regards electricity as a public commodity and oversees the creation and distribution of power throughout the nation. The only difference is what Memphis pays for electricity verses other communities outside of the Tennessee Valley Authority (TVA). For decades Memphis has been locked into a contract with TVA, a self-regulated federal entity that not only generates electricity, but also controls the price of electricity we must pay for it.

As a result, Memphis and other TVA customers pay a price far above the price that other cities pay for electricity in competitive markets. Four independent studies – including one commissioned by Memphis Light Gas and Water – have shown that MLGW could pay much less for its electricity and save Memphians more than $400 million per year *if* MLGW would buy its electrical power from sources other than TVA. Yet for nearly two years, the leaders of MLGW have delayed making a decision, saying, “We need to study this issue. It’s complicated.”

Meanwhile, MLGW’s ratepayers – you and me -- are overpaying as much as 1million dollars each day.

Even though Memphis has purchased its electric power from TVA for four generations, TVA virtually has ignored Memphis during this time. Memphis is TVA’s largest customer and provides TVA with about 11 percent of its revenue, yet most of TVA’s largesse has been dedicated to places closer to its headquarters in Knoxville. TVA pumps millions of dollars each year into the economies of Knoxville and Chattanooga. TVA has donated large sums to underwrite causes in Middle and East Tennessee, from business incubation centers to community solar programs. In 2003, I approached TVA to help Memphis raise the money to bring the Pandas from China to the Memphis Zoo after reading that TVA contributed $5 million to the Chattanooga Aquarium and a similar amount to support projects in Knoxville. TVA turned us down. That’s when Herman Morris, then president of MLGW who supported our request, told me that Memphis and West Tennessee always get the short end of any deal with TVA.

Now that TVA is faced with the possibility that Memphis might leave its grip, TVA seems to be everywhere in Memphis dolling out money to all sorts of public endeavors to bolster its image and curry favor with local stakeholders, including a top-level sponsorship of the 2018 Freedom Awards, a $1million donation to MLGW’s “Share the Pennies” program, and $500,000 to the NAACP and the Urban League.

The irony of TVA’s new-found fondness for Memphis should not be lost on anyone.

TVA understands that Memphis could break away, particularly since the city’s administration created an energy committee to study the issue. Jeff Lyash, TVA’s chief executive officer, apparently sees the handwriting on the wall. Rather than continue to say that ‘TVA offers great value’ as his predecessor, Lyash recently announced a new strategy to lock TVA customers into a 20-year contract before they realize they could fare better without TVA. If that would happen, TVA could continue to charge prices far above the competitive market and avoid taking additional actions to be competitive.

Hopefully, this latest proposal from TVA will show Memphis leaders that sooner rather than later they need to decide where the city will get its power supply. Every day they fiddle with this issue the city essentially loses $1 million dollars in savings. With dire levels of poverty and the huge infrastructure needs that Memphis has, leaving TVA for a less expensive source of power should be a no-brainer.

The city’s energy committee would be wise to move quickly toward a recommendation. This committee has met at least five times and has heard from representatives of MLGW and TVA, yet to my knowledge not one of the consulting firms that provided the four independent studies has been asked to explain how Memphis could benefit by leaving TVA. Now MLGW has commissioned yet another study that’s called an Integrated Resources Plan at a cost of $500,000 – the fifth study on the same topic.

It's not complicated; it's simple. Do Memphis ratepayers want to continue to pay TVA at least $75 per megawatt hour for their electricity, or would they rather pay a reliable, non-profit supply generator such as Mid-Continent Independent System Operator (MISO) an average of $40 per megawatt hour? MISO operates an electric transmission grid that’s more than four times larger than TVA, delivering electricity across 15 states into Canada and serving cities from New Orleans to Indianapolis to Minneapolis. Considering Memphis’ strategic location on the western edge of TVA’s footprint, Memphis easily could connect with MISO, which operates one of its regional headquarters out of Little Rock.

Strip the politics and personal relationships from the issue, and it’s really not complicated at all.

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