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May 27, 2020

All Via E-mail

Hon. Jim Strickland  
Mayor, City of Memphis  
125 North Main Street, Room 700  
Memphis, TN 38103  
[mayor@memphistn.gov](mailto:mayor@memphistn.gov)

Ms. Patrice J. Robinson  
Chairwoman, City of Memphis - City Council  
125 North Main Street, Room 514  
Memphis, TN 38103  
[patrice.robinson@memphistn.gov](mailto:patrice.robinson@memphistn.gov)

Ms. Carlee McCullough  
Chair, MLGW Board of Commissioners  
220 South Main Street  
Memphis, TN 38103  
[cmccullough@mlgw.org](mailto:cmccullough@mlgw.org)

Mr. J.T. Young  
President and CEO, MLGW  
220 South Main Street  
Memphis, TN 38103  
[jyoung@mlgw.org](mailto:jyoung@mlgw.org)

RE: Memphis Light Gas & Water – Evaluation of Future Supply Options

Dear Mayor Strickland, Chair McCullough, Chairwoman Robinson, and Mr. Young:

We understand that Memphis Light Gas & Water (“MLGW”) is evaluating options to ensure a reliable, affordable, and sustainable supply of power for Memphis in the coming years – and that one option you are considering is potential membership in the Midcontinent Independent System Operator, Inc. (“MISO”) regional transmission organization (“RTO”). Our respective electric utility companies – Entergy Arkansas, LLC and Entergy Mississippi, LLC (collectively, “Entergy”) – have reliably and faithfully served the areas to your immediate south and west for over 100 years, and with Entergy having somewhat recently made the transition to MISO ourselves, we believe we have business experience and a perspective that may be useful to MLGW as it approaches this significant decision.

Simply put, our decision to join MISO, which we did in December 2013, has been a resounding and unequivocal success story in providing economic benefits. In fact, according to detailed analysis that we have performed and presented to our retail regulators, the customers of the five Entergy Operating Companies have realized roughly \$1.3 billion of savings from participation in MISO over the last six years.

MISO offers a wide array of benefits, many of which arise from being a part of a large pool of generating facilities that stretches from Montana to Mississippi and from Canada to the Gulf of Mexico. By sharing in that large power pool, Entergy can maintain reliability with less power generation capacity than if it were on its own – and pass the resulting savings along to customers. In addition, because MISO

dispatches a large pool of generation to serve the needs of all customers in its footprint, the dispatch is more efficient, resulting in a lower delivered cost of energy and long-term benefits for customers. MISO, which is a nonprofit organization under Section 501(c)(4) of the Internal Revenue Code, also provides many qualitative benefits to our customers, such as transparency and independent decision-making with respect to the power markets and transmission systems that serve its region.

MISO is not a supplier of energy itself. Rather, it is an independent organization that performs a variety of services for its members, who consist of numerous investor-owned utilities, electric cooperatives, municipal electric utilities, and independent power producers. MISO operates an organized market for capacity, energy, and ancillary services and also plans and operates the transmission facilities across its footprint on behalf of its transmission owning members, who continue to own those facilities but turn over control of them to MISO.

Participation in MISO affords a utility a diverse set of options when it comes to powering its customers' homes and businesses. As a member of MISO, a utility may procure long-term electric generating capacity from the diverse array resources that participate in MISO's markets. While it would not be practical or reliable for MLGW to meet 100% of its needs using the annual MISO capacity auction, if MLGW were to join MISO, it would have a broad variety of supply options from which to choose – including purchasing bilaterally from existing resources across the MISO footprint under long-term purchase power agreements (“PPAs”), partnering with other MISO utilities on developing new generation resources, or constructing its own generation resources within the MISO footprint.

If MLGW finds these benefits of MISO participation to be compelling or would find it helpful, we and our teams would be pleased to meet with you or your staff to discuss these matters in more detail. In addition to relating our experiences and lessons learned from transitioning to and participating in MISO, Entergy has recent experience developing new gas-fired resources and also with projects involving grid-scale solar generation resources. If you were interested, and should MLGW choose to join MISO, we would be happy to explore potential opportunities to partner with MLGW to develop new resources that could serve our collective customers at a lower cost than either of us could achieve on our own. We would also welcome a discussion of potential PPA options involving Entergy's portfolio of efficient resources, including emissions-free nuclear and renewable resources, which may be helpful to MLGW if it should choose to pursue a transition to MISO, particularly as a bridge until any necessary new resources can be placed in service. Finally, we understand that any transition to MISO would entail substantial new facilities to establish transmission ties to Entergy in north Mississippi and across the Mississippi River into Arkansas. We have extensive experience developing large scale transmission facilities in this region and would be happy to discuss potential opportunities to ensure that the transmission projects required for MLGW to join MISO, if it should do so, are completed in a cost-effective and timely manner.

We understand and recognize that this decision has historic significance for the future of Memphis, and we respect that MLGW must proceed deliberately and cautiously. Please know that we and our teams are available to assist you and offer you the benefit of our knowledge and experience with MISO at any time.

As we noted at the outset, MISO has meant enormous benefits to our customers, and despite the challenges of the current public health crisis, we are excited about the future of the Mid-South region. It has been our experience that by facilitating the procurement and delivery of reliable, affordable, and sustainable supplies of power, MISO is an important partner in driving economic development and

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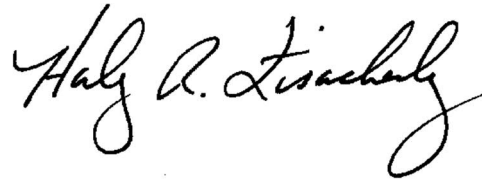
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prosperity for the areas that we serve. We encourage MLGW to carefully consider the opportunity that MISO offers and stand ready to lend you Entergy's knowledge, experience, and expertise should that be useful to you as you weigh this important decision.

Sincerely,

Handwritten signature of Laura L. Landreaux in black ink.

Laura L. Landreaux  
President & CEO, Entergy Arkansas, LLC

Handwritten signature of Haley R. Fisackerly in black ink.

Haley R. Fisackerly  
President & CEO, Entergy Mississippi, LLC

Cc: (all via e-mail)  
Members of the Memphis City Council  
Members of the MLGW Board of Commissioners