

July 29, 2024

Via email to board@tva.gov

TVA Board of Directors
Board Services
400 West Summit Hill Drive WT 7
Knoxville, TN 37902
board@tva.gov

Re: Memphis community opposition to TVA and MLGW request to provide 150 MW power to xAI facility based on concerns re: reliability, NEPA, and failure to obtain local approvals

Dear TVA Board Members:

We are writing on behalf of Memphis Community Against Pollution, Young, Gifted & Green, Sierra Club Tennessee Chapter, and the Sierra Club Chickasaw Group (“Memphis coalition”) to oppose the pending request to authorize TVA and Memphis Light, Gas & Water (MLGW) to make available new amounts of firm power exceeding 100 megawatts to the new xAI facility in Southwest Memphis.¹ The Memphis coalition’s members reside in Memphis, and many of these members will be directly affected by xAI’s operation and its harmful local consequences. We oppose the pending request due to reliability concerns based on TVA’s own statements in the Federal Register.² Further, we oppose the pending request because TVA needs to comply with NEPA before authorizing service to xAI and MLGW failed to obtain local approvals from the MLGW Board and City Council.³

The xAI facility is demanding a jaw-dropping 150 MW of firm power by the end of 2024.⁴ To put that demand in perspective, 150 MW is enough electricity to power 100,000 homes.⁵ The xAI facility would become MLGW’s largest electricity customer, siphoning five

¹ MLGW, MLGW Utility Support to xAI, Presentation to MLGW Committee, Memphis City Council, Slide 7 (July 9, 2024) (“Still pending is TVA Board approval of 150MW request”) [MLGW July 9 Presentation]; *see also* Neil Strebig, *TVA says no contract in place yet for Elon Musk’s xAI project in Memphis*, Memphis Commercial Appeal (July 16, 2024), <https://www.commercialappeal.com/story/money/business/development/2024/07/16/xai-supercomputer-in-memphis-tennessee/74283945007/>; Samuel Hardiman and Sophia Surret, *Musk’s xAI could share greywater plant with TVA*, Daily Memphian (July 23, 2024) (“TVA does not have a contract with xAI for power”), <https://dailymemphian.com/article/45249/elon-musk-xai-could-share-greywater-plant-tva>.

² Tennessee Valley Authority, Notice of Intent, Allen Aeroderivative Generation Project, 88 Fed. Reg. 70693 (Oct. 12, 2023) [hereinafter “Scoping Notice”], https://tva-azr-eastus-cdn-ep-tvawcm-prd.azureedge.net/cdn-tvawcma/docs/default-source/environmental/environmental-stewardship/nepa-environmental-reviews/2023-22517_published-10-12-2023.pdf?sfvrsn=4b816c5e_3; *see also* Section I below.

³ *See* Sections II and III below.

⁴ Samuel Hardiman and Sophia Surret, *xAI supercomputer to turn on mid-August*, Daily Memphis (July 15, 2024), <https://dailymemphian.com/subscriber/article/45105/memphis-xai-supercomputer-to-turn-on-mid-august>.

⁵ Micaela Watts, *Due Diligence: Questions surround Musk’s xAI plans*, Tennessee Lookout (July 23, 2024), <https://tennesseelookout.com/2024/07/23/due-diligence-questions-surround-musks-xai-plans/>.

percent of MLGW’s total daily load to power its operations.⁶ MLGW has indicated that to meet xAI’s voracious demand for power, it would rely heavily on TVA’s gas-fired “peaker plants” and demand response program.⁷

The Memphis coalition is concerned that

- Based on its own statements, TVA lacks the grid infrastructure and power to serve xAI while maintaining reliable and equitable electric service for our community.
- The environmental impacts of providing power to the xAI facility, including air pollution, water, and environmental justice impacts, have not yet been studied as required by the National Environmental Policy Act.
- MLGW’s request should not be considered by the TVA Board until MLGW obtains appropriate local approvals from the MLGW Board and Memphis City Council.

We strongly urge the Board to consider the risk of serious harm to our community posed by xAI, and to deny permission to TVA and MLGW to provide power to the xAI facility.

I. TVA’s own statements show it lacks the grid infrastructure and power to serve xAI.

In evaluating previous requests to serve industrial load greater than 100 MW, the TVA Board has considered whether TVA has “sufficient generating and transmission capacity to supply these projected firm power requirements.”⁸ Director Harwell has stated that the purpose of the Board policy is “to ensure that the reliability of the power system can be maintained.”⁹ The TVA Board must also consider the policy set forth in the TVA Act, which states a preference for providing power to domestic customers, and further emphasizes that “sale to and use by industry shall be a secondary purpose.”¹⁰

TVA cannot credibly find that it currently has sufficient generating and transmission capacity to serve xAI. In October 2023—many months before xAI announced its move to Southwest Memphis—TVA published a Notice of Intent (“Scoping Notice”) regarding the

⁶ Samuel Hardiman, *What does xAI’s arrival mean for Memphis’ water supply and electric grid?*, Daily Memphian (June 11, 2024), https://dailymemphian.com/subscriber/article/44252/xai-mlgw-tva-doug-mcgowen-te-maxson-plant?utm_source=site_search&utm_medium=link&utm_campaign=site_search.

⁷ See MLGW July 9 Presentation, Slide 10-13.

⁸ See, e.g., Minutes of May 2022 TVA Board Meeting, Item 22-02-6 Power Arrangements Regarding A New Industrial Facility (minutes approved August 31, 2022), [2022-05/11/2022-board-meeting-minutes-signed307fc4c5-24b3-48f0-8828-da160834a922.pdf](https://www.tva.com/~/media/2022-05/11/2022-board-meeting-minutes-signed307fc4c5-24b3-48f0-8828-da160834a922.pdf) (tva-azr-eastus-cdn-ep-tvawcm-prd.azureedge.net) [May 2022 Minutes]; Minutes of the August 2019 TVA Board Meeting, Item 19-03-9 >100MW Firm Power Available To A Directly Served Customer (minutes approved November 14, 2019), [08-22-2019-board-meeting-minutes---knoxville-tn-ripped-pdf.pdf](https://www.tva.com/~/media/2019-08/22/2019-board-meeting-minutes---knoxville-tn-ripped-pdf.pdf) (tva-azr-eastus-cdn-ep-tvawcm-prd.azureedge.net) [August 2019 Minutes].

⁹ May 2022 Minutes.

¹⁰ 16 U.S.C. § 831j.

proposed Allen Aeroderivative Generation Project, also located in Southwest Memphis (“New Allen Gas Plant”).¹¹ In the Scoping Notice, TVA stated that one reason it is proposing the New Allen Gas Plant is that

TVA has identified the need to improve the stability of its transmission system in the western portion of Tennessee. In this area, *additional resources are needed to ensure that adequate transmission voltages are maintained* within the desired limits.¹²

In other words, TVA had already identified a reliability concern in the Memphis-area grid, even before factoring in xAI’s load.

In the Scoping Notice, TVA also asserted that it needs additional generating capacity at this location to “meet required year-round generation and maximum capacity system demands and planning reserve margin targets.”¹³ TVA stated that the purpose of the proposed New Allen Gas Plant is “to increase the flexibility and reliability of TVA power system by improving TVA’s transmission system stability in western Tennessee and providing new, dispatchable generation to support the continued system load growth experienced in the TVA power service area over the past few years.”¹⁴ TVA pointed out that 16 gas units at Allen already slated for retirement failed to start during the peak demand of Winter Storm Elliott in December 2022, “impacting the TVA system position by 240 MWs.”¹⁵ Those units have since “ceased operations.”¹⁶ TVA replaced those units with now-operational new gas plants at Colbert and Paradise, but TVA nevertheless identified a need for additional generating capacity in Memphis that pre-existed xAI’s and MLGW’s request.

Based on the statements TVA made in the Scoping Notice—long before MLGW and xAI requested authorization from this Board for TVA to make available 150 MW of firm power—TVA had identified grid stability issues and a capacity gap in Memphis and West Tennessee and proposed the New Allen Gas Plant to address them. Having identified these reliability-based needs using load forecasts that could not have contemplated xAI’s significant additional demand, TVA cannot now turn around and rubber stamp 150 MW of new load.

Overcommitting to industrial load, as MLGW and xAI have requested, could have serious and even life-threatening consequences for residential customers in Memphis, contrary to the purpose of the TVA Act and the Board policy. When TVA cannot meet peak demand, families go without power during increasingly severe hot and cold weather. Further, operating TVA’s

¹¹ Tennessee Valley Authority, Notice of Intent, Allen Aeroderivative Generation Project, 88 Fed. Reg. 70693, 70694 (Oct. 12, 2023) [“Scoping Notice”], https://tva-azr-eastus-cdn-ep-tvawcm-prd.azureedge.net/cdn-tvawcma/docs/default-source/environmental-stewardship/nepa-environmental-reviews/2023-22517_published-10-12-2023.pdf?sfvrsn=4b816c5e_3.

¹² *Id.* (emphasis added).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

Allen Gas Plant puts significant strain on Memphis’s drinking water system during severe weather, threatening to deprive families of access to water as well.

During Winter Storm Elliott in 2022, TVA instituted rolling blackouts across its system, in part due to failures at one of TVA’s Memphis gas plants.¹⁷ Families in Memphis went without power for hours on some of the coldest days of the year.¹⁸ In February 2021, cities across the South experienced another extreme winter weather event.¹⁹ In Memphis, as municipal and industrial infrastructure froze, residents lost access to clean water for several days. MLGW had to ask TVA to stop using its water to operate the Allen Gas Plant because it was putting too much strain on the well fields that provide drinking water for predominantly Black, low-income South Memphis communities.²⁰

These examples show that the stakes are too high for Memphis families. The TVA Act and the Board policy require that TVA prioritize Memphis families’ access to reliable power over the “secondary purpose” of serving xAI and **reject** the pending request.

II. TVA must study the environmental and environmental justice impacts of providing power to xAI before agreeing to serve the facility.

In order to address the pre-existing reliability and generating capacity gap it identified in the Scoping Notice, TVA initiated an environmental review process under NEPA to study the environmental consequences of building the New Allen Gas Plant in Southwest Memphis. Several organizations that are part of the Memphis coalition submitted extensive comments on the Scoping Notice for the New Allen Gas Plant (“Scoping Comments”) and have urged TVA to consider clean energy alternatives to investing in yet another dirty gas plant in Southwest Memphis.²¹

The pending request by xAI and MLGW would increase the already-identified capacity gap by nearly 50 percent, and MLGW has stated that at least some of xAI’s demand would be

¹⁷ Scoping Notice at 70694; Samuel Hardiman, *Tennessee Valley Authority CEO: Federal agency 'fell short' during cold; blackouts preserved system*, Memphis Commercial Appeal (December 24, 2022), <https://www.commercialappeal.com/story/news/local/2022/12/24/tva-ceo-jeff-lyash-said-agency-fell-short-during-tennessee-memphis-blackouts/69755331007/>.

¹⁸ Parker King and Joyce Peterson, *Mid-South prepares for another potential round of rolling blackouts*, Action News 5 (December 23, 2024) (“Temperatures have reached dangerous lows, concerning for residents like Danterio Johnson. ‘Right now, all I can tell everybody is to bundle up,’ Johnson said.”), <https://www.actionnews5.com/2022/12/24/rolling-blackouts-reinstituted-thousands-mlgw-customers-without-power/>

¹⁹ Adam B. Smith, *2021 U.S. Billion-dollar Weather and Climate Disasters in Historical Context*, CLIMATE.GOV: BEYOND THE DATA (Jan. 24, 2022), <https://www.climate.gov/news-features/blogs/beyond-data/2021-us-billion-dollar-weather-and-climate-disasters-historical>.

²⁰ Samuel Hardiman, *TVA Cuts Capacity at Memphis Plant Due to Water Shortage; Assures the Lights Will Stay On*, Memphis Com. Appeal (Feb. 19, 2021), <https://www.commercialappeal.com/story/news/2021/02/19/tva-cuts-capacity-memphis-plant-due-water-shortage/4514345001/>.

²¹ See Memphis Community Against Pollution, *et al.*, RE: Tennessee Valley Authority (TVA)’s Notice of Intent re: Allen Aeroderivative Generation Project, Federal Register Docket 2023–22517 (November 13, 2023) [“Scoping Comments”], **Attachment XX**. The Memphis coalition incorporates the Scoping Comments by reference into this letter.

served by TVA's gas-fired peaker plants.²² Before xAI's request, TVA had recognized the need to comply with NEPA in order to address pre-existing system needs.²³ Even if TVA somehow determined that it could serve xAI's additional load using the New Allen Gas Plant or another alternative studied in the yet-to-be-published environmental document (which, based on its statements in the Scoping Notice, it cannot), TVA would have to complete the NEPA process before agreeing to serve xAI.

Regardless, TVA must comply with NEPA before granting the pending request for authorization. The Board's authorization is a major Federal action within the meaning of NEPA.²⁴ The authorization, if granted, will result in significant direct, indirect, and cumulative impacts that must be studied in an EIS.²⁵ It cannot reasonably be disputed that xAI will require TVA to generate additional electricity and add capacity to the system.²⁶ TVA must disclose how it proposes to provide power to xAI, analyze alternatives, and study of the same categories of impacts identified in the Scoping Comments—*before* committing to provide power to xAI.²⁷ As described in the Scoping Comments, impacts associated with developing additional gas capacity, including any capacity to serve xAI, include, but are not limited to, the following:

- Air Pollution
- Climate Change
- Water Quality
- Water Quantity and Access
- Environmental Justice²⁸
- Transportation

TVA must also consider the significant cumulative impacts associated with any decision to provide power to xAI.²⁹ TVA's previous decision to construct and operate the Allen Gas Plant committed the utility to continue to pollute the air in Southwest Memphis with smog-forming NOx and VOCs for decades into the future.³⁰ These pollutants contribute to a range of serious health impacts that are prevalent in Southwest Memphis, including asthma, decreased lung function, heart attacks and premature death.³¹ TVA has also already proposed to build the New

²² MLGW July 9 Presentation, Slide 10.

²³ Scoping Notice at 70693-70694.

²⁴ 40 C.F.R. § 1508.1(w) (examples of major Federal actions include granting authorizations).

²⁵ 40 C.F.R. § 1501.3 (significance factors include severity of impacts on communities with environmental justice concerns and degree to which action may adversely affect public health); *see also* Scoping Comments.

²⁶ *See* Section I above; *see also* MLGW Fact Sheet, July 23, 2024 ("It [xAI] will add to the overall amount of energy that must be generated by our supplier to meet demand"),

https://www.mlgw.com/images/content/files/pdf/xAI_FAQ.pdf.

²⁷ 42 U.S.C. § 4332.

²⁸ 40 C.F.R. § 1508.1(f), (i)(4), (m).

²⁹ 40 C.F.R. § 1508.1(i)(1)-(4).

³⁰ TVA, Allen Pollution Control EA 36 (2014).

³¹ *Health and Environmental Effects of Particulate Matter (PM)*, U.S. ENV'T PROT. AGENCY (Aug. 23, 2023),

<https://www.epa.gov/pm-pollution/health-and-environmental-effects-particulate-matter-pm>; *Basic Information about*

Allen Gas Plant, which would contribute additional smog-forming pollution to the Memphis air.³² This is particularly concerning because Memphis currently does not meet health-based national air quality standards for ground-level ozone.³³ Climate change is expected to exacerbate deaths from air pollution in Southwest Memphis.³⁴ In particular, air pollution will become worse and cause worse health effects including death because Memphis is one of the top five U.S. cities expected to be in an extreme heat zone within the next 30 years.³⁵ If TVA builds even more gas to serve xAI, it will make this life-threatening air pollution problem worse.

The existing Allen Gas Plant also consumes an enormous amount of Southwest Memphis's clean drinking water to operate and puts strain on the community's drinking water infrastructure.³⁶ TVA has not disclosed how much water the New Allen Gas Plant will use, but the xAI facility itself will use roughly 1.3 million gallons per day.³⁷ Although there has been a lot of talk and planning by MLGW, neither xAI nor TVA have at this point committed to using reclaimed water for their operations in Memphis.³⁸ TVA must consider the cumulative impact of its own and xAI's industrial use of Southwest Memphis's drinking water.

The impacts the Memphis coalition have identified threaten to cause serious consequences for the health and well-being of Memphis families—particularly lower-wealth, Black families who live in Southwest Memphis. For these reasons, TVA must disclose and analyze the environmental justice impacts of serving xAI and propose alternatives that will reduce those impacts.³⁹

NO₂, U.S. ENV'T PROT. AGENCY (July 25, 2023), <https://www.epa.gov/no2-pollution/basic-information-about-no2#:~:text=Breathing%20air%20with%20a%20high%20concentration%20of%20NO2, breathing%29%2C%20hospital%20admissions%20and%20visits%20to%20emergency%20rooms>.

³² See Scoping Notice; Scoping Comments.

³³ Tenn. Dep't Env't & Conservation, Presentation, *Tennessee Air Quality and Division Update: Tennessee Environmental Conference* at slide 9-10 (Oct. 23–25, 2023)

³⁴ See *U.S. Climate Vulnerability Index: Air pollution-related deaths*, ENV'T DEF. FUND ET AL. (last visited Nov. 10, 2023),

https://map.climatevulnerabilityindex.org/map/cc_health_air_pollution_related_deaths/usa?mapBoundaries=Tract&mapFilter=0&reportBoundaries=Tract&geoContext=State.

³⁵ Mike Amodeo et al., *The 6th National Risk Assessment, Hazardous Heat*, FIRST ST. FOUND. (Aug. 15, 2022), full

report downloadable at <https://firststreet.org/research-lab/published-research/article-highlights-from-hazardousheat/>.

³⁶ Tom Charlier, *TVA absorbing higher costs to cool new Memphis power plant*, MEMPHIS COMMERCIAL APPEAL (July 6, 2018), <https://www.commercialappeal.com/story/news/2018/07/06/tva-mlgw-cooling-water/759124002/>; Samuel Hardiman, *TVA cuts capacity at Memphis plant due to water shortage; assures the lights will stay on*, MEMPHIS COMMERCIAL APPEAL (Feb. 19, 2021), <https://www.commercialappeal.com/story/news/2021/02/19/tva-cuts-capacity-memphis-plant-due-water-shortage/4514345001/>.

³⁷ Samuel Hardiman and Sophia Surret, *Musk's xAI could share greywater plant with TVA*, Daily Memphian (July 23, 2024).

³⁸ *Id.*

³⁹ See 40 C.F.R. § 1501.3 (significance factors include severity of impacts on communities with environmental justice concerns and degree to which action may adversely affect public health); 40 C.F.R. § 1502.14 ("The environmentally preferable alternative will best promote the national environmental policy expressed in section

In evaluating alternatives under NEPA,⁴⁰ the Memphis coalition strongly urges TVA to identify and select an alternative that includes maximizing clean energy resources, including solar, battery storage, energy efficiency, and demand response, to reduce air pollution and environmental and climate justice impacts on Southwest Memphis. The Memphis Coalition also strongly urges TVA to transition TVA's water usage for its Allen Gas Plant to reclaimed water rather than relying on the MLGW's Aquifer-based system to reduce water access impacts on Southwest Memphis.

III. The request is premature because MLGW has not obtained approval from the MLGW Board or City Council to spend millions of dollars of ratepayer money to subsidize xAI.

TVA asserts a role as the electricity rate regulator of local power companies like MLGW.⁴¹ In its asserted role as a regulator, TVA should not countenance flagrant disregard on the part of MLGW for its own local financial approval requirements. MLGW's service impact study found that xAI's operations would require \$760,000 to increase power availability from 8 to 50 MW, and \$24 million to construct a 150 MW substation to deliver power to xAI.⁴² MLGW stated in a presentation to the Memphis City Council MLGW Committee on July 9, 2024 that MLGW will provide \$760,000 substation upgrades at "MLGW capital cost," and will provide xAI with a "marginal allowance" to allow xAI to recoup the \$24 million in capital costs xAI will spend to construct a new 150 MW substation.⁴³ Thus, according to MLGW's presentation, it seems that over the next few years, ordinary MLGW ratepayers will be subsidizing millions of dollars in infrastructure investments required to serve xAI, both directly and through bill credits to xAI.⁴⁴

101 of NEPA by maximizing environmental benefits, such as addressing climate change-related effects or disproportionate and adverse effects on communities with environmental justice concerns"). The Scoping Comments, incorporated by reference, discuss the environmental justice concerns of Southwest Memphis at length. Scoping Comments, pp. 1-3, 9-35.

⁴⁰ 42 U.S.C. § 4332(C), (F), (H).

⁴¹ TVA, Reports and Guidelines, Legal Reports ("TVA is the exclusive retail rate regulator of Local Power Companies (LPCs) that distribute TVA power. Additionally, through the wholesale power contract with each LPC, TVA seeks to ensure that LPC systems are operated for the benefit of the electric consumers and that rates are kept as low as feasible"), <https://www.tva.com/About-TVA/Guidelines-and-Reports#:~:text=TVA%20is%20the%20exclusive%20retail%20rate%20regulator%20of,that%20rates%20are%20kept%20as%20low%20as%20feasible.>

⁴² MLGW July 9 Presentation at Slide 3. MLGW will provide xAI a "marginal allowance" on its power bills to allow xAI to recoup the cost of constructing the substation. *See id.*

⁴³ *Id.*

⁴⁴ MLGW has made inconsistent statements regarding the nature of xAI's and MLGW's respective financial commitments. In a fact sheet circulated to City Council members on July 23, 2024 and subsequently posted on MLGW's website, MLGW claims that "the customer is paying for all upgrades." https://www.mlgw.com/images/content/files/pdf/xAI_FAQ.pdf. However, a presentation given to the MLGW Committee two weeks earlier described MLGW directly paying \$760,000, and providing a "marginal allowance" on xAI's power bills for xAI to recoup \$24 million in capital costs for constructing the substation. MLGW July 9 Presentation at Slide 3.

The Memphis coalition was shocked to learn that despite this apparent massive commitment of ratepayer funds to subsidize xAI's infrastructure needs, neither the MLGW Board nor City Council was aware of the xAI project until it was publicly announced as a done deal on June 5, 2024.⁴⁵ Indeed, MLGW Board members were unaware of MLGW's pending request for TVA Board authorization to serve xAI as late as two weeks ago.⁴⁶ It appears that the MLGW President negotiated this deal with xAI without MLGW Board or City Council oversight⁴⁷—which is not permissible under the MLGW Charter.

The MLGW Charter gives the MLGW *Commissioners*, not the President, the authority “to construct, purchase, improve, operate and maintain, within the corporate limits of the City of Memphis or elsewhere within the limits of Shelby County, an electric plant or system, including without limitation, power plants, transmission lines, substations...” MLGW Charter Sec. 677. The MLGW Charter gives the MLGW *Commissioners*, not the President, the right “to make any and all contracts necessary or convenient for the full exercise of the powers herein granted, including, but not limited to, (a) contracts with any person, federal agency, municipality, or public or private corporation, for the purchase or sale of electric energy, gas, or water, and (b) contracts with any person, federal agency, municipality, or public or private corporation for the acquisition of all or any part of any electric, gas, or water plants or systems...” MLGW Charter Sec. 681. These provisions assert a role for the MLGW Board in (1) constructing, purchasing, or improving substations; (2) making a contract with a private corporation for the sale of electricity, gas, or water; and (3) entering a contract to acquire part of an electric system. Each of these activities are components of the deal with xAI, and therefore the MLGW Board must have a role in authorizing them.

Both the MLGW Charter and Ordinance No. 3054 also contemplate a role for City Council approval or consent in certain circumstances. These circumstances include (1) contracts for the purchase of electricity for more than five years (MLGW Charter Sec. 677); (2) contracts for obligations or expenditures in excess of \$5,000 (MLGW Charter Sec. 681); and (3) “contract with any person, federal agency, municipality, or public or private corporation for the construction or purchase of energy systems” (Ordinance 3054). Here, MLGW appears to have committed far in excess of \$5,000 to subsidizing xAI's infrastructure requirements, and MLGW

⁴⁵ See Matthew Gooding, “We don't know anything”: Councillors in the dark over Elon Musk's xAI Memphis data center (July 12, 2024), <https://www.datacenterdynamics.com/en/news/we-dont-know-anything-councillors-in-the-dark-over-elon-musks-xai-memphis-data-center/>.

⁴⁶ See Recording, MLGW Board Meeting (July 17, 2024), time stamp beginning 1:52 (“On the xAI stuff...I wasn't aware...that TVA's got to approve something... hadn't heard that anywhere...what is that they need to approve?” question posed by MLGW Commissioner Graves), <https://mlgw.iqm2.com/Citizens/SplitView.aspx?Mode=Video&MeetingID=2211&Format=Agenda>.

⁴⁷ Sophia Surett, *Behind the Musk deal: the largest economic investment in Memphis history*, Daily Memphian (June 11, 2024) (describing MLGW President Doug McGowen's participation in early pitch to Elon Musk); *see id.* (“Elon did abruptly interrupt me, not rudely, and said, “I don't need to be sold on Memphis.” His focus was on the power.’ Townsend said he passed the baton to McGowen...”), https://dailymemphian.com/subscriber/article/44323/behind-elon-musk-deal-of-largest-economic-investment-in-memphis?utm_source=site_search&utm_medium=link&utm_campaign=site_search.

has apparently entered into a contract with xAI for the construction of a substation. Thus, City Council must approve the deal as well.

Proper review by the MLGW Board and City Council is essential because MLGW faces significant operational constraints that directly affect the Memphis coalition's members' access to electricity. In particular, MLGW has had an enormous number of electricity outages over the past two years.⁴⁸ These outages disproportionately affect lower-wealth South Memphis residents who can least afford the costs they impose.⁴⁹ MLGW has also had severe issues with its billing system, resulting in outrageously high bills for some residential customers.⁵⁰ These concerns are so acute and significant that MLGW had to delay its long-term strategic planning process in order to address them.⁵¹ Despite these ongoing challenges that disproportionately burden lower-wealth, Black Memphians, somehow MLGW has had time to recruit a major extractive new industry to Southwest Memphis.

MLGW must give the MLGW Board and City Council their Charter-given right to evaluate whether it is in the best interest of MLGW ratepayers to subsidize millions of dollars of infrastructure investment in xAI over the next two years, while at the same time struggling to keep the lights on and provide accurate billing statements to residential customers. The TVA Board should not consider the pending request until MLGW obtains required local approvals.

For all of these reasons, the Memphis coalition urges the TVA Board to deny MLGW's and xAI's pending request for approval to provide firm power greater than 100 MW.

Sincerely,

⁴⁸ Michael Waddell, *800K Outages in 18 Months: MLGW Years Behind on Upkeep and Upgrades*, DAILY MEMPHIAN (July 22, 2023), <https://dailymemphian.com/article/37458/memphis-light-gas-and-water-mlgw-poweroutages-2023>.

⁴⁹ Kate Bieri, *Which Neighborhoods Lose Power the Most?*, FOX13 MEMPHIS (July 7, 2023), https://www.fox13memphis.com/news/which-neighborhoods-lose-power-the-most/article_c84df884-1d14-11eea80a-3fc7d779f742.html; June Kim, *Increasing Power Outages Don't Hit Everyone Equally*, SCI. AM. (July 26, 2023), <https://www.scientificamerican.com/article/increasing-power-outages-dont-hit-everyone-equally1/>.

⁵⁰ Fox13 Staff, *Over 2,500 MLGW customers still receiving delayed bills, company says*, Fox13 News (May 1, 2024),

https://www.fox13memphis.com/news/over-2-500-mlgw-customers-still-receiving-delayed-bills-company-says/article_4e4f4790-07fb-11ef-8627-536389d72077.html; Dakarai Turner, *More MLGW billing issues; some not getting bill for months*, Fox13 News (Sept. 6, 2023), https://www.fox13memphis.com/news/more-mlgw-billing-issues-some-not-getting-bill-for-months/article_862bc634-4d02-11ee-a8bb-5f4f0a96ee19.html.

⁵¹ MLGW News Release, *MLGW postpones the remainder of 2045 workshops*, MLGW (April 3, 2024) ("MLGW 2045 is still a priority, however, the utility is dedicating all resources to resolving delayed billing and meter issues"), https://www.mlgw.com/news/news_4242045ws.

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