



## NEWS RELEASE

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**FOR IMMEDIATE RELEASE:** Jan. 9, 2020

### **City Council approves sale of MED to MTEM**

*Transaction must still be approved by MTEM Board of Directors and TVA*

**MURFREESBORO, Tenn.** — The Murfreesboro City Council Thursday (Jan. 9) adopted Resolution 19-R-30 approving the sale of the City's electric system and operations to Middle Tennessee Electric Membership Corporation (MTEM). The merger transaction would provide the City with approximately \$302.35 million over 15 years to help fund infrastructure and other long-term public projects to facilitate economic development with Council approval.

The sale must still receive approval from the MTEM Board of Directors and TVA.

"This is all about opportunity for two very strong Murfreesboro-based electric providers to join forces and become even better as one," said City Manager Craig Tindall. "This merger will benefit the citizens of Murfreesboro by providing the revenue for much needed infrastructure construction and improvement."

Murfreesboro Mayor Shane McFarland added. "As I have stated publicly, the reason I feel comfortable about the decision is to the credit of Chris Jones, president and CEO of MTEM. He has been honorable, ethical and straight-forward about the merger. Our goal is to make sure we put the resident of Murfreesboro first and these discussions are critical for the success of our City."

The sale of the City's electric system will not compromise the delivery of electric utility services within the City. The combined operations of the two distribution systems will produce long-term efficiencies and improve rate stability.

"Utilities are built on the benefits of economy of scale," said MED General Manager P.D. Mynatt. "So, this merger benefits the ratepayers by enhancing efficiency and allowing for future system improvements."

Given changes foreseen within the electric industry, the merger will have a positive effect on rates and service in the future.

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“Electric rates will not be negatively impacted by the merger,” said MTEMC President/CEO Chris Jones. “Middle Tennessee Electric has the capacity to address the future of electric distribution. We are dedicated to investing in the technology that is needed to deliver cost-efficient and reliable energy to Middle Tennessee Electric’s customers in the future.”

With Council approval, the merger transaction will be presented to the MTEMC Board of Directors for approval. Following MTEMC Board approval, the transaction will be submitted to the Tennessee Valley Authority (TVA) to approve the transfer of the City’s Power Purchase Contract to MTEMC. TVA will review the merger to assure system reliability and efficiency and whether the transaction will have a negative effect on rates. TVA’s approval is expected to take several months.

### **Public Information Process:**

On Dec. 19, 2019, the public was invited to provide input at a **Special Public Comment** “Open Mic” at 6 p.m., an hour before the regularly scheduled City Council meeting.

On Dec. 11, 2019, the City held a **Public Information Session** Open House, allowing citizens to gather information and ask questions regarding the proposed merger. A video on the Public Information Session is available at [https://youtu.be/R\\_qrenKwIUE](https://youtu.be/R_qrenKwIUE).

On Dec. 5, 2019, Council conducted a **Special Public Meeting** to hear a presentation on the potential sale of MED to MTEMC. The meeting was televised live for public viewing on CityTV, Facebook Live and YouTube, which is viewable at <https://youtu.be/WrDqWsxGhRQ>.

A brief **Video** explaining the benefits of the merger to electric customers and taxpayers is available for viewing at <https://youtu.be/iYen9OqC3jA>.

For a **Q&A** on the proposed merger, visit the City’s website at <http://www.murfreesborotn.gov/DocumentCenter/View/10359/QA-on-MEDMTEMC-Merger>

Upon closing, the City will receive \$43 million. The remaining purchase amount of \$202 million will be paid over 15 years through annual payments at 3.3 percent interest.

### **Additional facts of interest from Murfreesboro City Council Resolution 19-R-30:**

- Section 4(13) of the **City’s Charter** authorizes the City to “sell, lease, mortgage, pledge or otherwise dispose of property . . .”;
- On May 12, 1939, the City, within the authority granted by its Charter, **Chapter 429, Private Acts, 1935**, purchased the existing electric system serving the City; created an electric department; and under that department (commonly known as the Murfreesboro Electric Department) began purchasing electricity from the Tennessee Valley Authority and operating the electric distribution for the City . . .”;
- **Section 4 (16a) of the City’s Charter** authorizes the City to contract with any person, firm, association, company or corporation for public utilities and public utility services, including electricity . . .;

- MTEMC has agreed to pay the City **\$245 million as full value** of the comprehensive System's operations and assets (The City collects another approximately \$55 million by spreading payments from MTEMC over 15 years).

## **About Utilities**

Murfreesboro Electric is a department of the City of Murfreesboro with 90 employees and is currently governed by a board of directors, the Power Board. The Board, which sets its budget and makes policy decisions, is appointed by the Mayor with approval by City Council. MED operates under a contract with The Tennessee Valley Authority (TVA), a corporate agency of the federal government. The TVA provides all electricity distributed by MED to its 67,000 customers. MTEMC is the largest cooperative in the Tennessee Valley (TVA) and the third largest in the U.S. with nearly 230,000 customers in its 2,100 square mile service area.

Under the transaction, all City employees at MED will be offered positions at MTEMC. MED employees have been described by MED General Manager P.D. Mynatt as "generally positive" about the merger.

For information about MED, visit [www.murfreesboroelectric.com](http://www.murfreesboroelectric.com).

For information about MTEMC, visit [www.mtemc.com](http://www.mtemc.com).

For City News online, visit [www.Murfreesborotn.gov](http://www.Murfreesborotn.gov).

### **Logos and Merger Overview attached:**

1. *MED Logo.jpg*
2. *MTEMC Logo.jpg*
3. *City of Murfreesboro Logo.jpg*
4. *Public Information Session MED/MTEMC Merger Overview.pdf*
5. *Photo of Citizens engaging City Staff at Public Information Session, Dec. 11, 2019.jpg*

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