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June 30, 2020

VIA E-MAIL: katherine.collier@psc.state.ms.us

Katherine Collier
Mississippi Public Service Commission
501 North West Street, Suite 201 A
Jackson, MS 39201

RE: Punkin Water Association / MS Public Service Commission
Commission Number 2018-AD-36 Melanie Rube, et al.
June 2020 Report

Dear Ms. Collier:

This is the June 2020 report required by the latest order of the Public Service Commission in the above-referenced matter.

1. A detailed description of what has transpired since the execution of the Water Purchase Agreement, including what efforts or impediments remain to accomplish an interconnection. A timeline outlining the anticipated interconnection with the City of Oxford.

Since the Water Purchase Agreement was executed, the following steps have been taken to execute the planned interconnection:

- engineering work was completed (including surveying);
- engineering plans were drafted;
- an updated budget was developed by the engineer;
- potential sources of funds were considered to pay for the interconnection by the Board (including USDA loans, loans from private banking institutions, and potential assessments and rate increases to Punkin's customers);
- financing proposals were sought and received from a banking institution that issues USDA-guaranteed for public utility entities (Live Oak Bank);
- a decision was made by the Board to move forward in seeking a loan from Live Oak Bank;
- Live Oak Bank has sent a detailed list of information required for the loan to be processed by its underwriters;
- Punkin has started collecting the requested information for Live Oak Bank;
- the necessary easements from private landowners have been identified and drafted;

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- an application for permits to construct the proposed pipe on MDOT right-of-way has been made, and MDOT has granted the permits;
- a location for the subject water-metering station for the project has been located;
- a license allowing Punkin to construct the water-metering station has been negotiated with the City of Oxford (owner of the land where the proposed metering station will be built);
- the license agreement between Punkin and the City of Oxford has been considered and approved by the Oxford Board of Aldermen, executed by the Mayor of Oxford, executed by Punkin, and filed; and
- in the process of discussing the subject loan from Live Oak Bank, it was determined that Punkin had never applied for and received tax-exempt status from the IRS. Punkin applied for that status.

Some delay has been caused by the ongoing COVID-19 pandemic. However, the most significant impediment to accomplishing the interconnection will be Punkin's ability to secure funding for the project in the form of a loan. The latest estimate for the total cost of the project, including contingencies is just shy of \$1,000,000. Punkin is in the process of collecting all the information requested from Live Oak Bank to determine its eligibility for the subject loan.

Because Punkin has other USDA loans, Punkin must seek permission from USDA to move forward in obtaining a loan from Live Oak Bank. Once permission is obtained and all the requisite information is submitted to Live Oak Bank, the loan must undergo the underwriting process. After this, the loan must be approved by the USDA. It is difficult to estimate how long this process will take, especially given the ongoing pandemic. An estimate of the amount of time to collect the requisite documents for the bank and the approval processes will take 1 month. Once all the information has been collected and submitted to Live Oak Bank, the underwriting, USDA packaging, and closing process is estimated to take 65 to 120 business days.

Once financing is secured, Punkin will solicit bids for the project, select the appropriate bid, and construction will begin. Punkin is unsure of how long the construction process will take.

2. Punkin's plan of action in the event an interconnection with the City of Oxford does not occur.

If an interconnection with the City of Oxford does not occur, Punkin will be forced to look for alternative well sites closer to the City of Oxford.

3. Report on complaints.

Pursuant to the Commission's latest order, Punkin has recently started keeping track of complaints. However, Punkin has not yet compiled the subject complaints into a report. Punkin requests permission to include the detailed reporting of the subject complaints beginning with its July 2020 report.