



The Interim Third-Party Manager
of the Jackson Water System

May 28, 2024

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Region 4
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RE: Case No. 3:22-cv-00686-HTW-LGI; The United States of America v. the City of Jackson, Mississippi, Interim Stipulated Order – Quarterly Report Submission

Dear Suzanne,

I am writing in response to your letter received via email on May 21, 2024, regarding the Consolidated Report of Activities for the Quarter ended March 31, 2024 (Quarterly Report).

The following addresses the comments, questions, and suggestions as listed in your letter:

1. Page 3, PPL 10, Intake Structure Repair. The Q1'2024 Status Report indicates that assessment and design of this project will start in early 2024. Please identify when this work commenced, and if it has not started, please identify when it will begin.

As JXN Water has been encouraged by EPA to use SRF funding for non- O&M expenses, this project was moved from the 1442b grant to be accomplished with an SRF project. Work began in the first quarter to update the facilities plan, update the IUP, and coordinate with MSDH to get SRF projects moving forward. This is not the top priority SRF project and is projected to begin design in early 2025.

2. Page 3, PPL 11, Plant Treatment Processes. The Q1'2024 Status Report States "work accomplished throughout 2023." Please clarify if work is continuing on this project this year.

Progress on this PPL is outlined on pages 114 through 117. Conventional filter rehab at OBC continues as part of this PPL.

3. **Page 3, PPL 13, Resilient Power Plan.** The EPA understands that the System recently had a power outage due to a storm event, with limited or insufficient backup power. The EPA further understands that the ITPM is working on a Technical Memorandum regarding the Resilient Power Plan. The EPA suggests that the ITPM consider reprioritizing the Plan to be completed sooner, especially given it is "slightly behind schedule," according to the Q1'2024 Status Report.

The Technical Memo for this PPL was submitted in May 2024 and will be reported in the next quarterly report. Based on the TM JXN Water is exploring the possibility of accelerating work identified in the TM to improve the secondary feed from Entergy. The remaining work in the TM will be done with an SRF project that will be a high priority. Schedule will be dependent on SRF process and will be identified in a subsequent quarterly report.

4. **Page 5.** Under Paragraph 16(a)(vi) of the ISO, an audited financial statement was due with the Q1'2024 Status Report. The EPA notes that this item is now past due. Please indicate when the ITPM intends to submit the audited statement.

The Agencies received an email on January 2, 2024, from Paul Calamita regarding the challenges JXN Water had retaining an auditor. That email thread included a projected scheduled completion of July 1, 2024, for the audited financials. JXN Water is working towards meeting that deadline and is currently on track to meet that deadline.

- * 5. **Page 6 – Precautionary Boil Water Notices.** For BWNs greater than ten days, please identify whether the impacted residents offered alternative water or options other than boiling.

JXN Water is not offering or providing any alternative water options due to BWN. Out of 233 BWNs issued during the quarter, only six were in place for 10 or more days. We do not have either the staff or financial resources to do this. Also, we have not had any requests for alternative water assistance. Jackson residents have managed through extended routine water outages and low-pressure events for years. They are so happy to have JXN Water proactively repairing their water system that they have not complained. Finally, most Jacksonians don't drink the water anyway – an issue that will take years to overcome. Thus, they really are not inconvenienced by handful of BWNs related to improvements to the system.

6. **Page 68 – Section J: Spending Plan.** The text indicates the table is an excerpt from the January 2024 Financial Management Plan. However, the numbers in the table are different than what is presented in Appendix B of the Financial Management Plan, which refers to the table as an "Investment Plan." Please explain the difference between the tables in the Spending Plan and Appendix B of the Financial Management Plan.

This plan is very dynamic as JXN Water attempts to move more costs to SRF to preserve as much 1442b funding for O&M type work. It will continue to change over the next several months as it was modified again for the 1442b grant amendment, submitted on 5/25. The correct title is "Investment Plan" and will be corrected in the next quarterly report.

7. **Pages 70 and 83, Priority Project Schedule Modifications for O.B. Curtis Water Treatment Plant Optimal Corrosion Control Treatment Implementation.** The Q1'2024 Status Report indicates on page 70 that full implementation for this project has shifted from June 2024 to December 2024. EPA understands that JXN Water is working directly with Mississippi Department of Health (MSDH) on this project, but Paragraph 18.a. of the ISO requires the ITPM to submit to the EPA, as well, written justification, prior to making any changes to the Implementation Schedule, that would

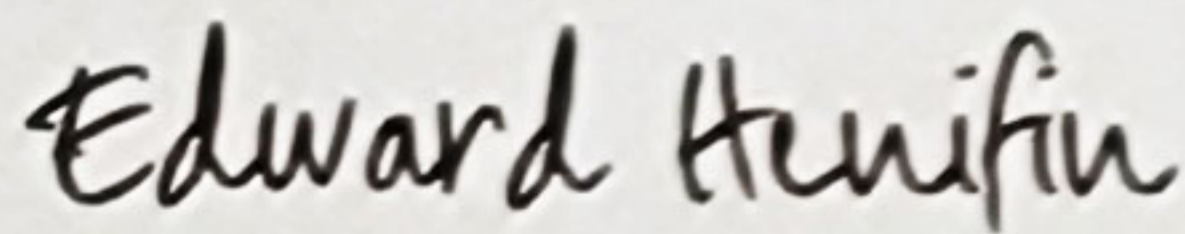
reprioritize, modify, or update a Project, or any changes that would impact the approved timetable for completion of any Priority Project by more than 60 Days. Proposed schedule modifications need to be submitted to the EPA and MSDH in advance of the modification taking effect.

JXN Water will send all future requests for schedule modifications as required by the Water Order. The work at JH Fewell is complete and operating. Work at OB Curtis will be delayed because we must move the permanent liquid lime equipment replacement to the SRF program for funding. The latest completion date is now the end of 2024.

8. Page 72, O.B. Curtis and J.H. Fewell Chemical Feed Improvement Project. To date, this work has been funded using SDWA Section 1442(b), which is the only funding source that can support operation and maintenance (O&M) costs. Given the ITPM's expressed concerns about cash flow for O&M costs, the EPA continues to encourage the use of SRF for non-O&M allowable expenses.

The OBC Chemical Feed project will be the first SRF project. A grant agreement is being developed with MSDH along crossing all other SRF hurdles. It is anticipated the various bid packages for this work will be solicited through the CMAR in summer of 2024.

Sincerely,

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Edward "Ted" Henifin,
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