



P.O. Box 186 - Mount Pleasant, TN 38474 – Phone (931) 379-3233 – Fax (931) 379-9223  
Albert W. Kerstiens - General Manager

February 5, 2026

Bill White, Mayor  
City of Mount Pleasant  
100 Public Square  
Mount Pleasant, TN 38474

**Re: Reimbursement Resolution for proposed bond issue in FY 2027**

Dear Mayor,

At the January 14, 2026, regular meeting of the Mount Pleasant Power System (MPPS) Board of Directors, the Board passed a recommendation for the City Commission to consider a Reimbursement Resolution concerning a proposed bond issue for fiscal year 2027. The proposed bond issue, in the amount of approximately \$6,000,000, will be for the construction of a new Delivery Point Substation in the south part of the MPPS system. This Reimbursement Resolution only authorizes MPPS to repay any cash expenses that occur prior to a bond issue. The Resolution doesn't authorize MPPS to issue bonds. Any request for a bond issue will be presented to the City Commission later in fiscal year 2027.

MPPS considers the proposed Substation project important to meet future growth and improve the reliability of the electric system. The proposed Substation will be located on existing MPPS property adjacent to a TVA 161kV transmission line on Hwy 20.

Currently, MPPS has approximately \$2,600,000 of debt and the debt service for the existing bonds will drastically reduce in CY 2027. This will allow MPPS to add additional debt for infrastructure without a large increase in debt service. As you are aware, MPPS is in a stable financial position. Our current Debt Service Coverage ratio is at 3.9 and is estimated to be at 3.3 after the bond issue. This will keep us well above the TVA regulated floor of 1.5.

I look forward to explaining the Resolution and project as well as answering any questions of the Commission.

Sincerely,

Albert W. Kerstiens  
General Manager  
Mount Pleasant Power System

Cc: Phillip Groom, City Manager