

**MINUTES OF THE
JOHNSON CITY ENERGY AUTHORITY
D/B/A
BRIGHTRIDGE**

March 28, 2023

PRESENT: Gary Mabrey
James Haselsteiner
Ronald Hite
Kenneth Huffine
James Smith
Jeffrey R. Dykes, Chief Executive Officer
Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer
Connie Crouch, Human Resources Manager
Bonnie Donnolly, Chief Development and Market Strategy Officer
Mark Eades, Chief Engineering and Facilities Officer
Eric Egan, Chief Data Officer
Brian Ellis, Service Department Manager
Stacy Evans, Chief Broadband and Technology Officer
Donnie Hall, Safety/Environmental Manager
Rodney Metcalf, Chief Operations Officer
Melissa Taylor, Supervisor, General Accounting
Tiphonie Watson; Customer Support Manager
Tim Whaley, Director of Public and Governmental Affairs
Stephen M. Darden, Hunter Smith Davis, LLP

ABSENT: Jenny Brock
Hal Knight
Kimberly McCorkle
Robert Thomas
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

Upon motion of Mr. Huffine, seconded by Mr. Smith, the Board voted to move to Executive Session following the completion of meeting agenda. The motion carried unanimously by roll call vote.

Upon motion of Mr. Huffine, seconded by Mr. Smith, the Board voted and approved the inclusion of Purchase Order 7536 to the Consent Agenda.

Mr. Donnie Hall, Safety & Security Manager, delivered a safety review outlining new procedures and training techniques, as well as injury reports and figures. In the last ten

years, various training and instructional procedures have been implemented, as well as personal protection equipment and vehicle safety steps put in place.

During the COVID pandemic, the majority of training was done by video, but is now performed face to face, for initial hires and current employee updated training sessions. These training sessions are handled by Mr. Scott Bowman and himself, in the field and classroom. Attendance for all training is tracked and maintained. Training for new hire orientation, including gate and building entry/exit procedures, is now completed before the employee has even met their supervisor. BrightRidge was the first one in the TVPPA group to implement ox block for Pole Top training. They also established ongoing requirements for usage of bucket trucks, pole tops and rigging. Training reviews and updates include HAZCOM, SEAP, CPR, First Aid, Bloodborne Pathogens, Flagging, Roadside Set-up, Fort Truck, Pole Top Rescue, Bucket Truck Rescue and CDL Driving.

In an effort to reduce vehicle accidents and injuries, several new procedures were implemented over the past few years including the usage of vehicle GPS installation and 360 magnet & cone implementation. Because Mr. Hall has the ability to track all fleet vehicles, he has been able to assist law enforcement in disputing accident claims or property damage reports made against BrightRidge by confirming the exact location of fleet vehicles at the time each incident was reported. Additionally, BrightRidge now uses EMBARK or monitoring motor vehicle registrations to insure real time notifications of driving record (i.e. recent DUI charges, license revocation), scores and online training.

Building security measures have also been implemented over the last 12 months. Fifteen cameras have been added for increased security and a cross-arm gate is being installed at 300 building to assist with flow of traffic. Envoy sign-in and out is in place at both 100 and 300 buildings. Mr. Hall is able to monitor and provide exact locations of all visitors inside BrightRidge at any given time. This information can then be provided to law enforcement officers or fire departments to assist in quickly locating all persons in the event of emergencies. JotForms are completed by officers and approved by security management for badges, camera accident and facility access.

In 2022, OSHA recordables showed annual on the job injuries totaled 7, with only 2 of those resulting in lost time. This number continues to go down (12 in 2019, 10 in 2020 and 9 in 2021). Injuries reported in 2022 involved 1 injury each to the shoulder, back and arm; 2 injuries to the hand and 2 injuries to the foot. All injuries reported occurred in the Service, Engineering and Construction Departments. Mr. Hall also complemented the Ballard Health Nurse onsite program as helping to reduce insurance claims and OSHA recordables. The onsite nurse who is present 3 days a week, recorded 560 visits in 2022. Fifteen of these visits were related in injuries (9 initial visits and 6 follow up visits). Out of the 9 initial visits, 2 individuals were referred to Orthopaedic doctors and 7 were resolved onsite.

A summary of the fleet vehicles was also provided. In 2022, BrightRidge vehicle miles driven reached 1,267,381. Vehicle accidents occur approximately every 634,000 miles and backing accidents account for 33% of all vehicle accidents. Out of 125 fleet vehicles, BrightRidge incurred 6 total accidents in 2022 (2 at fault; 4 no fault). The 2022 accidents

resulted in \$1,247.79 in expenses while insurance paid \$18,417.38. The vehicle accidents occurred in the Service, Engineering, Construction and Broadband departments. This is vastly improved from 2021, in which there were 18 reported accidents (8 at fault; 10 no fault). The at fault accidents decreased from 44% in 2021 to 33% in 2022. Mr. Hall credits this drop in not falling into complacency, constant retraining, reminders and stressing safety on a daily basis.

Mr. Bolling delivered the monthly power distributor's report submitted to the Tennessee Valley Authority for **January 2023**. Year-to-date income was -\$1,057,032.73 more than last year's year-to-date figure and year-to-date actual net income was -\$558,555.20 more than the budgeted figure. The general fund balance stands at \$39,840,845.47, the reserve fund balance stands at \$2,877,655.49, the special reserve fund balance stands at \$6,123,412.28, the tax equivalent fund balance stands at \$3,329,011.09, the economic development fund balance stands at \$1,692,792.36, the 2017 and 2021 bond and interest sinking fund balance stands at \$2,660,853.22, the renewal and replacement fund balance stands at \$6,408,176.40, the 2021 bond proceeds fund balance stands at \$14,078,329.36; and the self-insurance fund balance stands at \$2,033,647.31. BrightRidge is currently serving 82,094 customers, which is an increase of 964 customers since the same time last year, which represents a 01.19 % growth rate.

Mr. Bolling delivered the monthly financial statements for **January 2023** for the Broadband Division. The year-to-date income was \$55,214.44 more than last year's year-to-date figure, and year-to-date actual net income was -\$513,396.81 more than the budgeted figure. The cash bank balance stands at \$807,265.29, the broadband debt service fund balance stands at \$292,506.61, the reserve fund balance stands at \$1,011,366.37, the broadband checking account balance stands at \$324,284.23, the broadband money market account balance stands at \$135,372.50, the voice service balance stands at \$192,479.03, and the video service balance stands at \$155,129.53. Capital projects closed to plant through December 2022 totaled \$2,405,427.95 (plus construction work in progress since June, 2022 totaling \$2,568,714.42), with \$5,662,306.63 capital budget remaining at this time.

Mr. Bolling delivered the monthly power distributor's report submitted to the Tennessee Valley Authority for **February 2023**. Year-to-date income was \$2,495,091.44 more than last year's year-to-date figure and year-to-date actual net income was \$634,164.32 more than the budgeted figure. The general fund balance stands at \$38,549,700.98, the reserve fund balance stands at \$2,882,887.78, the special reserve fund balance stands at \$6,134,686.07, the tax equivalent fund balance stands at \$3,833,154.67, the economic development fund balance stands at \$1,708,431.14, the 2017 bond and interest sinking fund balance stands at \$3,051,615.09, the renewal and replacement fund balance stands at \$6,419,974.47, the 2021 bond proceeds fund balance stands at \$13,148,047.35; and the self-insurance fund balance stands at \$2,037,391.45. BrightRidge is currently serving 82,213 customers, which is an increase of 831 customers since the same time last year, which represents a 1.2% growth rate.

Mr. Bolling delivered the monthly financial statements for **February 2023** for the Broadband Division. The year-to-date income was \$951,695.52 more than last year's year-to-date figure, and year-to-date actual net income was \$183,192.05 more than the

budgeted figure. The cash bank balance stands at \$637,637.03, the broadband debt service fund balance stands at \$743,814.46, the reserve fund balance stands at, \$1,013,228.39, the broadband checking account balance stands at \$351,195.53, the broadband money market account balance stands at \$135,753.24, the voice service balance stands at \$56,002.12, and the video service balance stands at \$94,686.14. Capital projects closed to plant through February 2023 totaled \$2,681,360.08 (plus construction work in progress since June, 2022 totaling \$2,865,479.97), with \$5,089,608.95 capital budget remaining at this time.

Mr. Bolling concluded his report by adding that current assets have increased by \$24.1 million. kWh Sales are down 41,472,749 compared to the prior year, as well as year-to-date Operating Revenues up \$17.5 million. The year-to-date Operating Expenses, excluding Power Cost, are up \$1,120,319 compared to last year and under budget by 9.27%. The year-to-date Average Load Factor is 55.02% and the year-to-date Net Income is up \$2,495,091 over last year. The FCA is up 71.43% from February 2022 to February 2023. BrightRidge customers are up 831 since last year.

Upon motion of Mr. Hite, seconded by Mr. Haselsteiner, the Board approved the following items on the Consent Agenda:

- (a.) The minutes of the Board meeting on February 21, 2023.
- (b.) The stock material bid of Border States Electrical Supply in the amount of \$62,108.00 for the project described in Bid Tab #7524.
- (c.) The stock material bid of Power Supply Co., LLC in the amount of \$100,992.20 for the project described in Bid Tab #7526.
- (d.) The replacement of vehicle #42, F-350 Regular Cab Truck, through the TN SWC-209 state buying contract program in the amount of \$43,224.00
- (e.) The stock material bid of Stuart C. Irby Company in the amount of \$144,354.00 for the project described in Bid Tab #7536.

The motion carried unanimously by roll call vote.

Upon motion of Mr. Smith, seconded by Mr. Huffine, the Board approved the following items on the Broadband Consent Agenda:

- (a.) The Calix Network Configuration equipment purchase in the amount of \$63,200.00.
- (b.) The emergency purchase order of underground fiber handhole vaults for Phase 5 from Comstar Supply, Inc. in the amount of \$69,575.13.

(c.) The conduit bid of Power & Telephone Supply Co. in the amount of \$57,600.00 for the project described in Bid Tab #7510.

The motion carried unanimously by roll call vote.

RETIREMENT RESOLUTION ON BEHALF OF MELISSA TAYLOR

On April 1, 2017 the Johnson City Power Board was renamed Johnson City Energy Authority; on October 3, 2017 Johnson City Energy Authority announced their DBA name as BrightRidge.

WHEREAS Melissa Taylor was employed by BrightRidge on April 16, 1984, until retiring from BrightRidge on Friday, April 21, 2023; and

WHEREAS during her thirty-nine years and with BrightRidge, she served as a Customer Service Representative, General Accounting Clerk, Assistant Supervisor of General Accounting, Supervisor of General Accounting, and Accounting Manager; and

WHEREAS the Board of Directors of BrightRidge wishes to recognize Mrs. Taylor for her outstanding service to the customers and staff of BrightRidge by her years of dedication and loyalty;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of BrightRidge meeting in regular session on the 28th day of March 2023 that Melissa Taylor be, and hereby is, officially commended for her thirty-nine years of service to the customers of BrightRidge.

BE IT FURTHER RESOLVED that a copy of this Resolution be presented to Mrs. Taylor and be spread in full on the minutes of the proceedings of this meeting.

RETIREMENT RESOLUTION ON BEHALF OF DANNY MITCHELL

On April 1, 2017 the Johnson City Power Board was renamed Johnson City Energy Authority; on October 3, 2017 Johnson City Energy Authority announced their DBA name as BrightRidge.

WHEREAS Danny Mitchell was employed by Johnson City Power Board on April 30, 1984, until retiring from BrightRidge on Monday, May 1, 2023; and

WHEREAS during his thirty-nine years and with Johnson City Power Board, Johnson City Energy Authority and BrightRidge, he served as Meter Reader, Groundman, Groundman Operator, Underground Cable Splicer Apprentice, and Underground Cable Splicer; and

WHEREAS the Board of Directors of BrightRidge wishes to recognize Mr. Michell for his outstanding service to the customers and staff of BrightRidge by his many years of dedication and loyalty;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of BrightRidge meeting in regular session on the 28th day of March 2023 that Danny Mitchell be, and hereby is, officially commended for his thirty-nine years of service to the customers of BrightRidge.

BE IT FURTHER RESOLVED that a copy of this Resolution be presented to Mr. Mitchell and be spread in full on the minutes of the proceedings of this meeting.

Mr. Brian Bolling, CFO & Chief Customer Officer, delivered an update regarding Demand Cost Recovery Adjustment (DCRA), a rate mechanism designed to combat higher wholesale power cost when load factors are poor. Load Factors are impacted by swings in weather or what we refer to as “peaky weather”. Load Factor is a measurement of the efficiency of energy usage. With better load factors the average cost of power is lower. Whereas, poor load factors indicate a higher average cost of wholesale power. This is because kW or Demand represents approximately 30% of our total wholesale power costs. Examples from March 2022 and January 2022 were provided; explained that a low load factor (46.54%) accounted for 31.51% total power costs and a higher load factor (66.59%) accounted for only 25.56% of total power costs.

BrightRidge relies on revenue less power cost margins for its operating and capital budgets. Prior to the implementation of the DCRA, peak demand charges were eroding projected margins. The challenge prior to DCRA was how to protect margins without having to have a base rate increase to cover worst case scenarios. Our rates consultant, Chris Mitchell, staff and our Board of Directors developed a recovery concept that would adjust across the year based on load factor. The recovery concept has some similarities to TVA’s fuel cost adjustment.

DCRA was designed to recover excess demand charges from residential and small commercial customers. Using our meter data management system, we were able to evaluate interval data by rate class. Residential customer usage was the most sensitive to weather and was the driving force peak demand charges. Residential and Small Commercial Rates do not have demand charges are part of their retail rate structure. While commercial customers are paying demand charge as part of their rate structure.

TVA fully supported the request to implement the DCRA and it became effective in October 2016. The DCRS is built around an acceptable load factor, which for BrightRidge is 61%. This is the load factor TVA approved for this cost recovery program. TVA made a good suggestion when reviewing the DCRA concept that that the maximum the credit or charge kWh rate could be for the DCRA was \$.005 per kWh (half a cent per kWh). They wanted to limit the impact of a recovery on a single bill. Each month we have a formula that generates the DCRA rate for the following month. The rate is based projected kWh in those rate classes. If actual DCRA collections are over or under, then the difference rolls to the following month.

Mr. Bolling states that the DCRA worked effectively to improve the stability of our margins. He also predicts that a decreased load factor will most likely continue for the next few months.

Stacy Evans, Chief Broadband and Technology Officer, delivered an update regarding the broadband project. At the time of the Board meeting, the Broadband Division has a total of 10,723 active customers, 1,005 of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,023
Johnson City Fiber:	5,722
Piney Flats Fiber:	11
Telford Fiber:	217
Limestone Fiber:	301
Gray Fiber:	2,865
Kingsport Fiber:	202
Fall Branch Fiber:	44
Fixed Wireless:	158
Managed Wi-Fi:	6,945 (72.1% average "take rate")
IPTV Video:	986
Telephone VoIP:	1,166

Broadband deployment areas are as follows:

Johnson City:	5,664
Gray/Kingsport:	3,058
Jonesborough:	1,197
Bowmantown:	517

Mr. Evans stated that the Broadband Division was scheduled to add 3,206 net customers for a target of 10,964 on June 30, 2023. An average of 61 net adds per week would be necessary to meet this goal. As of March 24, 2023, the division is trending 565 customers ahead of the linear budget line. Current trend would be 700 above budget by end of fiscal year 2023, for 11,664 total customers.

Residential fiber product numbers confirm 90% of current residential Broadband customers do not subscribe to our video (with only 8% video take-rate and 8% voice).

Phase 5 build-out is 100% completed with 7,294 addresses serviceable at this time. The Phase 5 joint project with Johnson City is 100% complete with fiber construction providing 4,871 actual passings in city limits (419 over the estimated 4,452). The Phase 6 aerial fiber optic construction is 20% complete. Additional builds in an extension of the Fall Branch area which passes 387 address (377 active for electric power), with the additional expansion areas (Bowmantown, New Salem, Ford Creek, Walkers Bend, Fall Branch) we

added 926 fiber passings to the FY2023 budget. Initial construction began on January 24, 2023. Completion of fiber splicing expected by April 10, 2023.

Following the regular meeting agenda, the Board moved to executive session to discuss ongoing litigation with counsel.

There being no further business, the meeting was adjourned.