

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

June 28, 2022

PRESENT: Jenny Brock  
James Haselsteiner  
Ronald Hite  
Kenneth Huffine  
B. J. King  
Gary Mabrey  
James Smith  
Robert Thomas  
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  
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  
Tiphonie Watson, Customer Support Manager  
Stephen M. Darden, Hunter Smith Davis, LLP

ABSENT: Hal Knight  
Mark Eades, Chief Engineering and Facilities Officer  
David Spinnato, Physical Plant/Warehouse Manager  
Melissa Taylor, Supervisor, General Accounting  
Tim Whaley, Director of Public and Governmental Affairs

Chairman James Smith called the meeting to order.

Upon motion of Ms. Brock, seconded by Mr. Mabrey, the Board voted to add as Agenda Item 4 (d.) consideration of the Walnut Street lighting project. The motion carried unanimously by voice vote.

Allen Sheets with Nationwide delivered an update on the BrightRidge employees' fixed account 457(b) retirement plan. Mr. Sheets briefed the new Board members on the definition of a 457 (b) plan, which is basically the public sector version of a 401 (k) retirement plan. However, there are advantageous differences to a 457 (b)

plan, including a 3-year “catch up” provision of up to \$41,000.00 in contributions in an employee’s last three years before retirement. According to Connie Crouch, Human Resources Manager, there are presently 16 Nationwide plan participants – 10 retirees, 1 person no longer employed, and 5 working participants. The balance of the fund at the present time is \$656,474.49. Mr. Sheets announced that he would be retiring on June 30, 2022, and he introduced Jeff Jaimeson, who would be handling the BrightRidge account in the future.

Upon motion of Mr. Thomas, seconded by Mr. Haselsteiner, the monthly power distributor’s report submitted to the Tennessee Valley Authority for May, 2022 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$2,811,339.63 more than last year’s year-to-date figure and year-to-date actual net income was \$5,841,869.04 more than the budgeted figure. The general fund balance stands at \$26,072,094.95, the reserve fund balance stands at \$6,816,251.69, the special reserve fund balance stands at \$6,062,023.27, the tax equivalent fund balance stands at \$5,362,896.71, the economic development fund balance stands at \$1,626,057.76, the 2017 bond and interest sinking fund balance stands at \$432,548.36, the renewal and replacement fund balance stands at \$6,343,932.57, the 2021 bond proceeds fund balance stands at \$23,714,416.28, and the self-insurance fund balance stands at \$2,013,259.40. BrightRidge is currently serving 81,707 customers, which is an increase of 1,006 customers since the same time last year.

Brian Bolling stated that while May was neutral in weather, with only 129 degree days during the month, kilowatt sales were high due to strong commercial/industrial sales. He discussed in depth the effect of the record high fuel cost adjustment to customers, and further discussed TVA’s generation mix and how that mix affected wholesale power costs. He advised that 65% of TVA’s rates were not affected by fuel. Eighty percent of the nation’s residential and small commercial customers pay more for their power than TVA’s customers, and the nation’s industrial customers pay 95% more for their power than TVA’s customers.

Upon motion of Ms. Brock, seconded by Mr. Thomas, the monthly financial statements for May, 2022 for the Broadband Division were approved. The motion carried unanimously by roll call vote. Year-to-date income was \$1,164,373.67 more than last year’s year-to-date figure and year-to-date actual net income was \$186,204.08 more than the budgeted figure. The cash bank balance stands at \$1,074,262.12, the broadband debt service fund balance stands at \$1,277,868.12, the reserve fund balance stands at \$1,001,524.21, the broadband checking account balance stands at \$864,803.01, the broadband money market account balance stands at \$25,658.10, the voice service balance stands at \$109,506.10, and the video service balance stands at \$74,294.91. Capital projects closed to plant through May, 2022 totaled \$6,551,377.44 (less construction work in progress since June, 2021 totaling \$948,080.27), with a \$662,177.83 capital budget remaining at this time. These capital project figures reflect \$500,000.00 in potential grant monies.

Upon motion of Mr. Mabrey, seconded by Gen. Hite, the Board approved the following items on the Electric Division Consent Agenda:

(a) The minutes of the regularly scheduled Board meeting on May 24, 2022.

(b) The low bid of Pavewell Paving Company, Inc. in the amount of \$64,955.20 for parking lot paving repairs at East Tennessee State University.

(c) The low bid of Deco Supply Company in the amount of \$351,590.00 for 150 15 KVA CSP120/240 transformers (\$132,600.00), 150 25 KVA CSP 120/240 transformers (\$163,650.00), 30 37.5 KVA CSP 120/240 CSP transformers (\$41,520.00), and 20 50 KVA CSP 120/240 transformers (\$33,820.00).

(d) Materials for the Walnut Street street lighting project, to be purchased from Illuminating Concepts in the amount of \$2,182,434.00 for smart city technology street lighting. BrightRidge will own and maintain the lighting poles, arms and fixtures, and the City of Johnson City will own the cameras and associated electronics. The amount of \$1,825,891.62 will be owned by BrightRidge and placed on the City's investment, and \$356,542.38 will be owned by Johnson City.

The motion carried unanimously by voice vote.

Upon motion of Mr. Thomas, seconded by Dr. King, the Board approved the following items on the Electric Division Consent Agenda:

(a) The low bid of Graybar Electric Supply Company, Inc. in the amount of \$344,892.36 for 20 864 fiber TII distribution cabinets (\$198,386.20), 5 288 fiber TII distribution cabinets (\$18,801.80), 2 "Pole" 144 fiber TII distribution cabinets (\$4,132.00), 2 "Pole" 96 fiber TII distribution cabinets (\$1,984.96), 5 576/864 fiber TII distribution cabinets (\$37,055.60), 80 1 X 64 (only for TII) splitters (\$79,398.40), and 10 1 X 32 TLL only splitters (\$5,133.40).

(b) The purchase of 50 Calix 760GX ONTs at a cost of \$58,140.00 (PO 117864).

(c) The purchase of 50 Calix 760GX ONTs at a cost of \$58,140.00 (PO 117836).

(d) The purchase of Calix stock material and associated 5-year warranties at a cost of \$95,347.40 (PO 117837).

(e) The renewal of the Calix AXOS Arm and SMm perpetual licenses, the AXOS framework with Arm and SMm perpetual, and AXOS software maintenance for one year at a cost of \$51,374.72.

Calix is the sole source provider of BrightRidge's fiberoptic network equipment, selected through an RFP process in 2018.

(f) The quote of ITsavvyLLC for 2022 renewal of Juniper support at a cost of \$68,303.94.

The motion carried unanimously by roll call vote.

Dr. King delivered the report of the Finance, Audit, Rates and Budget Committee, which had met recently in two workshops to consider FY 2022-23 operating and capital budgets for the Electric and Broadband Divisions.

Upon motion of Dr. King, on behalf of the Committee, the Board approved the FY 2022-23 Electric Division operating and capital budgets. The proposed budgets do not include any base rate increases. The motion carried unanimously by roll call vote.

Upon motion of Dr. King, on behalf of the Committee, the Board approved the FY 2022-23 Broadband Division operating and capital budgets. It was noted that the buildout of Phase 5 of the broadband project is being expedited by \$2.3 million in ARPA funds provided by the City of Johnson City. The motion carried unanimously by roll call vote.

Mr. Thomas delivered the report of the Human Resources/Insurance Committee, which had met recently to discuss renewals of various insurance policies and proposed changes to Policy No. HR-401, the Employee Educational Assistance Policy.

Upon motion of Mr. Thomas, on behalf of the Committee, the Board approved the low bid of Distributors Insurance Company in the amount of \$208,562.00 for the annual renewal of the company's workers' compensation policy, effective July 1, 2022. The motion carried unanimously by roll call vote.

Upon motion of Mr. Thomas, on behalf of the Committee, the Board approved the quote of Distributors Insurance Company in the amount of \$5,685.00 for pollution liability insurance for FY 2022-23, effective July 1, 2022. The motion carried unanimously by roll call vote. Pollution liability is insured under a master policy issued to the Tennessee Valley Public Power Association, Inc. and Distributors Insurance Company, and contains a named insured endorsement listing all participating TVPPA insured utilities.

Upon motion of Mr. Thomas, on behalf of the Committee, the Board approved the quote of Companion Life for employee life insurance coverage for a three-year term with no rate increases over the past year. Group term life coverage rates are \$0.16 per \$1,000 benefit and Group AD & D coverage rates are \$0.038 per \$1000 benefit. The motion carried unanimously by roll call vote.

Upon motion of Mr. Thomas, on behalf of the Committee, the Board approved the following addition to Policy No. HR-401: Employee Educational Assistance Policy:

“On occasion there are educational requirements for an employee that BrightRidge will pay for up front and in full. For example, employees who must, as a position requirement, obtain a Commercial Driver’s License, a specialized certification, or have accepted a position in an apprenticeship program. BrightRidge will pay for these classes, books, and all associated costs such as travel expenses, registration fees, etc.”

These employees will now be required to sign an Employee Educational Assistance Agreement to agree to reimburse the company for costs associated with those licenses, certifications, etc. should they voluntarily leave the company’s employment within three years of completion.

The motion carried unanimously by roll call vote.

Upon motion of Ms. Brock, seconded by Mr. Mabrey, the Board approved a Commercial Electric Vehicle Charging Rate (Schedule EVC), to become effective in August, 2022. The motion carried unanimously by roll call vote. The retail rate is the same as the rate approved last year. The primary change with the new rate is that wholesale electricity purchased by BrightRidge under this new rate would be on standard service. A copy of the schedule is attached as Exhibit “A” to these minutes.

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 7,739 active customers, 9.8% of which are business or commercial entities.

The current broadband customer base is as follows:

|                     |                                   |
|---------------------|-----------------------------------|
| Jonesborough Fiber: | 980                               |
| Johnson City Fiber: | 3,727                             |
| Piney Flats Fiber:  | 9                                 |
| Telford Fiber:      | 165                               |
| Limestone Fiber:    | 249                               |
| Gray Fiber:         | 2,273                             |
| Kingsport Fiber:    | 148                               |
| Fall Branch Fiber:  | 25                                |
| Fixed Wireless:     | 163                               |
| Managed Wi-Fi:      | 4,966 (72.1% average "take rate") |
| IPTV Video:         | 1,276                             |
| Telephone VoIP:     | 994                               |

Customer homes and businesses with fiber broadband available:

|                                       |        |
|---------------------------------------|--------|
| Washington County (outside JC or JBO) | 8,138  |
| Town of Jonesborough                  | 1,345  |
| Johnson City                          | 14,310 |
| Sullivan County                       | 382    |

Miles of fiber-optic distribution deployed:

|                                       |           |
|---------------------------------------|-----------|
| Washington County (outside JC or JBO) | 220 miles |
| Town of Jonesborough                  | 25 miles  |
| Johnson City                          | 204 miles |
| Sullivan County                       | 9 miles   |

Mr. Evans stated that other than when adding new cabinets, the average growth rate for broadband customers was 1.6% per month since the July, 2019 launch of the program.

Linear weekly customer adds are exceeding the budgeted goal of 58.4. As of the time of the Board meeting, the Broadband Division's customers are trending 274 customers above the linear budget line, and it is estimated that the fiscal year figure will exceed the projected number of customers by 280.

Work continues on Phase 5, with four cabinets now complete, and one other cabinet area having the fiber construction 80% finished.

Mr. Evans advised the Board that he was still waiting to hear from the Tennessee Department of Economic and Community Development about the status of the Tennessee ECD Emergency Broadband 2022 grant application.

Bonnie Donnolly, Chief Development and Market Strategy Officer, and Stacy Coznet, Marketing Supervisor, delivered an in-depth marketing update to the Board. The goal of the Marketing Department is to utilize a variety of advertising platforms to reach a targeted market for awareness and customer growth.

Ms. Donnolly discussed the history of the broadband marketing plan. The kickoff and Phase I of the program in 2019 and 2020, entitled "Empowering Your Connections", centered on brand awareness and the superiority of the BrightRidge broadband product. Marketing initiatives included newsprint, special events, and billboards, with some television and social media advertising and sporadic direct mail campaigns.

With the unexpected onset of COVID, changes were required in the next phase of the marketing plan in 2020 and 2021. This phase, entitled "Learn, Work and Live", focused on teleworking, virtual school, fast symmetrical speeds, pricing, and local

service. All marketing materials were redesigned, with focused initiatives on first door-to-door sales efforts, as well as door hangers and yard signs, encouraging customers to “make the switch”. Electronic billboards were added, and social media outreach was increased. A direct mail campaign was undertaken, with mailers twice a month to all serviceable addresses.

In 2021 and 2022, the “Stay Connected to What Matters” and “Home of the 10 GIG” marketing campaigns began, leveraging the speed ability of the 10 GIG to stay connected in a post-COVID time. A new outreach campaign began with “available now” e-mails and direct mailers. The ability to sign up for service online was added. Marketing was stopped to current and pending activation customers from all platforms. A customer survey was conducted to enhance future marketing efforts.

In 2022 and 2023, “The Wait is Over” and “Real Comfort” marketing initiatives will be undertaken. These will shift the market into key profile segments who are most likely to switch to our product vs. mass audience messages. Platforms will include e-mail and direct mail, paid digital campaigns with search, social media, display with geofencing, and household targeting.

Ms. Donnolly also discussed how current customers heard about the product and where the sale of the product came from. Customers most heard about the product through Customer Service call-outs, word of mouth, and direct mailers. Most of the sales came from the sales team, Customer Service, marketing, and word of mouth.

Stacy Conzet advised the Board that a customer survey had been conducted in January, 2022 with 843 participants (468 current customers and 375 potential customers).

The survey yielded that current customers tended to be slightly younger with larger households. These customers were attracted to BrightRidge’s fast internet speeds and reliability due to lives that needed internet reliance. They also valued the established relationship they had with BrightRidge with respect to their electric service and the fact that the company is a local provider. A number of respondents cited lower costs for the product. Forty-three percent of these customers stated that they have “absolutely no desire to leave BrightRidge Broadband”.

Potential customers surveyed who have access to BrightRidge broadband service tended to be slightly older, but a younger/mobile audience was also seen. Most said they were content and were indifferent to switching their internet provider. They knew of no convincing position to make them change their service. They liked their bundled internet and television. Most claimed to have solid reliable coverage, with few outages. There was a perception of lower costs due to various sales promotions by the other providers. Fifty-two percent of these customers had never switched their internet provider. Potential customers were profiled into six different categories, based upon ages/households, income level, and technology level.

The key take-aways from the Customer Survey are that potential customer segments are much older than have been targeted in the past and that there are many more people with lower technology knowledge levels than those with higher levels. These customers appear to have no compelling reason to change and like the comfort of the status quo. The marketing challenge is to find these customers' emotional payoff and the reasons to question their status quo to ultimately move out of their comfort zone. The Marketing Department will use its research to identify the key learnings to develop creative ads and message to each group and type of customer and to create digital campaigns that target each customer profile group showing that BrightRidge is the answer and it's time to switch to our products. Ms. Conzet showed Board members various marketing materials to assist in reaching this goal.

CEO Jeff Dykes reminded Board members that the July Board meeting would be a dinner meeting, beginning at 5:00 PM. He also announced the BrightRidge employee golf tournament on August 20<sup>th</sup>, with tee times beginning at 8:00 AM.

Mr. Dykes stated that three BrightRidge staff members had presented and attended FiberConnect and APPA conferences in Nashville recently. He advised that BrightRidge would be presenting at the Broadband Conference at TMEPA's July meeting.

Mr. Dykes briefly discussed the recent power outage at the Town of Jonesborough Water Treatment Plant, and said that meetings and discussions were currently being held regarding the possible rebuilds of certain electrical feeds into the plant.

Board member Jenny Brock invited those present to attend the July 4<sup>th</sup> fireworks event at Freedom Hall Civic Center in Johnson City.

Board member Rob Thomas again commended BrightRidge staff, employees and officers for their hard work on the many ongoing projects with which both divisions are involved.

The Board adjourned into Executive Session to discuss a pending matter. The Board reconvened into regular session following the Executive Session. There being no further business, the meeting was adjourned.



**JOHNSON CITY ENERGY AUTHORITY**  
**ELECTRIC VEHICLE CHARGING POWER RATE - SCHEDULE EVC**  
(August 2022)

Availability

This rate shall exclusively apply to separately metered charging stations for electric vehicles where the charging station's demand is greater than 50 kW but not more than 5,000 kW.

All customers participating under this rate schedule shall agree to a full requirements service from the Distributor. In addition, customers must agree that the sole use of the electric service is for the purpose of charging electric vehicles used for transportation purposes only.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours EST or EDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor.

Base Charges

|                  |                                    |
|------------------|------------------------------------|
| Customer Charge: | \$100 per delivery point per month |
| Energy Charge:   | \$.20572 per kWh per month         |

Adjustment

The base energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Minimum Bill

The base customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under Distributor's standard policy because of special circumstances affecting Distributor's cost of rendering service.

### Contract Requirement

All customers shall be required to execute contracts and such contracts shall be for an initial term of at least 1 year. Customers whose demand requirements exceed 1,000 kW shall be required to execute contracts and such contracts shall be for an initial term of at least 1 years. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. The customer is prohibited from using any power other than that supplied by Distributor under this rate schedule. The contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

After having received service for at least 1 year under this rate schedule, the customer, subject to 90 days prior written notice and appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate--Schedule GSA. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate-- Schedule GSA shall not be less than the contract demand in effect when service was taken under this rate schedule. Schedule GSA shall not be less than the contract demand in effect when service was taken under this rate schedule.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of the bill that is unpaid after the due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor