

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

November 22, 2022

PRESENT: Jenny Brock
James Haselsteiner
Ronald Hite
Kenneth Huffine
Gary Mabrey
James Smith
Robert Thomas
Jeffrey R. Dykes, Chief Executive Officer
Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer
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
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: B. J. King
Hal Knight
Connie Crouch, Human Resources Manager
Mark Eades, Chief Engineering and Facilities Officer
Rodney Metcalf, Chief Operations Officer
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

BrightRidge customer Kevin Hendricks addressed the Board concerning the GRIID/Red Dog bitcoin mining operation in Washington County's New Salem community and its effects upon that community. It was Mr. Hendricks' position that, based upon projected population growth in our area, estimated projected kWh usage over the next decade would equal or exceed that kWh usage generated by the bitcoin operation, and he requested that the Board reconsider its position with respect to the GRIID/Red Dog operation.

Upon motion of Mr. Smith, seconded by Gen. Hite, the monthly power distributor's report submitted to the Tennessee Valley Authority for October, 2022 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$1,147,252.28 more than last year's year-to-date figure and year-to-date actual net income was \$3,718,883.46 more than the budgeted figure. The general fund balance stands at \$32,970,730.95, the reserve fund balance stands at \$6,843,537.67, the special reserve fund balance stands at \$6,086,518.75, the tax equivalent fund balance stands at \$1,855,847.24, the economic development fund balance stands at \$1,645,172.80, the 2017 and 2021 bond and interest sinking fund balance stands at \$1,491,733.98, the renewal and replacement fund balance stands at \$6,369,567.17, the 2021 bond proceeds fund balance stands at \$16,173,959.72, and the self-insurance fund balance stands at \$2,021,394.60. BrightRidge is currently serving 81,873 customers, which is an increase of 912 customers since the same time last year, which represents a 1.1% growth rate.

Upon motion of Ms. Smith, seconded by Gen. Hite, the monthly financial statements for October, 2022 for the Broadband Division were approved. The motion carried unanimously by roll call vote. Year-to-date income was \$322,139.42 more than last year's year-to-date figure, and year-to-date actual net income was \$59,231.81 more than the budgeted figure. The cash bank balance stands at \$529,212.58, the broadband debt service fund balance stands at \$2,536,930.66, the reserve fund balance stands at \$1,005,272.89, the broadband checking account balance stands at \$186,988.31, the broadband money market account balance stands at \$129,120.78, the voice service balance stands at \$97,841.45, and the video service balance stands at \$115,262.04. Capital projects closed to plant through October, 2022 totaled \$1,678,807.26 (plus construction work in progress since June, 2022 totaling \$918,759.57), with a \$8,038,882.17 capital budget remaining at this time.

Upon motion of Mr. Huffine, seconded by Ms. Brock, the Board approved the following items on the Electric Division Consent Agenda:

(a) The minutes of the regularly scheduled Board meeting on October 26, 2022.

(b) The sole bid of Pave-Well Paving Company, Inc. in the amount of \$93,142.50 for the paving project described in Bid Tab #7334.

(c) The low bid of KVA, Inc. in the amount of \$509,686.00 for the control house and relay panels for the Northeast Substation.

(d) The purchase of 3,000 Itron Centron FM2S CL200 RD single-phase electric meters (\$239,700.00) and 3,000 Tantalus TC-1220-RD meter modules (\$253,980.00) for meters budgeted in the 2023-24 budget. The Itron meter/Tantulus module set is the standard single-phase meter in use on the BrightRidge system. The purchase at this time is predicated by possible supply chain issues.

The motion carried unanimously by roll call vote.

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

(a) The low bid of Comstar Supply, Inc. in the amount of \$82,100.00 for 500,000 feet of galvanized 1/4" EHS strand, and the low bid of Border States Electric Supply in the amount of \$287,865.00 for 516,800 feet of lashing wire (\$7,441.92), 108 yellow jacket splice trays (\$16,136.28), and 1,080 yellow jacket inline terminal enclosures (\$264,286.80).

(b) The purchase of 4,000 Calix customer premise optical network terminals, 2,000 GigaSpire u4 Wi-Fi routers, 435 mesh extenders and 900 GigaSpire u6 routers at a cost of \$733,652.00. The funds for this purchase would be taken from the FY 2023-24 budget upon delivery. Calix, Inc., which was selected as the sole source provider of BrightRidge Broadband's fiber optic network equipment through an RFP process in 2018, has encouraged customers to forecast equipment needs seven to twelve months in advance prior to need due to supply chain issues.

The motion carried unanimously by roll call vote.

Ms. Brock delivered the report of the Finance, Audit, Rates and Budget Committee, which had met on November 15, 2022, to consider three items:

(a) A recommendation had been made to add a sentence regarding the definition of "excellent payment history" to BrightRidge's Rules and Regulations and CS-100 Implementation of Service policy. The recommended sentence defines "excellent payment history" as related to the recently approved residential deposit refund option as *Excellent payment history is defined as no more than one late payment and no nonsufficient funds payments (returned checks) in the last 12 months.* The Tennessee Valley Authority has approved the addition of the language, contingent upon approval by the Board.

Upon motion of Ms. Brock, on behalf of the Committee, the Board approved adding the recommended sentence defining "excellent payment history" to BrightRidge's Rules and Regulations and CS-100 Implementation of Service policy. The motion carried unanimously by voice vote.

(b) A recommendation had been made for a Pandemic Recovery bill credit for residential and small commercial power customers during the February, 2023 and July, 2023 billing periods. Customers in those rate classes should expect to save 7% to 8% on their February, 2023 bills and 10% to 11% on their July, 2023 bills.

Upon motion of Ms. Brock, on behalf of the Committee, the Board approved the proposed credits as presented. The motion carried unanimously by voice vote.

(c) Recommendations had been made for modifications to the Broadband Division's IPTV video and internet products, as follows:

(i) A pass-through of all "local broadcast channel" fees in the amount of \$11.30 per month per customer, to our video subscribers, beginning March 1, 2023. Following FCC guidelines, BrightRidge will provide a minimum of 30-day notice to all current video customers.

(ii) BrightRidge will continue to absorb the cost increase of \$7.00 associated with the acquisition of the national channels for the calendar year 2023.

(iii) Incentivize current video customers to move to a third-party streaming service and retain our broadband service by:

* Conveying ownership of the currently rented firesticks to the customer (currently rented at \$2.99/month each).

* Customers with Kaon STB units will receive a one-for-one swap of firesticks in exchange for the rented Kaon STBs.

* Apply \$9.99 monthly credit for six months to cover managed wi-fi costs.

(iv) Capping any new sales of BrightRidge video services and continue educating customers about third-party streaming options.

(v) Increase two residential internet bandwidth product speeds, while retaining current pricing, to apply in December, 2022.

* 200Mb residential internet upgrades to 300Mb.

* 500Mb residential internet upgrades to 600Mb.

Upon motion of Ms. Brock, on behalf of the Committee, the Board approved the five above-noted recommended modifications to BrightRidge's IPTV video and internet products. The motion carried unanimously by voice vote.

Bonnie Donnolly, Chief Development and Market Strategy Officer, delivered an Energy Services and Marketing update.

The Energy Services component handles account management for BrightRidge's largest commercial electric customers, delivers and promotes comprehensive services provided by the Tennessee Valley Authority, serves commercial and residential customers through participation in special programs and education efforts, and administers the Home Uplift and School Uplift programs.

In the realm of Commercial Program administration, the Energy Services component provides such service as infrared scans, energy audits, and air leak tests and works with commercial customers regarding power quality, energy efficiency, and non-road electric vehicles. It coordinates BrightRidge's efforts with TVA, ENEROC, and local economic development agencies, and assists commercial customers with alternate rate products and planned outages.

In the area of Residential Program administration, Energy Services monitors customer walk-ins, calls, and e-mails. Its staff also works with new homeowners concerning inspections and incentives and assists customers with the TALO program, high bill assistance and renewable energy initiatives, and acts as network between the TVA, contractors, customers, and other BrightRidge employees.

Ms. Donnolly discussed the impact of the Home Uplift Program over the past two years. In Year 2, the program received 122 applications for participation, with 93% of those approved at this time. Ninety-nine energy evaluations were conducted, and 84 homes were served by the program, with an average spend of \$9,732.42 per home - 96% of those funds were spent on energy efficiency upgrades, while 4% of the funding was spent on home repairs, resulting in an annual total savings of nearly 310,177 kWh and amounting to \$443.00 per home in annual bill savings.

The Marketing component provides relevant, original content for public education and engagement, manages media relations for positive and informative coverage, and advertises and enhances the corporate image and brands of BrightRidge. Ms. Donnolly announced that BrightRidge Broadband had recently been voted "Best Internet Provider" in the **Johnson City Press** Readers' Choice Best of 2022 awards program.

The Special Projects component assists with endeavors outside the general scope of the utility's mission, such as the development of the Martin Solar Farm, the Telford Community Solar Farm and the BrightRidge Solar Lab, which will generate enough load to power the Boones Creek Road Administrative Building facility in 2023. This section has also assisted with electrical upgrades at East Tennessee State University and the ETSU Boulevard Commons, and with the Walnut Street project in Johnson City.

The Special Projects staff will continue to work with governmental entities and commercial businesses as interest in EV charging for fleets and customers grows. Special Projects is also participating in pilot programs and studies with various agencies such as EPRI and 7States.

Ms. Donnolly highlighted various marketing strategies including branding, specific broadband marketing, management of the company's website, newsletters and bill inserts, the SmartHub application, social media, the outage map, and the BrightRidge Company Store.

Energy Services and Marketing further coordinates and participates in public education events, special community events, local school presentations, career fairs, and such events as Public Power Week and Employee Appreciation Week.

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 9,377 active customers, 9.7% of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,115
Johnson City Fiber:	4,835
Piney Flats Fiber:	9
Telford Fiber:	202
Limestone Fiber:	296
Gray Fiber:	2,541
Kingsport Fiber:	179
Fall Branch Fiber:	32
Fixed Wireless:	168
Managed Wi-Fi:	6,033 (72% average "take rate")
IPTV Video:	1,239
Telephone VoIP:	1,113

Broadband deployment areas are as follows:

Johnson City:	4,837
Gray/Kingsport:	2,722
Jonesborough:	1,118
Bowmantown:	498

Mr. Evans stated that the Broadband Division was scheduled to add 3,206 net customers for a target of 10,964 by the end of the current fiscal year. An average of 61 net adds per week would be necessary to meet this goal. As of November 18, 2022, the division is trending 324 customers ahead of the linear budget line, with expected customer growth to exceed 10,000 customers by the end of January.

Work continues on the Phase 5 build-out, with 57.4% of the project completed and 3,828 addresses serviceable at this time. Additional projects scheduled to begin shortly are the Phase 6 aerial fiberoptic construction, and additional builds in an extension of the Bowmantown area which passes 95 residences and two businesses, the New Salem Extension which passes 83 residences and three businesses, the Proffit Lane and Ford Creek Road area which passes 199 residences, and the Walkers Bend Subdivision, Hugh Cox, and Jack Martin Lane which passes 170 residences and is an

extension from the grant to schools project. The Board approved the Fall Branch construction at its October Board meeting, which will build fiber to 387 addresses. In grant news, Mr. Evans announced that the National Telecommunications and Information Administration (NTIA) plans to announce state BEAD allocations by June 30, 2023.

CEO Jeff Dykes announced that the Johnson City Tree Lighting Event at Founder's Park/King Commons would be held on November 26th and invited all Board members and staff to attend.

Mr. Dykes and several of the Board members commended BrightRidge managers and staff for their dedication to the utility's many ongoing projects. Mr. Dykes noted that, in addition to administering TVA programs, company managers and staff were currently participating in several projects which were receiving attention from entities outside the Northeast Tennessee area.

Mr. Dykes specifically commended Service Department Manager Brian Ellis for his work with the utility's tree-trimming program. Problems with trees are one of the highest reliability issues the company faces, and the development and administration of good tree-trimming policies have alleviated this problem to a great degree.

Board member Jenny Brock advised that she had recently attended an event with the Commissioner of the Tennessee Department of Environment and Conservation, at which time the recent flooding in Waverly, Tennessee was discussed, and she wondered whether the Board should consider in its future strategic planning a resiliency plan. Bonnie Donnolly advised that a Sustainability Workshop would be held in January 2023 with officials from TVA and the Tennessee Eastman Corporation, and that it might be possible to include some resiliency topics in that event.

Ms. Brock invited Board members and staff to attend the Johnson City "Turkey Trot" road race on Thanksgiving Day, and she also invited all present to attend the tree-lighting event on November 26th.

There being no further business, the meeting was adjourned.