

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

October 26, 2022

PRESENT: Jenny Brock
James Haselsteiner
Ronald Hite
Kenneth Huffine
B. J. King
Hal Knight
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
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: David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

Upon motion of Dr. King, seconded by Mr. Haselsteiner, the monthly power distributor's report submitted to the Tennessee Valley Authority for September, 2022 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$550,894.43 more than last year's year-to-date figure and year-to-date actual net income was \$2,817,008.72 more than the budgeted figure. The general fund balance stands at \$34,619,988.26, the reserve fund balance stands at \$6,830,557.74, the special reserve fund balance stands at \$6,074,974.63, the tax equivalent fund balance stands at \$1,390,354.60, the economic development fund balance stands at \$1,629,553.19, the

2017 and 2021 bond and interest sinking fund balance stands at \$1,998,123.65, the renewal and replacement fund balance stands at \$6,357,486.20, the 2021 bond proceeds fund balance stands at \$16,809,822.62, and the self-insurance fund balance stands at \$2,017,560.68. BrightRidge is currently serving 81,832 customers, which is an increase of 838 customers since the same time last year. BrightRidge is presently the sixth largest municipal utility and the tenth largest utility overall in the Tennessee Valley Authority system.

Brian Bolling, Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer, again discussed the impact of the TVA pass-through fuel cost adjustment on revenues and updated the Board concerning the TVA Pandemic Relief Credit, which will be given to distributors for another year.

Upon motion of Dr. King, seconded by Mr. Haselsteiner, the monthly financial statements for September, 2022 for the Broadband Division were approved. The motion carried unanimously by roll call vote. Year-to-date income was \$136,496.86 more than last year's year-to-date figure, but year-to-date actual net income was \$36,290.96 less than the budgeted figure. The cash bank balance stands at \$1,776,601.77, the broadband debt service fund balance stands at \$2,282,028.87, the reserve fund balance stands at \$1,003,602.48, the broadband checking account balance stands at \$115,223.52, the broadband money market account balance stands at \$1,527,992.52, the voice service balance stands at \$129,745.77, and the video service balance stands at \$3,639.96. Capital projects closed to plant through September, 2022 totaled \$938,378.31 (plus construction work in progress since June, 2022 totaling \$1,240,118.83), with a \$8,457,951.86 capital budget remaining at this time.

Upon motion of Mr. Thomas, 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 September 27, 2022.

(b) The low bid of Stuart C. Irby Company in the amount of \$81,250.00 for 25,000 feet of #2AL 15 KV compressed primary cable.

(c) The low bid of Stuart C. Irby Company in the amount of \$76,815.00 for 8,000 feet of 350/350/4/0 Triplex Wesleyan cable (\$29,600.00), 30 pad transformer boxes, F/G for 1-phase (\$7,935.00) and 204 secondary F/G 9" X 14" X 36" pedestals (\$39,280.20).

(d) The low bid of Williams Electric Supply Company in the amount of \$53,141.00 for 7,000 feet of rigid 2" PVC conduit (\$17,150.00) and 9,300 feet of rigid 2 1/2" PVC conduit (\$35,991.00).

The motion carried unanimously by roll call vote.

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

(a) The low bid of Border States Electric Supply in the amount of \$145,027.00 for 100 Quazite 24" X 36" X 24" B/B enclosure boxes (\$39,417.00), 100 Quazite 13" X 24" X 18" enclosure boxes (\$22,200.00), 100 Quazite 12" X 12" X 12" enclosure boxes (\$12,208.00), 100 Quazite 12" X 12" enclosure covers (\$10,170.00), 100 Quazite 24" X 36" B/B enclosure covers (\$34,331.00), and 100 Quazite 13" X 24" enclosure covers (\$26,701.00).

The motion carried unanimously by roll call vote.

Mr. Thomas delivered the report of the Human Resources/Insurance Committee, which had met on October 18, 2022 to review a presentation by BrightRidge staff regarding the medical, dental, and vision insurance renewals for January 1, 2023. Upon motion of Mr. Thomas, on behalf of the Committee, the Board approved the staff recommendation of a negotiated rate from Blue Cross Blue Shield of Tennessee of a 10% rate increase over the existing medical plan, a 0% increase for renewal in 2023 and a rate guarantee until 2025, with a maximum annual benefit increase to the "high plan" to \$2,500.00 for dental coverage, and a 0% increase on the renewal for vision insurance. The motion carried unanimously by roll call vote.

Ms. Brock delivered the report of the Finance, Audit, Rates and Budget Committee, which had also met on October 18, 2022 to consider two items:

(a) Staff had recommended a proposed residential deposit refund option, which would apply to any residential customer who had had 36 months of account history at the same location with excellent pay history over the past 12 months.

Upon motion of Ms. Brock, on behalf of the Committee, the Board approved adding the residential deposit refund option to the company's Electric Rules and Regulations and Policy CS-100 Implementation of Service, with an effective date of January 1, 2023, pending final approval from the Tennessee Valley Authority. The motion carried unanimously by roll call vote.

The proposed policy changes are attached as Collective Exhibit "A" to these minutes.

(b) Matching funds of \$200,000.00 had been reserved in the FY 2022-2023 Broadband Division budget for a proposed grant to fund a fiber build in Greene County. That grant was declined, and the reserved match funds will not be utilized in the current fiscal year. The Broadband Division has determined that it can extend its fiber broadband distribution to 387 residential addresses in the Fall Branch community at a total cost of \$214,500.00, and requested the Board's approval to reallocate the matching grant funds to that project.

Upon motion of Ms. Brock, on behalf of the Committee, the Board voted to reallocate the \$200,000.00 previously earmarked for matching grant funds in the capital budget to the Fall Branch fiber project as presented to the Committee. The motion carried unanimously by roll call vote.

Mark Eades, Chief Engineering and Facilities Officer, presented an update regarding activities in his departments, this month focusing on three areas: (a) the Northeast Johnson City Substation rebuild, (b) the "Smart Lighting" Pilot Project in Founders and King Commons Parks in Johnson City, and (c) pricing and delivery issues for 3-phase pad-mount transformers.

Mr. Eades introduced Kenny Kidner, Substation and Power Equipment Supervisor, who serves as the "point person" on the Northeast Johnson City Substation rebuild. At a \$12 million price tag, the project is the largest single capital project the utility has ever undertaken, apart from the construction of the Boones Creek Road BrightRidge facility. The Northeast substation was built in the 1950s by the Tennessee Valley Authority and was rebuilt in the late 1960s. The current rebuild project is extensive, and includes replacement of four single-phase 50/833 MVA transformers, removal of the 13 kV busses, steel supports, and zig-zag transformers, removal of the 13 kV capacitor banks and removal and replacement of the 13 kV breakers and bays. The current TVA-built control house will also be replaced. The project will increase the capacity of the new substation from its current 250 MVA to 327 MVA.

The "smart lighting" project at Founders and King Commons parks is almost completed. Some of the BrightRidge poles were recently replaced with Illuminating Concepts poles to accommodate the necessary computer infrastructure installed in the base of the poles. The City of Johnson City is still working to complete its portion of the project, but it is anticipated that this will be accomplished soon.

Mr. Eades briefly discussed the challenge of obtaining 3-phase pad-mount commercial-grade transformers which are commonly used by business customers. In addition to the significant increase in pricing for these items, the current delivery lead times for them are as much as 90 weeks. BrightRidge has developed several options to meet its demand for these transformers, and Mr. Eades outlined those in his presentation.

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 9,050 active customers, 9.8% of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,094
Johnson City Fiber:	4,605
Piney Flats Fiber:	9

Telford Fiber:	199
Limestone Fiber:	287
Gray Fiber:	2,480
Kingsport Fiber:	178
Fall Branch Fiber:	31
Fixed Wireless:	167
Managed Wi-Fi:	5,820 (72% average "take rate")
IPTV Video:	1,245
Telephone VoIP:	1,048

Broadband deployment areas are as follows:

Johnson City:	4,572
Gray/Kingsport:	2,619
Jonesborough:	1,090
Bowmantown:	487

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 October 21, 2022, the division is trending 240 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 48.2% of the project completed and 2,429 addresses serviceable at this time. Five additional cabinets are either 90% or 95% complete and are expected to open very soon. 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 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 voted at today's Board meeting to fund the Fall Branch project, and work will begin on that infrastructure as well.

Mr. Evans shared a recent *Wall Street Journal* article that ranked metro areas according to real estate market data and economic health, with the Johnson City metro area being ranked No. 1 on the Wall Street Journal/Realtor.com Emerging Housing Markets Index. While a lot of buyers from Oregon, California, New York and other states were drawn to the area's home prices, low taxes, and hiking in the nearby mountains, Courtney Shaw of Remax/Checkmate Realtors was quoted as saying that "A lot of folks that come here tell me that high-speed internet is a main factor for them."

Attorney Steve Darden delivered an update to the Board on the status of the Red Dog/BrightRidge/Washington County litigation. A Settlement Agreement has

been drafted which will be presented to Washington County's CIA Committee and then to the full Commission on November 28th. Terms of the agreement include the movement of the Red Dog facility from its Bailey Bridge Road site to the Washington County Industrial Park by December 31, 2024, the establishment of a maximum noise level of 60 decibels from the property lines, and verbiage for a text amendment to the Washington County Zoning Resolution to allow for the establishment of bitcoin mining operations.

CEO Jeff Dykes announced that the APPA Legislative Session would be held in Washington, D. C. on February 27 - March 1, 2023. He asked that Board members advise of their intention to attend the session, as hotels would begin booking rooms on November 1st.

Mr. Dykes also advised the Board that Utility Board training would be held in Brentwood, Tennessee on December 7, 2022. This training is especially beneficial for new Board members.

The December Board meeting will be moved to December 14, 2022, with the Finance, Audit, Rates and Budget Committee meeting at 1:30 PM and the full Board convening at 2:00 PM.

Mr. Dykes announced the retirement on December 30, 2022, of Terri Mullenix-Jackson, who has taken the minutes of the meetings of the Johnson City Power Board and BrightRidge Board of Directors since April, 1997.

There being no further business, the meeting was adjourned.

Excerpt from our rules and regulations with an effective date of 1-1-2023.

- 2) **Deposit/Residential:** A deposit or other security may be required before service is supplied. BrightRidge will perform a credit check with a national credit bureau as part of this process. For residential customers, the deposit may be waived or reduced if the Customer: 1) has a current electric account with BrightRidge for a minimum of 12 months and has established a satisfactory credit rating as deemed by BrightRidge personnel and/or 2) has a satisfactory credit rating via a “green” rating (deposit waived) or “yellow” rating (deposit reduced). Residential deposits are as follows: waived is \$0, reduced is \$200, and standard is \$300 (“red” rating). There are situations in which a customer may be defined as high risk due to being disconnected for nonpayment, owing BrightRidge an unpaid debt, or tampering with a BrightRidge metering device in any way. When a customer meets the criteria for high risk, a deposit of two times the highest bill at that location may be required. If a customer requests installment arrangements on a deposit due to financial hardship, BrightRidge may consider accepting 50% of the deposit at time of application and billing the remaining 50% on the first month’s statement. Failure to pay the deposit may result in disconnection of services. Residential deposits shall be retained until the account is closed **or may be refunded if the customer has 1) been at the same account location for at least 36 consecutive months and 2) has an excellent payment history for the last 12 months. A customer that meets the criteria will have their deposit applied to their account at the end of the following month.** Residential deposits shall earn interest at an annual rate based upon the passbook savings account rate offered by BrightRidge’s main financial institution. Such earned interest will be credited to the Customer’s utility account annually (January). Customers may review deposit and interest records with the Customer Service Department. Upon termination of service, any deposit and accrued interest then existing will be applied to the account. BrightRidge shall have the right of recoupment and/or to offset the deposits against a Customer’s account. BrightRidge reserves the right to require a deposit/additional deposits should the account reflect collection activity.

Excerpt from CS-100 Implementation of Service policy with an effective date of 1-1-2023.

4. Residential Deposit: A deposit of Three Hundred Dollars (\$300.00) or a suitable guarantee shall be required of all residential customers. Each residential customer shall be eligible to receive a reduction/waiver if the customer: 1) has a current account with BRIGHTRIDGE for a minimum of twelve (12) months and has an established credit rating as deemed by BRIGHTRIDGE personnel and/or 2) has a satisfactory credit rating via a “green” rating (deposit waived) or “yellow” (deposit reduced). Residential deposits are as follows: waived is \$0, reduced is \$200, and standard is \$300 (“red”). There are situations in which a customer may be defined as high risk due to being disconnected for non-payment, owing BRIGHTRIDGE an unpaid debt, or tampering with a BRIGHTRIDGE metering device. When a customer meets the criteria for high risk, a deposit of two times the highest bill at that location may be required. If a customer requests installment arrangements on a deposit due to financial hardship, BRIGHTRIDGE may consider accepting 50% of the deposit at time of application and billing the remaining 50% percent on the first month’s statement. Residential deposits shall be retained until the account is closed **or may be refunded if the customer has 1) been at the same account location for at least 36 consecutive months and 2) has an excellent payment history for the last 12 months. A customer that meets the criteria will have their deposit applied to their account at the end of the following month.** Deposit and any accrued interest are applied to the final bill. Residential deposits shall earn interest at an annual rate based upon the passbook savings account rate offered by BRIGHTRIDGE’s main financial institution. Such earned interest will be credited to the customer’s utility account annually (January). Customers may review deposit and interest records with the Customer Service Department. BRIGHTRIDGE shall have the right of recoupment and/or to offset the deposits against the customer’s account. BRIGHTRIDGE reserves the right to require additional deposits should the account reflect collection activity.