

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

September 22, 2020

PRESENT: Jenny Brock  
Joe Grandy  
James Haselsteiner  
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 & Market Strategy Officer  
Mark Eades, Chief Engineering and Facilities Officer  
Eric Egan, Chief Data Officer  
Stacy Evans, Chief Technology and Broadband Officer  
Rodney Metcalf, Chief Operations Officer  
Tim Whaley, Director of Public and Governmental Affairs  
Joe Harvey, Hunter Smith Davis, LLP

ABSENT: Dan Brant  
Hal Knight  
Brian Ellis, Service Department Manager  
Donnie Hall, Safety/Environmental Manager  
David Spinnato, Physical Plant/Warehouse Manager  
Tiphonie Watson, Customer Support Manager

Chairman James Smith called the meeting to order.

CEO Jeff Dykes delivered the following statement:

Operating under authority of **Executive Order No. 16**, as extended (now **Executive Order 50**), signed on March 20, 2020 by Tennessee Governor Bill Lee, BrightRidge will be conducting all Board of Directors' meetings electronically, at least through the duration of the Order. As required under **Executive Order No. 16** as extended, a full audio recording of the meeting will be posted at **BrightRidge.com** under the "Community" section, along with a meeting agenda, within 48 hours of the meeting.

Area media are being offered the opportunity to listen live, but all follow-up questions should be directed to the BrightRidge Public Affairs Office after the meeting is concluded. Members of the public should also direct any questions to the Public Affairs Office.

These measures are temporarily adopted by the BrightRidge Board of Directors to protect the health, safety, and welfare of the general public, staff, and Board members in response to the COVID-19 outbreak. BrightRidge is committed to full transparency and will continue to review the viability of other potential virtual meeting venues moving forward, with authority to conduct meetings electronically set to expire on October 29, 2020, unless renewed.

BrightRidge continues to respect the open meetings and open records laws and will work diligently to continue the free flow of information as protected under the **Tennessee Constitution** and the **Tennessee Open Meetings Act**.

Upon motion of Mr. Thomas, seconded by Mr. Mabrey, the Board voted to add the following item to today's Board meeting agenda:

(a) Item 7E - Consideration of a \$30,000.00 contribution to the Heisse Johnson Hand Up Program, to be matched with a \$30,000.00 contribution to the fund by the Tennessee Valley Authority through its TVA Community Care Fund.

The motion carried, with Ms. Brock absent at the time of the vote.

Upon motion of Mr. Grandy, seconded by Mr. Haselsteiner, the Board voted to add the following item to today's Board meeting agenda:

(a) Item 7F - Consideration of a budget allocation in the amount of \$40,000.00 from the Economic Development fund to extend fiber for high-speed internet to the ETSU/Eastman Valleybrook Campus for advanced research programs through East Tennessee State University.

The motion carried, with Ms. Brock absent at the time of the vote.

Upon motion of Dr. King, seconded by Mr. Grandy, the monthly power distributor's report submitted to the Tennessee Valley Authority for July, 2020 was approved. The motion carried unanimously by roll call vote.

Year-to-date income was \$785,439.64 more than last year's year-to-date figure. Year-to-date actual net income was \$288,041.61 more than the budgeted figure. The general fund balance stands at \$26,394,754.54, the reserve fund balance stands at \$6,740,559.50, the special reserve fund balance stands at \$5,996,191.41, the tax equivalent fund balance stands at \$456,941.39, the economic development fund balance stands at \$1,593,575.29, the 2017 bond and interest sinking fund balance stands at \$1,008,115.82, the renewal and replacement fund balance stands at \$6,274,542.60, and

the self-insurance fund balance stands at \$2,045,525.08. BrightRidge is currently serving 80,094 customers, which is an increase of 706 customers since the same time last year.

Upon motion of Dr. King, seconded by Mr. Grandy, the monthly financial statements for July 2020 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stands at \$2,476,594.25, and capital projects closed to plant through July totaled \$847,376.51 (plus construction work in progress since June 2020 totaling \$252,236.91), with a \$7,827,106.58 capital budget remaining at this time.

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

(a) The minutes of the August 25, 2020 Board meeting.

(b) The low bid of Irby in the amount of \$247,851.00 for 200 500 CU 69KV compact transmission cable. This is a proprietary item, the sole source for which is Irby. The other submitted bid, which was higher in price, was for a type of cable which has not been approved by the Engineering Department.

The motion carried unanimously by roll call vote.

Upon motion of Ms. Brock, seconded by Dr. King, the Board approved the following items on the Broadband Division Consent Agenda:

(a) The low bid of Graybar in the amount of \$62,060.00 for 200 dome splice enclosures.

(b) The low bid of Graybar in the amount of \$9,132.00 for 400 FOSC-ACC-D Tray 72 splice trays.

(c) The low bid of Power and Tel in the amount of \$81,296.00 for 400 LG-600 FTTX/24 aerial closures.

(d) The low bid of Power and Tel in the amount of \$7,400.00 for 400 LL-4808L-R-FTTX splice trays.

(e) The purchase of 1,050 Kaon KST2020 digital media player video devices at a cost of \$116,244.45 from Blonder Tongue, with delivery and invoice payments being scheduled throughout the budget year. The Kaon KST2020 digital media player was selected by BrightRidge Broadband in January 2020 as its digital media player for its video customers desiring a "Screen Zero" experience. The device loads directly into the BrightRidge channel guide selection and viewing experience without being required to choose an application. Due to current international demand and COVID-19 impact on the supply chain, the purchase of these units is for the remainder of 2021.

(f) The low bid of vCloud Tech, Inc. in the amount of \$58,310.84 for the purchase of a license upgrade for the Broadband VMware virtual server environment.

The motion carried unanimously by roll call vote.

Mr. Thomas delivered the report of the Human Resources/Insurance Committee, which met immediately prior to today's Board meeting to consider several liability insurance coverages for the period October 2020 to September 2021. Upon motion of Mr. Thomas, on behalf of the Committee, the Board approved the following insurance coverages:

(a) Automobile - Cincinnati Insurance through local agent Watauga Insurance in the annual premium amount of \$76,791.00. This premium will be divided 50%/50% between the Electric and Broadband Divisions.

(b) Property - Cincinnati Insurance through local agent Watauga Insurance in the annual premium amount of \$28,640.00. This premium will be paid by the Electric Division.

(c) General Liability - Distributors Insurance Company (DIC)/Chubb through local agent Johnson City Insurance Agency, Inc. in the annual premium amount of \$106,081.00. This premium will be divided 50%/50% between the Electric and Broadband Divisions.

(d) Excess or Umbrella Liability - DIC/Navigators through local agent Johnson City Insurance Agency, Inc. in the annual premium amount of \$24,675.00. This premium will be paid by the Broadband Division.

(e) Pollution Liability - DIC/Chubb through local agent Johnson City Insurance Agency, Inc. in the annual premium amount of \$5,291.00. This premium will be divided 50%/50% between the Electric and Broadband Divisions.

(f) Cyber and Privacy Insurance - DIC/Lloyd's/Beazley through local agent Johnson City Insurance Agency, Inc. in the annual premium amount of \$30,000.00.

(g) Directors' and Officers' Liability - DIC/Chubb through local agent Johnson City Insurance Agency, Inc. in the annual premium amount of \$11,707.00

The premium totals for these coverages amount to \$283,185.00. The motion carried unanimously by roll call vote.

Mr. Dykes advised the Board that Tennessee Valley Authority representatives had planned to come to BrightRidge to present a plaque to BrightRidge employee Jerry Davis upon his retirement from the company, but had been unable to do so because of the COVID-19 epidemic. However, the TVA did send the award to Mr. Davis, which reads as follows:

"Tennessee Valley Authority  
Award of Appreciation

Presented to  
Jerry Davis

on your retirement as Underground Supervisor  
of BrightRidge after 62 years  
of partnership and dedicated service

Your outstanding contributions and excellent service  
are deeply appreciated."

The plaque was signed by the President and Chief Executive Officer and Executive Vice President, External Relations, of the Tennessee Valley Authority.

Mark Eades, Chief Engineering and Facilities Officer, delivered a short presentation to the Board regarding recent activities in his departments, this month focusing on how customer aid-to-construction charges are determined.

Prior to the 1990s, new services were handled through a "minimum bill" charge based upon the number of poles set. The minimum bill charge was \$8.00 per month per pole for three years. If the customer's bill was above the minimum bill charge, nothing extra was due. Since customer bills were seldom below the minimum bill charge, these capital expenses resulted in basically no charge to the customer.

Prior to 1987, subdivision charges were approximately \$500.00 per lot based upon a cost difference between the cost of servicing a subdivision overhead and the cost of servicing a subdivision underground. Thirty years later, the infrastructure on these subdivisions requires replacement, with no charge being implemented for this replacement.

In the early 1990s, a customer would pay \$6.00 per month for a private light, including the power costs, and \$2.00 for the pole. At this rate, it would take 20 years for the company to "break even" on installation charges for each private light.

These pricing calculations have resulted in there being essentially no aid from customers in replacing infrastructure and/or adding additional infrastructure, and growth of the utility's customer base further exacerbated this issue. The company passed the 50,000 mark in number of customers in 1987; 20 years later, in 2007, BrightRidge had 72,966 customers, an average growth of 1,148 customers per year. (This is twice the current customer growth rate.) Thirteen substations have been built or substantially upgraded since 1987. To alleviate the capital outlay infrastructure costs, a list was developed of the most common installations and the calculation method for their associated charges, and Mr. Eades discussed four of these:

(a) Service Pole and Overhead Service - The major components of this service include the service pole, service lines, and transformer. Costs over the past four years are reviewed and an average cost is determined, including a credit for a basic level of service.

(b) Three-Pole Job and Overhead Service - The major components of this service include three poles, service lines, and transformer. Average costs are determined, including the customer credit, in a similar manner to the Service Pole and Overhead Service charges.

(c) Pedestal Service and Transformer - The major components of this service are a pole, transformer, and pedestal. This service occurs when a customer desires underground service, but the facilities serving that location are all overhead. Average costs are determined in the same manner, with the four-year averaging and application of the customer credit.

(d) Underground Subdivision - These charges are assessed to developers rather than individual customers and are based upon the number of lots in the subdivision. A four-year average price is determined by dividing the total costs of the jobs by the total number of lots in the subdivisions. No customer credit is applied because there are no services associated with these installations. These jobs are totally infrastructure in nature.

Mr. Eades stated that while aid-to-construction charges assist with the installation costs for certain services and result in noteworthy cost reductions to capital expenditures, BrightRidge still incurs significant capital expenditure and operation and maintenance costs for transmission lines, right-of-way maintenance, distribution lines, substations, vehicles, tree-trimming, underground replacement costs, and overhead line maintenance.

Aid-to-construction charges have not been increased since 2012, and an updated list of these charges will be submitted to the Board for consideration at next month's meeting.

Stacy Evans, Chief Broadband Officer delivered an update regarding the broadband project. At the time of the Board meeting, the Broadband Division has a total of 2,032 customers, and installation rates in Jonesborough and for Managed WiFi, IPTV Video and Telephone VoIP have increased. Normal customer sales activities have decreased of late, as these employees are working in the grant areas asking for approval from customers to install drop fiber to their homes.

The Marketing department continues its activities through direct mail, Customer Service call-outs to residential and business customers, campaigns of digital marketing through social media, the placement of door hangers, and direct door-to-door sales. Three billboards have also been placed. New customers receive yard signs to

alert neighbors to the availability BrightRidge broadband, and the Customer Referral Program continues, with the referring and the new customer each earning a \$25.00 credit on their respective bills with each referral. The company is also investigating the utilization of a home product which will provide a mesh technology to allow gig symmetrical wireless service within 1,500 feet of fiber or a tower. This product would provide high speed fiber-like service at a lower cost than building out expensive underground fiber.

Most of the Phase III aerial crews have now been temporarily reassigned to the Bowmantown and Pleasant Valley grant areas. Phase III underground construction remains on schedule. With respect to wireless service, the Stockyard Road tower is now active. The South Central tower is up and site surveys are under way. The Pleasant Valley tower is part of the grant project, and the TDOT road widening project in Fall Branch is about 2/3 complete, and is expected to be completed within the next four to five weeks, at which time a wireless tower can be placed and the grant work in the Oak Glen area can occur.

Approximately sixty percent of strand installation has been completed on the Bowmantown area grant project. Thirty-six percent of the fiber has been completed. The point-of-presence building will be delivered on October 1st. The grant covers 80% of the costs associated with the fiber drops, the fiber construction and backbone distribution, and the installation, if completed by the December 15th deadline.

All strand installation is completed on the Pleasant Valley project, 3.8 miles of fiber is completed, and splicing is pending. The pole has been placed and electronics will be assembled and mounted within the next two weeks.

Drop fiber to the premise has occurred at Jonesborough Elementary and Middle Schools, and coordination continues with the school administrators regarding the other school location grant projects. There are three Johnson City school installations, and they remain pending. Fiber to the premise has occurred at two of the three Sullivan County school locations. Six miles of fiber running along Highway 11-E from the Washington County Industrial Park to the Greene County line to accommodate the Limestone Ruritan project will be completed within the next two weeks, and work continues on the other community building grant projects.

Upon motion of Mr. Thomas, seconded by Mr. Mabrey, the Board approved the reallocation of \$50,000.00 from IT contingency funding to the long-term backup solution (ransomware protection) funding to improve redundancy and to meet additional storage, memory, and processor requirements following the NISC system upgrades. The motion carried unanimously by roll call vote.

Upon motion of Ms. Brock, seconded by Mr. Haselsteiner, the Board approved a \$30,000.00 contribution to the Heisse Johnson Hand Up Program, to be matched with a \$30,000.00 contribution to the fund by the Tennessee Valley Authority through its TVA Community Care Fund. The motion carried unanimously by roll call vote.

Upon motion of Mr. Grandy, seconded by Ms. Brock, the Board approved a budget allocation in the amount of \$40,000.00 from the Economic Development fund to extend fiber for high-speed internet service to the ETSU/Eastman Valleybrook Campus for advanced research programs through East Tennessee State University. The motion carried by roll call vote, with Dr. King abstaining from the vote.

Mr. Dykes announced that Bonnie Donnolly and Board member Jenny Brock will be speaking at an electric vehicle conference on Thursday, September 24th, with respect to electric vehicles and their impact on the community. Mr. Dykes will also be speaking at a TVPPA Zoom meeting regarding the relationship between worker safety and productivity.

Potential dates will be provided for a workshop to be held prior to the next Board meeting to cover aid-to-construction cost adjustments, to address Broadband inter-division loan documents, to discuss the possibility of a one-year rate reduction as a result of a TVA rate deferral, and to review Board Committee appointments. Board members were asked to advise of their availability for the workshop.

A press release will be issued on September 23rd regarding the utility's participation with the TVA Community Care fund.

Ms. Brock asked Mr. Grandy to forward her any remarks he might want her to make at the electric vehicle conference with respect to Washington County's electric school bus. Mr. Grandy commented that the county had not yet received the bus, but that it was his understanding that it was presently in transit.

There being no further business, the meeting was adjourned.