

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

September 26, 2023

PRESENT: Gary Mabrey
James Haselsteiner
Ronald Hite
Kenneth Huffine
John Hunter
Kimberly McCorkle
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
Stacy Evans, Chief Broadband and Technology Officer
Lori Farmer, Supervisor, General Accounting
Donnie Hall, Safety/Environmental Manager
Tiphonie Watson; Customer Support Manager
Tim Whaley, Director of Public and Governmental Affairs
Stephen Darden, Hunter Smith Davis, LLP

ABSENT: Hal Knight
Robert Thomas
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

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

Sam Ford provided an update on the Control Room, which consisted of ongoing software updates to OMS (Outage Management System), SCADA system and camera software; as well as continued training into the Outage Management System. The department is working to implement new Control Room Operator Level I, II and III positions that will help manage the increase in customer energy use, as well as the increase in generator and solar installations by customers. He stressed the importance of the BrightRidge's after-hours Night Dispatcher in handling customer calls and coordinating quick responses by our field technicians and area first responders. In addition to these new positions, the department has also implemented a new shift schedule which will insure all employees are not working more than 3 days in row and are off at least 26 weekends a year.

Upon motion of Mr. Hite, seconded by Mr. Haselsteiner, the monthly power distributor's report submitted to the Tennessee Valley Authority for July 2023 was approved. The motion carried unanimously by roll call vote. Year-to-date income was - \$2,501,573.36 less than last year's year-to-date figure and year-to-date actual net income was -\$995,266.06 less than the budgeted figure. The general fund balance stands at \$24,078,454.95, the reserve fund balance stands at \$8,933,071.54, the special reserve fund balance stands at \$8,146,465.26, the tax equivalent fund balance stands at \$1,017,051.87, the economic development fund balance stands at \$1,782,393.36, the 2017 bond and interest sinking fund balance stands at \$1,193,587.23, the renewal and replacement fund balance stands at \$10,562,869.34, the 2021 bond proceeds fund balance stands at \$5,676,238.60; and the self-insurance fund balance stands at \$2,008,616.61. BrightRidge is

currently serving 82,905 customers, which is an increase of 993 customers since the same time last year, which represents a 1.21% growth rate.

Upon motion of Mr. Hite, seconded by Mr. Haselsteiner, the monthly power distributor's report submitted to the Tennessee Valley Authority for August 2023 was approved. The motion carried unanimously by roll call vote. BrightRidge is currently serving 82,892 customers. Year-to-date income was -\$2,277,016.60 less than last year's year-to-date figure and year-to-date actual net income was \$1,151,073.48 more than the budgeted figure. The general fund balance stands at \$22,627,597.59, the reserve fund balance stands at \$10,959,153.00, the special reserve fund balance stands at \$8,152,463.60, the tax equivalent fund balance stands at \$1,517,712.34, the economic development fund balance stands at \$1,797,113.54, the 2017 bond and interest sinking fund balance stands at \$1,555,442.78, the renewal and replacement fund balance stands at \$10,592,387.50, the 2021 bond proceeds fund balance stands at \$3,029,380.56; and the self-insurance fund balance stands at \$2,010,037.95.

Upon motion of Mr. Hite, seconded by Mr. Haselsteiner, the monthly financial statements for July 2023 for the Broadband Division were approved. The year-to-date income was \$194,749.58 more than last year's year-to-date figure, and year-to-date actual net income was \$328,126.49 more than the budgeted figure. The cash bank balance stands at \$415,684.53, the broadband debt service fund balance stands at \$2,263,706.43, the reserve fund balance stands at \$1,027,330.30, the broadband checking account balance stands at \$138,119.53, the broadband money market account balance stands at \$224,035.67, the voice service balance stands at \$26,879.59, and the video service balance stands at \$6,649.74.

Upon motion of Mr. Hite, seconded by Mr. Haselsteiner, the monthly financial statements for August 2023 for the Broadband Division were approved. The year-to-date income was \$387,110.64 more than last year's year-to-date figure, and year-to-date actual net income was \$633,096.73 more than the budgeted figure. The cash bank balance stands at \$3,006,546.38, the broadband debt service fund balance stands at \$3,222,986.56, the reserve fund balance stands at \$1,030,201.20, the broadband checking account balance stands at \$408,222.06, the broadband money market account balance stands at \$2,401,438.45, the voice service balance stands at \$13,795.37, and the video service balance stands at \$59,090.50.

Mr. Bolling added that current assets have increased by \$816,554.00. The year-to-date kWh Sales are down 288,241 compared to the prior year. The year-to-date Operating Revenues are also down \$8,936,645. The year-to-date Operating Expenses, excluding Power Cost, are down \$136,430 compared to last year and under budget by 6.9%. The year-to-date Average Load Factor is 60.50% and the year-to-date Net Income is down \$2,501,573 over the last year. The FCA is down 47.05% from August 2022 to August 2023. Customers are currently up 1,066 since last year.

Mr. Bolling advised that the TVA Board of Directors approved a 4.5% wholesale rate increase on August 24, 2023. This increase will take effect in the October 2023 billing cycle and result in an overall retail rate increase of 2.7%. This increase is an automatic pass through to customers, with TVA providing retail rates. The TVA stated that the purpose of this increase is to raise funding to build and update its power grid, as they are anticipating a 30% growth in their load over the next ten years. BrightRidge discussed this increase with our rates consultant, Chris Mitchell. BrightRidge's last rate increase was in 2018. At this time we have determined no additional rate increase is needed, as we are financially healthy.

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

(a.) The minutes of the Board meeting on August 22, 2023; and

(b.) The purchase of two 2024 Freightliner M2-1600 Altec Bucket Trucks in the amount of \$494,000.00.

The motion carried unanimously by roll call vote.

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

(a.) The purchase of Residential and Commercial Underground Fiber Drop services, not to exceed \$500,000.00 over the next 3-year period; and

(b.) The purchase of a 2024 Versalist STP-36-NE Bucket Truck in the amount of \$165,213.00.

The motion carried unanimously by roll call vote.

Mr. Smith delivered the report from the Insurance Committee, which met on September 26, 2023 prior to the Board Meeting to consider the renewal of the commercial property and vehicle insurance for coverage through Cincinnati Insurance beginning October 1, 2023 through September 20, 2024. The Board has previously approved an offer from Watauga Insurance through Cincinnati insurance for the same rates for three years (2023, 2024, 2025) for the commercial property premium. The commercial output policy requires the property and auto be packaged together. The auto rates would change annually.

Upon motion by the Insurance Committee, the Board approved the renewal of property and vehicle insurance by unanimous roll call vote.

In addition, the Insurance Committee met to consider the renewal of our liability insurance for coverage beginning October 1, 2023 through September 20, 2024. BrightRidge utilized the TVPPA Insurance Program to secure the insurance recommendation. Distributors insurance Company (DIC), locally represented by Johnson City Insurance Agency, Inc., provided quotes for liability insurance coverage which totaled \$256,072, an increase of \$16,983 (7.1%) from the previous year.

Upon motion by the Insurance Committee, the Board approved the renewal of liability insurance by unanimous roll call vote.

Mr. Huffine delivered the report from the Finance, Audit, Rate & Budget Committee, which met on September 26, 2023 prior to the Board Meeting to consider the aid-to-construction charge proposal, which did not include transformer costs. The charges reviewed included individual pole services with overhead line services or underground services, development charges for apartments and/or subdivisions and temporary services involving overhead line or underground services.

Upon motion by the Finance Committee, the Board approved the aid-to-construction charge proposal by unanimous roll call vote.

Mark Eades delivered a presentation on current Construction Contracts with Pike Construction and Vegetation Contract with Wolfe Tree Services. He discussed the differences between different contract types (Cost Plus vs. Unit Contracts). He described how all companies are researched to determine their safety records, company size and employee information, accident history and insurance coverage prior to entering into any agreement for services. In addition, Mr. Eades presented a brief presentation on how our energy usage is measured, how average and peak demand are determined and how the highest demand average and usage are used to determine a customer's statement.

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 12,851 active customers; 1,187 of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,299
Johnson City Fiber:	7,069
Piney Flats Fiber:	245

Telford Fiber:	228
Limestone Fiber:	308
Gray Fiber:	3,196
Kingsport Fiber:	223
Fall Branch Fiber:	127
Fixed Wireless:	156
Managed Wi-Fi:	8,314 (72% average "take rate")
IPTV Video:	865
Telephone VoIP:	1,279

Mr. Evans stated that the Broadband Division continues to work toward new FY2024 goal of adding 4,542 net customers for a target of 16,249 by June 30, 2024. As of September 22, 2023, the division is trending 53 customers above the linear budget line (12,806 actual vs. 12,752.8 budgeted). We expect to have 13,000 customers by October 9, 2023.

The residential product growth since July 1, 2023 has been 15% in 1Gb service (2,402 current customers), 8% in 600Mb service (5,688 current customers) and 7% in 300Mb services (3,269 current customers) for a total increase of 983 residential customers.

Mr. Evans stated that U.S. Broadband providers average between 1% to 5% churn (customer disconnects), with 2% considered normal. In August 2023, BrightRidge was below this national average, with a churn rate due to moves at 1.30% and churn rate without moves down to 0.35%.

Mr. Evans states that several Broadband customer disconnects are due to a competitor currently offering discount promotions on their rates. They have had several customers comment that they would be back when those promotions end. He also believes the slowing rate of video subscriptions terminations (current average decline of 3.6 per week) is due to competitors' recent rate increases, which means current customers are staying with us longer. This may change with upcoming rate increases in January 2024 and the bulk of video contract set to expire in April 15, 2025.

Mr. Dykes mentioned that several candidates for the Chief Operating Officers position would be coming in for tours and meetings in the near future.

Mr. Dykes stated that they would also continue to discuss with rates consultant, Chris Mitchell, the recent TVA increase and any potential BrightRidge rate increase that may be needed in the future.

Mr. Dykes also mentioned the counties ongoing discussions regarding the Tweetsie Trail expansion that could involve obtaining rights of way for trail crossings beneath BrightRidge lines.

Mr. Hite and Mr. Huffine complemented Stacey Evans on his recent Broadband presentation to the Washington County Commission. They relayed that his presentation was well received and that the commissioners were reviewing the packet of materials he provided.

Following the regular meeting agenda, the Board moved to executive session.

There being no further business, the meeting was adjourned.