

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

January 28, 2025

PRESENT: James Haselsteiner
Andy Dietrich
Ronald Hite
Kenneth Huffine
John Hunter
Gary Mabrey
Kimberly McCorkle
James Smith
Robert Thomas
Jeffrey R. Dykes, Chief Executive Officer
Rob Arnold, Chief Operations Officer
Brian Bolling, CPA, Chief Financial Officer and Supply Chain Officer
Connie Crouch, Chief Employee Relations Officer
Mark Eades, Chief Engineering and Facilities Officer
Eric Egan, Chief Data Officer
Stacy Evans, Chief Broadband Officer
Lori Farmer, Supervisor, General Accounting
Tiphonie Watson; Chief Customer Officer
Tim Whaley, Director of Public and Governmental Affairs
Stephen Darden, Hunter Smith & Davis, LLP

ABSENT: Dr. Kimberly McCorkle
Bonnie Donnolly, Chief Development and Market Strategy Officer
Donnie Hall, Safety/Environmental Manager
David Spinnato, Physical Plant/Warehouse Manager

Chairman James Haselsteiner called the meeting to order.

Upon motion of Mr. Thomas, seconded by Mr. Dietrich, the monthly power distributor's reports submitted to the Tennessee Valley Authority for November and December 2024 were approved. The motion carried unanimously by roll call. Year-to-date income was \$1,864,333.89 more than last year's year-to-date figure and year-to-date actual net income was \$933,502.02 more than the budgeted figure. The general fund balance stands at \$21,306,816.55, the reserve fund balance stands at \$978,472.92, the special reserve fund balance stands at \$670,602.41, the tax equivalent fund balance stands at

\$2,884,931.01, the economic development fund balance stands at \$1,891,163.49, the 2017 and 2021 bond and interest sinking fund balance stands at \$2,334,579.42, the renewal and replacement fund balance stands at \$520,429.39, the miscellaneous proceeds fund balance stands at \$2,601.87; and the self-insurance fund balance stands at \$2,016,991.01. BrightRidge is currently serving 84,109 customers, which is an increase of 831 customers since the same time last year, which represents a 1.00% growth rate.

Upon motion of Mr. Thomas, seconded by Mr. Dietrich, the monthly financial statements for November and December 2024 for the Broadband Division were approved. The year-to-date income was \$488,231.31 more than last year's year-to-date figure, and year-to-date actual net income was \$933,037.53 more than the budgeted figure. The broadband debt service fund balance stands at \$7,154,857.35, the reserve fund balance stands at \$4,734,295.19, the broadband checking account balance stands at \$955,049.84, the broadband money market account balance stands at \$52,133.47, the voice service balance stands at \$16,113.84, and the video service balance stands at \$19,431.29.

Mr. Bolling concluded his report by adding that current assets have increased by \$16.8 million. The year-to-date Operating Revenues are up \$6.5 million. The year-to-date Operating Expenses, excluding Power Cost, are up \$2,101,406 compared to last year and under budget by 2.98%. The year-to-date Average Load Factor is 59.13% and the year-to-date Net Income is \$1.8 million, an increase over the last year. The FCA is up 16.62% from December 2023 to December 2024. BrightRidge customers are up 831 since last year.

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

- (a.) The minutes of the Board meeting on December 17, 2024.
- (b.) The purchase of a 75 KVA transformer from Pulce MAC in the amount of \$7,860.00 as part of Bid Tab #8483.
- (c.) The purchase of a 225 KVA transformer from Gresco in the amount of \$16,110.00 as part of Bid Tab #8483.
- (d.) The purchase of three 300 KVA transformers from Gresco in the amount of \$54,162.00 as part of Bid Tab #8483.

The motion carried unanimously by roll call vote.

Mr. Smith spoke on behalf of the HR/Insurance Committee, which met today to present proposed changes to HR-305/Vehicle Use and Operation – section G and H. Staff recently discussed the needed changes regarding the use of cones and the “360 magnet” program. Since many of the vehicles are now aluminum the magnet placed on the door is not an option, they recommend replacing them with a steering wheel cover that is to serve

the same purpose as the magnet. Currently 24" cones are required for all truck sizes 250 or greater. Management is now proposing we require an 18" collapsible cone be placed in the front and rear of all standard passenger vehicles when parked.

The HR/Insurance Committee made the motion to accept these changes to the HR-305/Vehicle Use and Operations procedures as presented. The motion carried unanimously by roll call vote.

Mr. Eric Egan, Chief Data Officer and Heather Light presented the board with a report on the monthly billing process to customers. The billing team (consisting of Heather Light, Lisa Soffiotto, Wendy Helms and Ashlee Ebberts) handle over 84,000 electric bills and over 19,000 Broadband bills each month; consisting of residential, commercial, small industrial and large industrial (TVA Partnered) accounts.

The billing process consists of managing and validating the flow of data from meters to the billing system (over 2 million hourly readings processed daily in MDM), rendering bills, images and messages, as well as reconciling accounts and investigations and alerts. Their internal business processes along with the integration of NISC's billing system with Tantalus and MDM software enable them to deliver accurate, timely bills to our large and diverse customer base. This system ensures that our billing process is efficient, scalable, and, most importantly, accurate, which leads to satisfied customers and streamlined operations.

Stacy Evans, Chief Broadband and Technology Officer, delivered an update regarding the broadband project. Mr. Evans announced that at the time of the Board meeting, the Broadband Division has a total of 19,262 active customers, of which 1,619 are business or commercial entities.

For FY25, our goal is to add 4,136 new net customers (79.54 average net adds per week needed) by June 30, 2025. As of January 24, we are 787 customers ahead of the linear budget line. FY25 installations total 4,665 with total disconnects at 1,492; resulting in total net adds of 3,173. Mr. Evans believes they are on target to hit 20,000 customers at the end of March.

Mr. Evans reported that U.S. broadband providers average between 1%-5% churn per month, with 2% considered normal. BrightRidge's current churn rate is 1.14% including moves (0.52% without moves).

Mr. Evans confirmed that video subscribers are below 600, with continued efforts to get those switched before June. New campaigns are in the works with the help of Tiphany and her team, including upcoming employee call outs.

Mr. Evans advised that there are various offers by competitors going on now, which have led to a small drop in take rates within the Phase 1 area. Other than that, we have grown in all other categories. Broadband is still doing very well, taking many more away from competitors each week than they do us. We have 137 activations scheduled this week. Growth in our new grant areas is currently at 1.4%. Mr. Evans noted there was a dip in customer growth during the holidays and the snaps of cold weather, but we are seeing

that pick back up already. Their pending orders have jumps considerably over the past week.

Mr. Evans updated the board on the growth of each offer produced, stating that the 2.5G has been a very popular product (growing from 18 customers to 313), with the cost at \$99.99 per month. They are also seeing good take rates on the 1G as well.

Broadband ARPU has continued to grow month over month (\$70.21 November vs. \$70.48 December). Mr. Evans advised that compared to where we started in 2019 (\$54.31), that ARPU change has resulted in a \$3.37 million dollar difference on our revenue per year.

Upon motion of Mr. Mabrey, seconded by Mr. Smith, the Board approved rescheduling the February Board of Director's meeting to Tuesday, February 18, 2025 at 4:15 p.m. The motion carried unanimously by roll call vote.

Mr. Dykes made note of a potential upcoming news release involving the TVA's efforts to reduce annual cost, including staff reductions. Mr. Dykes thanked everyone for being here today and thanked the officers for their updates.

Mr. Diedrich thanked the Board for the contributions BrightRidge made towards Region Ahead, stating that the program has raised \$806,000.

There being no further business, the meeting was adjourned.