

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

February 23, 2021

PRESENT: Dan Brant
Jenny Brock
Joe Grandy
James Haselsteiner
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 & 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
Tim Whaley, Director of Public and Governmental Affairs
Amy Edge, TVA General Manager, Northeast District Customer Delivery
Kevin McMillion TVA Boone Dam Project Project Manager
Chris Saucier, TVA Boone Dam Project Technical Director
Mary Ellen Miller, TVA Program Manager

ABSENT: Donnie Hall, Safety/Environmental Manager
Rodney Metcalf, Chief Operations Officer
David Spinnato, Physical Plant/Warehouse Manager
Melissa Taylor, Supervisor, General Accounting
Tiphonie Watson, Customer Support Manager
Stephen M. Darden, Hunter Smith Davis, LLP

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 71**), 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 February 27, 2021, 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**.

Amy Edge, TVA General Manager, Northeast District Customer Delivery, introduced Project Construction Manager Kevin McMillon and Project Technical Director Chris Saucier. Mr. McMillon and Mr. Saucier delivered an update on the TVA Boone Dam Project. The final element needed to construct the underground seepage barrier to form the cutoff wall was completed in January, 2021. Twenty-six thousand cubic yards of concrete were used in construction of the wall, equivalent to approximately 2,600 truck loads. Various inspections and tests have been or will be performed to ensure that the wall was constructed to specifications. The remaining elements of the project include completion of the flood wall, crest restoration, and site restoration. Crews continue to work on cutting and removal of lake vegetation. To date, 2,200 acres of vegetation have been cut from the lake bed in partnership with two local community organizations, the Boone Lake Association and the Boone Dam Repair Coalition. Vegetation cutting and removal is expected to continue until mid-March, with crews remaining to address any additional debris issues until around July. To date, 1.9 million man hours have been expended on the project. The project remains under budget and on schedule.

Chris Saucier discussed the planned pool fluctuations during the testing and evaluation period for the wall. He stated that deviations from target elevations should be anticipated and that rates of rise may not be precisely uniform. Such deviations may be necessary to ensure public safety, to maintain appropriate flood protection during rainfall events, to accommodate the specific needs of the performance evaluation program, and/or to ensure ongoing conformance to TVA's commitments to the public interest as described in its Valley-wide reservoir operations plans. Normal operations for the dam will

fully return in July, 2022. Mr. Saucier provided contact information for TVA regarding general information and news releases, daily update of lake levels, general questions, vegetation questions, and questions regarding docks.

Brian Ellis, Service Department Manager, delivered a presentation regarding trees and tree trimming on the BrightRidge distribution system. Mr. Ellis showed the Board the BrightRidge System Tree Maps, with the color blue indicating areas where trees have been removed and where bush hogging only remains to be completed. The color green indicated trimmed areas within the past two years. The color red indicated areas where action is needed with respect to tree trimming. Mr. Ellis advised the Board that the period between October, 2019 and September, 2020 was the wettest TVA fiscal year in its 131-year recordkeeping period, with 75.74 inches of rain recorded in the Tennessee Valley during that time period. The normal average is approximately 51 inches of rain. In fact, there were record breaking rain periods over the past four years. Record rains result in record tree growth.

Additionally, there has been a problem with infected dead ash trees resulting from the emerald ash borer insect. Emerald ash borers can kill a tree within one to two years. An ash tree removal project was undertaken on South Roan Street near the Tipton Haynes Historical Site to remove 81 diseased and dead trees.

Sixty-six problem pine trees were also removed on South Roan Street where they were growing into a main distribution line. Thirty Bradford pear trees were removed on Hairetown Road around fiber lines and ground-level equipment. Trees over the distribution line at Franklin Terrace near a creek bank were also removed. For the past five years, the utility has averaged 10,000 tree removals each year. A total of 11,574 trees (6" in diameter or above) were removed by crews in 2020. The company's proactive tree trimming initiatives have resulted in BrightRidge being named a TreeLine USA Utility for the past 18 consecutive years.

Upon motion of Mr. Thomas, seconded by Mr. Mabrey, the monthly power distributor's report submitted to the Tennessee Valley Authority for January 2021 was approved. The motion carried unanimously by roll call vote. Brian Bolling briefly discussed TVA's generation mix ratios and its intent to maintain a balanced generation mix to ensure reliability. Year-to-date income was \$1,322,482.30 more than last year's year-to-date figure. Year-to-date actual net income was \$764,068.44 more than the budgeted figure. The general fund balance stands at \$25,682,734.25, the reserve fund balance stands at \$6,789,651.45, the special reserve fund balance stands at \$6,022,132.70, the tax equivalent fund balance stands at \$3,242,181.32, the economic development fund balance stands at \$1,658,768.56, the 2017 bond and interest sinking fund balance stands at \$2,308,203.96, the renewal and replacement fund balance stands at \$6,301,688.14, and the self-insurance fund balance stands at \$2,054,374.63. BrightRidge is currently serving 80,109 customers, which is an increase of 771 customers since the same time last year.

Upon motion of Mr. Thomas, seconded by Mr. Mabrey, the monthly financial statements for January 2021 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stands at \$1,538,559.84, and capital projects closed to plant through January 2021 totaled \$2,794,986.51 (plus construction work in progress since June, 2020 totaling \$4,661,829.05), with a \$1,469,904.44 capital budget remaining at this time.

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

(a) The minutes of the January 26, 2021 Board meeting.

(b) The purchase of 6 IntelliRupters (\$42,718.00 each) and 4 IntellNodes (\$8,535.00 each) from S & C Electric Company at a cost of \$290,308.00. These items will allow for full automation of the Jug Substation and partial automations for Tanglewood, Knob Creek, Boones Creek and Dodson Substations, improving reliability to schools, nursing homes, and commercial and residential customers in the North Johnson City area.

(c) The reallocation of funds from the Jug Substation to Boone Dam 69kV transmission line project in the amount of \$475,000.00 to purchase 10 additional IntelliRupters and 5 additional IntellNodes from S & C Electric Company at a cost of \$469,855.00.

(d) Permission to initiate purchase orders for the following vehicles through the state contract for utilities and governmental entities, to be invoiced and delivered during the 2021-22 fiscal year:

(i) Chevy 5500 cab/chassis material truck with flatbed and Versa-lift to replace Vehicle No. 12, at a cost of \$75,000.00;

(ii) Digger derrick truck, International Cab, Diesel, with Altec Digger to replace Vehicle No. 22, at a cost estimated at \$240,000.00;

(iii) Bucket truck, International Cab, Diesel, with Altec bucket to replace Vehicle No. 67, at a cost estimated at \$240,000.00; and

(iv) Service bucket truck, Ford F-550 cab/chassis, gas 7.3L, with Altec Bucket to replace Vehicle No. 97, at a cost estimated at \$135,000.00.

Due to current COVID-19 restrictions, vehicle manufacturers are operating at half-staff or less. The delivery of F-250 or C2500 trucks are on a minimum delivery time of 6 to 8 months or longer. The lead times for larger trucks such as a digger derrick truck or bucket truck are currently 18 months.

The motion carried unanimously by roll call vote.

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

(a) Permission to initiate a purchase order for 3,000 Calix 803G GigaPoint customer premise optical network terminals at a cost of \$85.00 each, 2,500 Calix GigaSpire u4 Wi-Fi routers at a cost of \$98.00 each, and point-of-presence OLT electronic equipment for the Phase 4 build area, at a cost of \$96,644.25, with 5-year prepaid support at a cost of \$1,674.60.

The total cost of the purchase is \$598,318.85, with said costs to be reflected in the FY 2021-22 budget and processing of the payments for same to occur within that budget year. The timing of this order is predicated by an expected 50-week delay in access to silicon materials for manufacturing electronics, the current international demand for fiber network equipment, and the COVID-19 impact on the supply chain for electronic equipment. Calix is the sole source provider of BrightRidge's fiberoptic network equipment, selected through an RFP process in 2018.

(b) The initiation of the ordering of the following vehicles through the state contract for utilities and governmental entities, to be invoiced and delivered during the 2021-22 fiscal year:

(i) 2 Ford F-250 crew cab pick-up trucks, 4-door, 4WD, 7.3L VA, 10-speed, automatic transmission, tow package, with utility box for bed, for Field Service Technicians, at an estimated cost of \$104,000.00 (\$52,000.00 each).

Again, the justification for initiating the order at this time is the present 6- to 8-month delivery lead times for vehicles.

The motion carried unanimously by roll call vote.

The consideration of a Resolution regarding a USDA loan for IMC Metal Fabrication and Electropolishing was deferred until the March 2021 Board meeting.

Mark Eades, Chief Engineering and Facilities Officer, delivered a presentation to the Board regarding recent activities in his departments, discussing several items, including a capital budget update, the entrance construction project at the Boones Creek Road facility, the Jug to Boone Dam 69kv transmission line rebuild, and the SmartGrid deployment project.

Capital budget update figures covered the months of July - December, 2020. The Transmission Division had spent \$1,596,580.13 of its \$2,844,166.00 allocation. Mr. Eades stated that transmission line work was seasonal in nature and must

be completed during dry months, as most of the work is done off-road. There are several transmission line projects expected to be completed within the next few months.

The Distribution Division had spent \$2,485,229.71 of its \$9,510,780.00 allocation. The amount expended, however, does not include work in progress.

The total capital budget is \$15,205,905.00, with \$6,399,014.92 in capital projects closed to plant through December 2020, leaving a balance of \$8,806,890.08. Mr. Eades estimated the total capital budget spent at the end of December to be approximately 42%. Some of the significant items purchased included vehicles (3 bucket trucks, an SUV, and 2 pick-up trucks), an underground puller, metering equipment, transmission items and equipment for the 69kV Jud to Boone Hydro reconductor project, 69kV pole replacements, replacement of various pieces of equipment at West Primary, Knob Creek, and Barnes Substations, construction of an equipment shed at the Facilities Warehouse, renovations to the entrance of Building "A" and the Marketing Department at the Boones Creek Road site, computer backup storage, and the IntelliRupters and IntelliNodes approved in today's Consent Agenda.

Mr. Eades showed the Board several slides of the renovation project for the outside entrance to Building "A" at the Boones Creek Road site and of the Jug Substation to Boone Dam 69kV transmission line rebuild.

Mr. Eades next discussed IntelliRupters and how they work. An IntelliRupter serves essentially the same purpose as a substation breaker; however, it is pole-mounted, contains intelligence components and the ability to communicate with other IntelliRupters, and can be programmed to move loads without human intervention. IntelliNodes are installed in the substations or at a remote location, and each breaker has its own IntelliNode, which allows the substation breaker to communicate with the appropriate module on the pole. The pulse closing technology of the IntelliRupter is more reliable than the substation breaker and protects expensive substation transformer components. Mr. Eades demonstrated a typical scenario with a conventional circuit breaker vs. that with IntelliRupters.

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 3,304 active customers, almost 10% of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	455
Johnson City Fiber:	2,125
Piney Flats Fiber:	4
Telford Fiber:	118
Limestone Fiber:	182
Gray Fiber:	271

Fixed Wireless:	147
Managed Wi-Fi:	1,965 (68% average "take rate")
IPTV Video:	796
Telephone VoIP:	517

Mr. Evans next spoke about broadband "take rates" by areas and residential fiber product mixes taken. He also discussed customer feedback as received from post-install surveys and social media.

With respect to sales referrals, from 95 total submissions in the Neighbor-to-Neighbor referral program since March 16, 2020, 75 referrals were made (79% success rate). Of 1,570 residential sales from August 1 through February 14, 1,012 sales (64%) originated from Customer Service call-outs or call-ins from potential customers, and 558 sales (36%) were originated by door-to-door sales personnel.

Phase 3 fiberoptic construction continues in the Gray and Boones Creek areas, with approximately 3,509 customer passings currently ready, and another 2,500 new addresses anticipated. Mr. Evans felt that the Broadband Division was well on target to meet Phase 3 completion by the end of June.

CEO Jeff Dykes advised Board members that he had forwarded to them the NetRep annual report reflecting positive economic development in the area despite the COVID pandemic.

Mr. Dykes announced that a "Neighbor of the Solar Farm" meeting would be held in the BrightRidge Auditorium on March 1, 2021 at 6:30 PM for property owners adjoining the Martin Solar Farm location. Silicon Ranch will provide updates concerning the project at that time. Silicon Ranch projects a spring, 2021 groundbreaking for the project. Silicon Ranch will appear before the Washington County Planning Commission on March 2, 2021 for its approval of the project.

The CEO briefly updated the Board about the recent "1 in 100 year" snowstorm event in Texas. The generation mix for Texas is 51% natural gas, 9% nuclear, 13% coal, 2% solar, and 25% wind turbines. The weather affected surrounding states even worse than Texas, so Texas was unable to secure power from adjoining grids. The specifications for the construction of the state's existing wind turbines were developed for "normal" Texas weather, and did not contain heating elements. When the turbines began to fail, voltage drops immediately began across the grid, and there was not enough natural gas pressure in the lines to keep the natural gas-fired generation plants operating. Furthermore, as the voltage drops were triggered, those generation plants started tripping off as a safety measure. Gas plants providing natural gas directly to customers also froze up due to the lack of pressure in the lines and valves which were not designed for extremely cold weather. All these elements resulted in a "domino effect" on the power grid. Other issues included falling trees and ice on power lines which typically accompany this kind of storm and may result in extensive damage to power lines.

Mr. Grandy, Mr. Dykes and Ms. Donnelly briefly discussed the roll-out of the customer pandemic credit.

There being no further business, the meeting was adjourned.