

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

January 24, 2023

PRESENT: Gary Mabrey
Jenny Brock
James Haselsteiner
Ronald Hite
Kenneth Huffine
B. J. King
Robert Thomas
Jeffrey R. Dykes, Chief Executive Officer
Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer
Connie Crouch, Chief Employee Relations Officer
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
Rodney Metcalf, Chief Operations Officer
Melissa Taylor, Accounting Manager
Tiphonie Watson; Customer Support Manager
Tim Whaley, Director of Public and Governmental Affairs
Stephen M. Darden, Hunter Smith Davis, LLP

ABSENT: Hal Knight
James Smith
Donnie Hall, Safety & Security Manager
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

Mr. Darden addressed the Board to introduce Ms. Ellen Pollock, a paralegal at Hunter Smith Davis, LLP, who will be recording the minutes moving forward.

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

Upon motion of Mr. Haselsteiner, seconded by Ms. King, the monthly power distributor's report submitted to the Tennessee Valley Authority for **November, 2022** was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$544,025.74 more than last year's year-to-date figure and year-to-date actual net income was \$37,070.76 more than the budgeted figure. The general fund balance stands at \$28,963,638.27, the reserve fund balance stands at \$6,857,037.25, the special reserve fund balance stands at \$6,098,525.03, the tax equivalent fund balance stands at \$2,322,358.68, the economic development fund balance stands at \$1,660,941.09, the 2017 and 2021 bond and interest sinking fund balance stands at \$1,880,564.93, the renewal and replacement fund balance stands at \$6,382,131.80, the 2021 bond proceeds fund balance stands at \$15,675,651.44; and the self-insurance fund balance stands at \$2,025,382.01. BrightRidge is currently serving 81,804 customers, which is an increase of 612 customers since the same time last year, which represents a 0.75% growth rate.

Upon motion of Mr. Haselsteiner, seconded by Ms. King, the monthly financial statements for **November, 2022** for the Broadband Division were approved. The year-to-date income was \$329,573.14 more than last year's year-to-date figure, and year-to-date

actual net income was \$55,674.73 more than the budgeted figure. The cash bank balance stands at \$1,630,564.16, the broadband debt service fund balance stands at \$2,792,428.17, the reserve fund balance stands at \$1,007,255.89, the broadband checking account balance stands at \$391,156.66, the broadband money market account balance stands at \$1,131,282.33, the voice service balance stands at \$71,844.97, and the video service balance stands at \$36,280.20. Capital projects closed to plant through November, 2022 totaled \$1,694,953.99 (plus construction work in progress since June, 2022 totaling \$1,740,990.39), with \$7,200,504.62 capital budget remaining at this time.

Upon motion of Mr. Haselsteiner, seconded by Ms. King, the monthly power distributor's report submitted to the Tennessee Valley Authority for **December, 2022** was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$1,349,364.14 more than last year's year-to-date figure and year-to-date actual net income was \$3,239,148.37 more than the budgeted figure. The general fund balance stands at \$29,519,101.10, the reserve fund balance stands at \$6,870,563.46, the special reserve fund balance stands at \$6,110,555.00, the tax equivalent fund balance stands at \$2,825,019.70, the economic development fund balance stands at \$1,676,741.30, the 2017 bond and interest sinking fund balance stands at \$2,270,188.18, the renewal and replacement fund balance stands at \$6,394,721.21, the 2021 bond proceeds fund balance stands at \$15,237,413.32; and the self-insurance fund balance stands at \$2,029,377.28. BrightRidge is currently serving 82,044 customers, which is an increase of 932 customers since the same time last year, which represents a 1.5% growth rate.

Upon motion of Mr. Haselsteiner, seconded by Ms. King, the monthly financial statements for **December, 2022** for the Broadband Division were approved. The motion carried unanimously by roll call vote. Year-to-date income was \$400,983.72 more than last year's year-to-date figure, and year-to-date actual net income was \$9,784.56 less than the budgeted figure. The cash bank balance stands at \$874,582.87, the broadband debt service fund balance stands at \$3,048,629.72, the reserve fund balance stands at \$1,009,242.81, the broadband checking account balance stands at \$265,912.35, the broadband money market account balance stands at \$133,316.64, the voice service balance stands at \$231,784.02, and the video service balance stands at \$243,569.86. Capital projects closed to plant through December, 2022 totaled \$2,158,224.89 (plus construction work in progress since June, 2022 totaling \$2,294,829.91), with \$6,183,394.20 capital budget remaining at this time.

Mr. Bolling concluded his report by adding that current assets have increased by \$29.7 million. kWh Sales are up 30,496,462 over the prior year, as well as year-to-date Operating Revenues up \$18 million. The year-to-date Operating Expenses, excluding Power Cost, are up \$1,263,297 compared to last year and under budget by 8.53%. The year-to-date Average Load Factor is 55.11% and the year-to-date Net Income is up \$1,349,364 over last year. Mr. Bolling also discussed the impact of the weather event in December 2022 cost approximately \$218,000, excluding transformers, and that despite this event still within the budget.

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

- (a.) The minutes of the Board meeting on December 16, 2022.
- (b.) The stock material bid of Power Supple Co, LLC in the amount of \$54,020.25 for the project described in Bid Tab #7385.
- (c.) The stock material bid of Stuart C. Irby Company in the amount of \$74,007.70 for the project described in Bid Tab #7401.
- (d.) The stock material bid of Wesco in the amount of \$56,400.00 for the project described in Bid Tab #7417.
- (e.) The sole bid of Osmose Utility Services for Pole Inspection Contract in the amount of \$120,000.00 as described in memo from Mark Eades dated January 24, 2023.

The motion carried unanimously by roll call vote.

Rodney Metcalf, Chief Operations Officer, introduced the Board to recent hire Brad Tolley, who has now been with BrightRidge for seven months.

Mr. Brian Ellis, Service Department Manager, delivered an update regarding the tree services offered by BrightRidge in relation to fiber projects. BrightRidge received 3,408 tree inquiries in 2022. Inquiries are managed by 3 service department employees and customer service representatives who answer calls and record information, as well as customer emails managed through "Contact Us". The service department performed 3,055 site visits relating to trees and 9,286 trees were removed in 2022. Over the last six years 61,548 trees have been removed. In addition, there have been 419 miles of fiber areas trimmed since 2019.

Mr. Ellis reported that tree trimmers are working with fiber crews now and that has worked out well, with additional on call tree trimming services provided by Wolfe Tree Experts. Trimming services are moving in front of fiber group, with concern shifting to feeder lines and breaker lines. Phase six of fiber moving forward.

Customer response to removal of trees versus ongoing trimming services has been positive. Fiber installation has been key selling point in homeowners allowing for removal services to take place, which is a savings for BrightRidge, as repeat trimming services over several years is more costly than removal.

Mr. Ellis advised of concerns related to Ash trees due to the Emerald Ash Borers whose infestation kills a tree in 1-2 years. All affected and surrounding Ash trees are removed due to limit damage to surrounding lines. The Urban Foresters predict this pest will cause the extinction of Ash tree species. Other areas of concern related to power line ROW clearance (15' above the line, 10' either side, 10' neutral line and 5' radius around pole at ground level) and underground transformers (8' for front access, 3' sides and back).

Customer responsibilities were addressed. Trees outside of the 10' ROW or across the street from the power lines are not BrightRidge's responsibility to remove. Grinding and disposal of stumps is the landowner's responsibility. Any tree from the last pole to the house must be trimmed or removed by the owner, however BrightRidge will remove lines connected to the home and reconnect once complete. BrightRidge is not responsible for the clean up of storm related damage to trees. BrightRidge crews will remove road debris to allow crews to pass, however local city and county street crews are contacted to complete clean up.

Finally, Mr. Ellis advised that 2023 will mark the 20th year BrightRidge has been recognized as a member of Tree Line USA®. This program exists to recognize best practices in public and private utility arboriculture, demonstrating how trees and utilities can co-exist for the benefit of communities.

Mr. Dykes complimented the Service Department on their ongoing participation in Arbor Day events and assistance with giving out trees in our local areas.

Mr. Hite also expressed his appreciation in the department's outstanding professionalism through his own experience with tree removal services and recognized their continued efforts in having good relations with landowners.

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 10,029 active customers, 937 of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,160
Johnson City Fiber:	5,233
Piney Flats Fiber:	9
Telford Fiber:	210
Limestone Fiber:	296

Gray Fiber:	2,724
Kingsport Fiber:	189
Fall Branch Fiber:	40
Fixed Wireless:	168
Managed Wi-Fi:	6,477 (72% average "take rate")
IPTV Video:	1,167
Telephone VoIP:	1,134

Broadband deployment areas are as follows:

Johnson City:	5,214
Gray/Kingsport:	2,911
Jonesborough:	1,159
Bowmantown:	505

Mr. Evans stated that the Broadband Division was scheduled to add 3,206 net customers for a target of 10,964 on June 30, 2023. An average of 61 net adds per week would be necessary to meet this goal. As of January 20, 2023, the division is trending 445 customers ahead of the linear budget line. Current trend would be 700 above budget by end of fiscal year 2023, for 11,664 total customers.

Residential fiber product numbers confirm 89% of current residential Broadband customers do not subscribe to our video (with only 11% video take-rate and 8% voice).

Work continues on the Phase 5 build-out, with 75% of the project completed and 5,342 addresses serviceable at this time. The Phase 5 joint project with Johnson City is 72% complete with fiber construction. Additional projects scheduled are the Phase 6 aerial fiberoptic construction, and additional builds in an extension of the Fall Branch area which passes 387 address (377 active for electric power), with the additional expansion areas (Bowmantown, New Salem, Ford Creek, Walkers Bend, Fall Branch) we added 926 fiber passings to the FY2023 budget. Initial construction began on January 24, 2023.

Work during FY2024 will consist of fiber customer passes on 2 remaining cabinets in Phase 6, Phase 7, Phase 8, South of Jonesborough and underground areas. Work during FY2025 will consist of fiber customer passes in Colonial Heights, Fordtown and Cherokee Road.

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

Following executive session, the Board returned to regular session. Upon motion by Mr. Thomas, seconded by Mr. Hite, the Board approved the following motion:

That Mr. Dykes be authorized to engage in settlement discussions with Brightspeed regarding possible resolution of the litigation brought by BrightRidge to protect BrightRidge's Broadband internet product and to minimize confusion on the part of the public created by the use of the Brightspeed name in our service area. The Motion passed unanimously.

There being no further business, the meeting was adjourned.