

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

November 28, 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 Supply Chain 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  
Stacy Evans, Chief Broadband Officer  
Donnie Hall, Safety/Environmental Manager  
Tiphonie Watson; Chief Customer Officer  
Tim Whaley, Director of Public and Governmental Affairs  
Stephen Darden, Hunter Smith Davis, LLP

ABSENT: Hal Knight  
Robert Thomas  
Lori Farmer, Supervisor, General Accounting  
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

Chairman Mabrey recognized board member Lt. Gen. Ronald Hite, for receiving the 18<sup>th</sup> George L. Carter Award at the 2023 ETSU Alumni Awards ceremony this month. He thanked Gen. Hite for his military service, as well as his ongoing service to our community and this board.

Bonnie Donnolly presented an update on our 3<sup>rd</sup> year of the Home Uplift Program, and our recent partnership with Bank of Tennessee. Through Home Uplift, income-qualified residents receive home energy upgrades, at no cost to the customer, to improve their home's energy efficiency and comfort, while also lowering their utility bills.

Bank of Tennessee became our first third-party funder in Northeast Tennessee. Their donation of \$10,000.00 to the Home Uplift Program helped fund all of the recent upgrades to a local customer's home. Without their donation the thirteen items upgraded (including attic sealing, replacement of their water heater, pipe insulations, replacement of duct insulation, air sealing, blower door testing, etc.) would not have been possible. These upgrades have led to a savings of 40% on their utility bills from August to present and a reduction of 39% power usage.

Ms. Donnolly introduced Bank of Tennessee Chief Operating Officer, Mrs. Detra Cleven and Chief Executive Officer, Mr. Will Barrett, and thanked them for their support and funding of the Home Uplift Program. Mr. Barrett stated that Bank of Tennessee was thankful for the opportunity to be a part of this great program.

Upon motion of Mr. Smith, seconded by Mr. Haselsteiner, the monthly power distributor's report submitted to the Tennessee Valley Authority for October 2023 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$1,321,515.66 less than last year's year-to-date figure and year-to-date actual net income was \$1,010,797.44 more than the budgeted figure. The general fund balance stands at \$20,407,365.55, the reserve fund balance stands at \$11,028,318.08, the special reserve fund balance stands at \$8,166,048.16, the tax equivalent fund balance stands at \$2,524,623.47, the economic development fund balance stands at \$1,827,254.50, the 2017 bond and interest sinking fund balance stands at \$2,283,521.00, the renewal and replacement fund balance stands at \$10,659,237.85, the 2021 bond proceeds fund balance stands at \$906,970.82; and the self-insurance fund balance stands at \$2,013,256.88. BrightRidge is currently serving 82,957 customers, which is an increase of 1,084 customers since the same time last year, which represents a 1.32% growth rate.

Mr. Bolling added that current assets have increased by 6.6%. Year-to-date Operating Revenues down \$8.8 million. The year-to-date Operating Expenses, excluding Power Cost, are up \$827,452 compared to last year and under budget by \$968,123 (-19.87%). The year-to-date Average Load Factor is 59.82% and the year-to-date Net Income is down -23.60% over the last year. The FCA decreased by -29.61% from October 2022 to October 2023.

Mr. Bolling stated the Pandemic Relief and Recovery Credit funds given to customers since February 2021 totaled \$5,106,798.42. Mr. Dykes stated that approximately 85% of the Valley's remaining utility companies did not pass along pandemic funds to customers, primarily so they could continue doing business. Mr. Dykes credited our employees and board with making it possible for BrightRidge to pass these funds along.

Upon motion of Mr. Smith, seconded by Mr. Haselsteiner, the monthly financial statements for October 2023 for the Broadband Division were approved. The year-to-date income was \$557,379.26 more than last year's year-to-date figure, and year-to-date actual net income was \$1,196,112.07 more than the budgeted figure. The cash bank balance stands at \$1,392,792.02, the broadband debt service fund balance stands at \$2,695,287.76, the reserve fund balance stands at \$1,036,702.98, the broadband checking account balance stands at \$255,708.89, the broadband money market account balance stands at

\$1,035,545.12, the voice service balance stands at \$55,949.54, and the video service balance stands at \$45,588.47.

Mr. Bolling advised that the TVA has approved our \$15.5 million interdivision loan request. Information on the application for this loan was previously presented to the board and included in the 2024 budgeting for Broadband, which was approved by the board. This loan will have a 15-year term loan, ending January 2039, with a 3.3% interest rate. At this time we are waiting on the Use of Funds Agreement from the TVA, that is required to be signed prior to the release of any loan funds.

Upon motion of Dr. McCorkle, seconded by Mr. Hite, the Board approved Mr. Dykes signature on the Use of Funds Agreement for the \$15.5 million interdivision loan from the TVA for broadband.

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

- (a.) The minutes of the Board meeting on October 24, 2023;
- (b.) The purchase of Three Phase Power Transformer from Virginia Transformer in the amount of \$1,978,569.00;
- (c.) The approval of a Five-Year Construction Contractor Units and Cost-Plus Contracts with Pike Electric (January 1, 2024 through December 31, 2028);
- (d.) The approval of a Five-Year Tree Trimming/Cutting and Right of Way Maintenance with Kendall Vegetation Services (January 1, 2024 through December 31, 2028);

The motion carried unanimously by roll call vote.

Mr. Haselsteiner delivered the report from the Audit and Finance Committee, which met on November 28, 2023 prior to the Board Meeting to consider modifications to the Broadband division's Video products. BrightRidge's aggregate costs for video acquisition will increase by \$4.17 for the Starter Video package, \$7.28 for the Choice package, and \$8.90 for the Premium package in 2024. Without a rate increase to offset these changes, the Starter package will be losing \$8.74 per subscriber per month and the Choice package would be losing \$13.19 per subscriber per month.

As a result of the continued increases in video content acquisition cost, the Audit and Finance Committee makes a motion that beginning January 1, 2024 BrightRidge add \$8.74 to existing Starter video packages (for a new rate of \$48.99), \$13.19 to existing Choice video packages (for a new rate of \$118.44) and \$10.00 to existing Premium video package (for a new rate of \$139.25); the Board approved the 2024 video package rate increases by unanimous roll call vote.

By FCC guidelines, BrightRidge will provide a 30-day notice to all current residential video subscribers.

## BRIGHTRIDGE RESOLUTION

On April 1, 2017 the Johnson City Power Board was renamed Johnson City Energy Authority; on October 3, 2017 Johnson City Energy Authority announced their DBA name as BrightRidge.

WHEREAS, Buddy Moss was employed by BrightRidge on March 18, 1991, until retiring from BrightRidge on Thursday, January 4, 2024; and

WHEREAS, during his thirty-two years and nine months of service with BrightRidge, he served as a Laborer, Apprentice Lineman, Construction Lineman, Lead Lineman and Construction Department Manager.

WHEREAS, the Board of Directors of BrightRidge wishes to recognize Mr. Moss for his outstanding service to the customers and staff of BrightRidge by his years of dedication and loyalty;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of BrightRidge meeting in regular session on the 28<sup>th</sup> day of November 2023 that Buddy Moss be, and hereby is, officially commended for his thirty-two years and nine months of service to the customers of BrightRidge.

BE IT FURTHER RESOLVED that a copy of this Resolution be presented to Mr. Moss and be spread in full on the minutes of the proceedings of this meeting.

Upon motion of Mr. Haselsteiner, seconded by Mr. Hite, the Board approved the Resolution by unanimous roll call vote.

Mr. Eric Egan presented an update to the board on the GRIP Grant. While we did not receive grant approval in the first round, BrightRidge was provided with great feedback that he feels will benefit in for preparing a second-round submission. The GRIP Grant second round allocates \$1.8 billion for Smart Grid Grants and up to 50% federal cost share. The minimum grant requirement is \$10 million with concept papers due January 12, 2024 and our full proposal due on April 17, 2024.

In addition, Mr. Egan provided an update on the recent automation services utilized to improve the overall efficiency of the disconnect process for non-paying electrical customers, along with an Connect/Disconnects, as well as to auto process and close service orders. By utilizing automation we have seen less windshield time (traveling to and from locations), less after hours reconnects and overtime, fewer manual touches and improved system utilization. It also further enables the opportunity of establishing a prepayment program in the future. This project requires the support and resources of Customer Service, Accounting, Service Department and IT to ensure its success.

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 13,641 active customers; 1,246 of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,324
Johnson City Fiber:	7,504
Piney Flats Fiber:	293
Telford Fiber:	236
Limestone Fiber:	308
Gray Fiber:	3,307
Kingsport Fiber:	376
Fall Branch Fiber:	137
Fixed Wireless:	156
Managed Wi-Fi:	8,797 (71.5% average "take rate")
IPTV Video:	829
Telephone VoIP:	1,333

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 November 24, 2023, the division is trending 67 customers above the linear budget line (13,607 actual vs. 13,539 budgeted).

The residential product growth since July 1, 2023 has been 27% in 1Gb service with 566 net adds (2,653 current customers), 15% in 600Mb service with 798 net adds (6,043 current customers) and 14% in 300Mb services with 411 net adds (3,454 current customers) for a total 1,775 net increase in residential customers.

Mr. Evans stated that U.S. Broadband providers average between 1% to 5% churn (customer disconnects), with 2% considered normal. In October 2023, BrightRidge was below this national average, with a churn rate due to moves up to 1.20% and churn rate without moves up to 0.29%.

Mr. Evans updated the board on the status of the FY2024 fiber builds. In Colonial Heights (Phase 9), the recent completion of three cabinets has added 1,275 passings to that area. Other areas completed included underground areas in Phase 5 (Orleans Street, 1211 King Springs Rod, Taylor Ridge Court, Grande Avenue, Beaver Hollow, Swadley Park Apt); as well as Gardner Village in Phase 3. Underground fiber is also completed in The Cliffs and four additional cabinets as part of Phase 6. These and other recent completions have totaled 1,899 new passings added since July 1, 2023.

Mr. Dykes reminded the board that the next Board of Directors meeting will be held on December 12, 2023. In addition, the Finance and Audit Committee will also meet that same day following the Employee Christmas Luncheon.

Mr. Dykes thanked the BrightRidge employees that came out to the Johnson City Tree Lighting to hand out hot chocolate to those in attendance. He also reminded everyone about the upcoming Johnson City Christmas parade which BrightRidge will take part in.

Mr. Dykes spoke about the recent new articles concerning possible rolling blackouts again this winter, saying that TVA feels that they are in a good position to navigate through this winter and are not anticipating the need for any rolling blackouts.

Mr. Smith reminded the board members about Mr. Dykes annual evaluation that went out via email. He is requesting that board members submit their comments and feedback so that the evaluation can be completed.

Finally, Mr. Mabrey shared the boards thanks to attorney Steve Darden and the firm of Hunter Smith & Davis, for their assistance and support through previous litigation matters and his continued representation of BrightRidge.

There being no further business, the meeting was adjourned.