

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

June 25, 2024

PRESENT: Gary Mabrey  
Andy Dietrich  
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: Robert Thomas  
Rob Arnold, Chief Operations Officer  
Lori Farmer, Supervisor, General Accounting  
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

Upon motion of Mr. Huffine, seconded by Mr. Dietrich, the monthly power distributor's report submitted to the Tennessee Valley Authority for May 2024 was approved. The motion carried unanimously by roll call. Year-to-date income was -\$4,141,261.60 less than last year's year-to-date figure and year-to-date actual net income was -\$1,276,174.37 less than the budgeted figure. The general fund balance stands at \$17,754,655.23, the reserve fund balance stands at \$4,808,626.28, the special reserve fund balance stands at \$20,083,165.30, the tax equivalent fund balance stands at \$4,969,464.25, the economic development fund balance stands at \$1,783,909.04, the 2017 and 2021 bond and interest sinking fund balance stands at \$551,304.99, the renewal and replacement fund balance stands at \$8,375,924.74, the miscellaneous proceeds fund balance stands at \$2,541.53; and the self-insurance fund balance stands at \$2,005,004.64. BrightRidge is currently serving 83,819 customers, which is an increase of 1,209 customers since the same time last year, which represents a 1.46% growth rate.

Upon motion of Mr. Huffine, seconded by Mr. Dietrich, the monthly financial statements for May 2024 for the Broadband Division were approved. The year-to-date income was \$391,282.64 more than last year's year-to-date figure, and year-to-date actual net income was \$2,532,057.70 more than the budgeted figure. The broadband debt service fund balance stands at \$2,650,158.36, the reserve fund balance stands at \$1,463,183.32, the broadband checking account balance stands at \$1,054,174.49, the broadband money market account balance stands at \$1,147,689.12, the voice service balance stands at \$21,311.41, and the video service balance stands at \$18,669.74.

Mr. Bolling provided the data for the in lieu of taxes paid in June 2024 to Johnson City, Jonesborough, Elizabethton, Kingsport and Bluff City; as well as area counties (Washington, Sullivan, Carter and Greene). BrightRidge is the largest single taxpayer in the City of Johnson City and Washington County.

Mr. Bolling concluded his financial report by adding that current assets are up \$6.6 million. The year-to-date Operating Revenues are down \$8.4 million. The year-to-date Operating Expenses, excluding Power Cost, are up \$3,030,009 compared to last year and under budget by 3.10%. The year-to-date Average Load Factor is 57.8% and the year-to-date Net Income is down \$4,141,262. The FCA is down 25.45% from May 2023 to May 2024.

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

- (a.) The minutes of the Board meeting on May 28, 2024; and
- (b.) The purchase of Pad Mount Transformer from United Utility Supply, as described in Bid Tab #8184.

The motion carried unanimously by roll call vote.

Mr. Haselsteiner spoke on behalf of the Audit, Budget & Finance Committee to present the FY 2025 budget proposals. Mr. Haselsteiner expressed the committee's appreciation to Mr. Bolling and staff for their hard work on the budget preparations and the recently held workshops.

The Audit, Budget & Finance Committee held a workshop on June 10, 2024, to consider the proposed FY 2025 electric operating and capital budget. BrightRidge staff made a presentation that highlighted key areas of the budget. The committee recommends that the Board of Directors approve the budget as presented. Upon motion of Mr. Hite, seconded by Dr. McCorkle, the Board approved the FY 2025 electric operating and capital budget by unanimous roll call vote.

The Audit, Budget & Finance Committee held a workshop on June 18, 2024, to review the FY 2025 broadband operating and capital budget. Staff presented the budget details, totaling over \$33 million. The FY 2025 budget completes the construction of all the areas within our original 8-phase plan. Also, BrightRidge has set aside \$2.86 million of

matching funds for the TDEC Middle Mile Grant, with a total project cost of \$9.54 million. Our committee recommends that the Board of Directors approve the broadband budget as present. Upon motion of Dr. McCorkle, seconded by Mr. Dietrich, the Board approved the FY 2025 broadband operating and capital budget by unanimous roll call vote.

Mark Eades, Chief Engineering and Facilities Officer, delivered an update on the Facilities Department. Mr. Eades introduced the board to Mr. Bill Hunt, who was hired as Facility Supervisor approximately three months ago. Mr. Hunt and his staff are often behind the scenes, working to maintain our buildings and keep things running smoothly. Several upgrades to BrightRidge facilities were highlighted, including the repurposing of several underutilized spaces into offices for customer service and the facilities department staff.

Mr. Eades reviewed new customer distributions throughout the system from 2018-2024, highlighting those areas that have seen the most growth and the effects on the system during this time frame. BrightRidge currently maintains 26 substations, all of which carry various customer loads. From 2018 to 2024, thirty-three customers were added to the load at Stockyard substation; whereas 928 new customers were added to the Cedar Creek substation load. Mr. Eades highlighted new growth coming to the Gray area in the form of a new development (Keebler Meadows) which is expected to have 367 individual lots and 126 town homes. This development will affect the existing substations and require the addition of a third breaker and circuits, as well as the instillation of double circuit poles. In conclusion, Mr. Eades provided a brief update on the Northeast Primary Rebuild including a side-by-side aerial video of the original site and how it looks today.

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 16,006 active customers, 1,387 of which are business or commercial entities. In FY24, broadband installations have reached 6,438 with 2,015 reported disconnections, resulting in 4,423 net adds (68.7% of installs).

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 1.5% with moves (0.49% without moves). Mr. Evans also provided a breakdown of all FY 2024 broadband disconnects by category: customer moved (60.3%), non-payment disconnect (20.1%), went to competitor (8.5%, 165 customers), no longer using (3.3%), unhappy with service (2.1%, 40 customers), financial issues (2.3%), deceased (1.3%) and reason not specified (2.1%).

The current broadband customer base is as follows:

Jonesborough Fiber:	1,516 (10%)
Johnson City Fiber:	8,406 (53%)
Piney Flats Fiber:	423 (2%)
Telford Fiber:	161 (1%)
Limestone Fiber:	404 (3%)
Gray Fiber:	3,821 (24%)
Kingsport Fiber:	1,036 (6%)
Fall Branch Fiber:	177 (1%)
Chuckey:	2

Managed Wi-Fi:	9,363 (64% average "take rate")
IPTV Video:	728 (506 residential)
Telephone VoIP:	1,453

Mr. Evans stated that the Broadband Division budgeted to add 4,542 net customers for a target of 16,249 on June 30, 2024. An average of 87.4 net adds per week would be necessary to meet this goal. As of June 21<sup>st</sup>, the division is trending 34 customers below the linear budget line, but remains within 0.4% of target goal.

Out of the planned 12,206 expected fiber passings to be added in FY24, we have already completed 7,993 (63.4%). An overview of current construction was provided, showing both overhead and underground work areas.

Mr. Evans provided an update on the TN ECD Middle Mile Grant Program, stating that he had been advised that while contracts were scheduled to be released by the end of June, potential delays were expected.

Mr. Dykes took a moment to recognize all of the staff and leadership for their continued dedication to BrightRidge. Mr. Dykes congratulated Mr. Haselsteiner for his reappointment to the Board from the City of Johnson City. He will also serve as our next Chairman. Mr. Haselsteiner thanked Mr. Dykes and shared his appreciation to Chairman Mabrey for his time serving the Board as Chairman.

Mr. Dykes advised that there were recent comments out in the general public claiming BrightRidge was purchasing their internet from Bright Speed. Mr. Dykes wanted to clarify that this is not accurate. If anyone hears of similar inquiries, he asked that his contact information be shared; he is happy to hear from customers and answer all questions concerning this issue.

Mr. Dykes addressed the recent temperature spikes and stated that TVA is not concerned right now about any potential issues or disruption of services. He also commented on the Safety Department's handling of employees out in the heat; stating Mr. Hall was doing a great job ensuring the crews were safe and staying hydrated.

There being no further business, the meeting was adjourned.