

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

March 25, 2025

PRESENT: James Haselsteiner
Andy Dietrich
Ronald Hite
Kenneth Huffine
John Hunter
Gary Mabrey
Kimberly McCorkle
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
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
Lori Farmer, Supervisor, General Accounting
Sam Ford
Tiphonie Watson; Chief Customer Officer
Stephen Darden, Hunter Smith & Davis, LLP

ABSENT: Dr. Kimberly McCorkle
James Smith
Robert Thomas
Donnie Hall, Safety/Environmental Manager
Tim Whaley, Director of Public and Governmental Affairs

Chairman Haselsteiner called the meeting to order.

Mr. John Rose, Executive Director of BRIDGE (Building Regional Investment, Development, Grother and Engagement) spoke to the Board regarding an Airline Incentive Program at Tri-Cities Airport. Mr. Rose spoke about the need for more competition in our local market which would impact seat capacity and reduction in your average ticket pricing. Currently between 250,000-270,000 people fly out of Tri-Cities Regional Airport, with over 400,000 (60% of our market) choosing to drive to another market in order to save on ticket prices.

Because of FAA regulations, Tri-Cities airport cannot directly approach individual airlines, offer incentives or raise funds itself. For the last 6 years, Tri-Cities Airport has asked for an independent 3rd party to support new air service incentives and BRIDGE has volunteered to fulfill this roll. Our goal is to obtain two new air service providers at Tri-Cities, offer direct service to two major markets and grow more direct routes. Our goal is raise \$2 million Minimum Revenue Guarantees (MRG) commitments over two years through both public and private support. So far we have received commitments from Sullivan County, City of Kingsport and Washington County. We are awaiting board votes from the other owners of the airport; Johnson City, Bristol, Tennessee and Bristol, Virginia.

Mr. Dykes and the board thanked Mr. Rose for his presentation. Mr. Dykes advised that they would be reviewing the materials provided by BRIDGE and information for the board to engage in further discussions regarding future involvement in the project by BrightRidge.

Upon motion of Mr. Mabrey, seconded by Mr. Hite, the monthly power distributor's reports submitted to the Tennessee Valley Authority for January and February 2025 were approved. The motion carried unanimously by roll call. Year-to-date income was \$4,427,882.52 more than last year's year-to-date figure and year-to-date actual net income was \$255,006.33 more than the budgeted figure. The general fund balance stands at \$30,315,125.21, the reserve fund balance stands at \$1,796,460.65, the special reserve fund balance stands at \$2,184,164.75, the tax equivalent fund balance stands at \$3,918,120.62, the economic development fund balance stands at \$1,922,040.14, the 2017 and 2021 bond and interest sinking fund balance stands at \$3,067,491.62, the renewal and replacement fund balance stands at \$523,799.63, the miscellaneous proceeds fund balance stands at \$2,618.72; and the self-insurance fund balance stands at \$2,020,338.98. BrightRidge is currently serving 84,344 customers, which is an increase of 975 customers since the same time last year, which represents a 1.17% growth rate.

Upon motion of Mr. Mabrey, seconded by Mr. Hite, the monthly financial statements for January and February 2025 for the Broadband Division were approved. The year-to-date income was \$663,014.40 more than last year's year-to-date figure, and year-to-date actual net income was -\$162,123.80 less than the budgeted figure. The broadband debt service fund balance stands at \$1,255,743.98, the reserve fund balance stands at \$1,758,158.04, the broadband checking account balance stands at \$1,918,579.90, the broadband money market account balance stands at \$52,471.08, the voice service balance stands at \$41,326.18, and the video service balance stands at \$8,550.30.

Mr. Bolling concluded his report by adding that current assets have increased by \$22 million. The year-to-date Operating Revenues are up \$14.1 million. The year-to-date Operating Expenses, excluding Power Cost, are up \$2.2 million compared to last year and under budget by approximately \$900,000. The year-to-date Average Load Factor is 57.82% and the year-to-date Net Income is \$4.4 million, an increase over the last year. The FCA is up 12% from February 2024 to February 2025. BrightRidge customers are up 975 since last year.

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

(a.) The minutes of the Board meeting on February 18, 2025.

(b.) The purchase of four 1250 KVA single-phase transformers from Solomon Corporation in the amount of \$291,532.00.

The motion carried unanimously by roll call vote.

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

(a.) The purchase of a Posi+ 800-40 Cable Placer bucket truck from Custom Truck in the amount of \$256,890.01.

(b.) The pre-purchase approval of additional 2,800 ONTs for FY2026 in the amount of \$209,020.38, in order to take advantage of the tax savings opportunity.

The motion carried unanimously by roll call vote.

Mr. Dykes presented an update to the BrightRidge Limited English Proficiency (LEP) Plan, which is completed every three (3) years. It is noted that the frequency in which BrightRidge staff has utilized the LEP plan to assist customers increased from 96 people in 2021 to 224 people in 2024.

Upon motion of Mr. Hunter, seconded by Mr. Dietrich, the Board approved the revised Limited English Proficiency Plan by unanimous roll call vote. The motion carried unanimously by roll call vote.

RETIREMENT RESOLUTION – MARK EADES

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 Mark Eades was employed by Johnson City Power Board on April 13, 1987, until retiring from BrightRidge on Friday, April 18, 2025; and

WHEREAS during his thirty-eight years of service with Johnson City Power Board/BrightRidge, he served as a Planning & Operations Engineer, Assistant Manager of Engineering/Planning, Manager of Engineering, Chief Operations Officer, Chief Engineering & Technology Officer and Chief Engineering & Facilities Officer.

WHEREAS the Board of Directors of BrightRidge wishes to recognize Mr. Eades for his outstanding service to the customers and staff of Johnson City Power Board/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 25th day of March 2025, that Mark Eades be, and hereby is, officially commended for his thirty-eight years of service to the customers of Johnson City Power Board/BrightRidge.

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

Upon motion of Mr. Huffine, seconded by Mr. Mabrey, the Board approved the Resolution by unanimous roll call vote. A copy of this Resolution now appears in full on the minutes of the proceedings of this meeting.

Mark Eades, Chief Engineering and Facilities Officer presented the board with a report on Line Loss. Losses are simply the difference between what we buy and what we sell. We have five delivery points, which are points where TVA is connected to us. Most utilities place metering systems at these locations. At BrightRidge, we meter at each of our 28 substations. Losses calculated between these two points are identified as 'Losses calculated by TVA'. The losses we will focus on are the losses between the substation and the delivery points, which are the 84,000 customer meters we have on our system.

In reality, the lines themselves have conductor losses. As electricity goes through the line, they heat up and use up a little bit of the power resulting in an approximate loss of 0.37%. Power theft previously made up a large percentage of our losses, however with the addition of AMI that number has dropped substantially and is no longer an issue. Other losses come from contact with trees, as well as power usage by BrightRidge itself (i.e. within our facilities and substations) that is metered but does not generate a bill. These are all calculated as a loss.

At this time, transformer losses are the most significant contributor to line losses on our system. There are two types of transformer losses: core and winding. Core losses are the losses that occur due to the metal core that is internal to the transformer, where the magnetic field transforms the voltage and goes through the core. Winding losses consist of the current flowing through the windings in the transformer. These add up to approximately 2.5-3.0% in losses. Because of this, it is important to take these losses into consideration when bids are submitted for the purchase of new transformers. With each bid received we are provided with the losses of that transformer. This information is used to complete a loss evaluation to determine what it will cost to run the transformer over the next 30 years in comparison to the purchase cost of each transformer.

Mr. Eades reported that the most accurate way to look at losses is on an annual bases, because you are seeing all seasons with highs and lows. In our industry what is considered a good loss number is 4% or below. Therefore, Mr. Bolling accounts for 4.0% losses in our yearly budget. Our year-to-date loss in December 2024 was 3.3%.

Mr. Eades concluded his report by answering questions about the changes he has seen in transformer manufacturing and efficiency during his time at BrightRidge.

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 19,834 active customers.

Mr. Evans confirmed that video subscribers are below 234, with continued efforts to get those switched before June. New campaigns are in the works with the help of Tiphannie and her team handling call outs.

For FY25, our goal is to add 4,136 new net customers (79.54 average net adds per week needed) by June 30, 2025. We are 722 customers ahead of the linear budget line. FY25 installations total 5,714 with total disconnects at 1,969; resulting in total net adds of 3,745.

Mr. Evans advised that there have been several increases in new customer growth opportunities within existing phases (adding 66 to Phase 3, 28 to Phase 4, 32 to Phase 5, and 218 to Phase 6). Growth in our new grant areas is currently at 28.7% take rate.

Mr. Evans updated the board on the growth of the newest 2.5G product (growing from 18 customers to 375), with the cost at \$99.99 per month. We are also seeing good take rates on the 1G as well.

Broadband ARPU has continued to grow month over month. Mr. Evans advised that compared to where we started in 2019 (\$54.31), that ARPU change has resulted in a \$3.537 million dollar difference on our revenue per year.

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 1.24% including moves.

Mr. Evans provided an update on the Bead Grant and advised that the application is due by April 11th. We anticipate hearing back by the end of the year regarding approval. Mr. Evans stated that with the additional coverage areas from this grant and the passings that could then be added, he estimates BrightRidge Broadband would then be able to service approximately 80% of Washington County.

Mr. Dykes thanked Mr. Evans and staff for their work on the Bead Grant to date. We are hopeful their efforts will have a positive result.

Mr. Dykes invited everyone back for our luncheon to celebrate Mr. Eades upcoming retirement on April 17th from 11:00 to 1:00 p.m. Everyone at BrightRidge will certainly miss him, but we are excited that he will be able to spend time with his five amazing grandsons, who will hopefully become future engineers.

Mr. Dykes advised there will be upcoming dates provided for our Capital Budget presentation.

Mr. Dykes updated the board on the status of solar ventures. We currently have either 4.8 or 6.8 MW of solar left to be used and are in discussions with TVA on determining the final total. Once we get that confirmed we will get information out to everyone on how that will be utilized.

There being no further business, the meeting was adjourned.