

OCTOBER 2021 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Friday, October 22, 2021 at noon at 2470 Volunteer Parkway, Bristol, Tennessee.

Call to Order

Chairman Downs called the meeting to order at 12:00.

Board Members Present

Erin Downs, Vince Turner, David Akard III, Larry Clarke and Doug Harmon

Staff Present

CEO Dr. Mike Browder, Director of Engineering Clayton Dowell, Director of Management Services Tara Ellis and Director of Accounting and Finance Lola McVey

Others Present

Conor O'Donoghue and Josh Vehec from Coulter & Justus and Attorney C. Thomas Davenport

Audit for Fiscal Year Ending June 30, 2021

Conor O'Donoghue and Josh Vehec from Coulter & Justus presented the audit report for the fiscal year ending June 30, 2021. They reviewed the Auditor's Communication Letter. The opinion is unmodified (clean) on the financial statements. No audit findings of noncompliance or material misstatements were found. The auditors tested financial control procedures and had no findings. Mr. Harmon made a motion to approve and Mr. Akard seconded the motion. It was unanimously approved.

General Power Deposit Discussion

Chairman Downs led a discussion about accepting surety bonds and Letters of Credit for General Power customers. Attorney Davenport reviewed bankruptcy law, preference payments and the risk in relation to accepting bonds and letters of credit for security instead of cash. There was also discussion about General Power customers who do not have any form of security in place. BTES staff will draft a letter for Board review to these customers about not requiring a deposit at this time but if the account is delinquent, then a full deposit will be required. The Board will review that letter at the next meeting. There was no motion for the Board to consider.

Minutes

Chairman Downs asked if there were any corrections to the minutes of the September board meeting, which had been previously distributed. She requested a change in wording for clarification. Mr. Turner made a motion to approve the minutes as amended. Mr. Harmon seconded and the motion was unanimously approved.

Safety Report

Ms. Ellis reported that BTES has completed 521,116.25 safe working hours as of September 30, 2021 without a lost time accident. A safety meeting was held on October 5 for all employees on Safe Lifting and Good Back Health. Ms. Ellis also gave an update on employee COVID cases and the lobby closure. She also reported that we have completed our annual DIC Safety inspection and received a positive report. BTES has consistently scored well on the SP2 Safety Audits this auditor has performed. Since 2013 there has not been more than two deficiencies marked on the audit checklist. In 2017 BTES had a perfect score.

Financial Reporting

Electric Business Unit

Ms. McVey presented the September 2021 financial reports. She reported that we sold more kWh than purchased for September which means we had purchased some of those kWh in previous months. This resulted in positive net income for the month of September. Maintenance expense remains below budget because crews are working on capital projects such as the Virginia fiber deployment and the South Bristol Delivery Point.

There are 225 PrePay customers as of September 30, 2021.

\$(000)	YTD Actual	YTD Budget
Electric Sales	\$ 21,902.9	\$ 21,095.1
Other Electric Revenue	\$ 1,575.2	\$ 1,658.0
Other Income	\$ 47.1	\$ 63.4
Total Operating Expense	\$ 21,968.6	\$ 21,887.1
Non-Operating Expense	<u>\$ 288.6</u>	<u>\$ 265.5</u>
Electric Net Income (Loss)	\$ 1,268.0	\$ 663.9
Operating & Maintenance Expense	\$ 2,679.2	\$ 3,274.5
Broadband Net Income	\$ 1,220.3	\$ 470.6

Advanced Broadband Services Business Unit

Ms. McVey reported that in September 2021 the number of cable services decreased by 44 and the number of telephone services decreased by 28. Internet services increased by 44 and total customers increased by 28 with the largest increase in Internet only customers which increased by 60. Residential customers who have 100 M increased by 38 in September and 1 Gig residential customers increased by 15 for the same time frame.

TVA Monthly Fuel Cost

Dr. Browder indicated that the November 2021 monthly fuel cost will decrease to \$.02352 per kWh for residential (RS) customers.

	October 1, 2021	October 1, 2021
	Fuel Cost	Fuel Cost
500 kWh	\$10.71	\$11.76
1000 kWh	\$21.41	\$23.52
1500 kWh	\$32.12	\$35.28
2000 kWh	\$42.82	\$47.04

Pending Items

Internet Reliability

Mr. Dowell reported that we are getting pricing on two additional 50 Gig circuits to double our capacity. The cost will increase but will not be double what we are currently paying. The long-term

solution is still with Seven States. Seventy-five percent of LPCs are on board for Phase 1 of the project.

CEO Report

Dr. Browder reported that the SWOT analysis on Internet service is complete for employees. Mr. Dowell reviewed the process and handed out copies. The Board will review and comment at next month's board meeting.

Dr. Browder distributed his Letter of Intent to Retire to the Board. His retirement is effective December 2022.

Board Comments

Chairman Downs and other Board members congratulated Dr. Browder on his retirement expressing appreciation for his leadership over the last 49 years.

Chairman Downs adjourned the meeting.

Respectfully Submitted,

A handwritten signature in cursive script that reads "David Akard III". The signature is written in dark ink and includes a stylized flourish at the end.

David Akard III, Secretary