

DECEMBER 2021 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, December 15, 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 Mike Browder, Director of Engineering Clayton Dowell, Director of Management Services Tara Ellis and Director of Accounting and Finance Lola McVey

Minutes

Chairman Downs asked if there were any corrections to the minutes of the November board meeting, which had been previously distributed. The minutes were approved by general consensus.

Safety Report

Ms. Ellis reported that BTES has completed 540,797.88 safe working hours from September 7, 2017 to November 30, 2021 without a lost time accident. A safety meeting was held on December 7 for all employees on Fire Safety and Prevention.

Financial Reporting

Electric Business Unit

Ms. McVey presented the November 2021 financial reports. She reported that we purchased 80,952,000 kWh in November and sold just 63,099,000 kWh which means we have paid for about 15,000,000 kWh that we will bill in December. This resulted in negative net income for November.

There are 254 PrePay customers as of November 30, 2021.

\$(000)	YTD Actual	YTD Budget
Electric Sales	\$ 33,503.5	\$ 32,600.9
Other Electric Revenue	\$ 2,702.2	\$ 2,850.2
Other Income	\$ 90.6	\$ 106.0
Total Operating Expense	\$ 36,094.1	\$ 35,011.3
Non-Operating Expense	\$ 456.0	\$ 442.5
Electric Net Income (Loss)	\$ (253.8)	\$ 103.3
Operating & Maintenance Expense	\$ 3,106.2	\$ 3,306.2
Broadband Net Income	\$ 1,995.2	\$ 784.0

Advanced Broadband Services Business Unit

Ms. McVey reported that in November 2021 the number of cable services decreased by 58, the number of Internet services decreased by 27 and the number of telephone services decreased by 32. Internet services decreased but Internet only customers were up by 27.

TVA Monthly Fuel Cost

Dr. Browder indicated that the January 2022 monthly fuel cost will increase to \$.02660 per kWh for residential (RS) customers.

	December 1, 2021	January 1, 2022
	Fuel Cost	Fuel Cost
500 kWh	\$12.65	\$13.30
1000 kWh	\$25.30	\$26.60
1500 kWh	\$37.95	\$39.90
2000 kWh	\$50.60	\$53.20

Approval of TV2 MediaRoom Support for years 2022-2024

Dr. Browder presented a proposal for 24x7x365 technical support coverage for our IPTV MediaRoom system for 2022-2024. If we commit for three years, there is just a one-time three percent increase instead of an increase each year. This support will be needed for the next three years even if we transition away from IPTV. He recommended a three-year agreement for a total cost of \$309,817.30 to be billed annually at \$103,272.40. Mr. Clarke moved to approve the recommendation and Mr. Harmon seconded the motion. The motion was unanimously approved.

General Power Deposit Discussion

Dr. Browder presented a proposed process for GSA3 and Non-Standard customers. This process mimics TVA's process for securing the risk of power cost expense for their direct serve customers based on credit rating by either Moody, Standard and Poor's or Fitch rating. We are still waiting on additional information on Contract language and a financial model from TVA's Corporate Credit and Insurance Division. We will present additional information at next month's meeting.

Leadership Succession Planning

Joel Cullum from SESCO Management Consultants joined the meeting. He discussed the process and timeline for the CEO search. The formal search will begin July 2022 with a target to have made an offer and the candidate accept by November 1. Mr. Cullum will attend the February board meeting.

Pending Items

Internet Reliability

Mr. Dowell reported that we have signed an agreement to add two 50 gig circuits from Atlanta and Charlotte which provides diverse routes. The additional circuits should be available in 90 days. The Seven States fiber project is progressing, and other utilities are joining.

CEO Report

Dr. Browder stated that he had no additional items to report.

Board Comments

Mr. Clarke asked about additional power demands from electric vehicle charging. Dr. Browder reported that we have designed our system to be able to expand our capacity and TVA is also looking at system requirements from electric vehicle charging.

Chairman Downs adjourned the meeting.

Respectfully Submitted,

A handwritten signature in black ink that reads "David Akard III". The signature is written in a cursive style with a stylized flourish at the end.

David Akard III, Secretary