

MAY 2022 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Monday, May 23, 2022 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 Management Services Tara Ellis and Director of Accounting and Finance Lola McVey

Others Present

Joel Cullum, Attorney C. Thomas Davenport

CEO Search

Mr. Davenport reviewed the procedure for the Board members to interview candidates while respecting their confidentiality to the extent possible. Mr. Cullum gave an update on applicants and their qualifications for the CEO position. He stated that not many candidates had fiber experience and there was discussion about changing that requirement for candidates. After discussion, the Board decided not to change the criteria for candidates.

Minutes

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

Safety Report

Ms. Ellis reported that BTES has completed 41,825.69 safe working hours from January 6, 2022 to April 30, 2022 without a lost time accident. A safety meeting was held May 3 and the topic was Pole Top and Bucket Truck Rescue. Ms. Ellis also reported that a group of about 20 BTES employees completed Korn Ferry Leadership training.

Financial Reporting

Electric Business Unit

Ms. McVey presented the April 2022 financial reports. She reported that kWh sales are still trending ahead of previous year. The average retail and wholesale cost is more than last year due to the fuel cost. There are 278 PrePay customers as of April 30, 2022.

\$(000)	YTD Actual	YTD Budget
Electric Sales	\$ 72,712.4	\$ 70,033.5
Other Electric Revenue	\$ 5,430.1	\$ 5,686.2
Other Income	\$ 175.3	\$ 211.8
Total Operating Expense	\$ 75,116.2	\$ 73,421.4
Non-Operating Expense	<u>\$ 1,173.0</u>	<u>\$ 882.9</u>
Electric Net Income (Loss)	\$ 2,028.6	\$ 1,627.2
Operating & Maintenance Expense	\$ 9,035.9	\$ 9,623.7
Broadband Net Income	\$ 4,194.5	\$ 1,365.6

Advanced Broadband Services Business Unit

Ms. McVey reported that in April 2022 the number of cable services decreased by 112, the number of telephone services decreased by 78 and the number of Internet services increased by 19. In March 2022, we changed our marketing strategy for cable service and we saw similar numbers in each month. The customers dropping cable seem to be keeping their Internet service.

TVA Monthly Fuel Cost

Dr. Browder indicated that the June 2022 monthly fuel cost will increase to \$.02911 per kWh for residential (RS) customers.

	May 1, 2022	June 1, 2022
	Fuel Cost	Fuel Cost
500 kWh	\$12.33	\$14.56
1000 kWh	\$24.65	\$29.11
1500 kWh	\$36.98	\$43.67
2000 kWh	\$49.30	\$58.22

Approval of TiVo Managed IPTV

Dr. Browder reported that our current IPTV system is reaching the end of life and replacement parts are becoming scarce. We have evaluated options to best serve our customers. We have found the TiVo Managed IPTV to be the best solution. The system requires little hardware as it is primarily provided from a remote data center over redundant private data circuits. Ms. Ellis demonstrated the use of the system. After discussion about the system, Mr. Harmon made a motion we transition to TiVo Managed IPTV which includes an initial set up cost of \$40,000 with a monthly service cost of \$8.25 per subscriber and a four-year contract. Mr. Akard seconded. The Board voted to approve the motion by a vote of four yes and one no.

Strategic Business Plan Discussion

Ms. McVey reviewed highlights of the draft of the Strategic Business Plan for 2022-2023. She presented major capital projects, capital budget, operating budgets and cash flows for the Electric and Advanced

Broadband Business Units. The Board will vote to approve the Strategic Business Plan at the June meeting.

Pending Items

Internet Reliability

Dr. Browder reported that the two 50 gig circuits from Atlanta and Charlotte are still in progress.

CEO Report

Dr. Browder reported that there are five subdivisions in various stages of development and will need transformers that are still hard to get and have increased greatly in price. Approximately 160 transformers are needed to serve all those locations. Besides the cost to purchase those transformers there are other factors to consider. Depreciation on the transformers starts immediately upon delivery to BTES, which affects the financial statements and due to EPA regulations, storage is also a challenge. In the normal course of business, we do not purchase transformers until the developer pays any applicable Aid to Construction and purchase only those units we need for the specific design of that development. There was discussion about an interim plan so that we could order some of the transformers needed for the subdivisions as the ordering windows open up. The developer could pay the Aid to Construction or put up a Secured Surety Bond and available transformers would be allocated to their project. The developer would be responsible for the actual cost of material and equipment at the time of delivery to BTES.

Type	Size	QTY	Current \$ Est ea.	Current \$ Est
Pad Mount	37.7 kVA	20	\$ 9,181.00	\$ 183,620.00
Pad Mount	50 kVA	50	\$10,236.00	\$ 511,800.00
Pad Mount	75 kVA	40	\$13,245.00	\$ 529,800.00

Mr. Turner made a motion to authorize Dr. Browder to order transformers in the quantities listed above at a cost of up to \$2,000,000. Mr. Akard seconded and the motion was passed unanimously.

Board Comments

There were no further Board comments.

Chairman Downs adjourned the meeting.

Respectfully Submitted,



David Akard III, Secretary