

JUNE 2021 BOARD MINUTES – AS AMENDED

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, June 16, 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

Minutes

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

Safety Report

Ms. Ellis reported that BTES has completed 476,448.1 safe working hours as of May 31, 2021 without a lost time accident. A safety meeting was held on June 8 for outside employees on Obtaining Clearances – LOTO/Energy Control.

Financial Reporting

Electric Business Unit

Ms. McVey presented the May 2021 financial reports. She reported that we sold more kWh than May of last year and year-to-date we sold more kWh than the previous year. She also reported that the negative net income was expected but was less negative than budgeted.

The 2021 Right of Way Improvement Process is still in progress with additional expenses to continue through the end of the fiscal year.

There are 194 PrePay customers as of May 31, 2021.

The financial highlights are as follows:

\$(000)	YTD Actual	YTD Budget
Electric Sales	\$ 74,384.8	\$ 75,906.4
Other Electric Revenue	\$ 5,996.5	\$ 6,171.4
Other Income	\$ 309.0	\$ 810.3
Total Operating Expense	\$ 76,057.1	\$ 79,888.7
Non-Operating Expense	<u>\$ 1,137.9</u>	<u>\$ 951.7</u>
Electric Net Income (Loss)	\$ 3,495.3	\$ 2,047.7
Operating & Maintenance Expense	\$ 9,653.0	\$ 10,010.5
Broadband Net Income	\$ 3,247.0	\$ 1,761.9

Advanced Broadband Services Business Unit

Ms. McVey reported that net income is ahead of budget because Internet revenue is over budget due to the growth of that service and expenses are close to the amount budgeted. The number of customers in the Advanced Broadband Services (ABS) Business Unit increased by 29 in May 2021. The number of Internet only customers increased by 83 for the month of April.

TVA Monthly Fuel Cost

Dr. Browder indicated that the July 2021 monthly fuel cost will increase to \$.02038 per kWh for residential (RS) customers.

	June 1, 2021	July 1, 2021
	Fuel Cost	Fuel Cost
500 kWh	\$9.29	\$10.19
1000 kWh	\$18.58	\$20.38
1500 kWh	\$27.87	\$30.57
2000 kWh	\$37.16	\$40.76

Approval of Metaswitch Annual Support and Extended Hardware Warranty

Dr. Browder presented a proposal for the approval of the annual support and extended hardware warranty with Metaswitch, the manufacturer of our Class 5 telephone switch. Mr. Akard moved for approval of the proposal and Mr. Turner seconded the motion. It was approved unanimously.

Approval of Purchase of a 75' Tree Trimmer

Dr. Browder presented a proposal for the purchase of a 75' Tree Trimmer from Jaraff Industries, Inc. for \$223,977.00. This machine will greatly increase our productivity and increase the speed of right of way clearing. After discussion, Mr. Akard made a motion to accept the proposal. Mr. Clarke seconded the motion and the Board voted unanimously to approve the motion.

Approval of South Bristol Primary Substation Site Development

Dr. Browder reported that we have been working with Tysinger, Hampton & Partners, Inc. to develop the South Bristol Primary Substation Site. This project includes two projects, a TDOT approved entrance from Highway 394 and an access driveway and substation pad. Proposals were requested through an advertisement in the Bristol Herald Courier. Management recommended accepting the proposal from Baker's Construction Services, Inc. at a cost of \$1,173,554.60. Mr. Turner made a motion to accept the proposal and Mr. Akard seconded. The motion passed.

Approval of Wage and Salary Board Policy

Ms. Ellis reported that Joel Cullum from SESCO has reviewed the Wage and Salary Board Policy and found no legal issues. Mr. Clarke made a motion to approve the Wage and Salary Board Policy. Mr. Harmon seconded the motion and the Board voted unanimously to approve the motion.

Approval of Strategic Business Plan

Ms. McVey led a discussion of the Strategic Business Plan. After discussion, Mr. Clarke made a motion to approve the Strategic Business Plan. Mr. Harmon seconded and the Board approved it unanimously.

CEO Report

Right of Way Improvement Discussion

There was extensive discussion regarding the 2021 Right of Way Improvement Process including certifications for chemical use and communication with customers. The Board reviewed the BTES website and the educational videos available on the website.

Board Comments

There were no further Board comments.

Chairman Downs adjourned the meeting.

Respectfully Submitted,

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

David Akard III, Secretary