

# **JUNE 2024 BOARD MINUTES**

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Monday, June 24, 2024 at noon at 2470 Volunteer Parkway, Bristol, Tennessee.

## **Call to Order**

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

## **Board Members Present**

Erin Downs, David Akard III, Doug Harmon, and John Vann.

## **Staff Present**

CEO Clayton Dowell, Vice President of People Operations Tara Ellis, Vice President of Engineering David Hacker, Vice President of Operations and Safety Steve Craddock, Vice President of Finance Lola McVey, and Supervisor of Accounting Heather Jenkins.

## **Others Present**

Attorney C. Thomas Davenport and Attorney Mark Smith.

## **Public Comment Period**

Chairperson Downs called for public comments. There were none.

## **Utility Authority**

Mr. Smith and Mr. Davenport provided an informational presentation to discuss the differences between BTES' current structure as a TN Municipal Electric Plant compared to a Utility Authority. There was discussion around why many other utilities in Tennessee have made the transition to an authority and the potential benefits to the city and BTES. There was discussion about doing additional due diligence to determine if there would be any negative impact to BTES' bond rating. There was discussion about having a joint work session with City Council for further consideration and discussion.

## **Modification of Meeting Agenda**

Mr. Dowell proposed removing the approval of the USDA Resolution from the agenda. BTES became aware that the project arrangement with the city was not eligible for the loan program as originally intended. Mr. Harmon made a motion to remove the approval of the USDA Resolution from the agenda. Mr. Vann seconded, and the motion passed unanimously.

## **Minutes**

Chairperson Downs asked if there were any corrections to the minutes of the May board meeting which had been previously distributed. It was noted the purchase of substation voltage regulators were approved unanimously. Mr. Akard motioned to approve the minutes as revised. Mr. Vann seconded, and the minutes were approved unanimously.

## **Safety Report**

Mr. Craddock reported that BTES completed 57,770.06 safe working hours from January 12, 2024 to May 31, 2024. The June safety meeting for all employees was held on June 4, 2024. The topic was "Strains, Sprains, and Soft Tissue Injuries."

## Reliability Report

Mr. Hacker presented the outage data for May 2024. He reported 8.319 average customer outage minutes for the month of May and 51.971 average customer outage minutes through May 31, 2024.

## Financial Reporting

### Electric Business Unit

Ms. McVey presented the May 2024 financial reports. She reported that sales and purchases are ahead of last year actuals even though Degree Days are about the same. Net income is ahead of budget primarily because of lower expenses. Net plant has increased about \$4 million.

\$(000)	YTD Actual	YTD Budget
Electric Sales	\$ 80,964.7	\$ 83,649.2
Other Electric Revenue	\$ 6,258.0	\$ 6,071.5
Other Income	\$ 2,588.6	\$ 2,199.2
Total Operating Expense	\$ 86,625.1	\$ 89,825.8
Non-Operating Expense	<u>\$ 568.9</u>	<u>\$ 407.1</u>
<b>Electric Net Income (Loss)</b>	<b>\$ 2,617.3</b>	<b>\$ 1,687.0</b>
Operating & Maintenance Expense	<b>\$ 11,861.8</b>	<b>\$ 13,275.5</b>
Broadband Net Income	<b>\$ 48.5</b>	<b>\$ (269.2)</b>

### Advanced Broadband Services Business Unit

Ms. McVey reported that cable and telephone had large decreases as a result of the cable price increase. Internet decreased only by 18 which indicates that customers disconnecting cable are keeping their Internet service.

### TVA Monthly Fuel Cost

Mr. Dowell indicated that the July 2024 monthly fuel cost will increase to \$.02244 per kWh for residential (RS) customers.

	May 1, 2024	June 1, 2024	July 1, 2024
	Fuel Cost	Fuel Cost	Fuel Cost
<b>500 kWh</b>	\$9.63	\$10.44	\$11.22
<b>1000 kWh</b>	\$19.26	\$20.87	\$22.44
<b>1500 kWh</b>	\$28.89	\$31.31	\$33.66
<b>2000 kWh</b>	\$38.52	\$41.74	\$44.88

### Approval of Purchase of Protection Relays for South Bristol Substation

Mr. Dowell reported on the need to purchase protection relays for the next phase of the South Bristol Primary Substation project. The relays play a critical role in the operation of the substation. They monitor the breakers, transformers, and other equipment and automatically operate the breakers inside the substation if a fault occurs. Additionally, they play a role in the protection of the equipment and our employees who work on energized equipment and collect and transmit data in real time to our dispatchers using our SCADA system. We requested proposals from our approved vendors and advertised in the Bristol Herald Courier. We received a proposal from Schweitzer Engineering Laboratories, Inc and recommend purchasing the protection relays from them for a total cost of \$258,898.35. Mr. Akard made a motion to purchase the relays. Mr. Harmon seconded, and the motion passed unanimously.

### **Approval of Metaswitch Annual Support and Extended Hardware Warranty**

Mr. Dowell reported that our annual support from Metaswitch for our Class 5 telephone switch is up for renewal. This is support for which we have previously planned and budgeted. There is a decrease of \$2,120 from the prior year due to some equipment being retired from service and removed from the support agreement. The annual support and extended hardware warranty will cover the period of August 1, 2024 through July 31, 2025. We recommend renewing the support and extended hardware warranty with Metaswitch for a cost of \$111,283. Mr. Harmon made a motion to renew the support and extended hardware warranty and Mr. Akard seconded. The motion was approved unanimously.

### **Approval of Tree Trimming by Circuit**

Mr. Dowell reported that our vegetation management process continues to yield positive results. We still have additional circuits and customers that would benefit from the same vegetation management process. After requesting proposals from known vendors with utility trimming experience and advertising in the Bristol Herald Courier, we received proposals from four vendors. We recommend accepting the proposal from W. A. Kendall and Company, LLC for circuits 1, 3, 8, 18, 29, and 79 (74.54 miles), Xylem Tree, LLC for circuits 27 and 28 (11.52 miles), and Southeast Mowing, LLC for circuits 15, 78, and 80 (20.27 miles) for a combined price of \$1,190,811.36. Mr. Akard made a motion to accept the proposals as recommended. Mr. Harmon seconded, and the motion passed unanimously.

### **Update on Litigation**

Chairperson Downs inquired if Mr. Davenport would like to provide an update on current litigation. Mr. Davenport provided a status update and additional information related to bond considerations for the utility authority discussion which took place earlier in the meeting.

### **CEO Report**

Mr. Dowell presented a video of the delivery of the two South Bristol Primary Substation transformers. He also advised the Board that BTES and TVA will be working with the City of Bristol to convey land and easements for the portion of the property at the South Bristol Primary Substation site that is planned for the TVA delivery point portion of the project. We have submitted our request to TVA for a local rate adjustment. We conducted an Employee Engagement Survey. The results have not been received at this time; however, we intend to share them with the Board in July. Mr. Dowell provided an update on the Seven States Middle Mile project. Due to lack of participation from local power companies, the board of directors of Seven States has decided to end the project.

### **Other Items**

Ms. Ellis reported BTES has added Script Sourcing to our insurance, which helps to save money on certain specialty drugs. A letter will be sent to covered individuals.

### **Board Comments**

No further Board comments.

Chairperson Downs adjourned the meeting.

Respectfully Submitted,



Doug Harmon, Secretary