

## **OCTOBER 2020 BOARD MINUTES**

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, October 21, 2020 at noon. The meeting was held pursuant to Governor Bill Lee's Executive Order No. 16, which allows members of the governing body subject to the Tennessee Open Meetings Act to meet and conduct essential business by electronic means if the body determines meeting electronically is necessary to protect the health, safety and welfare of Tennesseans in light of the COVID-19 pandemic. The public could attend the meeting live via remote access from the BTES office and was notified of the process for joining remotely with detailed instructions on the BTES website, including the opportunity to address the Board on any matter of BTES business.

### **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**

Joel Cullum from SESCO Management Consultants and Attorney C. Thomas Davenport

### **Leadership Progression Planning**

Joel Cullum reported that a draft of the CEO Profile was sent to Board members for comments. He also reported that he and Kelly Ison had met with the management team individually and as a group. The 360 Evaluations have been sent to direct reports and are due next week. Mr. Cullum and Mr. Ison will determine development opportunities and meet with the management team individually.

### **Minutes**

Chairman Downs presented the minutes of the September board meeting. Mr. Harmon made a motion to approve the minutes. Mr. Clarke seconded the motion and the minutes were unanimously approved.

### **Safety Report**

Ms. Ellis reported that BTES has completed 387,227.32 safe working hours as of September 30, 2020 without a lost time accident. A safety meeting was held on October 13 for all employees on Defensive Driving.

## Financial Reporting

### Electric Business Unit

Ms. McVey presented the September 2020 financial reports. She reported that for September we sold more kWh than we purchased which means we billed for kWh in September that we bought and paid for in August. Operating and Maintenance Expenses continue to be below budget due to the timing of the Right-of-Way Improvement Process. Also, labor has been diverted from maintenance work to the Sharps Hollow Substation capital project so that it is operational before December's cold weather. There are 78 PrePay customers as of October 9, 2020.

Ms. Ellis reported that Help Your Neighbor contributions were approximately \$14,000. She also reported that there are 44 accounts still disconnected with a balance of \$22,328.11. She stated that there are eleven families receiving Internet service through the BTES COVID-19 Educational Support Program.

The financial highlights are as follows:

| <b>\$(000)</b>                    | <b>YTD Actual</b> | <b>YTD Budget</b> |
|-----------------------------------|-------------------|-------------------|
| Electric Revenue                  | \$ 21,069.9       | \$ 21,784.0       |
| Other Electric Revenue            | \$ 1,670.1        | \$ 1,674.5        |
| Other Income                      | \$ 169.3          | \$ 224.4          |
| Total Operating Expense           | \$ 20,759.8       | \$ 22,646.4       |
| Non-Operating Expense             | <u>\$ 346.1</u>   | <u>\$ 262.6</u>   |
| <b>Electric Net Income (Loss)</b> | <b>\$ 1,803.4</b> | <b>\$ 773.9</b>   |
| <br>                              |                   |                   |
| Operating & Maintenance Expense   | \$ 2,411.0        | \$ 3,127.6        |
| Broadband Net Income              | \$ 912.8          | \$ 591.8          |

### Advanced Broadband Services Business Unit

Ms. McVey reported that the number of customers in the Advanced Broadband Services (ABS) Business Unit increased by 34 in September 2020 with an increase of 78 in Internet services. Because of this increase in customers, year-to-date revenue is slightly more than budgeted.

### **TVA Monthly Fuel Cost**

Dr. Browder indicated that the November 2020 monthly fuel cost will increase to \$.01656 per kWh for residential (RS) customers.

|                 | <b>October 1, 2020</b> | <b>November 1, 2020</b> |
|-----------------|------------------------|-------------------------|
|                 | <b>Fuel Cost</b>       | <b>Fuel Cost</b>        |
| <b>500 kWh</b>  | \$7.66                 | \$8.28                  |
| <b>1000 kWh</b> | \$15.31                | \$16.56                 |
| <b>1500 kWh</b> | \$22.97                | \$24.84                 |
| <b>2000 kWh</b> | \$30.62                | \$33.12                 |

### **Approval of BTES Rate Schedules**

The BTES Board approved passing the TVA Wholesale Pandemic Relief Credit to our customers in the September 2020 board meeting. Ms. McVey presented the BTES Residential, PrePay, GSA and Outdoor Lighting Rate Schedules that reflect this reduction. Mr. Clarke made a motion to approve the rate schedules and Mr. Harmon seconded the motion. It was approved.

### **Approval of Purchase of ONTs**

Dr. Browder presented a recommendation to purchase 1,200 Optical Network Terminals (ONTs) for customer growth and maintenance. The units are \$151.00 which includes a discount for the HPNA and a volume discount. The total cost is \$181,200.00. Mr. Akard made a motion to approve the purchase and Mr. Turner seconded the motion. It was approved unanimously.

### **Personal Use of BTES Equipment Discussion**

There was extensive discussion about the personal use of BTES equipment with Attorney Tom Davenport. Vice Chairman Vince Turner moved to suspend the policy regarding employee personal use of BTES equipment until research regarding the policy could be completed. Dr. Browder stated that he would administratively suspend the policy pending the completion of the research and requested that the motion be withdrawn. Vice Chairman Turner subsequently withdrew the motion. The policy is being reviewed and evaluated.

### **Pending Items**

#### **Cybersecurity Report**

Mr. Dowell reported that he is still discussing remote assessments with three vendors. We are continuing employee education about phishing and monitoring secure remote access to the network.

#### **CEO Report**

Dr. Browder reported that the meeting to welcome the new Seaman Corporation CEO went extremely well. The CEO was very impressed with the Bristol community.

Dr. Browder also reported that the purchase of the property for the South Bristol Delivery Point has been finalized.

Mr. Dowell reviewed the progress of the Sharps Hollow Substation project.

Dr. Browder reported that the deadline to have an Opt-out Round Up Program is quickly approaching. With the change to the Tennessee law taking effect in January 2021, this is the final chance for the opt-out option. Mr. Clarke made a motion to start an Opt-out Round Up Program. The motion failed for lack of a second.

**Board Comments**

Mr. Harmon stated that he was impressed with the meeting with Seaman Corporation.

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