

## OCTOBER 2023 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, October 18, 2023 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, Vince Turner and John Vann

### Staff Present

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

### Others Present

Lydia Atchley from Holston Habitat for Humanity; Conor O'Donoghue, Josh Vehec and Matthew Esco from Coulter & Justus

### Public Comment Period

Lydia Atchley from Holston Habitat for Humanity requested the use of net metering for solar customers. BTES staff will research the matter and respond to her.

### Addition to Agenda

Chairman Downs made a motion to add an agenda item for Revision of September 2022 Minutes. Mr. Akard seconded and the motion passed.

### Audit for Fiscal Year Ending June 30, 2023

Conor O'Donoghue, Josh Vehec and Matthew Esco from Coulter & Justus presented the audit report for the fiscal year ending June 30, 2023. They reported that the audit process went well with no issues with management. The opinion on the financial statements is unmodified (clean). No audit findings of noncompliance or material misstatements were found. The auditors tested financial control procedures and had no findings. They also discussed the new GASB 96 in effect for the fiscal year 2023 and the effect on the financial statements.

### Minutes

Chairperson Downs asked if there were any corrections to the minutes of the September board meeting which had been previously distributed. Mr. Akard made a motion to approve the minutes, Mr. Turner seconded and the motion carried.

### Revision of September 2022 Minutes

Mr. Dowell presented the amended September 2022 minutes to include the approval of the purchase of transformers for South Bristol Primary from Virginia-Georgia Transformer at a cost of \$6,386,126.00, plus or minus material and labor charges per manufacturer price policy. Mr. Turner made a motion to approve the revised minutes and Mr. Akard seconded. The motion passed unanimously.

## Safety Report

Ms. Ellis reported that BTES has completed 230,584.79 safe working hours from January 6, 2022 to September 30, 2023 without a lost time accident. The October safety meeting for all employees was Hazard Recognition and Reporting.

## Reliability Report

Mr. Hacker presented the outage data for September 2023. He reported 1.51 average customer outage minutes for the month and 128.08 through September 30, 2023.

## Financial Reporting

### Electric Business Unit

Ms. McVey presented the September 2023 financial reports. She reported that September was warmer than normal and the previous year. She reported on differences in actual expenses and amounts budgeted.

<b>\$(000)</b>	<b>YTD Actual</b>	<b>YTD Budget</b>
Electric Sales	\$ 21,814.8	\$ 23,987.1
Other Electric Revenue	\$ 1,703.2	\$ 1,678.8
Other Income	\$ 717.8	\$ 633.6
Total Operating Expense	\$ 23,462.4	\$ 25,254.1
Non-Operating Expense	<u>\$ 160.4</u>	<u>\$ 111.2</u>
<b>Electric Net Income (Loss)</b>	<b>\$ 613.0</b>	<b>\$ 934.2</b>
Operating & Maintenance Expense	\$ 3,269.9	\$ 3,351.0
Broadband Net Income	\$ (441.0)	\$ (1,240.6)

### Advanced Broadband Services Business Unit

Ms. McVey reported that in September 2023 the number of cable services decreased by ninety-one (91), telephone services decreased by sixty-five (65) and the number of Internet services increased by forty-six (46). The number of Internet only accounts increased one hundred nineteen (119).

### TVA Monthly Fuel Cost

Mr. Dowell indicated that the November 2023 monthly fuel cost will decrease slightly to \$.02286 per kWh for residential (RS) customers.

	<b>September 1, 2023</b>	<b>October 1, 2023</b>	<b>November 1, 2023</b>
	<b>Fuel Cost</b>	<b>Fuel Cost</b>	<b>Fuel Cost</b>
<b>500 kWh</b>	\$11.53	\$11.99	\$11.43
<b>1000 kWh</b>	\$23.06	\$23.97	\$22.86
<b>1500 kWh</b>	\$34.59	\$35.96	\$34.29
<b>2000 kWh</b>	\$46.12	\$47.94	\$45.72

### **Approval of Nokia Optical Line Terminal Upgrades**

Mr. Dowell presented a proposal for the upgrade of the Optical Line Terminals (OLT) and our Access Management System server. The upgrade will support the current GPON technology as well as 10 gigabit XGSPON technology. This will enable us to provide higher Internet speeds and serve up to 10Gpbs to more customers. Mr. Dowell recommended we move forward with the upgrades from Nokia at a cost of \$1,095,693.00. Mr. Akard made a motion to accept the proposal. Mr. Harmon seconded, and the motion was approved unanimously.

### **Approval of Mission, Vision and Strategy Statement**

Mr. Dowell reported that we have completed Phase 1 of our strategic planning process. We collected input from Board members and our Leadership Team and are proposing revisions to our Mission and Vision statements. We have also proposed a Strategy Statement as a foundation for the development of the strategic plan. After discussion, Mr. Turner made a motion to adopt the Mission, Vision and Strategy Statement. Mr. Akard seconded and the motion was approved.

### **CEO Report**

#### **Contract Review**

Mr. Dowell reported the Senior Leaders have reviewed the General Counsel agreement and responsibilities. There was extensive discussion about the future succession plan for General Counsel.

#### **Transformer Purchases**

Mr. Dowell reported that lead times for the delivery of transformers are even further than before with some lead times moving to 128 weeks. We have an outstanding request for proposals for transformers and have received a quote from a company that is new to our vendor list with international manufacturing facilities. This company has returned a proposal with a 38 week lead time. We will need transformers in that time frame to serve projects in our service area. Mr. Dowell requested that when the proposals come in from other vendors, he be authorized to purchase transformers from this company for no more than \$400,000. This transaction will be codified in the next Board meeting.

#### **Other updates**

Mr. Dowell reported on the Valley Public Power Leadership Academy (VPPLA) meeting in Washington, D.C where they met with Federal legislators. They also met with John Podesta of the White House Climate Policy Office. He reported it was a positive meeting talking about supply chain for transformers and the effect new regulations would have on the supply chain.

Mr. Dowell also reported on the Public Power Week service projects, gave an update on South Bristol Primary and the Bristol Business Park property. He reported that the current vegetation management project is going well and we are getting quotes for additional circuits to be trimmed. We are also researching a new metering system that will complement our current metering system and a new Customer Information System.

**Board Comments**

There were no additional Board comments.

Chairperson Downs adjourned the meeting.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "D. Harmon", written in a cursive style.

Doug Harmon, Secretary