

JANUARY 2019 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, January 16, 2019 at noon at 2470 Volunteer Parkway, Bristol, Tennessee.

Call to Order

Chairman Larry Clarke called the meeting to order at 12:03.

Board Members Present

Larry Clarke, Michelle Denise, David Akard, Gary McGeough and Erin Downs.

Staff

CEO Dr. Mike Browder, Director of Engineering Clayton Dowell, Director of Accounting and Finance Lola McVey and Director of Management Services Tara McCall.

Minutes

Mr. Clarke presented the minutes of the December 2018 meeting. Ms. Downs moved to accept the minutes. Mr. Akard seconded the motion and they were unanimously approved.

Safety Report

Ms. McCall reported that BTES has completed 147,198 safe working hours as of December 31, 2018 without a lost time accident. This month's safety training was on Tree Trimming on Trouble Calls/Line Clearance Tree Trimming.

Financial Reporting

Electric Business Unit

The CEO presented the December 2018 year-to-date financial report as follows:

	YTD Actual	YTD Budget
Total Electric Revenue	\$ 41,637,200	\$ 40,112,300
Other Electric Revenue	\$ 3,434,800	\$ 3,351,700
Other Income	\$ 565,200	\$ 340,400
Total Operating Expense	\$ 44,906,200	\$ 43,714,100
Non-Operating Expense	<u>\$ 783,600</u>	<u>\$ 544,000</u>
Net Income (Loss)	\$ (52,600)	\$ (453,700)
Operating & Maintenance Expense	\$ 4,701,300	\$ 5,051,200

Cable/Internet/Telephone

Dr. Browder pointed out that while total services have decreased by about 640 from the same period last year, Internet services continue to increase.

TVA Fuel Cost

The February 2019 total monthly fuel cost will be 2.047 cents per kWh for residential (RS) customers. According to TVA, the overall system average fuel rate for February 2019 is approximately three percent higher than the three-year average for February. This is primarily due to higher expectations for February sales and higher December gas prices.

Residential	January 2019	February 2019
	Fuel Cost	Fuel Cost
500 kWh	\$10.88	\$10.24
1000 kWh	\$21.75	\$20.47
1500 kWh	\$32.68	\$30.71
2000 kWh	\$43.50	\$40.94

In Lieu of Tax Resolution

Dr. Browder presented the In Lieu of Tax Resolution to the City to pay the maximum taxes for fiscal year ending June 30, 2019, as provided by Tennessee State Law and the TVA contract. By way of the Resolution, the BTES Board recommends to the City Council that BTES pay the maximum tax equivalent as per Chapter 84 of the Public Acts of the State of Tennessee for 2019:

Sullivan County, Tennessee	\$ 591,611.93
Washington County, Virginia	\$ 1,096.54
Bluff City, Tennessee	\$ 11,863.19
City of Bristol, Tennessee	<u>\$ 2,024,814.68</u>
Total	\$ 2,629,386.34

After some discussion and explanation of the process and some background information, Mr. McGeough moved to approve the resolution, Mr. Akard seconded the motion and the board voted unanimously to approve the In Lieu of Tax Resolution.

GSA Rate Schedule

Dr. Browder presented the GSA rate schedule effective January 1, 2019. Dr Browder pointed out that this subject was discussed at length in the September 2018 board meeting but needed the Tennessee Valley Authority Board of Directors approval prior to implementation at BTES.

Dr. Browder explained that the GSA2 rate has now been broken into two parts, A and B. The GSA2A rate is for customers with contract demand under 200 kW and does not change. The GSA2B rate is for customers with contract demand equal to or greater than 200kW. The new rate eliminates the first 15,000 kWh block at an increased rate and charges for all kW instead of any kW over 50. The rate is revenue neutral in the GSA2 class.

Pending Items

Prepay Program

Ms. McVey reported that BTES, Carina Technologies and ACH Payment Systems conducted a call regarding the remote payment locations. This system provides the ability for prepay customers to pay at any Family Dollar or Dollar General store locations. They are also adding Scotchman and Roadrunner Gas/Convenient store locations in January 2019. Carina Technologies is continuing with the prepay system testing internally and BTES receives updates weekly.

Cybersecurity Audit

Mr. Dowell provided an overview of the BTES cybersecurity actions and reiterated BTES' use of the American Public Power Association (APPA) self-audit program. He indicated that with the first level of self-audit complete, a cross functional team has been formed to begin the second of three levels of the APPA program. This next level of analysis will take several months and involves all types of cyber analysis, training and prevention. BTES is also looking into the use of an outside cybersecurity contractor to do parallel analysis of BTES' systems.

CEO Report

Economic Development

Dr. Browder presented a detailed report on economic development activities BTES participates in, provided an in-depth explanation of each of the categories, highlighted the partnerships and collaborations involved in each category and provided a three-year investment breakdown for each category and the results achieved as a result of our participation.

Board Comments:

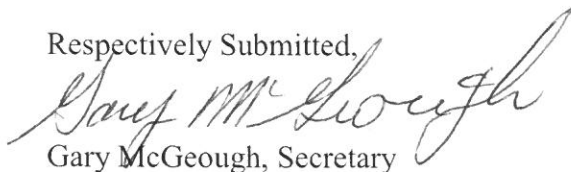
Mr. McGeough indicated that he received notice that the City of Bristol released a new Bristol Brag Time public relations video. Mr. McGeough commented that among the highlights and achievements mentioned in the video, there was nothing about our outstanding electric utility. After some discussion and a few comments and suggestions, Ms. Denise, our City Council Member, indicated that the City and BTES continue to develop a closer relationship when expanding our public relations and promotion materials.

There were no further Board comments.

There being no further business to come before the Board, the meeting was adjourned at 1:30 pm.

The next meeting is scheduled for Wednesday, February 20, 2019 at noon.

Respectively Submitted,



Gary McGeough, Secretary

