

SEPTEMBER 2020 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, September 16, 2020 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

Others Present

Joel Cullum from SESCO Management Consultants and Tim Carter, a BTES customer who observed the meeting

Leadership Progression Planning

Joel Cullum discussed the development of a CEO Profile and the CEO Job Description. He will have drafts for board members to review. He also discussed 360 Evaluations for Senior Management to consist of evaluations from direct reports, review of performance evaluations and individual meetings. Mr. Cullum estimated the process would be complete before the end of the year.

Minutes

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

Safety Report

Ms. Ellis reported that BTES has completed 375,638.55 safe working hours as of August 31, 2020 without a lost time accident. A safety meeting was held on September 1 for all employees about good housekeeping.

Financial Reporting

Electric Business Unit

Ms. McVey presented the July and August 2020 financial reports. She reported that for July and August, kWh sales were slightly lower than the previous year even though cooling degree days were more than normal and more than the same period in the previous year. Operating and Maintenance Expenses are below budget due to timing of audit expenses and the delay of the Right-of-Way Improvement Process because tree trimmers were deployed to Texas for storm clean-up. There are 51 PrePay customers.

Ms. Ellis reported that Help Your Neighbor contributions were \$12,753.50. She also reported that contracts are being paid on accounts that became delinquent during the suspension of residential disconnects. She stated that we have had fifteen families referred for the BTES COVID-19 Educational Support Program and nine are currently receiving services.

The financial highlights are as follows:

\$(000)	YTD Actual	YTD Budget
Electric Revenue	\$ 14,155.0	\$ 14,915.6
Other Electric Revenue	\$ 1,186.1	\$ 1,186.1
Other Income	\$ 119.0	\$ 150.3
Total Operating Expense	\$ 14,486.9	\$ 15,732.1
Non-Operating Expense	<u>\$ 228.8</u>	<u>\$ 176.4</u>
Electric Net Income (Loss)	\$ 744.4	\$ 343.5
Operating & Maintenance Expense	\$ 1,619.7	\$ 2,136.3
Broadband Net Income	\$ 568.1	\$ 398.6

Advanced Broadband Services Business Unit

Ms. McVey reported that the number of customers in the Advanced Broadband Services (ABS) Business Unit increased by 105 in August 2020 with an increase of 138 in Internet services. Because of the increase in customers, year-to-date revenue is more than budgeted with expenses slightly less than budgeted.

TVA Monthly Fuel Cost

Dr. Browder indicated that the October 2020 monthly fuel cost will increase to \$.01531 per kWh for residential (RS) customers.

	September 1, 2020	October 1, 2020
	Fuel Cost	Fuel Cost
500 kWh	\$6.82	\$7.66
1000 kWh	\$13.63	\$15.31
1500 kWh	\$20.45	\$22.97
2000 kWh	\$27.26	\$30.62

Deposit Process Discussion

Dr. Browder reviewed the deposit requirements for General Power customers. He stated that BTES customers with qualifying pay history can guarantee up to \$20,000 on a General Power account in lieu of a deposit. Mr. Turner stated that he thought business customers who live outside of our service area should be able to guarantee their business accounts with other business accounts. There was discussion about changing the policy. We will review data on

results of our current policy and ask Attorney Tom Davenport about getting judgements against customer in other states.

Approval of TVA Rate Rebate

Ms. McVey reported that the TVA Board approved a Wholesale Pandemic Relief Credit for twelve months starting in October 2020. This credit is 2.5 percent of certain components of the wholesale rate that represents an average of 1.6 percent decrease in retail rates. We recommend passing this credit to our customers until TVA stops the wholesale credit. Mr. Clarke made a motion to approve the TVA Rate Rebate and Mr. Turner seconded the motion. It was approved unanimously.

Pending Items

Cybersecurity Report

Mr. Dowell reported that he has talked with a vendor for a cybersecurity assessment and they are discussing how to do an assessment during the pandemic.

Board Comments

Mr. Akard reported on an article he read about a pending lawsuit challenging the legality of the TVA Long Term Partnership Agreements brought by Southern Environmental Law Center.

Ms. Downs requested an analysis of interest saved by paying off callable bonds.

Respectfully Submitted,

A handwritten signature in blue ink that reads "David Akard III" with a stylized flourish at the end.

David Akard III, Secretary