



For immediate release

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BrightRidge posts clean audit for FY 16-17; strong financial controls remain in place through transition to energy authority

JOHNSON CITY -- A string of 27 clean audits continued in fiscal year 2016-2017 for BrightRidge, as auditors Blackburn, Childers & Steagall issued an unqualified opinion with zero noted defects in internal controls and accounts.

"This audit is more significant than most as the report demonstrates the utmost skill in our financial and management staff to return a clean audit even as we completed a complex transition from a municipal electric to an independent energy authority," CEO Jeff Dykes said Tuesday. "Our customers can be assured that they are members of a transparent, well-managed enterprise, and that saves them money in the long run."

In all, BrightRidge total assets increased by \$9.18 million, largely due to new capital reinvestments in the regional distribution system. BrightRidge serves 78,000 customers in Washington, Sullivan, Carter and Greene counties.

Infrastructure investment during the year including the purchase of land for a new substation near Jonesborough, construction of fiber optic backbone along Tennessee Highway 75 in Boones Creek, renovation of the West Primary Substation with new 69 kV and 12 kV breakers and purchase of new digitally automated breakers, called Intellirupters, that help restore power automatically during an outage.

"Normal system renewal and replacement construction is typically \$6 to \$7 million annually, all paid from cash, not borrowing," Dykes noted. "In all, we spend more than \$9 million cash annually on capital projects within the system."

As part of becoming an energy authority, BrightRidge also issued \$34.48 million in debt to defease those bonds formerly held by the City of Johnson City, yet serviced by BrightRidge customers. This refinancing will save customers more than \$300,000 annually in interest costs, and \$4.9 million over the life of the bonds through 2033.

Moody's Investor Service maintains a bond rating for BrightRidge of "Aa2", a top tier investment grade rating.

Average purchased power from the Tennessee Valley Authority was up \$.005 to \$.079 per kWh in 2017. The increase resulted from both a 1.4 percent TVA wholesale increase and a decrease in load factor, or overall efficiency by users of the system.

Purchased power was \$149,158,111 and represents 82% of total operating expenses. Overall, operating

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expenses increased 3.5 percent to \$181,863,516, mostly due to increases in power cost and a \$349,575 increase in tax equivalents paid to local governments in the service area. BrightRidge paid \$5.27 million in taxes to local governments in 2017.

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