Regular Board of Directors *Meeting Notes*

June 7, 2021

Approval of a Contract for Steel Pole Purchase

The Board approved a contract with Valmont Newmark, Inc. for the purchase of 14 self-supporting steel transmission poles for the Rodgers Substation to Rayburn Substation Transmission Project.

Legislative Update

Mr. Doug Lyles, Executive Director of Business and Customer Operations, presented a list of bills filed in the current regular session of the Texas Legislature that are being tracked by the Texas Public Power Association. A subset of those bills that are most impactful to BTU were reviewed in greater detail.

Discussion of BTU's Credit Rating for the City and Rural Systems; Distribution Service Center Bond Sale

Mr. Will Smith, Chief Financial Officer, reported that Fitch reaffirmed the AA- rating for both BTU City and Rural Systems. The Rating Watch Negative was removed; both credits remain on Outlook-Negative.

Mr. Smith also provided an update of the sale of bonds to finance the Distribution Service Center. Closing is scheduled for June 24, 2021.

Presentation of BTU's Transmission Plan

Mr. Clay Lindstrom, Division Manager of Transmission, gave an informational presentation regarding BTU's long-term Transmission Plan.

Presentation of BTU City and Rural Pro-Formas and Financial Measures

Mr. Doug Lyles presented the annual City and Rural five-year financial forecast and key financial metrics. The presentation provided a guide for the Board of Directors to review the upcoming proposed Operating & Maintenance and Capital budgets.

Discussion Regarding Fiscal Year 2022 Non-Competitive Operating & Maintenance Budgets

The proposed FY22 budgets for City and Rural Systems were reviewed. The City System included merit increases, addition of full-time positions, increased transmission maintenance costs, and computer hardware/software upgrades. The Rural System included higher vegetation management costs, merit increases, and increased healthcare costs.

Congratulations to

JASON BIENSKI

Congratulations to BTU Board Member and former Bryan Mayor, Jason Bienski, for being recognized with the APPA Spence Vanderlinden Public Official Award. This award recognizes elected or appointed members of utility boards or commissions or public power community mayors who have made contributions to the American Public Power Association's goals and prestige.

BRYAN TEXAS UTILITIES

BTU

THE DIFFERENCE IS YOU

BRYAN TEXAS UTILITIES
205 East 28th Street • Bryan, TX 77803
email: ContactBTU@btutilities.com

www.btutilities.com

Hours of Operation
Monday - Friday, 8 a.m. - 5 p.m.

Board of Directors
Mr. A. Bentley Nettles, Chairman
Ms. Rosemarie Selman, Vice Chairman
Mr. Pete J. Bienski, Jr., Secretary
Mr. John A. Bond
Mr. Paul Madison, Sr.
Mr. Greg S. Owens
Mr. Paul Turney
Mr. Jason Bienski, Ex-Officio
Mr. Buppy Simank, Ex-Officio

General Manager
Gary Miller

Executive Directors
Doug Lyles
Randy Trimble
Wes Williams
David Werley, Chief Business Officer

Division Managers
James Bodine
Nick Cook
Shawndra Curry
Ken Lindberg
Clay Lindstrom
Gary Massey
Vicki Reim

City of Bryan
Kean Register, City Manager
Will Smith, Chief Financial Officer
Bernie Acre, Chief Information Officer

Important Numbers
Billing/Collections/Connects
(979) 821-5700
Electrical Outage/Lines Down
(979) 822-3777
Distribution/Line Design
(979) 821-5770

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The 411 on Texas811

Texas811 is the largest on-call contact company in the country with more than 2,000 members. Founded in 1984 and known as Dig TESS until 2009, the non-profit organization is comprised of members of utility companies and municipalities, and it provides free underground utility marking for planned excavations. Texas811 offers around-the-clock service availability by phone or online. Underground utilities include electric lines, telecommunication infrastructure, oil and gas lines, and water and sewer facilities.

Texas811 encourages anyone digging for a project, large or small, to call for locates prior to beginning work. Projects could range from planting a tree in your yard to a construction company installing the foundation for a skyscraper. The risks associated with striking underground utilities is the same for any size project, including personal injury, liability for damaged infrastructure, lost time and wages for the project, and potential interruption of service for the utility customer.

The process of locating underground utilities is as follows. First, the citizen or construction foreman contacts Texas811 to request utility location services for a specific area for a project. Texas811 identifies any nearby utilities and contacts the company to have them mark the buried infrastructure with small flags and/or paint. This one-stop service ensures that customers get all of the utilities marked without the hassle of the customer contacting each utility company individually or possibly overlooking an important utility.

Simply dial 811 by phone or visit the website at texas811.org to have underground lines marked prior to your next digging project.

Texas811

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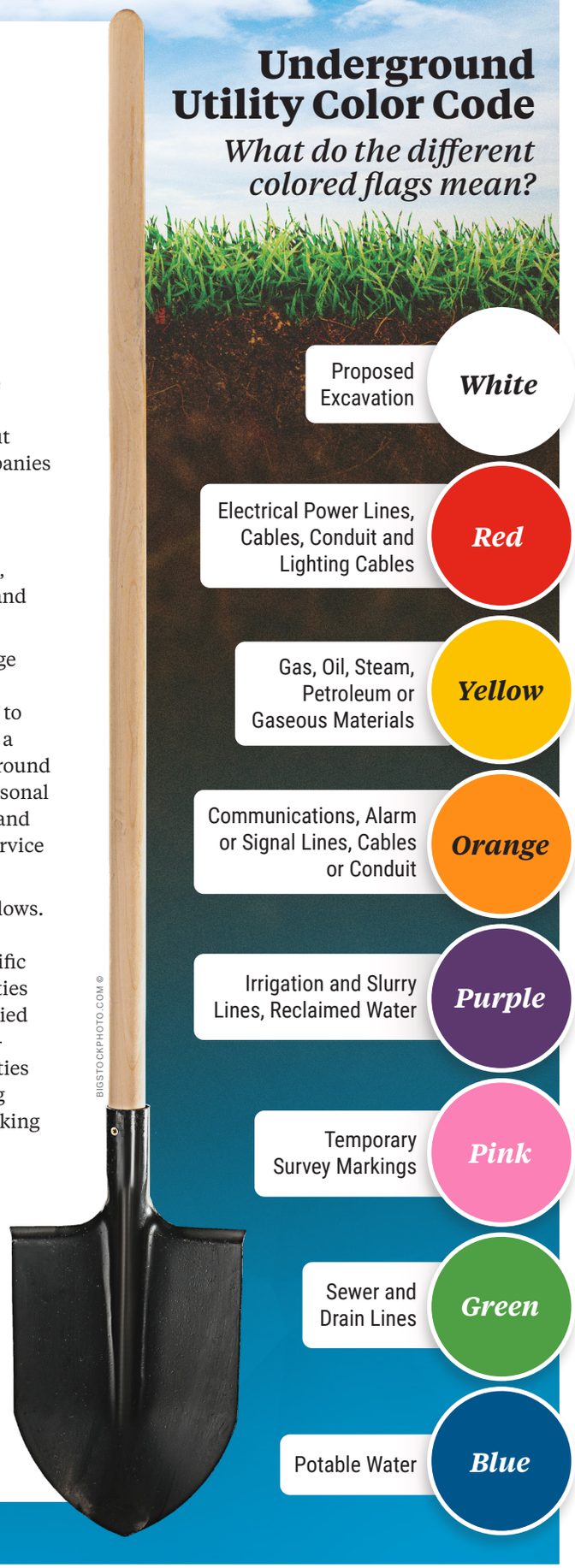
Underground Utility Color Code

What do the different colored flags mean?



BTU

BRYAN TEXAS UTILITIES

Distribution System Modernization & Thoroughfare IMPROVEMENT PLAN

SERVING
63,000+
Residential, Commercial, & Industrial Customers

With beginnings dating back to 1909, Bryan Texas Utilities (BTU) has a long history of providing reliable, economical, and safe electricity to Brazos Valley residents. With such a long operating history, BTU has navigated a series of changes, challenges, and successes throughout the years. Originally, the utility served just 768 customers primarily for lighting only. Today, BTU serves more than 63,000 residential, commercial, and industrial customers with a wide range of uses for electricity. Methods of electricity delivery to the end-use customer have evolved over time, just like most other aspects of business in a modern world.

Most people logically assume that placing utility infrastructure underground is a recent innovation with modern technology. However, Thomas Edison, who some historians claim was America's greatest inventor, installed the first underground electric distribution system in the 1880s using his Pearl Street Power Station in New York. This underground installation came at great expense, and was one of the reasons the Pearl Street Power Station did not see a profit for a number of years. Utilities determined that installing electrical wires via overhead poles similar to the existing telegraph lines was much more economical than an underground option. Overhead distribution systems became the standard installation for most utilities across the nation due to the significantly lower installation cost and ease of maintenance. Underground systems were uncommon except in rare occasions where existing structures and construction congestion posed a problem, like in downtown urban areas. Being a mostly rural area for most of its early existence, BTU constructed the majority of its infrastructure with overhead lines.

The conversion of overhead electric power distribution facilities to underground infrastructure has been a topic of discussion in the electric utility industry for more than twenty years. Its merits and disadvantages have been studied, discussed, and debated at length at the state, municipal, and local levels. In the late 1990s, the City of Bryan City Council (Council) approved a modified subdivision ordinance that required all electrical distribution lines installed within new subdivisions to be placed underground. In addition, the Council adopted a Strategic Plan in 2007 and adopted the City's Comprehensive Plan in 2016 that expressed the

Providing RELIABLE, ECONOMICAL, & SAFE *Electricity to Brazos Valley Residents*

Council's desire to improve Bryan's major thoroughfares by undergrounding electric facilities. Since that time, BTU has completed a number of projects spurred by economic development in specifically identified areas in the city, including the 29th Street Medical District and the South College thoroughfare.

Recently, BTU created a Distribution System Modernization and Thoroughfare Improvement Plan to evaluate priority areas that would benefit from relocating existing overhead infrastructure to underground in a phased approach over the next 10 to 20 years. These Bryan thoroughfares include routes along Texas Avenue, William Joel Bryan Avenue, Villa Maria Road, Briarcrest Drive, Boonville Road, and Highway 21. Many will acknowledge that underground utility infrastructure is more visually appealing than its overhead equivalent. Benefits to converting overhead facilities to underground for the City also include economic development initiatives, infrastructure improvements, and economic benefits to BTU. Economic development is a primary focus of the City of Bryan to encourage businesses to bring quality jobs and provide support for the local economy. Thoroughfares and commercial areas with underground utilities may be more attractive to businesses seeking to locate in the Bryan area. Aesthetic benefits of underground utilities may also offer increased property values for both residential and commercial customers through preserving the natural beauty of the land and by creating attractive streetscapes with greater pedestrian activity.

Studies have indicated that underground utilities provide improved reliability, health, and safety benefits. While more costly to install, underground utilities are less susceptible to certain outage-causing conditions, including ice storms, high winds, lightning, and animal contacts. Outages affecting underground equipment tend to occur less frequently than overhead facilities, however when outages do occur for underground infrastructure, the duration may be longer. It takes more time to locate, excavate, and repair underground facilities than those above ground. Underground facilities also offer a reduced risk of motor vehicle accidents involving utility equipment and less human contact with energized electrical lines. While pad-mounted equipment is still subject to vehicle collisions, there are typically fewer pieces of pad-mounted equipment needed for underground systems. In addition, where practicable, the locations of pad-mounted equipment are located farther from highly trafficked areas, making collisions with the equipment less likely.

Overhead lines are also subject to contact from tall objects such as mobile cranes and other oversized loads traversing city streets. Undergrounding eliminates these events. Reducing the number of overhead wires reduces possible human or animal contact with energized electrical lines. Underground infrastructure minimizes contact with overhead lines, but replaces it with the risk of electrical contact injury due to digging contact with the underground facilities. Citizens should take precautions to call Texas 811 to have underground utilities located prior to beginning any project that involves digging.

With underground utility installations, BTU may experience reduced maintenance costs in the form of lower vegetation management expenses. Vegetation management is one of the most expensive activities related to overhead distribution systems. Annual tree trimming costs can range from $7,000 to $70,000 per mile depending on the type, size, and height of the trees, the number of trees removed/trimmed per mile, and the ease of accessibility by the equipment. Underground facilities do not require such intensive vegetation management. As stated above, studies indicate that underground infrastructure can provide improved reliability, meaning fewer customer outages and less service interruptions.

Targeted undergrounding along specific routes, and in particular situations, can provide high value to customers and help achieve community driven goals. The undergrounding of overhead power lines provides BTU customers substantial benefits in improved system reliability, and also assists with economic development, improving infrastructure conditions, and providing aesthetic enhancements to the citizens of Bryan for years to come.

IS SOLAR ENERGY RIGHT FOR YOU?

Home solar photovoltaic (PV) energy systems have risen in popularity in the United States over the last decade, with expected installations to reach three million by the end of this year.

The BTU service area has seen a similar trend in the growth of solar PV system installations. After approving the first solar PV system in Bryan in 2008, BTU approved the 100th solar PV installation ten years later in March 2018. That number doubled to 200 by June 2020, and is nearing the 300-installation mark just a year later.

The main factors that drive the consumer purchasing decision for solar PV systems fall under two general categories: environmental concerns and economic factors. If environmental concerns are your main motivation for installing a solar PV system, keep in mind that the system will likely not provide a total carbon neutral solution for your energy needs. Your home or business will still need to be connected to the BTU grid to consume electricity at night and during times when your PV system cannot produce enough energy for your needs. Also, according to the National Renewable Energy Laboratory website (NREL.gov), it can take up to four years of use for a solar panel to recover the carbon and pollutants generated during the panel manufacturing process.

If your main motivation is economics, there are several factors to consider in order to determine whether solar is right for you:

1. ***Understand your current costs and consumption.*** How much power do you need and how much are you paying for that power now? BTU can provide you with your past monthly usage and costs to help you determine the potential size of the system and the potential payback period on a solar PV system. Your energy consumption can vary with the seasons, and so can the output of your PV systems. Also, you will need to use your actual cost per kWh in order to best estimate your payback period.

2. ***Understand your estimated federal income tax.*** You may be wondering what your federal income tax situation has to do with solar PV costs; in fact, it matters more than you might think. The federal government extended the solar investment tax credit (ITC) for 2021 and 2022 at 26% of the cost of a solar PV system. This means for every $10,000 spent on a solar PV system, there is an available $2,600 tax credit to offset the cost. Does this mean you will automatically get this tax credit money? Not necessarily.

The solar ITC is a non-refundable tax credit, which means it can only reduce your federal income tax liability to $0 – you will not receive a refund for the balance of the tax credit. In other words, if you are entitled to $8,000 in the solar ITC, but you only owe $3,000 in taxes next year, then only $3,000 of the tax credit would be available to you when you file your taxes. The good news is that you can carry the balance of $5,000 over into the following year's taxes.

To get an estimate on your federal tax liability, simply go to an online federal income tax calculator and answer a few simple questions.

For example, a couple married and filing jointly with two dependent children and a gross income of $65,000 per year would have an estimated federal tax liability of $429. This means it would take several years for this hypothetical family to realize all of their solar ITC.

3 ***Understand the total cost of installation.*** There are several different solar PV vendors working in the BTU service area, and the cost of installation varies greatly among these vendors. In a study of 39 solar PV installations in the City of Bryan from February 2020 to March 2021, the installation prices from 14 different solar vendors ranged from $1.42 to $5.92 per watt, with an overall median cost of $3.39 per watt. This means the installation of a 10 kilowatt (kW) solar PV system will average $33,900 in Bryan.

If you will have to take out a loan to pay for the solar PV installation, make sure you understand all the out-of-pocket costs involved and the total financed amount. This includes the interest that is paid throughout the term of the loan. This total cost can then be used to calculate the number of years before the system pays for itself. The benefits from the solar tax credit can be applied toward the loan amount as it is realized on your federal tax return, reducing the payback period.

4 ***Understand the system's output.*** Several variables affect the output of a solar PV system, including geographic location, angle toward the sun (azimuth), angle of the solar panels (tilt), shading, etc. The U.S. Department of Energy has a free online tool called the PVWatts Calculator that can estimate the output of a solar PV system (https://pvwatts.nrel.gov/pvwatts.php). Enter your address, then input the information for your proposed system to get the estimated output.

For example, a house in Bryan with a 10 kW optimal fixed roof panel array facing straight south (180°), an optimal tilt (25°), no shading from trees, and an average BTU kWh cost of $0.0998/kWh, can expect the system to produce 15,214 kWh of energy annually. This would result in a savings of $1,518 in electricity costs per year assuming that the system is sized to only serve household consumption.

A solar PV system can be a good long-term investment for a homeowner as long as the system output and the financial considerations make sense for you. When researching solar information, focus on neutral sources such as the U.S. Department of Energy and the National Renewable Energy Laboratory. For customers who want to immediately reduce their carbon footprint without installing a solar PV system, BTU offers the RENEWability program, which is an option for customers to receive 100% of their power from renewable sources such as wind and solar. For more information on RENEWability, go to btutilities.com and click on the Energy Efficiency link.

RENEWability
BRYAN TEXAS UTILITIES

It may be a misguided proposition if you are considering purchasing a solar PV system to serve as backup generation during power outages. Solar PV systems are designed to shut down when grid power is off. This is a safety feature to keep power from back-feeding onto the grid, which can be hazardous to linemen working on what should be a de-energized line. In order to provide backup power, you would need to also purchase expensive storage batteries and advanced controls in order to keep power off the grid. Adding these items can be as or more expensive than the original PV system.

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As a disclaimer, BTU does not discourage nor encourage customers to install solar PV systems, we do not partner with any solar vendors, and we do not recommend any particular solar vendors. BTU is a not-for-profit, municipally-owned utility and its rates are based on the cost to provide electric service.

BTU BRYAN TEXAS UTILITIES

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BACK-TO-SCHOOL *Safety Tips*

As summer draws to a close and children start heading back to school, family life can get pretty hectic. It's important to remember – and share with your children – some key tips that will help keep them safe throughout the school year. Check out these tips from the National Safety Council:

Whether children walk, ride their bicycle, take the bus or are driven to school, it is extremely important that they take proper safety precautions.

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Walkers

- Walk on the sidewalk, if one is available; when on a street with no sidewalk, walk facing the traffic.
- Before you cross the street, stop and look left, right and left again to see if cars are coming.
- Make eye contact with drivers before crossing and always cross streets at crosswalks or intersections.
- Stay alert and avoid distracted walking.

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Bus Riders

- Go to the bus stop with your child to teach them the proper way to get on and off the bus.
- Teach your children to stand 6 feet (or three giant steps) away from the curb.
- If your child must cross the street in front of the bus, teach him or her to walk on the side of the road until they are 10 feet ahead of the bus; your child and the bus driver should always be able to see each other.

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Bike Riders

- Ride on the right side of the road, with traffic, and in a single file.
- Come to a complete stop before crossing the street; walk bikes across the street.
- Stay alert and avoid distracted riding.
- Make sure your child always wears a properly fitted helmet and bright clothing.

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Driving Your Child to School

- Stay alert and avoid distracted driving.
- Obey school zone speed limits and follow your school's drop-off procedure.
- Make eye contact with children who are crossing the street.
- Never pass a bus loading or unloading children.