

Courtney Doyle ([00:16](#)):

Welcome back to another episode of Co-Op Energy Talk. I'm your host, communications and member relations manager, Courtney Doyle. And today we are diving a little deeper on something you hear us talking about all the time. It's our partners over at Wolverine Power Cooperative. Listen in as we chat with Cherry Land CEO, Rachel Johnson and Wolverine, president and CEO Eric Baker, about how our cooperatives are different, how those differences really complement and support the work we both do. And how having this extended team over at Wolverine really benefits our members. Well, thank you both for, uh, joining us today. I want to jump right in and talk a little bit about each of our co-ops individually. Um, so Cherry Land is of course, a distribution cooperative. We bring power from the substations to the homes and the businesses at the end of the line. But Wolverine is also an electric cooperative, but a different kind of electric cooperative. So Eric, can you talk us through a little bit about what Wolverine does in the world of electric cooperatives?

Eric Baker ([01:11](#)):

Sure. Wolverine is a, is a cooperative like about 60, very similar to 60 other wholesale cooperatives in the country. And our job is to acquire power or make power and deliver it or transmit it to the rural substations where we hand it off to Cherryland and Cherryland does its thing.

Courtney Doyle ([01:30](#)):

And so you guys, we call that generation and transmission. So you guys are like the freeway of electricity <laugh>, right, if you will, <laugh>. Right. And so Rachel, Eric mentioned a really important distinction there that we're, I feel like continually explaining to members all the time. And that's the difference of, um, specifically when it comes to say, a large solar array and actually making the electricity. Can you talk a little bit about the difference there and why Cherry Land's relationship with Wolverine is so important in that aspect?

Rachel Johnson ([01:59](#)):

You know, I, I think in some ways I take a lot of pride in the fact that our members don't see the difference. 'cause that means that the, that the relationship we have is working well on their behalf because what I want is for our members to flip the switch, the lights turn on and they get reliable, affordable electricity. But for that to work, both Eric's organization and our organization do different things in that process. If you go back like way back to the beginning of time, Cherryland used to own a bunch of small generators, things like gas plants, right? That was an incredibly inefficient way for us to run our business. It required us to have, uh, really like a breadth of expertise that we didn't have. But in addition to that, we had no buying power because we were a super, super small utility.

Rachel Johnson ([02:35](#)):

So all the co-ops had were trying to own and transmit and distribute their own electricity. And that's when we realized the opportunity to work together and allow Wolverine to build expertise and have buying power in the generation of transmission side. What we're really good at, and I always say this like for everybody else, this is not the cool, sexy side of the business. I think it's the coolest side of the business. We're just really good at owning poles and wires and maintaining them and keeping those pathways open to get that power to our members. So it, it is true that Cherryland does not own any generation. And in addition to that, the way that we keep that relationship strong, we cannot own any generation. We have a all power requirements agreement with Wolverine, and we trust them to make those decisions on our behalf. And then we focus on doing what we do really, really well.

Rachel Johnson ([03:19](#)):

The one, and I'm, I'm sure you'll have, we can talk more about this, but the one thing I think it's important for all of our members to understand, we're still both co-ops. So the other piece of our relationship to Wolverine is an ownership relationship. Mm-Hmm. Just like our members own cherry land and they're represented on our board. Cherry Land is one of the owners of Wolverine and we're represented on the Wolverine boards. We have a say in those decisions. We have governance oversight of those decisions, but we really rely on the expertise of the Wolverine staff to secure power supply on our members' behalf so we can rely on the expertise of our staff to maintain the distribution system on their behalf.

Courtney Doyle ([03:50](#)):

So essentially it's keeping the complexities of all that is the electric industry separate so that we can both be really good at the things that we do and then come together and do them really good together. So I, you touched on this a little bit and I kind of wanna jump to it. Eric, can you talk a little bit about the history of Wolverine? Yeah. Uh, Rachel talked about kind of how we were trying to juggle so many things at once, and then Wolverine came to be. So how did that happen? Well,

Eric Baker ([04:15](#)):

As Rachel said, by the late 1940s, our business was growing really fast at the distribution level because for years and years and years, people that lived in cities had electricity, but people in rural areas didn't have it. And as soon as the cooperatives started to deliver this product, people realized, oh my gosh, this is life changing, which it is. And we all know that today. Mm-Hmm. <affirmative> and we all rely on it today. But that was the case. And so they started to grow really fast and in the late 1940s, they formed Wolverine. They said, let's have our own company that we own, the distribution co-ops own Wolverine. Let's own our own power company that just focuses on that. And that was a good idea in the late forties, early fifties. But it proved a prophetic idea because we had no idea how complicated our industry was going to get over the years. And now it allows Cherryland to focus on the complexities of delivering electricity and Wolverine to focus on the complexities of participating in different markets, dealing with complicated regulatory constructs, and then running power plants.

Rachel Johnson ([05:17](#)):

And I think Eric's point is such a good one. This made sense in the forties, but in today's environment, as complex as it is, it to your point, almost looks prophetic. Like it makes even more sense because it, it would be, I don't, I can't even begin to think through what this would look like for our members. But if, if we had to know and be effective in that space, the, the, just the sheer expansion of Cherry Land's staff resources Mm-Hmm. <affirmative> alone would be crazy. Right. Um, so it's the, the more complex the environment gets, the more important this partnership is and the more value it brings back to Cherry Land's members, in my opinion. Yeah.

Courtney Doyle ([05:51](#)):

Well, and a piece that I wanna jump back to a little bit too is I think that's the complexity is why it's maybe a little confusing sometimes when we talk about Wolverine and Cherry Land and why it does feel like one to a lot of people. But there are important distinctions there because Rachel, we have renewable programs, right? Like we offer renewable programs, you know, and we have a solar array outside the office. But there is that difference that we don't make the power. And so can you explain how those programs work in conjunction with Wolverine? Mm-Hmm.

Rachel Johnson ([06:21](#)):

<affirmative>. Yeah. This is another spot where I'll continue to say that I think the partnership is doing a lot of benefit behind the scenes that the members don't always see. So we, you are correct. We don't own any power generating resources. We also can't purchase from anyone else. So if you look on like, the

smallest possible scale, that means when it comes to like a member owned generating resource, Wolverine has helped us design the programs that we offer to our members for everything from our buy all sell all program to our net metering program. And through that partnership, we've designed this really creative suite of offerings. We've got four megawatts of distributed renewables on cherry land system that are very much a reflection of the creativity that that partnership brought to bear on finding programs that work for our members. You, you gave the example of the community solar project in front of our office.

Rachel Johnson ([07:06](#)):

That was also something that Wolverine owns that project, um, but helped us design it in a way that we could offer the first community solar project in the state of Michigan. We've since expanded our community solar offerings across the Wolverine footprint. I think we have a lot of exciting opportunities going forward to continue to expand those types of programs. And all of that is happening through that partnership with Wolverine. 'cause they are ultimately the ones who are owning or purchasing power on our, our behalf, which is an important distinction. But again, the members don't see it and don't get it. That to me is a sign we're doing the job really, really well. Mm-Hmm. <affirmative>. And that's though where I think also my engagement with Eric, our board members' engagement on the Wolverine board, our staff members' engagement with Wolverine staff, where we get the beauty of these really elegant creative solutions where Cherry Land's bringing to bear kind of the, we're really close to the member at the end of the line. We know what they're asking for Wolverine's bringing to bear a lot of technical expertise and creativity and finding programs that work.

Courtney Doyle ([07:58](#)):

And you talked a little bit about, again, that relationship, right? That the fact that we have such a close relationship, we can go to Wolverine and say, Hey, we know this is what our members want, help us develop it. But at the same time, we have these other member co-ops who get to benefit from that. Can you talk a little bit about, I guess this, I think about it as a power in numbers, right? There's, there's the benefits that come with all of us being in this Wolverine family.

Rachel Johnson ([08:23](#)):

Yeah. So it's not just Cherry land that, that owns Wolverine. There are currently five distribution co-ops in Lower Michigan that all jointly own Wolverine. Again, it's the, the power and value of numbers. It's a part of the cooperative difference, this idea of cooperation amongst cooperatives. But we are made better not just by the expertise Wolverine brings to bear, but when we sit down at the Wolverine board table, we have the expertise that all the other co-ops bring to bear on these things as well. And while there are similarities across rural footprints in Michigan, there are also differences. And hearing how they're handling their service territory or what the needs are in their service territory helps make us better at how we serve our service territory as well when we work closely together. Um, but I I, I think it's important for our members to think of Wolverine through the same lens. They think of Cherryland as a member owned, member driven entity, and all of the benefits that they get as a member of Cherry Land are benefits that worth in deploying on their behalf as members of Wolverine. Which

Courtney Doyle ([09:15](#)):

Leads me to Eric. We are going to be welcoming a new member to the Wolverine family. Can you tell us a little bit about the newest addition to Wolverine?

Eric Baker ([09:23](#)):

Uh, just in the last, uh, 30 to 60 days, we formally announced that Thumb Electric has decided to join the Wolverine family. So Thumb is one of the oldest, if not the oldest distribution cooperative in the state of

Michigan. They're one of the first to form, and they are, they serve primarily in the northern three counties of Michigan's Thumb,

Courtney Doyle ([09:44](#)):

Hence the name,

Eric Baker ([09:45](#)):

Hence the name. And, uh, they're not quite as big as chairman, but they're a good size company and they focus a lot on rural service and agricultural service to that part of Michigan's rich agricultural geology.

Courtney Doyle ([09:59](#)):

And this is kind of a question for both of you. Uh, you know, what, what does the addition of Thumb bring to the Wolverine family? And then maybe we'll start with Eric and then Rachel, if you can follow up with what that means to Cherryland members.

Eric Baker ([10:09](#)):

Well, the first is scope and scale. The, there are a number of things that Wolverine operates that we've made decisions along the way to either develop expertise or purchase software, or be market participants and very complicated things. It takes, uh, it takes a lot of salary and it takes a lot of computer software and hardware and cybersecurity and all these, these specialty things. For us to expand that service to another cooperative does not require us to hire anyone. It doesn't require us to add additional software. It literally becomes an extra column in a spreadsheet. Mm-Hmm. <affirmative>. And we get a lot of efficiency when we can grow like that. So the first one is simple economics. We have the same overhead costs at Wolverine, and now we get to spread it over another 10% sales, and that reduces everyone's costs in our current membership. So that's, that's a really good thing. What it also gives us is three extra counties for our political outreach. We're part of a family that works really hard to find common ground politically, and that's just extra political reach for us. And then they have strong board members and strong staff and, and co-ops are really good at sharing expertise back and forth in terms of, Hey, how would you solve this problem? And so we're very excited to have 'em part of the family.

Courtney Doyle ([11:28](#)):

And Rachel, I guess when it comes to us and our members at the end of the line, what does this mean for them? Eric touched a little bit on cost, the, the ability to share costs, but also, um, the opportunities we're able to, as we grow the opportunities that become available.

Rachel Johnson ([11:45](#)):

I, I just don't think we can overstate the value of that. So it, and I, and I wanna put a fine point on this idea, helping to manage our cost does not mean the cost of power supply is going down. The cost of power supply is going up for everyone everywhere due to a lot of different pressures. Some of those pressures are real cost pressures. Some of those are cost pressures that come from regulatory and legislative decisions. But either way, costs are going up by having an additional member across which we spread fixed cost. It's one of the many ways we're working to control or mitigate for what is going to be upward pressure on power supply costs. Right. Um, to Eric's point about expanding our advocacy footprint, being able to once with thumb inside the Wolverine family, now all of Michigan's lower Peninsula distribution cooperatives are all a part of the same power supply family.

Rachel Johnson ([12:32](#)):

And so when we go to Advocate, we're all advocating with one voice for the exact same ends, which is really, really important in a very complex regulatory and legislative environment. And then I think thumbs an excellent electric cooperative. Mm-Hmm. <affirmative>, we're all made better. I mean, this is like the, the quintessential sports metaphor, right? <laugh>, you are made better when you play with people who are better than you or who are good and who bring different skills to the team, right? And Thumb does that for us. And so their presence at that table will make all of us better because of the talent and skill they'll bring to bear on the issues we face. So I think there's a, there's a whole lot of upside here. Uh, and I'm, I'm really, really excited as we kind of figure out the timeline of, of Wind Thumb will actually join us at the board table and actually become a full member. But I look at it as an, an incredibly important and valuable move for Cherry Lands members. And yet again, one that probably most of 'em will never notice. And that's okay. That means we're doing our job really, really well. And I think it's gonna help us with not only cost controls going forward, but more importantly, I think it's gonna just continue to improve the quality of the, the leadership that we have available to work on co-op issues across the state.

Courtney Doyle (13:40):

Well, and you kind of touched on it too, this underlying, the reason all this works so well is because co-ops have a shared value system. We all are pursuing the same things for the same reason. And that's what makes us all such really complimentary partners. So Eric, I wanna talk to you a little bit about your team. Uh, always make sure to connect whatever you're pursuing, whatever you're working on. Back to five core values or strategic pillars. Can you talk us through those and Yeah. And how you guys, you know, consider all those factors when you're working on something?

Eric Baker (14:14):

Yeah, why don't I, I'll just list the five and then I'll, I'll I'll speak about each one. Sounds good. Um, because some of those are, some of them have been with us since our very first day, but some are quite new because times have evolved and, and markets evolve and our interests evolve as members. So number one is competitiveness, two is price stability. Three is, is a carbon free focus on, on how we deliver future power supply resources. Four is our interest in local communities, and fifth is our need to be reliable. And the, the first and the last one that I meant are, are, have been core since day one. And that is competitive power supply and reliable delivery. We've, that's been since day one and it's still the most important thing that, that Rachel deals with and that Wolverine deals with. We have to be competitive over the long term because if we're not, then we have no reason to exist.

Eric Baker (15:11):

Um, and we have to be reliable. And so that's our still our, our our age old focus. And it will continue to be over the next, uh, several decades for sure. One that fights against that sometimes is price stability, because we can be competitive every day and just ride the spot market. Mm-Hmm. <affirmative>. And, but members would have changes in their power bills that would be hundreds of dollars a month. And so that's not good for our, our long-term customer interest and member interest. And so we invest in assets to achieve price stability so that we can provide some price predictability to Cherryland and their members. We love to be local. We love our distributed power plants and our distributed service centers. It keeps us connected geographically, and it reminds us why we exist. It's rural people in Michigan and I love that mission. And, and so we want to invest in our local communities whenever we can.

Eric Baker (16:02):

Sometimes we have to invest outside of Michigan, but our favorite thing to do is to invest in Michigan and particularly invest in rural Michigan. And then the last is carbon free. And that's, that's a newer one. As, as markets evolve and interests in decarbonization and climate change. And no matter your political

stance on those issues, we're all sure today that we're probably not going to build new coal plants. It's very difficult to build new natural gas plants. We don't know yet if we'll be able to build new nuclear plants. And so we have to find ways to create energy and it's safer for us if we can find good ways to do achieve those other objectives. And it's carbon free.

Courtney Doyle ([16:46](#)):

It's interesting you even brought it up how sometimes those pillars fight with each other. Right. But you have them there so that you're thinking about all of them all the time when you make the decisions and you can, you know, weigh, do your kind of risk analysis, right. Of like what option meets most of our goals because rare, very rarely are they gonna meet all of them at once.

Eric Baker ([17:06](#)):

That's right. And that's, Rachel touched on it earlier, the importance of the communication between the CEOs of the Wolverine family and making sure we understand each other in terms of what the, uh, strengths and weaknesses are of different strategic objectives. And then the communication with the Wolverine board. And so we're, every month we do strategic planning around certain strategic issues because it's, it's very vital for us to think long term to, to prepare well in advance of, of these things.

Rachel Johnson ([17:36](#)):

Well, and I think that at the Wolverine level, the key here is trying to find balance. And that's harder and harder and harder to do. Right. Um, but it's really, really vital because none of these things are unimportant. Mm-Hmm. <affirmative>, they're all really, really important. That's why they each have a pillar. Yeah, exactly. Right. So there, there's a, there's a balance side to this that is, um, it's a lot of work to get it right, but Wolverine has consistently been able to deliver good results that are balanced for us. And I, again, I think that's, that's where I see so much of the value of that relationship.

Courtney Doyle ([18:04](#)):

To tie it back to Cherry land, as we kind of wrap up this conversation, a lot of those pillars that Eric mentioned are very familiar to Cherry Land. When we talk about reliable, affordable, safe, member focused service, can you talk through a little bit about how our mission aligns with theirs and, and what it means for our members?

Rachel Johnson ([18:23](#)):

Yeah. I mean, at, at the heart we share the same value system. That's what makes us a good family, right? But there, there's a couple pieces here that I think are really important on the competitiveness side of things that Eric mentioned. This is one of the proudest things we can talk about. At Cherry Land, our rates are 15 ish, sometimes more than that, percent lower than the other very large utility that serves rural areas in our community. Our reliability is industry leading. There is no one in the state that is delivering better electric reliability than Cherry Land Electric Cooperative is that reliability goes all the way up to the power supply level. And so when we talk about being competitive, it is a hundred percent true that our members don't get to choose where they get their power from. But I will wake up every day and come to work making sure they would choose us if they did get to choose.

Rachel Johnson ([19:07](#)):

And we have consistently delivered on that commitment to competitiveness. And I, and I think that's really important and neat to not just take it for granted that we have a, a membership that doesn't get to choose, but rather to continue to pursue competitiveness on their behalf and we're delivering on it. Mm-Hmm. <affirmative>. And I also think that Wolverine's commitment to local communities is such an

interesting reflection of what we bring to that board table when we sit down there. 'cause we are local communities, right? Like, I never get to not be out as a representative, a cherry land electric cooperative if I'm inside this community. We know local communities. And so it's, it's this subtle difference between like being proud of what you do, but putting a lot of importance in the how you get it done. And I think that I see that shared value system really closely.

Rachel Johnson ([19:50](#)):

And then when we talk about the things people more traditionally think of with power supply, so affordability, carbon free and reliability, this is that spot where finding those really unique opportunities that can check as many of those boxes as possible. Looking for balance. I mean, one of the things I talk about a lot with our members, if I do my job right, chances are they're all just slightly dissatisfied. <laugh>, because I don't have the luxury of being on the poles. Wolverine doesn't have the luxury of being on the poles. And so we have to figure out how to kind of come into this moderate middle space and make effective commitments on our members' behalf. And so all of those things that Wolverine defines as their five pillars very much aligned with what we consider our values, very much reflective of the feedback we get directly from our membership, trying to, again, find these really unique, sometimes very, very narrow opportunities to secure good power supply on their behalf. We have so much to be proud of. I will continue to be incredibly grateful for the relationship we have with, with Wolverine. 'cause I get, I do get to see behind the scenes the value it's bringing to our members.

Courtney Doyle ([20:51](#)):

I was just gonna say, it's fun to have a podcast like this where we get to talk about the things that we see every day and that we feel that, that a lot of times bring people to work every day and keep them going forward every day. And so it's fun to be able to share that with the members. Uh, so thank you both for being here today. Thank you. Join us next time for more co-op Energy Talk.