

Rachel Johnson, Cherryland Electric Cooperative ([00:16](#)):

Welcome back to Co-Op Energy Talk. I'm your host, Rachel Johnson. I am the member relations manager here at Cherry Land Electric Cooperative, and you are listening to our board meeting brief for the board meeting from Monday October 17th. As always, we have time at the beginning of our board meetings for member input this month. We did have a member come in to talk to us a little bit about our ev rebate program in particular. He had questions about kind of the long range plans for that and whether or not it made sense for the cooperative to, uh, give rebates to people to buy vehicles. Um, especially knowing that any money we spend is always all of our members money. And so I wanted to just take a moment here at the start of the podcast to explain a little bit about what we see as the future of that program.

Rachel Johnson, Cherryland Electric Cooperative ([00:57](#)):

We started offering rebates on electric vehicles in 2019. We always saw that as a market transformation initiative, a chance to just get more vehicles on the road during this period of time when manufacturers were starting to produce more electric vehicles. And clearly electricity is our business. So it made sense for us to be involved in that transformation. We started with a \$2,000 per vehicle rebate and then last year we brought that down to a thousand dollars per vehicle and next year we'll be going down to \$500 per vehicle. So we always had an intention of slowly facing that rebate program out. I'm not sure how long we'll stay at \$500, but eventually the goal would be to end that rebate program altogether because we feel that at this point that particular market can stand on its own. We also recognize there are a lot of federal incentives kind of coming into that space over the next few years that will likely make our rebate irrelevant.

Rachel Johnson, Cherryland Electric Cooperative ([01:49](#)):

On the opposite side of that, we also rebate the chargers for electric vehicles, and we are those, we've beening at \$500 for someone to install a residential charger into their home, we're actually gonna increase that rebate amount starting in 2023 and go up to \$800 per charger. The thinking here is that in the long run, our ability to manage when that charging happens is gonna be really important to maintaining the reliability of the grid system. So we will require that any charger that qualifies for rebate is what we call communication enabled so that we could communicate with the charger or the charger could communicate with us about when we think is the best time for it to charge in order to decrease our cost to power that vehicle, but also make sure we're not putting more electric load onto the grid at a time when the grid has tight margins.

Rachel Johnson, Cherryland Electric Cooperative ([02:35](#)):

So that's kind of the direction we're heading. It is a program that is constantly evolving and we, uh, continue to welcome member feedback on that program and how it's working for you. After, um, member input, we had a a fairly robust board meeting and again, the theme of the meeting is rates, rates, rates. Uh, as I talked about in our last board meeting brief, uh, the board heard from our rate consultant kind of about our revenue requirements, where we're pulling our revenue from and where our cost serving incurred, and making sure those two things are matched up. This meeting, they came back and kind of gave us the big picture proposal of what our actual rate restructuring might look like. And I wanted to just go over a few highlights from that. First, the board is fairly certain that we will implement this new rate structure in March of 2023, so you should expect to see a lot more detail surrounding that over the coming months with a real ramp up starting in January.

Rachel Johnson, Cherryland Electric Cooperative ([03:25](#)):

But a few things we know will be a part of that proposal right now. First, we are going to recommend raising the residential availability charge to \$28. It is currently \$18. That's a \$10 increase. That is the bulk of the rate increase that our residential members will see all in that availability charge. We've talked about this several times, but the availability charge is designed to cover the fixed cost that the cooperative incurs regardless of whether someone uses electricity. And what came out in our cost of service study was that we weren't recovering those fixed cost. Getting us up to \$28 does recover our fixed distribution costs. At the same time that we raise that availability charge, we're actually gonna decrease the energy charge. That's that 12 cents per kilowatt hourish that you, you, you pay us right now, we're gonna decrease the energy charge a little bit.

Rachel Johnson, Cherryland Electric Cooperative ([04:13](#)):

We're also going to bring the pscr back down to zero. So members will see us a decrease and their volumetric charge at the same time they see an increase in their fixed charge. We are also adding a new rate offering on the residential side of things, which we're calling an auxiliary meter rate. Historically, members paid for each meter as its own full uh, account. And so if you had a, a house and a pole barn and they each had a meter, you paid a residential availability charge on the house and then you paid another \$20 general service availability charge on the barn instead. The what we're working towards what we're calling this auxiliary meter rate where it'll all be under your residential account, you'll pay a standard availability charge on that first meter and then just a per meter charge on that second meter of \$14 and 50 cents a meter.

Rachel Johnson, Cherryland Electric Cooperative ([04:58](#)):

So that will just make that a little simpler, same energy charge regardless of whether it's coming through the auxiliary meter or the residential meter. We'll have more details on that, especially to the members who are going to be put into that program based on their situation today. Uh, after the first of the year, we also spent quite a bit of time, well actually before I go onto the commercial rates, I will say the the third offering you're gonna see on the residential side is the introduction of an optional time of use rate. We'll have details about those numbers as we get into the the January timeframe, but that is not gonna be anything that anybody's required to do. It's just a new offering we're gonna offer to our members that will allow members who think that they can decrease the amount of electricity that they use during our peak times to potentially see a little bit of savings, but they'll pay a lot higher per kilowatt hour charge during those peak times if they still use electricity.

Rachel Johnson, Cherryland Electric Cooperative ([05:43](#)):

So more details to come on that. On the commercial side of things, we are also revising all of those rate classes. The commercial rate program is complex because there's just such a wide array of commercial members, but essentially what we looked at at the board meeting on Monday was the addition of a new or client general service demand rate. And that is a rate that is kind of geared towards what I would call our mid-size commercial members. These are members that have higher demand cost than what you would think of as a general service rate. So, you know, a a store like a mini storage might be a general service rate. They don't have a lot, they're not using a lot of electricity, they don't have a lot of demand at that location. It may not make sense for their rate class to be the same as a small manufacturing facility that does need a lot of electricity but isn't necessarily large commercial industrial.

Rachel Johnson, Cherryland Electric Cooperative ([06:30](#)):

So we're creating a new rate class, uh, just for those of you who maybe don't live and breathe this world. The way demand works is it's essentially the maximum amount of electric power that is consumed at a location at a given time. So in any one moment of the day, the maximum amount you need to power that facility as opposed to the energy charge, which is the amount you use over time. So this new general service demand rate is gonna allow us to create a customized rate class for members, commercial members who need a fairly significant amount of power at, at a given moment in time to make sure the rate class uh, works for them. We're also going to be adjusting the rates on the rest of our commercial classes. Many of those only have a few members in them, but um, the way we'll handle communicating that to those of you who might be impacted is we're gonna send all commercial members a, a letter sometime in December letting you know what to expect and how to budget for how the changes in the rates might impact you and your business in 2023.

Rachel Johnson, Cherryland Electric Cooperative ([07:23](#)):

And again, all of those rates will go into effect in March of 2023. So we're continuing to refine the plans, but we were able to go through kind of the bulk of the details with the board at this board meeting and now we'll be begin preparing all those communications I already discussed and have informational sessions and opportunities for you all to interact with staff and the board on these upcoming rate changes over the coming months. So stay tuned to all of our normal communication channels and uh, we look forward to continuing to have that conversation with you. Speaking of rates and financial things, we also had an update from our CFO and uh, just wanna pass along to all of you that we are really still feeling the pinch of power supply cost increases this year, year to date, we are over budget and power supply costs by over a million dollars.

Rachel Johnson, Cherryland Electric Cooperative ([08:07](#)):

We've been able to balance that power supply cost increase by being really careful with the expenses we can control and uh, I'm really proud of the fact that in true cherry land fashion <laugh>, we're keeping our distribution cooperative expenses under budget by less than a million, but about \$700,000. So that's allowing us to offset those cost pressures, maintain the margins we need for this year, but also continues to reiterate the need for the co-op to realize a rate increase next year in order to make sure that we can pay our power bill. Just like we hope that all of you pay your power bills and we'll continue to keep you up to date about what we see in power supply markets. But I'll just reiterate again and again, the, the name of the game right now is volatility, Volatility, volatility. And a lot of that volatility is ultimately also a lot of cross pressures.

Rachel Johnson, Cherryland Electric Cooperative ([08:52](#)):

In the third item of business for the board this month the board received a, a report on a recent market analysis of cooperative employee wages from our HR director. The cooperative used an outside contractor for this project and then that project will then turn into a compensation plan that will help guide the cooperative going forward in order to make sure that we have the appropriate wage classifications for all of our employees. And that ultimately our end goal is to pay competitive wages that help retain the talented staff that you rely on to keep your lights on and to keep the cooperative running well. So, uh, really just a, a great presentation on that project and how we'll use it to inform our, uh, wage plan going forward. And then finally, speaking also of employee attraction and retention, uh, I just wanted to let you know this week is careers an energy week.

Rachel Johnson, Cherryland Electric Cooperative ([09:37](#)):

The board did get an update and a little sneak preview at some promotional videos featuring our employees that we're using to highlight how awesome and amazing it is to work in both the energy industry and specifically at our cooperative. So I'd encourage you to check all those out and uh, certainly if you know any bright young brains looking for jobs, send them our way and encourage them to consider a career in energy cause it is an incredibly rewarding place to work. That's the highlights from this most recent board meeting. Just a reminder that our next board meeting is Monday, November 28th. That's the Monday after Thanksgiving. And as always, we will start the board meeting with time for member input. So feel free to reach out to us if you'd like to swing by and have a conversation with the board. Join us next time for more co-op Energy Talk.