

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

Welcome back to Co-Op Energy Talk. I'm your host, Rachel Johnson, the member relations manager here at Cherry Land Electric Cooperative, and you are listening to the board meeting brief for our board meeting on Monday, January 23rd. A few quick items of note for you all. Uh, first the board, uh, started the meeting with their official rate hearing for our rate change, which will go into effect in March, and members will see those new rates on their, the first bill they receive in April. I'm not gonna go into the details of that. We've talked to you about it so many times over the last few months, but if you have any questions or wanna understand anything else about that rate change, please check out our website. You'll see a banner right on the front page. The, the item of note from the board meeting is that the board held their final public hearing after having also an input and informational session the week before with members, and they did approve that rate change.

Rachel Johnson, Cherryland Electric Cooperative ([00:59](#)):

So we will go into effect this spring. The second thing I wanted to talk to you all about that happened at the board meeting on Monday is we got an update from our safety director and operations manager about a safety initiative we've been a part of for several years now that we're moving into the second phase of. So we work very closely with our statewide and national partners on our safety program, and a few years ago, they rolled out a program called Commitment to Zero. Essentially, the simplest way I can think to explain that program is its goal is to get to a point where there are zero line worker deaths due to electrical contact in, in a year, ever, right? Like that's the ultimate goal. So the first phase of that project was really about getting line workers to commit to using best practices and to, um, kind of get some agreement on what those best practices were.

Rachel Johnson, Cherryland Electric Cooperative ([01:45](#)):

And Cherry Land was a leader in that first phase. Now that our national partners are rolling out the second phase, we are once again leading. And so we had, uh, representatives from our insurer, federated, and then also our national organization and our statewide safety partners come in and take our line workers through a deep dive analysis of what our policies are, what our practices are, and anywhere where we they feel, they feel the people kind of on the frontline in the field feel that we might have gaps. So what we talked about on Monday at the board meeting was the results of that analysis, and now the results of that analysis will inform some improvements to our safety program and really improvements to our actual practices in the field over the coming months. What I wanted to share with all of you was that not only that, that that happened, but that what we heard consistently from those statewide and national partners is how impressed they were with the engagement we got from our line workers, and that they really feel that Cherry land has a strong commitment to safety as is evidenced by our frontline employees.

Rachel Johnson, Cherryland Electric Cooperative ([02:44](#)):

So lots of good news there and also some very clear things that we have opportunities to improve and that we're committed to improving. We also received a special presentation at our board meeting from the Chief Operating Officer of Wolverine Power Cooperative. Zach Anderson, our loyal listeners all know this. You've all heard from Zach in the past, past, but Wolverine is our power supplier. They are a cooperative just like us. We are one of five distribution cooperative owners of Wolverine, and Zach came in to take our board through an analysis of kind of the current state of our power supply portfolio, some, uh, opportunities and challenges we have coming in the next few years, and how Wolverine is going to approach those. A couple of highlights from that. He talked us through several large solar

developments that Wolverine is working on, one in southern Michigan and another one kind of in more central Michigan.

Rachel Johnson, Cherryland Electric Cooperative ([03:29](#)):

Both of those projects are somewhere in the process of going through whether going through the interconnection agreement piece with our regional grid operator or through local zoning. So there's a, there's somewhere in the process. Um, one of the interesting things that I picked up on in Zach's presentation is that the challenge we have is how long those processes are taking. So Wolverine is ready and prepared to build and support and bring those projects online, but we still probably have, um, depending on where they're at in the process, somewhere between three and 10 years to actually have that project online and producing energy, which is a real challenge because we also know that we are retiring reliable, generating resources off the grid and we need to be replacing them before we retire them. And so Wolverine talk through some other options they're looking at in terms of additional power purchase agreements to help fill some of those gaps and, um, maybe even, uh, expanding some of our, our peaking capacity or looking into other opportunities to buy generating resources that already exist.

Rachel Johnson, Cherryland Electric Cooperative ([04:30](#)):

So lots and lots of kind of what ifs no certainties, but really the takeaway being we are in a, a uniquely challenging time as it pertains to power supply and Wolverine is pursuing an, uh, a lot of different options to make sure that we are able to continue to provide reliable service to our members. And certainly as any of those options firm up, we'll continue to share them with you and also continue to invite Wolverine onto to the podcast to give, um, more updates on that. Uh, the other thing we talked about at the board meeting, uh, our CFO took the board kind of through our end of year financials. Keep in mind these are unaudited, so this is pre-audit for us, but three highlights that I, uh, think everyone should know. First of all, uh, we ended the year with our power supply cost, about 1.4 million over budget.

Rachel Johnson, Cherryland Electric Cooperative ([05:12](#)):

This is all due to market volatility and primarily due to the price of natural gas. We've talked about that in depth on the podcast this year, but that's the final number, 1.4 million more that we spent on power supply in 2022 than we had budgeted to spend. That's the not great news <laugh>, but there are some other pieces that were actually really good news. Uh, we were also, if you look at kind of the operating side of our budget, we met all of our key ratios and loan covenant requirements in regards to things like our equity ratio. Um, and I think the takeaway there is just to keep in mind that even though we have had significant challenges as it pertains to supply chain cost and to power supply cost, the co-op has been managed in a really financially sound way. Uh, we also ended the year on budget as it pertained to our operating expenses.

Rachel Johnson, Cherryland Electric Cooperative ([05:55](#)):

And as expected, we had had very, very narrow operating net operating margins. The reason I want to kind of make sure to portray that to you is because that's the reason we knew we were going to need a rate increase this year. We can no longer pay for the basic things that you expect out of us, like keeping trees trimmed and lines maintained, and, uh, cutting edge technology. We don't have any margins left to spend. So that's where that rate change comes from. But still, we were able to end the year with positive but very, very small net operating margins. The um, fifth thing that I wanted to share with you is

that the board voted to donate \$10,000 in unclaimed capital credits to, uh, new initiative through our national, uh, co-op friends called the Cooperative Family Fund. The Cooperative Family Fund was created to help support the children of cooperative employees who ha, whose parent passes away while working at the cooperative.

Rachel Johnson, Cherryland Electric Cooperative ([06:48](#)):

Uh, still a lot of details they're working through, but essentially what will happen is if, uh, parent passes away while working for the co-op and they have children under the age of 18, the Cooperative Family Fund will put \$10,000 in, uh, trust for each child under the age of 18. And then when they turn 18, that money can help kind of give them a, a starting off point into their adult life. The co-op thinks that it's really important that we take care of the families of people who dedicate their lives to serving co-op members. And so our board chose to help get that fund going by making a one-time \$10,000 donation from unclaimed capital credits. The last thing that I wanted to discuss with you, which I'm not gonna go into great detail on cuz I think we should do a whole podcast just on this topic.

Rachel Johnson, Cherryland Electric Cooperative ([07:26](#)):

So we used to be under a state mandate to do energy waste reduction starting at the beginning of 2022. We were no longer under that state mandate and we took that opportunity to create our own model to evaluate the effectiveness of our energy use programs. And what we're really focused on here at Cherry Land isn't specifically energy waste reduction, it's the broader impact on greenhouse gas emissions of all of the initiatives that we're taking. And so over 2022, we worked with an outside contractor to develop a tracking model we can use to calculate the greenhouse gas reduction impact of our incentive programs. Once we got that model designed, we went back and retroactively calculated the impact of our 2022 program. And then going forward, we'll be monitoring these things on a monthly basis in 2023 and beyond. But we shared the initial 2022 numbers with our board at their board meeting in January.

Rachel Johnson, Cherryland Electric Cooperative ([08:17](#)):

Here are a few, uh, little fun facts for you. We processed 438 rebates and those would be for things like electric vehicles, geothermal heat pumps, air to air heat pumps, um, induction stove tops, all kinds of efficient electric, uh, appliances. Those 438 rebates resulted in annual greenhouse gas reduction of about 255 tons of greenhouse gases. To put that in perspective for you, that's the equivalent of planting 12,738 trees. And part of the reason we were able to accomplish such significant greenhouse gas reduction is because our portfolio is over 62% carbon free. So every time someone cashes in a what, whether it's a gas stove or a gas heating system for an electric heating system or an electric stove or an electric vehicle, we are immediately cutting their carbon impact by 62%. And that's built into this, um, into this calculation. So very exciting starting off point for us in 2023.

Rachel Johnson, Cherryland Electric Cooperative ([09:15](#)):

And like I said, certainly something that is going to inform our rebate program going forward. We want to invest in things that help us decrease greenhouse gas emissions and we're gonna continue to work on that and report on that to you on a monthly basis. And like I said, I think, um, probably at some point maybe do a deeper dive podcast on all of the calculations that are going into that model. So stay tuned for more. That's, um, really kind of what this board meeting was. As you can see, lots of different topics and lots of different areas and generally just a lot of, I think a lot of good news and a really nice discussion of some of the real challenges we face going forward. Uh, reminder for all of you, our next board meeting is Monday, February 27th, and as always, we will start that board meeting out with time

for member input. If you're interested in giving input, please come to our office and gro at 9:00 AM on Monday, February 27th. Join us next time for more co-op energy talk.