

Speaker 1 ([00:00](#)):

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Rachel Johnson, Cherryland Electric Co-op CEO ([00:15](#)):

Welcome back to Co-op Energy Talk. I'm your host, Rachel Johnson, and you are listening to the board meeting brief for the board meeting on Monday, July 24th. The highlight of our board meeting in July was our annual presentation on our key ratios or KPIs, and we have hundreds of them that we track in partnership with our lender, but I wanted to just highlight kind of five things that I picked up from that presentation. First, uh, one of the ratios that we track is called tier or times interest earned ratio. Uh, basically this is just looking at kind of whether or not we're over-leveraged as it pertains to our debt and revenue. And what's really cool is that cherryland is at 2.33 versus the state meeting of 1.82. We rank third in the state, so we're doing a really good job of managing our revenue and our debt.

Rachel Johnson, Cherryland Electric Co-op CEO ([00:57](#)):

Um, that said, the other thing we looked at was kind of a, a looking at 2023, even though we don't have final numbers yet, and our revenue has been so low this year due to the weather that we really anticipate tier potentially being a challenge as we move into next year. And it's something we're gonna continue to monitor. Another, uh, ratio that we look at our K P I that we look at is our equity percentage or equity as a percent of assets. Cherry land's equity remains above 40. It's basically just a, a representation of the member's ownership in cherry land after we would pay all of our debts. And what's really great about our uh, 40 is that the state median is 28.52, so we're ranked number one in the state and pretty high in the nation as well. So we, um, we're really proud of how good of a job we've done of managing our equity.

Rachel Johnson, Cherryland Electric Co-op CEO ([01:40](#)):

That said, we have a lot of capital investments coming up over the next couple years, starting first with our, um, replacement of our metering system. So we know that we're probably gonna see a little bit of a dip in equity and our C F O and I are working to figure out what is the, the right equity target to allow us to make those investments and, uh, and continue to prove on our reliability for our members while managing our equity. Speaking of reliability, the uh, third K p i that we, we took a peek at was basically tied to system reliability. We have a couple different ways we look at that, but I'm so excited to let you know that we rank number one in the state for system reliability and that is just something we are so proud of. We are so hyper-focused on our mission of providing our members with reliable power.

Rachel Johnson, Cherryland Electric Co-op CEO ([02:20](#)):

Um, and on the opposite side of that reliability, we really try to do so as affordably as possible. One of the, um, other ratios that we look at is our operating expenses per consumer. We are the lowest in the state in terms of operating expenses per consumer and second lowest in our peer group across the country. Along those same lines, our electric revenue per consumer is the lowest in the state and almost the lowest in the country. So we run really, really lean. We're able to deliver that high system reliability at an incredibly lean, affordable cost to our members. One of the consequences of that is that we don't have a lot of fat to cut. So we are, we are doing this really good job of delivering exemplary reliability performance, but we don't, when, when costs go up, we don't have a lot of margins to dig into.

Rachel Johnson, Cherryland Electric Co-op CEO ([03:02](#)):

So what we are starting to try to kind of wrap our heads around here at the co-op is how do we manage all of these inflationary cost pressures that are impacting all businesses and what does that look like from a rates perspective? And what we are anticipating going forward is probably pretty regular rate increases over the next five to 10 years. We're gonna work really hard to push our next rate increase off to the end of next year and really dig into a three to five year forecast on what that might look like to make sure we can continue to carefully, um, utilize our members' money and invest in our system and keep that reliability that we know that our members' value really, really high. Uh, the last, uh, K P I that I wanted to just mention 'cause it's something we're so very proud of, our cumulative patronage capital retired to our members over the lifetime of the cooperative is over \$40 million.

Rachel Johnson, Cherryland Electric Co-op CEO ([03:46](#)):

And we rank number one in the state and top 10 in the nation. Uh, we'll probably slow down our retirements just a little bit over the next couple years to help us get through these high cost pressure, you know, kind of cash flow years, but still, uh, we are just blowing everyone out of the water as it pertains to making sure that when we have any money left over, it gets right back into the hands of our members. So that's a little highlight of some of the, um, KPIs that we monitor. Like I said, there was a lot of them where, and we're always looking at them to figure out what are we doing well and where are the areas where we can continue to improve on our value proposition to our members. Our next board meeting will be Monday, August 28th. Uh, as always, we will start with member input at 9:00 AM So if you have feedback for the board, just swing by our office and CRA and ask to speak to them at 9:00 AM on August 28th. Join us next time for more co-op energy talk.