

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

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Rachel Johnson, Cherryland CEO ([00:15](#)):

Welcome back to Co-op Energy Talk. I'm your host Rachel Johnson, and you are listening to our board meeting brief for Monday, August 28th. I'm gonna just tell you about five things that happened in that board meeting that I think are of note this month. First, the board got an update from Eric Baker. Eric is the CEO of Wolverine Power Cooperative. They're our power supplier and most of you, most of our avid listeners already know who Wolverine is. So I won't go into the details, but if you're interested in learning more about Wolverine, check out some of our previous podcasts. Anyway, Eric discussed several power supply contracts we have that we currently have that are expiring over the next five to 10 years. And so we kind of looked at our current and projected future electric load, those power supply contracts that are gonna be expiring, and Eric updated the board on kind of how we're gonna fill that back in and what power supply opportunities exist today.

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

Some of the challenges that we're facing as we look through that long-term planning is one, there's just a shrinking supply of electric generating units in Michigan, and so there's not a lot out there in terms of in Michigan generation sources. And in addition to that, it's a really volatile power supply market right now. Costs are really unpredictable. If you look over the last couple years, we've had big swings, and in addition to that, we're projecting they'll go up. So Wolverine is working really hard to find opportunities to secure stable long-term power supply for us to, to replace those contracts we have that are expiring over the next decade or so. The second thing we talked to our board about was our union contract. Uh, about half of Cherry Land's employees are represented by a collective bargaining unit, and that, um, three year contract expired, uh, next month.

Rachel Johnson, Cherryland CEO ([01:40](#)):

And so after a very successful and pro productive negotiation over the summer, we're able to take a replacement contract to our board. That is another new three year contract. So excited to have that in place in, um, continue to move forward with our our current employees. The third thing we talked about was our finances <laugh>, and those of you who listen to the board meeting briefs, I'll just go straight to the punchline 'cause you already know that, you know, it's been a tough year. Sales have been, continue to be really sluggish because of mild weather. And while mild weather is really fun for those of us who live here in Michigan, it's challenging when most of your sales are driven by weather. So one of the things we're starting to look at is what's known as our debt service covenants, our debt service coverage, which is one of our debt covenants.

Rachel Johnson, Cherryland CEO ([02:18](#)):

And we're, the way that our, our lenders evaluate us essentially, is they look at three years of our debt service coverage numbers, and they always drop the lowest year. And assuming we continue to meet our requirements, we're fine. Well, this year we're not gonna, we're not gonna be at a, at a particularly attractive debt service coverage level. And so what we've decided to do, knowing that three year concept exists, is we're gonna really accelerate some of next year's expenses into the end of this year. We're gonna go ahead and let this year be our bad year, but do everything we can to protect next year so that this will always be the year that gets dropped, but we have two really strong years buffering it,

and that should, um, work really well for us as we continue to move forward. The fourth thing that, uh, we got an update on was from our, our engineering and operations manager.

Rachel Johnson, Cherryland CEO ([03:00](#)):

And I just wanted to, this is the kind of the number one thing that people think about is, are you keeping my lights on? And we are really nailing electric reliability this year. We are at nine 9.994 for July. And overall year to date nine 9.991 for those of you who fall along at home, you know, we're always chasing those five nines, but certainly happy to be in that four nines uh, space. All of our, uh, reliability metrics for July absolutely exceeded our targets. So really proud of our team here and the work they've done to keep the lights on for you. And then the last thing that we talked about, our member relations manager, Courtney Doyle, updated the board on kind of what happens next with our time of use rate. So you may remember when we implemented our rate change last spring, one of the parts of that rate change was the introduction of a new time of use rate, which essentially charges a member more when they're using power on peak times and less when they're using power off peak times.

Rachel Johnson, Cherryland CEO ([03:49](#)):

This is an entirely voluntary rate. It's only for members who have an interest in being in that rate. Uh, it took us a little while over the summer to really figure out structurally how we would, uh, implement that rate, but we're ready to go. So we're beginning, uh, signups in September and we will have members on that rate and that rate will be fully implemented starting October 1st. If you're interested, just reach out to us. We're happy to talk more about that with you. So that's kind of the highlights from this most recent board meeting. Our next board meeting is Monday, September 25th. As always, we start with member input at 9:00 AM So if you're interested in, um, offering any feedback to the board, please stop by our office and, uh, let 'em know you'd like to talk to the board on Monday, September 25th. Join us next time for more co-op energy talk.