

Rachel Johnson ([00:16](#)):

Welcome back to Co-Op Energy Talk. I am your host and the CEO here at Cherry Land Electric Cooperative, Rachel Johnson. And you are listening to the board meeting brief for Monday, October 23rd. And I wanna talk to you about four things that happened in this board meeting. First, we received a presentation from Cherry Land's Safety Director on our recent, uh, there's a program that's put on through our national organization called reap. And it's essentially an opportunity to have safety employees from other co-ops come in and assess our own safety program and give us feedback on how we can improve it. And also kind of what's, what's working well for us. Three highlights from that. First of all, that team found that we really have excellent buy-in for our employees in terms of their commitment to safety and their ownership of their role in it. And this is an incredibly meaningful piece of feedback to us because it's something we have been working on over the last several years to create a really deeply entrenched culture of safety at Cherry Land where everyone takes care of each other and takes and takes ownership of making sure that, that we do things safely.

Rachel Johnson ([01:12](#)):

So that's a really great feedback to receive from them. We also received really good feedback on our equipment, in particular that we have not only high quality equipment, but that it's very well maintained. And what I take away from that is it means that the member resources that we're investing in equipment, our employees are being very good stewards of that resource. The kind of piece that we received some opportunity for improvement feedback on was had to do with the amount of, uh, materials that we're storing and how we're storing them. So let me kind of break that down for you. Essentially, where we're at as an organization is because of supply chain challenges and because of the sheer amount of construction going on in our community right now, we are just literally bursting at the seams. We have equipment everywhere and a lot of that equipment is not inexpensive equipment, but we don't have enough storage under roofs to put it all under roofs.

Rachel Johnson ([02:01](#)):

And even the stuff that normally would be stored outside is just kind of everywhere. And so the feedback they gave us is, you really need to start looking at your long-term facilities planning, figure out how much of this is gonna be kind of a permanent place that we're gonna have to have more inventory. For those of you who love this podcast, I know you do. I do. Uh, we've been talking for a while about how much more inventory we have on site. We really got a lot of feedback that we need to come up with a long-term plan for that. So that's something that we're gonna tackle as a senior team. The second thing that we tackled at this particular board meeting was our capital budget. So every single year we go through a capital budget kind of proposal with our board for the upcoming year.

Rachel Johnson ([02:36](#)):

This year we are proposing about \$12.7 million in system investments. And a lot of that is the normal stuff that we do every single year, right? So continuing to rebuild our lines, continuing to underground things where it makes sense. Uh, so just all the stuff that goes into that 99.99% reliability that we're really proud of is included in that capital budget. In addition to that, we have two special projects that are driving the cost of that capital budget up just a little bit in 2024. First, we are finally ready to begin the process of installing our new metering system. We've been talking about it for a while. We're moving from a power line carrier system to a wireless system. One of the advantages of that new system is that those meters will be able to communicate back to the co-op even if they don't have

power, which means that we'll be able to have faster response time when power goes out, but also without you having to call us, we will already know something is going on.

Rachel Johnson ([03:28](#)):

So we'll be able to proactively get in front of it. We'll have a lot more data too to help us maybe identify a problem before it becomes an outage. So really good improvement for our members, but it's not inexpensive to replace 38,500 meters. So we are talking through what that's gonna look like in terms of investments we're gonna have to finance next year. And we're, we're looking at probably about \$3 million in investment next year on that system. The other kind of big, not totally normal thing that we have going on, which, uh, I think is ties into what I talked about when I talked about REAP has to do with our facilities. We've known for a while that we were really bursting at the seams on this 15 acre piece of property we're on right now. In the end of 2022, we, um, moved forward with purchasing a new land to potentially build a new facility.

Rachel Johnson ([04:09](#)):

We're not moving fast towards that, we're just making sure we have that option if we need it. We've been going through the, um, kind of township processes. We've not closed on that land, but we expect to close on it in 2024. And so we will have that, uh, capital investment in 2024. That land is on Renny School Road and it's 40 acres, which we think gives the co-op really good optionality for the next 85 years of our existence, especially as it pertains to the equipment that we will need to have on site. The third thing we talked about at the board meeting, we had a presentation from a, a borrow a potential borrower for our rural economic Development loan and grant program, which I've talked a lot about in this podcast. We have a \$1.2 million revolving loan fund. Farm club in Leelanau County is in the process of, uh, a really exciting expansion.

Rachel Johnson ([04:54](#)):

They're building a new building to house a bakery kitchen and also, uh, more a larger, more robust farmer's market and, uh, grab and go food. So it's, it's an, it's in addition to what they already have in their current building out there. And if you haven't been out there, I highly encouraged you to go check it out. They have, uh, great, awesome food and just a really cool place in Leno County. But anyway, they're building this new building in order to meet demand in that area. Uh, interesting fun fact. They have about 85 employees after they get this new, new kind of service building up and going and they have that grab and go in the farm market, they expect to have almost a hundred employees. So a really, um, great, uh, story there. We are helping them with that project. The board approved a \$200,000 loan from them and they expect to break ground this coming spring.

Rachel Johnson ([05:39](#)):

So hopefully we'll be able to go enjoy some grab and go food at Farm club sometime next fall. And then the fourth thing that we talked about with the board is just a update. We're continuing to monitor, monitor energy legislation that is currently being proposed in Michigan. And I've talked about that a few times on this podcast. We don't have a ton of movement right now. It's kind of sitting in committee. We have one bill that has been introduced on the house floor, but we continue to hear there's a lot of desire to move those bills this year. So we just wanna make sure the board continues to be updated on that. The three bills that we're watching, here's what they do. One is a solar or a renewable siding bill. Essentially what it does is it means that any developer who's building a renewable project larger than 50

megawatts, the Michigan Public Service Commission can override local zoning and permitting in order to permit the the, um, that project.

Rachel Johnson ([06:30](#)):

This bill has a lot of detractors in terms of people who are, um, you know, deeply committed to local control as a cooperative. We are one of those entities that really believes deeply in local control. 'cause we've seen how well it works in our community. But it is true that that bill is moving right now through the house. So something we'll continue to watch. I will tell you, it doesn't necessarily change our strategy at Cherry Land. We will continue to work with our local boards anytime that we're citing renewables because we think it's the right thing to do. And we think communities should have a say. The other two bills that we're watching that are currently moving through the Senate, one is a hundred percent clean energy standard that would require all utilities to have a hundred percent clean energy by 2040. The, there's several milestones throughout that.

Rachel Johnson ([07:10](#)):

I won't go into it now, but the breakdown of that is that 60% of our energy would have to come from renewables up to 20% could come from nuclear. And then there's kind of a 20% gap in there that I think is kind of designed for future technology development to get to that 100% clean energy. It will come as no surprise to all of you that we, um, we really believe deeply in nuclear energy. So we'd like to see that bill have a little more flexibility in terms of how it classifies renewable versus nuclear energy. But I will remind you that we are already at 20% renewable. We have several large renewable projects in progress. So we, um, we continue to pursue both renewable and nuclear projects, but we will watch that bill determine how it'll impact our members and I will certainly give you an update if it starts to move.

Rachel Johnson ([07:51](#)):

And then the last bill, one that I've talked quite a bit about, uh, both here and in other mediums is the energy waste reduction mandate. The bill that is currently in the Senate committee would put the co-ops back under a mandate. It would mandate us at 2%. Uh, I continue to believe that this is the wrong direction because we should be doing more with decarbonization than with energy waste reduction. However, one of the things that I really like in this bill as it's proposed is that it has, is allowing local control. So even though we will be under a state mandate to do 2% in terms of energy waste reduction efforts every single year, we will be allowed to monitor and make our plans for that in conjunction with our board as opposed to doing that through the Michigan Public Service Commission. So what I really like about that is that it allows us to make sure that we're aligning our program with the needs of our members, that it's really kind of, um, tailored to the community that we serve and our board is best suited to, to help us make sure we're doing that.

Rachel Johnson ([08:49](#)):

So I will continue to watch those. I will probably do a separate podcast and update you if they really start to move. Right now, we, we kind of, kind of still aren't quite sure whether or not these are actually gonna happen this year, but I will let you know if anything moves with that. But we did have a robust discussion about that at the board table.

Speaker 2 ([09:03](#)):

That's kind

Rachel Johnson ([09:04](#)):

Of the highlights from this most recent board meeting. Our next board meeting is Monday, November 27th, and as always, we will start with member input at 9:00 AM You're welcome to swing by and chat with the board. Just come to our office here in Grand. You can also reach out to me in advance and let me know you're gonna be here so I can make sure that we're ready for you. And I will give you a update

Speaker 2 ([09:20](#)):

After that board meeting as well. Join us next time for more co-op Energy Talk.