

Rachel Johnson (00:16):

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, February 19th. Four things I thought I would, uh, brief you on from that meeting. First, uh, January financials, we talk about our financials every single board meeting, but this month for the first time in a long time, the news was actually not bad news. Our expenses were really well controlled, so we're off to a good start for the year under budget for expenses. And our power supply cost came in, um, quite, quite a bit under budget as well, which power supply is our biggest expense. So anytime that is under budget, that's good for us. Our revenue was also steady and it allowed us to end the month with positive net operating margins. So we ended the month in the black and we have ended most of 2023 in the red.

Rachel Johnson (00:59):

So this is a, a really good turn for us, not crazy amounts of margins, but still in the black after our hard year. Uh, and then our next rate increase, which we're planning for by around midsummer or early summer, I suppose in June, uh, will also help to ensure that then we can keep our co-ops financials healthy throughout this year. 'cause one of the things we're monitoring very carefully because last year was a bad year. We really need this year to be a good year in order to maintain our debt service coverage requirements. And so as we continue to try to manage this challenging price volatility in supply chain markets and high interest rates, starting the year off with a good month with positive margins is great news for the members and the board was glad to hear it. The second thing that the board heard about this month was a special presentation on our strategic communications plan.

Rachel Johnson (01:41):

And that plan is the plan for how we will kind of best meet and exceed our members' expectations and also kind of live out our core value of transparency with our members over the next several years in our communications. A few highlights from that plan. First, I think what you'll see from us a lot over the next few years is communication, kind of getting back to the basics. So educating our membership on what it means to be a co-op. And when we throw around terms like patronage capital and what does that mean? And, and so kind of just back to the co-op business model in the back to the basics is gonna be a, a core part of that plan to make sure that our members understand the business model well enough to be equipped to be good members. In addition to that, we're gonna look for in opportunities to increase member engagement with co-op leadership.

Rachel Johnson (02:24):

So that will probably look like maybe more events out inside our service territory where you can come and interact with me or the board or other senior leaders of the co-op. The kind of third piece that I'm really excited about in that plan is we're looking for ways to use tools and technology to improve the member experience. So for example, we might look at is, is there a way we could make how you pay your bill an easier process for you? Is there a way we can make how you set up new service an easier process for you? Are there technologies we can use to make that better? And one of those, uh, technologies that we're gonna be looking at very seriously in the next year or two is adding the ability to, uh, a member chat function in our call center. So you can go on our website, initiate a chat, manage your member service needs through chat.

Rachel Johnson (03:05):

So lots of exciting things there, things that we already do a really good job with member service, but opportunities to just, uh, make it a little bit better, a little more modern, and hopefully improve your experience and improve the communication you receive from us as an organization. Uh, another thing that we talked about at this board meeting is how the co-op is going to prepare to meet the new energy

waste reduction mandate that was passed by the state of Michigan in the fall. So you'll remember me talking about that mandate requiring us to incentivize a reduction of 1.5% of previous year's sales through the use of rebates that make our members' homes and businesses more efficient. We've talked a lot about that program. I don't wanna get deep into the weeds of it. I'll just simply reiterate my concern with this mandate has nothing to do with the energy waste reduction piece of it.

Rachel Johnson ([03:50](#)):

We have, we have, and we'll continue to have rebate programs and programs designed to help our members use energy more efficiently and to meet their energy needs. My problem is that it's very, very expensive to comply with a mandate and you spend a lot of time simply meeting compliance as opposed to getting that money into the pockets of our members. So one of the things that we're gonna be doing over the next, uh, let's say six to nine months, is exploring opportunities to collaborate statewide with other co-ops and maybe even other utilities in order to manage the compliance cost of this mandate on our members' behalf. So we're, we're looking into the opportunity to create a new collaborative that would allow us to decrease the compliance cost for our members because we know this is gonna be a very expensive mandate. I'll keep you updated as that, um, unfolds.

Rachel Johnson ([04:34](#)):

We're just in the early stages of it, that that kind of group that's gonna get together and start talking about the opportunity to collaborate as starting their meetings this month. And so we'll, we'll continue to follow that. And then the last thing I wanted to update you on from the board meeting is tied to our facilities. So we are just bursting at the seams here at Cherryland Electric Cooperative. We have a ton of inventory on site. The the nature of the inventory that we house is bigger now than it was when our facilities were built, you know, 50 years ago. We have lots of vehicles and things that we have to store and so we're just, we've just run outta space. And one of the consequences of running outta space is we have very, very, um, delicate and expensive equipment that is not able to be housed inside 'cause there's no more room inside or we're having to move vehicles outside in order to create inside storage in what were previously kind of like truck barns, uh, for that, that equipment.

Rachel Johnson ([05:27](#)):

And so we are have found what we believe to be a, a good short term solution to that. We are purchasing a storage unit that is not far from our office that will allow us to alleviate some of that, um, pressure, move some of the things that we don't use every day offsite so that we can have more space for the stuff we do use every day onsite. Longer term this year, we are also evaluating our facilities needs and coming up with, um, long range plans to either upgrade here and I can't even begin to tell you what that would look like, like, but to probably do a, a very significant and massive remodel of our current facilities in order to better match the types and size of equipment that we have to store now or to potentially build a new building. So this, this year, all we are doing in that space is simply evaluating what we need and trying to figure out what it would cost to make that happen either here or, uh, at a different location.

Rachel Johnson ([06:19](#)):

We're not planning to move fast on any of those plans. So that's why having that storage unit and having a, a shorter term solution to get us through, let's say the next at least five years is important. But in the very long range we have to start to decide what do we do with this building and what do we do to make sure that we are set up to continue to serve our members into the future. So those are kind of the highlights from the board meeting. Our next board meeting is Monday, March 18th. Uh, just a note about the board meeting. It will start with our formal rate hearing for the rate change we are proposing for, uh, early summer. And that will include the opportunity for member input. That rate hearing will happen at 9:00 AM right here at our office in Grand. Uh, please note we won't probably do a lot of detailed dive into

the rates at that meeting 'cause that meeting is really where the board makes the decision about whether or not to approve the rates.

Rachel Johnson (07:04):

So we are also holding a member information session where we will walk you through everything that is proposed and answer any questions you have. And that member information session on the new rates will be held on Tuesday, March 12th at 5:30 PM So after work, uh, here at our office in grand. So two kind of dates to keep in mind. One being that Tuesday, March 12th, 5:30 PM member information session on the new rates. And then if you are interested also in offering formal input to the board, we'll have that formal rate hearing right before our March 18th board meeting. So two dates to keep in mind and I will give you an update in the board meeting brief podcast after that next board meeting as well. Join us next time for more co-op energy talk.