

Rachel Johnson (00:17):

Welcome back to Co-op Energy Talk. I'm your host, Rachel Johnson, and you are listening to the board meeting Brief podcast for Monday, March 18th. We started this month's board meeting with the rate hearing for our upcoming rate increase. We have had robust member feedback on the blog and in person at our member meeting on Tuesday, March 12th. Today was the day that the board finally considered that rate increase and made a decision. They did vote to approve the proposed rate increase. The details of that rate increase are available on our website, and you can also find a calculator there where you can project what your bill will be. After the rate increase goes into effect. You will notice the new rates on your June bills and they will, which reflect your May usage. The second item of note from the board meeting this month is kind of along the same lines of billing and rates.

Rachel Johnson (01:02):

Our CFO updated the board on power supply cost. The good news is so far year to date, our power supply costs are lower than we expected, which means that we are going to be able to take our power supply cost recovery mechanism or the PSCR that you see on your bill back down to zero in April. So that's great news for our members. Save a little money there. The third item of note, we are finally, after several years of planning, launching the full scale deployment of our upgraded metering system. So we heard an update today about how we're gonna communicate with members in advance of swapping out their meters when we're gonna be in your area. You're gonna get a postcard in advance, and then we'll also leave a door hanger for you. When people who are swapping your meter actually come and exchange the meter, you will experience a very short outage during the swap.

Rachel Johnson (01:46):

It'll be 15 minutes or less for most members. If you have any questions about this, feel free to just give us a call and we're happy to answer any questions you have. Fourth item of note, we did get a quick kind of year to date financial update from our CFO and there were some items of good news in there. The biggest one for me being our expenses are about \$332,000 less than last year, year to date. As I've been talking about quite extensively, we recognize that we have to both manage our cost as conservatively as possible, while also recognizing that we are going to continue to see upward pressure on rates. But I'm really proud to report that our, our team here is taking that very seriously and saving money for you anywhere they can. On the opposite side of that coin, the kind of less than stellar news we heard is that our interest expense year to date is \$41,000 higher than last year.

Rachel Johnson (02:33):

And, uh, while you're welcome to tell me how upset you are, I would also point out that I don't control the Fed. I know, I know that might come as a big surprise to our members, but unfortunately this is just kind of where we are in a, a cost that we're gonna have to continue to manage as we invest in our system. Uh, and, and what sticking with the theme of financials, uh, we presented our 2023 audit this month. It went first to our audit committee and then to the whole board for acceptance. We did have a clean audit, which is great and is such a, just a tremendous testament to the hard work of our accounting team, to the controls we have in place and to the systems we have in place to make sure we're being good stewards of your money. In 2023, we did have a \$1.7 million negative operating margin, which you already knew about.

Rachel Johnson (03:11):

We've been talking about it for a few months. What you will see when you look at the, um, audited financials in the may issue of the magazine is that we will have 1.7 million in negative operating margins, but 1.4 million in positive net margins. And I wanted to kind of explain that difference. The 1.4 million, the positive net margins, that includes a patronage, capital allocation from Wolverine Power Supply that shows up as income and our income statement. But it's not cash, it's not money, it's not revenue that they

return to us, it's simply an allocation of their margins. So it's, it's on paper only, which is why we still booked a loss despite the fact that our net margins are going to look positive the way that's gonna show up for you in June, when we get to the point of allocating our 2023 margins to you, you'll see a line that'll say Cherry land and that'll say \$0 because we we're negative.

Rachel Johnson ([04:01](#)):

We don't have any positive margins to allocate to you. And then you'll see a second line that will say, Wolverine, that will have some positive dollar amount. That is your proportionate share of those margins that were allocated to us from Wolverine. But again, not cash, not real money, not money in hand, yet it's a future, um, cash flow. And then the final thing that happened at the board meeting is our board elected Dave Schweitzer to represent Cherry land on the Wolverine board of Directors. He is taking the seat that was formerly held by Tom Van Pelt and I did just wanna take a quick second this month and recognize Tom's years and years of service on the Wolverine board. He was saying in the board meeting that he can remember clear back in the eighties and nineties as we were involved in Fermi and, and Nuclear down in southeast Michigan and some of the stories he had to tell from that time period and Wolverine's history is just really fascinating to hear. So he's represented our members for many, many years on that board. And I think, um, I speak for all of us when I sell. We're grateful for his service and we look forward to Dave Schweitzer representing us on Wolverine Matters going forward. That's it for this board meeting. Our next board meeting is Monday, April 22nd. We will as always start with member input at 9:00 AM so feel free to swing by our office here in Grand. If you have any feedback for the board, join us next time for more co-op Energy Talk.