

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

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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 our board meeting on Monday, March 31st. We had, uh, just a ton of stuff to talk about with the board at this meeting, and I'm gonna take you through a few of the highlights. Um, for a few of these, I'll also reference to places you can go to to get more information. So, first things first, we, uh, went through our 2024 audit and that was first reviewed by the board's audit committee and then recommended to the board for full approval. The punchline is we had a clean and unmodified opinion from our auditor, which is great. Always a good sign and, and points to the incredible, um, stewardship that our employees have when it comes to your resources, which includes both our money and also all of the inventory that we manage on your behalf.

Rachel Johnson ([01:00](#)):

A couple of highlights from our audited 2024 financials. We had about \$62 million in revenue in 2024, so a little up from 2023, which was good, particularly good because we had positive margins in 2024. Those of you who've been playing along for a while will remember that we ended 2023 in the red. So being able to make that backup in 2024 was really important in terms of making sure the financial health of the co-op is taken care of. Our total operating margins in 2024, were about 2.25 million. That's operating margins through cherry land. We also have margins that, uh, represent our ownership share in Wolverine, but when we think of kind of what we have control over, we really focus on our operating margins. Um, you can find our full financial reports in the annual report issue of the magazine that will be in the May issue of the magazine.

Rachel Johnson ([01:44](#)):

So you can see more detail there and certainly as you review those, if you have any questions, please don't hesitate to reach out to me. But the most important thing, um, from the board's perspective was that clean and unmodified opinion and ending the year with positive margins. Again. The second thing that I wanted to highlight for you all, we continue to update the board on the, the efforts we're making to kind of figure out where we go next in terms of our facilities. So you will remember that last year we really established that we had outgrown our space here and not just the building, but more importantly the land. We just do not have any space to expand because we're pretty landlocked at our current location. We have, um, kind of two things that we wanted to update the board on this month. The first is that we're getting really, really close to being ready to close on land for our new headquarters, which will be over on Renny School Road.

Rachel Johnson ([02:26](#)):

Probably won't close on that land until sometime this summer. So just a little longer than we were hoping, but we're, we're getting there. We'll, we'll get there soon and that's great. That's, uh, 40 acres. So that'll give us plenty of space for not only what we're gonna need when we build in a couple years, but also to give the, the co-op plenty of room to grow over hopefully the next 50 to 80 years. So we're really excited to make that investment for today's members and our future members. Addition to that, we updated the board on our progress with our design team. So, um, that design team kind of helped us go through that strategic analysis last year of what our facilities needs were and scope out the best way to meet those needs. And now we're really kind of at the point where we're actually designing the building.

Rachel Johnson ([03:05](#)):

And so, uh, working through the detailed design plan, nothing to share yet, but just kind of updated that that work is in progress. Third thing that we talked about this month that I wanted to kind of just tee up for you all and also say this is not going to be the last time we talk about this, and that is tied to our energy waste reduction plans. Lemme just give you just a little bit of brief historical perspective back starting in like 2008 timeframe. Cherryland was under a state mandated energy waste reduction requirement. We were required to incentivize our members to cut their energy usage by 1% of the previous year's sales. And the way that incentivization happened was through rebates of energy efficient appliances, and a lot tied to the upgrade of lighting from the old incandescent bulbs up until CFLs and then eventually to LEDs.

Rachel Johnson ([03:52](#)):

Starting a few years ago, that mandate went away for cooperatives. Cherryland continued to offer rebates. We still have a really robust rebate program. We, we changed around some of the things we rebate, but for the most part we kept our rebate program going, kept it going really, really strong. We were able to save our members a lot of money because we were no longer under the administrative burden of the mandate. End of 2023, the Michigan legislature passed a law pulling us back under the mandate, and we now have to implement that mandate on your behalf. Starting in January of 2026, we have been working with an outside vendor to design the plan that we will embark on in order to meet that mandated requirement. Unfortunately, the mandate is much more stringent than it was before. It's much more administratively burdensome than it was before. And the numbers we're seeing from this vendor is that it's going to be significantly costly to our members.

Rachel Johnson ([04:44](#)):

And so we updated the board on our progress on that. We still wanna keep kind of trying to see what we can pair down to maybe make the cost a little more reasonable, but we are anticipating that one of the things we will have to do to fund this mandate is place a state mandated surcharge on your bill. We don't know yet what that will look like. My goal is to make it as small as possible for you all. My goal is also to run a program that continues to bring value to you. I don't wanna waste all your money on administrative cost. I want that money to go right back to rebates for you. So we're gonna work really hard to make that happen on your behalf, but I did wanna start that conversation with you all. We don't have a choice. This is the law.

Rachel Johnson ([05:23](#)):

We have to comply with it. We're doing everything we can to make that as, as cost effective as possible for you. You will hear more about this over the summer with, again, that implementation of January, 2026 being kind of when we have to start. That surcharge will likely show up on your bill at that time, and we'll talk a little bit more about that as we get into the fall. So stay tuned on that. But got a lot of good feedback from the board on how they want us to approach it. And again, kind of just staying true to our values of doing what's right for our members and trying to control your costs while bringing you programs that bring value to you. The, um, other thing that we gave the board an update on, we've been working for the last couple months on, on strategic planning as a board and as a, as an organization that we're kind of getting finally to the part where we actually have something to show for all of the brainstorming we've been doing, all of the thinking and scanning we've been doing.

Rachel Johnson ([06:08](#)):

And so we brought the board back the first implementation plan inside that strategic plan, we're building implementation plans and a bunch of different priority areas that the board had identified. So the first area that we are tackling is data analytics. We brought the board back the implementation plan for how we will as an organization, better leverage the data we have available to us to engage in strategic decision making,

but also monitor our progress on those things and hopefully also help you be able to do more with your data. And so we talk them through that plan and first steps. One of the things that you will see is that the co-op will be looking for a full-time data analytics specialist to help us out. So talk the board kind of through what that plan looked like, got their feedback on it, we'll finalize that implementation plan and bring it back to them for approval, um, hopefully shortly.

Rachel Johnson ([06:52](#)):

And then also this being the first implementation plan, we brought them of many. We got a little bit of feedback on the format and what they wanna see out of the other subject kind of focus areas that we've, we've identified. So I don't have time to get into the details of all of that, a board meeting brief podcast. I think what we'll probably do is maybe once we get a little closer to having that finalized, bring uh, our board chair Gabe back on and do a podcast just about strategic planning. It'll be scintillating, I'm absolutely certain. But if you have any questions, again, feel free to reach out to me about that. I would love to talk about it. And then the last two things we updated the board on that I wanted to bring to your attention, one just gave him a, an update on the Michigan Energy Assistance program or meet program.

Rachel Johnson ([07:28](#)):

We had to make some updates to our billing rules. You if you've been listening, you know, meep is a surcharge that the Michigan Public Service Commission mandates that will go on your bills that helps fund energy assistance in the state of Michigan. The amount of that charge is gonna be a dollar 25 a meter a month, and you'll see that on your bills starting in September. We don't collect any of that. It just simply passes straight through cherry land into the state. But it did require us to make some updates to our billing rules to make sure that we have the right winner protections in place for some protected classes like seniors. So again, if that applies to you, you can find our billing rules on the website. But the biggest thing is just making sure that our billing rules match what they need to match as we move forward with the new MEEP law.

Rachel Johnson ([08:07](#)):

And then the last thing, depending on the timing of when you're listening to this, this might feel very, very recent or it might feel a little stale, but, uh, we have just gone through a major storm event here in northern Michigan over the last few days. And Cherryland luckily our system was not impacted the way some of our fellow co-op systems were impacted. So one of the things we're gonna do to help them out is we're sending mutual aid crews. We're sending, at this point, over half of our line workers out to help them out. We're sending a lot of our equipment out to help them out. We've sent our drone operators over to help do, um, aerial surveillance for them. So everything we can to help our co-ops to the north and east of here with what by all reports, is an absolutely devastating storm that they're dealing with.

Rachel Johnson ([08:48](#)):

And so trying to demonstrate the cooperative value of cooperation amongst cooperatives, but most importantly just help out our friends and colleagues over at Great Lakes Energy and Presque Electric and Gas, as they work to get their members back restored. So I will say on behalf of the board and on behalf of our members, thank you to those who volunteered to go and help out. And please, uh, be safe out there to everyone working to restore power up here in northern Michigan. Our thoughts and prayers are with them. So those are the highlights from our March 31st board meeting. Please don't hesitate to reach out to me if you have any questions. Our next board meeting is Monday, April 21st. We'll start with member input at 9:00 AM So please do swing by if you have any feedback for the board.