



.....CHERRYLAND ELECTRIC COOPERATIVE

2024 ANNUAL REPORT.....



..... PRESIDENT'S MESSAGE

I've always been someone who likes to think about the future. The energy industry is experiencing a lot of change, which creates this exciting opportunity to imagine what's to come for Cherryland. From regulatory compliance to economic pressures and new technology—the decisions your board of directors make today can set us up for success tomorrow.



**Gabe Schneider, Board President
Cherryland Electric Cooperative**

While some things will never change, like our commitment to reliability, affordability, safety, and serving our members, we are always working to make sure your cooperative has the ability to evolve and adapt for whatever the future holds. Here are just a few highlights from 2024 that show how keeping our eye on the horizon has paid off:

Reliability:

Cherryland continues to keep the lights on better than anyone else in the state—ensuring our members have access to a necessity like electricity 99.98% of the time. When members do experience an outage, it's on average four hours shorter than other Michigan electric utilities. Keeping up with evolving grid technology plays a big role in making sure we have the right tools in place to respond to and prevent outages. It's a balancing act to ensure we can invest in important grid technology to keep the lights on while keeping electric bills reasonable. Providing better reliability with shorter outages and lower bottom line bills is a pretty solid balance we look to maintain.

Cooperative Finances:

You may remember in 2023, under tough financial pressures, the board chose not to make a capital credit retirement because we ended the year with negative operating margins. With a goal of making sure we don't find ourselves in the red

anytime soon, we made some changes to how we look ahead at forecasting annual energy use and the costs necessary to run the cooperative, including the decision to adjust our rates to better align with the cooperative's costs. This move, alongside careful budgeting and money management, allowed us to return to our long history of getting capital credits returned to our members. I am pleased to say that in 2024, we retired more than \$560,000 in capital credits, returning dollars back to our members.

Cybersecurity:

I won't even begin to hypothesize what kind of new and exciting technology awaits us in the future. But what I do know is that if it helps us keep the lights on, make our members' lives easier, or add cost-cutting efficiencies, we'll be taking a hard look at how we can make the most of it. In order to leverage those technologies, we need to be smart about how we're protecting our members' information and the security of our electric grid. We're working today to strengthen the co-op's cybersecurity so we're ready to take advantage of tomorrow's technologies and manage any risks that could come alongside them.

Clean Energy:

When it comes to clean energy, Cherryland has long been looking ahead at how to incorporate carbon-

free generation into our power supply portfolio. In 2024, we announced that we're on track to provide 100% clean energy by 2030, thanks to our investment in the restart of the Palisades Nuclear Power Plant. Not only does this put Cherryland in compliance with the state's clean energy standard earlier than any other utility, but it will also provide stability to our power supply costs, generate 800 MW of carbon-free energy right here in Michigan, and set Cherryland apart as a leader in clean energy investments.

Facilities Planning:

In the last 50 years, Cherryland's membership has quadrupled. Our region's growth outpaces most, and we're seeing the same with our membership. One of the biggest challenges we face is the fact that we're outgrowing our current facility. Over the last year, we've spent a significant amount of time exploring ways to future-proof our cooperative and ensure we always have space for the materials and manpower required to meet our members' needs. After assessing the potential to renovate the current location, we're now looking into what it would take to design and develop a new facility. The assessments we're doing today will help us make important strategic decisions that impact us for years to come.

I'm excited about Cherryland's future. I am confident in our strong commitment to our cooperative values. I look forward to seeing you at this year's Annual Meeting at Incredible Mo's!

"I'm excited about Cherryland's future. I am confident in our strong commitment to our cooperative values."

NOTICE OF ANNUAL MEETING
CHERRYLAND ELECTRIC
COOPERATIVE

The Annual Meeting of the members of Cherryland Electric Cooperative will be called to order at Incredible Mo's in Grawn, Michigan, at 5:30 p.m. on Thursday, June 12, 2025. The following will be brought before the members for their action:

- 1. The reports of officers, directors, and committees.
- 2. The election of three directors, two at-large and one from Benzie/Manistee/Wexford County, for terms of three years each.
- 3. Other business properly brought before the membership.

In-person voting will be available from 4:00–5:30 p.m.

—Melinda Lautner,
Cherryland Electric Cooperative Board Secretary



CO-OP BY THE NUMBERS

.....2024



39,404
members



3,218
miles of line



12
services
per mile



35,441
poles

99.98%
reliability



MEET THE CANDIDATES

BENZIE/MANISTEE/WEXFORD COUNTY



Valarie Handy, CECd (Incumbent)
Benzie Co. Resident
Cherryland Member Since 2006

What is your occupation?

I am a solutions-driven Economic Developer with a dedication to community service.

What organizations are you currently involved with?

I am currently a board member with Cherryland Electric Cooperative. I am a member/investor with International Economic Development Council (IEDC), Michigan Economic Developer's Association (MEDA), and Traverse Connect. I have volunteered with the Traverse City Young Professionals to varying degrees since the program's inception (including time as Volunteer Committee Chair, and Program Chair). I also volunteer with the culinary programs NMC's Extended Education Division offers and work as a Precinct Chair at an election polling station for the City of Traverse City.

Why are you interested in serving on the board of directors?

I became very interested in the Cooperative model of business

through the inaugural course of the Emerging Leaders program at Cherryland Electric Cooperative. Since then, I have engaged with other cooperatives and increased my knowledge base related to them. Cooperatives are people helping other people fulfill their common needs by choosing to work together. We invest our time and talents and bear the shared rewards as well as the risks involved in every decision we make as a Cooperative. I'm excited to be involved in providing an essential community service to the rural residents and businesses that make this region great.

How will your skills, connection, resources, and expertise benefit the cooperative?

As an Advanced Facilitative Leader (Michigan State University, 2014) I am adept at empathizing with many different perspectives, and facilitating productive conversations around complex economic and social issues. As a Certified Economic Developer (International Economic Developers Council, 2019) I understand the impact rural utility providers make on job creation, business growth, and sustainable community development. My career to date has been focused on rural economic development and has allowed me to create connections on the local, state, and national levels around a variety of financial and human powered resources.

AT-LARGE



Dean Adams (Incumbent)
Grand Traverse Co. Resident
Cherryland Member Since 2007

What is your occupation?

I am the Owner of Bay Area Contracting, Inc. since 2008, and the Owner of BAC Design Group, Inc. since 2012. These roles have provided me with extensive experience in construction and development, helping me build valuable leadership and

management skills.

What organizations are you currently involved with?

I currently serve on the boards of the Grand Traverse Bay YMCA and Cherryland Electric Cooperative, where I contribute to the growth and success of our local community.

Why are you interested in serving on the board of directors?

I am running for re-election to Cherryland Electric Cooperative's Board of Directors as a Director at Large because I am committed to ensuring the cooperative continues to provide safe, reliable, and affordable electrical service. Cherryland Electric's rates are 12-22% lower than neighboring utilities, and it has an impressive reliability

record with 99.989% service uptime. I'm also excited about the cooperative's goal to deliver 100% carbon-free energy by 2030, 10 years ahead of Michigan's target, and I'm eager to support this forward-thinking vision.

How will your skills, connections, resources, and expertise benefit the cooperative?

With over 20 years of experience in construction and development, I bring a unique perspective to the Board. I have worked closely with contractors, homeowners, and utility providers, recognizing the importance of maintaining strong relationships between utility providers and consumers. I've led teams through challenging times, driving cost-effective improvements while maintaining employee morale and minimizing disruptions.

My leadership roles on the local Home Builders Association and YMCA Board have sharpened my skills in management and community engagement. Additionally, I have earned credentials from the NRECA's Credentialed Cooperative Director Program, which has deepened my understanding of rural electrical systems. I am confident my business expertise and leadership skills will help maintain Cherryland's competitive rates, reliable service, and commitment to carbon-free energy by 2030.



Melinda Lautner (Incumbent)
Leelanau Co. Resident
Cherryland Member Since 1975

What is your occupation?

My husband and I live on and own his family's sixth generation family farm in Leelanau County, where our son raises cattle and grows grain and hay. I operate a seasonal farm market growing and harvesting the produce myself. Our young grandchildren

help out and are learning valuable sustainability lessons, as well as good and honest business practices.

What organizations are you currently involved with?

- Member Cedar/Maple City Lions club
- Solon Township Parks and Recreation
- Cedar Chamber of Commerce
- NRECA Credentialed Director

Why are you interested in serving on the board of directors?

Our region and industry continue to grow and change. It is imperative to stay ahead of the growth and trends. I am proud to say that Cherryland is a well respected leader throughout the state and country.

Our balanced energy portfolio includes wind, solar, nuclear and coal. We are on track to be 100% carbon free by 2030! All while delivering

energy to our members at a lower cost than all of our neighboring utilities. It wasn't always that way. Our hard work paid off, but we are not done.

Forward planning, co-op Policy And budget are the main responsibilities of a director, and every action taken is with you, our valued member/owner in mind with serious careful consideration of the environment.

How will your skills, connections, resources, and expertise benefit the cooperative?

Being self-employed, I am able to dedicate my time to you. I am always available to listen to your thoughts, concerns, and input. I have continued education on disaster planning, financial decision making, energy efficiency and conservation, Risk oversight, generation, transmission, distribution and more.

For two decades, I took the lead to balance multimillion dollar budgets.

Like my business, sustainability and reliability to our members is absolutely necessary to succeed. I have the experience and energy to continue to work hard and bring new ideas to the table.

Safe, Reliable and Affordable electricity so you can live, work and enjoy beautiful northern Michigan.



James Dyer
Leelanau Co. Resident
Cherryland Member Since 2023

What is your occupation?

I am currently serving as the Leelanau County Administrator, having previously worked as the Northport Village Manager. As a licensed attorney in Michigan, I have represented local governments in both Federal and State Courts across the state.

What organizations are you currently involved with?

I am actively involved in various community organizations, including the Suttons Bay/Leelanau County Rotary Club, the Leelanau Prospectors Club, the Traverse City Economic Club, and Peninsula Housing, where I serve as a board member. Additionally, my role with the county includes participation in the Leelanau County Landbank and several other boards.

Why are you interested in serving on the board of directors?

My goal in serving Cherryland Cooperative is to ensure the organization operates within budget constraints while maintaining its

excellent record of reliability and customer service. I have firsthand experience with local electrical utilities from my time in Marshall, where local crews were readily available to respond to major storms. I want to bring that focus to the Cherryland Board, for the future benefit of our members.

How will your skills, connections, resources, and expertise benefit the cooperative?

Before moving to Leelanau County, I lived in Marshall for 35 years, a city in Calhoun County with a population of about 6,000. During that time, I served eight years on the City Council and nearly 20 years on the Planning Commission. My experience includes overseeing local sewer, water, and electrical utilities, reviewing utility reliability and cost of service studies, setting rates, approving the construction of distribution systems and substations, and implementing policies and ordinances related to utility operations. I also have extensive involvement in economic development and understand the critical role utilities play in business and housing development. I am eager to bring my extensive experience with the oversight of municipal utilities, my legal training, and experience as a non-profit board member to benefit Cherryland Cooperative and its members.



Brian Fenlon
Leelanau Co. Resident
Cherryland Member Since 2022

What is your occupation?

I work as a production winemaker for Black Star Farms in Leelanau County. My job gives me valuable insight into the local agricultural economy, and understanding of the complex systems from crop growers to production and distribution of wines. Prior to

winemaking I attended and graduated from the University Center in Traverse City with a Bachelor's degree in Social Work.

What organizations are you currently involved with?

- Current Vice-Chair of Leelanau County Planning Commission
- Leelanau Energy Member
- Michigan Association of Planning Member

Why are you interested in serving on the board of directors?

Having been born and raised in Leelanau County, My wife and I are now fortunate to have built our forever home here. I have a strong passion for public service instilled by my grandparents military and

civil service. I believe that effective policy can have an immense positive impact on people's lives. It is my priority to make decisions at the cooperative based on data, evidence and fiscal responsibility. The cooperative is an integral part of our community and has a record of reliability. However, we need board members who are open-minded and community driven, not with agendas that don't serve our membership as a whole.

How will your skills, connections, resources, and expertise benefit the cooperative?

I have a record of fiscal responsibility as President of the Maplewood Hills Condo Association from 2015-2020. Under my leadership, we balanced the budget of a multimillion dollar condo complex encompassing 61 homes. As an appointee of the Leelanau County Planning Commission since 2023, I have studied the materials and documents to provide valued feedback resulting in my election to Vice Chair in 2025. My priorities for the cooperative's future are data-driven and evidence-based improvements to the cooperative's current affordability, energy independence, and continued reliability. As a Director of Cherryland Electric Cooperative I aim to be a voice of the working class in northern Michigan, ensuring reliable service, affordable electric bills, and a sustainable future for generations to come.

BALANCE SHEET

ASSETS	Audited Dec. 31, 2024	Audited Dec. 31, 2023
Current		
Cash	\$ 301,155	\$ 411,874
Receivables, net	8,746,134	7,631,702
Inventories	1,123,527	1,476,908
Other	912,401	787,590
Total Current Assets	11,083,217	10,308,074
Property, Plant, and Equipment		
Electric distribution plant	132,871,109	125,590,545
Non-utility plant	17,310,117	16,211,283
Finance lease right-of-use assets	1,332,505	923,333
	151,513,731	142,725,161
Less accumulated depreciation and amortization	53,725,151	51,216,498
Net Property, Plant, and Equipment	97,788,580	91,508,663
Other Assets and Investments		
Restricted cash	353,426	393,923
Investments in associated cooperatives	40,165,839	37,138,437
Capital term certificates	773,192	780,828
Deferred compensation	638,420	600,752
Other assets	4,053,594	4,291,153
Total Other Assets and Investments	45,984,471	43,205,093
TOTAL ASSETS	\$ 154,856,268	\$ 145,021,830
LIABILITIES AND EQUITIES		
Current Liabilities		
Lines of credit	\$ 3,869,243	\$ 5,041,550
Checks issued against future deposits	111,133	68,129
Accounts payable	6,021,693	5,813,958
Accrued expenses	2,353,079	2,190,668
Member deposits and advances	547,711	581,107
Current portion of long-term debt	3,330,905	3,003,374
Current portion of finance lease obligations	222,316	168,618
Total Current Liabilities	16,456,080	16,867,404
Post-retirement Benefit Obligation, Other than Pensions	63,423	153,461
Deferred Compensation	638,420	600,752
Long-term Debt, less current portion	74,189,573	70,018,331
Finance Lease Obligations, net of current portion	672,959	450,581
Total Liabilities	92,020,455	88,090,529
Equities		
Patronage capital	56,448,587	55,518,153
Current year margins	6,387,226	1,413,148
Total Equities	62,835,813	56,931,301
TOTAL LIABILITIES AND EQUITIES	\$ 154,856,268	\$ 145,021,830

The balance sheet and statement of operations show the results of the cooperative's electric operations for the calendar year 2024. The Dec. 31, 2024, balance sheet and the related statement of operations for Cherryland's electric operations were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of preceding years. In my opinion, the statements shown here present the financial position of the cooperative's electric operations as of Dec. 31, 2024, and the results of its electric operations for the year under review, according to the information and explanation shown in the records of Cherryland Electric Cooperative.

-Tom Van Pelt, Cherryland Electric Cooperative Board Treasurer

STATEMENT OF OPERATIONS

	Audited Dec. 31, 2024	Audited Dec. 31, 2023
Operating Revenues	\$ 62,169,565	\$ 56,539,884
Operating Expenses		
Cost of power	36,363,189	35,175,983
Depreciation and amortization	4,906,495	4,402,718
Distribution—maintenance	4,390,692	5,109,264
Administrative and general	3,634,794	3,583,863
Distribution—operations	2,193,021	2,189,002
Member service and information	1,527,914	1,550,421
Taxes—property and other	1,614,602	1,526,256
Member accounts	1,503,301	1,338,230
Total Operating Expenses	56,134,008	54,875,737
Operating Margin – Before Interest Expense	6,035,557	1,664,147
Interest Expense		
Interest expense on long-term debt	3,229,298	2,844,228
Other interest	550,635	516,958
Total Interest Expense	3,779,933	3,361,186
Operating Margins (Loss) After Interest Expense	2,255,624	(1,697,039)
Other Income		
Income from associated cooperatives	3,343,636	2,918,489
Other income, net	787,966	191,698
Total Other Income	4,131,602	3,110,187
Net Margins	\$ 6,387,226	\$ 1,413,148

Copies of the cooperative's audited financial statements are available upon request.

CONSUMER COOPERATIVE ACT DISCLOSURE

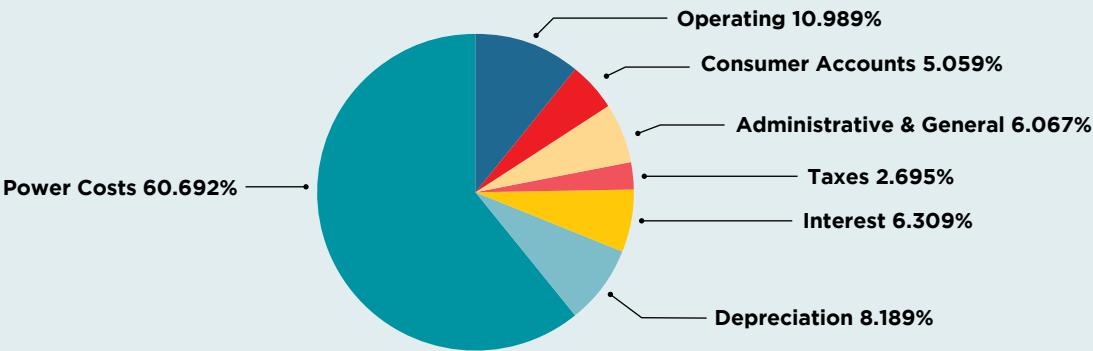
NAME	ADDRESS	EMAIL	TITLE	TERM*
Rachel Johnson	5930 U.S.-31 South Grawn, MI 49637	rjohnson@cherrylandelectric.coop	Chief Executive Officer	
Gabe Schneider	5119 Silver Cove Drive Traverse City, MI 49685	gschneider@cherrylandelectric.coop	Director, Grand Traverse/Kalkaska President	2027
Valarie Handy	3858 Lazy Forest Trail Interlochen, MI 49643	vhandy@cherrylandelectric.coop	Director, Benzie/Manistee/Wexford Senior Vice President	2025
Melinda Lautner	12708 S. Solon Road Cedar, MI 49621	mlautner@cherrylandelectric.coop	Director At-Large Secretary	2025
Tom Van Pelt	6961 N. Overlook Road Northport, MI 49670	tvanpelt@cherrylandelectric.coop	Director, Leelanau Treasurer	2026
Dean Adams	1980 Evergreen Ave. Traverse City, MI 49696	dadams@cherrylandelectric.coop	Director At-Large	2025
Terry Lautner	13718 S. Bugai Road Traverse City, MI 49684	tlautner@cherrylandelectric.coop	Director At-Large	2027
David Schweitzer	4562 Ground Pine Trail Traverse City, MI 49686	dschweitzer@cherrylandelectric.coop	Director At-Large	2026

*All terms expire in June.

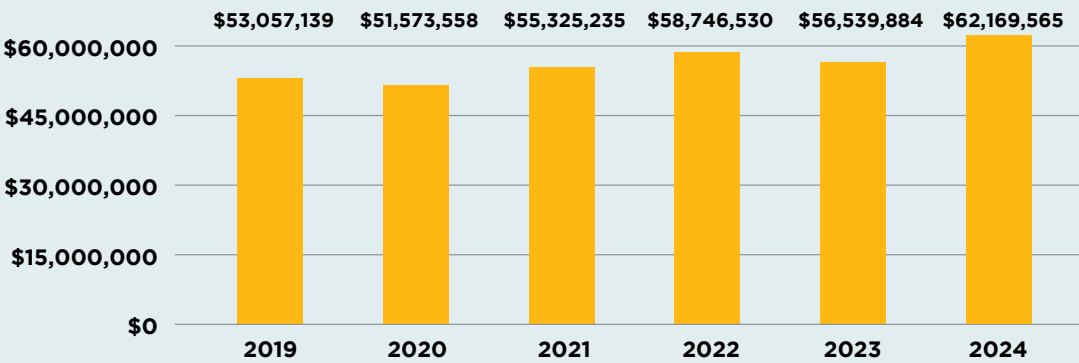
Board members are compensated \$1,100 per board meeting. CEO is compensated \$253,011 annually.

BALANCE SHEET

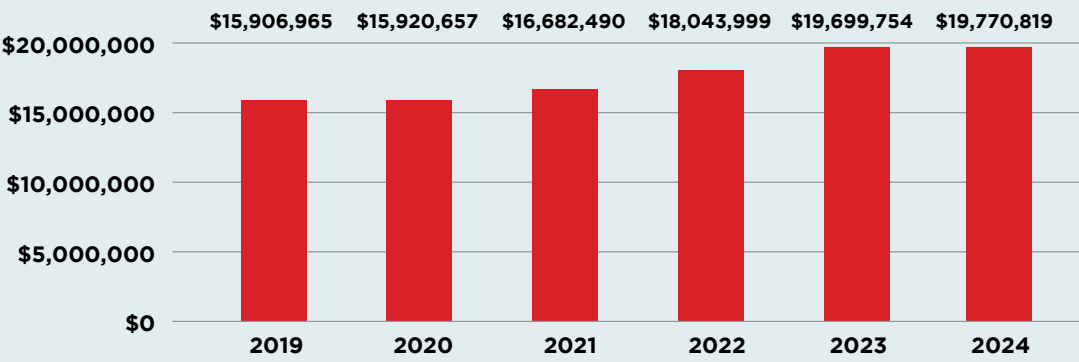
2024 EXPENSES PER DOLLAR



REVENUES



OPERATING EXPENSES



SCHEDULE OF PATRONAGE ASSIGNED TO MEMBERS

