

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

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, September 22nd. Before I get into what we did in this board meeting, I do just wanna acknowledge, I bet you missed me last month I did not do a board meeting brief podcast after our August board meeting, and that was intentional. We spent a lot of time in August talking through, uh, an annual report we get every year that gives us kind of a key ratio, trends analysis or k RTAs is what we call them. And rather than try and do that quickly in a board meeting brief podcast, we decided to do a deep dive with our CFO on those ratios. You can find that podcast on our website and also wherever you like to listen to your podcast. So check that out 'cause it's uh, super interesting, very informative.

Rachel Johnson ([00:59](#)):

The bottom line is Cherryland. is just in a, a really great position as it pertains to our financial health and our electric reliability, our operational efficiency. So very, very great information there and it definitely warranted a deeper dive. But on to the task at hand. Today I want to talk you through what we did in our board meeting this month. I'm gonna focus on four areas and if you have any questions about these or anything else that happened in the board meeting, feel free to reach out to me. First. We started the meeting this month with a rate hearing for the board to consider a surcharge that is proposed to start on your bills in January. That surcharge is designed to help us cover the cost of implementing the state mandated energy waste reduction program. Lots and lots of detail there so I don't wanna get too deep into it Right here.

Rachel Johnson ([01:46](#)):

You can find a lot of information in Michigan Country lines on our website. We'll have even more information as we get closer to implementing this in January. But at a very high level, a few years ago the state passed a new energy law that will bring cherry land back under an energy waste reduction mandate. We were under one historically. We were able to get an exemption to that, unfortunately got pulled back into it. And basically what that requires us to do is offer programs and rebates that incentivize our members to invest in energy efficiency. And then we get to claim a certain number of saved kilowatt hours based on whatever investments they make. And the way that we help them with that investment is through generally rebates. There's some other programs, but generally through rebates. The program on paper is, um, something very laudable, which is encouraging people to make their homes more energy efficient.

Rachel Johnson ([02:35](#)):

In reality, they're very, very expensive programs to administer just because of how narrowly the mandate defines things. So when we were under the mandate before it was costing us under a half a million dollars a year, unfortunately under the new mandate, it's going to cost us over \$1 million a year to comply with the state's requirements. To get that million dollars covered, we have to put a surcharge on your bill. The way that we've designed that surcharge, we want it to be as flexible as possible 'cause we do not want to charge you one more dollar than we have to because of how expensive these programs are to run. So we had the board approve a maximum charge, but our intention is to actually charge you the minimum requirement to meet the mandate. What that's going to mean for you next year is that you are likely going to have about for the average member.

Rachel Johnson ([03:22](#)):

So our average member uses 700 kilowatt hours a month. That's gonna result in about a \$2 and 25 cents charge on the electric bill every month to help cover the cost of the energy waste reduction program. If at any point in time we are collecting more than we need, we'll go ahead and bring that charge amount down in order to return it back to you. So that's how we intend to do that. Uh, pay attention. We will report to you on all the programs available to you. 'cause I'm, if I'm, uh, I am a cherry land member, if I'm paying \$2 and 25 cents a month for a program, I wanna get as many rebates out of it as I can. So the number one thing you can do is make sure you're paying attention to and applying for rebates 'cause that's how you can offset your cost.

Rachel Johnson ([03:57](#)):

And also help us meet our goal, but also pay attention as we update you along the way about the things we're doing to help save you money. And I think hopefully in the long run to make the case that as member owned electric cooperatives, we are better off designing programs and response to the needs and requests of our members than we are to mandates that come from downstate. So pay attention, but for now, be prepared for that charge to show up on your bill going forward. The second thing that we spent some time on this month is just a part of kind of ongoing, um, keeping the board up to date about things going on at the co-op. We did a special presentation on our safety program and just a kind of couple highlights from that that I wanted to talk about. First of all, the number one thing for me with safety is really twofold.

Rachel Johnson ([04:37](#)):

There's all kinds of metrics and things you can, you can measure and you can use to determine the effectiveness of your safety program. What I care about most is the extent to which our employees buy into our safety program and they take it very seriously and it is helping them do their jobs more safely. 'cause at the end of the day, these are not just our employees. They're my coworkers, they're my friends. It's important to me that they make it back home safely to their families. And what's really great is we really have an amazing track record there. A track record that shows that our employees are reporting hazards. They're reporting things that could transition from being like a little safety issue into something bigger. Something where it was, you know, one of their colleagues could get hurt. We're catching those things, we're getting 'em fixed quickly.

Rachel Johnson ([05:17](#)):

And that means that we have really, really great kind of KPIs in our safety program right now, showing that we're not having employees experiencing injuries that impact their lives or their ability to work or do all the things they love to do with their families. So it was very nice to share that success with the board and remind them that the part of the reason we're able to get there is because of their willingness on your behalf to continue to invest in not just programs, but also equipment that helps us keep our employees safe. The third thing we talked about this month that I'm actually very excited to share with all of you is that the co-op's finances are in great shape. You can learn more about that in the KRTA podcast, but because we are in good shape this year, it puts us in a great position to go ahead and do another capital credit retirement for you, for you.

Rachel Johnson ([05:57](#)):

So based on where we're at with our margins, what we're expecting in terms of upcoming investments in the system and new facilities on your behalf, the board has approved a \$500,000 capital credit retirement. So we're gonna go ahead and pull some of those margins out and return 'em back to you in the form of cash. You'll see that in December on your electric bill, in your specific amount of that \$500,000 is essentially based on your total investment in the cooperative or your patronage, how much you've purchased from us, not just last year, but over your lifetime as a cooperative member. So be on the

lookout for that. You'll see it again on your bill in December. And if you have any questions, give us a call. The last thing that we did in this board meeting that I wanted to take a second to highlight or to update you on, um, as many of you know, we have a revolving economic development loan program.

Rachel Johnson ([06:42](#)):

Those are dollars not, those are not cherryland dollars. Those are dollars that USDA has appropriated to USDA and then they can be distributed through electric cooperatives are willing to essentially kind of take on the risk on behalf of USDA. As long as we continue to revolve those dollars through the community, we can keep lending them back out. We lend those out as zero interest funds and we love to be able to lend those to local businesses as they seek to expand their business, grow jobs, you know, grow, grow their services, whatever that looks like. And we had the opportunity this month to hear from a new borrower but not a new business in our community. She's been running a business in our community for two decades and she has the opportunity to buy a new piece of property in order to grow and expand her business.

Rachel Johnson ([07:25](#)):

One of the things I really loved about her loan application is it's a local small business who helps a lot of other local small businesses who is investing in real estate in Traverse City. And so it's nice to see those kinds of investments happening locally as opposed to just outside investors. And it's really, really fun to get to support that on your behalf. So we're gonna work through the details of that loan with her. I won't share too much of it before we have the chance to share it with her, but, uh, another example of your co-op investing back into our community and the people that make our community great. So very exciting to get to work with her. Those were the highlights from this September board meeting. Don't hesitate to reach out to me if you have any questions. Our next board meeting is Monday, October 27th. As always, we will start with member input at 9:00 AM So feel free to swing by our office if you have anything you'd like to share with the board. Join us next time for more co-op energy talk.