

Courtney Doyle (00:00):

Welcome back to Co-Op Energy Talk. I'm your host, cherry Lands Communications and member relations manager Courtney Doyle. We track a lot of different metrics to make sure that we are delivering great service for our members, we're being good stewards of our members' money, and we're staying prepared to manage whatever opportunities or challenges may come our way. And one way that we do that is with our annual key ratio, trend analysis, or as we call them, k RTAs. Today I'm joined by Cherryland, CEO, Rachel Johnson and Cherryland, CFO, Brad pki, to take a deep dive into what K RTAs are, where they come from, and why they matter. We'll also highlight a few of the metrics that we watch really closely. So Rachel and Brad, thank you so much for joining us.

Brad Pavwoski (00:42):

Thanks for having us. Yeah,

Rachel Johnson (00:43):

We're excited. This, you know, Brad and I love to nerd out on metrics that show how we're doing at Cherry Lands. We're excited to talk about it.

Courtney Doyle (00:49):

It is really fascinating. As somebody who doesn't come natively from data, this is really interesting from a storytelling perspective as well. Um, and I did just wanna acknowledge we did not do a board meeting brief, and this is kind of why, right? Mm-hmm <affirmative>. Rachel, this is such a, it's a topic that deserves its own space.

Rachel Johnson (01:05):

Yeah. So, and we normally do a, a, a really quick overview after every board meeting, but in the August board meeting, we spent really a lot of time talking the board through our K RTAs and then taking the staff through the K RTAs. And I thought it made a lot more sense to bring in the actual expert to talk about that rather than give too high of an overview. 'cause there's some really cool insights in inside these ratios. Mm-hmm

Courtney Doyle (01:24):

<affirmative>. Well, let's do it. Brad, tell us a little bit, walk us through what K RTAs are and, and where they come from.

Brad Pavwoski (01:32):

Um, each year, distribution co-ops are required to compile and file an operating and statistical report called a Form seven. There's a lot of information on there, financial statements, some sales data, cooperative specific data, like number of employees, consumers, um, revenue type things, energy waste reduction numbers, things like that. So a really large report. And then, um, CFC or National Rural Utilities, cooperative Finance Corporations. I can't imagine

Rachel Johnson (02:04):

Why they like to go by CFC. Yeah. <laugh>,

Brad Pavwoski (02:06):

Um, takes all that from all of the co-ops that, that submit them. And this last year was about 815 co-ops that did that.

Courtney Doyle ([02:13](#)):

Of the 900 co-ops of Yes. In the nation. Yeah. Yes.

Brad Pavwoski ([02:17](#)):

So most, and not all of them are borrowers from CSE, so they're still submitting that information so they can get that collective information back. So it's really cool because they'll take that information and then send it back to us in a report that is 145 ratios for the past five years. And it breaks it down into different peer groups, five different peer groups, and you can kinda see how you're doing versus the national peer group, the state peer group, consumer size, growth size, or major power supplier.

Courtney Doyle ([02:45](#)):

They take all that data and then they mix it up in all the different ways that you could wonder how does this affect this? And how do we compare over here? And that's it. It's a little mind boggling looking at the report <laugh>.

Brad Pavwoski ([02:58](#)):

And it's really amazing because if you were in another industry, you're not going to get that kind of data to compare your business to. So this is a great way to see how well are we doing in this area, very specific areas. And you can see the trends, and not only for us, but the national trend, state trends, other utility trends. So,

Courtney Doyle ([03:15](#)):

And we're gonna take a closer look at some of those ratios. Not all 145, you said? Yeah. Not every single one, but a handful of them here in just a little bit. But before we do that, Rachel, I wanna talk to you a little bit about, we, we look at this every year we do a presentation for the board. We share it with our employees. We, we look at it a lot. And so what exactly are you looking for as somebody who is responsible for, for running this organization?

Rachel Johnson ([03:40](#)):

That's a good question. First of all, I love data and I can get sucked into the trap of data for the sake of data. So what I always try to kinda remind myself as we begin this process every year is to make sure we're paying attention to data that gives us insights we can act on or respond to or use to contextualize what we're doing here at the co-op. And a lot of that then involves going from that 145 down to maybe six to eight key key ratios. We'll call 'em kk, super KK ratios. Yeah. Um, that, that really help us identify how good of a job we're doing of delivering on our core mission to our members. And for me, and, and I think everybody knows this, but like that mission is, are we delivering the highest possible reliability? Are we keeping our cost controlled in order to do it at the most affordable competitive rates that we can?

Rachel Johnson ([04:26](#)):

And, you know, are we generally managing the operational efficiency of the organization? What I love about the K RTAs is I, I think they give you kind of two things that are really insightful and impactful. One is national and state benchmarking that Brad already talked about that can help you identify pretty quickly. Like this is a trend impacting all the co-ops. So I don't think it's something unique to cherryland. I'd rather recognize it as an external trend. It also helps to see, you know, are we, are we doing a good job compared to everyone else? But I'm also really, really paying close attention to our trending against ourself. So we get five years of historical data in these reports and that really helps us figure out, so like we'll use reliability as our example. Shalan consistently has some of the highest reliability. That's great. If you were only comparing yourself to others, you might fall into the trap of saying, well, we've done the

thing. So when we can also look at our own trends against ourselves, we can kind of just keep pushing ourselves forward. Um, and trying to make sure, again, like at the end of the day, I know Cherryland is the Premier Electric cooperative in the entire country, but I, I wanna make sure we're paying attention to things that help us keep that space.

Courtney Doyle (05:29):

You talked a little bit about actionable items and, and we, this kind of helped us take some action recently in terms of our finances. And we've talked about it on the podcast before. But can you talk a little bit about the intentional choices we made when it came to how we spent our money because we ended one year in the red and, and some of that impacts some other things. The, the debt service coverage, all those things. Can you talk to me about what we saw there, how we made changes and how they paid off for us and how we confirmed that they paid off?

Brad Pavwoski (06:02):

Sure. Um, we, we were having kind of a rough year. Our sales numbers are really down, um, in 2023 mm-hmm <affirmative>. So we made the, the intentional decision to take some of those expenses from 2024 and move them, advance them into 2023. That way we wouldn't have two straight years of very mediocre numbers. So in doing that, it, it did give us a very, you know, negative year for 2023 mm-hmm <affirmative>. But in doing that, it freed us up for 2024. We were hoping for much greater sales. That didn't happen. They were very average, but it did give us the room to not have to have much larger rate increases to cover the cost that we were facing with, with the inflation and everything. So that definitely worked out. And when you get to look at the ratios, you see that under the plan definitely worked out.

Rachel Johnson (06:49):

You see a little bit of a kind of recovery of our margins in 2024, even in the face of continuingly, kind of sluggish sales because of weather. And then we really see a, a stabilization and move forward in 2025 again is kind of what we've done with our rates, has fully taken effect. And also we had, we've had better sales in 2025, but kind of seeing that trend, and again, that's where trending against yourself becomes really valuable. 'cause you can see whether or not a strategic decision you made has played out the way you intended it to and has allowed you to kind of restabilize the other parts of your financial health.

Courtney Doyle (07:23):

And Brad, you touched on it, but I just really wanna highlight it. Like, why does that matter to our members? As you said, it, it allowed us to have more conservative rate increases than we would've had to do otherwise. And that was from the help of the foresight and watching the trending information that we get through the KRTA reports. So I just think that's a really cool, real world tangible example of what this, what this means and why it matters. Yeah.

Rachel Johnson (07:49):

Sales are often very weather, um, exposed so that that's can be very regional or very unique to the co-op. But the other thing I see inside the K RTAs right now that I think we were feeling in 2023 and have managed through up until this year is just almost indescribable pressure on the cost of the materials and the work that we do. That's where being able to look and see like what's kind of happening statewide and, and nationwide. This is clearly not unique to cherry land. While we're doing a great job of controlling our costs, I know you're gonna talk about that in a little bit. There is just incredible inflation on utility supply chain in particular. So we get people to say, well that's doesn't, I don't understand why utility rates don't match what I think of as like, you know, just straight consumer inflation. It's because the inflation happening inside our industry is fundamentally very different mm-hmm <affirmative>. Than the inflation

impacting the general consumer. And we can see that trend inside all the K RTAs so we can be sure this isn't unique to us, this is something that's really just kind of going on.

Brad Pavwoski (08:45):

Yeah. When you look back five years ago, you, you can see that since that time, most of our utility plant has doubled in cost. I mean that crazy in a five year period

Rachel Johnson (08:54):

And our rates haven't, and I think that's a really important thing for members to kind of hear is the cost that we're absorbing has doubled the cost we've had to pass on through rate increases hasn't. And that also though, I think if you look forward, we have to continue to make sure our rates stay where they need to be for us to make reliability investments. 'cause at the end of the day, if we can't keep the lights on, we are just not doing our job. Mm-hmm

Courtney Doyle (09:16):

<affirmative>. Mm-hmm <affirmative>. It's a lot to balance. And this is something that helps us keep a close eye on that balancing act or that juggling, if you will. Mm-hmm <affirmative>. So I wanna go back to something you mentioned earlier as we dive into some of the specific ratios or you kind of mentioned three key areas and that was making sure we're being good stewards of our members' money, providing the reliability, keeping the lights on, and then that operational efficiency because that allows us to in turn, keep rates low, keep lights on, and do all those things kind of together. So I wanted to take a look at some of the KRTA ratios that live within those categories. So Brad, can you start by telling us a little bit about, uh, I wanna start with the good stewards of members money that highlights to how we're, we're really mindful of that and as a cooperative we're really proud of that at this kind of the total controllable expenses per consumer, what that ratio is, what it says, and then kind of what the results were this year.

Brad Pavwoski (10:10):

Yep. Those, um, total controllable expenses for consumer, it's an average consumer for us per year. So they take your, the number of consumers you have in January, add the number of consumers you have in December and divide by two. So you get your average that way. And then the controllable expenses, those are those expenses when you remove the fixed expenses. So you've removed your power costs, you remove the depreciation, the property taxes, um, interest expense, those types of things that are really, you don't, don't have a lot of control over. So now you're left with, you know, the labor, the, the maintenance expenses that you have the right of way clearing transportation, things like that, that mm-hmm <affirmative>. You do have some control over. And, and it doesn't always feel that way, but you do have some control over. So you, you really wanna manage that as much as possible.

Courtney Doyle (10:54):

And so how do we compare? I for, I guess I wanna get, I wanna make sure we give kind of where we landed with that, but then also stack up how we landed against our peer groups.

Brad Pavwoski (11:05):

The average was, the ratio was \$343 and 63 cents per consumer. Our rank for consumer size, we were 69 out of 70, so Wow. And that ranking that it's the highest number at the top. So we're second to last

Courtney Doyle (11:19):

In the country for our peer group, which is wild

Brad Pavwoski ([11:22](#)):

Consumer size. Yep. Yeah. And then in the state we were eight out of nine.

Rachel Johnson ([11:27](#)):

Yeah. And it, so this is where it can get confusing every ratio, sometimes being the largest numbers or like mm-hmm <affirmative>. Kinda being at the bottom of the pack is good. And sometimes being at the top of the pack is good. But what that tells me, and I think what that tells our board is we are top one or two in the country and in the state at controlling the expenses we have control over because we're coming in at that, you know, Brad said about \$350 a mm-hmm. Consumer. Mm-hmm. The, our same size, like our, our our peer group across the country is closer to like 500, a little under \$550 per consumer. So just as you, if you are a, a member out there listening, thinking through the fact that essentially our average controllable cost per consumer is about \$200 less a year than what we see in our peer group across the country.

Rachel Johnson ([12:13](#)):

Now it's important to keep in mind there's a ton of context behind that. Many of them have much more spread out service territories. They might have to have a lot more outposts, a lot more staff just to kind of cover the nature of their service territory. So there's a lot there, but there is also in here a kernel of every single employee can, every single thing we decide to do, we look at it through the lens of could I justify this expenditure to a member? Right. Is this, is this in the best interest of the member And be just being really careful stewards of the resources they've trusted us with.

Courtney Doyle ([12:43](#)):

Yeah. Well, and I, when I think about rate increases that we've had, right? Some of the feedback we get is like, well, why don't you cut costs? Why don't you cut costs here or there? And I think this is a really good piece of evidence of we're already taking that approach. Mm-hmm <affirmative>. We're already looking at how can we shave it as much as possible to make sure that we provide the service that everybody deserves and expects while also, you know, balancing that threshold of we never wanna raise rates, but sometimes we just have

Rachel Johnson ([13:13](#)):

To. Yeah. And that, that leanness and cost is interesting because I will always stand by it. It's the right thing to do. 99% of the time it feels great. The 1% it doesn't feel great is when you start to have a ton of cost pressure and you don't have any headroom inside your controllable cost to cut things that don't have an impact on your core service. So then you do have to manage all of that through rates. And that's really where we find ourself. The other kind of ratio we look at alongside that controllable cost per consumer is electric revenue per consumer. So this is kinda like, and by all means, Brad get, talk about the numbers behind the number, but kinda like total amount we collect off of each individual service point on our, on our system. And again, an area where you can see that we've been very careful with rates. Our average electric revenue per consumer is about a little under \$1,600 a year is 1570 a year inside our peer group is closer to \$2,300 a year. And so again, like we're really doing a lot with less, our rates are clearly incredibly competitive. The bottom line bill amount that our members pay is clearly very competitive. But when there are cost pressures, we do not have any fat to cut. And that's where our members will feel those cost pressures at. Around the same time we feel those cost pressures,

Brad Pavwoski ([14:25](#)):

Especially like in a year where we have average sales, kilowatt sales, we don't have that additional revenue coming in to cover maybe those inflationary costs like we saw mm-hmm <affirmative>. That, that really spiked up mm-hmm <affirmative>. So it is hard.

Rachel Johnson ([14:39](#)):

I will say that growth always helps with all of these. So to the extent that we can add consumers, that gives us more consumers to de to spread our cost across, which helps us then manage that, that rate pressure. And that is one place where we're really actually pretty lucky as a co-op. We have a area where people wanna live. We're seeing a lot of growth kind of coming outside of the Traverse City area and pushing out into the regions that cherry land serves. 'cause we are country mice, not city mice. We've got a lot of new country mice out here building homes and building businesses. So, you know, every single time we get the opportunity to add a new service point that gives us one more meter to spread our cost across, which is really a helpful way of managing our rate pressures.

Courtney Doyle ([15:17](#)):

It's actually a really nice transition to one of our other buckets, which is operational efficiency. And you talked a little bit about the growth and why that benefits our members. And I think what is also interesting is the fact that our service territory is growing more than others. Brad, can you talk to us a little bit about the annual growth in number of consumers ratio? So essentially, tell me if I'm wrong. This measures the pace of our growth compared to our peers, the

Brad Pavwoski ([15:45](#)):

Percentage of our consumer growth year over year. So this in 2024, it was 1.45%, so almost 1.5% over the prior year. So you, you're right, it's, it's absolutely, it's, it's allowing us to take that additional one point half percent and spread those base costs over that number of consumers, additional consumer

Courtney Doyle ([16:04](#)):

And compared to others where, where do we fall there

Brad Pavwoski ([16:07](#)):

In the state we were number one and in our consumer sites we were 25 out of 65.

Courtney Doyle ([16:13](#)):

So top middle of the pack there

Rachel Johnson ([16:15](#)):

In the state, our growth rate was almost double our peers, well actually it was over double our peers. The average or the median in the state, excuse me, was um, 0.6. So again, and we know this, if you live here and you are listening to this podcast <laugh>, and you have driven around this community anytime in the last four months, you are very aware of how many people are here <laugh>. So yeah, we, we, we know that growth is happening, but that growth does benefit everyone who is served by the co-op.

Courtney Doyle ([16:38](#)):

And the more people we serve, though the, the more our needs change in order to keep up with that. And we've talked about it on the podcast before and kind of the, the tightness we're feeling in our current facility. Rachel, how do you look at that with seeing this ratio from CFC?

Rachel Johnson ([16:53](#)):

Yeah. Well there's a couple things. When I see that kind of growth, and I think realistically we can expect continued growth just given the desirability of this area. There's kinda two pieces of this. Do we have the staff capacity to manage that growth to serve more people? And also do we have the capacity to store the equipment we need to manage the construction growth on our system? And in the answer to both of those questions today is not at your current facility. And that's really what's leading us to move forward with building a new facility. And we've talked a lot about this, we can certainly talk more about it, but that new facility isn't, we're expanding our office space a little bit just by not having a basement and having it all on one floor. So it's a little more usable. But the big, big shift over there is we are adding a lot more warehousing space because there's just so much pressure for construction. And you, the last thing I want is for someone to be ready to build a new house on cherry land system and have to say to them, well, I don't really have a transformer for you and now I gotta order it and it's a, and

Courtney Doyle ([17:50](#)):

It might

Rachel Johnson ([17:50](#)):

Take a year, 22 week delay. If I can stock the inventory, I need to be able to respond to construction requests. We can get people hooked up faster and keep supporting the growth in our community. So that, that growth number certainly lends itself to making sure our facilities are capable of supporting it. And today the answer is they are not.

Brad Pavwoski ([18:11](#)):

It also adds to those operational efficiencies where we right now we kind of have our materials spread all over the yard. When you have them in a dedicated place where our trucks can get to them more quickly, they can get enrolling much quicker to get to those outage location. Yeah,

Courtney Doyle ([18:25](#)):

You bring up a great point to outages, right? Like we wanna have the tools necessary and the materials necessary to say there's a, a massive outage or a catastrophic event. We're able to get the lights back on. And if we don't have a place to house those tools and materials, then that's gonna slow that down significantly.

Rachel Johnson ([18:41](#)):

Yep. Um, so one of the ways we've been kind of managing through that while we're in our current facility, we do have some offsite storage facilities. That's a terrible, terrible way to do

Courtney Doyle ([18:51](#)):

Business, right? You're paying rent instead of owning the house. Yeah.

Rachel Johnson ([18:53](#)):

Well and you know, everybody knows this, right? Like if you have two or three houses, you can never remember which house currently has your toothbrush, right? Like that's not good. And so not having all your equipment under one roof just makes you less efficient. And, and when we talk about efficiency, my favorite KRTA, the one that is so near and dear to my heart is total number of consumers per employee. We serve, um, almost 625, uh, consumers per employee. That is by far outpacing all of our peers. Really. I

Courtney Doyle (19:20):

Wish we could show you the bar chart. Oh, it's because it, it is quite satisfying.

Rachel Johnson (19:24):

Yeah. I mean it's, it's so much that like we, it's hard to even put it on the same scale. So the average across the country is about, for our same consumer size, um, utilities is about 350 actually state and across the country is about 350 meters per employee. So we're doing a lot with very few employees. Then it becomes really important, we invest in making sure they can be as efficient as possible because it doesn't make sense to have to hire four more warehouse people to move three things to get to the thing stored behind the thing and run over to a place across, you know, across town. If we can just get everything in one place, have it organized in the way that we can operate most efficiently, we can continue to maintain that really nation leading staffing efficiency. And something that I'm just so proud of and I think our employees are proud of. Everybody wears a lot of hats. Everybody works really hard for the members, but it's important that we make sure they have the facilities they need to, to be successful doing that. And if you wanna talk about one of our bigger cost controls, efficiency is our biggest cost control. It is,

Courtney Doyle (20:18):

I was gonna say that feeds right up into what we talked about the controllable expenses per consumer. And just, I'm sure Brad will tell you this all day. The ratios are so intertwined and they all affect each other in different ways. So I think that's just another really good example of that. Another thing we're really, really proud of and you hear us talk about all the time is our reliability. And that's that third bucket I wanna spend some time on. The ratios are very similar that we wanna highlight here, but the difference is important. And so we're gonna talk about Sadie, which is, uh, the, the average minutes, uh, essentially that you feel as a member of where your power is out. And so Brad, do you wanna talk us a little bit about, and, and this one might make sense to talk side by side. What, what are the two and what are the differences? And then walk us through why those numbers matter.

Brad Pavwoski (21:06):

So basically we, you're looking at, and Sadie is broken down into different kind of components. Um, and the two that we're gonna look at is the, um, the total, the grand total. So all of the minutes that you feel an average member would feel throughout the year. The other is that other component, which is when you remove those, um, planned outages, major event outages, um, power supplier outages, those types of things, it's kind of what we're responsible for. Mm-hmm <affirmative>. Um, when you get to that other piece, I mean we went from 65 minutes, which is incredible when you get, so

Courtney Doyle (21:37):

That's to all in all in,

Brad Pavwoski (21:39):

Um, versus a consumer size median of 267 and our state median was 485. So yes, we're near the bottom of that. Both of those rankings.

Courtney Doyle (21:52):

The bottom is a good place in this, in this one. Very much

Rachel Johnson (21:55):

So. Less outages we're at the bottom in terms of minutes, number of outs. Yeah. There

Brad Pavwoski ([21:58](#)):

You go. So you reduced the minutes by what we, we, we are responsible for basically, and that's 60 minutes. So you, you drop five minutes out of that and we, you go from that 60 minutes to a consumer average consumer size, median average of median of 122 minutes and state median of 228. So again, bottoms of those, those ratios.

Rachel Johnson ([22:19](#)):

And what's, I just, I got, I got this one is like my

Courtney Doyle ([22:22](#)):

Favorite. She sat back for this. If anybody

Rachel Johnson ([22:24](#)):

Didn't <laugh>, I could, I could literally write a poem about this. It's, it's my, it's one of my favorite averages. 'cause here's what's really cool, especially when you look at the national averages included in this co-ops in Arizona, when was the last time anyone ever heard about a hurricane in Arizona or tree related outage in Arizona? Or ice storm? An ice storm in Arizona, right? It's like we are competitive with reliability against some service territories that really have less vulnerability to outages. And again, you, you compare us and then you look inside our state where you would expect somewhat similar weather patterns. I do wanna acknowledge there are just areas that get hit harder with weather than us. Um, we're pretty lucky our weather patterns are relatively mild up here in the Traverse City area. But even still, like our members are experiencing 50% or more less outages than they would, you know, if they had their service from any other utility. And I think that's just, to me that is the heart of the mission, right? Like if we can do that, I can stand behind every decision we make because I know we're delivering best in class service. The other thing that um, I think is really interesting on the Sadie thing, we talked about Sadie Total and Sadie other, it's very tempting to get hung up on these like big catastrophic outage events. They're the ones that get all the media and, and then they're terrible. Like, let me just say that's terrible and nobody

Courtney Doyle ([23:42](#)):

Wants that. Nobody

Rachel Johnson ([23:43](#)):

Wants that. But, but like every day when we come here, we're really paying attention to the onesie twosie outages, right? Like a, a tree related outage over here in Leno County or a system overload outage over here in East Bay. Those are the things that help us, that that's what we have control over, right? Like, I can't entirely control whether a once in a hundred year ICE event is gonna happen on our service territory. I can make sure we do a really good job of keeping the lights on against normal day to day, year over year, um, system stressors. And these, this particular KRTA tells us we are doing an excellent job at that, which is cool

Courtney Doyle ([24:20](#)):

And it makes a difference, right? Like that's, that's I think when you talk about the mission too, like that's a real tangible thing that our members get to feel and take advantage of. And businesses aren't, you know, losing money 'cause they can't operate or members are who work from home aren't, you know, left without lights and power to be able to do that. Like that's a real tangible difference we make in people's lives. And I think that's really, really cool.

Rachel Johnson (24:44):

And, and Sadie is a cool, it's not just frequency, it's not number of outages you experience, it's also, it's a duration mm-hmm <affirmative>. Um, yeah, that's

Courtney Doyle (24:51):

Like 60 minutes a year.

Rachel Johnson (24:53):

Yes. And so it also helps us look at both sides of this coin. How good of a job are we doing a preventing outages in general? And then also how good of a job are we doing of responding to outages when they happen? And we've invested a lot, our members have allowed us to invest a lot in technologies that shorten that duration. Our new metering system is helping with that because we know about outages faster. Uh, our um, SCADA system has helping with that because we have a lot more access to do what's called switching behind the scenes back here and get more people back on using automation.

Courtney Doyle (25:21):

Rerouting the power. Rerouting

Rachel Johnson (25:23):

The power. Thank you. Yep. And then at the end of the day, to me the, like, number one thing I see here is when a, when an outage happens, our employees who are responding to that outage, they get what they need as efficiently and fast as they can and they get onsite and they do the work. And so when we can look and say like, yeah, you know, the lights go off sometimes and when they do, we get you back on almost always within two hours. And the average amount across our whole system is this 60 minute number. I don't, I don't know that members can totally understand how unbelievably impressive that is.

Courtney Doyle (25:53):

Brad. So now we've kind of talked through the, the specific K RTAs we wanted to highlight for you today. But I also wanted just to talk to you, Brad a little bit more. Your team puts a lot of time into looking at these, gathering the information for these, getting them sent off to SCFC, then it comes back and I feel like you guys have a little party about reading it and it's, it's fascinating. So can you talk to us a little bit, any final thoughts on this year's K RTAs or, or what we're looking forward to for next year or expect for next year at all?

Brad Pavwoski (26:25):

Kinda the cool thing for us is being able to look at all those ratios. I, I know, you know, we kind of knock it down to a few really important ratios, but for our department it's all of the ratios. Yeah. It's how are they each affected one year to the next? Are they moving in the direction that we planned for, that we budgeted for, that we were forecasting for, forecasting for? Yes. And if we missed, why did we miss, how did we miss mm-hmm <affirmative>. And trying to make those adjustments and how are, if we're missing, did everyone else miss too? Because a lot of the time it's the weather or it's, you know, storms or it could be a lot of different things. It could just be inflation. But being able to look at those statistics not only in within the state but nationally and compare to how you're doing, you can really see mm-hmm <affirmative>. What's important and, and how we need to get there mm-hmm <affirmative>. So it's always looking at those trends. Are we going in the right direction? Are we going in the direction that we want to go? And just kind of maintaining that.

Courtney Doyle (27:16):

Is our plan panning out? Yes, absolutely.

Brad Pavwoski (27:18):

Maybe not next year, but probably in the next two or three years. Right now our, our our consumer average, the peer group that we're in is the 30,000 to 40,000 mm-hmm <affirmative>. Um, consumer group. I would expect us to pass that and enter into the 40 to 60,000, um, consumer peer group in the next few years.

Courtney Doyle (27:36):

So what might that, when, when that report comes in, are we, well, how's that gonna feel for us or what's that gonna look like?

Brad Pavwoski (27:43):

It's gonna look very different because right now we're kind of at the larger end of the co-op mm-hmm <affirmative>. Spectrum in the peer group that we're in, we're gonna be at the bottom. And this is a much larger mm-hmm <affirmative>. Um, peer group as far as like the size of co-ops. Mm. So when you think like we have \$150 million in, in assets on our books, they could be double us. Wow. Easily. So it's, it's a very different

Courtney Doyle (28:05):

That'll be really cool to see where we fall in that still though, because I just like, like Rachel was just so proud of what we're doing here. It'll be really cool to see how we're, how we are as the small fish in the bigger pond kind of thing.

Rachel Johnson (28:18):

Well and you know, we'll have to really put thought into making sure we're interpreting those ratios appropriately when we start getting new, kind of being in a new peer group. But it's ultimately kinda like that transition from JV to varsity. Like, you're never gonna get better if you only ever. Right. So like pushing us into a bigger peer group co-ops that maybe have more resources than we've had historically and seeing how they perform will also push us to question our own performance and chase after whatever opportunities we have to improve. 'cause at the end of the day, it's about constantly looking at how do we strive to get better for our members? And we're never, that's never done. Right. Like, someday I'll retire, Brad will retire, you guys will retire, right? Like, we'll all retire and we won't be done. That's kind of the point. Mm-hmm <affirmative>. Like you're constantly trying to figure out how to adapt to and, and keep getting better. Our core mission will be the same, but how we get there will likely be very different.

Courtney Doyle (29:08):

Any other final thoughts from you, Rachel, on RTAs? Any, any ratios we left out that we didn't talk about that you wanna talk about? Anything in there that you kind of wanna leave members with? Any final thoughts on K RTAs whether this year or years ahead?

Rachel Johnson (29:22):

Yeah, no, thank thanks for that. I, um, we talked about really the kind of high level mission oriented ones. I will say there's a lot of insights in here into the financial health of the cooperative. We didn't get to talk about things like our equity, our debt service coverage. And one of the things, you know, that's a piece where like most members don't necessarily wanna sit around talking about that all the time. But like, like the board and senior team, it's important. We are paying attention to that. Coop is an excellent financial health and that's important for our sustainability as well. It's important as we embark on a big capital

investment, like a new building that we've done the work to make sure that our equity is shored up. Um, so I'm really, really proud of, of those numbers as well. And I have a high degree of confidence in our ability to do what we need to do in the coming years and continue to deliver industry leading reliability, industry leading efficiency and industry leading cost controls for our members.

Courtney Doyle ([30:11](#)):

I think that's perfectly well said. Thank you both for joining us and I look forward to doing this again next year. Yeah.

Rachel Johnson ([30:17](#)):

Anytime. Brad. Brad loves talk kk right? I do. <laugh>,

Courtney Doyle ([30:20](#)):

Join us next time for more co-op energy talk.