

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

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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 from our board meeting on Monday, November 17th, meeting a little earlier this month to avoid the Thanksgiving holiday, but it was still, uh, a big important board meeting. So I wanna talk you through a couple of things that the board handled at this meeting. The big thing that we're doing during the fall is all of our budgeting for next year. So I talked to you on our last podcast about the capital budget. These are the big investments we make in system reliability on your behalf, like upgrading our lines, moving overhead, underground, those kinds of things. So nothing has changed since we presented that to the board in October. So they went ahead and approved those capital plans for 2026 at this board meeting. And, uh, if you have any questions about that, you can certainly reach out to me.

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

But, you know, go check out that podcast from last month. This month we presented to the board our operating budget, and then they will approve that in December. A couple of highlights from the operating budget. One is nothing in there that requires us to do anything different with rates than what we were already planning to do. So, uh, the, the bottom line is we were able to put together a balanced budget that fits within our existing rate plans, which is great. Also allows us to continue to invest in our system and our people. Uh, the big things that are kind of driving the budget this year that do have consequences for us, one, is the energy waste reduction mandate. We've talked a lot about that, I've written about that, but you know, we're estimating that's gonna cost the co-op anywhere between, you know, 600,000 and a million dollars next year.

Rachel Johnson ([01:42](#)):

That cost will be recovered via a surcharge on your bill, and it is designed to be exact. So every dollar we collect is related to a dollar we spend only on that mandate. If we don't need it, we won't collect it, so that, that might vary over the course of the year. So that's in the budget. And then we're also, um, forecasting out some slight increases in our power supply cost, but they're very, very stable, which is great for you because right now in a period of a lot of volatility and power supply, to have a lot of stability and power supply is great. Um, some of this is just kind of tied to timing with when the Palisades plant is gonna come back online versus when some other contracts we have are gonna kind of roll off. So that's all gonna even itself out over the course of a few years.

Rachel Johnson ([02:21](#)):

So overall balanced budget, uh, nothing that requires us to do anything different with rates than what we were already planning to do. Uh, and I anticipate that the board will approve that operating budget next month. The other thing we did this month is, uh, our annual policy review. So the board has, uh, several policies that they're responsible for and they look at those on a regular basis. This year, um, a couple of policies that we reviewed and made some changes to some in response to feedback from our members, that big ones, they're being tied to our elections. So after our elections last year, we kind of just stepped back and said, Hey, are these policies serving our members? Well, our goal with elections is very, very simple. We want you to have access to all the information you need in order to be able to make an informed vote.

Rachel Johnson ([03:02](#)):

We want you to be able to vote in a way that is easy and convenient for you. We want candidates to have very clear rules that they can follow and comply with, and we want everything to be above board. So that's our goal. What we heard from you all last year was that it felt a little chaotic in terms of the timing of when you were receiving campaign materials from candidates. And also we got a lot of feedback that members do not like having candidates email them using Cherry Land's email list. So let me talk you through the policy changes we made and what they mean for you. First of all, let me start by saying Cherry Land has never shared your information with a candidate. What we do and the way our policies are written, we work with a vendor that we have selected.

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

A candidate will come and say, Hey, I wanna um, send a mailer to all of the members who live in this zip code. We will send that list to that vendor. They will work with the candidate to prepare the mailer and send it out, and then they'll destroy the list. The candidate never gets to see the list. The change we made to the policy going into next year is that candidates will not be able to send emails using Cherry Land's list. They can do whatever they want with whatever list they have on their own, but they can't do anything using Cherry Land's list as it pertains to email. So that was based off of feedback from you guys. We heard you and the board took that seriously and made that update. And then we just changed some timing with when candidates can request access to those lists to just try to coordinate it and make sure that you don't feel bombarded with a bunch of campaign materials at the end of the election.

Rachel Johnson ([04:24](#)):

Uh, very, very simple stuff. If you are out there listening to this and you are thinking about running for Cherry land board and you wanna talk in more detail about that, just just give us a call. We're happy to share any of that with you. Um, so anyway, nothing big there. And then the last, uh, policy the board looked at this month is the board travel policy. Historically, the board has had a travel budget that they used to basically manage how much continuing education any board member could do in any given year. The budget piece has become very complex. It doesn't work very well anymore because of the incredible fluctuations in travel costs. So instead they set a limit on the number of days that they can be doing continuing education on behalf of the co-ops. Just simplified that, so it was a little easier for everybody involved.

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

Uh, the board does do policy review every year, like I said. So, um, they'll look at another set of, of, of policies next year and, and continue to, um, make updates based on feedback. So reach out if you have any ideas about policy. Uh, the last thing that we did at this board meeting was, um, work through a, a loan default that we've been working on for a little while. So let me just give you a little bit of historical context. Cherryland has had a revolving economic development loan fund since the late 1990s. That fund is funded with money we get from USDA. The way the program is designed, the only way those dollars can get out into any community in the United States is if an electric cooperative is willing to basically get a grant from USDA to then operate a revolving loan fund. So we've been doing that since the 1990s.

Rachel Johnson ([05:48](#)):

We've invested over \$8 million into local businesses and also local municipalities. We help with things like purchasing fire trucks and getting equipment for ambulances. And we've had over 60 loans. We've never had a default. It's a great program, a really cool way for us to leverage federal dollars and invest them into the community and, and help, you know, support our local community, whether it's business or municipal services. We do have a default we've been working on for a little while now, and we are finally at the point of getting ready to write that default off. The good news for our members is twofold. One, I'll remind you, those dollars are USDA dollars and two, we have a loan loss reserve fund that we have

funded over time that we will book that loss against. So it has really no impact on you all right now. Um, but we do need to, to kind of take that loan through that process.

Rachel Johnson ([06:32](#)):

And we are gonna take this as an opportunity to look at the loan program as a whole and make sure that all of our policies and procedures protect the interest of the cooperative and minimize the risk to the cooperative. But anyway, just kind of a, something we've been working on for a little while that it was time to go ahead and, and manage that, that write off. Not, not a super big deal, but if you have any questions, certainly reach out to me. So those are the highlights. Again, reach out if you have questions. And don't forget that our next board meeting is Monday December 15th. Again, a little early in the month because we're trying to avoid the Christmas holiday. But as always, you are welcome to come and give input to the board. We will start with that right at 9:00 AM So just come to our office and let us know if you have any feedback for the board. Join us next time for more co-op Energy talk.