

Rachel Johnson (00:00):

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Rachel Johnson (00:16):

Welcome to Co-op Energy Talk. I'm Rachel Johnson. I am not your normal host. Our normal host Courtney couldn't be here with us today. Um, so I'm subbing in for her. I will be a, a poor man's Courtney for this podcast, but I'm really, really excited because, um, this month we're gonna take a, a, a moment and I'm joined by our board chair, Gabe Schneider. Hey everybody. Thanks Gabe. Um, we're just gonna take a moment and kind of, uh, reflect on what the co-op has done over the last year, and talk a little bit about some of the things we see coming up over the next year. You will have a lot of the information we're talking about will come to you in the magazine in May as well, because that's the annual report issue of our magazine. Um, one other just really quick reminder that is also where you'll find information about our board elections and all of that is in advance of our annual meeting, which will happen in June. So, Gabe, as we kind of take this month to reflect, if you could just like kinda look back at 2025, what is one word that comes to mind when you think about the performance of the co-op?

Gabe Schneider (01:09):

Yeah. Last year I would say the word that sums that up for me is foundation. We were building a very strong foundation for the future. Um, we were making investments in our facilities and in our system and in our infrastructure, uh, and we're setting the stage for future success.

Rachel Johnson (01:23):

It's interesting that that's your number because, or I'm sorry, your word because my word was stewardship, which I think are very much aligned with one another. Right? Indeed. Like, thinking carefully about how we use our members' resources, not just for today, but for tomorrow, right? And in many ways, we are beneficiaries of people who did that before us. And so making sure that we're kind of doing the same for the members we serve today and for the people who will follow us. So, um, kind of thinking about foundations, why don't we just take a minute first here and talk about the financial health of the co-op mm-hmm <affirmative>. Because this is, there's a lot. You'll get the full audited financials in your annual report of the magazine, but this is the time of the year when we've closed our 2025 financials and, um, can take a moment to kinda talk about that.

Rachel Johnson (02:00):

So, a couple of things that I notice when I go through our 2025 financials. One is we had very strong margins last year. You will remember that a few years ago we operated at a loss. And so we were trying to recover from that loss and make sure we, to your point, had kind of set in place the foundation we needed. And I see that our, our margins are strong and healthy going forward, and I, I'm really, really proud of that. Um, the other thing that I notice when I go through our financials is our equity position and equity is essentially kind of like, if you think of it in terms of owning a home, right? You have the part that you've mortgage and you have the part you've already paid off. Equity is the part we've already paid off, and the more that we've paid off, the better our borrowing position is, the more financial flexibility we have to do the things we need to do in the future. But I was wondering if you could just kind of take a second and talk about as a board mm-hmm <affirmative>. How you think about equity Yeah. And why it matters to the average member.

Gabe Schneider (02:49):

Yeah. I mean that's exactly it. It's building a strong foundation. It is sort of the bedrock and the cornerstone, uh, of what we do because we wanna make sure that we are in the strongest and best

position, uh, for making future investments in the co-op. And when we have very strong equity, uh, it's assigned to all of our borrowers, that we are in a good position to be paying off the debts that we borrow. And it gives us an ability to have lower costs when we go to the market to borrow money for the future as well. So, uh, it's one of those numbers that we look, look at every month as a board. Uh, and I will proud to say that our co-op has a stronger equity position than many co-ops in the state as well. Uh, talking to other boards and leadership, we are in a great position, uh, at Cherryland with a very strong equity number. So it's one of those things we look at a lot. Uh, it sets us up for future, uh, growth. And it also is, uh, something that's gonna save the co-op money in the future as well.

Rachel Johnson ([03:36](#)):

Yeah. So we get more competitive rates. We have access to money if we need it, which is really important because there's often things that we can't even anticipate. And we need to have a good relationship with our lenders and we need them to see us as a good risk. Correct. Which they do. Yep. Um, can you also kind of, when we think, so it's one thing to have access to money <laugh>, it's different to make the decision to spend it. Yeah. And, and that's one of the, the most important responsibilities of the board is kind of balancing this responsibility between, um, you know, not spending money we don't need to spend, but also making careful investments in our system. Can you talk through that too, for how the board thinks through those decisions?

Gabe Schneider ([04:07](#)):

Yeah. And that also is something we're looking at every month as we look at our financial numbers, is to make sure that we're spending, uh, wisely, uh, and making the right types of investments. And how I'd like to think about it is, um, you know, it's investing, a lot of it is, uh, in your maintenance costs in your home, or in making sure that your driveway doesn't fall into disrepair. You're doing things today that are gonna pay off in the future. And so when we think about right off a management or investing in poles and wires, uh, this is the foundation of all that we do. And so if we aren't making those types of investments, then we're really doing a disservice to our members today and to the future. So, uh, having a good equity position, having good financial position allows us to make those decisions. They're not always inexpensive decisions, but they're important decisions to make too. 'cause we just came off an \$8 million, uh, investment in new meter technology, uh, which is gonna be extremely helpful when it comes to our members' experience at the end of the line. And when the power goes off, we will know in an instant that it's out. Uh, we don't have to wait for somebody to report that in. So, uh, that's just one example of how investments today are, are certainly benefiting the member today, but also to the future.

Rachel Johnson ([05:07](#)):

The, the metering project is a good example of what you're describing because we had a, a metering system that was at the end of its useful life, and it was costing a lot to maintain it, to repair it. And at the same time, certainly we didn't it spending \$8 million on a new metering system. It's not something we took lightly. Like we put a lot of thought into that. But you, you are ex you are, not only we have a better system, but you're also avoiding more cost from not having kind of got it right in the first place.

Gabe Schneider ([05:36](#)):

Which is the same with vegetation management. Yep. I mean, it's gonna cost a lot of money to trim those trees, but all it takes is one tree falling in a line and now we've got a major outage mm-hmm <affirmative>. And members impacted. So, uh, it pays to do some of these things up front again, like just with your home, replacing the siding before it's got holes in it is a good thing to do. So that's what we're doing here at the co-op.

Rachel Johnson ([05:54](#)):

Yeah. And it's something that, you know, most members don't see or know and they, and I'm glad, like I always say I love it that members get to take this for granted, but I am incredibly grateful to the board and proud of the board for that kind of long-term, um, thinking that you, you all have when we have to make those kinds of decisions. So, I mean, part of it is, we talked about the financial side, but really when we're looking at 2025, what I wanna talk about is some of those foundations that you just described and like, what have we done in 2025 that sets us up for the future or that improves our service to the members? And there's so many things a can talk about. There's lot. There are a lot. You already talked about the metering project. Um, a couple other things that are kind of floating around in my head.

Rachel Johnson ([06:27](#)):

We replaced our SCADA system, which are the controls we use here in the office to, um, be able to kind of remotely turn power on and off or transition how someone gets power from one substation to another very complex thing, but incredibly foundational to the reliability that our members expect. Um, we invested quite a bit in our drone program in 2025. We rolled out some new member programs like energy waste reduction. Uh, we added some human resources in 2025 around things like data analytics. So we did a lot in 2025. And I'd love to just talk through a few of those things with you, starting first with the work the board did in 2025 to put in place a new strategic plan. Yep. So can you talk about why, why it was important to you all to do that in 2025? And what are some highlights that are in that strategic plan?

Gabe Schneider ([07:11](#)):

Yeah, so it was important to the board to come together and, and put our thought around a strategic plan that not only included the, what the board's direction was, but also what the staff and the, the folks that actually work on the grounds, uh, perspective was as well. We knew we were in a changing environment. We had a lot of new inputs in terms of data, data gathering and data inputs coming our way. Um, we're still relatively new in your tenure, Rachel, as a CEO. So we knew we had an opportunity to, it feels like I've

Rachel Johnson ([07:35](#)):

Been here

Gabe Schneider ([07:35](#)):

Forever. I know it feels like you've been here forever, <laugh>, but we were still relatively new in that process as well. We had, uh, our building, uh, project coming, coming together as well. So we sort of had a lot of different factors that, uh, we had, we had living in environment with higher costs for doing business. So we had a lot of different things that were coming together, uh, that really converged and, and made us realize that we had to think about not just the next year, but the next three years. And so, uh, we came together and with leadership came up with a really good strategic plan. We're really calling it a strategic impact plan because it's not your traditional sort of, uh, strategic plan, but really a way in which for the board to evaluate our progress being made and then for I'm sure you and your team to evaluate your work plan efforts as well. So I thought it was a really great collaborative effort and um, I'm really proud of the work that we did.

Rachel Johnson ([08:20](#)):

I am too. And um, the plan we put together was a three year plan with an assumed mid cycle reevaluation of the plan. And the, what I like about it is I yet again, foundational, I think what we really put in place is a planning process we will continue to build on. Because the reality is the risks that we manage and the opportunities that we wanna leverage are gonna keep changing. And what this process does for us is make sure that we are taking time to thoughtfully look outside ourselves and scan and make sure we are appropriately aligning the co-op around those risks

Gabe Schneider (08:49):

Opportunities. I think the other shout I would give is to you and your team for putting all the work into making this a reality. Because we didn't just go out and spend a hundred thousand dollars on a consultant to do this for us. Uh, we, we did this organically. And so it's a lot of effort on you and your, your team's part. So big kudos to you. But I think at the end of the day, this final product is again, a reflection of our values as a board and as a co-op.

Rachel Johnson (09:07):

Yeah. And I thank you for saying that. And the team did work really hard on it and I'm very proud of it. But also I think the more involved you are in creating the plan, the less likely the plan sits on a shelf. Yeah. Because now it is work that we are all really excited about, we feel passionate about and we've bought into. So a couple things in that plan that I think we should take a moment and talk about, um, foundational technologies. You talked about metering, I talked about scada, but just kind of in general, can you talk about the board's approach to technology and why we, why it constantly shows up in every strategic plan that we are doing? Yeah.

Gabe Schneider (09:37):

It's, it's really important and, uh, I think that as a board we knew that we couldn't ignore the fact that we were living in a vastly quickly changing, uh, technology, uh, world mm-hmm <affirmative>. And so, uh, we need to embrace it or else we're gonna get left behind. And so we definitely leaned into that as one of sort of key pillars of that plan. Uh, which means embracing it from a data collection standpoint to make sure that we know what's going on at the end of our lines, uh, and also from a, how it informs our workflows and, uh, decisions going forward. Uh, so yes, it was an all in leaning into the changing technological world we live in.

Rachel Johnson (10:12):

Yeah. And on the opportunity side of things, one of the things the, um, team talked a lot about with, with technology in particular, uh, your fun fact of the day trail land is one of the leanest electric cooperatives in the us. We serve about 615 meters per employee. That leanness is supported by technology. If we can invest in thoughtful technologies, it allows us to stay lean. And so I love that about technology and kind of how it leans into one of our strengths and helps us protect it. I also think technology is so foundational to member service now. Absolutely. And member experience and our members, it's expected of us. Exactly. Yep. Right. So they're used to having this kind of technology forward experience and all these other organizations that they do business with. And we just wanna make sure that when they do business with us, that we meet those same technology expectations. Exactly. Yeah. And then on the, the risk side of technology, we also are constantly paying attention to cybersecurity. Mm-hmm <affirmative>. You know, at the end of the day, cybersecurity is grid security. And grid security is national security. And so we understand our role in that stack and it's important we have UpToDate technologies 'cause that's a way we protect our members from a cybersecurity perspective

Gabe Schneider (11:11):

As well. Yeah. I think what I'm most proud of is the fact that Chair land's been participating at the national level in cybersecurity preparedness efforts. And so, uh, this is not just us in grand deciding what needs to be done, but it's us learning from experts around the country as to what needs to be done to protect ourselves and our members, uh, data and, and information and the grid itself. So I'm really proud of that work. Yeah,

Rachel Johnson (11:30):

I agree. Um, so the other thing, uh, and I, I wanna, I do wanna in a minute kind of turn towards what's coming up, but still looking back a little bit, one of the areas that was inside the strategic imp impact plan was data analytics. You've already talked a little bit about data, but we hired a full-time data analyst last year. We've invested a lot of resources into kind of wrapping our arms around what data we have available, the integrity of the data we have, and then trying to figure out how to make it more accessible and actionable for business insights and eventually for members to access their own data as well in terms of their usage. Can you talk a little bit about why the board felt we should do this right now? Yeah.

Gabe Schneider ([12:07](#)):

Uh, so there's, there's two components here and, and you just mentioned them both. Uh, and that we need to make sure that we're collecting and gathering and have access to this data. 'cause that is critically important. Decisions are getting made on it, but you can't just have all the data in the world. You need to be able to process that data. And it's not just about computers processing that data. It's about humans, uh, interpreting and using that data for actionable items. And so hiring a data analyst, and again, leaning into, uh, technology and data, uh, but humanizing it and, and giving it a, a face to say, well, what's going on in the real world? Uh, how is this data gonna impact our members tomorrow out, uh, in, in a part of our service territory? It was really important that we have a person to do all this. We can't just rely on machines to, to make this all happen. So, uh, the partnership between data collection, data analytics, and then data implementation, I think has been really critical, uh, for moving forward. Foundational actually.

Rachel Johnson ([12:57](#)):

Yeah. And, um, the, the metering system provides so much more data than we ever had. And so again, making sure that we're leveraging that our members trusted us to make that investment on their behalf, it's now our responsibility to make good on that investment. Right. Absolutely. And this is a piece of that too. So I wanna kind of look forward. There's a lot inside that strategic plan that is, is forward looking, that's its job. Right. And a lot of things we've been talking about in the, in the boardroom over the last year looking forward. So first of all, uh, we are a half a hot second from bringing the board a new five-year work plan. What a, what a work plan involves, for those of you who aren't in our industry, is essentially looking at our entire system and identifying the areas where investment would have the biggest payoff.

Rachel Johnson ([13:37](#)):

Right. So this might be an area where we see a lot of growth and we need to, uh, shore up the system, be able to manage that growth. Or this might be an area where maybe it's not performing as well as the rest of the system. And we know if we come in and make some thoughtful investments, whether it's in tree trimming or putting something underground, we could increase the reliability of that area. So this becomes the plan that we then enact on the member's behalf over the next five years. And for cherry land this time around, that work plan will involve significant ongoing system investment in all the things I just described, alongside an investment in our headquarters facilities. Because we have, as we've been talking about for a couple of years now, really outgrown the facility we're in. So I was wondering if you could just kind of take a second and talk about the highlights of that. Maybe focus a little bit on that, that new headquarters. 'cause that's probably the biggest new thing

Gabe Schneider ([14:23](#)):

And the biggest decision the board's made. Yeah. <laugh> and certainly my time on the board, but probably in a very, very long time. Yeah. Um, it was really important that we take this moment to make that decision now too, because sort of like when you plant a tree, the best time we plant a tree is five years ago. Mm-hmm <affirmative>. Uh, the best time to build new headquarters is now because we will be thinking that same way in in the future as well. So this was, again, an investment not just in our equipment, but also in our, our people to make sure that our, our people have a place to go and a place

that is safe for them and a place that reflects their work and responsibilities. Uh, and so as a board, we took a long time to make sure, uh, that we were getting this right and making sure that we were building a, a, a facility for the next 50 years or beyond, that we weren't just building something to fix an immediate concern or need. And so, uh, literally we'll be laying the foundation of this new building here in the next year or so. And we are very excited about breaking ground on this property, uh, and building our new headquarters, uh, here in Traverse City.

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

Yeah. And we talk a lot. I mean, one of our key values is safety, operational safety. Um, I already talked about the fact that operational efficiency is something we were really proud of, and this building is a part of all of that, making sure that it's,

Gabe Schneider ([15:27](#)):

It's a physical reflection of all those same values.

Rachel Johnson ([15:29](#)):

Absolutely. Exactly. And when and when the building we're in today was built 50 years ago, people weren't talking about cybersecurity risk and people weren't talking necessarily even about physical grid security risk. And we didn't have all of the system controls on site that we have today. And, um, we, we were a third the size in terms of our staff, a quarter the size in terms of the number of members we served. And so it's, it's, um, it's a big investment, but it's certainly I think, the right time for it. And like you said, I'm absolutely, I'm this one I'm sure of. If we don't do it today, we're still gonna have to do it. And when the time comes, they're gonna be really mad. We didn't do it today. Yeah. So

Gabe Schneider ([16:04](#)):

I think as a board we've realized that, you know, we literally have just outgrown the space we're in. And in fact we're storing things offsite because we don't have enough space within these fences. And so from supply chain to people to assets, uh, it is about serving our members better and we will do that in our new facility.

Rachel Johnson ([16:19](#)):

Yep. And it'll help us day to day. The other thing I'm really excited about with the new building is we know that, um, the number one thing our member expect of us is if a storm hits our community, we are prepared to respond to that storm. We take a lot of pride in being prepared to respond to that storm. The size of the storms are big. Mm-hmm <affirmative>. Oftentimes getting bigger. Right. And our ability to scale up to respond to a storm today is limited by our, our physical facilities. And, and the new building was built with an eye towards being able to, to scale up. So lots of exciting things there. Plenty for you all to, uh, to learn more about. You can check it out on our website, right on the homepage we have a link to get updates on the new headquarters. Stepping back from like specific projects, I guess I wanna just ask you like crystal ball for me, think about the members who are gonna be served by the co-op 10 to 20 years from now. How do the investments we're making today connect to what they'll experience in 20 years?

Gabe Schneider ([17:10](#)):

Yeah. Again, laying the foundation, thinking about making investments for a better reliability for those members in the future. Uh, making sure that we are basing this all on rates that are affordable and going forward, that we're taking that into account that we're not just saying we'll spend whatever it takes to make whatever we need to today, but really thinking about those future members as well. And then, uh,

making sure that we are positioning ourselves for the growth of this region. That we're not just looking out for those that are here today, but that who are coming, uh, in front of us as well. So it's really an all in sort of approach. And I think at the end of the day, if you're a, in 20 years from now, if you're a new member to, to cherry land, you are going to see, uh, a co-op that reflects you and your current situation as a resident of this region. And I think, uh, that's, to me the most exciting part about a co-op is that we are truly reflective of our community. And so what we're doing now is we're building a co-op that's gonna be reflective of that community in 20 years from now as well.

Rachel Johnson ([18:01](#)):

Yeah. Well, so you talked about kind of looking back at, at 2025 as a year of laying foundations. We've been talking a lot about 20, 20, 26 forward as future proofing, which is hard to do, right? Because we don't know everything. Right. But like really future proofing to make sure that, um, at the end of the day, the number one thing for us is that our community can count on us. And I think that these investments set us up for that. But I'm gonna make another crystal ball prediction. So today, this is true today, cherry land members experience about a third of the outages as customers of other utilities across the state. And we deliver that reliable power to them somewhere between 10 and 15% lower prices than other for-profit entities serving as high rural communities. My prediction is in 20 years it will still be true <laugh>, but cherry land members will have the highest reliability and the most competitive rates. And I even, 'cause this is the number one question we get. Oh, you know, you're gonna spend all this money on a building or on Undergrounding previously overhead lines or whatever that looks like. But we've been going through all of these financial forecasts, we've been so diligent, and we continue to project that our rates will be incredibly competitive and our reliability is going to, I think, continue to really delight our members. Yeah,

Gabe Schneider ([19:07](#)):

I would agree. And that's come, it's no accident that we end up in that position. We talked about what we did in this past year and how it does build a strong foundation for the future. Uh, that's what we do every year, is we continue to build a foundation, sort of a, an ongoing, uh, project. And so yeah, I am very confident that the financial foundation that we've built is going to sustain us, uh, into the future as well.

Rachel Johnson ([19:26](#)):

Yeah. So I, I'm gonna wrap us up soon. Um, but I did any last things you wanted to talk about either last year or looking forward this year?

Gabe Schneider ([19:33](#)):

Uh, I think we're in pretty good place.

Rachel Johnson ([19:35](#)):

I think we are too. So for those of you who are listening, I will just remind you, you can get a lot more details about all of this in the may issue of the magazine, which includes our annual report. And in addition to that, just a quick reminder, please, please take a moment to vote in your co-op selections. It's important, it's an important part of your ownership of the co-op. All the information you need is right there in the May issue. Uh, you can also vote online by logging in to SmartHub. So Gabe, here, I wanna give you the last word. All right. At the end of your report to the members inside the annual report, you say it's an honor not just to serve the cooperative, but to be a member of it. So I wanna know, what does cooperative membership mean to you personally? Uh,

Gabe Schneider ([20:10](#)):

That's a great question and it means a lot to me because I think membership in this cooperative is being part of a family. It's being part of a community. It's being able to have ownership in an entity that we all interact with on a daily basis. Uh, so it really feels like home. It's like the place that I go because it's friendly and familiar and it, it supports me. Mm-hmm <affirmative>. So, um, that's what cooperative really means to me, is a, is sense of place it, sense of wellbeing and, and, uh, community. I

Rachel Johnson ([20:37](#)):

Love that. I love that. And we are so excited to be a part of this community and to, um, hopefully be a organization this community can count on. Well, I think that's a great note to end on. And thank you so much for joining me and giving the members an update. Join it and, uh, please join us next time for co-op Energy Talk.