Rachel Johnson (00:18):

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, August 24th. There are five things I wanted to share with you from that board meeting this month. First, we had a really exciting special presentation to our board. We've spent the last 12 to 18 months really investing in data analytics at the cooperative and using that data for business insights. And one of the projects we've been working on is a predictive model for outages. So let me break that down for you. Basically, it's a way of looking at weather as it's coming into our service territory, the equipment we have on our system, and how it stands up against specific weather patterns, and then predicting how that weather will impact us in terms of outages, and using those insights to make sure we're staffed and staged appropriately for how that weather might impact our members.

Rachel Johnson (01:10):

This is really not something that anybody else in the state of Michigan is doing right now, so it's exciting to be at the front edge of that. And it's a customized proprietary model that we've designed internally with our staff. So we shared the pilot, uh, dashboard of that model with our board, and we're now gonna work on rolling that out through our operations staff and our on-call supervisor staff. And then over time, continuing to improve the model as we see how good of a job it does at predicting what will hit and then after the fact kind of reporting back. So really, really exciting. We've done a lot, and I've talked to you a lot about this on the podcast, to improve the reliability of our system. What this model lets us do is respond more efficiently when something goes wrong. So kind of the other half of that reliability promise that we make to you.

Rachel Johnson (01:56):

The second special presentation we gave to the board, which is also a program I'm very excited to roll out and make available to our members, is a prepaid billing program. This was our first presentation to the board on it. I would expect we'll have that program ready to go probably early 2027, but here's how it works as simply as possible. Today, when you use electricity, we're essentially floating you that electricity, and then at the end of 30 days, you get a bill and you pay us for what you've already used. Prepaid billing works the exact opposite way, which it'll. Optionally, it's a voluntary rate program. It would allow a member who may prefer to, to instead put a balance on their account and then spend it down as they use electricity over time. There will be notifications letting them know when they get close to kind of the end of that balance.

Rachel Johnson (02:40):

It allows us to have an option available for members who might, because of their payment history, have to, would have historically had to pay a deposit or, um, something like that to get connected. This would allow them to do that without paying that deposit because we've changed the kind of security model. So just a really good program for some members. It won't be right for all, and certainly just as an option to have in the toolbox for members for whom it makes sense. Pay attention. We will describe that program in detail as we roll it out, but like I said, probably something we'll see available sometime in early 2027. The rates themselves will still be the same. You paying the same amount, you're just paying it ahead as opposed to paying after you've used. Again, voluntary. Uh, the third thing we went through with our board, and we do this every year, so I'm confident I've talked to you about it on a past podcast, is our key ratio and trend analysis.

Rachel Johnson (03:27):

This is a annual report we get that shows how our cooperative performs against statewide cooperatives and national cooperatives that are similar to us in like about 140 different categories. So much good news in there. I do not have time to unpack it in this co-op, but just a couple things. Uh, continue to reinforce, we are the leanest electric cooperative in the country. We serve more meters per employee than any other electric cooperative in the country. We also continue to be really lean and efficient as it pertains to cost. We have the lowest operating expense per consumer in the state of Michigan. And so, uh, we're being very careful stewards of our members' money. We're leaning into our efficiency and continuing to offer you, I think, incredible value at highly, highly competitive rates. The other thing that was interesting to me in our KRTAs this year was looking at some of the intentional financial decisions we've made in the lead up to our new building to build up our equity, to build up our operating margins so that as we begin the capital outlay for that project, we can do so without having rate shocks for you and without dipping below our equity targets.

Rachel Johnson (04:34):

So right now we have the best equity in the state of Michigan. We have some of the most, I would say, sustainable operating margins in the state of Michigan, and we're just, what the, what the data shows, what those ratios show is we are in a really great place to then move into a capital investment cycle. The fourth thing I want to give you an update on that we updated the board on, and you'll hear about from me probably every month now, is our facilities and headquarters development project. We did break ground on that project in July, formally, like little shovels break ground. Uh, we are now finalizing the last of the permits, so we should have our soil erosion permit in hand here in the next week or so. And once we have that, we will break ground with big shovels, not little shovels, and begin the site work.

Rachel Johnson (05:16):

Uh, we've also got all of our subs locked down for that project. Quick reminder, 80% of those dollars are staying local. So 80% of the, the cost of that building is gonna stay with local subcontractors and we're excited about that. We will likely have foundations done by winter so that we can start putting up structural steel and then, um, closing the building sometime early next year, which is exciting. And then, uh, the last piece of this board meeting every August is the month in which the board does my annual review. So they had, uh, a survey that they filled out regarding my performance in July, and then they walked me through that survey, gave me feedback on my performance, on the performance of the cooperative, and we set goals going forward. Uh, depending on your perspective, it's either good or bad news, but they found me adequate.

Rachel Johnson (05:57):

So I get to, I get to stay in this seat and continue to lead the cooperative, which is, um, such a privilege. And I'm really, really excited about the work we have planned in the next year to build on our service to you with our metering system, our SCADA system, our new headquarters, and just the leanest meanest team in the country, apparently. So, uh, all good things there and a lot of exciting things coming up over the next 12 months. Our next board meeting is Monday, September 28th. As always, we will start with member input at 9:00 AM. Feel free to swing by and give any feedback you have to the board. Join us next time for more Co-op Energy Talk.