

# Okanogon County Electric Cooperative

## Treasurer's Report

### December 2011

#### Operating Statement (all information is from non-audited sources)

**Revenues** were \$524k for December and \$4,841k YTD. Revenues YTD were **almost identical** to forecast. Accounts billed were 3499, which compares to 3465 in December 2010. Idle services were at 86 in the current month which compares to 94 in December 2010.

The **cost of power** was \$308k for December and \$2,039 YTD or 42.1% of revenue. Cost of power YTD dollar amount is **negative** to forecast by 40k or less than (1%). Power purchased YTD was 59,664,088 kWh which is an increase of 7.9% from 2010. The average price paid per kWh YTD was \$0.0342 which compares to \$0.0353 for 2010 YTD and \$0.03477 in the 2011 forecast.

**Non-fixed expenses** (lines 5 through 10 on Form 7) were \$168k for December and \$1,740k YTD or 35.9% of revenue. Non-fixed expenses YTD are **negative** to forecast by 68k or (4.0%). Legal expenses beyond forecast associated with labor negotiations, costs associated with departure of past General Manager are notable.

**Fixed expenses** (lines 12 through 18 on Form 7) were 48k for December and 734k YTD or 15.2% of revenue. Fixed expenses YTD were **almost identical** to forecast.

**Operating Margin** was less than 1k for December and 328K YTD or 6.8% of revenue. Operating margin YTD is **negative** to forecast by 104k or (24.0%).

**Non-Operating Margin** was 48k YTD. Non-Operating margin YTD is **favorable** to forecast by 25k.

**Net Margin** was 1k for December and 377k YTD. Net Margin YTD is **negative** to forecast by 103k or (21.3%).

#### Balance Sheet (all information is from non-audited sources)

Total assets increased by 98k during December to \$9,975,995. There was an increase in Net Plant of 73k. Asset declines were Cash, 50K, and Material Inventory, 42k. Accounts Receivable shows a seasonal increase of 103k. Accounts Payable increased by 250k, a factor to be considered in future cash flow.

#### Performance Ratios

**TIER** ratio was 2.39 YTD. This ratio compares to 2.67 for the state median and 2.45 for the national median in the CFC 2010 ratio analysis.

**Current Ratio** was 1.82 YTD, a decline reflecting the increase in Accounts Payable from prior month. This ratio compares to national median of 1.23 and 1.35 for the state of Washington in the CFC 2010 ratio analysis.

**Debt to Equity Ratio(s)** Equity is slightly larger than debt at 1.08 calculated on long-term debt. If all debt is considered the ratio is .88. Equity as a percent of total capitalization is 46.8% as compared to the national median of 48.6% and 57.3% for the state of Washington in the CFC 2010 ratio analysis.

**Return on Assets** was 3.8% YTD. This ratio compares to the national median of 6.01% in the CFC 2010 ratio analysis.

**Return on Equity** was 8.07% YTD. This ratio compares to the national median of 6.22% and state of Washington of 5.95 in the CFC 2010 ratio analysis.

## **Treasurer's Comments**

The impact of the October, 2011 BPA rate increase was apparent during December. OCEC revenues were barely above the breakeven point to cover costs and expenses.

Kilowatt hours purchased during December were slightly below the long-term average level for energy use reflecting the warm weather. The number of customers billed has grown less than 1% compared to 2010. OCEC remains in low to no growth situation.

OCEC staff showed great restraint towards yearend in expenses. Despite unforeseen expenses (e.g. labor negotiations legal expenses, former General Manager Separation costs, Interim General Manager compensation, Brayden Unit analysis study, Cost of Service Analysis) expenses were only 67k above forecast for the year.