Okanogan County Electric Cooperative

Treasurer's Report

June 2011

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

Revenues were $325k for June and $2,474k YTD. Revenues YTD are positive to forecast by $16k or less than1%. Accounts billed rose to 3482, which is a high for the year and up from 3476 last month. This variation is normal from seasonal increase in irrigation.

The **cost of power** was $81k for June and $1,049k YTD or 42.4% of revenue. Cost of power YTD dollar amount is negative to forecast by 1K. Power purchased YTD was 31,045,320 kWh which is an increase of 14.8% from 2010. The average rate paid per kWh YTD was $0.0338 which compares to $0.0351 for 2010 and $0.03477 in the 2011 forecast.

Non-fixed expenses (lines 5 through 10 on Form 7) were $131k for June and $902k YTD or 36.4% of revenue. Non-fixed expenses YTD are negative to forecast by 51K or 6.0%. Legal expenses beyond forecast associated with labor negotiations, severance package for past General Manager, are notable.

Fixed expenses (lines12 through 18 on Form 7) were 63K for June and 388K YTD or 15.7% of revenue. Fixed expenses YTD are negative to forecast by 6k or 1.5%.

Operating Margin was 49k for June and 134K YTD or 5.4% of revenue. Operating margin YTD is negative to forecast by 40K or 23.1%.

Non-Operating Margin was 12K YTD. Non-Operating margin YTD is favorable to forecast by 1K.

Net Margin was 51k for June and 147K YTD. Net Margin YTD is negative to forecast by 39K or 21.3%.

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

Total assets declined by 72k in June, the net of increases in total plant versus depreciation. Quarterly payments also reduced long-term debt.

TIER ratio was 2.06 YTD. This ratio is improved from May.

Current Ratio was 2.49 YTD. This ratio compares to national median of 1.2 in the CFC 2009 ratio analysis.

Debt to Equity Ratio(s) was 1.03 calculated on long-term debt. If all debt is considered the ratio is .892. Equity as a percent of total capitalization is 47.1 as compared to the national median of 47.6 in the CFC 2009 ratio analysis.

Return on Assets was 1.53% YTD. This ratio compares to the national median of 6.01% in the CFC 2009 ratio analysis.

Treasurers Comments

Kilowatt hours purchased June YTD are up 14.8% from 2010 but revenues are up only 6.4%. OCEC has benefited from a favorable rate to purchase power ($.0338 in 2011 YTD versus $.0351 in 2010 YTD, June power cost was $.0257).

Expenses are over forecast by $57k YTD; but, are very near forecast when unforeseen amounts (e.g. labor negotiations legal expenses, former General Manager Severance package) are removed. The Board has approved expenditure of unbudgeted funds for Mazama feeder line improvements and Brayden Energy Sentry Study. Areas that expenditures are currently below budget are Conservation, Board expenses, and Engineering Services. The net of current position and anticipated unbudgeted expenditures versus under-budget items is likely to cause expenses to exceed forecast for the year.