Okanogan Electric Cooperative

Treasurer's Report

May 2011

Operating Statement

Revenues were $367k for May and $2,149k YTD. Revenues YTD are positive to forecast by $21k or 1%. Accounts billed rose to 3476, very near the accounts billed during January.

The **cost of power** was $99k for May and $967k YTD or 45.1% of revenue. Cost of power YTD dollar amount is negative to forecast by 15K or 1.6%. Power purchased YTD was 27,895,745 kWh which is an increase of 4,076,830 kWh from 2010. The average rate paid per kWh was $0.03472 which compares to $0.0365 for 2010 and $0.03477 in the 2011 forecast.

Non-fixed expenses (lines 5 through 10 on Form 7) were $135k for May and $771k YTD or 35.9% of revenue. Non-fixed expenses YTD are negative to forecast by 39K or 5.3%. Legal expenses beyond forecast associated with labor negotiations are notable.

Fixed expenses (lines12 through 18 on Form 7) were 65K for May and 324K YTD or 15.1% of revenue. Non-controllable expenses YTD are negative to forecast by 4k or 1.2%.

Operating Margin was 68k for May and 85K YTD or 3.9% or revenue. Operating margin YTD is negative to forecast by 46K or 38.2%.

Non-Operating Margin was 11K YTD. Non-Operating margin YTD is favorable to forecast by 1K.

Net Margin was 68k for May and 96K YTD. Net Margin YTD is negative to forecast by 35K or 27.1%.

Balance Sheet

Total assets declined marginally during May as a result of the impact of depreciation on Total Plant. There was little change in either assets or liabilities.

TIER ratio was 3.96 for May and 1.83 YTD. These ratios are greatly improved from April.

Current Ratio was 2.28 YTD. This ratio compares to national median of 1.2 in the CFC 2009 ratio analysis.

Debt to Equity Ratio(s) was very near to 1 for May calculated on long term debt. If total debt is considered the ratio is .86. Equity as a percent of total capitalization is 46.3 as compared to the national median of 47.6 in the CFC 2009 ratio analysis.

Return on Assets was slightly below 1% YTD. This ratio compares to the national median of 6.01% in the CFC 2009 ratio analysis.

Treasurers Comments

Kilowatt hours purchased May YTD are up 17.1% from 2010 but revenues are up only 7.8%. OCEC has benefited from a favorable rate to purchase power ($.0347 in 2011 YTD versus $.0365 in 2010 YTD, May power cost was $.0273).

Expenses are over forecast by $43k YTD; but, are very near forecast when unforeseen amounts (e.g. labor negotiations legal expenses) are removed. Historical comparison, seasonality, of expense patterns is not appropriate for this reason.