

 EnergyEdge

the quarterly newsletter from your energy company

2003 Annual Update from your Board of Directors

As your Lower Valley Energy Board of Directors, we want to take this opportunity to report on the progress your cooperative made during the year 2003 in our mission to provide you with exceptional service at competitive rates and to outline some of our goals for 2004. The year 2003 marked our tenth year in a row without an electric rate increase. Lower Valley continues to maintain some of the lowest electric rates in the country, while retaining high maintenance standards and a remarkable safety record.

☀ One of our most important responsibilities, as your elected Lower Valley Board, is to ensure the financial integrity of your cooperative. Lower Valley continues to be one of the most financially-sound energy cooperatives in the country. Our bank, National Rural Utilities Cooperative Finance Corporation (CFC), recently notified us that Lower Valley was one of the few cooperatives to qualify for a discount on all of our debt. The qualifications for the new discount are based solely on financial strength. Lower Valley ended the year 2003 with strong margins, an increased equity level of almost 40%, and paid back \$1.9 million to you, our members, in patronage capital.

☀ In 2003 we retained the National Rural Electric Cooperative Association (NRECA) to conduct an efficiency audit on Lower Valley. While there is always room for improvement, we were very pleased with the audit results. The audit noted that Lower Valley serves significantly more meters per employee than most cooperatives. Lower Valley has seen consistent growth in new meters served, while at the same time reducing the number of employees on staff. The auditors were very impressed with Lower Valley's planning process and the high productivity of our employees.

☀ In 1998 your Board of Directors, along with the Lower Valley staff, secured a long-term electric power supply and transmission contract with the Bonneville Power Administration (BPA) that runs through September 2006. This below-market contract has been saving Lower Valley customers about \$8 million per year in power and transmission costs. We are investing a significant amount of effort in preparing Lower Valley for the post-2006 power supply market. During 2003 we continued negotiations on a supplemental power supply contract with Grant County Public Utility District in Ephrata,

Mission Statement

Lower Valley Energy is the local energy provider focused on:

- Exceptional Service
- Reliability
- Competitive Rates

Washington. We also furthered discussions with Deseret Power in Salt Lake City and Pacific Northwest Generating Cooperative in Portland, Oregon. We are also exploring demand-side power management opportunities. During 2004 we will complete an extensive integrated resource plan which will set forth Lower Valley's power supply options and help guide our post-2006 power supply decisions.

☀ Lower Valley's natural gas division continues to develop with impressive growth. To meet the growing demand for natural gas in our service area, Lower Valley completed phase one of the planning process to bring a 47-mile natural gas pipeline from the Merna area near Big Piney, Wyoming to Jackson in 2003. During 2004 we will concentrate on the environmental and engineering work for a pipeline route. This project will provide many benefits to Lower Valley's natural gas system and customers by improving reliability, enhancing safety, reducing long-term natural gas costs, and eliminating the need for over 500 supply trucks to Jackson each year. If this project meets the environmental and economic feasibility tests, it will prove to be a wonderful asset for our community.

☀ In 2003 over 810 Lower Valley customers signed up for our new "Green Power" program that consists mostly of wind energy generated in Wyoming. We appreciate our customers' enthusiasm for this premium energy product as Lower Valley strives to support renewable energy sources and conservation programs. We are also pleased to announce that our Strawberry Power Plant in Bedford, Wyoming was recently certified as a Low Impact Hydropower Facility.



Board Members:
(back row, left to right) Peter Cook, Thelma Crook, Linda Willard, Dean Lewis, (front row, left to right) Fred Brog, James Little, MD, and Rod Jensen

☀ The many projects on which Lower Valley Energy is currently working will forge the foundation of Lower Valley's success over the next 20 to 30 years. Some of the more noteworthy projects include the integrated resource plan, phase two of the natural gas pipeline project, negotiating long-term transmission projects with BPA, executing natural gas hedging plans, completing outage reduction projects, implementing new billing and customer service software, developing progressive new employee training programs, as well as continuing our dedication to customer service.

☀ Please take the time to take part in the process of shaping Lower Valley's future at the 2004 Lower Valley Energy Annual meeting on June 24th, starting at 7pm at the Jackson Hole High School. We have some exciting speakers, including Governor Freudenthal, scheduled to talk about current energy topics and to discuss Lower Valley's post-2006 power rates.

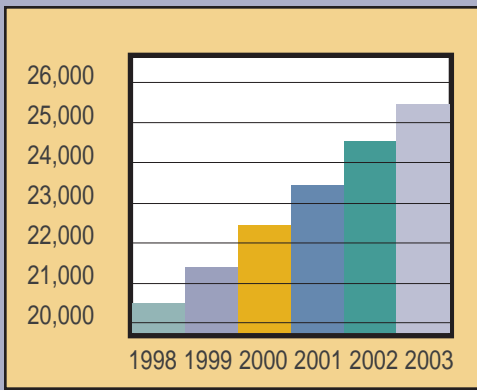
☀ We thank you, our members, for the opportunity to serve you in this exciting energy business and we thank the Lower Valley Energy employees for their dedicated efforts to provide our members with exceptional service.

Sincerely,

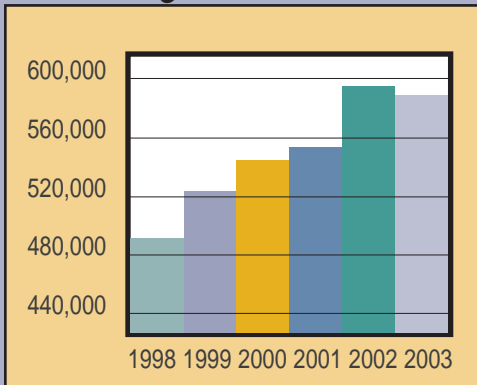
James Little MD *Dean Lewis* *Fred D. Brog* *Thelma Crook*
Rod Jensen *Linda Willard* *Peter Cook*

The Lower Valley Energy Board of Directors

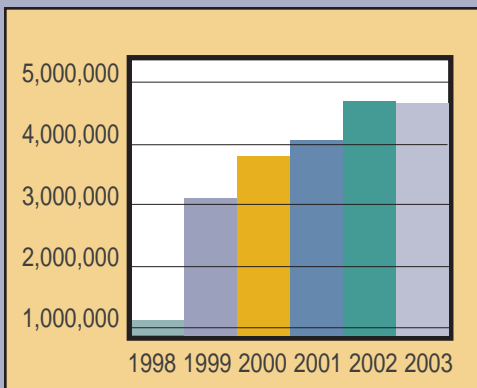
Total Meters Served



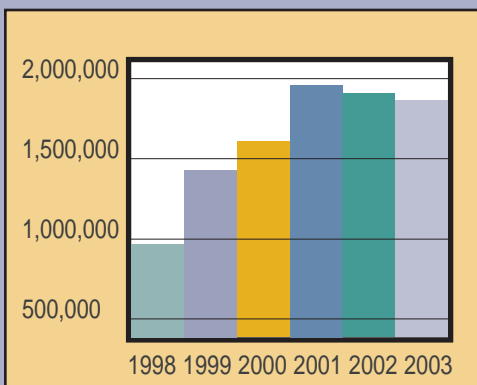
Electricity Sold in Megawatt Hours



Natural Gas Sold in Therms



Patronage Capital Returned to Members



You are Invited to Lower Valley Energy's Annual Meeting

Thursday, June 24th, 2004 at 7:00pm

(Registration begins at 6:45pm)

*Jackson Hole High School located at
1910 High School Road in Jackson*

*All members of Lower Valley Energy are
invited to attend.*

Agenda

1. Report on the number of members present in person and by proxy in order to determine the existence of a quorum.
2. Read the notices of the meeting and proof of due publication or mailing thereof, or the waiver of notice of the meeting, as the case may be.
3. Read unapproved minutes of previous meeting of the members and take necessary action thereon.
4. Officers' presentation and consideration of reports and guest speakers.
5. Election of board members for Districts 2 and 5.
6. Unfinished business.
7. New business.
8. Adjournment.

Please join us for this special event.

*We will be honored by guest speaker
Governor David Freudenthal's attendance.*



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Check your April Lower Valley Energy utility bill for your Energy Star rebate coupon!



*for customers of Lower Valley Energy

Energy Audits

Would you like to know if there are improvements you can make for a more energy-efficient home? An **Energy Audit** consists of measuring the energy efficiency of your home and recommending cost-saving enhancements for more effective use of energy. The cost is \$175, which is refunded if you implement any of the recommended changes or if we find that no improvements are needed. Call and let us help you save money and increase your comfort.

Marathon Water Heaters

Now is the time to purchase your energy-efficient Marathon water heater from Lower Valley Energy, guaranteed not to leak for the life of your home! The heating elements and the inner water tank will never rust, corrode, or leak. Buy your Marathon water heater today for \$475 almost half of the average retail price (price is for a 50-gallon water heater and includes our \$100 rebate). For your added convenience, we also offer a one-year, 0% loan that can be applied directly to your account.

Long Term Super Good Cents

Building a new home and interested in saving money for years to come? We are offering cash back if you build to energy-efficient standards. If you install either 10KW of electric heat or 30,000 Btu's of natural gas heat **and** meet our energy-efficient standards, you will receive a rebate of \$1,000. We would like to help you increase your comfort and accumulate savings over time by ensuring you have an efficient and energy-smart home. Please call today for more information.



Home Weatherization Incentives

In addition to a thorough Energy Audit, we also offer generous financial incentives on home weatherization improvements. Our \$75 **Window Audit** checks for windows that may qualify for replacement. As part of a Window Audit we will provide \$4.25 sq/ft. to replace sub-standard windows under certain qualifications. **Our Residential Insulation Program** rewards customers who increase their insulation values. Energy Audits help you identify energy-efficient improvements and our Home Weatherization Incentives help you pay for them!

Natural Gas

Lower Valley Energy has done it again! For a limited time we are offering a special deal for customers who have a gas riser but no meter. Install a gas appliance and LVE will install the meter for free. That's a \$220 value. If your home or business doesn't have a natural gas riser, but you would like to know what converting to natural gas involves, call us. One of our highly trained gas technicians will evaluate your home for free, another great benefit we offer our customers. Enjoy the convenience and cleanliness of natural gas today. We offer incentives on natural gas water heaters, space heating and Rinnai heaters at special discounted prices. Call today for more details or to schedule an evaluation of your home or business by one of our gas technicians.

COMLITE Commercial Lighting Program

ComLite is our newest energy conservation program and is an opportunity for our commercial customers to conserve energy and save money. The program's immediate goal is to provide an incentive to upgrading old, less-efficient lighting fixtures and provides a rebate on a per-fixture basis. The long-term goal is energy conservation with each fixture paying for itself in approximately 3 years time. Please call today for more information.





GREENPOWER

What is Green Power? Green Power is energy produced by renewable sources, like wind, sun, and low impact hydroelectricity, which are replenished naturally. Renewable energy is a clean source of energy with a much lower environmental impact than conventional energy technologies.

Why is Green Power important? By choosing Green Power, you can support development of renewable energy sources, which can reduce the burning of fossil fuels, such as coal, oil, and natural gas. Greater reliance on renewable sources also provides economic benefits and can improve our national energy security.

Where does Green Power come from? Lower Valley Energy purchases renewable green power from the Foote Creek Wind Project, located near Laramie, WY, and from other regional projects. The energy produced from these projects is certified as Environmentally Preferred Power (EPP), a rating endorsed by national and northwestern region environmental organizations, including Natural Resources Defense Council, Renewable Northwest Project, and the Northwest Energy Coalition.

How will this affect my electric bill? Green Power is paid for by an extra monthly premium, which shows up on your bill in addition to regular monthly charges. As a residential customer you can purchase blocks of 300 kilowatt hours (kWhs) for \$5 extra per month. As a commercial customer you can choose between 1,500 kWhs/\$25 per month blocks (Partner Level) or 3,000 kWhs/\$50 per month blocks (Champion Level).

Why does Green Power cost more? Green Power, or renewable energy, is a relatively new concept. Companies have just recently begun to create

power from these sources of energy. As a modern technology, these types of facilities are more expensive to construct and operate. As technology and usage increases, it is likely that overall costs will decrease.

How do I know I'm getting Green Power? Power generators put power into the energy pool and power grid as energy customers take it out. Wind-generated Green Power enters the power pool that is already being fed by other power resources like natural gas, oil and coal. By supporting Green Power you are investing in the further development of a clean power resource.

How does Green Power benefit our local communities? Choosing renewable power reduces the impact on our water sources, the air we breathe, wildlife, and the land around us. Also, the more customers participating in Green Power will help ensure that our communities will benefit from renewable energy sources long into the future.

What effects could wind turbines have on migratory birds? The technology associated with modern wind turbines has improved greatly, significantly reducing bird mortality at wind plants. Today's wind facilities are specifically located in areas where there is not an updraft. Tubular towers of modern wind turbines ensure that birds are unable to perch on the towers. Smaller turbines that may still have lattice towers have diagonal supports to discourage perching.

Please call us or stop by for more information.

8th Annual Music In The Hole Community Concert!

The Grand Teton Music Festival announces plans for the 8th anniversary of Music in the Hole, a free outdoor community concert to be held on Sunday, July 4th. The event will feature the Grand Teton Music Festival Orchestra led by conductor Larry Rachleff. The inaugural Music in the Hole concert was in 1997 and drew an estimated crowd of 6,000. Last year approximately 12,000 people enjoyed the sights and sounds of Music in the Hole!

The Music in the Hole concert will be held on the Alpine Field, the athletic grounds directly south of the Jackson Hole Middle School in the town of Jackson. The audience is invited to come early, pack a blanket and have a picnic on the lawn. Several local service organizations and businesses will sell food and drinks at the site beginning at 3:00 p.m. Pre-symphony entertainment will showcase local talent, starting with the Jackson Hole Community Band, followed by the acoustic folk/bluegrass of Anne & Pete Sibley, and the Westside Jazz Trio with Nicole Madison.

The Festival Orchestra will take the stage at 6:00 p.m. to perform a rousing patriotic and festive program featuring: The Star Spangled Banner, Liberty for All, God Bless America and an American Medley & A Salute to Jane Froman, to be sung by soprano Susan Lorette Dunn. We are honored to have Lyle and Sharon Waggoner as Masters of Ceremonies this year.

Music in the Hole is entirely funded by generous corporate sponsors, local businesses, and members of the community who believe that this event is part of what makes Jackson Hole the great and unique place that it is. Don't miss this afternoon of impeccable music, fun, and community spirit!

Music in the Hole Art Contest Winners Announced



Emily Paul's patriotic winning image.

Lower Valley Energy and The Grand Teton Music Festival have selected an image for the 4th of July Music In The Hole Program. Emily Paul, a junior at the Jackson Hole High School, captured the essence of the Fourth of July by creating a colorful image which incorporated the Cowboy State, our American flag, and musical notes drifting off into a sunset!

Emily, the Grand Prize Winner, will have the privilege of being the Program Cover and T-shirt artist, plus she will receive \$200 in cash, an award certificate, a commemorative T - shirt, two tickets to a Festival concert and be introduced at Music In The Hole on July 4th, 2004!

Children in grades K - 12 submitted artwork that depicted a musical theme with patriotic flare! There were 237 entries, the highest number of entries to date, and deciding the winner was no easy task. Entries were judged on creativity and originality and broken into four divisions: K - 3rd, 4th - 6th, 7th - 9th, 10th - 12th.

The following prizes were awarded:

- 1st** \$150 in cash - Hillary Bean, 5th grade
- 2nd** \$100 in cash - Emily Feuz, 12th grade
- 3rd** \$50 in cash - Charley Daveler 8th grade

Honorable Mention

2 tickets to a Festival Concert - Kaia Stachel-Zambryski, 10th grade

The top 3 works from each division will also appear in the program and receive an award certificate plus two tickets to a Festival Concert:

- K - 3rd** Golden Garnick, Anna Bowdler, McKinley Shindell
- 4th - 6th** Duncan McLaurin, Cam Walters, Emily Humphrey
- 7th - 9th** Richard Hess, Garnet Henderson, Lauren Gordon
- 10th - 12th** Cady Cox, Hillary Burbank, Andy Ciulla

As in years past, there are quite a few stories to be told about the students and the pieces they created. Take for example Duncan McLaurin, a Journeys School student who is visually impaired, who won his division and is submitting his entry into a national competition! Or Cady Cox, a WWHS student not quite sure of where to go with her talent, who now has a renewed sense of self after winning her division. Is it on to applying for art school for her? After talking to many of the students, teachers and parents, should you care to hear more of their stories, please call the Festival for contact information!

Congratulations to all the winners! Look for the Music In The Hole Program as an insert in both local papers on June 30th. This year, the winning masterpieces that were created for this fun community event will be on display the month of May and most of June at the First Bank of the Teton, Jackson State Bank and Trust, Teton County Library and the Teton County Recreation Center. Lower Valley Energy thanks all the talented artists who submitted artwork for this patriotic community event.

The Election Process

In the next couple of weeks Lower Valley Energy will send you a ballot and you will have an opportunity to vote for board of director positions in Districts 2 and 5. Directors of Lower Valley are elected to the board by the membership. They receive a per diem while on cooperative business, plus out-of-pocket expenses.

Directors are also eligible for paid medical, dental and vision insurance.

The Rules

The election process is governed by the Bylaws of Lower Valley Energy. The following guidelines are from our bylaws:

Nominations may be made by petition and signed by ten (10) or more members of any district prior to sixty (60) days before the annual meeting. This year's deadline for filing a petition was April 23rd, 2004. The Secretary shall mail the names of candidates for directors who have been nominated for Districts 2 and 5 with the Notice of the Annual Meeting. Nominees for Board of Director shall reside within the district from which they are nominated. All elections shall be by the total membership represented in person or by proxy of the members in attendance at the meeting in which the respective nominee is elected.

At each annual meeting of the members, Directors shall be elected by ballot as by the bylaws provided for the various districts, by and from the members, to serve a 3-year term or until their successors shall have been elected and qualified, subject to the various provisions of the bylaws.

At all meetings of members, a member may vote by proxy executed in writing by the member. Any proxy so executed shall be accompanied by instructions from the member as to how that proxy shall be voted. The spouse of a member may vote that membership, either in person or by proxy. Official notice of the annual meeting and voting proxies will be mailed out the beginning of June.

Except for member votes on mergers, consolidations, sale or disposition of assets and dissolutions, ten percent (10%) of all members of the cooperative present in person or by proxy or one hundred (100) members present in person, whichever is fewer, shall constitute a quorum for the transaction of business at all meetings of members.



Districts Up for Election:

District No. 2 comprises all areas north of The Narrows and west of Highway 89, including the Wayan, Swan Valley and Freedom areas.

District No. 5 comprises the town of Jackson, east of Cache Street and all areas north, excluding Jackson Hole Golf and Tennis.

Board Candidates

District 2

Fred D. Brog is the 5th in seniority amongst the Lower Valley Energy board members currently serving and also serves as Board Secretary/Treasurer. He serves as Lower Valley's representative to the Idaho Consumer-Owned Utilities Association, and is currently serving as the Association President. He is also a member of the Snake River Power Association Board, a Generation and Transmission cooperative serving Lower Valley in Southeast Idaho. Fred serves as a board member of NCSC, a subsidiary of Lower Valley Energy's National Cooperative Banking Board. Mr. Brog and his wife, Annie, ranch in Freedom, Wyoming. They produce agricultural crops and own a beef cattle operation. Fred received the prestigious Silver Beaver award for his many years of service with the Boy Scouts of America. He has been president of the local Farm Bureau organization, and is active in many other areas of his church and vocational endeavors. He enjoys being involved in community and political affairs. He is a certified ski instructor and enjoys skiing, snowmobiling and boating with his family.



Incumbant Fred Brog

Kurtis Weber is a lifelong Star Valley native. Kurtis owns and operates a farming operation in the Freedom area. Mr. Weber is also an employee of Lincoln County School District #2. Kurtis received his education at Star Valley High School and at Utah State University and has been a Lower Valley Energy cooperative member for over 25 years. Mr. Weber is an active member of his church and has served in many capacities, including many years as a scout leader in the Boy Scouts of America. He is also the current Chairman of the Freedom Community Park Board. After 25 years of marriage, Kurtis and Linda have 5 children and 2 adorable grandchildren.



Kurtis Weber

District 5

Dean S. Lewis was raised and educated in the State of Wyoming. He has worked in the electrical construction industry in Wyoming, Idaho, Illinois and Michigan since 1961. He is presently the President of Delcon, Inc., an electrical and mechanical contracting business. He is a past director of the Wyoming Chapter of the National Electrical Contractors Association and a present member of the Independent Electrical Contractors Association. Dean has served as a Director of Lower Valley Energy since 1984 and served seven years as the Board Secretary/Treasurer. Mr. Lewis currently represents Lower Valley Energy as a Director on the Wyoming Rural Electric Association Board, which consists of eleven electric cooperative systems within Wyoming. Dean and his wife Carol live in East Jackson



Incumbant Dean S. Lewis

Board Members Currently Serving

Dr. James R. Little has been a Lower Valley Board Member since 1981 and has served as the Board's Chairman since 1985. Dr. Little has practiced pediatrics in Jackson since 1972. Dr. Little was raised in Helena, MT, did his undergraduate work at Dartmouth College, and attended medical school at the University of Colorado in Denver. He completed his pediatric residency training in Madison, Wisconsin. He lives in Wilson, Wyoming and in his spare time enjoys traveling, skiing and outdoor activities.



Board President James R. Little, MD

Rod R. Jensen has served on the Lower Valley Energy Board of Directors since 1992. Rod currently serves as the Board Vice Chairman and previously was Board Secretary/Treasurer. Rod is President of the Bank of Star Valley and lives in Afton with his wife, Ilene. His past activities include Afton Utility Board, Director of Silverstar Communications, Inc., Afton Town Council Member, and Director of Lincoln Unit Association of Government (LUAG). Rod enjoys photography, hiking and fly-fishing.



Board Vice Chairman Rod R. Jensen

Peter L. Cook has been a Lower Valley Board member since 1984. Mr. Cook was raised and educated in Illinois, has received degrees in Business Administration and Engineering and served in the United States Army. In 1974 he and his wife, Jacque, moved to Jackson to open a restaurant. They have three children. Mr. Cook is associated with Wilson Lumber and Hardware, The Liquor Store, and The Stagecoach Bar and Restaurant. He currently serves on the Bank of Jackson Hole Board of Directors. Peter is also a long-standing member of Rotary Club of Jackson Hole. His past activities include trustee for the Community Entry Services (CES) Foundation, Teton Science School Board, Jackson Hole Chamber of Commerce Board and the Jackson Volunteer Fire Department.



Board Member Peter L. Cook

Thelma Crook has served for 19 years on the Lower Valley Energy Board of Directors and 17 years as Vice Chairman. She represents Lower Valley Energy currently as the Chairman of the nine member Energy Northwest Participants Review Board, which consists of 94 participants throughout the Northwest. She served 12 years on the board of Northwest Public Power Association, becoming President, and was awarded the Distinguished Service Award. She also served as Lower Valley Energy's Representative on the Wyoming Rural Electric Association for 3 years. Thelma received the Citizen of the Year Award for 1998 from the Star Valley Chamber of Commerce. Thelma retired from the Teton County School District. She holds a Master's Degree from the University of Northern Colorado. Thelma has been a resident of Jackson and Etna, Wyoming for 58 years and lives on the family ranch in Etna.



Board Member Thelma Crook

Linda Willard moved to Jackson in 1961. Linda retired in 2001 after being an employee of Lower Valley Energy for 25 years and in 2002 she was elected to become a board member. She currently serves as Vice Chairman of The Teton County Housing Authority (TCHA) and is a member of Rotary Club of Jackson Hole and St. John's Hospital Auxiliary. She is also an active member of the St. John's Episcopal Church. She has been active in the Cowboy Joe Booster Club, Sno-Devils and Jackson Hole Ski Club.



Board Member Linda Willard

Lower Valley Energy, Inc.

BALANCE SHEETS

December 31, 2003 and 2002

	2003	2002
<u>ASSETS</u>		
NONCURRENT ASSETS:		
Net utility plant	\$90,889,569	\$90,744,774
Other assets and investments	3,836,373	3,894,263
Deferred charges	<u>563,269</u>	<u>698,741</u>
Total noncurrent assets	<u>95,289,211</u>	<u>95,337,778</u>
CURRENT ASSETS:		
Cash and cash equivalents	410,181	\$138,882
Temporary investments	217,002	
Accounts receivable & unbilled revenue	6,267,950	6,273,969
Materials and supplies inventory	590,778	620,666
Prepaid expenses	<u>315,074</u>	<u>258,041</u>
Total current assets	<u>7,800,985</u>	<u>7,291,558</u>
Total assets	<u>\$103,090,196</u>	<u>\$102,629,336</u>
<u>MEMBERS' EQUITY AND LIABILITIES</u>		
MEMBERS' EQUITY:		
Patronage capital	\$ 36,260,877	\$33,785,820
Other equities	<u>4,588,756</u>	<u>3,839,573</u>
Total members' equity	<u>40,849,633</u>	<u>37,625,393</u>
NONCURRENT LIABILITIES:		
Long-term debt, due after 1 year	50,442,948	52,340,253
Deferred credits	<u>2,623,663</u>	<u>2,922,404</u>
Total noncurrent liabilities	<u>53,066,611</u>	<u>55,262,657</u>
CURRENT LIABILITIES:		
Lines of credit		1,052,952
Long-term debt, due within 1 year	1,927,634	1,818,752
Accounts payable	2,874,479	2,960,391
Customer deposits	457,687	416,462
Other current and accrued liabilities	<u>3,914,152</u>	<u>3,492,729</u>
Total current liabilities	<u>9,173,952</u>	<u>9,741,286</u>
Total members' equity and liabilities	<u>\$103,090,196</u>	<u>\$102,629,336</u>

Balance Sheets

Revenues & Margins

Lower Valley Energy, Inc.

STATEMENTS OF REVENUES & MARGINS

For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES:		
Electric energy revenue	\$30,207,250	\$30,279,787
Gas revenue	5,623,479	5,497,834
Miscellaneous revenue	<u>351,037</u>	<u>362,985</u>
Total operating revenues	<u>\$36,181,766</u>	<u>\$36,140,606</u>
OPERATING EXPENSES:		
Power production expense	60,665	86,971
Cost of power purchased	13,766,806	13,346,454
Cost of gas sold	3,765,697	3,742,329
Transmission expense	665,338	517,769
Distribution expense – operation and maintenance	3,233,967	2,939,203
Maintenance of general plant	253,203	155,831
Customer accounts expense	1,266,954	1,039,740
Other expense	35,303	2,221,560
General and administrative	1,627,093	1,732,190
Depreciation	3,960,165	3,880,732
Taxes – property and gross revenue	<u>693,703</u>	<u>655,801</u>
Total operating expenses	<u>29,328,894</u>	<u>30,318,580</u>
Operating margins before finance charges	6,852,872	5,822,026
FINANCE CHARGES:		
Interest on long-term debt	<u>2,453,903</u>	<u>2,601,116</u>
Net operating margins	<u>4,398,969</u>	<u>3,220,910</u>
NON-OPERATING MARGINS:		
Investment income	145,720	146,218
Non-operating margins – other	213,399	207,667
Capital credits	<u>200,911</u>	<u>243,688</u>
Total non-operating margins	<u>560,030</u>	<u>597,573</u>
Net margins	<u>\$4,958,999</u>	<u>\$3,818,483</u>

Your cooperative continues to grow and remain financially strong. Net margins exceeded \$4.9 million and were used for system improvements, repayment of debt principal, and retirement of patronage capital.

A complete copy of our audited financial statements can be obtained from either of our offices.



the quarterly newsletter from
your energy company

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Board of Directors

- Dr. James R. Little, Chairman
- Rod R. Jensen, Vice-Chairman
- Fred Brog, Secretary/Treasurer
- Peter L. Cook, Thelma Crook, Dean S. Lewis, Linda Willard
- James R. Webb, President/CEO
- Chad Jensen, Vice President
- Rick Knori, Director of Operations
- Mike McBride, Director of Administrative Services
- Bill Spaulding, Director of Electric Operations
- Martell Brower, Director of Gas Operations
- Angie Jennings, Director of Customer Service



Lower Valley Energy Goes Green

Lower Valley Energy's Strawberry Power Plant recently received certification as a Low Impact Hydropower facility. The Low Impact Hydropower Institute (LIHI), the nationally recognized and appointed agency responsible for administering the stringent certification criteria, issued the certificate. Lower Valley began the application process in September 2002. Upon meeting all certification and application requirements, the LIHI governing board voted unanimously, awarding the power plant and reservoir facilities - as well as the production of energy at Strawberry - as low impact on the environment. Facilities given the designation "low impact" are commonly referred to as "green" power.

The Strawberry Power Plant, located east of Bedford, officially went online in 1951. The community and surrounding areas have always enjoyed the public access that extends beyond the facility. "The Bedford locals and farmers have always been supportive of our efforts up Strawberry Creek," affirms Bill Spaulding, Director of Electric Operations. "Green power and no-emissions energy is important to our cooperative and the community it belongs to," Spaulding continued.

Lower Valley Energy is very proud of the power plant and the distinction of being certified as a low impact facility. Lower Valley is currently providing environmentally friendly Wyoming wind-generated green power to over 810 residential and 20 commercial consumers. We invite you to contact Lower Valley Energy to learn more about your green power options for your home or business.



236 North Washington
Afton, WY 83110

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Jackson, WY 83001

