

Lower Valley Energy, Inc.

balance sheets

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
assets		
NONCURRENT ASSETS		
Net utility plant	\$ 129,812,578	\$ 123,614,669
Other assets and investments	<u>4,076,923</u>	<u>4,383,203</u>
Total noncurrent assets	<u>133,889,501</u>	<u>127,997,872</u>
CURRENT ASSETS		
Cash and cash equivalents	724,278	493,429
Temporary investments	-	8,013
Accounts receivable, net	8,555,674	8,306,104
Materials and supplies inventory	1,347,107	1,462,614
Prepaid expenses	<u>29,905</u>	<u>23,732</u>
Total current assets	<u>10,656,964</u>	<u>10,293,892</u>
Deferred Charges	<u>369,334</u>	<u>395,647</u>
Total assets	<u>\$ 144,915,799</u>	<u>\$ 138,687,411</u>
member's equity and liabilities		
MEMBERS' EQUITY		
Patronage capital	\$ 50,033,942	\$ 48,310,688
Other equities	<u>11,486,777</u>	<u>10,223,882</u>
Total members' equity	<u>61,520,719</u>	<u>58,534,570</u>
NONCURRENT LIABILITIES		
Long-term debt, due after one year	<u>57,447,296</u>	<u>59,462,821</u>
Total noncurrent liabilities	<u>57,447,296</u>	<u>59,462,821</u>
CURRENT LIABILITIES		
Long-term debt, due within one year	2,517,970	2,434,113
Line of credit	7,021,803	-
Accounts Payable	4,913,537	5,782,341
Customer Deposits	399,542	436,781
Other current and accrued liabilities	<u>6,075,091</u>	<u>6,952,062</u>
Total current liabilities	<u>20,927,943</u>	<u>15,605,297</u>
Deferred Credits	5,019,841	5,084,723
Total members' equity and liabilities	<u>\$ 144,915,799</u>	<u>\$ 138,687,411</u>

Lower Valley Energy, Inc.

statements of revenues and margins

For The Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUE		
Electric energy revenue	\$ 39,199,454	\$ 39,005,196
Gas revenue	<u>8,437,454</u>	<u>11,129,091</u>
Total operating revenues	<u>47,636,909</u>	<u>50,134,287</u>
OPERATING EXPENSES		
Power production expense	116,259	106,036
Cost of power purchased	21,685,982	21,874,991
Cost of gas sold	5,005,593	8,524,840
Transmission expense	499,917	391,132
Distribution expense – operation and maintenance	4,159,619	4,424,846
Customer accounts expense	1,418,756	1,124,418
Sales expense	13,144	14,372
General and administrative	2,667,250	2,910,866
Depreciation	4,679,117	4,258,662
Taxes – property and gross revenue	<u>921,141</u>	<u>750,671</u>
Total operating expenses	<u>41,166,778</u>	<u>44,380,834</u>
Operating margins before finance charges	<u>6,470,131</u>	<u>5,753,453</u>
FINANCE CHARGES		
Interest on long-term debt	2,515,753	2,168,430
Other interest expense	<u>16,749</u>	<u>61,952</u>
Total finance charges	<u>2,532,502</u>	<u>2,230,382</u>
Net operating margins	<u>3,937,629</u>	<u>3,523,071</u>
NON-OPERATING MARGINS		
Investment income	118,923	246,013
Non-operating margins – other	209,624	(134,194)
Capital credits	<u>308,081</u>	<u>234,065</u>
Total non-operating margins	<u>636,628</u>	<u>345,884</u>
Net margins	<u>\$ 4,574,257</u>	<u>\$ 3,868,955</u>

Your cooperative continues to grow and remain financially strong. Net margins exceeded \$4.5 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.