

LOWER VALLEY ENERGY
STATEMENT OF OPERATIONS
For The Year Ended
December 31, 2015

CONSOLIDATED

We hereby certify that the entries in this report are in accordance with the accounts and other records of Lower Valley Energy, Inc. and reflect the status of the Cooperative to the best of our knowledge and belief.

SIGNATURE OF CHIEF FINANCIAL OFFICER

April 19, 2016

DATE

SIGNATURE OF PRESIDENT AND CEO

April 19, 2016

DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1 Operating Revenue	\$ 43,531,929	\$ 9,082,037	\$ 52,613,967	\$ 54,893,406
2 Power Production Expense	108,437	-	108,437	149,171
3 Cost of Purchased Power/Gas Sold	21,160,889	3,132,417	24,293,306	26,453,586
4 Transmission Operation & Maintenance	651,844	205,598	857,443	759,720
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	3,090,908	286,880	3,377,788	3,923,809
7 Distribution Maintenance Expense	1,247,896	201,645	1,449,541	1,333,580
8 Consumer Accounts Expense	745,791	94,905	840,696	887,884
9 Customer Service and Informational Expense	310,404	23,570	333,974	499,132
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	2,175,313	407,612	2,582,925	2,515,398
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 29,491,483	\$ 4,352,627	\$ 33,844,111	\$ 36,522,281
13 Depreciation and Amortization Expense	4,706,064	1,266,772	5,972,836	6,224,340
14 Tax Expense-Property	436,108	204,884	640,992	703,680
15 Tax Expense-Other	38,952	11,076	50,028	53,900
16 Interest on Long-Term Debt	4,994,839	1,399,245	6,394,084	6,727,834
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other ¹	14,200	44,133	14,005	60,000
19 Other Deductions	(178,947)	-	(178,947)	(178,920)
20 Total Cost of Electric Service (12 thru 19)	\$ 39,502,700	\$ 7,278,737	\$ 46,737,108	\$ 50,113,115
21 Patronage Capital & Operating Margins (1 minus 20)	\$ 4,029,230	\$ 1,803,300	\$ 5,876,859	\$ 4,780,291
22 Non Operating Margins-Interest ¹	157,999	-	113,670	30,000
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	(367,934)	(367,934)	10,000
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	524,168	112,272	636,440	345,000
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 4,711,397	\$ 1,547,638	\$ 6,259,035	\$ 5,165,291

DATA ON TRANSMISSION AND DISTRIBUTION

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1 New Services Connected	427	183	610	475
2 Services Retired	399	183	582	150
3 Total Services in Place	27,079	4,134	31,213	31,149
4 Idle Services (Excluding Seasonal)	225	35	260	273
5 Miles Transmission	235	53	288	288
6 Miles Distribution - Overhead	933	-	933	938
7 Miles Distribution - Underground	1,497	213	1,710	1,694
8 Total Miles In Service (5 + 6 + 7)	2,665	266	2,931	2,921

¹ Lines 18 and 22 in the Consolidated column do not include intercompany interest earned or accrued between the Electric and Gas divisions.

LOWER VALLEY ENERGY
STATEMENT OF OPERATIONS
For The Year Ended
December 31, 2015

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1 Operating Revenue	\$ 54,490,691	\$ 52,613,967	\$ 54,893,406	\$ 6,790,269
2 Power Production Expense	87,518	108,437	149,171	10,897
3 Cost of Purchased Power & Gas	26,538,565	24,293,306	26,453,586	3,302,064
4 Transmission Operation & Maintenance	649,200	857,443	759,720	85,087
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	3,469,265	3,377,788	3,923,809	520,074
7 Distribution Maintenance Expense	1,458,307	1,449,541	1,333,580	99,422
8 Consumer Accounts Expense	900,556	840,696	887,884	70,634
9 Customer Service and Informational Expense	336,564	333,974	499,132	627
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	2,817,268	2,582,925	2,515,398	501,799
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 36,257,243	\$ 33,844,111	\$ 36,522,281	\$ 4,590,604
13 Depreciation and Amortization Expense	5,834,014	5,972,836	6,224,340	439,479
14 Tax Expense-Property	681,426	640,992	703,680	15,152
15 Tax Expense-Other	51,713	50,028	53,900	5,863
16 Interest on Long-Term Debt	7,122,899	6,394,084	6,727,834	312,599
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other ¹	126,816	14,005	60,000	17
19 Other Deductions	956,331	(178,947)	(178,920)	(14,912)
20 Total Cost of Electric Service (12 thru 19)	\$ 51,030,442	\$ 46,737,108	\$ 50,113,115	\$ 5,348,802
21 Patronage Capital & Operating Margins (1 minus 20)	\$3,460,249	\$5,876,859	\$4,780,291	\$1,441,467
22 Non Operating Margins-Interest ¹	190,071	113,670	30,000	38,215
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	44,397	(367,934)	10,000	(369,289)
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	1,040,586	636,440	345,000	46,116
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 4,735,304	\$ 6,259,035	\$ 5,165,291	\$ 1,156,509

DATA ON TRANSMISSION AND DISTRIBUTION

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	475	610	5. Miles Trans.	288	288
2. Services Retired	150	582	6. Miles Dist. - OH	938	933
3. Total Services in Place	31,149	31,213	7. Miles Dist. - UG	1,694	1,710
4. Idle Services (Exclude Seasonal)	273	260	8. Total Miles (5 + 6 + 7)	2,921	2,931

¹ Lines 18 and 22 do not include intercompany interest earned or accrued between the Electric and Gas divisions.

LOWER VALLEY ENERGY, INC.
BALANCE SHEET
As of
December 31, 2015

CONSOLIDATED

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 201,225,976	\$ 205,418,978	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	563,721	3,752,430	31 Patronage Capital	54,757,135	52,789,021
3 Total Utility Plant	201,789,696	209,171,409	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	92,434,301	90,493,574	33 Operating Margins-Current Year	5,832,530	3,460,249
5 Net Utility Plant	109,355,396	118,677,834	34 Non Operating Margins	426,505	1,275,055
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	16,787,445	16,283,003
7 Investments in Subsidiary Companies	-	-	36 Total Margins & Equities	77,803,615	73,807,328
8 Invest. in Assoc. Org. - Patronage Capital	2,317,970	2,023,893	37 Long-Term Debt - RUS (Net)	-	-
9 Invest. in Assoc. Org.-Other-General Funds	6,685	6,685	38 Long-Term Debt - FFB - RUS Guaranteed	-	-
10 Invest. in Assoc. Org.-Other-Nongeneral Funds	2,019,375	2,130,401	39 Long-Term Debt - Other - RUS Guaranteed	-	-
11 Investments in Economic Development Projects	2,093	2,093	40 Long-Term Debt-Other (Net)	48,556,138	51,981,297
12 Other Investments	630,000	702,795	40a Long-Term Debt-BPA Power Prepayment	133,183,039	140,513,763
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	1,318,965	1,500,000
14 Total Other Property & Investments	4,976,124	4,865,868	42 Payments - Unapplied	-	-
15 Cash-General Funds	219,553	(70,244.82)	43 Total Long-Term Debt	183,058,142	193,995,060
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	1,299,524	1,193,981	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	5,162,666	-	46 Total Other Noncurrent Liabilities	-	-
19 Notes Receivable-Net	337,240	280,487	47 Notes Payable	-	2,533,186
20 Accounts Receivable-Net Sales of Energy	5,400,628	5,054,466	48 Accounts Payable	3,077,697	3,172,956
21 Accounts Receivable-Net Other	740,342	613,328	49 Consumers Deposits	601,947	557,728
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	11,616,665	10,529,572
23 Materials & Supplies-Electric and Other	1,655,081	1,482,949	51 Current Maturities LTD - Econ. Devel.	-	-
24 Prepayments (inc. BPA Power Prepayment)	29,059	75,283	52 Current Maturities Capital Leases	-	-
24a BPA Power Prepayment - Current	7,891,736	7,540,913	53 Other Current & Accrued Liabilities	3,552,854	3,168,934
25 Other Current & Accrued Assets	3,073,642	2,849,170	54 Total Current & Accrued Liabilities	18,849,163	19,962,376
26 Total Current & Accrued Assets	25,809,472	19,020,332	55 Regulatory Liabilities	-	-
27 Regulatory Assets	-	-	56 Deferred Credits	6,146,573	2,896,351
28 Other Deferred Debits	20,337,633	14,826,476	57 Total Liabilities & Other Credits	\$ 285,857,493	\$ 290,661,114
28a BPA Power Prepayment - Non-current	125,378,868	133,270,604			
29 Total Assets & Other Debits	\$ 285,857,493	\$ 290,661,114			
			ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION		
			58 Balance Beginning of Year (1978 Thru 2014)	\$54,457,084	\$52,420,428
			59 Amounts Received This Year (Net)	2,976,031	2,036,656
			60 Total Contributions-In-Aid-Of-Construction	\$57,433,115	\$54,457,084