

**LOWER VALLEY ENERGY  
STATEMENT OF OPERATIONS**

*For The Month Ended  
May 31, 2016*

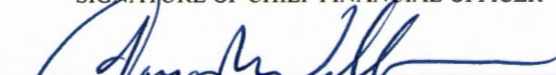
**CONSOLIDATED**

*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

June 16, 2016

DATE

  
\_\_\_\_\_  
SIGNATURE OF PRESIDENT AND CEO

June 16, 2016

DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Budget
<b>1 Operating Revenue</b>	\$ 21,309,134	\$ 4,083,903	\$ 25,393,037	\$ 24,646,452
2 Power Production Expense	59,809	-	59,809	76,167
3 Cost of Purchased Power/Gas Sold	11,397,566	1,246,112	12,643,678	13,047,813
4 Transmission Operation & Maintenance	191,888	86,121	278,009	273,943
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,360,523	169,895	1,530,418	1,553,627
7 Distribution Maintenance Expense	488,333	109,124	597,457	602,121
8 Consumer Accounts Expense	331,748	39,826	371,574	384,236
9 Customer Service and Informational Expense	265,833	10,510	276,342	259,391
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	849,692	173,695	1,023,387	1,033,338
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	\$ 14,945,391	\$ 1,835,283	\$ 16,780,674	\$ 17,230,637
13 Depreciation and Amortization Expense	1,938,262	523,626	2,461,888	2,601,355
14 Tax Expense-Property	185,950	87,850	273,800	277,850
15 Tax Expense-Other	20,501	6,188	26,690	25,800
16 Interest on Long-Term Debt	1,896,453	568,074	2,464,528	2,547,952
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	3,698	3,571	4,252	5,000
19 Other Deductions	(74,561)	-	(74,561)	(74,561)
<b>20 Total Cost of Electric Service (16 thru 23)</b>	\$ 18,915,694	\$ 3,024,593	\$ 21,937,271	\$ 22,614,033
<b>21 Patronage Capital &amp; Operating Margins (3 minus 24)</b>	\$ 2,393,440	\$ 1,059,309	\$ 3,455,766	\$ 2,032,418
22 Non Operating Margins-Interest <sup>1</sup>	84,029	-	81,013	35,000
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	34,131	8,122	42,253	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	53,876	-	53,876	-
28 Extraordinary Items	-	-	-	-
<b>29 Patronage Capital or Margins (21 thru 28)</b>	\$ 2,565,476	\$ 1,067,432	\$ 3,632,907	\$ 2,067,418

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Last Year
1 New Services Connected	124	28	152	224
2 Services Retired	50	15	65	466
3 Total Services in Place	27,205	4,068	31,273	31,136
4 Idle Services (Excluding Seasonal)	221	34	255	243
5 Miles Transmission	235	53	288	288
6 Miles Distribution - Overhead	933	-	933	936
7 Miles Distribution - Underground	1,497	196	1,693	1,735
8 Total Miles In Service ( 5 + 6 + 7 )	2,665	249	2,915	2,960

<sup>1</sup> 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 Month Ended*  
**May 31, 2016**

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1 Operating Revenue	\$ 24,462,530	\$ 25,393,037	\$ 24,646,452	\$ 3,592,035
2 Power Production Expense	49,229	59,809	76,167	13,046
3 Cost of Purchased Power & Gas	12,200,093	12,643,678	13,047,813	1,298,620
4 Transmission Operation & Maintenance	354,650	278,009	273,943	59,886
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,388,842	1,530,418	1,553,627	295,817
7 Distribution Maintenance Expense	554,883	597,457	602,121	163,407
8 Consumer Accounts Expense	314,644	371,574	384,236	74,177
9 Customer Service and Informational Expense	269,706	276,342	259,391	32,977
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,043,285	1,023,387	1,033,338	230,253
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 16,175,333	\$ 16,780,674	\$ 17,230,637	\$ 2,168,182
13 Depreciation and Amortization Expense	2,500,835	2,461,888	2,601,355	492,891
14 Tax Expense-Property	288,475	273,800	277,850	54,760
15 Tax Expense-Other	25,108	26,690	25,800	3,726
16 Interest on Long-Term Debt	2,824,998	2,464,528	2,547,952	490,623
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	38,861	4,252	5,000	864
19 Other Deductions	(74,561)	(74,561)	(74,561)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 21,779,049	\$ 21,937,271	\$ 22,614,033	\$ 3,196,135
21 Patronage Capital & Operating Margins (3 minus 24)	\$2,683,482	\$3,455,766	\$2,032,418	\$395,901
22 Non Operating Margins-Interest <sup>1</sup>	74,569	81,013	35,000	7,419
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	42,253	-	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	766	53,876	-	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 2,758,816	\$ 3,632,907	\$ 2,067,418	\$ 403,320

**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	224	152	5. Miles Trans.	288	288
2. Services Retired	466	65	6. Miles Dist. - OH	936	933
3. Total Services in Place	31,136	31,273	7. Miles Dist. - UG	1,735	1,693
4. Idle Services (Exclude Seasonal)	243	255	8. Total Miles (5 + 6 + 7)	2,960	2,915

<sup>1</sup> 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*  
**May 31, 2016**

**CONSOLIDATED**

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 202,547,871	\$ 207,553,422	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	463,283	2,480,677	31 Patronage Capital	54,306,785	52,443,520
<b>3 Total Utility Plant</b>	<b>203,011,154</b>	<b>210,034,099</b>	32 Operating Margins-Prior Years	6,259,035	4,735,303
4 Accum. Provision for Depreciation and Amort	95,046,024	92,979,224	33 Operating Margins-Current Year	3,452,749	2,683,482
<b>5 Net Utility Plant</b>	<b>107,965,130</b>	<b>117,054,875</b>	34 Non Operating Margins	180,158	75,335
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	17,029,440	16,508,838
7 Investments in Subsidiary Companies	-	-	<b>36 Total Margins &amp; Equities</b>	<b>81,228,167</b>	<b>76,446,478</b>
8 Invest. in Assoc. Org. - Patronage Capital	2,359,366	2,004,296	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	2,018,552	2,127,171	39 Long-Term Debt - Other - RUS Guaranteed	-	-
11 Investments in Economic Development Projects	2,093	2,093	40 Long-Term Debt-Other (Net)	47,951,231	50,701,008
12 Other Investments	612,133	657,249	40a Long-Term Debt-BPA Power Prepayment	129,076,416	137,212,995
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	1,136,156	1,500,000
<b>14 Total Other Property &amp; Investments</b>	<b>4,998,830</b>	<b>4,797,495</b>	42 Payments - Unapplied	-	-
15 Cash-General Funds	734,779	421,551	<b>43 Total Long-Term Debt</b>	<b>178,163,803</b>	<b>189,414,004</b>
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	1,316,281	1,189,510	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	7,506,657	4,307,855	<b>46 Total Other Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
19 Notes Receivable-Net	308,381	300,215	47 Notes Payable	-	0
20 Accounts Receivable-Net Sales of Energy	2,791,863	2,916,909	48 Accounts Payable	1,601,213	1,648,198
21 Accounts Receivable-Net Other	855,067	535,544	49 Consumers Deposits	570,650	540,737
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	11,067,392	10,697,264
23 Materials & Supplies-Electric and Other	2,015,578	1,781,764	51 Current Maturities LTD - Econ. Devel.	-	-
24 Prepayments (inc. BPA Power Prepayment)	222,516	220,706	52 Current Maturities Capital Leases	-	-
24a BPA Power Prepayment - Current	7,891,736	7,540,913	53 Other Current & Accrued Liabilities	2,780,437	2,505,785
25 Other Current & Accrued Assets	1,239,387	1,266,880	<b>54 Total Current &amp; Accrued Liabilities</b>	<b>16,019,692</b>	<b>15,391,983</b>
<b>26 Total Current &amp; Accrued Assets</b>	<b>24,882,246</b>	<b>20,481,846</b>	55 Regulatory Liabilities	-	-
27 Regulatory Assets	-	-	56 Deferred Credits	4,624,564	5,812,047
28 Other Deferred Debits	20,055,821	14,557,757	<b>57 Total Liabilities &amp; Other Credits</b>	<b>\$ 280,036,226</b>	<b>\$ 287,064,511</b>
28a BPA Power Prepayment - Non-current	122,134,199	130,172,538			
<b>29 Total Assets &amp; Other Debits</b>	<b>\$ 280,036,226</b>	<b>\$ 287,064,511</b>			
			<b>ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION</b>		
			58 Balance Beginning of Year (1978 Thru 2013)	\$57,433,115	\$54,457,084
			59 Amounts Received This Year (Net)	811,777	1,314,028
			60 Total Contributions-In-Aid-Of-Construction	\$58,244,893	\$55,771,112