

**LOWER VALLEY ENERGY  
STATEMENT OF OPERATIONS**

*For The Month Ended  
June 30, 2016*

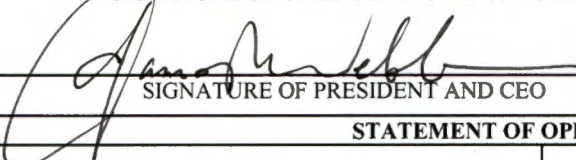
**CONSOLIDATED**

*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

July 19, 2016

DATE

  
SIGNATURE OF PRESIDENT AND CEO

July 19, 2016

DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Budget
<b>1 Operating Revenue</b>	\$ 24,213,498	\$ 4,447,210	\$ 28,660,708	\$ 28,074,694
2 Power Production Expense	71,170	-	71,170	87,065
3 Cost of Purchased Power/Gas Sold	12,632,250	1,361,765	13,994,015	14,559,784
4 Transmission Operation & Maintenance	257,519	96,299	353,817	337,144
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,609,662	191,076	1,800,738	1,817,137
7 Distribution Maintenance Expense	624,231	129,118	753,349	795,465
8 Consumer Accounts Expense	390,513	46,168	436,680	458,949
9 Customer Service and Informational Expense	291,727	12,711	304,438	317,103
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,023,375	203,479	1,226,854	1,226,502
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	\$ 16,900,447	\$ 2,040,615	\$ 18,941,061	\$ 19,599,149
13 Depreciation and Amortization Expense	2,327,437	628,413	2,955,850	3,122,050
14 Tax Expense-Property	223,140	105,420	328,560	333,420
15 Tax Expense-Other	23,466	6,670	30,137	28,900
16 Interest on Long-Term Debt	2,268,217	680,603	2,948,820	3,049,978
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	4,388	3,636	5,007	6,000
19 Other Deductions	(89,473)	-	(89,473)	(89,473)
<b>20 Total Cost of Electric Service (16 thru 23)</b>	\$ 21,657,621	\$ 3,465,357	\$ 25,119,961	\$ 26,050,024
<b>21 Patronage Capital &amp; Operating Margins (3 minus 24)</b>	\$ 2,555,877	\$ 981,853	\$ 3,540,747	\$ 2,024,670
22 Non Operating Margins-Interest <sup>1</sup>	109,823	-	106,806	42,000
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>	\$ 2,753,706	\$ 989,975	\$ 3,743,681	\$ 2,066,670

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Last Year
1 New Services Connected	177	38	215	277
2 Services Retired	63	18	81	405
3 Total Services in Place	27,253	4,081	31,334	30,175
4 Idle Services (Excluding Seasonal)	215	34	249	237
5 Miles Transmission	235	53	288	288
6 Miles Distribution - Overhead	933	-	933	936
7 Miles Distribution - Underground	1,497	196	1,693	1,702
8 Total Miles In Service ( 5 + 6 + 7 )	2,665	249	2,915	2,927

<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*  
**June 30, 2016**

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1 Operating Revenue	\$ 27,556,698	\$ 28,660,708	\$ 28,074,694	\$ 3,267,671
2 Power Production Expense	60,394	71,170	87,065	11,361
3 Cost of Purchased Power & Gas	13,384,927	13,994,015	14,559,784	1,350,336
4 Transmission Operation & Maintenance	445,667	353,817	337,144	75,809
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,647,627	1,800,738	1,817,137	270,321
7 Distribution Maintenance Expense	742,119	753,349	795,465	155,892
8 Consumer Accounts Expense	429,860	436,680	458,949	65,106
9 Customer Service and Informational Expense	212,440	304,438	317,103	28,095
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,186,056	1,226,854	1,226,502	203,466
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 18,109,090	\$ 18,941,061	\$ 19,599,149	\$ 2,160,387
13 Depreciation and Amortization Expense	3,004,403	2,955,850	3,122,050	493,961
14 Tax Expense-Property	346,170	328,560	333,420	54,760
15 Tax Expense-Other	28,159	30,137	28,900	3,447
16 Interest on Long-Term Debt	3,383,468	2,948,820	3,049,978	484,293
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	38,509	5,007	6,000	755
19 Other Deductions	(89,473)	(89,473)	(89,473)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 24,820,325	\$ 25,119,961	\$ 26,050,024	\$ 3,182,690
21 Patronage Capital & Operating Margins (3 minus 24)	\$2,736,373	\$3,540,747	\$2,024,670	\$84,981
22 Non Operating Margins-Interest <sup>1</sup>	65,293	106,806	42,000	25,793
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)	\$ 2,802,432	\$ 3,743,681	\$ 2,066,670	\$ 110,774

**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	277	215	5. Miles Trans.	288	288
2. Services Retired	405	81	6. Miles Dist. - OH	936	933
3. Total Services in Place	30,175	31,334	7. Miles Dist. - UG	1,702	1,693
4. Idle Services (Exclude Seasonal)	237	249	8. Total Miles (5 + 6 + 7)	2,927	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*  
**June 30, 2016**

**CONSOLIDATED**

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 202,794,568	\$ 207,588,737	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	559,529	2,754,518	31 Patronage Capital	54,290,596	53,879,228
<b>3 Total Utility Plant</b>	<b>203,354,097</b>	<b>210,343,256</b>	32 Operating Margins-Prior Years	6,259,035	2,920,444
4 Accum. Provision for Depreciation and Amort	95,577,937	93,516,030	33 Operating Margins-Current Year	3,537,730	2,735,453
<b>5 Net Utility Plant</b>	<b>107,776,160</b>	<b>116,827,226</b>	34 Non Operating Margins	205,951	66,059
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	17,005,633	16,847,951
7 Investments in Subsidiary Companies	-	-	<b>36 Total Margins &amp; Equities</b>	<b>81,298,946</b>	<b>76,449,134</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)	47,924,652	50,675,412
12 Other Investments	608,800	653,115	40a Long-Term Debt-BPA Power Prepayment	128,384,423	136,546,599
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	1,136,156	1,318,965
<b>14 Total Other Property &amp; Investments</b>	<b>4,995,497</b>	<b>4,793,361</b>	42 Payments - Unapplied	-	-
15 Cash-General Funds	1,161,966	382,925	<b>43 Total Long-Term Debt</b>	<b>177,445,231</b>	<b>188,540,976</b>
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	1,319,634	1,193,669	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	7,539,769	4,669,946	<b>46 Total Other Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
19 Notes Receivable-Net	296,494	290,726	47 Notes Payable	-	0
20 Accounts Receivable-Net Sales of Energy	2,777,419	2,480,025	48 Accounts Payable	1,927,883	1,335,222
21 Accounts Receivable-Net Other	1,011,140	476,172	49 Consumers Deposits	537,817	546,448
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	11,093,972	10,722,860
23 Materials & Supplies-Electric and Other	2,321,777	1,858,670	51 Current Maturities LTD - Econ. Devel.	-	-
24 Prepayments (inc. BPA Power Prepayment)	193,429	172,638	52 Current Maturities Capital Leases	-	-
24a BPA Power Prepayment - Current	7,891,736	7,540,913	53 Other Current & Accrued Liabilities	3,018,820	2,832,803
25 Other Current & Accrued Assets	899,902	1,087,071	<b>54 Total Current &amp; Accrued Liabilities</b>	<b>16,578,492</b>	<b>15,437,333</b>
<b>26 Total Current &amp; Accrued Assets</b>	<b>25,413,267</b>	<b>20,152,754</b>	55 Regulatory Liabilities	-	-
27 Regulatory Assets	-	-	56 Deferred Credits	4,460,825	5,385,992
28 Other Deferred Debits	20,120,714	14,523,899	<b>57 Total Liabilities &amp; Other Credits</b>	<b>\$ 279,783,493</b>	<b>\$ 285,813,435</b>
28a BPA Power Prepayment - Non-current	121,477,855	129,516,195			
<b>29 Total Assets &amp; Other Debits</b>	<b>\$ 279,783,493</b>	<b>\$ 285,813,435</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)	1,226,355	1,733,608
			60 Total Contributions-In-Aid-Of-Construction	<u>\$58,659,470</u>	<u>\$56,190,692</u>