

**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
**October 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 ACCOUNTING MANAGER

November 22, 2016  
DATE

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

November 22, 2016  
DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Budget
<b>1 Operating Revenue</b>	\$ 36,552,171	\$ 6,144,357	\$ 42,696,528	\$ 41,946,573
2 Power Production Expense	104,229	-	104,229	125,187
3 Cost of Purchased Power/Gas Sold	18,658,974	1,936,071	20,595,044	21,030,526
4 Transmission Operation & Maintenance	489,685	149,071	638,757	572,999
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	2,563,348	262,499	2,825,847	2,869,722
7 Distribution Maintenance Expense	1,173,446	188,589	1,362,035	1,402,599
8 Consumer Accounts Expense	601,062	68,978	670,040	767,211
9 Customer Service and Informational Expense	369,484	19,876	389,360	519,497
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,625,479	285,835	1,911,315	1,936,544
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	\$ 25,585,708	\$ 2,910,919	\$ 28,496,627	\$ 29,224,284
13 Depreciation and Amortization Expense	3,888,101	1,047,798	4,935,899	5,215,050
14 Tax Expense-Property	388,722	178,458	567,181	555,700
15 Tax Expense-Other	34,698	8,135	42,832	40,800
16 Interest on Long-Term Debt	3,735,748	1,129,146	4,864,894	5,034,616
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	7,160	3,858	8,001	10,000
19 Other Deductions	(149,122)	-	(149,122)	(149,122)
<b>20 Total Cost of Electric Service (16 thru 23)</b>	\$ 33,491,016	\$ 5,278,314	\$ 38,766,313	\$ 39,931,328
<b>21 Patronage Capital &amp; Operating Margins (3 minus 24)</b>	\$ 3,061,155	\$ 866,044	\$ 3,930,216	\$ 2,015,246
22 Non Operating Margins-Interest <sup>1</sup>	194,764	-	191,747	70,000
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	54,631	8,122	62,753	10,000
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	481,400	108,843	590,244	525,000
28 Extraordinary Items	-	-	-	-
<b>29 Patronage Capital or Margins (21 thru 28)</b>	\$ 3,791,950	\$ 983,009	\$ 4,774,959	\$ 2,620,246

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Last Year
1 New Services Connected	378	95	473	530
2 Services Retired	120	22	142	568
3 Total Services in Place	27,380	4,129	31,509	31,365
4 Idle Services (Excluding Seasonal)	220	33	253	229
5 Miles Transmission	235	53	288	288
6 Miles Distribution - Overhead	937	-	937	936
7 Miles Distribution - Underground	1,476	196	1,673	1,739
8 Total Miles In Service ( 5 + 6 + 7 )	2,648	249	2,897	2,963

<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*  
**October 31, 2016**

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1 Operating Revenue	\$ 40,724,050	\$ 42,696,528	\$ 41,946,573	\$ 3,994,692
2 Power Production Expense	92,987	104,229	125,187	6,911
3 Cost of Purchased Power & Gas	18,539,569	20,595,044	21,030,526	1,940,405
4 Transmission Operation & Maintenance	727,084	638,757	572,999	102,635
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	2,623,824	2,825,847	2,869,722	211,006
7 Distribution Maintenance Expense	1,259,131	1,362,035	1,402,599	167,900
8 Consumer Accounts Expense	698,872	670,040	767,211	57,495
9 Customer Service and Informational Expense	232,381	389,360	519,497	20,936
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,929,051	1,911,315	1,936,544	175,642
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 26,102,900	\$ 28,496,627	\$ 29,224,284	\$ 2,682,930
13 Depreciation and Amortization Expense	5,023,663	4,935,899	5,215,050	495,747
14 Tax Expense-Property	571,080	567,181	555,700	64,550
15 Tax Expense-Other	39,656	42,832	40,800	3,480
16 Interest on Long-Term Debt	5,562,612	4,864,894	5,034,616	474,615
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	50,337	8,001	10,000	645
19 Other Deductions	(149,122)	(149,122)	(149,122)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 37,201,126	\$ 38,766,313	\$ 39,931,328	\$ 3,707,054
21 Patronage Capital & Operating Margins (3 minus 24)	\$3,522,924	\$3,930,216	\$2,015,246	\$287,638
22 Non Operating Margins-Interest <sup>1</sup>	105,026	191,747	70,000	21,120
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	1,355	62,753	10,000	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	590,324	590,244	525,000	536,368
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 4,219,629	\$ 4,774,959	\$ 2,620,246	\$ 845,126

**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	530	473	5. Miles Trans.	288	288
2. Services Retired	568	142	6. Miles Dist. - OH	936	937
3. Total Services in Place	31,365	31,509	7. Miles Dist. - UG	1,739	1,673
4. Idle Services (Exclude Seasonal)	229	253	8. Total Miles (5 + 6 + 7)	2,963	2,897

<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*  
**October 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	\$ 203,299,435	\$ 209,368,377	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	973,871	2,375,138	31 Patronage Capital	60,374,489	56,590,434
<b>3 Total Utility Plant</b>	<b>204,273,306</b>	<b>211,743,515</b>	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	97,575,653	95,484,304	33 Operating Margins-Current Year	3,927,199	3,522,924
<b>5 Net Utility Plant</b>	<b>106,697,653</b>	<b>116,259,211</b>	34 Non Operating Margins	847,761	696,705
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	17,054,905	16,913,384
7 Investments in Subsidiary Companies	-	-	<b>36 Total Margins &amp; Equities</b>	<b>82,204,353</b>	<b>77,723,446</b>
8 Invest. in Assoc. Org. - Patronage Capital	2,616,935	2,320,024	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)	47,486,016	49,725,839
12 Other Investments	602,133	635,053	40a Long-Term Debt-BPA Power Prepayment	125,592,417	133,859,983
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	2,136,156	1,318,965
<b>14 Total Other Property &amp; Investments</b>	<b>5,246,399</b>	<b>5,091,026</b>	42 Payments - Unapplied	-	-
15 Cash-General Funds	632,449	286,039	<b>43 Total Long-Term Debt</b>	<b>175,214,589</b>	<b>184,904,787</b>
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	2,329,695	1,210,217	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	7,725,464	4,947,479	<b>46 Total Other Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
19 Notes Receivable-Net	323,569	320,028	47 Notes Payable	-	0
20 Accounts Receivable-Net Sales of Energy	2,959,604	2,490,720	48 Accounts Payable	2,180,419	1,789,174
21 Accounts Receivable-Net Other	1,557,430	209,261	49 Consumers Deposits	549,066	589,135
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	10,687,921	10,882,223
23 Materials & Supplies-Electric and Other	2,252,946	2,089,185	51 Current Maturities LTD - Econ. Devel.	-	-
24 Prepayments (inc. BPA Power Prepayment)	183,403	156,671	52 Current Maturities Capital Leases	-	-
24a BPA Power Prepayment - Current	7,891,736	7,540,913	53 Other Current & Accrued Liabilities	3,410,699	2,763,434
25 Other Current & Accrued Assets	1,424,020	1,494,984	<b>54 Total Current &amp; Accrued Liabilities</b>	<b>16,828,104</b>	<b>16,023,965</b>
<b>26 Total Current &amp; Accrued Assets</b>	<b>27,280,316</b>	<b>20,745,497</b>	55 Regulatory Liabilities	-	-
27 Regulatory Assets	-	-	56 Deferred Credits	3,642,017	4,814,178
28 Other Deferred Debits	19,837,228	14,357,838	<b>57 Total Liabilities &amp; Other Credits</b>	<b>\$ 277,889,063</b>	<b>\$ 283,466,377</b>
28a BPA Power Prepayment - Non-current	118,827,467	127,012,806			
<b>29 Total Assets &amp; Other Debits</b>	<b>\$ 277,889,063</b>	<b>\$ 283,466,377</b>			
			<b>ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION</b>		
			58 Balance Beginning of Year (1978 Thru 2015)	\$57,433,115	\$54,457,084
			59 Amounts Received This Year (Net)	2,793,552	2,781,212
			60 Total Contributions-In-Aid-Of-Construction	\$60,226,667	\$57,238,296