

**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATIONS**

*For The Month Ended*  
*December 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.*

**PRELIMINARY**

SIGNATURE OF ACCOUNTING MANAGER

February 16, 2017

DATE

**PRELIMINARY**

SIGNATURE OF PRESIDENT AND CEO

February 16, 2017

DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Budget
<b>1 Operating Revenue</b>	\$ 46,446,463	\$ 8,281,762	\$ 54,728,225	\$ 53,654,363
2 Power Production Expense	123,170	-	123,170	152,585
3 Cost of Purchased Power/Gas Sold	24,061,768	2,955,514	27,017,282	26,431,653
4 Transmission Operation & Maintenance	566,970	184,520	751,491	692,611
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	3,203,508	310,863	3,514,371	3,403,728
7 Distribution Maintenance Expense	1,361,282	215,914	1,577,195	1,603,716
8 Consumer Accounts Expense	722,100	82,157	804,257	909,065
9 Customer Service and Informational Expense	334,411	25,183	359,595	633,249
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	2,140,528	357,441	2,497,969	2,616,832
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	\$ 32,513,737	\$ 4,131,593	\$ 36,645,329	\$ 36,443,439
13 Depreciation and Amortization Expense	4,671,035	1,257,618	5,928,653	6,267,080
14 Tax Expense-Property	479,925	216,357	696,281	666,840
15 Tax Expense-Other	42,788	10,603	53,391	51,900
16 Interest on Long-Term Debt	4,460,352	1,352,147	5,812,499	6,011,788
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	8,526	4,779	9,509	12,000
19 Other Deductions	(178,947)	-	(178,947)	(178,947)
<b>20 Total Cost of Electric Service (16 thru 23)</b>	\$ 41,997,416	\$ 6,973,096	\$ 48,966,715	\$ 49,274,100
<b>21 Patronage Capital &amp; Operating Margins (3 minus 24)</b>	\$ 4,449,047	\$ 1,308,666	\$ 5,761,510	\$ 4,380,263
22 Non Operating Margins-Interest <sup>1</sup>	242,656	-	238,859	84,000
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	483,558	108,843	592,401	525,000
28 Extraordinary Items	-	-	-	-
<b>29 Patronage Capital or Margins (21 thru 28)</b>	\$ 5,229,892	\$ 1,425,631	\$ 6,655,523	\$ 4,999,263

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Natural Gas	Consolidated	Last Year
1 New Services Connected	507	125	632	610
2 Services Retired	129	29	158	582
3 Total Services in Place	27,459	4,141	31,600	31,390
4 Idle Services (Excluding Seasonal)	227	34	261	260
5 Miles Transmission	235	53	288	288
6 Miles Distribution - Overhead	935	-	935	933
7 Miles Distribution - Underground	1,485	210	1,695	1,759
8 Total Miles In Service ( 5 + 6 + 7 )	2,655	263	2,918	2,980

<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*  
**December 31, 2016**

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1 Operating Revenue	\$ 52,613,967	\$ 54,728,225	\$ 53,654,363	\$ 7,382,952
2 Power Production Expense	108,437	123,170	152,585	10,136
3 Cost of Purchased Power & Gas	24,293,306	27,017,282	26,431,653	4,215,629
4 Transmission Operation & Maintenance	857,443	751,491	692,611	69,407
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	3,377,788	3,514,371	3,403,728	467,424
7 Distribution Maintenance Expense	1,449,541	1,577,195	1,603,716	130,908
8 Consumer Accounts Expense	840,696	804,257	909,065	66,702
9 Customer Service and Informational Expense	333,974	359,595	633,249	(52,779)
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	2,582,925	2,497,969	2,616,832	466,240
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 33,844,111	\$ 36,645,329	\$ 36,443,439	\$ 5,373,666
13 Depreciation and Amortization Expense	5,972,836	5,928,653	6,267,080	496,440
14 Tax Expense-Property	640,992	696,281	666,840	64,550
15 Tax Expense-Other	50,028	53,391	51,900	6,338
16 Interest on Long-Term Debt	6,394,084	5,812,499	6,011,788	472,223
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other <sup>1</sup>	58,334	9,509	12,000	836
19 Other Deductions	(178,947)	(178,947)	(178,947)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 46,781,437	\$ 48,966,715	\$ 49,274,100	\$ 6,399,141
21 Patronage Capital & Operating Margins (3 minus 24)	\$5,832,530	\$5,761,510	\$4,380,263	\$983,811
22 Non Operating Margins-Interest <sup>1</sup>	157,999	238,859	84,000	25,549
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	(367,934)	62,753	10,000	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	636,440	592,401	525,000	2,157
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 6,259,035	\$ 6,655,523	\$ 4,999,263	\$ 1,011,517

**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	610	632	5. Miles Trans.	288	288
2. Services Retired	582	158	6. Miles Dist. - OH	933	935
3. Total Services in Place	31,390	31,600	7. Miles Dist. - UG	1,759	1,695
4. Idle Services (Exclude Seasonal)	260	261	8. Total Miles (5 + 6 + 7)	2,980	2,918

<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*  
**December 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	\$ 203,962,818	\$ 201,225,976	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	548,006	563,721	31 Patronage Capital	58,093,004	54,757,135
<b>3 Total Utility Plant</b>	<b>204,510,824</b>	<b>201,789,696</b>	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	98,008,430	92,434,301	33 Operating Margins-Current Year	5,761,982	5,832,530
<b>5 Net Utility Plant</b>	<b>106,502,394</b>	<b>109,355,396</b>	34 Non Operating Margins	897,809	426,505
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	17,703,985	16,787,445
7 Investments in Subsidiary Companies	-	-	<b>36 Total Margins &amp; Equities</b>	<b>82,456,781</b>	<b>77,803,615</b>
8 Invest. in Assoc. Org. - Patronage Capital	2,614,741	2,317,970	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	2,019,375	39 Long-Term Debt - Other - RUS Guaranteed	-	-
11 Investments in Economic Development Projects	2,093	2,093	40 Long-Term Debt-Other (Net)	46,840,841	48,556,138
12 Other Investments	590,000	630,000	40a Long-Term Debt-BPA Power Prepayment	124,186,511	133,183,039
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>5,232,071</b>	<b>4,976,124</b>	42 Payments - Unapplied	-	-
15 Cash-General Funds	(0)	219,553	<b>43 Total Long-Term Debt</b>	<b>173,163,507</b>	<b>183,058,142</b>
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	2,328,811	1,299,524	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	7,570,995	5,162,666	<b>46 Total Other Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
19 Notes Receivable-Net	348,189	337,240	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	6,139,327	5,400,628	48 Accounts Payable	3,462,492	3,077,697
21 Accounts Receivable-Net Other	985,337	740,342	49 Consumers Deposits	527,784	601,947
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	10,894,635	11,616,665
23 Materials & Supplies-Electric and Other	1,647,796	1,655,081	51 Current Maturities LTD - Econ. Devel.	-	-
24 Prepayments (inc. BPA Power Prepayment)	53,216	29,059	52 Current Maturities Capital Leases	-	-
24a BPA Power Prepayment - Current	8,258,881	7,891,736	53 Other Current & Accrued Liabilities	3,301,973	3,439,907
25 Other Current & Accrued Assets	2,964,109	2,960,696	<b>54 Total Current &amp; Accrued Liabilities</b>	<b>18,186,884</b>	<b>18,736,217</b>
<b>26 Total Current &amp; Accrued Assets</b>	<b>30,296,661</b>	<b>25,696,526</b>	55 Regulatory Liabilities	-	-
27 Regulatory Assets	-	-	56 Deferred Credits	5,231,931	6,146,573
28 Other Deferred Debits	19,887,990	20,337,633	<b>57 Total Liabilities &amp; Other Credits</b>	<b>\$ 279,039,103</b>	<b>\$ 285,744,547</b>
28a BPA Power Prepayment - Non-current	117,119,987	125,378,868			
<b>29 Total Assets &amp; Other Debits</b>	<b>\$ 279,039,103</b>	<b>\$ 285,744,547</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)	3,208,893	2,976,031
			60 Total Contributions-In-Aid-Of-Construction	<b>\$60,642,009</b>	<b>\$57,433,115</b>

**LOWER VALLEY ENERGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

*As of*  
**December 31, 2016**

**THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.**

	2016		2015	
	November	December	November	December
1 Cost of Power & Gas				
Cost from Income Statement		\$ 27,017,282		\$ 24,293,306
Plus: Interest on BPA Prepayment Loan		4,220,780		4,490,601
Total Cost of Power with BPA Interest		<u>\$ 31,238,061</u>		<u>\$ 28,783,907</u>
2 Current Assets/Liabilities	1.51	1.67	1.67	1.37
3 Equity	29.36%	29.55%	29.55%	27.23%
Equity excluding BPA Power Prepayment	53.39%	53.25%	53.25%	51.00%
4 Long Term Debt as a % of Plant	90.34%	90.00%	90.00%	96.47%
5 Debt Service Coverage	1.13	1.17	1.05	1.15
6 Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.41	0.50	0.84	0.80
Quantity	0.83	0.96	1.44	1.44
7 Intercompany Receivables/(Payables) :				
Combined Gas Division due to Electric	\$ (192,324)	\$ (87,464)	\$ (1,771,385)	\$ (1,348,802)
less: Teton Village CIA Receivable	1,415,282	1,383,964	1,504,872	1,482,693
Net Balance	<u>\$ 1,222,958</u>	<u>\$ 1,296,500</u>	<u>\$ (266,513)</u>	<u>\$ 133,892</u>
8 Total Shared Overhead - Gas Division	<u>289,444</u>	<u>343,186</u>	<u>298,797</u>	<u>356,771</u>
9 Total Shared Overheads - Beartooth Electric	<u>531,452</u>	<u>577,895</u>	<u>377,900</u>	<u>417,874</u>
10 Material Inventory:				
Material	2,253,540	1,647,796	2,039,283	1,655,081
Special Equip.	2,560,762	2,332,435	2,334,504	2,294,197
Total Material	<u>4,814,302</u>	<u>3,980,231</u>	<u>4,373,787</u>	<u>3,949,278</u>
11 Inventory Carrying Cost (YTD)	<u>53,999</u>	<u>58,713</u>	<u>47,711</u>	<u>52,395</u>
12 Aged Accounts Receivable (Over 60 Days):	<u>21,359</u>	<u>14,258</u>	<u>14,775</u>	<u>14,144</u>
13 LVE has a \$12 Million dollar line of credit with CFC, and a \$5 Million line of credit with 1st Bank to meet short term cash needs.				
CFC line of credit balance is:		\$ -		
1st Bank line of credit balance is:		-		
Total lines of credit		<u>\$ -</u>		

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**  
*For The Month Ended*  
**December 31, 2016**

**CONSOLIDATED**

	YEAR TO DATE	BUDGET	THIS MONTH
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Margins	\$ 6,655,523	\$ 4,993,059	\$ 1,011,517
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	5,928,653	6,267,080	496,440
Decrease/(Increase) in:			
Special Deposits	(1,029,287)	-	7,593
Accounts Receivable	(738,699)	-	(3,239,641)
Other Accounts Receivable	(244,995)	-	764,643
Materials & Supplies	7,285	-	605,744
Prepayments	(391,302)	-	(294,440)
BPA Prepayment	8,258,881	5,908,263	1,038,582
Other Current Assets	517,598	-	(896,584)
Other Deferred Debits	449,643	183,305	(164,973)
Increase/(Decrease) in:			
Accounts Payable (excluding line of credit)	384,795	-	1,150,935
Consumer Deposits	(74,163)	-	(3,682)
Other Current Liabilities	(654,676)	-	(1,463,035)
Deferred Credits	(914,642)	(753,897)	1,651,814
Net cash provided by operating activities	18,154,614	16,597,810	664,914
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets Net of Retirements	(3,075,651)	(3,416,200)	(584,169)
Change in Notes Receivable	(10,949)	-	5,466
Change in Investments in Associated Organizations	(295,947)	-	14,057
Change in Investments in Economic Development Projects	-	-	-
Change in Temporary Investments	(2,408,328)	-	(53,582)
Change in Other Investments	40,000	-	5,467
Net cash provided/(used) by investing activities	(5,750,875)	(3,416,200)	(612,761)
<b>CASH FLOWS FROM FINANCING AND CAPITAL CREDIT ACTIVITIES:</b>			
Change in Capital Credits	(2,006,626)	(2,147,760)	(49,124)
Change in Line of Credit	-	-	-
Change in Long-term Debt	(10,616,665)	(10,754,782)	(705,157)
Net cash provided/(used) by financing and capital credit activities	(12,623,291)	(12,902,542)	(754,281)
Total change in cash	(219,553)	279,068	(702,129)
Beginning cash	219,553	4,500,000	702,129
Ending cash	\$ (0)	\$ 4,779,068	\$ -
Add: Temporary investments	7,570,995		
Ending cash and temporary investments	\$ 7,570,995		

**LOWER VALLEY ENERGY, INC**  
**SUMMARY OF DEFERRED DEBITS & CREDITS**

*As of*  
**December 31, 2016**

**CONSOLIDATED**

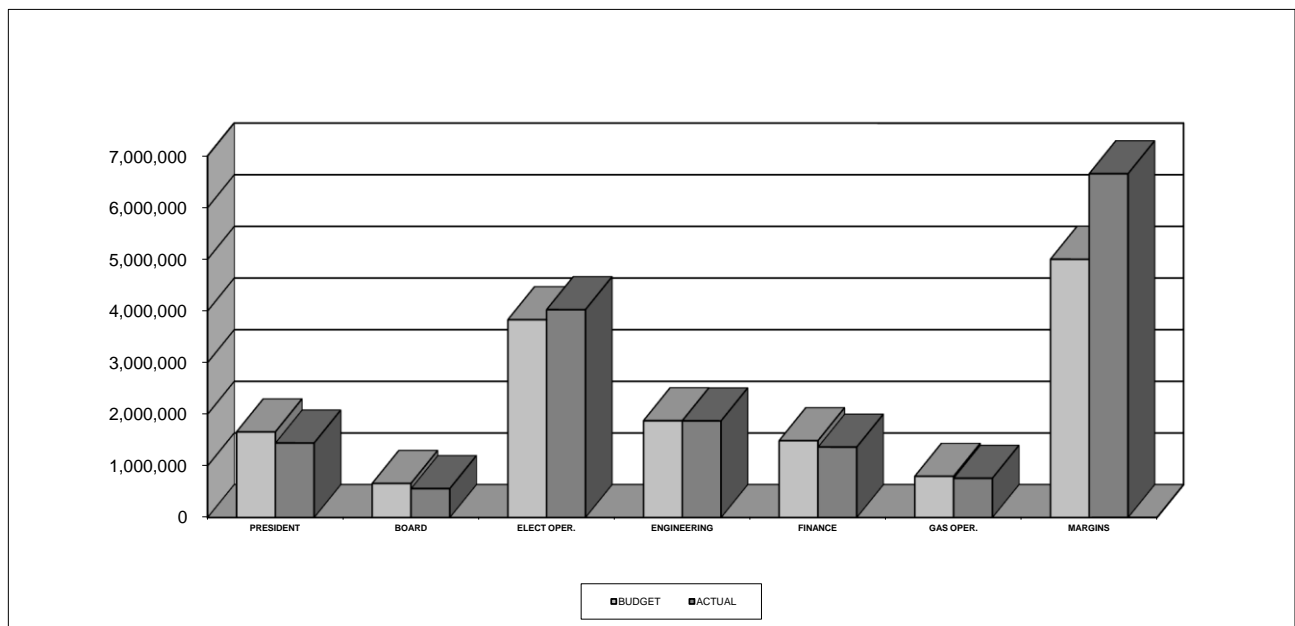
	YEAR TO DATE	PRIOR MONTH	PRIOR YEAR
<b>Deferred Debits - Electric Division</b>			
Transportation Expense Clearing	\$ -	\$ -	\$ -
CFC Repricing Fees	424,544	425,883	440,615
Transmission Line Lease	16,519,151	16,152,350	16,772,961
Town of Afton Swift Creek Receivable	24,455	13,637	26,555
	16,968,150	16,591,871	17,240,131
<b>Deferred Debits - Gas Division</b>			
CFC Repricing Fees	1,535,876	1,542,454	1,614,809
Teton Village Contribution in Aid Rec.	1,383,964	1,415,282	1,482,693
Propane Fuel Balancing Account	-	-	-
Natural Gas Fuel Balancing Account	-	173,411	-
	2,919,840	3,131,147	3,097,502
<b>Total Deferred Debits</b>	<b>\$ 19,887,990</b>	<b>\$ 19,723,018</b>	<b>\$ 20,337,633</b>
<b>Deferred Credits - Electric Division</b>			
Horse Butte Wind Payment from Eagle Mountain	\$ 3,189,429	\$ 3,206,576	\$ 3,654,318
Conservation Expenditures	-	(664,410)	(124,772)
Conservation - Loan Loss Reserve	200,000	200,000	200,000
Conservation Funds	289,555	379,466	234,252
Prepaid Revenue-Gift Certificates	4,020	2,970	4,865
Unamortized Gain on Debt Discount	25,136	40,048	204,083
Boardman liability	480,425	415,466	930,000
	5,188,272	3,580,117	6,071,450
<b>Deferred Credits - Gas Division</b>			
Natural Gas Fuel Balancing Account	-	-	13,128
	43,659	-	75,123
<b>Total Deferred Credits</b>	<b>\$ 5,231,931</b>	<b>\$ 3,580,117</b>	<b>\$ 6,146,573</b>

**Lower Valley Energy**  
 Consolidated Budget vs. Actual Comparison  
 For The Month Ended  
 December 31, 2016

ITEM	2016 Total			YTD Variance	% Variance
	Budget	YTD Actual	YTD Budget		
<b>1 Operating Revenue</b>	<b>\$ 53,654,363</b>	<b>\$ 54,728,225</b>	<b>\$ 53,654,363</b>	<b>\$ 1,073,862</b>	<b>2.00%</b>
2 Power Production Expense	152,585	123,170	152,585	(29,416)	-19.28%
3 Cost of Purchased Power	26,431,653	27,017,282	26,431,653	585,629	2.22%
4 Transmission Operation & Maintenance	692,611	751,491	692,611	58,879	8.50%
5 Regional Market Expense	-	-	-	-	0.00%
6 Distribution Operation Expense	3,403,728	3,514,371	3,403,728	110,643	3.25%
7 Distribution Maintenance Expense	1,603,716	1,577,195	1,603,716	(26,521)	-1.65%
8 Consumer Accounts Expense	909,065	804,257	909,065	(104,808)	-11.53%
9 Customer Service and Informational Expense	633,249	359,595	633,249	(273,654)	-43.21%
10 Sales Expense	-	-	-	-	0.00%
11 Administrative and General Expense	2,616,832	2,497,969	2,616,832	(118,862)	-4.54%
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>36,443,439</b>	<b>36,645,329</b>	<b>36,443,439</b>	<b>201,891</b>	<b>0.55%</b>
13 Depreciation and Amortization Expense	6,267,080	5,928,653	6,267,080	(338,427)	-5.40%
14 Tax Expense-Property	666,840	696,281	666,840	29,441	4.42%
15 Tax Expense-Other	51,900	53,391	51,900	1,491	2.87%
16 Interest on Long-Term Debt	6,011,788	5,812,499	6,011,788	(199,289)	-3.31%
17 Interest Charged to Construction-Credit	-	-	-	-	0.00%
18 Interest Expense-Other	12,000	9,509	12,000	(2,491)	-20.76%
19 Other Deductions	(178,947)	(178,947)	(178,947)	-	0.00%
<b>20 Total Cost of Electric Service (12 thru 19)</b>	<b>49,274,100</b>	<b>48,966,715</b>	<b>49,274,100</b>	<b>(307,385)</b>	<b>-0.62%</b>
<b>21 Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>4,380,263</b>	<b>5,761,510</b>	<b>4,380,263</b>	<b>1,381,247</b>	<b>31.53%</b>
22 Non Operating Margins-Interest	84,000	238,859	84,000	154,859	184.36%
23 Allowance for Funds Used During Construction	-	-	-	-	0.00%
24 Income (Loss) from Equity Investments	-	-	-	-	0.00%
25 Non Operating Margins-Other	10,000	62,753	10,000	52,753	527.53%
26 Generation and Transmission Capital Credits	-	-	-	-	0.00%
27 Other Capital Credits and Patronage Dividends	525,000	592,401	525,000	67,401	12.84%
28 Extraordinary Items	-	-	-	-	0.00%
<b>29 Patronage Capital or Margins (21 thru 28)</b>	<b>\$ 4,999,263</b>	<b>\$ 6,655,523</b>	<b>\$ 4,999,263</b>	<b>\$ 1,656,260</b>	<b>33.13%</b>

Tier - Oper.	1.73	1.99	1.73
Tier - Total	1.83	2.15	1.83

**BUDGET BY DEPARTMENT**



**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
**December 31, 2016**

**ELECTRIC DIVISION**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
<b>1 Operating Revenue and Patronage Capital</b>	<b>\$ 43,531,929</b>	<b>\$ 46,446,463</b>	<b>\$ 45,529,363</b>	<b>\$ 6,028,055</b>
2 Power Production Expense	108,437	123,170	152,585	10,136
3 Cost of Purchased Power	21,160,889	24,061,768	23,725,597	3,437,790
4 Transmission Operation & Maintenance	651,844	566,970	462,317	43,130
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	3,090,908	3,203,508	3,070,714	437,666
7 Distribution Maintenance Expense	1,247,896	1,361,282	1,412,259	119,385
8 Consumer Accounts Expense	745,791	722,100	791,976	60,028
9 Customer Service and Informational Expense	310,404	334,411	545,394	(56,160)
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	2,175,313	2,140,528	2,092,986	411,710
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>\$ 29,491,483</b>	<b>\$ 32,513,737</b>	<b>\$ 32,253,829</b>	<b>\$ 4,463,686</b>
13 Depreciation and Amortization Expense	4,706,064	4,671,035	5,014,910	391,530
14 Tax Expense-Property	436,108	479,925	456,000	45,601
15 Tax Expense-Other	38,952	42,788	39,900	4,715
16 Interest on Long-Term Debt	4,994,839	4,460,352	4,659,956	360,964
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other	14,200	8,526	12,000	752
19 Other Deductions	(178,947)	(178,947)	(178,947)	(14,912)
<b>20 Total Cost of Electric Service (12 thru 19)</b>	<b>\$ 39,502,700</b>	<b>\$ 41,997,416</b>	<b>\$ 42,257,648</b>	<b>\$ 5,252,336</b>
21 Patronage Capital & Operating Margins (1 minus 20)	\$ 4,029,230	\$ 4,449,047	\$ 3,271,715	\$ 775,718
22 Non Operating Margins-Interest	157,999	242,656	156,000	25,931
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	54,631	10,000	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	524,168	483,558	425,000	2,157
28 Extraordinary Items	-	-	-	-
<b>29 Patronage Capital or Margins (21 thru 28)</b>	<b>\$ 4,711,397</b>	<b>\$ 5,229,892</b>	<b>\$ 3,862,715</b>	<b>\$ 803,807</b>

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	427	507	5. Miles Trans.	235	235
2. Services Retired	399	129	6. Miles Dist. - Overhead	933	935
3. Total Services in Place	27,079	27,459	7. Miles Dist. - Underground	1,497	1,485
4. Idle Services (Exclude Seasonal)	225	227	8. Total Miles (5 + 6 + 7)	2,665	2,655



**LOWER VALLEY ENERGY**  
BALANCE SHEET  
As of  
**December 31, 2016**

**ELECTRIC DIVISION**

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 158,414,729	\$ 155,998,566	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	318,142	448,738	31 Patronage Capital	50,174,669	48,376,654
<b>3 Total Utility Plant</b>	<b>158,732,871</b>	<b>156,447,304</b>	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	85,563,445	81,261,319	33 Operating Margins-Current Year	4,453,317	4,029,230
<b>5 Net Utility Plant</b>	<b>73,169,426</b>	<b>75,185,985</b>	34 Non Operating Margins	780,844	682,167
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	17,680,292	16,771,377
7 Investments in Subsidiary Companies	-	-	<b>36 Total Margins &amp; Equities</b>	<b>73,089,122</b>	<b>69,859,428</b>
8 Invest. in Assoc. Org. - Patronage Capital	1,968,295	1,725,863	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	1,439,652	1,440,475	39 Long-Term Debt - Other - RUS Guaranteed	-	-
11 Investments in Economic Development Projects	2,093	2,093	40 Long-Term Debt-Other (Net)	18,179,182	18,901,959
12 Other Investments	590,000	630,000	40a Long-Term Debt-BPA Power Prepayment	124,186,511	133,183,039
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>4,006,725</b>	<b>3,805,116</b>	42 Payments - Unapplied	-	-
15 Cash-General Funds	(0)	219,553	<b>43 Total Long-Term Debt</b>	<b>144,501,849</b>	<b>153,403,963</b>
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	2,328,811	1,299,524	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	7,570,995	5,162,666	<b>46 Total Other Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
19 Notes Receivable-Net	348,189	337,240	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	4,984,969	4,381,288	48 Accounts Payable	3,396,731	3,021,553
21 Accounts Receivable-Net Other	933,441	635,138	49 Consumers Deposits	483,817	516,734
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	9,902,115	10,667,125
23 Materials & Supplies-Electric and Other	1,532,723	1,556,972	51 Current Maturities LTD - Econ. Devel.	-	-
24 Prepayments	53,216	29,059	52 Current Maturities Capital Leases	-	-
24a BPA Power Prepayment - Current	8,258,881	7,891,736	53 Other Current & Accrued Liabilities	3,088,432	3,210,897
25 Other Current & Accrued Assets	2,374,824	3,627,873	<b>54 Total Current &amp; Accrued Liabilities</b>	<b>16,871,095</b>	<b>17,416,309</b>
<b>26 Total Current &amp; Accrued Assets</b>	<b>28,386,049</b>	<b>25,141,050</b>	55 Regulatory Liabilities	-	-
27 Regulatory Assets	-	-	56 Deferred Credits	5,188,272	6,071,450
28 Other Deferred Debits	16,968,150	17,240,131	<b>57 Total Liabilities &amp; Other Credits</b>	<b>\$ 239,650,338</b>	<b>\$ 246,751,150</b>
28a BPA Power Prepayment - Non-current	117,119,987	125,378,868			
<b>29 Total Assets &amp; Other Debits</b>	<b>\$ 239,650,338</b>	<b>\$ 246,751,150</b>			

**NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

	2016		2015	
	November	December	November	December
1 Cost of Power				
Cost of Power from Income Statement		\$ 24,061,768		\$ 21,160,889
plus: Interest on BPA Prepayment Loan		4,220,780		4,490,601
Total Power Cost		<u>\$ 28,282,548</u>		<u>\$ 25,651,490</u>
2 Current Assets/Liabilities	1.55	1.68	1.29	1.44
3 Equity	30.34%	30.50%	28.11%	26.34%
Equity excluding BPA Power Prepayment	63.72%	63.30%	61.65%	59.13%
4 Long Term Debt as a % of Plant	91.53%	91.03%	92.79%	98.05%
5 Material Inventory:				
Material	2,055,603	1,532,723	1,864,529	1,556,972
Special Equip.	2,560,762	2,332,435	2,334,504	2,294,197
<b>Total Material</b>	<b>4,616,365</b>	<b>3,865,158</b>	<b>4,199,033</b>	<b>3,851,169</b>

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**  
*For The Month Ended*  
**December 31, 2016**

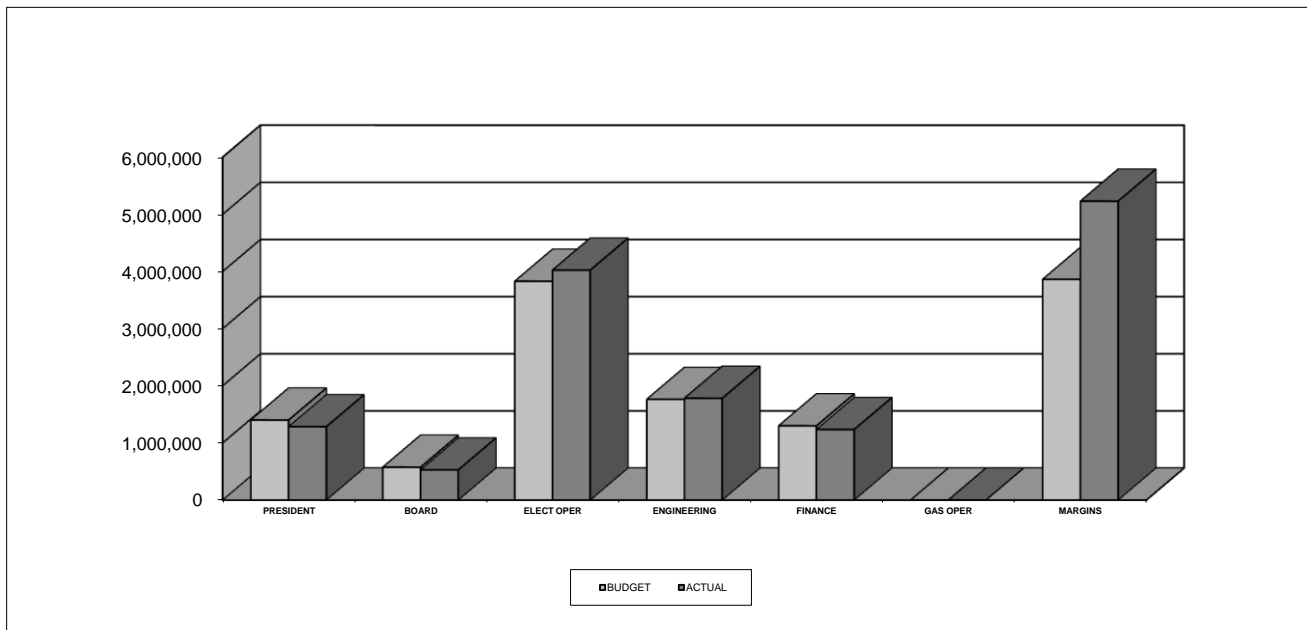
**ELECTRIC DIVISION**

	YEAR TO DATE	BUDGET	THIS MONTH
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Margins	\$ 5,229,892	\$ 3,837,079	\$ 803,807
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	4,671,035	4,867,070	391,530
Decrease/(Increase) in:			
Special Deposits	(1,029,287)	-	7,593
Accounts Receivable	(603,681)	-	(2,655,230)
Other Accounts Receivable	(298,303)	-	760,315
Materials & Supplies	24,249	-	522,880
Prepayments	(391,302)	-	(326,904)
BPA Prepayment	8,258,881	7,891,737	1,038,582
Other Current Assets	858,553	-	(668,617)
Other Deferred Debits	271,981	104,376	(376,280)
Increase/(Decrease) in:			
Accounts Payable (excluding line of credit)	375,179	-	1,085,175
Consumer Deposits	(32,917)	-	(3,377)
Other Current Liabilities	(122,464)	-	(1,501,317)
Deferred Credits	(883,178)	(753,897)	1,608,155
Net cash provided by operating activities	16,328,637	15,946,365	686,313
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets Net of Retirements	(2,255,115)	(2,552,300)	(605,568)
Change in Notes Receivable	(10,949)	-	5,466
Change in Investments in Associated Organizations	(241,609)	-	14,057
Change in Investments in Economic Development Projects	-	-	-
Change in Temporary Investments	(2,408,328)	-	(53,582)
Change in Other Investments	40,000	-	5,467
Net cash provided/(used) by investing activities	(4,876,001)	(2,552,300)	(634,160)
<b>CASH FLOWS FROM FINANCING AND CAPITAL CREDIT</b>			
Change in Capital Credits	(2,005,063)	(2,147,760)	(49,124)
Change in Line of Credit	-	-	-
Change in Long-term Debt	(9,667,125)	(9,584,316)	(705,157)
Net cash provided/(used) by financing and capital credit activities	(11,672,188)	(11,732,076)	(754,281)
Total change in cash	(219,553)	1,661,989	(702,129)
Beginning cash	219,553	4,500,000	702,129
Ending cash	\$ (0)	\$ 6,161,989	\$ 0
Add: Temporary investments	7,570,995		
Ending cash and temporary investments	\$ 7,570,995		

**Lower Valley Energy**  
Electric Budget vs. Actual Comparison  
*For The Month Ended*  
*December 31, 2016*

ITEM	2016 Total			YTD	
	Budget	YTD Actual	YTD Budget	Variance	% Variance
<b>1 Operating Revenue</b>	<b>\$ 45,529,363</b>	<b>\$ 46,446,463</b>	<b>\$ 45,529,363</b>	<b>\$ 917,100</b>	<b>2.01%</b>
2 Power Production Expense	152,585	123,170	152,585	(29,416)	-19.28%
3 Cost of Purchased Power	23,725,597	24,061,768	23,725,597	336,171	1.42%
4 Transmission Operation & Maintenance	462,317	566,970	462,317	104,653	22.64%
5 Regional Market Expense	-	-	-	-	0.00%
6 Distribution Operation Expense	3,070,714	3,203,508	3,070,714	132,794	4.32%
7 Distribution Maintenance Expense	1,412,259	1,361,282	1,412,259	(50,977)	-3.61%
8 Consumer Accounts Expense	791,976	722,100	791,976	(69,876)	-8.82%
9 Customer Service and Informational Expense	545,394	334,411	545,394	(210,983)	-38.68%
10 Sales Expense	-	-	-	-	0.00%
11 Administrative and General Expense	2,092,986	2,140,528	2,092,986	47,543	2.27%
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>32,253,829</b>	<b>32,513,737</b>	<b>32,253,829</b>	<b>259,908</b>	<b>0.81%</b>
13 Depreciation and Amortization Expense	5,014,910	4,671,035	5,014,910	(343,875)	-6.86%
14 Tax Expense-Property	456,000	479,925	456,000	23,925	5.25%
15 Tax Expense-Other	39,900	42,788	39,900	2,888	7.24%
16 Interest on Long-Term Debt	4,659,956	4,460,352	4,659,956	(199,604)	-4.28%
17 Interest Charged to Construction-Credit	-	-	-	-	0.00%
18 Interest Expense-Other	12,000	8,526	12,000	(3,474)	-28.95%
19 Other Deductions	(178,947)	(178,947)	(178,947)	-	0.00%
<b>20 Total Cost of Electric Service (12 thru 19)</b>	<b>42,257,648</b>	<b>41,997,416</b>	<b>42,257,648</b>	<b>(260,232)</b>	<b>-0.62%</b>
<b>21 Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>3,271,715</b>	<b>4,449,047</b>	<b>3,271,715</b>	<b>1,177,332</b>	<b>35.99%</b>
22 Non Operating Margins-Interest	156,000	242,656	156,000	86,656	55.55%
23 Allowance for Funds Used During Construction	-	-	-	-	0.00%
24 Income (Loss) from Equity Investments	-	-	-	-	0.00%
25 Non Operating Margins-Other	10,000	54,631	10,000	44,631	446.31%
26 Generation and Transmission Capital Credits	-	-	-	-	0.00%
27 Other Capital Credits and Patronage Dividends	425,000	483,558	425,000	58,558	13.78%
28 Extraordinary Items	-	-	-	-	0.00%
<b>29 Patronage Capital or Margins (21 thru 28)</b>	<b>\$ 3,862,715</b>	<b>\$ 5,229,892</b>	<b>\$ 3,862,715</b>	<b>\$ 1,367,176</b>	<b>35.39%</b>
Tier - Oper.	1.70	2.00	1.70		
Tier - Total	1.83	2.17	1.83		

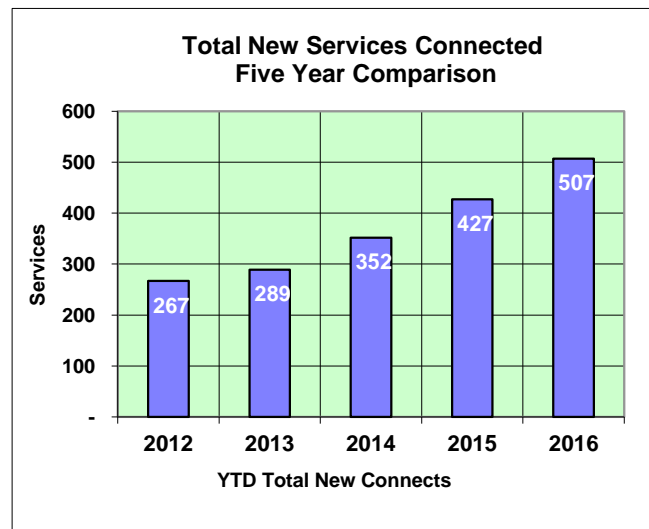
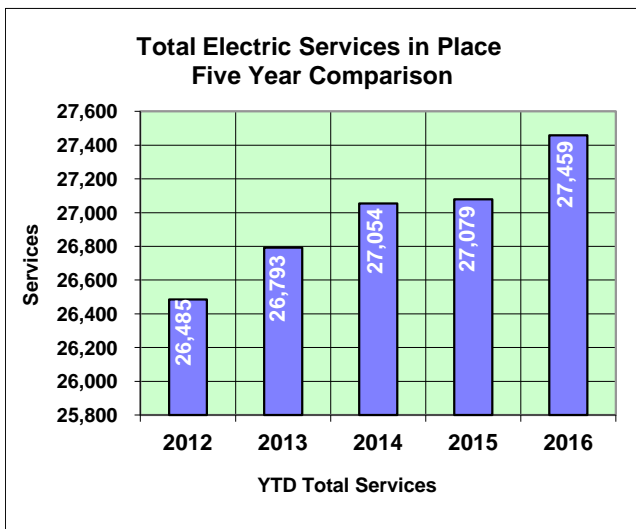
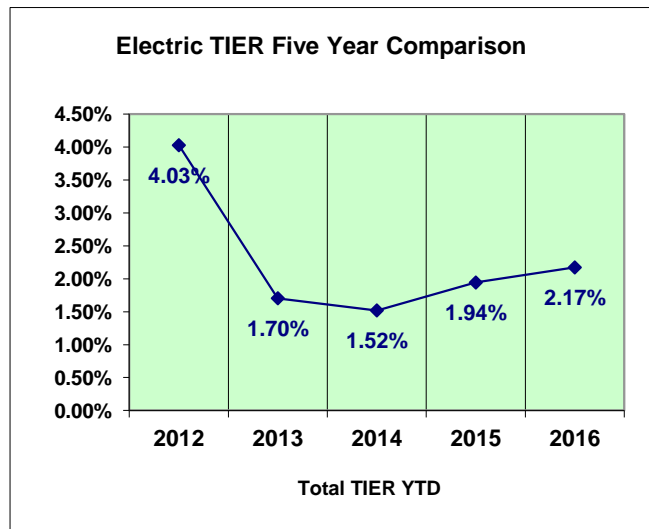
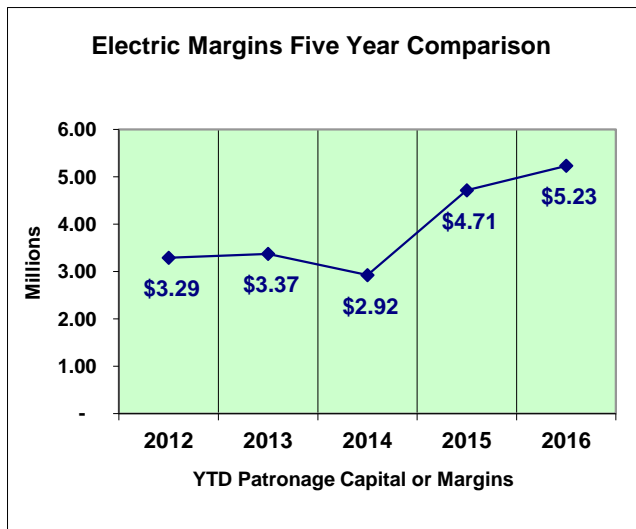
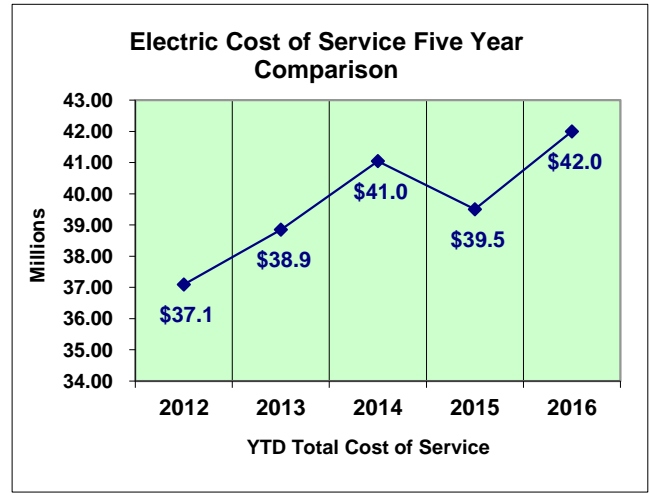
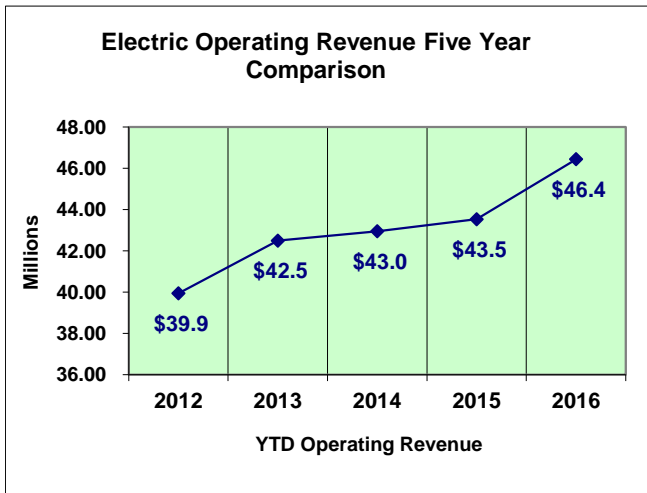
**BUDGET BY DEPARTMENT**



**Lower Valley Energy**  
**Electric Five Year Comparison**  
For the Month Ended  
December 31, 2016

ITEM	Year to Date 2016		Year to Date 2015		Year to Date 2014		Year to Date 2013		Year to Date 2012	
	\$	% of Op Rev	\$	% of Op Rev	\$	% of Op Rev	\$	% of Op Rev	\$	% of Op Rev
<b>1 Operating Revenue</b>	<b>\$46,446,463</b>		<b>\$43,531,929</b>		<b>\$42,950,671</b>		<b>\$42,493,662</b>		<b>\$39,941,180</b>	
2 Power Production Expense	\$123,170	0.27%	\$108,437	0.25%	\$87,518	0.20%	\$121,063	0.28%	\$126,445	0.32%
3 Cost of Purchased Power	24,061,768	51.81%	21,160,889	48.61%	20,699,796	48.19%	20,230,956	47.61%	22,715,313	56.87%
4 Transmission Operation & Maintenance	566,970	1.22%	651,844	1.50%	450,954	1.05%	527,105	1.24%	541,076	1.35%
5 Regional Market Expense		0.00%		0.00%	0	0.00%	0	0.00%	0	0.00%
6 Distribution Operation	3,203,508	6.90%	3,090,908	7.10%	3,237,113	7.54%	3,492,490	8.22%	3,168,082	7.93%
7 Distribution Maintenance	1,361,282	2.93%	1,247,896	2.87%	1,277,887	2.98%	1,024,731	2.41%	1,063,306	2.66%
8 Consumer Accounts Expense	722,100	1.55%	745,791	1.71%	799,127	1.86%	775,061	1.82%	729,737	1.83%
9 Customer Service & Information Expense	334,411	0.72%	310,404	0.71%	308,515	0.72%	403,522	0.95%	262,337	0.66%
10 Sales Expense	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
11 Administrative & General Expense	2,140,528	4.61%	2,175,313	5.00%	2,406,951	5.60%	2,520,202	5.93%	2,370,287	5.93%
<b>12 Total Operation &amp; Maintenance Expense</b>	<b>\$32,513,737</b>	<b>70.00%</b>	<b>\$29,491,483</b>	<b>67.75%</b>	<b>\$29,267,861</b>	<b>68.14%</b>	<b>\$29,095,129</b>	<b>68.47%</b>	<b>\$30,976,584</b>	<b>77.56%</b>
13 Depreciation & Amortization Expense	4,671,035	10.06%	4,706,064	10.81%	4,659,330	10.85%	4,503,227	10.60%	4,480,923	11.22%
14 Tax Expense - Property	479,925	1.03%	436,108	1.00%	471,927	1.10%	409,300	0.96%	460,557	1.15%
15 Tax Expense - Other	42,788	0.09%	38,952	0.09%	38,917	0.09%	133,160	0.31%	154,163	0.39%
16 Interest on Long-Term Debt	4,460,352	9.60%	4,994,839	11.47%	5,619,277	13.08%	4,784,607	11.26%	1,085,445	2.72%
17 Interest Charged to Construction - Credit	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
18 Interest Expense - Other	8,526	0.02%	14,200	0.03%	34,375	0.08%	90,369	0.21%	84,458	0.21%
19 Other Deductions	(178,947)	-0.39%	(178,947)	-0.41%	956,331	2.23%	(164,630)	-0.39%	(149,122)	-0.37%
<b>20 Total Cost of Service</b>	<b>\$41,997,416</b>	<b>90.42%</b>	<b>\$39,502,700</b>	<b>90.74%</b>	<b>\$41,048,018</b>	<b>95.57%</b>	<b>\$38,851,162</b>	<b>91.43%</b>	<b>\$37,093,007</b>	<b>92.87%</b>
<b>21 Patronage Capital &amp; Operating Margins</b>	<b>\$4,449,047</b>	<b>9.58%</b>	<b>\$4,029,230</b>	<b>9.26%</b>	<b>\$1,902,653</b>	<b>4.43%</b>	<b>\$3,642,500</b>	<b>8.57%</b>	<b>\$2,848,173</b>	<b>7.13%</b>
22 Non Operating Margins - Interest	\$242,656	0.52%	\$157,999	0.36%	\$190,071	0.44%	\$241,799	0.57%	\$273,801	0.69%
23 Allowance for Funds used During Constructio	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
24 Income (Loss) from Equity Investments	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
25 Non Operating Margins - Other	54,631	0.12%	0	0.00%	35,377	0.08%	0	0.00%	13,570	0.03%
26 Generation & Transmission Capital Credits	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
27 Other Capital Credits & Patronage Dividends	483,558	1.04%	524,168	1.20%	792,342	1.84%	(514,463)	-1.21%	151,422	0.38%
28 Extraordinary Items	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>29 Patronage Capital or Margins</b>	<b>\$5,229,892</b>	<b>11.26%</b>	<b>\$4,711,397</b>	<b>10.82%</b>	<b>\$2,920,444</b>	<b>6.80%</b>	<b>\$3,369,836</b>	<b>7.93%</b>	<b>\$3,286,965</b>	<b>8.23%</b>
<b>30 Total Cost of Service Less Cost of Power</b>	<b>\$17,245,508</b>	<b>37.13%</b>	<b>\$17,581,529</b>	<b>40.39%</b>	<b>\$19,809,749</b>	<b>46.12%</b>	<b>\$17,972,038</b>	<b>42.29%</b>	<b>\$13,710,174</b>	<b>34.33%</b>
31 Tier - Oper.	2.00		1.81		1.34		1.76		3.62	
32 Tier - Total	2.17		1.94		1.52		1.70		4.03	
33 New Services Connected	507		427		352		289		267	
34 Total Services in Place	27,459		27,079		27,054		26,793		26,485	
35 Miles of Line	2,655		2,665		2,639		2,629		2,598	

**Lower Valley Energy**  
 Electric Five Year Comparison  
*For The Month Ended*  
*December 31, 2016*



LOWER VALLEY ENERGY, INC. ELECTRIC DIVISION FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION Wyoming 11, Lincoln					
		PERIOD ENDED December 31, 2016					
PART R. POWER REQUIREMENTS DATA BASE							
CLASSIFICATION	CONSUMER SALES AND REVENUE DATA	JANUARY (a)	FEBRUARY (b)	MARCH (c)	APRIL (d)	MAY (e)	JUNE (f)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	20,485	20,486	20,504	20,490	20,568	20,612
	b. kWh Sold	65,556,295	54,093,264	44,186,674	36,956,490	26,840,929	24,079,139
	c. Revenue	3,846,887	3,228,832	2,694,907	2,305,335	1,760,797	1,613,831
2. Residential Sales- Seasonal	a. No. Consumers Served						
	b. kWh Sold						
	c. Revenue						
3. Irrigation Sales	a. No. Consumers Served	189	189	188	189	184	191
	b. kWh Sold	90,859	6,229	5,892	5,786	40,077	456,427
	c. Revenue	5,196	1,293	1,286	1,290	4,154	28,178
4. Comm. and Ind. 1000 kVA or Less	a. No. Consumers Served	4,916	4,903	4,902	4,898	4,902	4,908
	b. kWh Sold	28,730,828	24,497,926	22,604,506	19,247,633	16,650,660	19,242,901
	c. Revenue	1,684,850	1,455,553	1,346,080	1,197,923	1,053,483	1,184,109
5. Comm. and Ind. Over 1000 kVA	a. No. Consumers Served	17	17	17	17	17	17
	b. kWh Sold	8,618,980	7,064,800	7,250,160	6,229,240	6,082,940	5,864,460
	c. Revenue	398,074	333,532	339,754	294,770	281,747	274,349
6. Public Street and Highway Lighting	a. No. Consumers Served	1,313	1,313	1,312	1,314	1,313	1,310
	b. kWh Sold	50,761	50,901	50,830	50,780	53,067	53,306
	c. Revenue	10,324	10,368	10,356	10,352	10,860	10,919
7. Other Sales to Public Auth.	a. No. Consumers Served						
	b. kWh Sold						
	c. Revenue						
8. Sales for Resales- REA Borrowers	a. No. Consumers Served						
	b. kWh Sold						
	c. Revenue						
9. Unbilled Revenue	a. No. Consumers Served						
	b. kWh Sold	(7,172,503)	(4,420,044)	(3,823,268)	(9,859,812)	(155,012)	(5,103,921)
	c. Revenue	(365,717)	(354,204)	(79,042)	(515,732)	(19,126)	(270,271)
10. TOTAL No. Consumers (lines 1a - 9a)		26,920	26,908	26,923	26,908	26,984	27,038
11. TOTAL kWh Sold (lines 1b - 9b)		95,875,220	81,293,076	70,274,794	52,630,117	49,512,661	44,592,312
12. TOTAL Revenue Received From Sales of Electric Energy (lines 1c - 9c)		5,579,614	4,675,374	4,313,343	3,293,938	3,091,914	2,841,115
13. Other Electric Revenue		53,123	115,341	57,122	74,472	54,893	63,449
14. kWh - Own Use		259,231	219,319	194,599	158,668	96,295	92,982
15. TOTAL kWh Purchased		100,048,319	82,322,304	75,840,792	54,239,807	50,185,400	43,497,038
16. TOTAL kWh Generated		549,600	472,800	491,400	708,000	1,116,600	1,170,600
17. Cost of Purchases and Generation		3,471,138	2,625,067	2,237,830	1,950,239	1,173,101	1,246,045
18. Interchange - kWh - Net							
19. Peak - Sum All kW Input (Metered) <input checked="" type="checkbox"/> Coincident <input type="checkbox"/> Non-Coincident		209,343	166,726	156,630	116,529	102,470	77,627

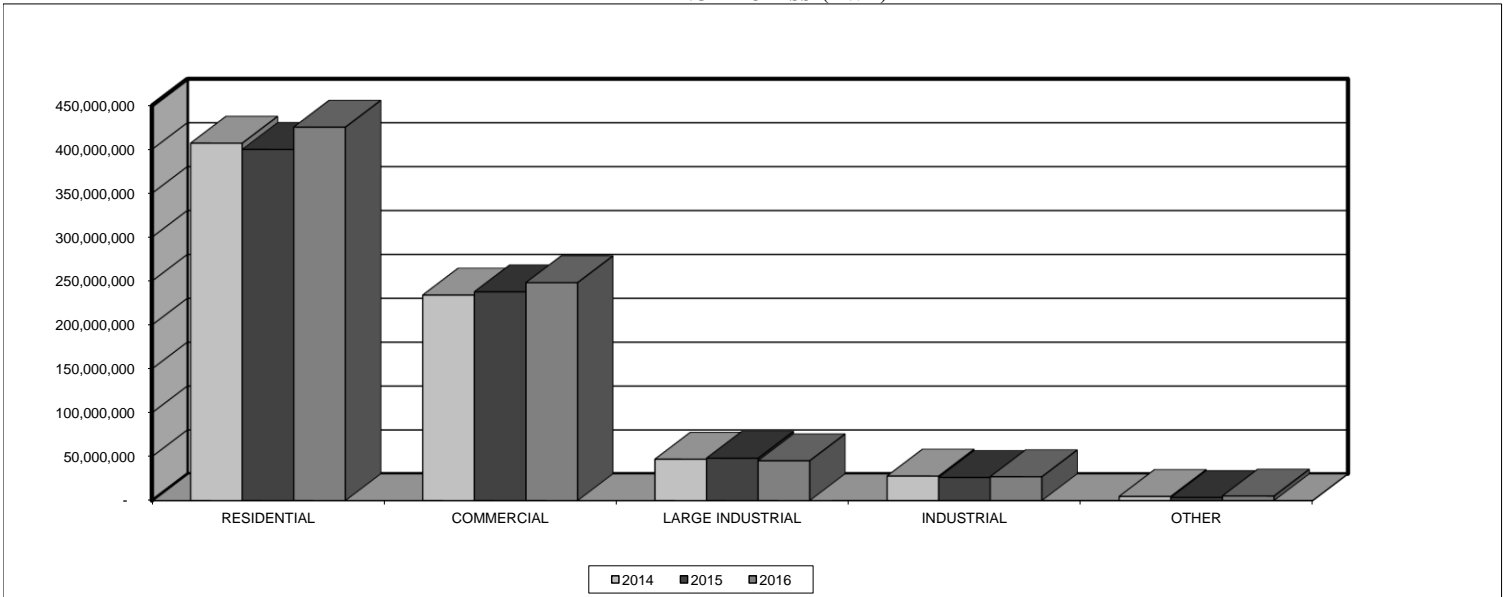
LOWER VALLEY ENERGY, INC.						BORROWER DESIGNATION		
FINANCIAL AND STATISTICAL REPORT						Wyoming 11, Lincoln		
ELECTRIC DIVISION						PERIOD ENDED		
						December 31, 2016		
PART R. POWER REQUIREMENTS DATA BASE (Continued)								
ITEM NUMBER	LINE							TOTAL (Columns a thru l)
	JULY (g)	AUGUST (h)	SEPTEMBER (i)	OCTOBER (j)	NOVEMBER (k)	DECEMBER (l)		
1. Residential Sales <i>(excluding seasonal)</i>	a. No. Consumers Served	20,630	20,671	20,709	20,684	20,731	20,752	
	b. kWh Sold	18,925,106	21,033,182	22,119,598	25,522,559	32,867,554	53,235,358	425,416,148
	c. Revenue	1,336,159	1,450,887	1,510,659	1,689,858	2,088,701	3,188,062	\$26,714,913
2. Residential Sales- Seasonal	a. No. Consumers Served							
	b. kWh Sold							0
	c. Revenue							\$0
3. Irrigation Sales	a. No. Consumers Served	191	192	191	192	192	191	
	b. kWh Sold	1,343,120	1,787,869	752,135	59,100	13,224	10,297	4,571,015
	c. Revenue	75,965	98,792	43,988	5,659	1,749	1,762	\$269,313
4. Comm. and Ind. 1000 kVA or Less	a. No. Consumers Served	4,902	4,925	4,940	4,957	4,961	4,961	
	b. kWh Sold	17,050,006	19,371,794	19,332,088	16,673,060	17,779,986	27,062,542	248,243,930
	c. Revenue	1,068,706	1,170,279	1,172,783	1,067,974	1,121,289	1,586,378	\$15,109,407
5. Comm. and Ind. Over 1000 kVA	a. No. Consumers Served	17	17	17	17	17	17	
	b. kWh Sold	3,715,580	5,242,300	5,233,700	5,157,340	4,534,720	7,498,700	72,492,920
	c. Revenue	197,524	246,389	247,339	247,765	238,468	364,397	\$3,464,107
6. Public Street and Highway Lighting	a. No. Consumers Served	1,309	1,309	1,309	1,310	1,311	1,311	
	b. kWh Sold	53,169	53,186	53,062	53,011	51,416	50,623	624,112
	c. Revenue	10,888	10,889	10,861	10,849	10,488	10,298	\$127,451
7. Other Sales to Public Auth.	a. No. Consumers Served							
	b. kWh Sold							0
	c. Revenue							\$0
8. Sales for Resales- REA Borrowers	a. No. Consumers Served							
	b. kWh Sold							0
	c. Revenue							\$0
9. Unbilled Revenue	a. No. Consumers Served							
	b. kWh Sold	4,768,253	(2,176,474)	(976,264)	6,505,266	6,787,855	14,207,921	(1,418,003)
	c. Revenue	239,688	(110,368)	(41,783)	348,891	348,046	770,419	(\$49,197)
10. TOTAL No. Consumers (lines 1a - 9a)	27,049	27,114	27,166	27,160	27,212	27,232		
11. TOTAL kWh Sold (lines 1b - 9b)	45,855,234	45,311,857	46,514,319	53,970,336	62,034,755	102,065,441	749,930,122	
12. TOTAL Revenue Received From Sales of Electric Energy (lines 1c - 9c)	2,928,930	2,866,867	2,943,846	3,370,996	3,808,741	5,921,315	\$45,635,994	
13. Other Electric Revenue	50,853	54,437	70,928	51,815	57,297	106,740	\$810,470	
14. kWh - Own Use	69,057	74,053	81,031	87,338	127,738	172,056	1,632,367	
15. TOTAL kWh Purchased	49,823,420	48,129,139	46,437,605	56,485,470	67,068,584	109,050,022	783,127,900	
16. TOTAL kWh Generated	1,182,600	1,090,200	874,200	842,400	829,200	759,600	10,087,200	
17. Cost of Purchases and Generation	1,523,363	1,293,997	1,491,736	1,750,687	1,973,809	3,447,926	\$24,184,938	
18. Interchange - kWh - Net							0	
19. Peak - Sum All kW Input (Metered) X Coincident ___ Non-Coincident	84,054	77,848	90,277	108,933	144,874	202,831	209,343	

**ANALYSIS OF BILLING**  
**December 31, 2016**  
**ELECTRIC**  
**Accrual Basis**

YEAR	NUMBER OF METERS	KWH	AMOUNT	NUMBER OF METERS	KWH	AMOUNT	NUMBER OF METERS	KWH	AMOUNT
<b>Residential</b>			<b>Commercial</b>			<b>Industrial</b>			
2014	20,241	407,140,179	\$24,785,620	4,826	234,137,018	\$13,823,561	15	27,877,340	\$1,485,295
2015	20,449	400,046,803	\$24,697,590	4,889	237,807,127	\$14,185,319	16	26,311,120	\$1,474,554
2016	20,752	425,416,148	\$26,714,913	4,961	248,243,930	\$15,109,407	16	27,128,060	\$1,531,874
<b>Irrigation</b>			<b>Lighting</b>			<b>Large Industrial</b>			
2014	186	4,074,729	\$239,776	1,548	634,992	\$124,709	1	47,091,780	\$1,918,232
2015	189	2,870,534	\$174,042	1,310	629,326	\$125,216	1	48,213,540	\$1,987,394
2016	191	4,571,015	\$269,313	1,311	624,112	\$127,451	1	45,364,860	\$1,932,233
<b>Change in Unbilled Revenue</b>			<b>December Totals</b>			<b>Year to Date Totals</b>			
2014		(626,592)	(\$41,703)	26,817	73,248,651	\$4,241,120	26,817	720,329,446	\$42,335,490
2015		3,557,800	\$279,002	26,854	82,576,175	\$4,871,239	26,854	719,436,250	\$42,923,117
2016		(1,418,003)	(\$49,197)	27,232	87,857,520	\$5,150,897	27,232	749,930,122	\$45,635,994

YTD KW	Degree Days		Revenue Summary Form 7 Part A Line 1		Lower Valley Energy KWH Usage		
	Normal	Actual					
2014	177,493	9,495	9,647	Year to Date Billing	\$45,635,994	2014	2,070,960
2015	184,876	9,221	9,628	Other Revenue	810,470	2015	1,690,266
2016	209,343	9,588	9,608	Form 7a Line 1 YTD Revenue	<u>\$46,446,463</u>	2016	1,632,367

**BILLING BY CLASS (KWH)**



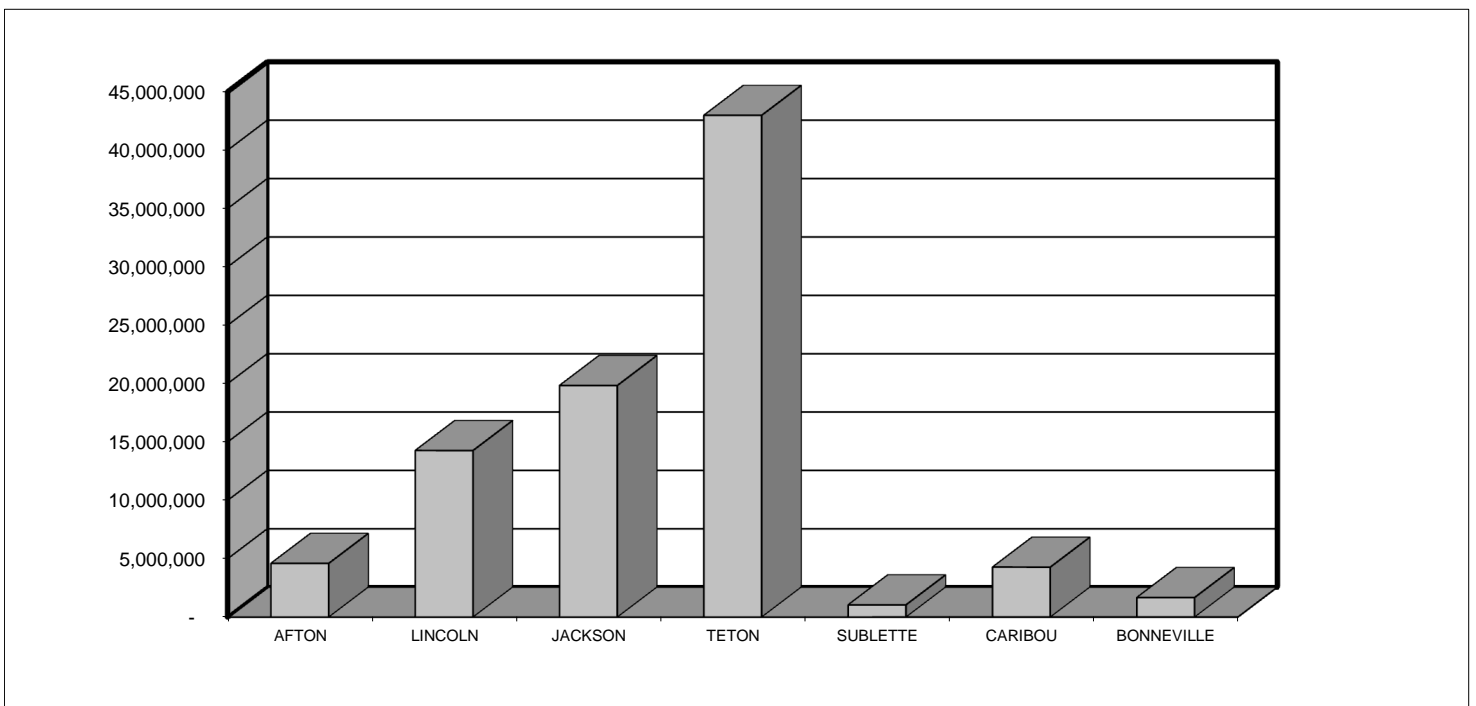


**LOWER VALLEY ENERGY  
BILLING BY GEOGRAPHIC AREAS  
ELECTRIC DIVISION  
December 31, 2016  
BILLING BASIS**

	<b>CONSUMERS</b>	<b>KWH</b>	<b>CHARGES</b>	<b>AVERAGE KWH</b>	<b>AVERAGE BILL</b>	<b>REVENUE PER KWH CENTS</b>
<b>TOWN OF AFTON</b>	1,904	4,595,825	\$275,967	2,414	\$144.94	6.00
<b>LINCOLN COUNTY (less Afton)</b>	7,243	14,265,560	\$872,240	1,970	\$120.43	6.11
<b>TOWN OF JACKSON</b>	7,282	19,836,844	\$1,175,000	2,724	\$161.36	5.92
<b>TETON COUNTY (less Jackson)</b>	8,523	42,980,112	\$2,455,174	5,043	\$288.06	5.71
<b>SUBLETTE COUNTY</b>	536	1,041,948	\$63,999	1,944	\$119.40	6.14
<b>CARIBOU COUNTY</b>	287	4,275,607	\$192,190	14,898	\$669.65	4.50
<b>BONNEVILLE COUNTY</b>	1,457	1,670,387	\$109,752	1,146	\$75.33	6.57
<b>TOTAL</b>	<u>27,232</u>	<u>88,666,283</u>	<u>\$5,144,321</u>	<u>3,256</u>	<u>\$188.91</u>	<u>5.80</u>
			<u>883,734</u>			
			<u><b>\$6,028,055</b></u>			

**Adjustments and Accruals**  
**Total Operating Revenue**

**KWH**



**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
*December 31, 2016*

**NATURAL GAS DIVISION**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
<b>1 Operating Revenue and Patronage Capital</b>	<b>\$ 8,788,553</b>	<b>\$ 8,281,762</b>	<b>\$ 8,125,000</b>	<b>\$ 1,354,897</b>
2 Power Production Expense	-	-	-	-
3 Cost of Gas	2,900,413	2,955,514	2,706,055	777,838
4 Transmission Operation & Maintenance	205,598	184,520	230,294	26,277
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	267,068	310,863	333,014	29,758
7 Distribution Maintenance Expense	190,813	215,914	191,458	11,522
8 Consumer Accounts Expense	87,157	82,157	117,089	6,674
9 Customer Service and Informational Expense	22,034	25,183	87,854	3,381
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	361,129	357,441	523,846	54,530
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>\$ 4,034,212</b>	<b>\$ 4,131,593</b>	<b>\$ 4,189,610</b>	<b>\$ 909,980</b>
13 Depreciation and Amortization Expense	1,253,460	1,257,618	1,252,170	104,910
14 Tax Expense-Property	196,639	216,357	210,840	18,949
15 Tax Expense-Other	11,076	10,603	12,000	1,623
16 Interest on Long-Term Debt	1,399,245	1,352,147	1,351,832	111,259
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other	44,070	4,779	72,000	466
19 Other Deductions	-	-	-	-
<b>20 Total Cost of Service (12 thru 19)</b>	<b>\$ 6,938,702</b>	<b>\$ 6,973,096</b>	<b>\$ 7,088,452</b>	<b>\$ 1,147,187</b>
21 Patronage Capital & Operating Margins (1 minus 20)	\$ 1,849,850	\$ 1,308,666	\$ 1,036,548	\$ 207,710
22 Non Operating Margins-Interest	-	-	-	-
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	8,122	-	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	112,272	108,843	100,000	-
28 Extraordinary Items	-	-	-	-
<b>29 Patronage Capital or Margins (21 thru 28)</b>	<b>\$ 1,962,122</b>	<b>\$ 1,425,631</b>	<b>\$ 1,136,548</b>	<b>\$ 207,710</b>

**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	183	125	5. Miles Trans.	53	53
2. Services Retired	183	29	6. Miles Distr. - 2" or less	175	165
3. Total Services in Place	4,134	4,141	7. Miles Dist. - Over 2"	55	45
4. Idle Services (Exclude Seasonal)	35	34	8. Total Miles (5 + 6 + 7)	282	263

**LOWER VALLEY ENERGY**  
BALANCE SHEET  
As of  
December 31, 2016

**NATURAL GAS DIVISION**

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 45,548,089	\$ 45,227,410	30 Memberships	-	-
2 Construction Work in Progress	229,864	114,983	31 Patronage Capital	7,918,335	6,380,481
<b>3 Total Utility Plant</b>	<b>45,777,953</b>	<b>45,342,392</b>	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	12,444,985	11,172,982	33 Operating Margins-Current Year	1,308,666	1,803,300
<b>5 Net Utility Plant</b>	<b>33,332,968</b>	<b>34,169,411</b>	34 Non Operating Margins	116,965	(255,662)
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	23,693	16,068
7 Investments in Subsidiary Companies	-	-	<b>36 Total Margins &amp; Equities</b>	<b>9,367,659</b>	<b>7,944,187</b>
8 Invest. in Assoc. Org. - Patronage Capital	646,445	592,107	37 Long-Term Debt - RUS (Net)	-	-
9 Invest. in Assoc. Org.-Other-General Funds	-	-	38 Long-Term Debt - FFB - RUS Guaranteed	-	-
10 Invest. in Assoc. Org.-Other-Nongeneral Funds	578,900	578,900	39 Long-Term Debt - Other - RUS Guaranteed	-	-
11 Investments in Economic Development Projects	-	-	40 Long-Term Debt-Other (Net)	28,661,658	29,654,179
12 Other Investments	-	-	40a Long-Term Debt-Other (BPA Power Prepayment)	-	-
13 Special Funds	-	-	41 Long-Term Debt - RUS Econ. Devel. (Net)	-	-
<b>14 Total Other Property &amp; Investments</b>	<b>1,225,345</b>	<b>1,171,007</b>	42 Payments - Unapplied	-	-
15 Cash-General Funds	-	-	<b>43 Total Long-Term Debt</b>	<b>28,661,658</b>	<b>29,654,179</b>
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	-	-	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	-	-	<b>46 Total Other Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
19 Notes Receivable-Net	-	-	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	1,154,358	1,019,340	48 Accounts Payable	65,760	56,144
21 Accounts Receivable-Net Other	51,896	105,204	49 Consumers Deposits	43,968	85,213
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	992,520	949,540
23 Materials & Supplies-Electric and Other	115,073	98,109	51 Current Maturities Long-Term Debt - Econ. Devel.	-	-
24 Prepayments	-	-	52 Current Maturities Capital Leases	-	-
25 Other Current & Accrued Assets	676,750	681,625	53 Other Current & Accrued Liabilities	301,005	1,577,812
<b>26 Total Current &amp; Accrued Assets</b>	<b>1,998,077</b>	<b>1,904,278</b>	<b>54 Total Current &amp; Accrued Liabilities</b>	<b>1,403,254</b>	<b>2,668,710</b>
27 Regulatory Assets	-	-	55 Regulatory Liabilities	-	-
28 Other Deferred Debits	2,919,840	3,097,502	56 Deferred Credits	43,659	75,123
28a Other Non-current Assets-BPA Power Prepayment	-	-	<b>57 Total Liabilities &amp; Other Credits</b>	<b>\$ 39,476,230</b>	<b>\$ 40,342,198</b>
<b>29 Total Assets &amp; Other Debits</b>	<b>\$ 39,476,230</b>	<b>\$ 40,342,198</b>			

**NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

	2016		2015	
	November	December	November	December
1. Current Assets/Liabilities	1.01	1.42	0.47	0.71
2. Equity	23.42%	23.73%	19.51%	22.66%
3. Long Term Debt as a % of Plant	62.53%	62.61%	64.57%	65.40%
4. Material Inventory:	197,938	115,073	192,538	98,109
5. Intercompany payable	(192,324)	(87,464)	(1,771,385)	(1,348,802)

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**  
*For The Month Ended*  
**December 31, 2016**

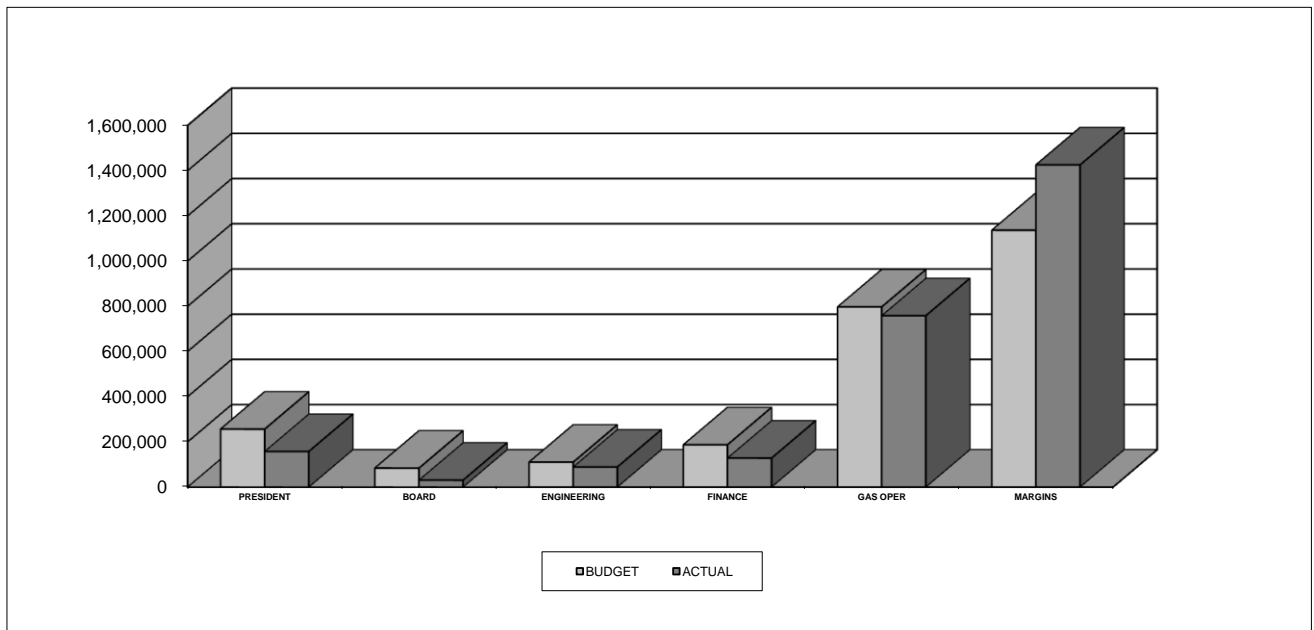
**NATURAL GAS DIVISION**

	YEAR TO DATE	BUDGET	THIS MONTH
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Margins	\$ 1,425,631	\$ 1,130,344	\$ 207,710
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,257,618	1,252,170	104,910
Decrease/(Increase) in:			
Special Deposits	-	-	-
Accounts Receivable	(135,018)	-	(584,411)
Other Accounts Receivable	53,308	-	4,328
Materials & Supplies	(16,965)	-	82,864
Prepayments	-	-	32,465
Other Current Assets	14,565	-	(227,183)
Other Deferred Debits	177,662	78,936	211,307
Increase/(Decrease) in:			
Accounts Payable (excluding line of credit)	9,616	-	65,760
Consumer Deposits	(41,245)	-	(306)
Other Current Liabilities	(15,470)	-	143,143
Deferred Credits	(31,464)	-	43,659
Net cash provided by operating activities	2,698,238	2,461,450	84,245
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital Outlay	(1,598,364)	-	59,233
Non-Expensed Depreciation	1,167,500	1	(37,834)
Purchase of Fixed Assets Net of Retirements	(430,864)	(863,900)	21,399
Change in Notes Receivable	-	-	-
Change in Investments in Associated Organizations	(54,338)	-	-
Change in Investments in Economic Development Projects	-	-	-
Change in Temporary Investments	-	-	-
Change in Other Investments	-	-	-
Net cash provided/(used) by investing activities	(485,202)	(863,900)	21,399
<b>CASH FLOWS FROM FINANCING AND CAPITAL CREDIT</b>			
Change in Capital Credits	(2,159)	-	(784.17)
Change in Long-term Debt	(949,540)	(1,127,100)	-
Net cash provided/(used) by financing and capital credit activities	(951,699)	(1,127,100)	(784)
Total change in intercompany balance	1,261,337	470,450	104,860
Beginning intercompany balance	(1,348,802)	(1,348,802)	(192,324)
Ending intercompany balance	\$ (87,464)	\$ (878,352)	\$ (87,464)

**Lower Valley Energy**  
 Natural Gas Budget vs. Actual Comparison  
 For The Month Ended  
 December 31, 2016

ITEM	2016 Total Budget	YTD Actual	YTD Budget	YTD Variance	%
	Budget	YTD Actual	YTD Budget	YTD Variance	Variance
<b>1 Operating Revenue</b>	<b>\$ 8,125,000</b>	<b>\$ 8,281,762</b>	<b>\$ 8,125,000</b>	<b>\$ 156,762</b>	<b>1.93%</b>
2 Power Production Expense	-	-	-	-	0.00%
3 Cost of Purchased Gas	2,706,055	2,955,514	2,706,055	249,458	9.22%
4 Transmission Operation & Maintenance	230,294	184,520	230,294	(45,774)	-19.88%
5 Regional Market Expense	-	-	-	-	0.00%
6 Distribution Operation Expense	333,014	310,863	333,014	(22,151)	-6.65%
7 Distribution Maintenance Expense	191,458	215,914	191,458	24,456	12.77%
8 Consumer Accounts Expense	117,089	82,157	117,089	(34,931)	-29.83%
9 Customer Service and Informational Expense	87,854	25,183	87,854	(62,671)	-71.33%
10 Sales Expense	-	-	-	-	0.00%
11 Administrative and General Expense	523,846	357,441	523,846	(166,405)	-31.77%
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>4,189,610</b>	<b>4,131,593</b>	<b>4,189,610</b>	<b>(58,017)</b>	<b>-1.38%</b>
13 Depreciation and Amortization Expense	1,252,170	1,257,618	1,252,170	5,448	0.44%
14 Tax Expense-Property	210,840	216,357	210,840	5,517	2.62%
15 Tax Expense-Other	12,000	10,603	12,000	(1,397)	-11.64%
16 Interest on Long-Term Debt	1,351,832	1,352,147	1,351,832	314	0.02%
17 Interest Charged to Construction-Credit	-	-	-	-	0.00%
18 Interest Expense-Other	72,000	4,779	72,000	(67,221)	-93.36%
19 Other Deductions	-	-	-	-	0.00%
<b>20 Total Cost of Service (12 thru 19)</b>	<b>7,088,452</b>	<b>6,973,096</b>	<b>7,088,452</b>	<b>(115,357)</b>	<b>-1.63%</b>
<b>21 Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>1,036,548</b>	<b>1,308,666</b>	<b>1,036,548</b>	<b>272,118</b>	<b>26.25%</b>
22 Non Operating Margins-Interest	-	-	-	-	0.00%
23 Allowance for Funds Used During Construction	-	-	-	-	0.00%
24 Income (Loss) from Equity Investments	-	-	-	-	0.00%
25 Non Operating Margins-Other	-	8,122	-	8,122	0.00%
26 Generation and Transmission Capital Credits	-	-	-	-	0.00%
27 Other Capital Credits and Patronage Dividends	100,000	108,843	100,000	8,843	8.84%
28 Extraordinary Items	-	-	-	-	0.00%
<b>29 Patronage Capital or Margins (21 thru 28)</b>	<b>\$ 1,136,548</b>	<b>\$ 1,425,631</b>	<b>\$ 1,136,548</b>	<b>\$ 289,084</b>	<b>25.44%</b>
Tier - Oper.	1.77	1.97	1.77		
Tier - Total	1.84	2.05	1.84		

**BUDGET BY DEPARTMENT**

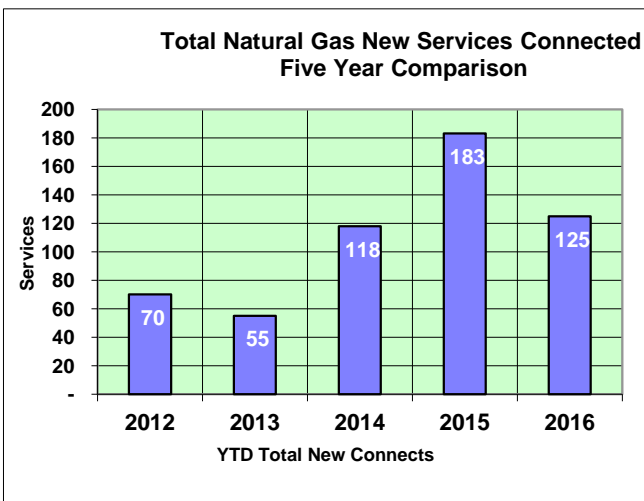
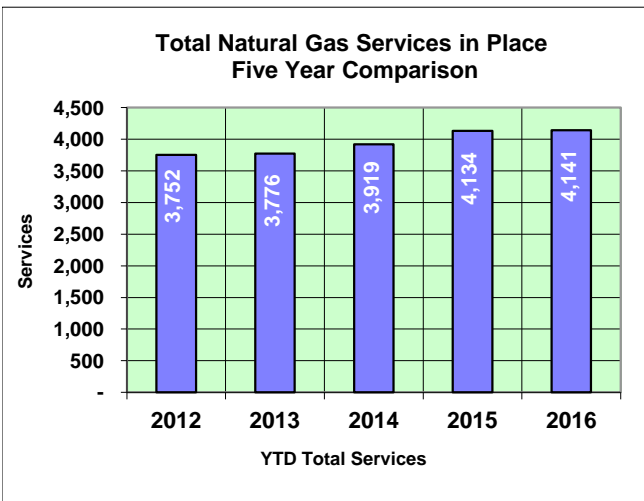
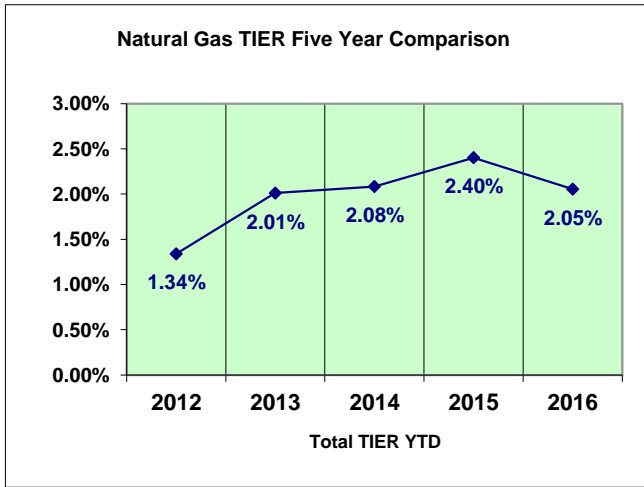
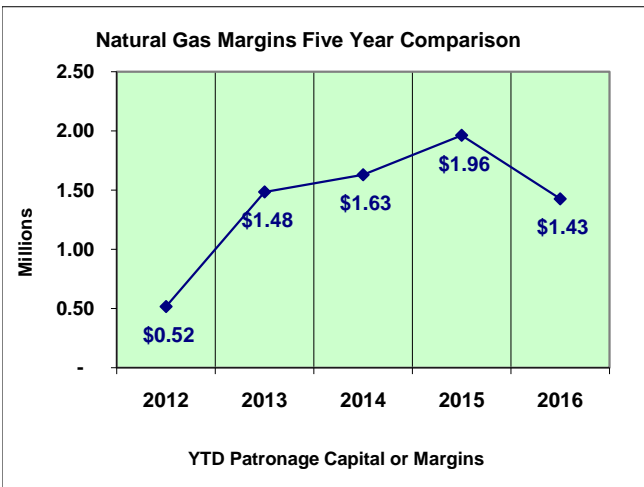
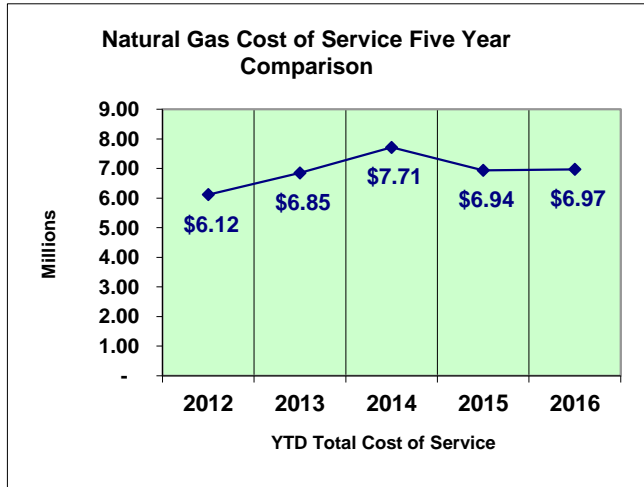
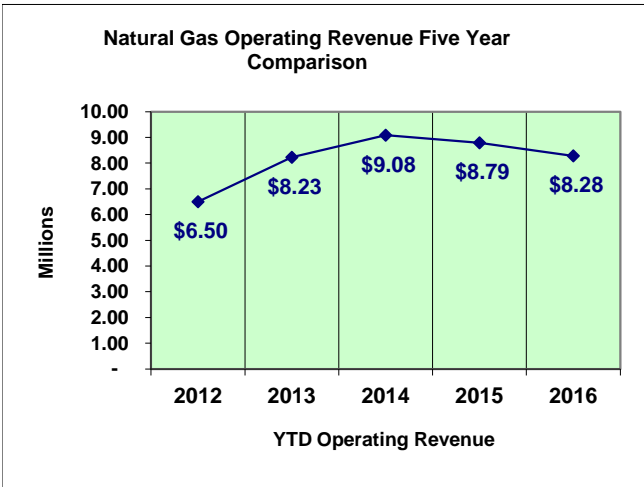


**Lower Valley Energy**  
**Natural Gas Five Year Comparison**

For the Month Ended  
December 31, 2016

ITEM	Year to Date 2016		Year to Date 2015		Year to Date 2014		Year to Date 2013		Year to Date 2012	
	\$	% of Op Rev	\$	% of Op Rev	\$	% of Op Rev	\$	% of Op Rev	\$	% of Op Rev
<b>1 Operating Revenue</b>	<b>\$ 8,281,762</b>		<b>\$ 8,788,553</b>		<b>\$ 9,083,882</b>		<b>\$ 8,225,336</b>		<b>\$ 6,498,287</b>	
2 Power Production Expense	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
3 Cost of Gas Sold	2,955,514	35.69%	2,900,413	33.00%	3,688,069	40.60%	2,897,996	35.23%	2,302,765	35.44%
4 Transmission Operation & Maintenance	184,520	2.23%	205,598	2.34%	198,246	2.18%	166,586	2.03%	198,107	3.05%
5 Regional Market Expense	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
6 Distribution Operation	310,863	3.75%	267,068	3.04%	215,223	2.37%	226,167	2.75%	219,116	3.37%
7 Distribution Maintenance	215,914	2.61%	190,813	2.17%	164,006	1.81%	145,959	1.77%	178,589	2.75%
8 Consumer Accounts Expense	82,157	0.99%	87,157	0.99%	94,487	1.04%	91,155	1.11%	85,980	1.32%
9 Customer Service & Information Expense	25,183	0.30%	22,034	0.25%	25,893	0.29%	27,086	0.33%	27,724	0.43%
10 Sales Expense	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
11 Administrative & General Expense	357,441	4.32%	361,129	4.11%	355,396	3.91%	342,208	4.16%	314,571	4.84%
<b>12 Total Operation &amp; Maintenance Expense</b>	<b>\$ 4,131,593</b>	<b>49.89%</b>	<b>\$ 4,034,212</b>	<b>45.90%</b>	<b>\$ 4,741,321</b>	<b>52.19%</b>	<b>\$ 3,897,157</b>	<b>47.38%</b>	<b>\$ 3,326,852</b>	<b>51.20%</b>
13 Depreciation & Amortization Expense	1,257,618	15.19%	1,253,460	14.26%	1,161,127	12.78%	1,144,457	13.91%	953,317	14.67%
14 Tax Expense - Property	216,357	2.61%	196,639	2.24%	201,122	2.21%	164,248	2.00%	138,075	2.12%
15 Tax Expense - Other	10,603	0.13%	11,076	0.13%	12,796	0.14%	12,416	0.15%	10,029	0.15%
16 Interest on Long-Term Debt	1,352,147	16.33%	1,399,245	15.92%	1,503,622	16.55%	1,468,338	17.85%	1,524,317	23.46%
17 Interest Charged to Construction - Credit	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
18 Interest Expense - Other	4,779	0.06%	44,070	0.50%	92,036	1.01%	162,641	1.98%	167,360	2.58%
19 Other Deductions	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>20 Total Cost of Service</b>	<b>\$ 6,973,096</b>	<b>84.20%</b>	<b>\$ 6,938,702</b>	<b>78.95%</b>	<b>\$ 7,712,024</b>	<b>84.90%</b>	<b>\$ 6,849,258</b>	<b>83.27%</b>	<b>\$ 6,119,949</b>	<b>94.18%</b>
<b>21 Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,308,666</b>	<b>15.80%</b>	<b>\$ 1,849,850</b>	<b>21.05%</b>	<b>\$ 1,371,859</b>	<b>15.10%</b>	<b>\$ 1,376,078</b>	<b>16.73%</b>	<b>\$ 378,338</b>	<b>5.82%</b>
22 Non Operating Margins - Interest	-	0.00%	-	0.00%	-	0.00%	-	0.00%	262	0.00%
23 Allowance for Funds used During Constructio	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
24 Income (Loss) from Equity Investments	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
25 Non Operating Margins - Other	8,122	0.10%	-	0.00%	9,020	0.10%	-	0.00%	2,800	0.04%
26 Generation & Transmission Capital Credits	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
27 Other Capital Credits & Patronage Dividends	108,843	1.31%	112,272	1.28%	248,244	2.73%	108,182	1.32%	135,392	2.08%
28 Extraordinary Items	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>29 Patronage Capital or Margins</b>	<b>\$ 1,425,631</b>	<b>17.21%</b>	<b>\$ 1,962,122</b>	<b>22.33%</b>	<b>\$ 1,629,123</b>	<b>17.93%</b>	<b>\$ 1,484,260</b>	<b>18.04%</b>	<b>\$ 516,791</b>	<b>7.95%</b>
<b>30 Total Cost of Service Less Cost of Gas</b>	<b>\$ 3,833,062</b>	<b>46.28%</b>	<b>\$ 3,832,691</b>	<b>43.61%</b>	<b>\$ 3,825,709</b>	<b>42.12%</b>	<b>\$ 3,784,676</b>	<b>46.01%</b>	<b>\$ 3,619,077</b>	<b>55.69%</b>
31 Tier - Oper.	1.97		2.32		1.91		1.94		1.25	
32 Tier - Total	2.05		2.40		2.08		2.01		1.34	
33 New Services Connected	125		183		118		55		70	
34 Total Services in Place	4,141		4,134		3,919		3,776		3,752	
35 Miles of Line	263		282		249		242		231	

**Lower Valley Energy**  
 Natural Gas Five Year Comparison  
*For The Month Ended*  
*December 31, 2016*



<b>LOWER VALLEY ENERGY, INC.</b> <b>NATURAL GAS</b> FINANCIAL AND STATISTICAL REPORT	<b>BORROWER DESIGNATION</b> Wyoming 11, Lincoln <b>PERIOD ENDED</b> December 31, 2016
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**PART R. GAS REQUIREMENTS DATA BASE**

CLASSIFICATION	CONSUMER SALES AND REVENUE DATA	JANUARY (a)	FEBRUARY (b)	MARCH (c)	APRIL (d)	MAY (e)	JUNE (f)
1. Residential Sales	a. No. Consumers Served	3,017	3,020	3,027	3,029	3,046	3,059
	b. Therms Sold	400,407	332,528	235,363	207,851	129,025	97,172
	c. Revenue	458,100	364,846	258,419	224,280	146,156	114,726
2. Comm. and Ind.	a. No. Consumers Served	990	989	988	988	988	988
	b. Therms Sold	956,636	781,777	642,032	482,675	354,184	349,688
	c. Revenue	955,750	764,230	607,807	449,449	327,421	323,651
3. Unbilled Revenue	a. No. Consumers Served						
	b. Therms Sold	(107,406)	(49,223)	(89,877)	(138,315)	(32,896)	(76,641)
	c. Revenue	(155,870)	(48,959)	(112,781)	(137,728)	(29,362)	(75,629)
10. TOTAL No. Consumers (lines 1a - 3a)		4,007	4,009	4,015	4,017	4,034	4,047
11. TOTAL Therms Sold (lines 1b - 3b)		1,249,637	1,065,082	787,518	552,211	450,313	370,219
12. TOTAL Revenue Received From Sales of Gas Energy (lines 1c - 3c)		1,257,980	1,080,116	753,445	536,001	444,216	362,749
13. Other Gas Revenue		2,123	3,449	1,289	4,270	1,013	658
14. Therms - Own Use		17,952	19,192	17,297	14,760	10,124	10,751
15. Cost of Purchases		377,181	321,058	240,124	169,185	138,565	115,652



**LOWER VALLEY ENERGY, INC.**  
**NATURAL GAS DIVISION**  
 FINANCIAL AND STATISTICAL REPORT

**BORROWER DESIGNATION**  
 Wyoming 11, Lincoln  
**PERIOD ENDED**  
 December 31, 2016

**PART R. GAS REQUIREMENTS DATA BASE (Continued)**

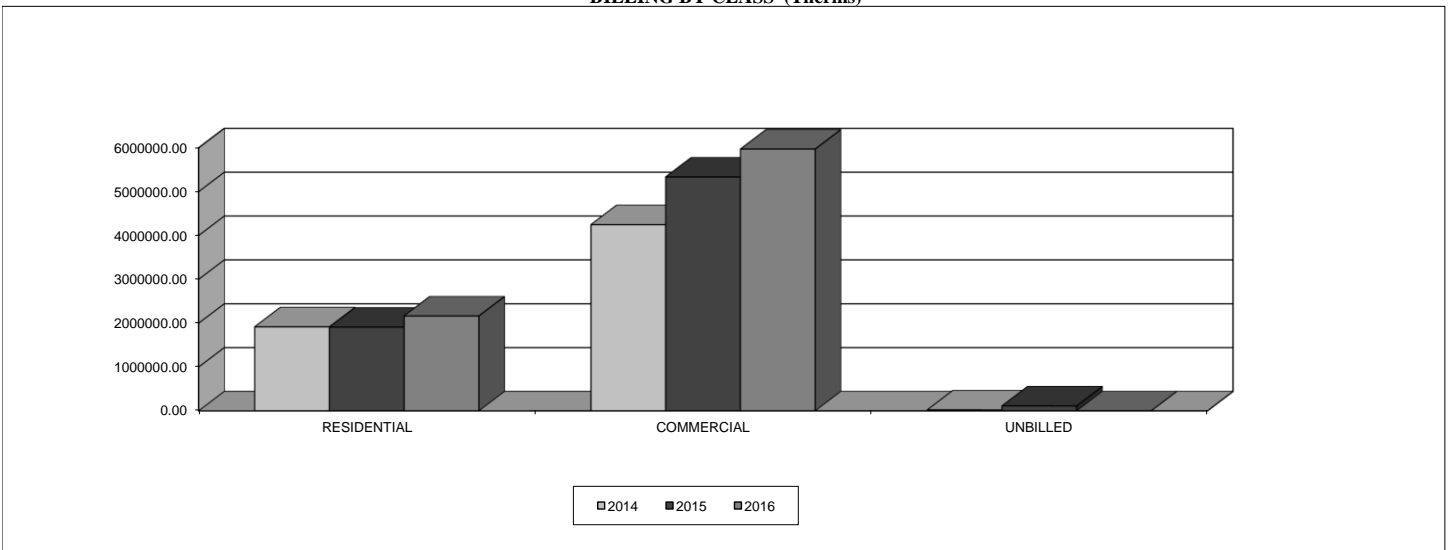
ITEM NUMBER	LINE							TOTAL (Columns a thru l)
	JULY (g)	AUGUST (h)	SEPTEMBER (i)	OCTOBER (j)	NOVEMBER (k)	DECEMBER (l)		
1. Residential Sales	a. No. Consumers Served	3,057	3,069	3,079	3,100	3,108	3,112	
	b. Therms Sold	55,632	58,501	66,186	99,127	173,321	308,892	2,164,005
	c. Revenue	73,423	77,438	87,428	121,689	199,114	349,997	\$2,475,615
2. Comm. and Ind.	a. No. Consumers Served	989	990	991	996	995	995	
	b. Therms Sold	249,231	284,334	331,422	358,183	412,350	767,313	5,969,825
	c. Revenue	233,040	272,715	323,930	349,786	406,397	780,131	\$5,794,307
								0
								\$0
								0
								\$0
3. Unbilled Revenue	a. No. Consumers Served							
	b. Therms Sold	30,786	(23,776)	42,629	95,607	159,222	191,966	2,076
	c. Revenue	29,446	(14,855)	41,013	99,780	172,886	227,183	(\$4,875)
10. TOTAL No. Consumers (lines 1a - 3a)	4,046	4,059	4,070	4,096	4,103	4,107		
11. TOTAL Therms Sold (lines 1b - 3b)	335,649	319,059	440,237	552,917	744,893	1,268,171		8,135,906
12. TOTAL Revenue Received From Sales of Gas Energy (lines 1c - 3c)	335,908	335,297	452,370	571,255	778,397	1,357,311		\$8,265,047
13. Other Gas Revenue	528	378	786	626	4,011	(2,414)		\$16,715
14. Therms - Own Use	6,635	13,057	8,227	7,772	10,470	17,137		153,374
15. Cost of Purchases	104,316	116,413	156,949	196,629	241,604	777,838		\$2,955,514

**ANALYSIS OF BILLING**  
**December 31, 2016**  
**Natural Gas Division**  
**Accrual Basis**

YEAR	NUMBER			NUMBER			NUMBER		
	OF METERS	THERMS	AMOUNT	OF METERS	THERMS	AMOUNT	OF METERS	THERMS	AMOUNT
	<b>Residential</b>			<b>Commercial</b>					
2014	2,905	1,915,727	\$2,994,062	978	4,246,521	\$6,051,746			
2015	3,012	1,909,298	\$2,598,480	988	5,334,188	\$6,186,137			
2016	3,112	2,164,005	\$2,475,615	995	5,969,825	\$5,794,307			
	<b>Change in Unbilled Revenue</b>			<b>December Totals</b>			<b>Year to Date Totals</b>		
2014		20,510	\$29,828	3,883	791,791	\$1,093,192	3883	6,182,758	9,075,636
2015		111,860	(\$31,551)	4,000	977,105	\$1,047,848	4000	7,355,346	8,753,066
2016		2,076	(\$4,875)	4,107	1,076,205	\$1,130,126	4107	8,135,906	8,265,047

<b>Degree Days</b>			<b>Revenue Summary Form 7 Part A Line 1</b>			<b>Lower Valley Energy Therm Usage</b>	
	Normal	Actual					
2014	9,495	9,647	Year to Date Billing	\$8,265,047	2014	59,633	
2015	9,221	9,628	Other Revenue	<u>16,715</u>	2015	122,150	
2016	9,588	9,608	Form 7a Line 1 YTD Revenue	<u>\$8,281,762</u>	2016	153,374	

**BILLING BY CLASS (Therms)**



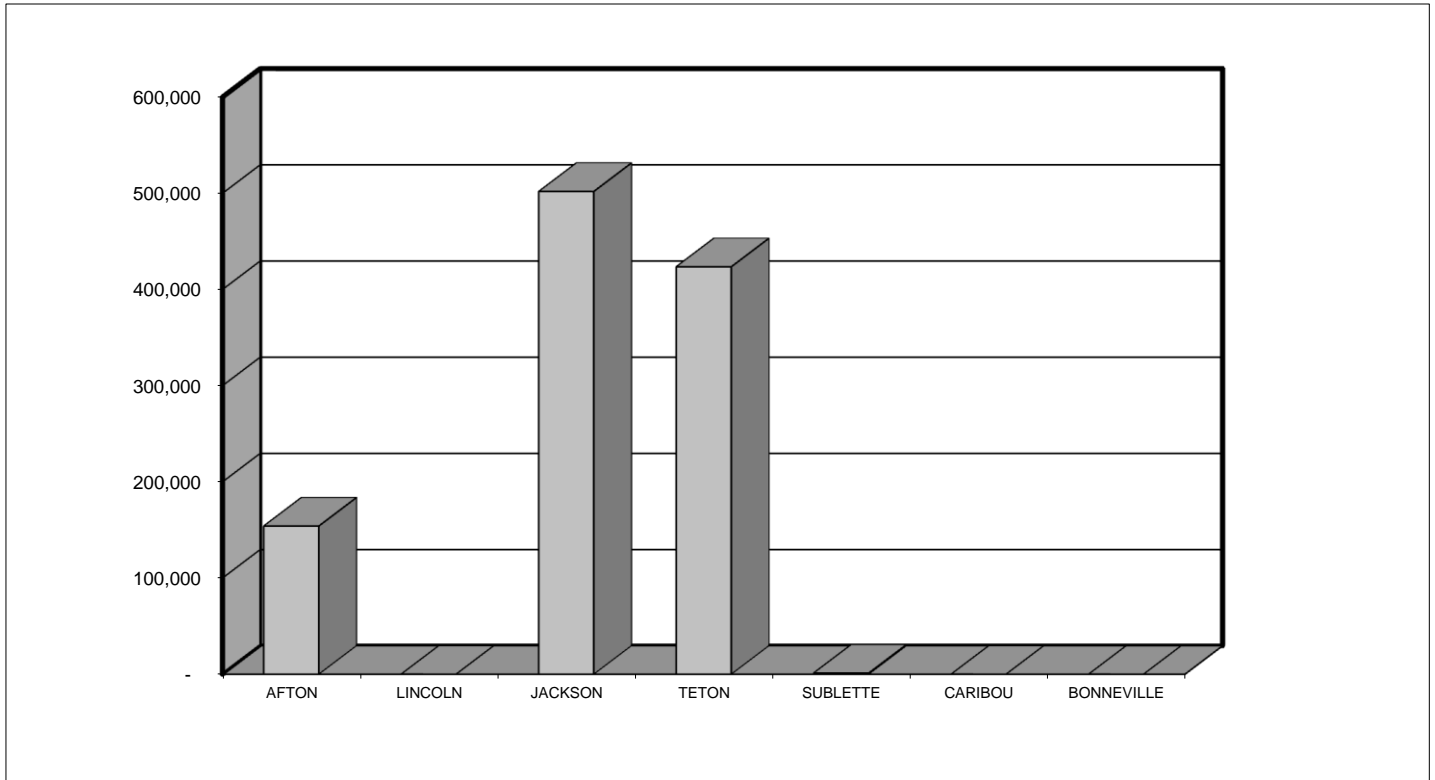
**LOWER VALLEY ENERGY  
BILLING BY GEOGRAPHIC  
NATURAL GAS  
December 31, 2016  
BILLING BASIS**

	<b>CONSUMERS</b>	<b>THERMS</b>	<b>CHARGES</b>	<b>AVERAGE THERMS</b>	<b>AVERAGE BILL</b>	<b>REVENUE PER THERM</b>
<b>TOWN OF AFTON</b>	782	153,978	\$165,280	197	\$211.35	\$1.07
<b>TOWN OF JACKSON</b>	2,336	501,837	\$529,593	215	\$226.71	\$1.06
<b>TETON COUNTY</b>	977	423,558	\$436,700	434	\$446.98	\$1.03
<b>SUBLETTE COUNTY</b>	12	1,193	\$1,340	99	\$111.69	\$1.12
<b>TOTAL</b>	<u>4,095</u>	<u>1,080,566</u>	<u>\$1,132,913</u>	<u>264</u>	<u>\$276.66</u>	<u>\$1.05</u>

**Adjustments and Accruals**  
**Total Operating Revenue**

221,984  
**\$1,354,897**

**THERMS BILLED**



**SWIFT CREEK HYDRO**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
*December 31, 2016*

**STATEMENT OF OPERATIONS - SWIFT CREEK HYDRO DIVISION**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	\$ 384,403	\$ 398,131	\$ 389,162	\$ 17,520
2. Power Production Expense.....	70,975	79,678	66,917	13,271
3. Scheduling and Delivery.....	28,618	36,603	36,000	463
4. Transmission Operation & Maintenance.....	-	-	-	-
5. Distribution Operation Expense.....	-	-	-	-
6. Distribution Maintenance Expense.....	-	-	-	-
7. Consumer Accounts Expense.....	-	-	-	-
8. Customer Service and Informational Expense.....	-	-	-	-
9. Sales Expense.....	-	-	-	-
10. Administrative and General Expense.....	8,588	16,078	8,136	1,935
11. Total Operation & Maintenance Expense (2 thru 10)...	108,181	132,359	111,053	15,668
12. Depreciation and Amortization Expense.....	147,690	147,690	147,840	12,308
13. Tax Expense-Property.....	21,440	20,405	19,440	1,861
14. Tax Expense-Other.....	-	-	-	-
15. Interest on Long-Term Debt.....	74,448	88,863	83,762	8,693
16. Interest Charged to Construction-Credit.....	-	-	-	-
17. Interest Expense-Other.....	-	-	-	-
18. Other Deductions.....	-	-	-	-
19. Total Cost of Electric Service (11 thru 18).....	351,759	389,317	362,094	38,530
20. Patronage Capital & Operating Margins (1 minus 19)...	32,644	8,813	27,067	(21,010)
21. Non Operating Margins-Interest.....	-	-	-	-
22. Allowance for Funds Used During Construction.....	-	-	-	-
23. Income (Loss) from Equity Investments.....	-	-	-	-
24. Non Operating Margins-Other.....	-	-	-	-
25. Generation and Transmission Capital Credits.....	-	-	-	-
26. Other Capital Credits and Patronage Dividends.....	-	-	-	-
27. Extraordinary Items.....	-	-	-	-
28. Patronage Capital or Margins (20 thru 27).....	\$ 32,644	\$ 8,813	\$ 27,067	\$ (21,010)

Note:

Sales for 2016 consisted of the following:

PacifiCorp PURPA sales	\$ 375,930
DOE Hydro Incentive	-
Green sales to Teton County	22,201
	<u>398,131</u>
	<u>\$ 398,131</u>

**SWIFT CREEK HYDRO**  
**FINANCIAL AND STATISTICAL REPORT**  
*For the Month Ended*  
*December 31, 2016*

**BALANCE SHEET - SWIFT CREEK HYDRO DIVISION**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service..... \$ 7,072,196	30. Memberships..... \$ -
2. Construction Work in Progress..... -	31. Patronage Capital..... -
3. Total Utility Plant (1 + 2)..... 7,072,196	32. Operating Margins-Prior Years..... (67,600)
4. Accum. Provision for Depreciation and Amort..... 1,077,094	33. Operating Margins-Current Year..... 8,813
5. Net Utility Plant (3 - 4)..... 5,995,103	34. Non Operating Margins..... -
6. Nonutility Property - Net..... -	35. Other Margins and Equities..... 530,757
7. Investments in Subsidiary Companies..... -	36. Total Margins & Equities (30 thru 35)..... 471,970
8. Invest. in Assoc. Org. - Patronage Capital..... -	37. Long-Term Debt - Bonds..... -
9. Invest. in Assoc. Org.-Other-General Funds..... -	38. Long-Term Debt Other - Econ. Devel. (Net)..... -
10. Invest. in Assoc. Org.-Other-Nongeneral Funds..... -	39. Long-Term Debt Other - Guaranteed..... -
11. Investments in Economic Development Projects..... -	40. Long-Term Debt-Other (Net)..... 5,267,969
12. Other Investments..... -	41. Total Long-Term Debt (37 thru 40)..... 5,267,969
13. Special Funds..... -	42. Obligations under Capital Leases..... -
14. Total Other Property & Investments (6 thru 13)..... -	43. Accumulated Operating Provisions..... -
15. Cash-General Funds..... -	44. Total Other Noncurrent Liabilities (42 + 43)..... -
16. Cash-Construction Funds-Trustee..... -	45. Notes Payable..... -
17. Special Deposits..... -	46. Accounts Payable..... -
18. Temporary Investments..... -	47. Consumers Deposits..... -
19. Notes Receivable-Net..... -	48. Current Maturities of Long-term Debt..... 223,907
20. Accounts Receivable-Net Sales of Energy..... -	49. Other Current & Accrued Liabilities..... (31,108)
21. Accounts Receivable-Net Other..... 33,924	50. Total Current & Accrued Liabilities (45 thru 48)..... 192,799
22. Materials & Supplies-Electric and Other..... -	51. Deferred Credits..... 120,744
23. Prepayments..... -	52. Miscellaneous Operating Reserves..... -
24. Other Current & Accrued Assets..... -	53. Total Liabilities & Other Credits
25. Total Current & Accrued Assets (15 thru 24)..... 33,924	(36 +41 + 44 + 50 thru 52)..... \$ 6,053,482
26. Regulatory Assets..... -	
27. Deferred Debits..... 24,455	
28. Accumulated Deferred Income Taxes..... -	
29. Total Assets & Other Debits (5 + 14 + 25 thru 28)..... \$ 6,053,482	

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**  
*For The Month Ended*  
**December 31, 2016**

**SWIFT CREEK HYDRO**

	YEAR TO DATE	BUDGET	THIS MONTH
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Margins	\$ 8,813	\$ 8,813	\$ (21,010)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	147,690	147,840	12,308
Decrease/(Increase) in:			
Special Deposits	-	-	-
Accounts Receivable	-	-	-
Other Accounts Receivable	13,210	-	3,244
Materials & Supplies	-	-	-
Prepayments	2,624	-	-
Other Current Assets	-	-	-
Other Deferred Debits	2,100	-	(10,818)
Increase/(Decrease) in:			
Accounts Payable (excluding line of credit)	-	-	-
Consumer Deposits	-	-	-
Other Current Liabilities	(81,230)	-	5,772
Deferred Credits	84,085	-	13,352
Net cash provided by operating activities	177,294	156,653	2,848
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets Net of Retirements	-	-	-
Change in Notes Receivable	-	-	-
Change in Investments in Associated Organizations	-	-	-
Change in Investments in Economic Development Projects	-	-	-
Change in Temporary Investments	-	-	-
Change in Other Investments	-	-	-
Net cash provided/(used) by investing activities	-	-	-
<b>CASH FLOWS FROM FINANCING AND CAPITAL CREDIT</b>			
Change in Capital Credits	-	-	-
Change in Long-term Debt	(220,926)	(217,986)	-
Net cash provided/(used) by financing and capital credit activities	(220,926)	(217,986)	-
Total change in intercompany balance	(43,632)	(61,332)	2,848
Beginning intercompany balance	112,946	112,946	66,466
Ending intercompany balance (positive = cash, negative = liability)	\$ 69,314	\$ 51,614	\$ 69,314