

Lower Valley Energy, Inc.

balance sheets

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
NON-CURRENT ASSETS		
net utility plant	\$124,947,504	\$123,064,126
other assets and investments	8,469,494	12,732,071
prepaid power, to be amortized after one year	108,476,881	117,119,987
	<u>241,893,879</u>	<u>252,916,184</u>
CURRENT ASSETS		
cash, cash equivalents, and restricted cash	2,197,453	2,399,806
accounts receivable, net	10,108,667	7,476,432
materials and supplies inventory	1,432,586	1,607,202
other current assets	3,029,599	3,086,640
prepaid power, to be amortized within one year	8,643,106	8,258,881
	<u>25,411,411</u>	<u>22,828,961</u>
deferred charges	<u>3,081,528</u>	<u>3,367,686</u>
	<u>\$270,386,818</u>	<u>\$279,112,831</u>
MEMBERS' EQUITY AND LIABILITIES		
MEMBERS' EQUITY		
patronage capital	\$65,265,329	\$64,752,380
other equities	18,923,888	17,703,985
	<u>84,189,217</u>	<u>82,456,365</u>
NON-CURRENT LIABILITIES		
long-term debt, due after one year	161,826,734	173,163,507
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CURRENT LIABILITIES		
long-term debt, due within one year	11,336,736	10,894,635
accounts payable	3,948,597	3,462,492
consumer deposits	593,689	527,784
other current and accrued liabilities	3,437,787	3,376,117
	<u>19,316,809</u>	<u>18,261,028</u>
deferred credits	<u>5,054,058</u>	<u>5,231,931</u>
	<u>\$270,386,818</u>	<u>\$279,112,831</u>

Lower Valley Energy, Inc.

statement of revenues and margins

for the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
electric operating revenue	\$48,481,536	\$46,457,5641
gas operating revenue	9,598,067	8,281,762
total operating revenues	<u>58,079,603</u>	<u>54,739,325</u>
OPERATING EXPENSES		
cost of purchased power and gas	30,628,492	27,152,742
transmission expense - operation and maintenance	1,302,565	751,490
distribution expense - operation	3,365,573	3,509,943
distribution expense - maintenance	1,948,818	1,577,195
consumer accounts expense	756,616	804,257
customer service and information	339,761	359,595
administration and general expense	2,699,514	2,497,391
depreciation expense	6,021,233	5,928,653
taxes - property and gross revenue	741,146	749,672
total operating expenses	<u>47,803,718</u>	<u>43,330,938</u>
operating margins before finance charges	<u>10,275,885</u>	<u>11,408,387</u>
FINANCE CHARGES		
interest on long-term debt	5,478,673	5,812,462
other interest expense	49,848	9,509
total finance charges	<u>5,528,521</u>	<u>5,821,971</u>
net operating margins	<u>4,747,363</u>	<u>5,586,416</u>
NON-OPERATING MARGINS		
investment income	324,977	238,859
gain on sale of general plant	5,477	62,753
patronage capital credits from other cooperatives	542,677	592,401
other non-operating margins, net	25,136	178,947
total non-operating margins	<u>898,267</u>	<u>1,072,960</u>
net margins	<u><u>\$5,645,630</u></u>	<u><u>\$6,659,376</u></u>

Your cooperative continues to grow and remain financially strong. Net margins exceeded \$5.6 million and were used for system improvements, repayment of debt principal, and retirement of patronage capital.

A complete copy of our audited financial statements can be obtained from either of our offices.