

**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
**October 31, 2018**

**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

November 19, 2018  
DATE

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

November 19, 2018  
DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

| ITEM   | YEAR-TO-DATE  |              |               |               |
|--|---------------|--------------|---------------|---------------|
|  | Electric      | Natural Gas  | Consolidated  | Budget        |
| <b>1 Operating Revenue</b>                                       | \$ 39,399,451 | \$ 7,199,755 | \$ 46,599,206 | \$ 47,767,027 |
| 2 Power Production Expense                                       | 87,866        | -            | 87,866        | 138,841       |
| 3 Cost of Purchased Power/Gas Sold                               | 23,044,890    | 2,911,734    | 25,956,624    | 26,543,759    |
| 4 Transmission Operation & Maintenance                           | 804,148       | 244,908      | 1,049,056     | 927,982       |
| 5 Regional Market Expense  | -             | -            | -             | -             |
| 6 Distribution Operation Expense                                 | 2,589,254     | 292,026      | 2,881,279     | 2,940,510     |
| 7 Distribution Maintenance Expense                               | 1,070,825     | 503,913      | 1,574,738     | 1,870,018     |
| 8 Consumer Accounts Expense                                      | 524,473       | 84,489       | 608,962       | 696,718       |
| 9 Customer Service and Informational Expense                     | 239,836       | 43,637       | 283,473       | 345,885       |
| 10 Sales Expense   | -             | -            | -             | -             |
| 11 Administrative and General Expense                            | 1,898,094     | 364,870      | 2,262,964     | 2,266,741     |
| <b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>  | \$ 30,259,386 | \$ 4,445,578 | \$ 34,704,964 | \$ 35,730,454 |
| 13 Depreciation and Amortization Expense                         | 4,042,209     | 1,066,576    | 5,108,786     | 5,299,680     |
| 14 Tax Expense-Property  | 369,321       | 171,018      | 540,339       | 603,700       |
| 15 Tax Expense-Other   | 35,818        | 10,211       | 46,028        | 47,500        |
| 16 Interest on Long-Term Debt                                    | 3,262,037     | 1,064,144    | 4,326,181     | 4,347,510     |
| 17 Interest Charged to Construction-Credit                       | -             | -            | -             | -             |
| 18 Interest Expense-Other <sup>1</sup>                           | 126,133       | 8,873        | 67,249        | 79,635        |
| 19 Other Deductions  | -             | -            | -             | -             |
| <b>20 Total Cost of Service (16 thru 23)</b>                     | \$ 38,094,904 | \$ 6,766,400 | \$ 44,793,546 | \$ 46,108,479 |
| <b>21 Patronage Capital &amp; Operating Margins (3 minus 24)</b> | \$ 1,304,547  | \$ 433,355   | \$ 1,805,660  | \$ 1,658,548  |
| 22 Non Operating Margins-Interest <sup>1</sup>                   | 256,202       | 67,757       | 256,202       | 221,150       |
| 23 Allowance for Funds Used During Construction                  | -             | -            | -             | -             |
| 24 Income (Loss) from Equity Investments                         | -             | -            | -             | -             |
| 25 Non Operating Margins-Other                                   | -             | 103          | 103           | 18,000        |
| 26 Generation and Transmission Capital Credits                   | -             | -            | -             | -             |
| 27 Other Capital Credits and Patronage Dividends                 | 386,109       | 108,721      | 494,830       | 498,900       |
| 28 Extraordinary Items   | -             | -            | -             | -             |
| <b>29 Patronage Capital or Margins (21 thru 28)</b>              | \$ 1,946,858  | \$ 609,936   | \$ 2,556,794  | \$ 2,396,598  |

**DATA ON TRANSMISSION AND DISTRIBUTION**

| ITEM                                   | YEAR-TO-DATE |             |              |           |
|--|--------------|-------------|--------------|-----------|
|  | Electric     | Natural Gas | Consolidated | Last Year |
| 1 New Services Connected               | 511          | 92          | 603          | 457       |
| 2 Services Retired                     | 118          | 5           | 123          | 102       |
| 3 Total Services in Place              | 28,295       | 4,348       | 32,643       | 32,014    |
| 4 Idle Services (Excluding Seasonal)   | 195          | 44          | 239          | 252       |
| 5 Miles Transmission                   | 264          | 53          | 317          | 317       |
| 6 Miles Distribution - Overhead        | 930          | -           | 930          | 929       |
| 7 Miles Distribution - Underground     | 1,546        | 226         | 1,772        | 1,745     |
| 8 Total Miles In Service ( 5 + 6 + 7 ) | 2,741        | 279         | 3,020        | 2,991     |

<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, 2018**

**STATEMENT OF OPERATIONS - CONSOLIDATED**

| ITEM  | YEAR-TO-DATE  |               |               | THIS MONTH<br>(d) |
|---|---------------|---------------|---------------|-------------------|
|   | LAST YEAR     | THIS YEAR     | BUDGET        |                   |
|   | (a)           | (b)           | (c)           |                   |
| 1 Operating Revenue                                   | \$ 45,684,229 | \$ 46,599,206 | \$ 47,767,027 | \$ 4,538,141      |
| 2 Power Production Expense                            | 88,620        | 87,866        | 138,841       | 6,557             |
| 3 Cost of Purchased Power & Gas                       | 24,025,118    | 25,956,624    | 26,543,759    | 2,499,536         |
| 4 Transmission Operation & Maintenance                | 990,279       | 1,049,056     | 927,982       | 114,483           |
| 5 Regional Market Expense                             | -             | -             | -             | -                 |
| 6 Distribution Operation Expense                      | 2,854,162     | 2,881,279     | 2,940,510     | 170,027           |
| 7 Distribution Maintenance Expense                    | 1,383,269     | 1,574,738     | 1,870,018     | 111,660           |
| 8 Consumer Accounts Expense                           | 643,174       | 608,962       | 696,718       | 62,419            |
| 9 Customer Service and Informational Expense          | 285,757       | 283,473       | 345,885       | 27,346            |
| 10 Sales Expense                                      | -             | -             | -             | -                 |
| 11 Administrative and General Expense                 | 1,915,006     | 2,262,964     | 2,266,741     | 184,092           |
| 12 Total Operation & Maintenance Expense (2 thru 11)  | \$ 32,185,383 | \$ 34,704,964 | \$ 35,730,454 | \$ 3,176,121      |
| 13 Depreciation and Amortization Expense              | 5,017,522     | 5,108,786     | 5,299,680     | 514,644           |
| 14 Tax Expense-Property                               | 601,347       | 540,339       | 603,700       | 27,180            |
| 15 Tax Expense-Other                                  | 44,839        | 46,028        | 47,500        | 4,149             |
| 16 Interest on Long-Term Debt                         | 4,594,937     | 4,326,181     | 4,347,510     | 423,142           |
| 17 Interest Charged to Construction-Credit            | -             | -             | -             | -                 |
| 18 Interest Expense-Other <sup>1</sup>                | 25,711        | 67,249        | 79,635        | 7,662             |
| 19 Other Deductions                                   | (25,136)      | -             | -             | -                 |
| 20 Total Cost of Service (16 thru 23)                 | \$ 42,444,604 | \$ 44,793,546 | \$ 46,108,479 | \$ 4,152,899      |
| 21 Patronage Capital & Operating Margins (3 minus 24) | \$3,239,626   | \$1,805,660   | \$1,658,548   | \$385,242         |
| 22 Non Operating Margins-Interest <sup>1</sup>        | 280,362       | 256,202       | 221,150       | 25,968            |
| 23 Allowance for Funds Used During Construction       | -             | -             | -             | -                 |
| 24 Income (Loss) from Equity Investments              | -             | -             | -             | -                 |
| 25 Non Operating Margins-Other                        | 5,477         | 103           | 18,000        | 51                |
| 26 Generation and Transmission Capital Credits        | -             | -             | -             | -                 |
| 27 Other Capital Credits and Patronage Dividends      | 519,122       | 494,830       | 498,900       | -                 |
| 28 Extraordinary Items                                | -             | -             | -             | -                 |
| 29 Patronage Capital or Margins (21 thru 28)          | \$ 4,044,587  | \$ 2,556,794  | \$ 2,396,598  | \$ 411,261        |

**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              | 457          | 603       | 5. Miles Trans.               | 317          | 317       |
| 2. Services Retired                    | 102          | 123       | 6. Miles Dist. - OH           | 929          | 930       |
| 3. Total Services in Place             | 32,014       | 32,643    | 7. Miles Dist. - UG           | 1,745        | 1,772     |
| 4. Idle Services<br>(Exclude Seasonal) | 252          | 239       | 8. Total Miles<br>(5 + 6 + 7) | 2,991        | 3,020     |

<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, 2018**

**CONSOLIDATED**

| ASSETS AND OTHER DEBITS                          |                       |                       | LIABILITIES AND OTHER CREDITS                     |                       |                       |
|--|-----------------------|-----------------------|---|-----------------------|-----------------------|
|  | Current Year          | Prior Year            |   | Current Year          | Prior Year            |
| 1 Total Utility Plant in Service                 | \$ 226,215,676        | \$ 222,846,780        | 30 Memberships                                    | \$ -                  | \$ -                  |
| 2 Construction Work in Progress                  | 29,455,673            | 4,505,162             | 31 Patronage Capital                              | 63,388,869            | 63,275,190            |
| <b>3 Total Utility Plant</b>                     | <b>255,671,349</b>    | <b>227,351,942</b>    | 32 Operating Margins-Prior Years                  | -                     | -                     |
| 4 Accum. Provision for Depreciation and Amort    | 108,724,434           | 102,652,400           | 33 Operating Margins-Current Year                 | 1,737,903             | 3,239,626             |
| <b>5 Net Utility Plant</b>                       | <b>146,946,915</b>    | <b>124,699,542</b>    | 34 Non Operating Margins                          | 818,892               | 804,961               |
| 6 Nonutility Property - Net                      | -                     | -                     | 35 Other Margins and Equities                     | 20,261,768            | 18,504,603            |
| 7 Investments in Subsidiary Companies            | -                     | -                     | <b>36 Total Margins &amp; Equities</b>            | <b>86,207,431</b>     | <b>85,824,380</b>     |
| 8 Invest. in Assoc. Org. - Patronage Capital     | 3,137,766             | 2,869,469             | 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 | 2,016,793             | 2,017,692             | 39 Long-Term Debt - Other - RUS Guaranteed        | -                     | -                     |
| 11 Investments in Economic Development Projects  | 2,093                 | 2,093                 | 40 Long-Term Debt - Other (Net)                   | 52,344,178            | 53,989,003            |
| 12 Other Investments                             | 530,000               | 556,667               | 40a Long-Term Debt - BPA Power Prepayment         | 98,844,420            | 108,101,542           |
| 13 Special Funds                                 | -                     | -                     | 41 Long-Term Debt - Econ Dev (WYO REERLP)         | 474,235               | 764,925               |
| <b>14 Total Other Property &amp; Investments</b> | <b>5,693,338</b>      | <b>5,452,606</b>      | 41a Long-Term Debt - Econ Dev (REDL&G)            | 927,835               | 1,000,000             |
| 15 Cash-General Funds                            | 987,972               | 918,284               | 42 Payments - Unapplied                           | -                     | -                     |
| 16 Cash-Construction Funds-Trustee               | -                     | -                     | <b>43 Total Long-Term Debt</b>                    | <b>152,590,668</b>    | <b>163,855,471</b>    |
| 17 Special Deposits                              | 1,188,922             | 1,362,387             | 44 Obligations under Capital Leases               | -                     | -                     |
| 18 Temporary Investments                         | 4,183,768             | 8,321,835             | 45 Accumulated Operating Provisions               | -                     | -                     |
| 19 Notes Receivable-Net                          | 1,301,945             | 1,329,825             | <b>46 Total Other Noncurrent Liabilities</b>      | <b>-</b>              | <b>-</b>              |
| 20 Accounts Receivable-Net Sales of Energy       | 3,297,255             | 3,607,054             | 47 Notes Payable                                  | 24,670,237            | -                     |
| 21 Accounts Receivable-Net Other                 | 2,616,051             | 446,422               | 48 Accounts Payable                               | 2,963,355             | 2,363,588             |
| 22 Renewable Energy Credits                      | -                     | -                     | 49 Consumers Deposits                             | 625,133               | 587,168               |
| 23 Materials & Supplies-Electric and Other       | 2,898,616             | 1,443,486             | 50 Current Maturities LTD - Other                 | 1,771,236             | 2,079,856             |
| 24 Prepayments (excl. BPA Power Prepayment)      | 125,612               | 178,583               | 50a Current Maturities LTD - BPA Power Prepayment | 9,254,840             | 8,912,511             |
| 24a BPA Power Prepayment - Current               | 8,643,106             | 8,258,881             | 51 Current Maturities LTD - Econ Dev              | 290,691               | 186,521               |
| 25 Other Current & Accrued Assets                | 4,955,370             | 3,687,037             | 52 Current Maturities Capital Leases              | -                     | -                     |
| <b>26 Total Current &amp; Accrued Assets</b>     | <b>30,198,617</b>     | <b>29,553,794</b>     | 53 Other Current & Accrued Liabilities            | 6,576,039             | 5,164,321             |
| 27 Regulatory Assets                             | -                     | -                     | <b>54 Total Current &amp; Accrued Liabilities</b> | <b>46,151,531</b>     | <b>19,293,965</b>     |
| 28 Other Deferred Debits                         | 4,854,139             | 3,158,639             | 55 Regulatory Liabilities                         | -                     | -                     |
| 28a BPA Power Prepayment - Non-current           | 101,301,724           | 110,263,798           | 56 Deferred Credits                               | 4,045,104             | 4,154,563             |
| <b>29 Total Assets &amp; Other Debits</b>        | <b>\$ 288,994,734</b> | <b>\$ 273,128,379</b> | <b>57 Total Liabilities &amp; Other Credits</b>   | <b>\$ 288,994,734</b> | <b>\$ 273,128,379</b> |
|  |                       |                       | ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION    |                       |                       |
|  |                       |                       | 58 Balance Beginning of Year (1978 Thru 2017)     | \$64,184,546          | \$60,642,009          |
|  |                       |                       | 59 Amounts Received This Year (Net)               | 3,132,401             | 2,035,595             |
|  |                       |                       | 60 Total Contributions-In-Aid-Of-Construction     | \$67,316,947          | \$62,677,604          |

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

*As of*  
**October 31, 2018**

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

|   | 2018                 |                      | 2017                 |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | September            | October              | September            | October              |
| 1 Cost of Power & Gas   |                      |                      |                      |                      |
| Cost from Income Statement  | \$ 23,457,088        | \$ 25,956,624        | \$ 21,743,053        | \$ 24,025,118        |
| Plus: Interest on BPA Prepayment Loan   | 2,771,168            | 3,068,741            | 2,985,233            | 3,307,093            |
| Total Cost of Power with BPA Interest   | <u>\$ 26,228,255</u> | <u>\$ 29,025,365</u> | <u>\$ 24,728,286</u> | <u>\$ 27,332,211</u> |
| 2 Current Assets/Liabilities  | 0.65                 | 0.65                 | 1.67                 | 1.59                 |
| 3 Equity  | 29.63%               | 29.83%               | 31.47%               | 31.66%               |
| Equity excluding BPA Power Prepayment   | 47.46%               | 47.66%               | 52.52%               | 55.70%               |
| 4 Long Term Debt as a % of Plant  | 64.58%               | 64.11%               | 77.84%               | 76.99%               |
| Long Term Debt as a % of Plant excl. BPA Power Prepayment   | 21.78%               | 21.71%               | 25.61%               | 25.44%               |
| 5 Debt Service Coverage   | 0.86                 | 0.88                 | 0.99                 | 1.00                 |
| Debt Service Coverage excl. BPA Power Prepayment  | 1.87                 | 1.96                 | 2.05                 | 2.12                 |
| 6 Intercompany Receivables/(Payables) :   |                      |                      |                      |                      |
| Natural Gas Division Receivable/(Payable)   | \$ 3,228,905         | \$ 3,136,815         | \$ 2,084,183         | \$ 2,035,795         |
| less: Teton Village CIAC Receivable   | 993,466              | 979,265              | 1,219,007            | 1,204,006            |
| Net Balance   | <u>\$ 4,222,370</u>  | <u>\$ 4,116,079</u>  | <u>\$ 3,303,190</u>  | <u>\$ 3,239,801</u>  |
| 7 Total Shared Overhead - Gas Division  | <u>347,753</u>       | <u>386,792</u>       | <u>308,806</u>       | <u>349,411</u>       |
| 8 Material Inventory:   |                      |                      |                      |                      |
| Material  | 2,904,027            | 2,898,616            | 1,895,759            | 1,443,486            |
| Special Equip.  | 2,899,568            | 2,769,085            |                      | 2,551,664            |
| Total Material  | <u>5,803,595</u>     | <u>5,667,701</u>     | <u>1,895,759</u>     | <u>3,995,150</u>     |
| 9 Inventory Carrying Cost (YTD)   | <u>41,903</u>        | <u>48,935</u>        | <u>36,968</u>        | <u>41,002</u>        |
| 10 Inventory Turnover - Electric (Dist & Trans)   |                      |                      |                      |                      |
| Dollar Value  | 0.88                 | 0.71                 | 0.80                 | 1.05                 |
| Quantity  | 1.10                 | 0.98                 | 1.03                 | 1.18                 |
| 11 Aged Accounts Receivable (Over 60 Days):   | <u>37,495</u>        | <u>22,873</u>        | <u>63,890</u>        | <u>43,585</u>        |
| 12 LVE has a \$12 Million dollar line of credit with CFC to meet short term cash needs.<br>CFC line of credit balance is: |                      | \$ -                 |                      |                      |

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**  
*For The Month Ended*  
**October 31, 2018**

**CONSOLIDATED**

|   | YEAR TO DATE                    | BUDGET       | THIS MONTH   |
|---|---------------------------------|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                                 |              |              |
| Net Margins   | \$ 2,556,794                    | \$ 2,394,486 | \$ 411,261   |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: |                                 |              |              |
| Depreciation Expense  | 5,108,786                       | 5,299,680    | 514,644      |
| Decrease/(Increase) in:   |                                 |              |              |
| Special Deposits  | 17 180,185                      | -            | -            |
| Accounts Receivable   | 20 2,399,428                    | -            | (586,720)    |
| Other Accounts Receivable   | 21 415,368                      | -            | (84,840)     |
| Materials & Supplies  | 23 (1,466,030)                  | -            | 5,411        |
| Prepayments   | 24 (390,655)                    | -            | 22,825       |
| BPA Prepayment - Non-current  | 28a 7,559,383                   | 4,324,850    | 729,813      |
| Other Current Assets  | 25 (440,893)                    | -            | (488,512)    |
| Other Deferred Debits   | 28 (1,772,611)                  | 79,200       | 19,187       |
| Increase/(Decrease) in:   |                                 |              |              |
| Accounts Payable (excluding line of credit)                                       | 48 (985,242)                    | -            | (174,002)    |
| Consumer Deposits   | 49 31,444                       | -            | 3,266        |
| Other Current Liabilities   | 53 1,534,193                    | -            | (45,866)     |
| Deferred Credits  | 56 (1,008,954)                  | (200,840)    | (88,012)     |
| Net cash provided by operating activities   | 13,721,194                      | 11,897,376   | 238,455      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                                 |              |              |
| Purchase of Fixed Assets Net of Retirements                                       | (26,752,775)                    | (1,685,995)  | 454,220      |
| Change in Notes Receivable  | 19 78,620                       | -            | (5,561)      |
| Change in Investments in Associated Organizations                                 | 8-10 (243,844)                  | -            | -            |
| Change in Investments in Economic Development Projects                            | 11 -                            | -            | -            |
| Change in Temporary Investments   | 18 (355,422)                    | -            | 1,487,784    |
| Change in Other Investments   | 12 20,000                       | -            | -            |
| Net cash provided/(used) by investing activities                                  | (27,253,421)                    | (1,685,995)  | 1,936,443    |
| <b>CASH FLOWS FROM FINANCING AND CAPITAL CREDIT ACTIVITIES:</b>                   |                                 |              |              |
| Change in Capital Credits   | 31 (538,580)                    | (2,067,235)  | (23,920)     |
| Change in Line of Credit  | 24,670,237                      | -            | -            |
| Change in Long-term Debt  | 40-40a, 41-41a, 50, (9,256,036) | (9,123,761)  | (807,584)    |
| Net cash provided/(used) by financing and capital credit activities               | 14,875,621                      | (11,190,996) | (831,503)    |
| Total change in cash  | 1,343,394                       | (979,616)    | 1,343,394    |
| Beginning cash and cash equivalents   | 3,828,346                       | 6,500,000    | 3,828,346    |
| Ending cash and cash equivalents  | \$ 5,171,740                    | \$ 5,520,384 | \$ 5,171,740 |

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

*As of*  
**October 31, 2018**

**CONSOLIDATED**

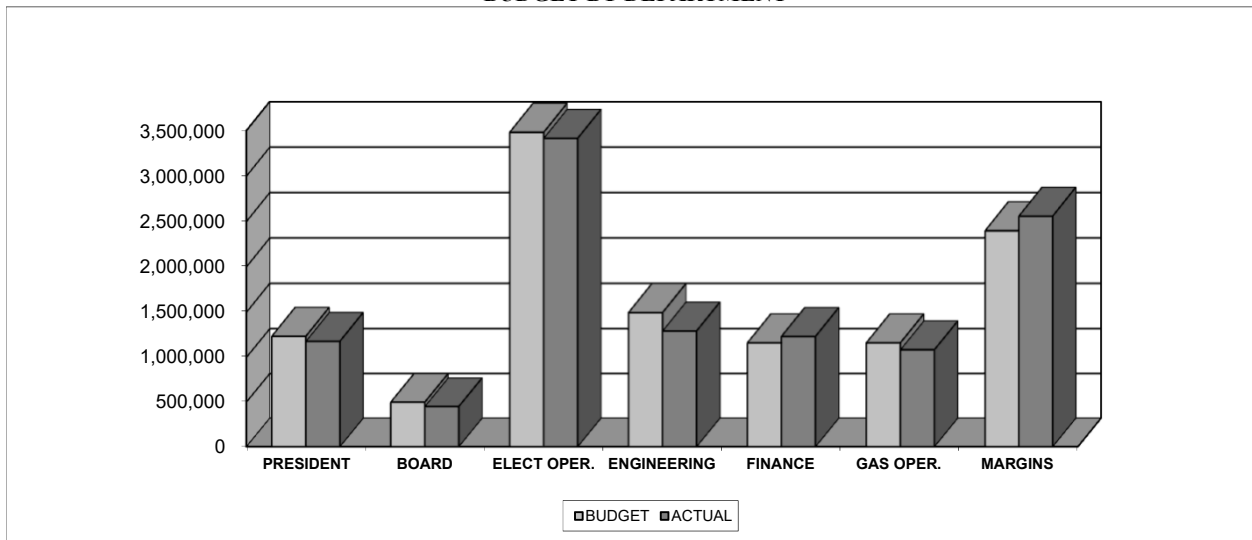
|  | YEAR TO<br>DATE     | PRIOR MONTH         | PRIOR YEAR          |
|--|---------------------|---------------------|---------------------|
| <b>Deferred Debits - Electric Division</b>           |                     |                     |                     |
| CFC Repricing Fees                                   | 395,080             | 396,419             | 411,151             |
| Town of Afton Swift Creek Receivable                 | 113,286             | 106,361             | 73,383              |
| Teton Village Contribution in Aid Rec. - Trans. Line | 1,975,343           | 1,979,337           | -                   |
|  | 2,483,709           | 2,482,117           | 484,534             |
| <b>Deferred Debits - Gas Division</b>                |                     |                     |                     |
| CFC Repricing Fees                                   | 1,391,166           | 1,397,744           | 1,470,099           |
| Teton Village Contribution in Aid Rec. - Pipeline    | 979,265             | 993,466             | 1,204,006           |
|  | 2,370,430           | 2,391,209           | 2,674,105           |
| <b>Total Deferred Debits</b>                         | <b>\$ 4,854,139</b> | <b>\$ 4,873,327</b> | <b>\$ 3,158,639</b> |
| <b>Deferred Credits - Electric Division</b>          |                     |                     |                     |
| Horse Butte Wind (Eagle Mountain)                    | \$ 2,812,184        | \$ 2,829,332        | \$ 3,017,954        |
| Conservation Expenditures                            | (106,601)           | (92,333)            | 77,800              |
| Conservation - Loan Loss Reserve                     | 200,000             | 200,000             | 200,000             |
| Conservation Funds                                   | 409,842             | 409,842             | 365,551             |
| Prepaid Revenue-Gift Certificates                    | 3,450               | 3,450               | 3,395               |
| Boardman liability                                   | 260,230             | 270,239             | 380,337             |
|  | 3,579,106           | 3,620,530           | 4,045,037           |
| <b>Deferred Credits - Gas Division</b>               |                     |                     |                     |
| Natural Gas Fuel Balancing Account                   | 445,600             | 492,137             | 109,527             |
| Prepaid Lease-CNG Compressor SV Nat Gas              | 20,398              | 20,449              | -                   |
|  | 465,997             | 512,586             | 109,527             |
| <b>Total Deferred Credits</b>                        | <b>\$ 4,045,104</b> | <b>\$ 4,133,116</b> | <b>\$ 4,154,563</b> |

**Lower Valley Energy**  
 Consolidated Budget vs. Actual Comparison  
*For The Month Ended*  
**October 31, 2018**

| ITEM   | YTD Actual           | YTD Budget           | YTD Variance          | %<br>Variance |
|--|----------------------|----------------------|-----------------------|---------------|
| <b>1 Operating Revenue</b>                                       | <b>\$ 46,599,206</b> | <b>\$ 47,767,027</b> | <b>\$ (1,167,821)</b> | <b>-2.44%</b> |
| 2 Power Production Expense                                       | 87,866               | 138,841              | (50,975)              | -36.71%       |
| 3 Cost of Purchased Power  | 25,956,624           | 26,543,759           | (587,135)             | -2.21%        |
| 4 Transmission Operation & Maintenance                           | 1,049,056            | 927,982              | 121,074               | 13.05%        |
| 5 Regional Market Expense  | -                    | -                    | -                     | 0.00%         |
| 6 Distribution Operation Expense                                 | 2,881,279            | 2,940,510            | (59,231)              | -2.01%        |
| 7 Distribution Maintenance Expense                               | 1,574,738            | 1,870,018            | (295,280)             | -15.79%       |
| 8 Consumer Accounts Expense                                      | 608,962              | 696,718              | (87,756)              | -12.60%       |
| 9 Customer Service and Informational Expense                     | 283,473              | 345,885              | (62,412)              | -18.04%       |
| 10 Sales Expense   | -                    | -                    | -                     | 0.00%         |
| 11 Administrative and General Expense                            | 2,262,964            | 2,266,741            | (3,777)               | -0.17%        |
| <b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>  | <b>34,704,964</b>    | <b>35,730,454</b>    | <b>(1,025,490)</b>    | <b>-2.87%</b> |
| 13 Depreciation and Amortization Expense                         | 5,108,786            | 5,299,680            | (190,894)             | -3.60%        |
| 14 Tax Expense-Property  | 540,339              | 603,700              | (63,361)              | -10.50%       |
| 15 Tax Expense-Other   | 46,028               | 47,500               | (1,472)               | -3.10%        |
| 16 Interest on Long-Term Debt                                    | 4,326,181            | 4,347,510            | (21,329)              | -0.49%        |
| 17 Interest Charged to Construction-Credit                       | -                    | -                    | -                     | 0.00%         |
| 18 Interest Expense-Other  | 67,249               | 79,635               | (12,386)              | -15.55%       |
| 19 Other Deductions  | -                    | -                    | -                     | 0.00%         |
| <b>20 Total Cost of Service (12 thru 19)</b>                     | <b>44,793,546</b>    | <b>46,108,479</b>    | <b>(1,314,933)</b>    | <b>-2.85%</b> |
| <b>21 Patronage Capital &amp; Operating Margins (1 minus 20)</b> | <b>1,805,660</b>     | <b>1,658,548</b>     | <b>147,112</b>        | <b>8.87%</b>  |
| 22 Non Operating Margins-Interest                                | 256,202              | 221,150              | 35,052                | 15.85%        |
| 23 Allowance for Funds Used During Construction                  | -                    | -                    | -                     | 0.00%         |
| 24 Income (Loss) from Equity Investments                         | -                    | -                    | -                     | 0.00%         |
| 25 Non Operating Margins-Other                                   | 103                  | 18,000               | (17,898)              | -99.43%       |
| 26 Generation and Transmission Capital Credits                   | -                    | -                    | -                     | 0.00%         |
| 27 Other Capital Credits and Patronage Dividends                 | 494,830              | 498,900              | (4,070)               | -0.82%        |
| 28 Extraordinary Items   | -                    | -                    | -                     | 0.00%         |
| <b>29 Patronage Capital or Margins (21 thru 28)</b>              | <b>\$ 2,556,794</b>  | <b>\$ 2,396,598</b>  | <b>\$ 160,196</b>     | <b>6.68%</b>  |

|              |      |      |
|--------------|------|------|
| Tier - Oper. | 1.42 | 1.38 |
| Tier - Total | 1.59 | 1.55 |

**BUDGET BY DEPARTMENT**



**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
**October 31, 2018**

**ELECTRIC DIVISION**

| ITEM  | YEAR-TO-DATE         |                      |                      | THIS MONTH          |
|---|----------------------|----------------------|----------------------|---------------------|
|   | LAST YEAR            | THIS YEAR            | BUDGET               |                     |
|   | (a)                  | (b)                  | (c)                  |                     |
| <b>1 Operating Revenue and Patronage Capital</b>                | <b>\$ 38,273,904</b> | <b>\$ 39,399,451</b> | <b>\$ 40,244,459</b> | <b>\$ 3,873,190</b> |
| 2 Power Production Expense                                      | 88,620               | 87,866               | 138,841              | 6,557               |
| 3 Cost of Purchased Power                                       | 21,050,752           | 23,044,890           | 23,314,380           | 2,276,680           |
| 4 Transmission Operation & Maintenance                          | 831,871              | 804,148              | 717,856              | 94,630              |
| 5 Regional Market Expense                                       | -                    | -                    | -                    | -                   |
| 6 Distribution Operation Expense                                | 2,529,019            | 2,589,254            | 2,648,142            | 146,239             |
| 7 Distribution Maintenance Expense                              | 1,129,273            | 1,070,825            | 1,279,955            | 64,837              |
| 8 Consumer Accounts Expense                                     | 554,730              | 524,473              | 601,707              | 54,044              |
| 9 Customer Service and Informational Expense                    | 251,148              | 239,836              | 314,607              | 23,813              |
| 10 Sales Expense  | -                    | -                    | -                    | -                   |
| 11 Administrative and General Expense                           | 1,604,518            | 1,898,094            | 1,871,455            | 155,819             |
| <b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b> | <b>\$ 28,039,931</b> | <b>\$ 30,259,386</b> | <b>\$ 30,886,943</b> | <b>\$ 2,822,619</b> |
| 13 Depreciation and Amortization Expense                        | 3,959,384            | 4,042,209            | 4,223,910            | 407,817             |
| 14 Tax Expense-Property   | 411,741              | 369,321              | 418,000              | 19,315              |
| 15 Tax Expense-Other  | 35,411               | 35,818               | 37,800               | 3,168               |
| 16 Interest on Long-Term Debt                                   | 3,497,629            | 3,262,037            | 3,283,450            | 318,025             |
| 17 Interest Charged to Construction-Credit                      | -                    | -                    | -                    | -                   |
| 18 Interest Expense-Other                                       | 19,060               | 126,133              | 73,035               | 12,643              |
| 19 Other Deductions   | (25,136)             | -                    | -                    | -                   |
| <b>20 Total Cost of Electric Service (12 thru 19)</b>           | <b>\$ 35,938,019</b> | <b>\$ 38,094,904</b> | <b>\$ 38,923,138</b> | <b>\$ 3,583,588</b> |
| 21 Patronage Capital & Operating Margins (1 minus 20)           | \$ 2,335,885         | \$ 1,304,547         | \$ 1,321,321         | \$ 289,602          |
| 22 Non Operating Margins-Interest                               | 280,362              | 256,202              | 221,150              | 25,968              |
| 23 Allowance for Funds Used During Construction                 | -                    | -                    | -                    | -                   |
| 24 Income (Loss) from Equity Investments                        | -                    | -                    | -                    | -                   |
| 25 Non Operating Margins-Other                                  | 5,152                | -                    | 18,000               | -                   |
| 26 Generation and Transmission Capital Credits                  | -                    | -                    | -                    | -                   |
| 27 Other Capital Credits and Patronage Dividends                | 408,985              | 386,109              | 388,480              | -                   |
| 28 Extraordinary Items  | -                    | -                    | -                    | -                   |
| <b>29 Patronage Capital or Margins (21 thru 28)</b>             | <b>\$ 3,030,384</b>  | <b>\$ 1,946,858</b>  | <b>\$ 1,948,951</b>  | <b>\$ 315,570</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           | 358          | 511       | 5. Miles Trans.              | 264          | 264       |
| 2. Services Retired                 | 99           | 118       | 6. Miles Dist. - Overhead    | 929          | 930       |
| 3. Total Services in Place          | 27,775       | 28,295    | 7. Miles Dist. - Underground | 1,520        | 1,546     |
| 4. Idle Services (Exclude Seasonal) | 215          | 195       | 8. Total Miles (5 + 6 + 7)   | 2,713        | 2,741     |



**LOWER VALLEY ENERGY**  
BALANCE SHEET  
As of  
**October 31, 2018**

**ELECTRIC DIVISION**

| ASSETS AND OTHER DEBITS                          |                       |                       | LIABILITIES AND OTHER CREDITS                     |                       |                       |
|--|-----------------------|-----------------------|---|-----------------------|-----------------------|
|  | Current Year          | Prior Year            |   | Current Year          | Prior Year            |
| 1 Total Utility Plant in Service                 | \$ 180,317,423        | \$ 177,250,286        | 30 Memberships                                    | \$ -                  | \$ -                  |
| 2 Construction Work in Progress                  | 28,702,029            | 3,806,876             | 31 Patronage Capital                              | 52,933,718            | 53,942,794            |
| <b>3 Total Utility Plant</b>                     | <b>209,019,452</b>    | <b>181,057,162</b>    | 32 Operating Margins-Prior Years                  | -                     | -                     |
| 4 Accum. Provision for Depreciation and Amort    | 93,885,930            | 89,107,467            | 33 Operating Margins-Current Year                 | 1,304,547             | 2,335,885             |
| <b>5 Net Utility Plant</b>                       | <b>115,133,522</b>    | <b>91,949,695</b>     | 34 Non Operating Margins                          | 642,311               | 694,498               |
| 6 Nonutility Property - Net                      | -                     | -                     | 35 Other Margins and Equities                     | 20,055,603            | 18,467,694            |
| 7 Investments in Subsidiary Companies            | -                     | -                     | <b>36 Total Margins &amp; Equities</b>            | <b>74,936,179</b>     | <b>75,440,872</b>     |
| 8 Invest. in Assoc. Org. - Patronage Capital     | 2,485,651             | 2,167,955             | 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 | 1,437,893             | 1,438,792             | 39 Long-Term Debt - Other - RUS Guaranteed        | -                     | -                     |
| 11 Investments in Economic Development Projects  | 2,093                 | 2,093                 | 40 Long-Term Debt - Other (Net)                   | 25,528,851            | 26,101,127            |
| 12 Other Investments                             | 530,000               | 556,667               | 40a Long-Term Debt - BPA Power Prepayment         | 98,844,420            | 108,101,542           |
| 13 Special Funds                                 | -                     | -                     | 41 Long-Term Debt - Econ Dev (WYO REERLP)         | 474,235               | 764,925               |
| <b>14 Total Other Property &amp; Investments</b> | <b>4,462,323</b>      | <b>4,172,192</b>      | 41a Long-Term Debt - Econ Dev (REDL&G)            | 927,835               | 1,000,000             |
| 15 Cash-General Funds                            | 987,972               | 918,284               | 42 Payments - Unapplied                           | -                     | -                     |
| 16 Cash-Construction Funds-Trustee               | -                     | -                     | <b>43 Total Long-Term Debt</b>                    | <b>125,775,341</b>    | <b>135,967,595</b>    |
| 17 Special Deposits                              | 1,188,922             | 1,362,387             | 44 Obligations under Capital Leases               | -                     | -                     |
| 18 Temporary Investments                         | 4,183,768             | 8,321,835             | 45 Accumulated Operating Provisions               | -                     | -                     |
| 19 Notes Receivable-Net                          | 1,301,945             | 1,329,825             | <b>46 Total Other Noncurrent Liabilities</b>      | <b>-</b>              | <b>-</b>              |
| 20 Accounts Receivable-Net Sales of Energy       | 2,805,153             | 3,027,610             | 47 Notes Payable                                  | 24,670,237            | -                     |
| 21 Accounts Receivable-Net Other                 | 2,604,268             | 357,875               | 48 Accounts Payable                               | 2,962,378             | 2,348,918             |
| 22 Renewable Energy Credits                      | -                     | -                     | 49 Consumers Deposits                             | 563,399               | 532,873               |
| 23 Materials & Supplies-Electric and Other       | 2,383,575             | 1,402,755             | 50 Current Maturities LTD - Other                 | 698,687               | 1,053,808             |
| 24 Prepayments                                   | 125,612               | 178,583               | 50a Current Maturities LTD - BPA Power Prepayment | 9,254,840             | 8,912,511             |
| 24a BPA Power Prepayment - Current               | 8,643,106             | 8,258,881             | 51 Current Maturities LTD - Econ Dev              | 290,691               | 186,521               |
| 25 Other Current & Accrued Assets                | 1,436,881             | 1,356,109             | 52 Current Maturities Capital Leases              | -                     | -                     |
| <b>26 Total Current &amp; Accrued Assets</b>     | <b>25,661,202</b>     | <b>26,514,144</b>     | 53 Other Current & Accrued Liabilities            | 6,311,621             | 4,896,230             |
| 27 Regulatory Assets                             | -                     | -                     | <b>54 Total Current &amp; Accrued Liabilities</b> | <b>44,751,853</b>     | <b>17,930,859</b>     |
| 28 Other Deferred Debits                         | 2,483,709             | 484,534               | 55 Regulatory Liabilities                         | -                     | -                     |
| 28a BPA Power Prepayment - Non-current           | 101,301,724           | 110,263,798           | 56 Deferred Credits                               | 3,579,106             | 4,045,037             |
| <b>29 Total Assets &amp; Other Debits</b>        | <b>\$ 249,042,480</b> | <b>\$ 233,384,363</b> | <b>57 Total Liabilities &amp; Other Credits</b>   | <b>\$ 249,042,480</b> | <b>\$ 233,384,363</b> |

**NOTES TO FINANCIAL STATEMENTS**

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

|   | 2018                 |                      | 2017                 |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | September            | October              | September            | October              |
| 1 Cost of Power   |                      |                      |                      |                      |
| Cost of Power from Income Statement                       | \$ 20,768,210        | \$ 23,044,890        | \$ 19,036,148        | \$ 21,050,752        |
| plus: Interest on BPA Prepayment Loan                     | 2,771,168            | 3,068,741            | 2,985,233            | 3,307,093            |
| Total Power Cost  | <u>\$ 23,539,378</u> | <u>\$ 26,113,630</u> | <u>\$ 22,021,381</u> | <u>\$ 24,357,845</u> |
| 2 Current Assets/Liabilities                              | 0.57                 | 0.57                 | 1.55                 | 1.48                 |
| 3 Equity  | 29.87%               | 30.09%               | 32.08%               | 32.33%               |
| Equity excluding BPA Power Prepayment                     | 52.93%               | 53.17%               | 59.99%               | 64.83%               |
| 4 Long Term Debt as a % of Plant                          | 65.63%               | 65.08%               | 76.14%               | 75.10%               |
| Long Term Debt as a % of Plant excl. BPA Power Prepayment | 13.40%               | 13.36%               | 16.10%               | 15.97%               |
| 5 Material Inventory:                                     |                      |                      |                      |                      |
| Material  | 2,372,657            | 2,383,575            | 1,852,257            | 1,402,755            |
| Special Equip.  | 2,899,568            | 2,769,085            | 2,625,724            | 2,551,664            |
| <b>Total Material</b>                                     | <u>5,272,225</u>     | <u>5,152,659</u>     | <u>4,477,982</u>     | <u>3,954,419</u>     |

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**

*For The Month Ended*  
**October 31, 2018**

**ELECTRIC DIVISION**

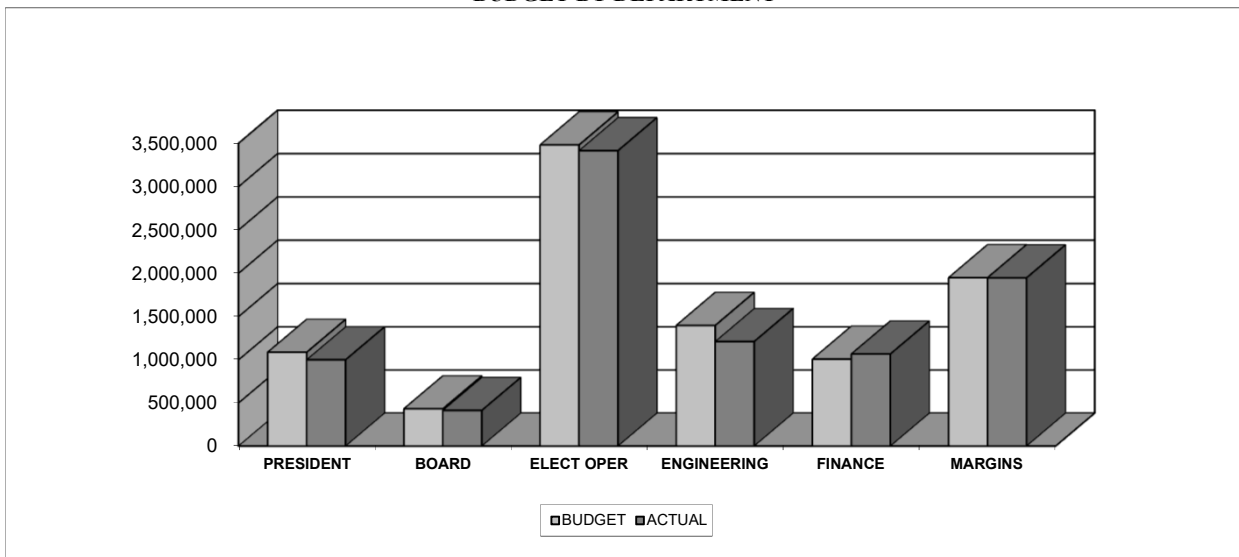
|   | DATE         | THIS MONTH |
|---|--------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |              |            |
| Net Margins   | \$ 1,946,858 | \$ 315,570 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: |              |            |
| Depreciation Expense  | 4,042,209    | 407,817    |
| Decrease/(Increase) in:   |              |            |
| Special Deposits  | 180,185      | -          |
| Accounts Receivable   | 1,852,583    | (462,852)  |
| Other Accounts Receivable   | 687,540      | (83,502)   |
| Materials & Supplies  | (1,044,227)  | (10,918)   |
| Prepayments   | (432,792)    | 22,825     |
| BPA Prepayment  | 7,559,382    | 729,813    |
| Other Current Assets  | 876,565      | (453,515)  |
| Other Deferred Debits   | (2,018,441)  | (1,592)    |
| Increase/(Decrease) in:   |              |            |
| Accounts Payable  | (986,219)    | (147,927)  |
| Consumer Deposits   | 22,337       | 414        |
| Other Current Liabilities   | 1,579,515    | (150,725)  |
| Deferred Credits  | (1,378,823)  | (41,424)   |
| Net cash provided by operating activities   | 12,886,673   | 123,984    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |              |            |
| Purchase of Fixed Assets Net of Retirements                                       | (27,120,564) | (540,497)  |
| Change in Notes Receivable  | 78,620       | (5,561)    |
| Change in Investments in Associated Organizations                                 | (189,484)    | -          |
| Change in Investments in Economic Development Projects                            | -            | -          |
| Change in Temporary Investments   | (355,422)    | 1,487,784  |
| Change in Other Investments   | 20,000       | -          |
| Net cash provided/(used) by investing activities                                  | (27,566,850) | 941,725    |
| <b>CASH FLOWS FROM FINANCING AND CAPITAL CREDIT</b>                               |              |            |
| Change in Capital Credits   | (519,835)    | (23,920)   |
| Change in Line of Credit  | 24,670,237   | -          |
| Change in Long-term Debt  | (8,482,253)  | (765,916)  |
| Net cash provided/(used) by financing and capital credit activities               | 15,668,149   | (789,835)  |
| Total change in cash  | 987,972      | 275,874    |
| Beginning cash  | -            | 712,098    |
| Ending cash   | \$ 987,972   | \$ 987,972 |
| Add: Cash Equivalents   | 4,183,768    |            |
| Ending cash and cash equivalents  | \$ 5,171,740 |            |

**Lower Valley Energy**  
Electric Budget vs. Actual Comparison  
*For The Month Ended*  
*October 31, 2018*

| <u>ITEM</u>  | <u>YTD Actual</u>    | <u>YTD Budget</u>    | <u>YTD<br/>Variance</u> | <u>%<br/>Variance</u> |
|--|----------------------|----------------------|-------------------------|-----------------------|
| <b>1 Operating Revenue</b>                                       | <b>\$ 39,399,451</b> | <b>\$ 40,244,459</b> | <b>\$ (845,008)</b>     | <b>-2.10%</b>         |
| 2 Power Production Expense                                       | 87,866               | 138,841              | (50,975)                | -36.71%               |
| 3 Cost of Purchased Power  | 23,044,890           | 23,314,380           | (269,490)               | -1.16%                |
| 4 Transmission Operation & Maintenance                           | 804,148              | 717,856              | 86,292                  | 12.02%                |
| 5 Regional Market Expense  | -                    | -                    | -                       | 0.00%                 |
| 6 Distribution Operation Expense                                 | 2,589,254            | 2,648,142            | (58,888)                | -2.22%                |
| 7 Distribution Maintenance Expense                               | 1,070,825            | 1,279,955            | (209,130)               | -16.34%               |
| 8 Consumer Accounts Expense                                      | 524,473              | 601,707              | (77,234)                | -12.84%               |
| 9 Customer Service and Informational Expense                     | 239,836              | 314,607              | (74,771)                | -23.77%               |
| 10 Sales Expense   | -                    | -                    | -                       | 0.00%                 |
| 11 Administrative and General Expense                            | 1,898,094            | 1,871,455            | 26,639                  | 1.42%                 |
| <b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>  | <b>30,259,386</b>    | <b>30,886,943</b>    | <b>(627,557)</b>        | <b>-2.03%</b>         |
| 13 Depreciation and Amortization Expense                         | 4,042,209            | 4,223,910            | (181,701)               | -4.30%                |
| 14 Tax Expense-Property  | 369,321              | 418,000              | (48,679)                | -11.65%               |
| 15 Tax Expense-Other   | 35,818               | 37,800               | (1,982)                 | -5.24%                |
| 16 Interest on Long-Term Debt                                    | 3,262,037            | 3,283,450            | (21,413)                | -0.65%                |
| 17 Interest Charged to Construction-Credit                       | -                    | -                    | -                       | 0.00%                 |
| 18 Interest Expense-Other  | 126,133              | 73,035               | 53,098                  | 72.70%                |
| 19 Other Deductions  | -                    | -                    | -                       | 0.00%                 |
| <b>20 Total Cost of Electric Service (12 thru 19)</b>            | <b>38,094,904</b>    | <b>38,923,138</b>    | <b>(828,234)</b>        | <b>-2.13%</b>         |
| <b>21 Patronage Capital &amp; Operating Margins (1 minus 20)</b> | <b>1,304,547</b>     | <b>1,321,321</b>     | <b>(16,774)</b>         | <b>-1.27%</b>         |
| 22 Non Operating Margins-Interest                                | 256,202              | 221,150              | 35,052                  | 15.85%                |
| 23 Allowance for Funds Used During Construction                  | -                    | -                    | -                       | 0.00%                 |
| 24 Income (Loss) from Equity Investments                         | -                    | -                    | -                       | 0.00%                 |
| 25 Non Operating Margins-Other                                   | -                    | 18,000               | (18,000)                | -100.00%              |
| 26 Generation and Transmission Capital Credits                   | -                    | -                    | -                       | 0.00%                 |
| 27 Other Capital Credits and Patronage Dividends                 | 386,109              | 388,480              | (2,371)                 | -0.61%                |
| 28 Extraordinary Items   | -                    | -                    | -                       | 0.00%                 |
| <b>29 Patronage Capital or Margins (21 thru 28)</b>              | <b>\$ 1,946,858</b>  | <b>\$ 1,948,951</b>  | <b>\$ (2,093)</b>       | <b>-0.11%</b>         |

|              |      |      |
|--------------|------|------|
| Tier - Oper. | 1.40 | 1.40 |
| Tier - Total | 1.60 | 1.59 |

**BUDGET BY DEPARTMENT**



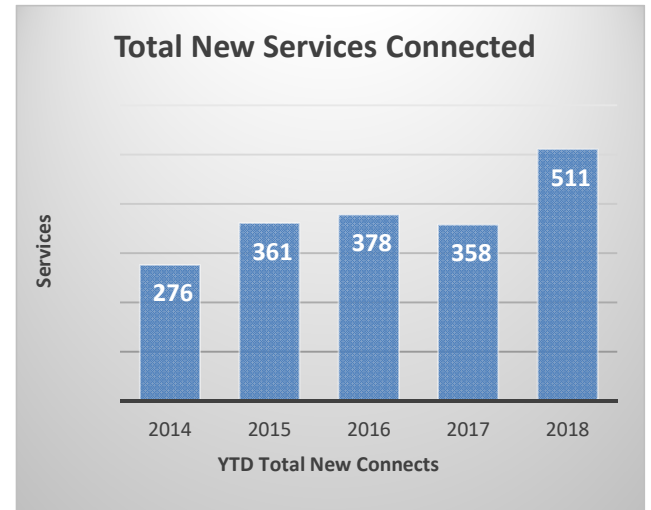
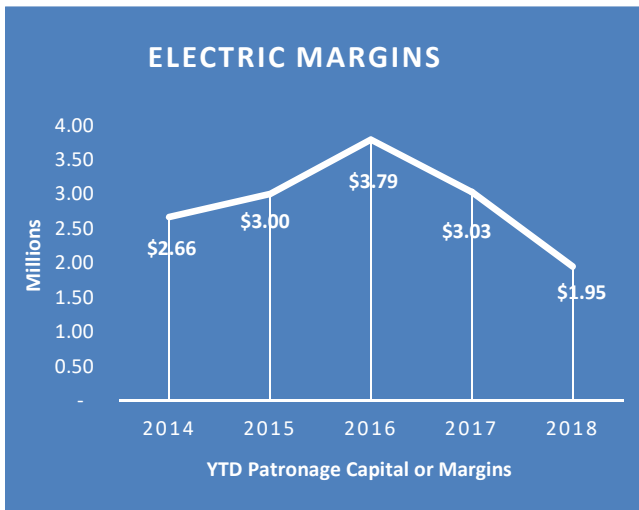
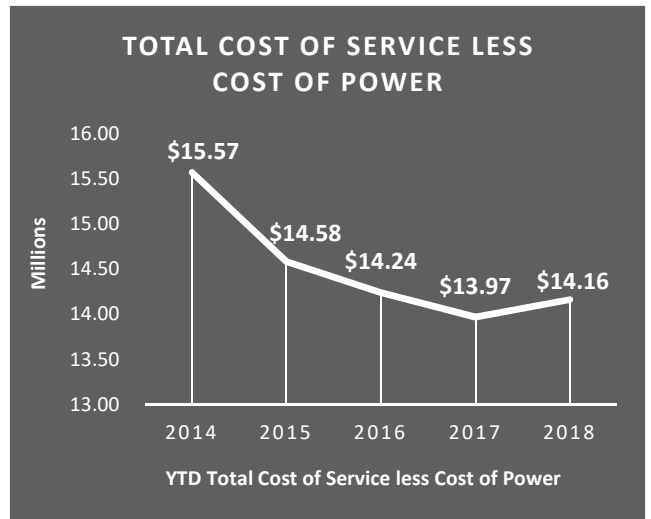
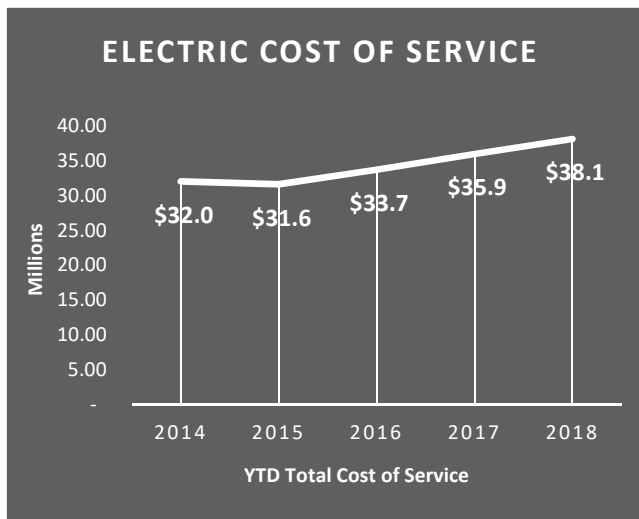
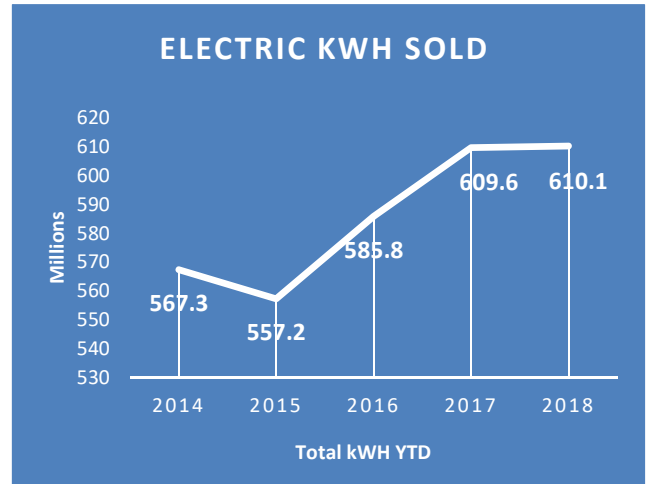
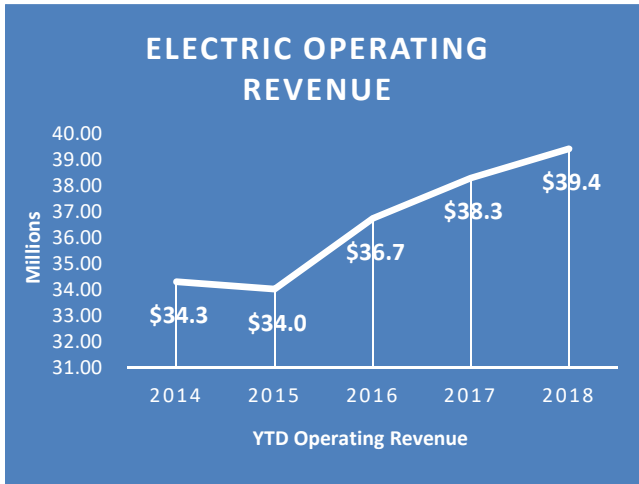
**Lower Valley Energy**  
**Electric Five Year Comparison**

For the Month Ended

October 31, 2018

| ITEM  | Year to Date 2018   |               | Year to Date 2017   |               | Year to Date 2016   |               | Year to Date 2015   |               | Year to Date 2014   |               |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|   | \$                  | % of Op Rev   | \$                  | % of Op Rev   | \$                  | % of Op Rev   | \$                  | % of Op Rev   | \$                  | % of Op Rev   |
| <b>1 Operating Revenue</b>                          | <b>\$39,399,451</b> |               | <b>\$38,273,904</b> |               | <b>\$36,732,083</b> |               | <b>\$34,004,487</b> |               | <b>\$34,285,937</b> |               |
| 2 Power Production Expense                          | \$87,866            | 0.22%         | \$88,620            | 0.23%         | \$104,229           | 0.28%         | \$92,987            | 0.27%         | \$70,396            | 0.21%         |
| 3 Cost of Purchased Power                           | 23,044,890          | 58.49%        | 21,050,752          | 55.00%        | 18,838,686          | 51.29%        | 16,360,756          | 48.11%        | 16,014,277          | 46.71%        |
| 4 Transmission Operation & Maintenance              | 804,148             | 2.04%         | 831,871             | 2.17%         | 489,685             | 1.33%         | 551,666             | 1.62%         | 355,622             | 1.04%         |
| 5 Regional Market Expense                           |                     | 0.00%         |                     | 0.00%         | 0                   | 0.00%         | 0                   | 0.00%         | 0                   | 0.00%         |
| 6 Distribution Operation                            | 2,589,254           | 6.57%         | 2,529,019           | 6.61%         | 2,563,348           | 6.98%         | 2,403,009           | 7.07%         | 2,722,429           | 7.94%         |
| 7 Distribution Maintenance                          | 1,070,825           | 2.72%         | 1,129,273           | 2.95%         | 1,173,446           | 3.19%         | 1,087,475           | 3.20%         | 1,092,065           | 3.19%         |
| 8 Consumer Accounts Expense                         | 524,473             | 1.33%         | 554,730             | 1.45%         | 601,062             | 1.64%         | 617,074             | 1.81%         | 650,901             | 1.90%         |
| 9 Customer Service & Information Expense            | 239,836             | 0.61%         | 251,148             | 0.66%         | 369,484             | 1.01%         | 213,107             | 0.63%         | 292,038             | 0.85%         |
| 10 Sales Expense                                    | 0                   | 0.00%         | 0                   | 0.00%         | 0                   | 0.00%         | 0                   | 0.00%         | 0                   | 0.00%         |
| 11 Administrative & General Expense                 | 1,898,094           | 4.82%         | 1,604,518           | 4.19%         | 1,625,469           | 4.43%         | 1,616,780           | 4.75%         | 1,862,924           | 5.43%         |
| <b>12 Total Operation &amp; Maintenance Expense</b> | <b>\$30,259,386</b> | <b>76.80%</b> | <b>\$28,039,931</b> | <b>73.26%</b> | <b>\$25,765,410</b> | <b>70.14%</b> | <b>\$22,942,855</b> | <b>67.47%</b> | <b>\$23,060,652</b> | <b>67.26%</b> |
| 13 Depreciation & Amortization Expense              | 4,042,209           | 10.26%        | 3,959,384           | 10.34%        | 3,888,101           | 10.59%        | 3,967,420           | 11.67%        | 3,876,088           | 11.31%        |
| 14 Tax Expense - Property                           | 369,321             | 0.94%         | 411,741             | 1.08%         | 388,722             | 1.06%         | 388,820             | 1.14%         | 377,335             | 1.10%         |
| 15 Tax Expense - Other                              | 35,818              | 0.09%         | 35,411              | 0.09%         | 34,698              | 0.09%         | 31,122              | 0.09%         | 31,834              | 0.09%         |
| 16 Interest on Long-Term Debt                       | 3,262,037           | 8.28%         | 3,497,629           | 9.14%         | 3,735,748           | 10.17%        | 4,392,452           | 12.92%        | 4,777,723           | 13.93%        |
| 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                         | 126,133             | 0.32%         | 19,060              | 0.05%         | 7,160               | 0.02%         | 13,762              | 0.04%         | 30,811              | 0.09%         |
| 19 Other Deductions                                 | 0                   | 0.00%         | (25,136)            | -0.07%        | (149,122)           | -0.41%        | (149,122)           | -0.44%        | (149,122)           | -0.43%        |
| <b>20 Total Cost of Service</b>                     | <b>\$38,094,904</b> | <b>96.69%</b> | <b>\$35,938,019</b> | <b>93.90%</b> | <b>\$33,670,718</b> | <b>91.67%</b> | <b>\$31,587,309</b> | <b>92.89%</b> | <b>\$32,005,322</b> | <b>93.35%</b> |
| <b>21 Patronage Capital &amp; Operating Margins</b> | <b>\$1,304,547</b>  | <b>3.31%</b>  | <b>\$2,335,885</b>  | <b>6.10%</b>  | <b>\$3,061,365</b>  | <b>8.33%</b>  | <b>\$2,417,179</b>  | <b>7.11%</b>  | <b>\$2,280,615</b>  | <b>6.65%</b>  |
| 22 Non Operating Margins - Interest                 | \$256,202           | 0.65%         | \$280,362           | 0.73%         | \$194,786           | 0.53%         | \$105,026           | 0.31%         | \$159,505           | 0.47%         |
| 23 Allowance for Funds used During Construction     | 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                    | 0                   | 0.00%         | 5,152               | 0.01%         | 54,631              | 0.15%         | 0                   | 0.00%         | 35,377              | 0.10%         |
| 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      | 386,109             | 0.98%         | 408,985             | 1.07%         | 481,400             | 1.31%         | 478,052             | 1.41%         | 189,379             | 0.55%         |
| 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>\$1,946,858</b>  | <b>4.94%</b>  | <b>\$3,030,384</b>  | <b>7.92%</b>  | <b>\$3,792,182</b>  | <b>10.32%</b> | <b>\$3,000,257</b>  | <b>8.82%</b>  | <b>\$2,664,877</b>  | <b>7.77%</b>  |
| <b>30 Total Cost of Service Less Cost of Power</b>  | <b>\$14,158,000</b> | <b>35.93%</b> | <b>\$13,966,776</b> | <b>36.49%</b> | <b>\$14,238,117</b> | <b>38.76%</b> | <b>\$14,581,899</b> | <b>42.88%</b> | <b>\$15,565,026</b> | <b>45.40%</b> |
| 31 Tier - Oper.                                     | 1.40                |               | 1.67                |               | 1.82                |               | 1.55                |               | 1.48                |               |
| 32 Tier - Total                                     | 1.60                |               | 1.87                |               | 2.02                |               | 1.68                |               | 1.56                |               |
| 33 New Services Connected                           | 511                 |               | 358                 |               | 378                 |               | 361                 |               | 276                 |               |
| 34 Total Services in Place                          | 28,295              |               | 27,775              |               | 27,380              |               | 27,078              |               | 27,104              |               |
| 35 Miles of Line                                    | 2,741               |               | 2,713               |               | 2,677               |               | 2,648               |               | 2,636               |               |

**Lower Valley Energy**  
 Electric Five Year Comparison  
*For The Month Ended*  
**October 31, 2018**



| LOWER VALLEY ENERGY, INC.<br><i>ELECTRIC DIVISION</i><br>FINANCIAL AND STATISTICAL REPORT |                                       |                |                 | BORROWER DESIGNATION<br>Wyoming 11, Lincoln |               |             |             |                             |
|---|---------------------------------------|----------------|-----------------|---|---------------|-------------|-------------|-----------------------------|
|   |                                       |                |                 | PERIOD ENDED<br>October 31, 2018            |               |             |             |                             |
| PART R. POWER REQUIREMENTS DATA BASE  |                                       |                |                 |   |               |             |             |                             |
| CLASSIFICATION  | CONSUMER SALES<br>AND<br>REVENUE DATA | JANUARY<br>(a) | FEBRUARY<br>(b) | MARCH<br>(c)                                | APRIL<br>(d)  | MAY<br>(e)  | JUNE<br>(f) | TOTAL<br>(Columns a thru l) |
| 1. Residential Sales<br>(excluding seasonal)  | a. No. Consumers Served               | 21,104         | 21,119          | 21,125                                      | 21,156        | 21,196      | 21,302      |                             |
|   | b. kWh Sold                           | 62,349,390     | 53,488,244      | 53,705,950                                  | 42,648,091    | 27,611,163  | 23,616,212  | 263,419,050                 |
|   | c. Revenue                            | \$3,818,675    | \$3,321,768     | \$3,334,124                                 | \$2,714,616   | \$1,872,001 | \$1,650,071 | \$16,711,256                |
| 2. Irrigation Sales   | a. No. Consumers Served               | 197            | 196             | 196   | 194           | 193         | 198         |                             |
|   | b. kWh Sold                           | 11,133         | 8,965           | 8,105                                       | 7,173         | 19,718      | 294,832     | 349,926                     |
|   | c. Revenue                            | \$1,821        | \$1,657         | \$1,605                                     | \$1,526       | \$2,502     | \$21,228    | \$30,339                    |
| 3. Small Comm<br>1000 kVA or Less   | a. No. Consumers Served               | 4,586          | 4,585           | 4,581                                       | 4,570         | 4,587       | 4,596       |                             |
|   | b. kWh Sold                           | 11,479,204     | 10,383,266      | 10,409,552                                  | 8,798,885     | 6,986,543   | 7,311,131   | 55,368,581                  |
|   | c. Revenue                            | \$748,218      | \$682,732       | \$684,499                                   | \$589,775     | \$485,395   | \$505,348   | \$3,695,967                 |
| 4. Large Comm<br>1000 kVA or less   | a. No. Consumers Served               | 428            | 429             | 427   | 427           | 427         | 429         |                             |
|   | b. kWh Sold                           | 16,248,318     | 13,508,769      | 14,338,274                                  | 11,131,013    | 9,344,336   | 10,645,278  | 75,215,988                  |
|   | c. Revenue                            | \$954,114      | \$812,273       | \$841,954                                   | \$695,259     | \$611,118   | \$664,453   | \$4,579,170                 |
| 5. Large Pwr and Ind.<br>Over 1000 kVA  | a. No. Consumers Served               | 17             | 17              | 17  | 17            | 17          | 17          |                             |
|   | b. kWh Sold                           | 7,724,080      | 7,406,620       | 8,066,340                                   | 6,589,540     | 6,120,240   | 5,352,120   | 41,258,940                  |
|   | c. Revenue                            | \$364,106      | \$347,032       | \$375,770                                   | \$313,522     | \$292,066   | \$258,461   | \$1,950,957                 |
| 6. Public Street and<br>Highway Lighting  | a. No. Consumers Served               | 1,314          | 1,314           | 1,309                                       | 1,308         | 1,309       | 1,309       |                             |
|   | b. kWh Sold                           | 49,240         | 48,693          | 48,678                                      | 48,733        | 49,054      | 49,422      | 293,820                     |
|   | c. Revenue                            | \$10,258       | \$10,241        | \$10,244                                    | \$10,261      | \$10,424    | \$10,648    | \$62,076                    |
| 7. Unbilled Revenue   | b. kWh Sold                           | (3,539,230)    | (2,503,800)     | (9,227,838)                                 | (4,256,162)   | (3,284,439) | (3,360,586) | (26,172,055)                |
|   | c. Revenue                            | (\$748,312)    | \$426,317       | (\$496,202)                                 | (\$1,332,306) | \$739,872   | (\$221,120) | (\$1,631,752)               |
| 8. TOTAL No. Consumers (lines 1a - 9a)  |                                       | 27,646         | 27,660          | 27,655                                      | 27,672        | 27,729      | 27,851      |                             |
| 9. TOTAL kWh Sold (lines 1b - 9b)   |                                       | 94,322,135     | 82,340,757      | 77,349,061                                  | 64,967,273    | 46,846,615  | 43,908,409  | 409,734,250                 |
| 10. TOTAL Revenue Received From Sales<br>of Electric Energy (lines 1c - 9c)               |                                       | \$5,148,880    | \$5,602,020     | \$4,751,994                                 | \$2,992,653   | \$4,013,378 | \$2,889,089 | \$25,398,014                |
| 11. Other Electric Revenue  |                                       | \$136,764      | \$36,677        | \$79,013                                    | \$73,137      | \$79,105    | \$91,590    | \$496,286                   |
| 12. kWh - Own Use   |                                       | 260,799        | 242,510         | 266,266                                     | 210,851       | 124,874     | 98,830      | 1,204,130                   |
| 13. TOTAL kWh Purchased   |                                       | 98,680,223     | 86,774,311      | 84,223,188                                  | 61,904,873    | 47,095,162  | 44,232,507  | 422,910,264                 |
| 14. TOTAL kWh Generated   |                                       | 1,068,900      | 884,500         | 960,900                                     | 1,051,200     | 2,292,700   | 1,084,100   | 7,342,300                   |
| 15. Cost of Purchases and Generation  |                                       | \$3,609,661    | \$3,106,886     | \$2,858,396                                 | \$2,439,439   | \$1,634,551 | \$1,844,751 | \$15,493,685                |
| 16. Peak - Sum All kW Input (Metered)<br>X Coincident Non-Coincident                      |                                       | 193,557        | 183,401         | 172,916                                     | 145,455       | 105,998     | 82,119      | 193,557                     |

| LOWER VALLEY ENERGY, INC.<br>ELECTRIC DIVISION<br>FINANCIAL AND STATISTICAL REPORT |                                       |             |               | BORROWER DESIGNATION<br>Wyoming 11, Lincoln |                |                 |                 |                             |
|--|---------------------------------------|-------------|---------------|---|----------------|-----------------|-----------------|-----------------------------|
|  |                                       |             |               | PERIOD ENDED<br>October 31, 2018            |                |                 |                 |                             |
| PART R. POWER REQUIREMENTS DATA BASE   |                                       |             |               |   |                |                 |                 |                             |
| CLASSIFICATION   | CONSUMER SALES<br>AND<br>REVENUE DATA | JULY<br>(a) | AUGUST<br>(b) | SEPTEMBER<br>(c)                            | OCTOBER<br>(d) | NOVEMBER<br>(e) | DECEMBER<br>(f) | TOTAL<br>(Columns a thru l) |
| 1. Residential Sales<br>(excluding seasonal)                                       | a. No. Consumers Served               | 21,351      | 21,435        | 21,393                                      | 21,491         |                 |                 |                             |
|  | b. kWH Sold                           | 21,161,063  | 22,281,490    | 20,708,096                                  | 27,006,340     |                 |                 | 354,576,039                 |
|  | c. Revenue                            | \$1,513,829 | \$1,578,413   | \$1,489,984                                 | \$1,843,353    |                 |                 | \$23,136,835                |
| 2. Irrigation Sales  | a. No. Consumers Served               | 200         | 197           | 197   | 207            |                 |                 |                             |
|  | b. kWH Sold                           | 941,555     | 1,695,101     | 707,524                                     | 155,836        |                 |                 | 3,849,942                   |
|  | c. Revenue                            | \$59,427    | \$99,229      | \$44,402                                    | \$12,590       |                 |                 | \$245,988                   |
| 3. Small Comm<br>1000 kVA or Less  | a. No. Consumers Served               | 4,612       | 4,609         | 4,637                                       | 4,647          |                 |                 |                             |
|  | b. kWH Sold                           | 7,296,555   | 8,156,034     | 6,948,256                                   | 7,495,683      |                 |                 | 85,265,109                  |
|  | c. Revenue                            | \$503,824   | \$555,001     | \$484,110                                   | \$517,418      |                 |                 | \$5,756,319                 |
| 4. Large Comm<br>1000 kVA or less  | a. No. Consumers Served               | 430         | 428           | 429   | 431            |                 |                 |                             |
|  | b. kWH Sold                           | 10,705,770  | 11,735,069    | 10,076,992                                  | 10,673,389     |                 |                 | 118,407,208                 |
|  | c. Revenue                            | \$653,444   | \$686,278     | \$623,451                                   | \$674,250      |                 |                 | \$7,216,593                 |
| 5. Large Pwr and Ind.<br>Over 1000 kVA   | a. No. Consumers Served               | 17          | 17            | 17  | 17             |                 |                 |                             |
|  | b. kWH Sold                           | 4,348,960   | 5,656,900     | 5,732,060                                   | 5,164,380      |                 |                 | 62,161,240                  |
|  | c. Revenue                            | \$247,642   | \$278,805     | \$284,582                                   | \$271,461      |                 |                 | \$3,033,447                 |
| 6. Public Street and<br>Highway Lighting   | a. No. Consumers Served               | 1,309       | 1,312         | 1,308                                       | 1,307          |                 |                 |                             |
|  | b. kWH Sold                           | 49,380      | 49,101        | 48,940                                      | 48,861         |                 |                 | 490,102                     |
|  | c. Revenue                            | \$10,642    | \$10,616      | \$10,586                                    | \$10,592       |                 |                 | \$104,513                   |
| 7. Unbilled Revenue  | b. kWH Sold                           | 3,927,093   | (1,450,549)   | 1,756,463                                   | 7,291,745      |                 |                 | (14,647,303)                |
|  | c. Revenue                            | \$263,741   | (\$93,878)    | \$116,660                                   | \$480,350      |                 |                 | (\$864,878)                 |
|  |                                       |             |               |   |                |                 |                 |                             |
| 8. TOTAL No. Consumers (lines 1a - 9a)   |                                       | 27,919      | 27,998        | 27,981                                      | 28,100         |                 |                 |                             |
| 9. TOTAL kWH Sold (lines 1b - 9b)  |                                       | 48,430,376  | 48,123,146    | 45,978,331                                  | 57,836,234     |                 |                 | 610,102,337                 |
| 10. TOTAL Revenue Received From Sales<br>of Electric Energy (lines 1c - 9c)        |                                       | \$3,252,548 | \$3,114,464   | \$3,053,776                                 | \$3,810,014    |                 |                 | \$38,628,816                |
| 11. Other Electric Revenue   |                                       | \$76,388    | \$73,348      | \$61,437                                    | \$63,176       |                 |                 | \$770,635                   |
| 12. kWH - Own Use  |                                       | 86,336      | 96,550        | 85,166                                      | 127,207        |                 |                 | 1,599,389                   |
| 13. TOTAL kWH Purchased  |                                       | 48,959,975  | 48,886,545    | 46,872,973                                  | 59,180,706     |                 |                 | 626,810,463                 |
| 14. TOTAL kWH Generated  |                                       | 1,129,100   | 1,951,300     | 1,691,600                                   | 1,402,700      |                 |                 | 13,517,000                  |
| 15. Cost of Purchases and Generation   |                                       | \$1,847,938 | \$1,799,047   | \$1,708,848                                 | \$2,283,237    |                 |                 | \$23,132,756                |
| 16. Peak - Sum All kW Input (Metered)<br>X Coincident Non-Coincident               |                                       | 78,620      | 78,487        | 100,045                                     | 131,431        |                 |                 | 193,557                     |

**ANALYSIS OF BILLING**  
**October 31, 2018**  
**ELECTRIC**  
**Accrual Basis**

| YEAR | NUMBER                            |              |               | NUMBER                              |             |              | NUMBER                              |             |              |
|------|-----------------------------------|--------------|---------------|-------------------------------------|-------------|--------------|-------------------------------------|-------------|--------------|
|      | OF METERS                         | KWH          | AMOUNT        | OF METERS                           | KWH         | AMOUNT       | OF METERS                           | KWH         | AMOUNT       |
|      | <b>Residential</b>                |              |               | <b>Small &amp; Large Commercial</b> |             |              | <b>Large Power &amp; Industrial</b> |             |              |
| 2016 | 20,684                            | 339,313,236  | \$21,438,150  | 4,957                               | 203,401,402 | \$12,401,740 | 16                                  | 21,950,660  | \$1,228,892  |
| 2017 | 21,039                            | 363,575,793  | \$22,841,905  | 4,999                               | 205,963,602 | \$12,621,687 | 16                                  | 21,079,620  | \$1,192,040  |
| 2018 | 21,491                            | 354,576,039  | \$23,136,835  | 5,078                               | 203,672,317 | \$12,972,912 | 16                                  | 20,862,760  | \$1,108,971  |
|      | <b>Irrigation</b>                 |              |               | <b>Lighting</b>                     |             |              | <b>Large Industrial</b>             |             |              |
| 2016 | 192                               | 4,547,494    | \$265,802     | 1,310                               | 522,073     | \$106,666    | 1                                   | 38,508,840  | \$1,632,349  |
| 2017 | 196                               | 4,232,570    | \$253,408     | 1,309                               | 517,800     | \$105,854    | 1                                   | 34,545,780  | \$1,476,389  |
| 2018 | 207                               | 3,849,942    | \$245,988     | 1,307                               | 490,102     | \$104,513    | 1                                   | 41,298,480  | \$1,924,476  |
|      | <b>Change in Unbilled Revenue</b> |              |               | <b>October Total</b>                |             |              | <b>Year to Date Totals</b>          |             |              |
| 2016 |                                   | (22,413,779) | (\$1,167,662) | 27,160                              | 47,465,070  | \$3,022,104  | 27,160                              | 585,829,926 | \$35,905,937 |
| 2017 |                                   | (20,311,421) | (\$1,026,838) | 27,560                              | 60,311,350  | \$3,849,958  | 27,560                              | 609,603,744 | \$37,464,445 |
| 2018 |                                   | (14,647,303) | (\$864,878)   | 28,100                              | 50,544,489  | \$3,329,664  | 28,100                              | 610,102,337 | \$38,628,816 |

**YTD KW**

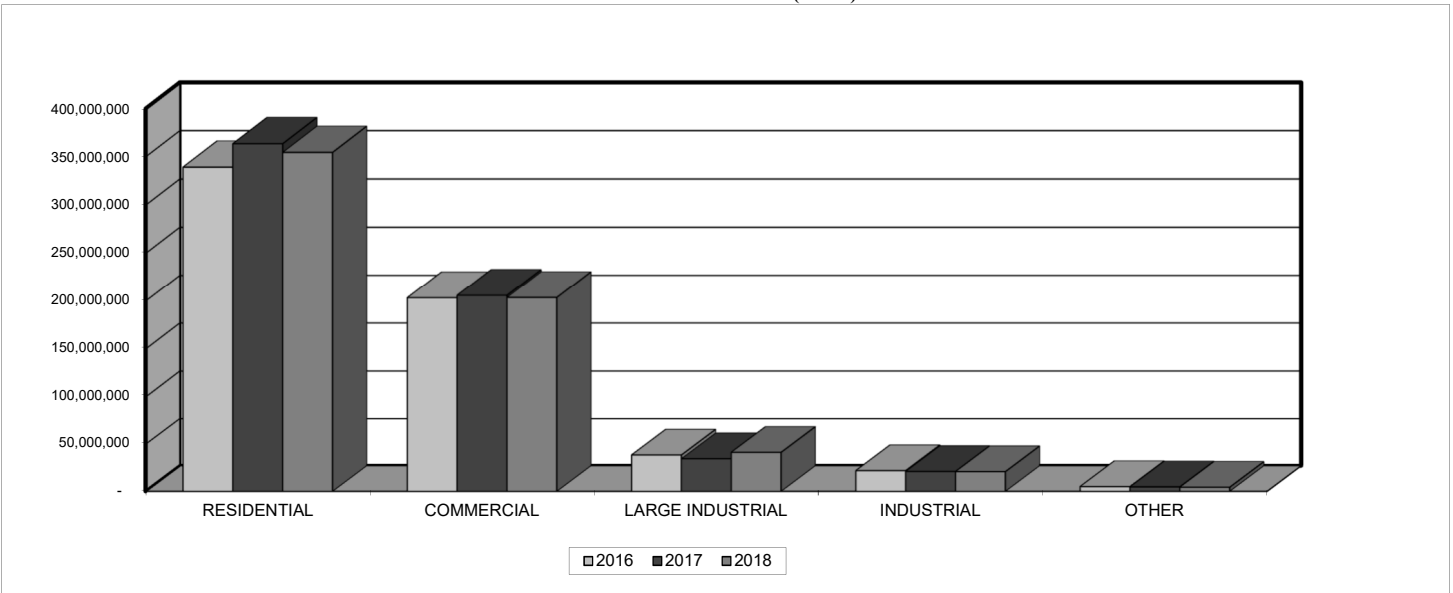
**Degree Days**

**Revenue Summary Form 7 Part A Line 1**

**Lower Valley Energy KWH Usage**

|      | YTD KW  | Degree Days |        |                            | Revenue             |  | Lower Valley Energy KWH Usage |
|------|---------|-------------|--------|----------------------------|---------------------|--|-------------------------------|
|      |         | Normal      | Actual |                            |                     |  |                               |
| 2016 | 184,876 | 7,036       | 6,968  | Year to Date Billing       | \$38,628,816        |  | 2016 1,332,573                |
| 2017 | 218,819 | 7,038       | 7,044  | Other Revenue              | <u>770,635</u>      |  | 2017 1,420,082                |
| 2018 | 193,557 | 7,059       | 6,849  | Form 7a Line 1 YTD Revenue | <u>\$39,399,451</u> |  | 2018 1,599,389                |

**BILLING BY CLASS (KWH)**



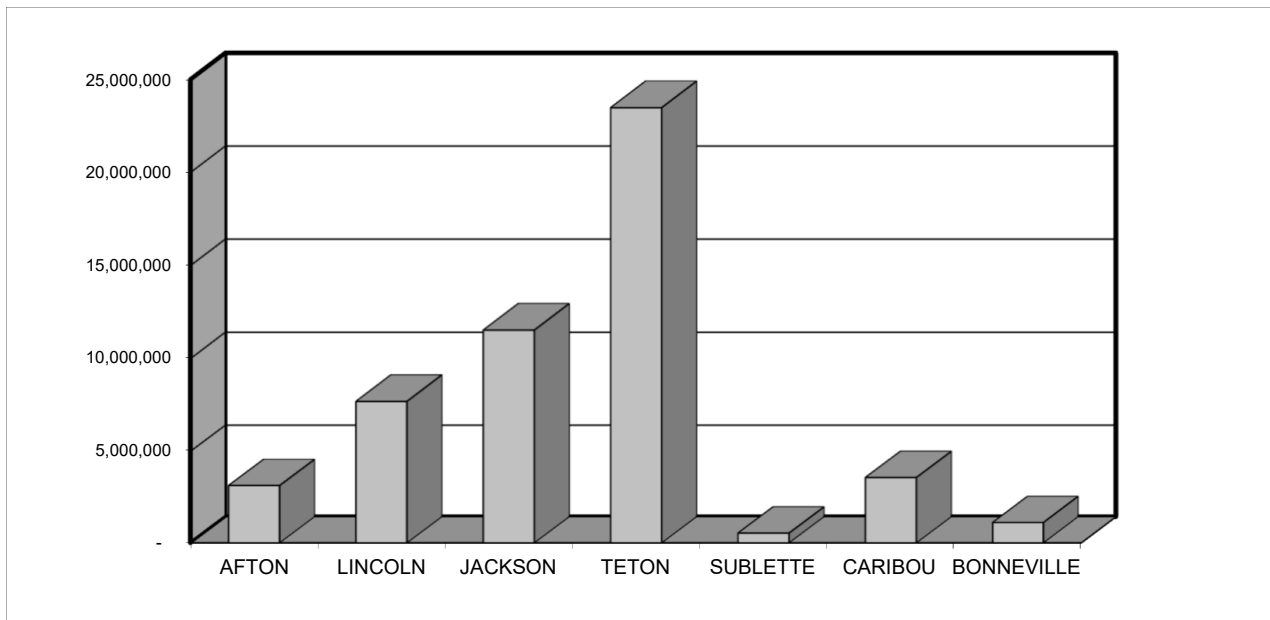


**LOWER VALLEY ENERGY  
BILLING BY GEOGRAPHIC AREAS  
ELECTRIC DIVISION  
October 31, 2018  
BILLING BASIS**

|  | <b>CONSUMERS</b> | <b>KWH</b>        | <b>CHARGES</b>            | <b>AVERAGE<br/>KWH</b> | <b>AVERAGE<br/>BILL</b> | <b>REVENUE<br/>PER KWH<br/>CENTS</b> |
|--|------------------|-------------------|---------------------------|------------------------|-------------------------|--------------------------------------|
| <b>TOWN OF AFTON</b>                   | 1,960            | 3,131,886         | \$213,263                 | 1,598                  | \$108.81                | 6.81                                 |
| <b>LINCOLN COUNTY<br/>(less Afton)</b> | 7,558            | 7,703,749         | \$541,176                 | 1,019                  | \$71.60                 | 7.02                                 |
| <b>TOWN OF JACKSON</b>                 | 7,476            | 11,534,341        | \$759,381                 | 1,543                  | \$101.58                | 6.58                                 |
| <b>TETON COUNTY<br/>(less Jackson)</b> | 8,764            | 23,483,712        | \$1,500,462               | 2,680                  | \$171.21                | 6.39                                 |
| <b>SUBLETTE COUNTY</b>                 | 550              | 535,679           | \$37,719                  | 974                    | \$68.58                 | 7.04                                 |
| <b>CARIBOU COUNTY</b>                  | 296              | 3,571,333         | \$187,549                 | 12,065                 | \$633.61                | 5.25                                 |
| <b>BONNEVILLE COUNTY</b>               | 1,496            | 1,113,151         | \$83,810                  | 744                    | \$56.02                 | 7.53                                 |
| <b>TOTAL</b>                           | <u>28,100</u>    | <u>51,073,851</u> | <u>\$3,323,360</u>        | <u>1,818</u>           | <u>\$118.27</u>         | <u>6.51</u>                          |
|  |                  |                   | <u>549,830</u>            |                        |                         |                                      |
|  |                  |                   | <b><u>\$3,873,190</u></b> |                        |                         |                                      |

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

**KWH**



**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
**October 31, 2018**

**NATURAL GAS DIVISION**

| ITEM  | YEAR-TO-DATE        |                     |                     | THIS MONTH<br>(d) |
|---|---------------------|---------------------|---------------------|-------------------|
|   | LAST YEAR<br>(a)    | THIS YEAR<br>(b)    | BUDGET<br>(c)       |                   |
| <b>1 Operating Revenue and Patronage Capital</b>                | <b>\$ 7,410,325</b> | <b>\$ 7,199,755</b> | <b>\$ 7,522,568</b> | <b>\$ 664,951</b> |
| 2 Power Production Expense                                      | -                   | -                   | -                   | -                 |
| 3 Cost of Gas   | 2,974,366           | 2,911,734           | 3,229,379           | 222,856           |
| 4 Transmission Operation & Maintenance                          | 158,408             | 244,908             | 210,126             | 19,854            |
| 5 Regional Market Expense                                       | -                   | -                   | -                   | -                 |
| 6 Distribution Operation Expense                                | 325,143             | 292,026             | 292,368             | 23,788            |
| 7 Distribution Maintenance Expense                              | 253,997             | 503,913             | 590,063             | 46,823            |
| 8 Consumer Accounts Expense                                     | 88,444              | 84,489              | 95,011              | 8,374             |
| 9 Customer Service and Informational Expense                    | 34,609              | 43,637              | 31,278              | 3,533             |
| 10 Sales Expense  | -                   | -                   | -                   | -                 |
| 11 Administrative and General Expense                           | 310,487             | 364,870             | 395,286             | 28,272            |
| <b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b> | <b>\$ 4,145,453</b> | <b>\$ 4,445,578</b> | <b>\$ 4,843,511</b> | <b>\$ 353,501</b> |
| 13 Depreciation and Amortization Expense                        | 1,058,138           | 1,066,576           | 1,075,770           | 106,827           |
| 14 Tax Expense-Property   | 189,606             | 171,018             | 185,700             | 7,865             |
| 15 Tax Expense-Other  | 9,429               | 10,211              | 9,700               | 981               |
| 16 Interest on Long-Term Debt                                   | 1,097,309           | 1,064,144           | 1,064,060           | 105,117           |
| 17 Interest Charged to Construction-Credit                      | -                   | -                   | -                   | -                 |
| 18 Interest Expense-Other                                       | 6,651               | 8,873               | 6,600               | 1,072             |
| 19 Other Deductions   | -                   | -                   | -                   | -                 |
| <b>20 Total Cost of Service (12 thru 19)</b>                    | <b>\$ 6,506,585</b> | <b>\$ 6,766,400</b> | <b>\$ 7,185,341</b> | <b>\$ 575,364</b> |
| 21 Patronage Capital & Operating Margins (1 minus 20)           | \$ 903,741          | \$ 433,355          | \$ 337,227          | \$ 89,587         |
| 22 Non Operating Margins-Interest                               | -                   | 67,757              | -                   | 6,053             |
| 23 Allowance for Funds Used During Construction                 | -                   | -                   | -                   | -                 |
| 24 Income (Loss) from Equity Investments                        | -                   | -                   | -                   | -                 |
| 25 Non Operating Margins-Other                                  | 325                 | 103                 | -                   | 51                |
| 26 Generation and Transmission Capital Credits                  | -                   | -                   | -                   | -                 |
| 27 Other Capital Credits and Patronage Dividends                | 110,138             | 108,721             | 110,420             | -                 |
| 28 Extraordinary Items  | -                   | -                   | -                   | -                 |
| <b>29 Patronage Capital or Margins (21 thru 28)</b>             | <b>\$ 1,014,203</b> | <b>\$ 609,936</b>   | <b>\$ 447,647</b>   | <b>\$ 95,691</b>  |

**DATA ON TRANSMISSION AND DISTRIBUTION**

| ITEM                                   | YEAR-TO-DATE     |                  | ITEM                            | YEAR-TO-DATE     |                  |
|--|------------------|------------------|---------------------------------|------------------|------------------|
|  | LAST YEAR<br>(a) | THIS YEAR<br>(b) |                                 | LAST YEAR<br>(a) | THIS YEAR<br>(b) |
| 1. New Services Connected              | 99               | 92               | 5. Miles Trans.                 | 53               | 53               |
| 2. Services Retired                    | 3                | 5                | 6. Miles Distr. -<br>2" or less | 165              | 168              |
| 3. Total Services in Place             | 4,239            | 4,348            | 7. Miles Dist. -<br>Over 2"     | 57               | 58               |
| 4. Idle Services<br>(Exclude Seasonal) | 37               | 44               | 8. Total Miles<br>(5 + 6 + 7)   | 275              | 279              |

**LOWER VALLEY ENERGY**  
BALANCE SHEET  
As of  
**October 31, 2018**

**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                  | \$ 45,898,253        | \$ 45,596,494        | 30 Memberships                                      | \$ -                 | \$ -                 |
| 2 Construction Work in Progress                   | 753,644              | 698,286              | 31 Patronage Capital                                | 10,455,151           | 9,332,396            |
| <b>3 Total Utility Plant</b>                      | <b>46,651,897</b>    | <b>46,294,780</b>    | 32 Operating Margins-Prior Years                    | -                    | -                    |
| 4 Accum. Provision for Depreciation and Amort     | 14,838,504           | 13,544,933           | 33 Operating Margins-Current Year                   | 433,355              | 903,741              |
| <b>5 Net Utility Plant</b>                        | <b>31,813,393</b>    | <b>32,749,847</b>    | 34 Non Operating Margins                            | 176,581              | 110,463              |
| 6 Nonutility Property - Net                       | -                    | -                    | 35 Other Margins and Equities                       | 206,165              | 36,909               |
| 7 Investments in Subsidiary Companies             | -                    | -                    | <b>36 Total Margins &amp; Equities</b>              | <b>11,271,252</b>    | <b>10,383,508</b>    |
| 8 Invest. in Assoc. Org. - Patronage Capital      | 652,115              | 701,514              | 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)                       | 26,815,327           | 27,887,876           |
| 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>1,231,015</b>     | <b>1,280,414</b>     | 42 Payments - Unapplied                             | -                    | -                    |
| 15 Cash-General Funds                             | -                    | -                    | <b>43 Total Long-Term Debt</b>                      | <b>26,815,327</b>    | <b>27,887,876</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        | 492,102              | 579,444              | 48 Accounts Payable                                 | 977                  | 14,670               |
| 21 Accounts Receivable-Net Other                  | 11,783               | 88,547               | 49 Consumers Deposits                               | 61,734               | 54,296               |
| 22 Renewable Energy Credits                       | -                    | -                    | 50 Current Maturities Long-Term Debt                | 1,072,549            | 1,026,048            |
| 23 Materials & Supplies-Electric and Other        | 515,041              | 40,731               | 51 Current Maturities Long-Term Debt - Econ. Devel. | -                    | -                    |
| 24 Prepayments                                    | -                    | -                    | 52 Current Maturities Capital Leases                | -                    | -                    |
| 25 Other Current & Accrued Assets                 | 3,518,489            | 2,330,928            | 53 Other Current & Accrued Liabilities              | 264,418              | 268,091              |
| <b>26 Total Current &amp; Accrued Assets</b>      | <b>4,537,415</b>     | <b>3,039,650</b>     | <b>54 Total Current &amp; Accrued Liabilities</b>   | <b>1,399,678</b>     | <b>1,363,105</b>     |
| 27 Regulatory Assets                              | -                    | -                    | 55 Regulatory Liabilities                           | -                    | -                    |
| 28 Other Deferred Debits                          | 2,370,430            | 2,674,105            | 56 Deferred Credits                                 | 465,997              | 109,527              |
| 28a Other Non-current Assets-BPA Power Prepayment | -                    | -                    | <b>57 Total Liabilities &amp; Other Credits</b>     | <b>\$ 39,952,254</b> | <b>\$ 39,744,016</b> |
| <b>29 Total Assets &amp; Other Debits</b>         | <b>\$ 39,952,254</b> | <b>\$ 39,744,016</b> |   |                      |                      |

**NOTES TO FINANCIAL STATEMENTS**

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

|                                      | 2018      |           | 2017      |           |
|--------------------------------------|-----------|-----------|-----------|-----------|
|                                      | September | October   | September | October   |
| 1. Current Assets/Liabilities        | 1.68      | 1.69      | 2.29      | 2.23      |
| 2. Equity                            | 28.13%    | 28.23%    | 27.63%    | 27.54%    |
| 3. Long Term Debt as a % of Plant    | 59.90%    | 59.78%    | 62.54%    | 62.46%    |
| 4. Material Inventory:               | 531,370   | 515,041   | 43,501    | 40,731    |
| 5. Intercompany Receivable/(Payable) | 3,228,905 | 3,136,815 | 2,084,183 | 2,035,795 |

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**  
*For The Month Ended*  
**October 31, 2018**

**NATURAL GAS DIVISION**

|   | YEAR TO DATE | THIS MONTH   |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |              |              |
| Net Margins   | \$ 609,936   | \$ 95,691    |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: |              |              |
| Depreciation Expense  | 1,066,576    | 106,827      |
| Decrease/(Increase) in:   |              |              |
| Special Deposits  | -            | -            |
| Accounts Receivable   | 536,373      | (123,868)    |
| Other Accounts Receivable   | 68,054       | (1,338)      |
| Materials & Supplies  | (421,803)    | 16,329       |
| Prepayments   | 42,138       | -            |
| Other Current Assets  | (1,513,755)  | (34,997)     |
| Other Deferred Debits   | 245,831      | 20,779       |
| Increase/(Decrease) in:   |              |              |
| Accounts Payable (excluding line of credit)                                       | 977          | (26,075)     |
| Consumer Deposits   | 9,106        | 2,852        |
| Other Current Liabilities   | 56,585       | 12,769       |
| Deferred Credits  | 369,869      | (46,588)     |
| Net cash provided by operating activities   | 1,069,885    | 22,381       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |              |              |
| Purchase of Fixed Assets Net of Retirements                                       | 561,766      | (89,448)     |
| Change in Notes Receivable  | -            | -            |
| Change in Investments in Associated Organizations                                 | (54,360)     | -            |
| Change in Investments in Economic Development Projects                            | -            | -            |
| Change in Temporary Investments   | -            | -            |
| Change in Other Investments   | -            | -            |
| Net cash provided/(used) by investing activities                                  | 507,406      | (89,448)     |
| <b>CASH FLOWS FROM FINANCING AND CAPITAL CREDIT</b>                               |              |              |
| Change in Capital Credits   | (44,535)     | (25,023)     |
| Change in Long-term Debt  | -            | -            |
| Net cash provided/(used) by financing and capital credit activities               | (44,535)     | (25,023)     |
| Total change in intercompany balance  | 1,532,756    | (92,090)     |
| Beginning intercompany balance  | 1,604,059    | 3,228,905    |
| Ending intercompany balance   | \$ 3,136,815 | \$ 3,136,815 |

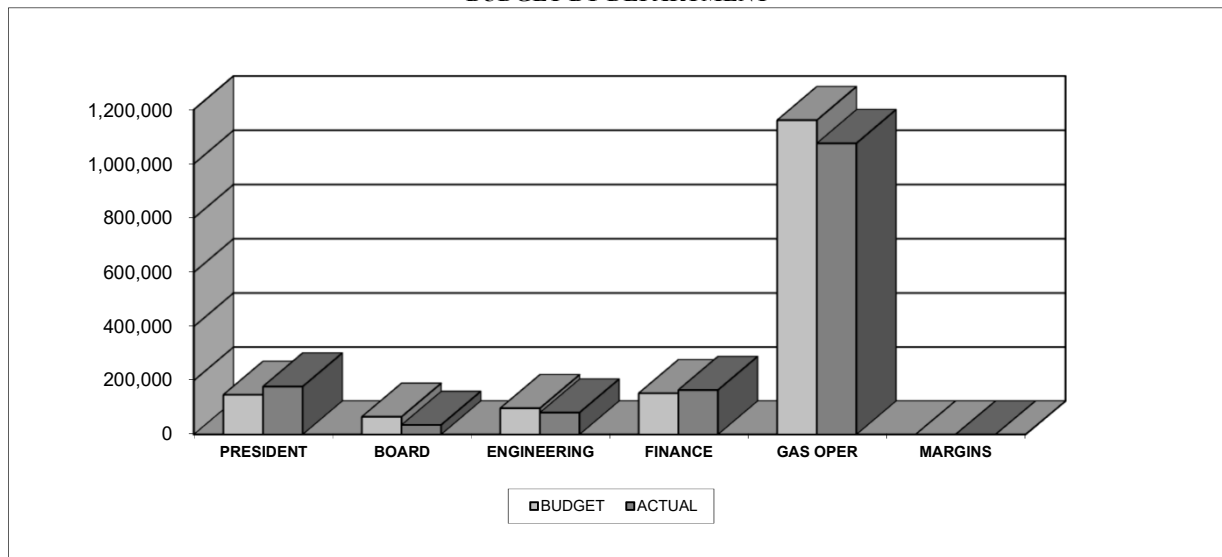
**Lower Valley Energy**  
 Natural Gas Budget vs. Actual Comparison  
*For The Month Ended*  
**October 31, 2018**

| ITEM   | YTD Actual        | YTD Budget        | YTD Variance      | %             |
|--|-------------------|-------------------|-------------------|---------------|
|  |                   |                   |                   | Variance      |
| <b>1 Operating Revenue</b>                                       | \$ 7,199,755      | \$ 7,522,568      | \$ (322,813)      | -4.29%        |
| 2 Power Production Expense                                       | -                 | -                 | -                 | 0.00%         |
| 3 Cost of Purchased Gas  | 2,911,734         | 3,229,379         | (317,645)         | -9.84%        |
| 4 Transmission Operation & Maintenance                           | 244,908           | 210,126           | 34,782            | 16.55%        |
| 5 Regional Market Expense  | -                 | -                 | -                 | 0.00%         |
| 6 Distribution Operation Expense                                 | 292,026           | 292,368           | (342)             | -0.12%        |
| 7 Distribution Maintenance Expense                               | 503,913           | 590,063           | (86,150)          | -14.60%       |
| 8 Consumer Accounts Expense                                      | 84,489            | 95,011            | (10,522)          | -11.07%       |
| 9 Customer Service and Informational Expense                     | 43,637            | 31,278            | 12,359            | 39.51%        |
| 10 Sales Expense   | -                 | -                 | -                 | 0.00%         |
| 11 Administrative and General Expense                            | 364,870           | 395,286           | (30,416)          | -7.69%        |
| <b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>  | <b>4,445,578</b>  | <b>4,843,511</b>  | <b>(397,933)</b>  | <b>-8.22%</b> |
| 13 Depreciation and Amortization Expense                         | 1,066,576         | 1,075,770         | (9,194)           | -0.85%        |
| 14 Tax Expense-Property  | 171,018           | 185,700           | (14,682)          | -7.91%        |
| 15 Tax Expense-Other   | 10,211            | 9,700             | 511               | 5.26%         |
| 16 Interest on Long-Term Debt                                    | 1,064,144         | 1,064,060         | 84                | 0.01%         |
| 17 Interest Charged to Construction-Credit                       | -                 | -                 | -                 | 0.00%         |
| 18 Interest Expense-Other  | 8,873             | 6,600             | 2,273             | 34.44%        |
| 19 Other Deductions  | -                 | -                 | -                 | 0.00%         |
| <b>20 Total Cost of Service (12 thru 19)</b>                     | <b>6,766,400</b>  | <b>7,185,341</b>  | <b>(418,941)</b>  | <b>-5.83%</b> |
| <b>21 Patronage Capital &amp; Operating Margins (1 minus 20)</b> | <b>433,355</b>    | <b>337,227</b>    | <b>96,128</b>     | <b>28.51%</b> |
| 22 Non Operating Margins-Interest                                | 67,757            | -                 | 67,757            | 0.00%         |
| 23 Allowance for Funds Used During Construction                  | -                 | -                 | -                 | 0.00%         |
| 24 Income (Loss) from Equity Investments                         | -                 | -                 | -                 | 0.00%         |
| 25 Non Operating Margins-Other                                   | 103               | -                 | 103               | 0.00%         |
| 26 Generation and Transmission Capital Credits                   | -                 | -                 | -                 | 0.00%         |
| 27 Other Capital Credits and Patronage Dividends                 | 108,721           | 110,420           | (1,699)           | -1.54%        |
| 28 Extraordinary Items   | -                 | -                 | -                 | 0.00%         |
| <b>29 Patronage Capital or Margins (21 thru 28)</b>              | <b>\$ 609,936</b> | <b>\$ 447,647</b> | <b>\$ 162,289</b> | <b>36.25%</b> |

|              |      |      |
|--------------|------|------|
| Tier - Oper. | 1.41 | 1.32 |
| Tier - Total | 1.57 | 1.42 |

**BUDGET BY DEPARTMENT**



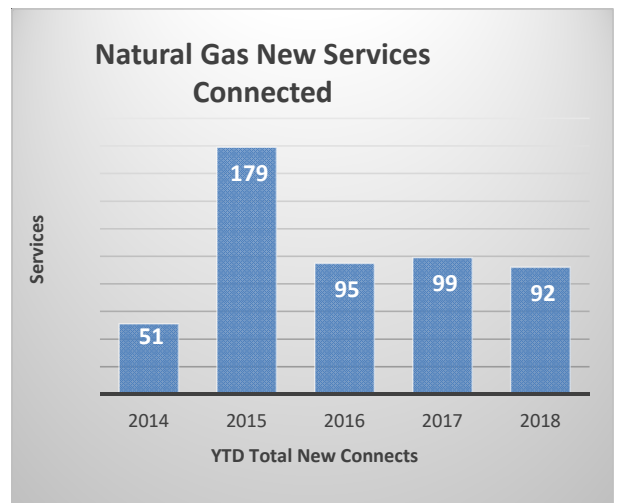
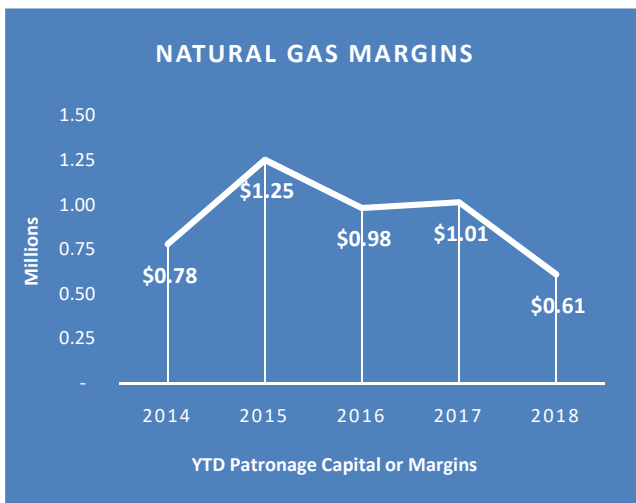
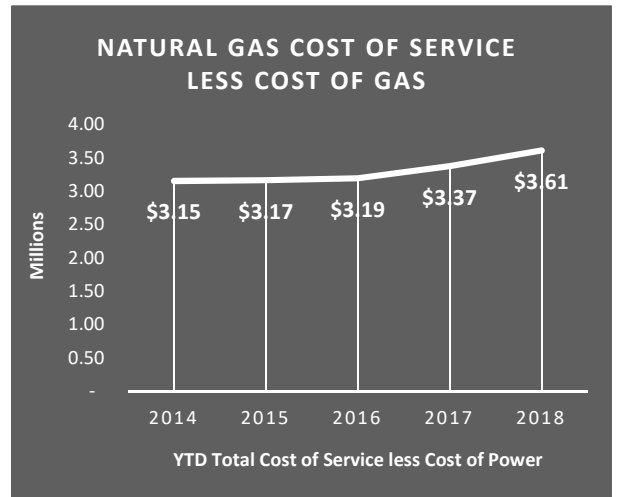
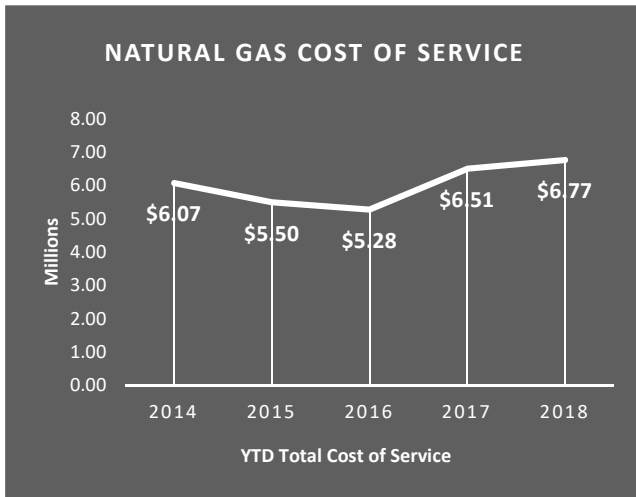
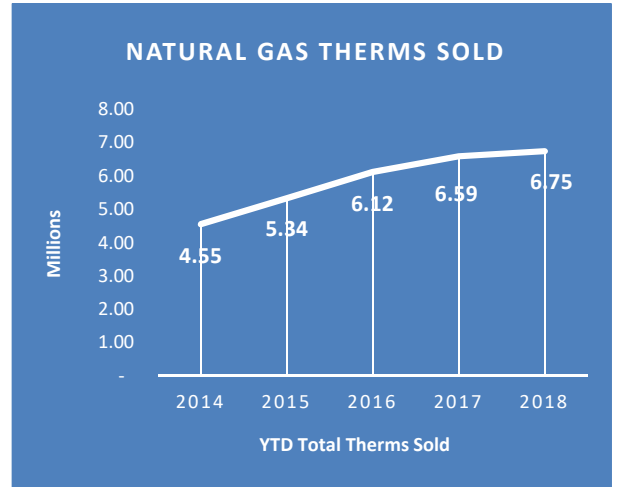
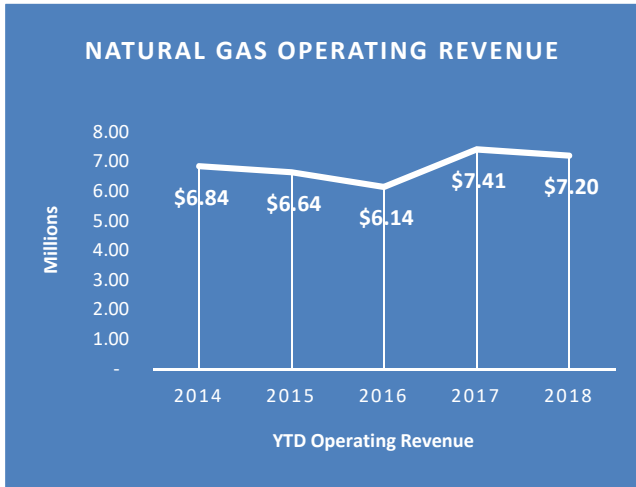
**Lower Valley Energy**  
**Natural Gas Five Year Comparison**

For the Month Ended

October 31, 2018

| ITEM  | Year to Date 2018   |               | Year to Date 2017   |               | Year to Date 2016   |               | Year to Date 2015   |               | Year to Date 2014   |               |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|   | \$                  | % of Op Rev   | \$                  | % of Op Rev   | \$                  | % of Op Rev   | \$                  | % of Op Rev   | \$                  | % of Op Rev   |
| <b>1 Operating Revenue</b>                          | <b>\$ 7,199,755</b> |               | <b>\$ 7,410,325</b> |               | <b>\$ 6,144,457</b> |               | <b>\$ 6,636,690</b> |               | <b>\$ 6,844,237</b> |               |
| 2 Power Production Expense                          | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         |
| 3 Cost of Gas Sold                                  | 2,911,734           | 40.44%        | 2,974,366           | 40.14%        | 1,936,071           | 31.51%        | 2,156,148           | 32.49%        | 2,788,931           | 40.75%        |
| 4 Transmission Operation & Maintenance              | 244,908             | 3.40%         | 158,408             | 2.14%         | 149,071             | 2.43%         | 175,418             | 2.64%         | 132,810             | 1.94%         |
| 5 Regional Market Expense                           | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         |
| 6 Distribution Operation                            | 292,026             | 4.06%         | 325,143             | 4.39%         | 262,499             | 4.27%         | 203,654             | 3.07%         | 192,930             | 2.82%         |
| 7 Distribution Maintenance                          | 503,913             | 7.00%         | 253,997             | 3.43%         | 188,589             | 3.07%         | 161,592             | 2.43%         | 126,235             | 1.84%         |
| 8 Consumer Accounts Expense                         | 84,489              | 1.17%         | 88,444              | 1.19%         | 68,978              | 1.12%         | 74,466              | 1.12%         | 78,758              | 1.15%         |
| 9 Customer Service & Information Expense            | 43,637              | 0.61%         | 34,609              | 0.47%         | 19,876              | 0.32%         | 17,876              | 0.27%         | 21,293              | 0.31%         |
| 10 Sales Expense                                    | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         |
| 11 Administrative & General Expense                 | 364,870             | 5.07%         | 310,487             | 4.19%         | 285,835             | 4.65%         | 272,924             | 4.11%         | 255,258             | 3.73%         |
| <b>12 Total Operation &amp; Maintenance Expense</b> | <b>\$ 4,445,578</b> | <b>61.75%</b> | <b>\$ 4,145,453</b> | <b>55.94%</b> | <b>\$ 2,910,919</b> | <b>47.37%</b> | <b>\$ 3,062,079</b> | <b>46.14%</b> | <b>\$ 3,596,217</b> | <b>52.54%</b> |
| 13 Depreciation & Amortization Expense              | 1,066,576           | 14.81%        | 1,058,138           | 14.28%        | 1,047,798           | 17.05%        | 1,044,524           | 15.74%        | 964,294             | 14.09%        |
| 14 Tax Expense - Property                           | 171,018             | 2.38%         | 189,606             | 2.56%         | 178,458             | 2.90%         | 174,940             | 2.64%         | 159,420             | 2.33%         |
| 15 Tax Expense - Other                              | 10,211              | 0.14%         | 9,429               | 0.13%         | 8,135               | 0.13%         | 8,534               | 0.13%         | 10,136              | 0.15%         |
| 16 Interest on Long-Term Debt                       | 1,064,144           | 14.78%        | 1,097,309           | 14.81%        | 1,129,146           | 18.38%        | 1,170,161           | 17.63%        | 1,271,794           | 18.58%        |
| 17 Interest Charged to Construction - Credit        | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         |
| 18 Interest Expense - Other                         | 8,873               | 0.12%         | 6,651               | 0.09%         | 3,858               | 0.06%         | 36,517              | 0.55%         | 72,929              | 1.07%         |
| 19 Other Deductions                                 | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         |
| <b>20 Total Cost of Service</b>                     | <b>\$ 6,766,400</b> | <b>93.98%</b> | <b>\$ 6,506,585</b> | <b>87.80%</b> | <b>\$ 5,278,314</b> | <b>85.90%</b> | <b>\$ 5,496,755</b> | <b>82.82%</b> | <b>\$ 6,074,789</b> | <b>88.76%</b> |
| <b>21 Patronage Capital &amp; Operating Margins</b> | <b>\$ 433,355</b>   | <b>6.02%</b>  | <b>\$ 903,741</b>   | <b>12.20%</b> | <b>\$ 866,144</b>   | <b>14.10%</b> | <b>\$ 1,139,936</b> | <b>17.18%</b> | <b>\$ 769,448</b>   | <b>11.24%</b> |
| 22 Non Operating Margins - Interest                 | 67,757              | 0.94%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 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                    | 103                 | 0.00%         | 325                 | 0.00%         | 8,122               | 0.13%         | -                   | 0.00%         | 9,020               | 0.13%         |
| 26 Generation & Transmission Capital Credits        | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         |
| 27 Other Capital Credits & Patronage Dividends      | 108,721             | 1.51%         | 110,138             | 1.49%         | 108,843             | 1.77%         | 112,272             | 1.69%         | -                   | 0.00%         |
| 28 Extraordinary Items                              | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         | -                   | 0.00%         |
| <b>29 Patronage Capital or Margins</b>              | <b>\$ 609,936</b>   | <b>8.47%</b>  | <b>\$ 1,014,203</b> | <b>13.69%</b> | <b>\$ 983,109</b>   | <b>16.00%</b> | <b>\$ 1,252,207</b> | <b>18.87%</b> | <b>\$ 778,468</b>   | <b>11.37%</b> |
| <b>30 Total Cost of Service Less Cost of Gas</b>    | <b>\$ 3,609,757</b> | <b>50.14%</b> | <b>\$ 3,373,811</b> | <b>45.53%</b> | <b>\$ 3,193,172</b> | <b>51.97%</b> | <b>\$ 3,165,189</b> | <b>47.69%</b> | <b>\$ 3,153,048</b> | <b>46.07%</b> |
| 31 Tier - Oper.                                     | 1.41                |               | 1.82                |               | 1.77                |               | 1.97                |               | 1.61                |               |
| 32 Tier - Total                                     | 1.57                |               | 1.92                |               | 1.87                |               | 2.07                |               | 1.61                |               |
| 33 New Services Connected                           | 92                  |               | 99                  |               | 95                  |               | 179                 |               | 51                  |               |
| 34 Total Services in Place                          | 4,348               |               | 4,239               |               | 4,129               |               | 4,035               |               | 4,029               |               |
| 35 Miles of Line                                    | 279                 |               | 275                 |               | 249                 |               | 266                 |               | 274                 |               |

**Lower Valley Energy**  
 Natural Gas Five Year Comparison  
*For The Month Ended*  
 October 31, 2018



| LOWER VALLEY ENERGY, INC.<br>NATURAL GAS<br>FINANCIAL AND STATISTICAL REPORT |                                       |                |                 | BORROWER DESIGNATION<br>Wyoming 11, Lincoln |              |            |             |                             |
|--|---------------------------------------|----------------|-----------------|---|--------------|------------|-------------|-----------------------------|
|  |                                       |                |                 | PERIOD ENDED<br>October 31, 2018            |              |            |             |                             |
| PART R. GAS REQUIREMENTS DATA BASE   |                                       |                |                 |   |              |            |             |                             |
| CLASSIFICATION   | CONSUMER SALES<br>AND<br>REVENUE DATA | JANUARY<br>(a) | FEBRUARY<br>(b) | MARCH<br>(c)                                | APRIL<br>(d) | MAY<br>(e) | JUNE<br>(f) | TOTAL<br>(Columns a thru l) |
| 1. Residential Sales   | a. No. Consumers Served               | 3,216          | 3,221           | 3,225                                       | 3,232        | 3,239      | 3,253       |                             |
|  | b. Therms Sold                        | 397,989        | 342,133         | 343,048                                     | 262,303      | 141,180    | 94,733      | 1,581,386                   |
|  | c. Revenue                            | \$447,314      | \$397,539       | \$398,524                                   | \$309,373    | \$175,601  | \$124,354   | \$1,852,706                 |
| 2. Comm. and Ind.  | a. No. Consumers Served               | 1,003          | 1,007           | 1,004                                       | 1,005        | 1,006      | 1,008       |                             |
|  | b. Therms Sold                        | 867,804        | 726,239         | 789,394                                     | 549,345      | 330,554    | 335,019     | 3,598,355                   |
|  | c. Revenue                            | \$897,756      | \$753,661       | \$818,529                                   | \$572,158    | \$345,015  | \$347,186   | \$3,734,305                 |
| 3. Unbilled Revenue  | b. Therms Sold                        | 31,438         | (32,758)        | (148,224)                                   | (70,750)     | (57,528)   | (120,998)   | (398,820)                   |
|  | c. Revenue                            | \$35,170       | (\$35,053)      | (\$161,482)                                 | (\$74,343)   | (\$62,678) | (\$134,056) | (\$432,442)                 |
|  |                                       |                |                 |   |              |            |             |                             |
| 10. TOTAL No. Consumers (lines 1a - 3a)                                      |                                       | 4,219          | 4,228           | 4,229                                       | 4,237        | 4,245      | 4,261       |                             |
| 11. TOTAL Therms Sold (lines 1b - 3b)  |                                       | 1,297,231      | 1,035,614       | 984,218                                     | 740,898      | 414,206    | 308,754     | 4,780,921                   |
| 12. TOTAL Revenue Received From Sales<br>of Gas Energy (lines 1c - 3c)       |                                       | \$1,380,241    | \$1,116,147     | \$1,055,571                                 | \$807,188    | \$457,939  | \$337,484   | \$5,154,569                 |
| 13. Other Gas Revenue  |                                       | \$1,807        | \$2,350         | \$1,112                                     | \$9,397      | \$8,696    | \$1,121     | \$24,483                    |
| 14. Therms - Own Use   |                                       | 16,972         | 20,057          | 13,028                                      | 17,501       | 11,830     | 13,081      | 92,469                      |
| 15. Cost of Purchases  |                                       | \$431,820      | \$432,642       | \$615,727                                   | \$340,031    | \$188,157  | \$243,029   | \$2,251,406                 |



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

**BORROWER DESIGNATION**  
 Wyoming 11, Lincoln  
**PERIOD ENDED**  
 October 31, 2018

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

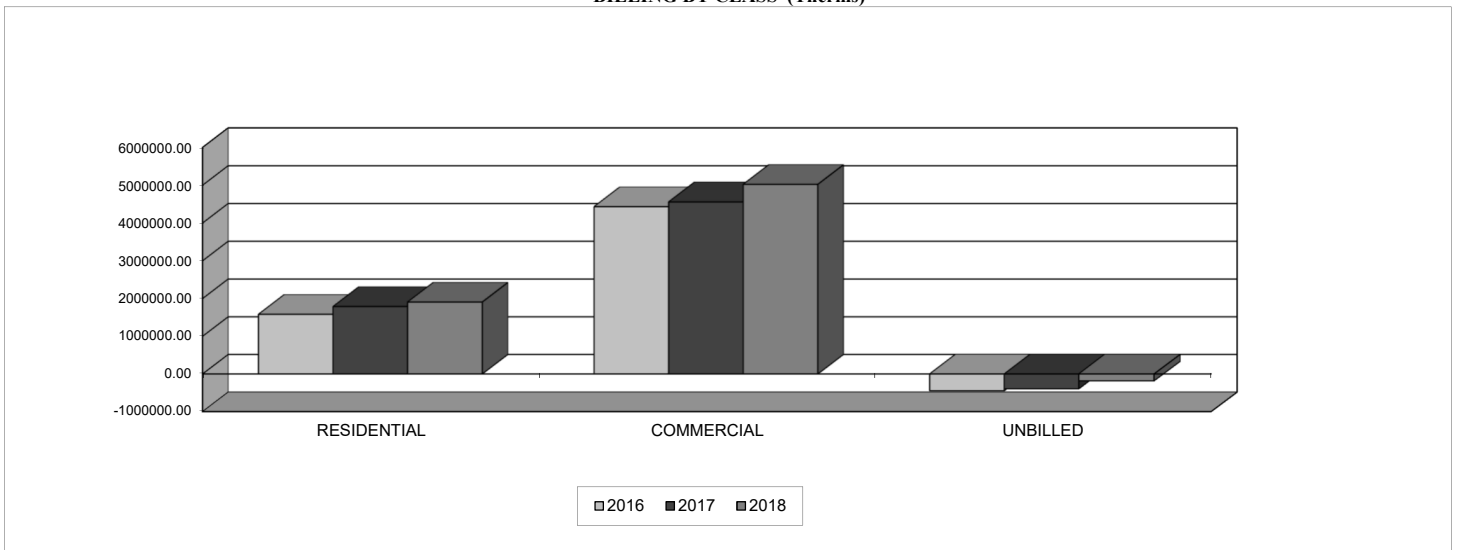
| CLASSIFICATION   | CONSUMER SALES<br>AND<br>REVENUE DATA | JULY<br>(g) | AUGUST<br>(h) | SEPTEMBER<br>(i) | OCTOBER<br>(j) | NOVEMBER<br>(k) | DECEMBER<br>(l) | TOTAL<br>(Columns a thru l) |
|--|---------------------------------------|-------------|---------------|------------------|----------------|-----------------|-----------------|-----------------------------|
| 1. Residential Sales   | a. No. Consumers Served               | 3,265       | 3,269         | 3,275            | 3,289          |                 |                 |                             |
|  | b. Therms Sold                        | 72,670      | 64,981        | 70,436           | 117,322        |                 |                 | 1,906,795                   |
|  | c. Revenue                            | 98,990      | 89,649        | 93,520           | 138,123        |                 |                 | \$2,272,988                 |
| 2. Comm. and Ind.  | a. No. Consumers Served               | 1,011       | 1,012         | 1,015            | 1,015          |                 |                 |                             |
|  | b. Therms Sold                        | 305,803     | 357,399       | 337,738          | 424,293        |                 |                 | 5,023,588                   |
|  | c. Revenue                            | 307,706     | 352,594       | 320,668          | 394,457        |                 |                 | \$5,109,730                 |
| 3. Unbilled Revenue  | a. No. Consumers Served               |             |               |                  |                |                 |                 |                             |
|  | b. Therms Sold                        | 138,233     | 162,576       | (214,506)        | 129,242        |                 |                 | (183,275)                   |
|  | c. Revenue                            | 148,541     | 170,221       | (228,704)        | 127,086        |                 |                 | (\$215,298)                 |
| 10. TOTAL No. Consumers (lines 1a - 3a)                                |                                       | 4,276       | 4,281         | 4,290            | 4,304          |                 |                 |                             |
| 11. TOTAL Therms Sold (lines 1b - 3b)                                  |                                       | 516,706     | 584,956       | 193,668          | 670,857        |                 |                 | 6,747,108                   |
| 12. TOTAL Revenue Received From Sales<br>of Gas Energy (lines 1c - 3c) |                                       | 555,237     | 612,464       | 185,484          | 659,667        |                 |                 | \$7,167,421                 |
| 13. Other Gas Revenue  |                                       | 832         | 1,737         | (2)              | 5,284          |                 |                 | \$32,335                    |
| 14. Therms - Own Use   |                                       | 9,773       | 9,546         | 10,426           | 8,364          |                 |                 | 130,578                     |
| 15. Cost of Purchases  |                                       | 160,719     | 183,640       | 93,113           | 222,856        |                 |                 | \$2,911,734                 |

**ANALYSIS OF BILLING**  
**October 31, 2018**  
**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>     |           |             |                            |           |           |
| 2016 | 3,079                             | 1,582,665 | \$1,804,815 | 991                   | 4,431,979 | \$4,257,993 |                            |           |           |
| 2017 | 3,164                             | 1,788,972 | \$2,210,403 | 1,008                 | 4,558,976 | \$4,890,188 |                            |           |           |
| 2018 | 3,289                             | 1,906,795 | \$2,272,988 | 1,015                 | 5,023,588 | \$5,109,730 |                            |           |           |
|      | <b>Change in Unbilled Revenue</b> |           |             | <b>October Totals</b> |           |             | <b>Year to Date Totals</b> |           |           |
| 2016 |                                   | (444,719) | (\$504,725) | 4,070                 | 397,608   | \$411,358   | 4070                       | 5,569,925 | 5,558,083 |
| 2017 |                                   | (393,044) | (\$429,832) | 4,172                 | 430,115   | \$471,103   | 4172                       | 5,954,904 | 6,670,759 |
| 2018 |                                   | (183,275) | (\$215,298) | 4,304                 | 541,615   | \$532,580   | 4304                       | 6,747,108 | 7,167,421 |

| <b>Degree Days</b> |        |        | <b>Revenue Summary Form 7 Part A Line 1</b> |                           | <b>Lower Valley Energy Therm Usage</b> |         |
|--------------------|--------|--------|---|---------------------------|--|---------|
|                    | Normal | Actual |   |                           |  |         |
| 2016               | 5,700  | 6,003  | Year to Date Billing                        | \$7,167,421               | 2016                                   | 117,995 |
| 2017               | 6,293  | 6,184  | Other Revenue                               | <u>32,335</u>             | 2017                                   | 112,084 |
| 2018               | 7,059  | 6,849  | Form 7a Line 1 YTD Revenue                  | <u><u>\$7,199,755</u></u> | 2018                                   | 130,578 |

**BILLING BY CLASS (Therms)**

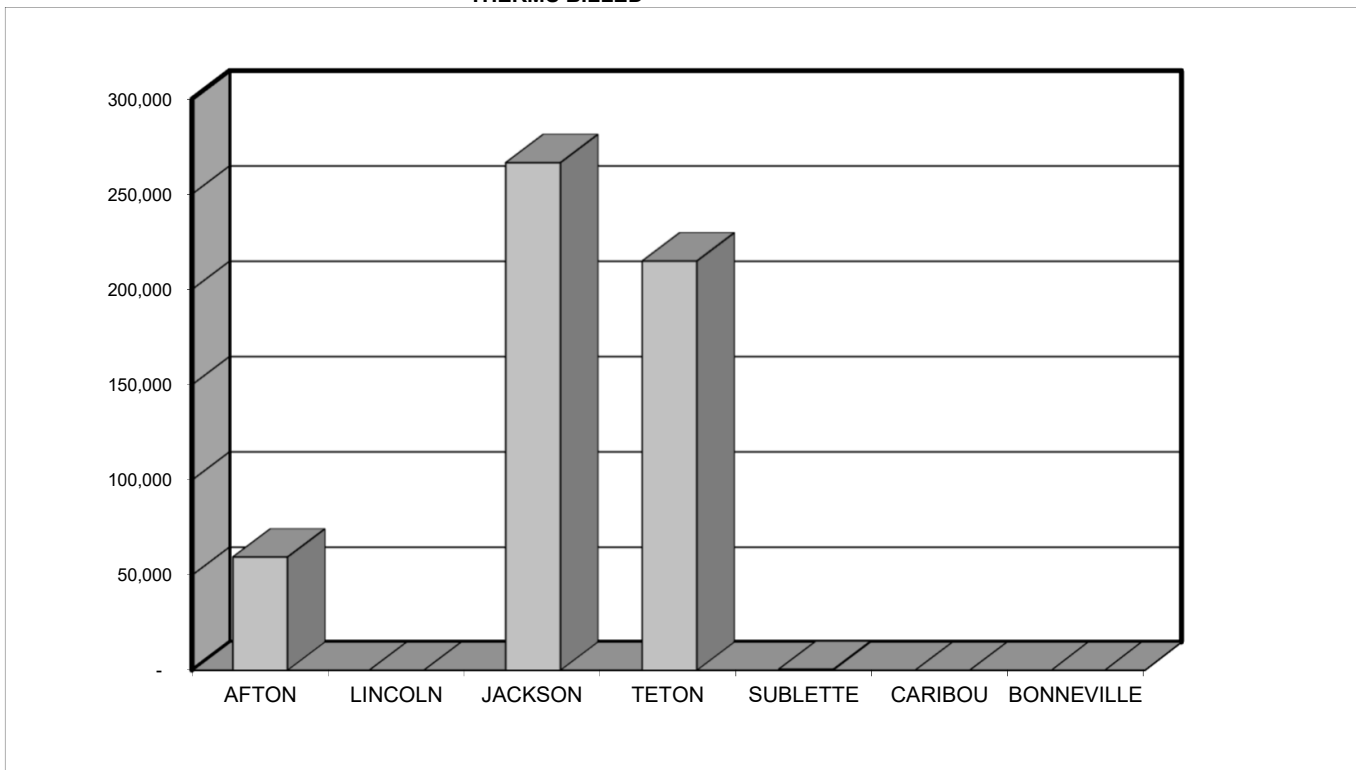


**LOWER VALLEY ENERGY  
BILLING BY GEOGRAPHIC  
NATURAL GAS  
October 31, 2018  
BILLING BASIS**

|                        | <b>CONSUMERS</b> | <b>THERMS</b>  | <b>CHARGES</b>   | <b>AVERAGE<br/>THERMS</b> | <b>AVERAGE<br/>BILL</b> | <b>REVENUE<br/>PER<br/>THERM</b> |
|------------------------|------------------|----------------|------------------|---------------------------|-------------------------|----------------------------------|
| <b>TOWN OF AFTON</b>   | 819              | 59,584         | \$60,078         | 73                        | \$73.36                 | \$1.01                           |
| <b>TOWN OF JACKSON</b> | 2,415            | 266,549        | \$264,735        | 110                       | \$109.62                | \$0.99                           |
| <b>TETON COUNTY</b>    | 1,054            | 214,952        | \$207,164        | 204                       | \$196.55                | \$0.96                           |
| <b>SUBLETTE COUNTY</b> | 16               | 529            | \$602            | 33                        | \$37.64                 | \$1.14                           |
| <b>TOTAL</b>           | <u>4,288</u>     | <u>541,614</u> | <u>\$532,579</u> | <u>126</u>                | <u>\$124.20</u>         | <u>\$0.98</u>                    |

|                                 |                         |
|---------------------------------|-------------------------|
| <b>Adjustments and Accruals</b> | <u>132,372</u>          |
| <b>Total Operating Revenue</b>  | <u><b>\$664,951</b></u> |

**THERMS BILLED**



**SWIFT CREEK HYDRO**  
**STATEMENT OF OPERATIONS**  
*For The Month Ended*  
**October 31, 2018**

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

| ITEM  | YEAR-TO-DATE     |                  |               | THIS MONTH<br>(d) |
|---|------------------|------------------|---------------|-------------------|
|   | LAST YEAR<br>(a) | THIS YEAR<br>(b) | BUDGET<br>(c) |                   |
| 1. Operating Revenue and Patronage Capital.....             | \$ 287,675       | \$ 274,693       | \$ 317,625    | \$ 26,826         |
| 2. Power Production Expense.....                            | 69,568           | 70,627           | 82,415        | 6,828             |
| 3. Scheduling and Delivery.....                             | 28,160           | 2,601            | 1,208         | 236               |
| 4. Transmission Operation & Maintenance.....                | -                | -                | 14,780        | -                 |
| 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.....                 | 21,285           | 13,855           | 13,830        | 1,338             |
| 11. Total Operation & Maintenance Expense (2 thru 10).....  | 119,014          | 87,083           | 112,233       | 8,402             |
| 12. Depreciation and Amortization Expense.....              | 135,383          | 123,075          | 123,100       | 12,308            |
| 13. Tax Expense-Property.....                               | 18,535           | 15,069           | 15,600        | 783               |
| 14. Tax Expense-Other.....                                  | -                | -                | -             | -                 |
| 15. Interest on Long-Term Debt.....                         | 107,451          | 162,447          | 99,960        | 19,185            |
| 16. Interest Charged to Construction-Credit.....            | -                | -                | -             | -                 |
| 17. Interest Expense-Other.....                             | -                | -                | -             | -                 |
| 18. Other Deductions.....                                   | -                | -                | -             | -                 |
| 19. Total Cost of Service (11 thru 18).....                 | 380,382          | 387,675          | 350,893       | 40,677            |
| 20. Patronage Capital & Operating Margins (1 minus 19)..... | (92,707)         | (112,982)        | (33,268)      | (13,851)          |
| 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).....          | \$ (92,707)      | \$ (112,982)     | \$ (33,268)   | \$ (13,851)       |

Notes:

1. Sales for 2018 consisted of the following:

|                             |                   |
|-----------------------------|-------------------|
| PacifiCorp PURPA sales      | \$ -              |
| LVE sales                   | \$ 256,521        |
| Green sales to Teton County | <u>18,172</u>     |
|                             | <u>\$ 274,693</u> |

2. This statement reflects total revenues and expenses for Swift Creek Hydro. Lower Valley Energy and the Town of Afton share margins equally. Lower Valley Energy's share is reflected in the Electric Division's financial statements.

**SWIFT CREEK HYDRO**  
**FINANCIAL AND STATISTICAL REPORT**  
*For the Month Ended*  
**October 31, 2018**

**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..... (127,962)                  |
| 4. Accum. Provision for Depreciation and Amort..... 1,347,859           | 33. Operating Margins-Current Year..... (112,982)                 |
| 5. Net Utility Plant (3 - 4)..... 5,724,337                             | 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)..... 289,813            |
| 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)..... 5,123,731                     |
| 12. Other Investments..... -  | 41. Total Long-Term Debt (37 thru 40)..... 5,123,731              |
| 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..... 43,563              |
| 20. Accounts Receivable-Net Sales of Energy..... -                      | 49. Other Current & Accrued Liabilities..... 168,752              |
| 21. Accounts Receivable-Net Other..... -                                | 50. Total Current & Accrued Liabilities (45 thru 48)..... 212,315 |
| 22. Materials & Supplies-Electric and Other..... -                      | 51. Deferred Credits..... 211,763                                 |
| 23. Prepayments..... -  | 52. Miscellaneous Operating Reserves..... -                       |
| 24. Other Current & Accrued Assets..... -                               | 53. Total Liabilities & Other Credits                             |
| 25. Total Current & Accrued Assets (15 thru 24)..... -                  | (36 +41 + 44 + 50 thru 52)..... \$ 5,837,623                      |
| 26. Regulatory Assets..... -  |   |
| 27. Deferred Debits..... 113,286  |   |
| 28. Accumulated Deferred Income Taxes..... -                            |   |
| 29. Total Assets & Other Debits (5 + 14 + 25 thru 28)..... \$ 5,837,623 |   |

Notes:

1. This balance sheet reflects total assets, liabilities, and equities of Swift Creek Hydro. Lower Valley Energy's net investment booked to-date totals \$5,306,866 and is reflected in the Electric Division's financial statements.
2. The Town of Afton's remaining balance due to the State of Wyoming totals \$304,283. Installment payments in the amount of \$23,402.95 are due annually in September.

**LOWER VALLEY ENERGY, INC**  
**STATEMENT OF CASH FLOWS**  
*For The Month Ended*  
**October 31, 2018**

**SWIFT CREEK HYDRO**

|   | YEAR TO DATE | THIS MONTH   |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |              |              |
| Net Margins   | \$ (112,982) | \$ (13,851)  |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: |              |              |
| Depreciation Expense  | 123,075      | 12,308       |
| Decrease/(Increase) in:   |              |              |
| Special Deposits  | -            | -            |
| Accounts Receivable   | -            | -            |
| Other Accounts Receivable   | -            | -            |
| Materials & Supplies  | -            | -            |
| Prepayments   | -            | -            |
| Other Current Assets  | -            | -            |
| Other Deferred Debits   | (56,491)     | (6,926)      |
| Increase/(Decrease) in:   |              |              |
| Accounts Payable (excluding line of credit)                                       | -            | -            |
| Consumer Deposits   | -            | -            |
| Other Current and Accrued Liabilities   | (21,722)     | (30,426)     |
| Deferred Credits  | 42,589       | 42,589       |
| Net cash provided by operating activities   | (25,531)     | 3,694        |
| <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   | 13,901       | 13,901       |
| Change in Long-term Debt  | (100,675)    | -            |
| Net cash provided/(used) by financing and capital credit activities               | (86,774)     | 13,901       |
| Total change in intercompany balance  | (112,304)    | 17,596       |
| Beginning intercompany balance  | (19,131)     | (149,032)    |
| Ending intercompany balance (positive = cash, negative = liability)               | \$ (131,436) | \$ (131,436) |