

**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATION**  
*For The Month Ended August 31, 2013*

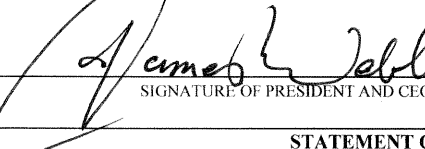
**CONSOLIDATED**

*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

9/18/2013

DATE

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

9/18/2013

DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1. Operating Revenue - Electric.....	\$27,376,448	\$0	\$27,376,448	\$27,307,895
2. Operating Revenue - Gas.....	0	6,369,973	6,369,973	5,960,620
3. Total Operating Revenue and Patronage Capital.....	\$27,376,448	\$6,369,973	\$33,746,421	\$33,268,515
4. Power Production Expense.....	\$75,133	\$0	\$75,133	\$93,854
5. Cost of Purchased Power.....	15,337,937	0	15,337,937	15,470,734
6. Cost of Gas Sold.....	0	2,869,512	2,869,512	2,684,592
7. Transmission Operation & Maintenance - Electric.....	393,598	0	393,598	357,166
8. Distribution Operation & Maintenance - Electric.....	2,894,828	0	2,894,828	2,898,630
9. Transmission Operation & Maintenance - Gas.....	0	127,764	127,764	130,550
10. Gas Storage Facility Operation & Maintenance.....	0	67,609	67,609	67,590
11. Distribution Operation & Maintenance - Gas.....	0	198,715	198,715	235,640
12. Consumer Accounts Expense.....	535,923	68,616	604,539	596,716
13. Customer Service and Informational Expense.....	283,888	19,309	303,197	341,609
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	1,498,780	246,047	1,744,828	1,918,300
16. Total Operation & Maintenance Expense (4 thru 15).....	\$21,020,087	\$3,597,573	\$24,617,660	\$24,795,381
17. Depreciation and Amortization Expense.....	2,975,567	650,825	3,626,391	3,698,440
18. Tax Expense-Property.....	292,760	121,440	414,200	424,050
19. Tax Expense-Other.....	112,430	8,178	120,609	127,750
20. Interest on Long-Term Debt.....	668,746	924,126	1,592,872	1,759,240
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other*.....	75,378	122,259	197,637	115,463
23. Other Deductions.....	(119,298)	0	(119,298)	(119,300)
24. Total Cost of Electric Service (16 thru 23).....	\$25,025,671	\$5,424,400	\$30,450,071	\$30,801,024
25. Patronage Capital & Operating Margins (3 minus 24).....	\$2,350,777	\$945,572	\$3,419,281	\$2,467,491
26. Non Operating Margins-Interest*.....	186,882	0	63,951	74,853
27. Allowance for Funds Used During Construction.....	0	0	0	0
28. Income (Loss) from Equity Investments.....	0	0	0	0
29. Non Operating Margins-Other.....	0	0	0	0
30. Generation and Transmission Capital Credits.....	0	0	0	0
31. Other Capital Credits and Patronage Dividends.....	0	0	0	0
32. Extraordinary Items.....	0	0	0	0
33. Patronage Capital or Margins (25 thru 32).....	\$2,537,659	\$945,572	\$3,483,232	\$2,542,344

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1. New Services Connected.....	159	29	188	206
2. Services Retired.....	2,260	10	2,270	181
3. Total Services in Place.....	26,767	4,009	30,776	30,473
4. Idle Services (Excluding Seasonal).....	215	31	246	234
5. Miles Transmission.....	235	50	285	285
6. Miles Distribution - Overhead.....	947	0	947	947
7. Miles Distribution - Underground.....	1,426	213	1,639	1,622
8. Total Miles In Service ( 5 + 6 + 7 ).....	2,607	263	2,871	2,855

Note: Lines 22 and 26 in the Consolidated column do not include intercompany interest earned or accrued between the Electric and Gas divisions.

**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATION**  
*For The Month Ended*  
**August 31, 2013**

**CONSOLIDATED**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

\_\_\_\_\_  
SIGNATURE OF CHIEF FINANCIAL OFFICER

9/18/2013  
DATE

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

9/18/2013  
DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue - Electric.....	\$26,369,722	\$27,376,448	\$27,307,895	\$2,632,910
2. Operating Revenue - Gas.....	6,203,053	6,369,973	5,960,620	403,780
3. Total Operating Revenue and Patronage Capital.....	\$32,572,775	\$33,746,421	\$33,268,515	\$3,036,690
4. Power Production Expense.....	\$98,723	\$75,133	\$93,854	\$10,779
5. Cost of Purchased Power.....	14,898,819	15,337,937	15,470,734	1,012,286
6. Cost of Gas Sold.....	3,370,837	2,869,512	2,684,592	225,095
7. Transmission Operation & Maintenance - Electric.....	335,612	393,598	357,166	58,623
8. Distribution Operation & Maintenance - Electric.....	2,896,683	2,894,828	2,898,630	378,651
9. Transmission Operation & Maintenance - Gas.....	122,941	127,764	130,550	17,424
10. Gas Storage Facility Operation & Maintenance.....	70,533	67,609	67,590	5,919
11. Distribution Operation & Maintenance - Gas.....	224,781	198,715	235,640	29,122
12. Consumer Accounts Expense.....	555,954	604,539	596,716	68,478
13. Customer Service and Informational Expense.....	273,428	303,197	341,609	46,168
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	1,708,822	1,744,828	1,918,300	192,575
16. Total Operation & Maintenance Expense (4 thru 15).....	\$24,557,133	\$24,617,660	\$24,795,381	\$2,045,121
17. Depreciation and Amortization Expense.....	3,545,225	3,626,391	3,698,440	462,159
18. Tax Expense-Property.....	445,560	414,200	424,050	51,775
19. Tax Expense-Other.....	115,098	120,609	127,750	11,305
20. Interest on Long-Term Debt.....	1,736,461	1,592,872	1,759,240	165,701
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other.....	173,197	74,705	115,463	11,139
23. Other Deductions.....	(119,298)	(119,298)	(119,300)	(14,912)
24. Total Cost of Electric Service (16 thru 23).....	\$30,453,376	\$30,327,140	\$30,801,024	\$2,732,287
25. Patronage Capital & Operating Margins (3 minus 24).....	\$2,119,398	\$3,419,281	\$2,467,491	\$304,403
26. Non Operating Margins-Interest.....	159,963	63,951	74,853	5,764
27. Allowance for Funds Used During Construction.....	0	0	0	0
28. Income (Loss) from Equity Investments.....	0	0	0	0
29. Non Operating Margins-Other.....	16,609	0	0	0
30. Generation and Transmission Capital Credits.....	0	0	0	0
31. Other Capital Credits and Patronage Dividends.....	0	0	0	0
32. Extraordinary Items.....	0	0	0	0
33. Patronage Capital or Margins (25 thru 32).....	\$2,295,971	\$3,483,232	\$2,542,344	\$310,167

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	206	188	5. Miles Transmission	285	285
2. Services Retired	181	2,270	6. Miles Distribution-Overhead	947	947
3. Total Services in Place	30,473	30,776	7. Miles Distribution-Underground	1,622	1,689
4. Idle Services (Exclude Seasonal)	234	246	8. Total Miles In Service (5 + 6 + 7)	2,855	2,921

Note: Lines 22 and 26 do not include intercompany interest earned or accrued between the Electric and Gas divisions.

**LOWER VALLEY ENERGY, INC.**  
**Consolidated**  
**FINANCIAL AND STATISTICAL REPORT**  
**August 31, 2013**

**BALANCE SHEET - CONSOLIDATED**

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	CURRENT YEAR	PRIOR YEAR		CURRENT YEAR	PRIOR YEAR
1. Total Utility Plant in Service.....	\$195,915,986	\$190,691,910	30. Memberships.....	\$0	\$0
2. Construction Work in Progress.....	6,694,081	6,634,769	31. Patronage Capital.....	54,224,976	53,278,221
3. Total Utility Plant (1 + 2).....	\$202,610,067	\$197,326,679	32. Operating Margins-Prior Years.....	0	0
4. Accum. Provision for Depreciation and Amort.....	83,277,770	79,149,349	33. Operating Margins-Current Year.....	3,419,281	2,214,239
5. Net Utility Plant (3 - 4).....	\$119,332,296	\$118,177,330	34. Non Operating Margins.....	63,951	81,732
6. Nonutility Property - Net.....	\$0	\$0	35. Other Margins and Equities.....	14,278,220	13,328,120
7. Investments in Subsidiary Companies.....	0	0	36. Total Margins & Equities (30 thru 35).....	\$71,986,428	\$68,902,312
8. Invest. in Assoc. Org. - Patronage Capital.....	1,958,643	1,787,237	37. Long-Term Debt - Bonds.....	\$0	\$0
9. Invest. in Assoc. Org.-Other-General Funds.....	11,685	56,911	38. Long-Term Debt Other - Econ. Devel. (Net).....	1,500,000	0
10. Invest. in Assoc. Org.-Other-Nongeneral Funds.....	2,631,017	2,632,611	39. Long-Term Debt Other - Guaranteed.....	0	0
11. Investments in Economic Development Projects.....	2,093	2,093	40. Long-Term Debt-Other (Net).....	60,513,359	59,199,385
12. Other Investments.....	97,768	123,674	40a. Long-Term Debt-Other (BPA Prepayment Funding).....	150,734,524	0
13. Special Funds.....	0	0	41. Total Long-Term Debt (37 thru 40).....	\$212,747,883	\$59,199,385
14. Total Other Property & Investments (6 thru 13).....	\$4,701,206	\$4,602,527	42. Obligations under Capital Leases.....	\$0	\$0
15. Cash-General Funds.....	\$1,437,581	\$2,266,193	43. Accumulated Operating Provisions.....	0	0
16. Cash-Construction Funds-Trustee.....	0	0	44. Total Other Noncurrent Liabilities (42 + 43).....	\$0	\$0
17. Special Deposits.....	1,354,873	0	45. Notes Payable.....	0	0
18. Temporary Investments.....	0	0	46. Accounts Payable.....	3,837,779	5,843,188
19. Notes Receivable-Net.....	180,149	75,129	47. Consumers Deposits.....	580,106	513,915
20. Accounts Receivable-Net Sales of Energy.....	2,536,565	2,221,801	48. Other Current & Accrued Liabilities.....	2,764,515	2,672,993
21. Accounts Receivable-Net Other.....	361,397	363,709	49. Total Current & Accrued Liabilities (45 thru 48).....	\$7,182,400	\$9,030,096
22. Materials & Supplies-Electric and Other.....	1,912,349	1,819,813	50. Deferred Credits.....	\$971,250	\$2,670,770
23. Prepayments.....	316,806	154,450	51. Miscellaneous Operating Reserves.....	0	0
24. Other Current & Accrued Assets.....	1,011,740	1,087,384	52. Total Liabilities & Other Credits.....	220,901,534	70,900,252
25. Total Current & Accrued Assets (15 thru 24).....	\$9,111,459	\$7,988,477	(36 +41 + 44 + 49 thru 51).....	\$292,887,962	\$139,802,564
26. Regulatory Assets.....	0	0			
27. Deferred Debits.....	9,410,329	9,034,229			
27a. Other Non-current Assets-BPA Power Prepayment.....	150,332,671	0			
28. Accumulated Deferred Income Taxes.....	0	0			
29. Total Assets & Other Debits (5 + 14 + 25 thru 28).....	\$292,887,962	\$139,802,564			

ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION		
	CURRENT YEAR	PRIOR YEAR
53. Balance Beginning of Year (1978 Thru 2012).....	\$50,999,089	\$49,929,523
54. Amounts Received This Year (Net).....	899,096	801,061
55. TOTAL Contributions-In-Aid-Of-Construction.....	\$51,898,185	\$50,730,584

**NOTES TO FINANCIAL STATEMENTS**

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

	2013		2012	
	July	August	July	August
1. Current Assets/Liabilities	0.90	1.27	1.06	0.88
2. Equity	24.47%	24.58% *	49.75%	49.29%
2a. Equity excluding BPA Power Prepayment	50.63%	50.64%	49.75%	49.29%
3. Long Term Debt as a % of Plant	104.21%	105.00% *	30.67%	30.00%
4. Debt Service Coverage	2.94	2.18	2.47	1.84
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.85	0.85	1.03	1.01
Quantity	1.35	1.36	1.12	1.36
6. Intercompany Receivables/(Payables) :				
Electric Division	7,194,658	3,826,959	5,511,831	5,969,723
Combined Gas Division	(7,194,658)	(3,826,959)	(5,511,831)	(5,969,723)
7. Total Shared Overhead-Gas Division	200,257	226,781	187,773	215,231
8. Material Inventory:				
Material	1,855,815	1,912,349	1,842,400	1,819,813
Special Equip.	2,139,974	2,051,149	2,335,535	2,028,353
Total Material	3,995,789	3,963,498	4,177,935	3,848,166
9. Aged Accounts Receivable (Over 60 Days):	62,715	65,031	85,110	75,468
10. Lower Valley has a \$12 Million dollar line of credit with CFC to meet short term cash needs. As of August 31, 2013 the line of credit balance was		\$ 3,057,038		

\* Note: The decrease in Equity and increase in Long Term Debt % of Plant ratios are attributable to the acquisition of new debt related to the BPA power prepayment program.