

LOWER VALLEY ENERGY
STATEMENT OF OPERATIONS
For The Month Ended
August 31, 2014

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

9/19/2014

DATE



SIGNATURE OF PRESIDENT AND CEO

9/19/2014

DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1 Operating Revenue	\$ 28,483,144	\$ 7,836,911	\$ 36,320,054	\$ 33,871,819
2 Power Production Expense	61,565	-	61,565	89,896
3 Cost of Purchased Power/Gas Sold	16,306,616	4,209,230	20,515,846	19,786,727
4 Transmission Operation & Maintenance	295,692	110,138	405,830	549,024
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	2,273,466	171,363	2,444,829	2,200,027
7 Distribution Maintenance Expense	809,967	111,263	921,230	968,130
8 Consumer Accounts Expense	550,370	72,632	623,002	593,170
9 Customer Service and Informational Expense	311,178	18,987	330,165	319,533
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,470,107	241,539	1,711,646	1,892,888
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 22,078,961	\$ 4,935,153	\$ 27,014,114	\$ 26,399,395
13 Depreciation and Amortization Expense	3,100,699	776,510	3,877,208	3,800,860
14 Tax Expense-Property	298,725	129,270	427,995	423,200
15 Tax Expense-Other	26,679	9,046	35,725	37,700
16 Interest on Long-Term Debt	638,861	1,030,099	1,668,960	1,870,690
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	27,288	40,682	9,072	128,000
19 Other Deductions	(119,298)	-	(119,298)	(119,280)
20 Total Cost of Electric Service (16 thru 23)	\$ 26,051,915	\$ 6,920,760	\$ 32,913,777	\$ 32,540,565
21 Patronage Capital & Operating Margins (3 minus 24)	\$ 2,431,229	\$ 916,151	\$ 3,406,277	\$ 1,331,254
22 Non Operating Margins-Interest*	114,214	-	55,316	62,750
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	36,001	9,020	45,021	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	215,101	-	215,101	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 2,796,545	\$ 925,171	\$ 3,721,715	\$ 1,394,004

DATA ON TRANSMISSION AND DISTRIBUTION

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1 New Services Connected	191	29	220	188
2 Services Retired	50	3	53	270
3 Total Services in Place	26,981	4,061	31,042	30,776
4 Idle Services (Excluding Seasonal)	231	34	265	246
5 Miles Transmission	235	50	285	285
6 Miles Distribution - Overhead	938	-	938	947
7 Miles Distribution - Underground	1,459	224	1,683	1,622
8 Total Miles In Service (5 + 6 + 7)	2,632	274	2,905	2,855

Note: 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
August 31, 2014

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

9/19/2014

DATE

SIGNATURE OF PRESIDENT AND CEO

9/19/2014

DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1 Operating Revenue	\$ 33,746,421	\$ 36,320,054	\$ 33,871,819	\$ 3,352,273
2 Power Production Expense	75,133	61,565	89,896	8,252
3 Cost of Purchased Power & Gas	18,207,449	20,515,846	19,786,727	1,774,820
4 Transmission Operation & Maintenance	521,362	405,830	549,024	52,412
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	2,381,740	2,444,829	2,200,027	319,848
7 Distribution Maintenance Expense	779,412	921,230	968,130	121,060
8 Consumer Accounts Expense	604,539	623,002	593,170	87,888
9 Customer Service and Informational Expense	303,197	330,165	319,533	44,891
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,744,828	1,711,646	1,892,888	201,554
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 24,617,660	\$ 27,014,114	\$ 26,399,395	\$ 2,610,726
13 Depreciation and Amortization Expense	3,626,391	3,877,208	3,800,860	489,009
14 Tax Expense-Property	414,200	427,995	423,200	57,695
15 Tax Expense-Other	120,609	35,725	37,700	3,003
16 Interest on Long-Term Debt	1,592,872	1,668,960	1,870,690	175,041
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	197,636	9,072	128,000	(14,551)
19 Other Deductions	(119,298)	(119,298)	(119,280)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 30,450,071	\$ 32,913,777	\$ 32,540,565	\$ 3,306,011
21 Patronage Capital & Operating Margins (3 minus 24)	\$3,296,350	\$3,406,277	\$1,331,254	\$46,262
22 Non Operating Margins-Interest*	186,882	55,316	62,750	(13,142)
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	45,021	-	23
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	-	215,101	-	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 3,483,232	\$ 3,721,715	\$ 1,394,004	\$ 33,143

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	188	220	5. Miles Trans.	285	285
2. Services Retired	270	53	6. Miles Dist. - OH	947	938
3. Total Services in Place	30,776	31,042	7. Miles Dist. - UG	1,622	1,683
4. Idle Services (Exclude Seasonal)	246	265	8. Total Miles (5 + 6 + 7)	2,855	2,905

LOWER VALLEY ENERGY, INC.
BALANCE SHEET

As of
August 31, 2014

CONSOLIDATED

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 202,069,011	\$ 195,915,986	30 Memberships	-	-
2 Construction Work in Progress	6,435,858	6,694,081	31 Patronage Capital	55,681,369	54,224,976
3 Total Utility Plant	208,504,869	202,610,067	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	88,566,318	83,277,770	33 Operating Margins-Current Year	3,347,379	3,296,350
5 Net Utility Plant	119,938,552	119,332,296	34 Non Operating Margins	374,336	186,882
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	15,524,748	14,278,220
7 Investments in Subsidiary Companies	-	-	36 Total Margins & Equities	74,927,832	71,986,428
8 Invest. in Assoc. Org. - Patronage Capital	1,740,683	1,958,643	37 Long-Term Debt - RUS (Net)	-	-
9 Invest. in Assoc. Org.-Other-General Funds	6,685	11,685	38 Long-Term Debt - FFB - RUS Guaranteed	-	-
10 Invest. in Assoc. Org.-Other-Nongeneral Funds	2,128,281	2,631,017	39 Long-Term Debt - Other - RUS Guaranteed	-	-
11 Investments in Economic Development Projects	2,093	2,093	40 Long-Term Debt-Other (Net)	48,757,383	60,513,359
12 Other Investments	725,639	97,768	40a Long-Term Debt-Other (BPA Power Prepayment)	143,117,307	150,734,524
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	1,500,000	1,500,000
14 Total Other Property & Investments	4,603,381	4,701,206	42 Payments - Unapplied	-	-
15 Cash-General Funds	293,707	1,437,581	43 Total Long-Term Debt	193,374,690	212,747,883
16 Cash-Construction Funds-Trustee	-	-	44 Obligations under Capital Leases	-	-
17 Special Deposits	1,205,295	1,354,873	45 Accumulated Operating Provisions	-	-
18 Temporary Investments	-	-	46 Total Other Noncurrent Liabilities	-	-
19 Notes Receivable-Net	236,862	180,149	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	3,003,055	2,536,565	48 Accounts Payable	3,638,484	3,837,779
21 Accounts Receivable-Net Other	365,821	361,397	49 Consumers Deposits	528,362	580,106
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	9,817,621	-
23 Materials & Supplies-Electric and Other	2,299,529	1,912,349	51 Current Maturities Long-Term Debt - Econ. Devel.	-	-
24 Prepayments (inc. current portion of BPA prepay)	7,390,008	316,806	52 Current Maturities Capital Leases	-	-
25 Other Current & Accrued Assets	1,274,313	1,011,740	53 Other Current & Accrued Liabilities	2,630,829	2,764,515
26 Total Current & Accrued Assets	16,068,589	9,111,459	54 Total Current & Accrued Liabilities	16,615,296	7,182,400
27 Regulatory Assets	-	-	55 Regulatory Liabilities	-	-
28 Other Deferred Debits	9,992,812	9,410,329	56 Deferred Credits	1,782,921	971,250
28a Other Non-current Assets-BPA Power Prepayment	136,097,405	150,332,671	57 Total Liabilities & Other Credits	\$ 286,700,738	\$ 292,887,962
29 Total Assets & Other Debits	\$ 286,700,738	\$ 292,887,962			

ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION

58 Balance Beginning of Year (1978 Thru 2012)	\$52,420,428	\$50,999,089
59 Amounts Received This Year (Net)	1,206,882	899,096
60 TOTAL Contributions-In-Aid-Of-Construction	\$53,627,310	\$51,898,185

NOTES TO FINANCIAL STATEMENTS

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

	2014		2013	
	July	August	July	August
1. Current Assets/Liabilities	0.99	0.97	0.97	1.27
2. Equity	25.80%	26.13% *	26.13%	24.58%
2a. Equity excluding BPA Power Prepayment	51.13%	52.18%	52.18%	50.64%
3. Long Term Debt as a % of Plant	98.35%	97.45% *	97.45%	105.00%
4. Debt Service Coverage	1.26	1.10	2.94	2.18
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.54	0.57	0.85	0.85
Quantity	1.05	1.05	1.35	1.36
6. Intercompany Receivables/(Payables) :				
Electric Division	2,952,786	3,505,166	7,194,658	3,826,959
Combined Gas Division	(2,952,786)	(3,505,166)	(7,194,658)	(3,826,959)
7. Total Shared Overhead-Gas Division	197,952	225,557	200,257	226,781
8. Material Inventory:				
Material	2,158,612	2,299,529	1,855,815	1,912,349
Special Equip.	2,649,279	2,612,613	2,139,974	2,051,149
Total Material	<u>4,807,891</u>	<u>4,912,142</u>	<u>3,995,789</u>	<u>3,963,498</u>
9. Inventory Carrying Cost (YTD)	<u>30,502</u>	<u>35,889</u>		
10. Aged Accounts Receivable (Over 60 Days):	84,883	83,058	62,715	65,031
11. Lower Valley has a \$12 Million dollar line of credit with CFC, and a \$5 Million line of credit with 1st Bank to meet short term cash needs.				
CFC line of credit balance is:	\$	(106)		
1st Bank line of credit balance is:		<u>1,980,212</u>		
Total lines of credit	<u>\$</u>	<u>1,980,106</u>		

* 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.