

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

3/3/2014  
 \_\_\_\_\_  
 DATE

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

3/3/2014  
 \_\_\_\_\_  
 DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
<b>1 Operating Revenue</b>	\$ 42,493,662	\$ 10,382,648	\$ 52,876,310	\$ 51,041,368
2 Power Production Expense	121,063	-	121,063	151,410
3 Cost of Purchased Power/Gas Sold	24,017,486	4,773,433	28,790,919	24,634,936
4 Transmission Operation & Maintenance	527,105	166,586	693,692	770,530
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	3,492,490	243,500	3,735,991	3,475,206
7 Distribution Maintenance Expense	1,024,731	168,994	1,193,725	1,409,800
8 Consumer Accounts Expense	775,061	98,187	873,247	892,950
9 Customer Service and Informational Expense	403,522	29,263	432,785	512,417
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	2,520,202	402,281	2,922,483	3,003,679
<b>12 Total Operation &amp; Maintenance Expense (2 thru 11)</b>	\$ 32,881,659	\$ 5,882,244	\$ 38,763,903	\$ 34,850,928
13 Depreciation and Amortization Expense	4,503,227	1,157,059	5,660,286	5,569,460
14 Tax Expense-Property	409,300	171,107	580,407	636,120
15 Tax Expense-Other	133,160	12,416	145,577	186,560
16 Interest on Long-Term Debt	998,077	1,468,338	2,466,415	6,131,022
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	90,369	163,333	91,061	347,400
19 Other Deductions	(164,630)	-	(164,630)	(178,960)
<b>20 Total Cost of Electric Service (16 thru 23)</b>	\$ 38,851,162	\$ 8,854,498	\$ 47,543,019	\$ 47,542,530
<b>21 Patronage Capital &amp; Operating Margins (3 minus 24)</b>	\$ 3,642,500	\$ 1,528,150	\$ 5,333,291	\$ 3,498,838
22 Non Operating Margins-Interest*	241,799	-	79,159	311,860
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	-	-	20,000
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	(514,463)	108,182	(406,281)	270,000
28 Extraordinary Items	-	-	-	-
<b>29 Patronage Capital or Margins (21 thru 28)</b>	\$ 3,369,836	\$ 1,636,332	\$ 5,006,169	\$ 4,100,698

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1 New Services Connected	289	55	344	341
2 Services Retired	317	14	331	224
3 Total Services in Place	26,793	4,002	30,795	30,462
4 Idle Services (Excluding Seasonal)	229	13	242	256
5 Miles Transmission	235	50	285	285
6 Miles Distribution - Overhead	938	-	938	947
7 Miles Distribution - Underground	1,456	224	1,680	1,629
8 Total Miles In Service ( 5 + 6 + 7 )	2,629	274	2,903	2,861

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*  
**December 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

3/3/2014

\_\_\_\_\_  
DATE

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

3/3/2014

\_\_\_\_\_  
DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1 Operating Revenue	\$ 48,934,746	\$ 52,876,310	\$ 51,041,368	\$ 6,927,946
2 Power Production Expense	126,445	121,063	151,410	24,838
3 Cost of Purchased Power & Gas	27,252,763	28,790,919	24,634,936	3,924,646
4 Transmission Operation & Maintenance	739,183	693,692	770,530	41,129
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	3,405,648	3,735,991	3,475,206	559,114
7 Distribution Maintenance Expense	1,254,014	1,193,725	1,409,800	100,017
8 Consumer Accounts Expense	821,817	873,247	892,950	80,717
9 Customer Service and Informational Expense	292,039	432,785	512,417	(38,005)
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	2,731,496	2,922,483	3,003,679	535,686
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 36,623,404	\$ 38,763,903	\$ 34,850,928	\$ 5,228,142
13 Depreciation and Amortization Expense	5,446,797	5,660,286	5,569,460	643,964
14 Tax Expense-Property	604,362	580,407	636,120	8,632
15 Tax Expense-Other	164,192	145,577	186,560	5,747
16 Interest on Long-Term Debt	2,609,762	2,466,415	6,131,022	177,488
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	252,098	91,061	347,400	3,948
19 Other Deductions	(178,947)	(164,630)	(178,960)	(595)
20 Total Cost of Electric Service (16 thru 23)	\$ 45,521,668	\$ 47,543,019	\$ 47,542,530	\$ 6,067,326
21 Patronage Capital & Operating Margins (3 minus 24)	\$3,413,078	\$5,333,291	\$3,498,838	\$860,620
22 Non Operating Margins-Interest*	273,823	79,159	311,860	(22,307)
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	16,609	-	20,000	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	286,814	(406,281)	270,000	(790,177)
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 3,990,324	\$ 5,006,169	\$ 4,100,698	\$ 48,136

**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	341	344	5. Miles Trans.	285	285
2. Services Retired	224	331	6. Miles Dist. - OH	947	938
3. Total Services in Place	30,462	30,795	7. Miles Dist. - UG	1,629	1,680
4. Idle Services (Exclude Seasonal)	256	242	8. Total Miles (5 + 6 + 7)	2,861	2,903

**LOWER VALLEY ENERGY, INC.**  
**BALANCE SHEET**  
As of  
**December 31, 2013**

**CONSOLIDATED**

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 198,603,046	\$ 192,441,856	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	5,793,778	7,807,849	31 Patronage Capital	52,230,786	51,145,918
<b>3 Total Utility Plant</b>	<b>204,396,825</b>	<b>200,249,705</b>	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	84,854,439	80,638,574	33 Operating Margins-Current Year	5,170,650	3,413,078
<b>5 Net Utility Plant</b>	<b>119,542,386</b>	<b>119,611,131</b>	34 Non Operating Margins	(164,481)	577,246
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	14,622,432	14,130,090
7 Investments in Subsidiary Companies	-	-	<b>36 Total Margins &amp; Equities</b>	<b>71,859,386</b>	<b>69,266,332</b>
8 Invest. in Assoc. Org. - Patronage Capital	1,731,478	1,972,073	37 Long-Term Debt - RUS (Net)	-	-
9 Invest. in Assoc. Org.-Other-General Funds	6,685	11,685	38 Long-Term Debt - FFBI - RUS Guaranteed	-	-
10 Invest. in Assoc. Org.-Other-Nongeneral Funds	2,631,017	2,633,566	39 Long-Term Debt - Other - RUS Guaranteed	-	-
11 Investments in Economic Development Projects	2,093	2,093	40 Long-Term Debt-Other (Net)	50,556,708	58,907,231
12 Other Investments	266,058	97,768	40a Long-Term Debt-Other (BPA Power Prepayment)	148,227,284	-
13 Special Funds	-	-	41 Long-Term Debt - RUS Econ. Devel. (Net)	1,500,000	1,500,000
<b>14 Total Other Property &amp; Investments</b>	<b>4,637,330</b>	<b>4,717,186</b>	42 Payments - Unapplied	-	-
15 Cash-General Funds	882,305	677,800	<b>43 Total Long-Term Debt</b>	<b>200,283,992</b>	<b>60,407,231</b>
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	-	-	<b>46 Total Other Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
19 Notes Receivable-Net	237,174	142,721	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	5,439,839	3,995,478	48 Accounts Payable	6,010,354	7,366,104
21 Accounts Receivable-Net Other	217,608	265,878	49 Consumers Deposits	564,486	547,345
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	9,647,772	-
23 Materials & Supplies-Electric and Other	1,627,186	1,527,289	51 Current Maturities Long-Term Debt - Econ. Devel.	-	-
24 Prepayments	7,234,080	27,822	52 Current Maturities Capital Leases	-	-
25 Other Current & Accrued Assets	2,935,786	3,141,759	53 Other Current & Accrued Liabilities	4,896,414	4,995,403
<b>26 Total Current &amp; Accrued Assets</b>	<b>19,779,273</b>	<b>11,133,620</b>	<b>54 Total Current &amp; Accrued Liabilities</b>	<b>21,119,026</b>	<b>12,908,852</b>
27 Regulatory Assets	-	-	55 Regulatory Liabilities	-	-
28 Other Deferred Debits	10,352,646	9,272,439	56 Deferred Credits	1,860,747	2,151,961
28a Other Non-current Assets-BPA Power Prepayment	140,811,516	-	<b>57 Total Liabilities &amp; Other Credits</b>	<b>\$ 295,123,151</b>	<b>\$ 144,734,376</b>
<b>29 Total Assets &amp; Other Debits</b>	<b>\$ 295,123,151</b>	<b>\$ 144,734,376</b>			

ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION

58 Balance Beginning of Year (1978 Thru 2012)	\$50,999,089	\$49,929,523
59 Amounts Received This Year (Net)	1,421,339	1,069,566
<b>60 TOTAL Contributions-In-Aid-Of-Construction</b>	<b>\$52,420,428</b>	<b>\$50,999,089</b>

**NOTES TO FINANCIAL STATEMENTS**

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

	2013		2012	
	November	December	November	December
1. Current Assets/Liabilities	1.04	0.94	0.92	0.86
2. Equity	24.12%	24.35% *	46.09%	47.86%
2a. Equity excluding BPA Power Prepayment	48.36%	48.92%	46.09%	47.86%
3. Long Term Debt as a % of Plant	102.93%	102.71% *	30.30%	30.17%
4. Debt Service Coverage	2.62	2.54	2.12	2.28
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.75	0.85	0.95	1.02
Quantity	1.05	1.04	1.22	1.23
6. Intercompany Receivables/(Payables) :				
Electric Division	4,552,086	4,632,175	7,019,709	6,394,169
Combined Gas Division	(4,552,086)	(4,632,175)	(7,019,709)	(6,394,169)
7. Total Shared Overhead-Gas Division	300,609	3,553,857	288,646	288,646
8. Material Inventory:				
Material	1,726,445	1,627,186	1,532,771	1,527,289
Special Equip.	2,251,304	2,198,509	1,879,088	1,903,035
Total Material	<u>3,977,749</u>	<u>3,825,695</u>	<u>3,411,859</u>	<u>3,430,324</u>
9. Aged Accounts Receivable (Over 60 Days):	21,972	18,641	20,607	20,613
10. Lower Valley has a \$12 Million dollar line of credit with CFC to meet short term cash needs. As of October 31, 2013 the line of credit balance was		\$ 2,938,406		

\* 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.