

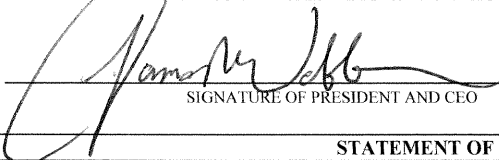
**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATION**  
*For The Month Ended February 28, 2013*

**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

3/21/2013  
 \_\_\_\_\_  
 DATE

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

3/21/2013  
 \_\_\_\_\_  
 DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1. Operating Revenue - Electric.....	\$9,260,126	\$0	\$9,260,126	\$9,196,968
2. Operating Revenue - Gas.....	0	2,752,351	2,752,351	3,047,690
3. Total Operating Revenue and Patronage Capital.....	\$9,260,126	\$2,752,351	\$12,012,478	\$12,244,658
4. Power Production Expense.....	\$10,652	\$0	\$10,652	\$25,110
5. Cost of Purchased Power.....	6,322,429	0	6,322,429	6,222,162
6. Cost of Gas Sold.....	0	1,143,853	1,143,853	1,254,220
7. Transmission Operation & Maintenance - Electric.....	76,555	0	76,555	73,690
8. Distribution Operation & Maintenance - Electric.....	636,097	0	636,097	723,266
9. Transmission Operation & Maintenance - Gas.....	0	40,287	40,287	42,680
10. Gas Storage Facility Operation & Maintenance.....	0	23,487	23,487	24,180
11. Distribution Operation & Maintenance - Gas.....	0	38,902	38,902	58,080
12. Consumer Accounts Expense.....	117,966	16,362	134,328	150,850
13. Customer Service and Informational Expense.....	142,142	4,518	146,660	85,397
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	305,158	66,129	371,287	545,722
16. Total Operation & Maintenance Expense (4 thru 15).....	\$7,611,000	\$1,333,536	\$8,944,536	\$9,205,357
17. Depreciation and Amortization Expense.....	736,197	164,554	900,750	921,310
18. Tax Expense-Property.....	73,190	30,360	103,550	106,000
19. Tax Expense-Other.....	39,017	3,655	42,672	46,210
20. Interest on Long-Term Debt.....	164,827	238,076	402,903	432,020
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other*.....	15,827	33,560	15,676	30,546
23. Other Deductions.....	(29,824)	0	(29,824)	(29,820)
24. Total Cost of Electric Service (16 thru 23).....	\$8,610,233	\$1,803,742	\$10,380,263	\$10,711,623
25. Patronage Capital & Operating Margins (3 minus 24).....	\$649,893	\$948,610	\$1,632,214	\$1,533,035
26. Non Operating Margins-Interest*.....	45,168	0	11,457	15,706
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).....	\$695,061	\$948,610	\$1,643,671	\$1,548,741

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1. New Services Connected.....	12	10	22	32
2. Services Retired.....	170	0	170	137
3. Total Services in Place.....	26,334	3,986	30,320	30,218
4. Idle Services (Excluding Seasonal).....	221	31	252	236
5. Miles Transmission.....	235	50	285	285
6. Miles Distribution - Overhead.....	947	0	947	948
7. Miles Distribution - Underground.....	1,416	213	1,629	1,615
8. Total Miles In Service ( 5 + 6 + 7 ).....	2,598	263	2,862	2,849

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*  
**February 28, 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 3/21/2013  
DATE

\_\_\_\_\_  
SIGNATURE OF PRESIDENT AND CEO 3/21/2013  
DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue - Electric.....	\$8,803,079	\$9,260,126	\$9,196,968	\$3,971,809
2. Operating Revenue - Gas.....	3,032,935	2,752,351	3,047,690	1,173,115
3. Total Operating Revenue and Patronage Capital.....	<b>\$11,836,014</b>	<b>\$12,012,478</b>	<b>\$12,244,658</b>	<b>\$5,144,924</b>
4. Power Production Expense.....	\$25,653	\$10,652	\$25,110	\$6,601
5. Cost of Purchased Power.....	5,920,157	6,322,429	6,222,162	2,840,479
6. Cost of Gas Sold.....	1,742,261	1,143,853	1,254,220	488,247
7. Transmission Operation & Maintenance - Electric.....	15,923	76,555	73,690	33,476
8. Distribution Operation & Maintenance - Electric.....	730,242	636,097	723,266	331,572
9. Transmission Operation & Maintenance - Gas.....	28,731	40,287	42,680	14,672
10. Gas Storage Facility Operation & Maintenance.....	20,753	23,487	24,180	9,667
11. Distribution Operation & Maintenance - Gas.....	57,839	38,902	58,080	20,864
12. Consumer Accounts Expense.....	143,057	134,328	150,850	73,764
13. Customer Service and Informational Expense.....	54,680	146,660	85,397	85,337
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	368,126	371,287	545,722	217,533
16. Total Operation & Maintenance Expense (4 thru 15).....	\$9,107,422	\$8,944,536	\$9,205,357	\$4,122,212
17. Depreciation and Amortization Expense.....	881,484	900,750	921,310	450,388
18. Tax Expense-Property.....	111,390	103,550	106,000	51,775
19. Tax Expense-Other.....	41,306	42,672	46,210	19,607
20. Interest on Long-Term Debt.....	423,094	402,903	432,020	172,675
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other.....	18,214	15,676	30,546	6,195
23. Other Deductions.....	(29,824)	(29,824)	(29,820)	(14,912)
24. Total Cost of Electric Service (16 thru 23).....	<b>\$10,553,086</b>	<b>\$10,380,263</b>	<b>\$10,711,623</b>	<b>\$4,807,939</b>
25. Patronage Capital & Operating Margins (3 minus 24).....	\$1,282,928	\$1,632,214	\$1,533,035	\$336,985
26. Non Operating Margins-Interest.....	11,197	11,457	15,706	5,609
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).....	<b>\$1,294,125</b>	<b>\$1,643,671</b>	<b>\$1,548,741</b>	<b>\$342,594</b>

**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	32	22	5. Miles Transmission	285	285
2. Services Retired	137	170	6. Miles Distribution-Overhead	948	947
3. Total Services in Place	30,218	30,320	7. Miles Distribution-Underground	1,615	1,679
4. Idle Services (Exclude Seasonal)	236	252	8. Total Miles In Service (5 + 6 + 7)	2,849	2,912

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**  
**February 28, 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.....	\$192,595,143	\$189,613,192	30. Memberships.....	\$0	\$0
2. Construction Work in Progress.....	7,094,940	5,475,641	31. Patronage Capital.....	54,609,159	53,775,310
3. Total Utility Plant (1 + 2).....	<u>\$199,690,083</u>	<u>\$195,088,833</u>	32. Operating Margins-Prior Years.....	0	0
4. Accum. Provision for Depreciation and Amort.....	81,613,617	76,755,126	33. Operating Margins-Current Year.....	1,632,214	1,282,928
5. Net Utility Plant (3 - 4).....	<u>\$118,076,466</u>	<u>\$118,333,707</u>	34. Non Operating Margins.....	11,457	11,197
6. Nonutility Property - Net.....	\$0	\$0	35. Other Margins and Equities.....	<u>14,359,270</u>	<u>13,170,392</u>
7. Investments in Subsidiary Companies.....	0	0	36. Total Margins & Equities (30 thru 35).....	<u>\$70,612,100</u>	<u>\$68,239,827</u>
8. Invest. in Assoc. Org. - Patronage Capital.....	1,968,548	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.....	2,633,566	2,634,988	39. Long-Term Debt Other - Guaranteed.....	0	0
11. Investments in Economic Development Projects.....	2,093	2,093	40. Long-Term Debt-Other (Net).....	57,889,791	60,649,251
12. Other Investments.....	97,768	134,284	41. Total Long-Term Debt (37 thru 40).....	<u>\$59,389,791</u>	<u>\$60,649,251</u>
13. Special Funds.....	0	0	42. Obligations under Capital Leases.....	\$0	\$0
14. Total Other Property & Investments (6 thru 13).....	<u>\$4,713,661</u>	<u>\$4,615,514</u>	43. Accumulated Operating Provisions.....	0	0
15. Cash-General Funds.....	\$744,268	\$739,821	44. Total Other Noncurrent Liabilities (42 + 43).....	\$0	\$0
16. Cash-Construction Funds-Trustee.....	0	0	45. Notes Payable.....	0	0
17. Special Deposits.....	1,354,873	0	46. Accounts Payable.....	8,572,691	7,162,864
18. Temporary Investments.....	0	0	47. Consumers Deposits.....	552,367	430,874
19. Notes Receivable-Net.....	160,746	3,984	48. Other Current & Accrued Liabilities.....	<u>2,582,819</u>	<u>2,916,824</u>
20. Accounts Receivable-Net Sales of Energy.....	4,669,024	4,666,443	49. Total Current & Accrued Liabilities (45 thru 48).....	<u>\$11,707,877</u>	<u>\$10,510,562</u>
21. Accounts Receivable-Net Other.....	322,403	1,061,996	50. Deferred Credits.....	\$1,712,743	\$3,353,810
22. Materials & Supplies-Electric and Other.....	1,531,263	1,470,019	51. Miscellaneous Operating Reserves.....	0	0
23. Prepayments.....	321,286	366,006	52. Total Liabilities & Other Credits		
24. Other Current & Accrued Assets.....	2,023,390	2,290,230	(36 + 41 + 44 + 49 thru 51).....	<u>\$143,422,511</u>	<u>\$142,753,450</u>
25. Total Current & Accrued Assets (15 thru 24).....	<u>\$11,127,254</u>	<u>\$10,598,499</u>			
26. Regulatory Assets.....	0	0	<b>ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION</b>		
27. Deferred Debits.....	9,505,130	9,205,730	53. Balance Beginning of Year (1978 Thru 2012).....	\$50,999,089	\$49,929,523
28. Accumulated Deferred Income Taxes.....	0	0	54. Amounts Received This Year (Net).....	12,335	105,730
29. Total Assets & Other Debits (5 + 14 + 25 thru 28).....	<u>\$143,422,511</u>	<u>\$142,753,450</u>	55. TOTAL Contributions-In-Aid-Of-Construction.....	<u>\$51,011,424</u>	<u>\$50,035,253</u>

**NOTES TO FINANCIAL STATEMENTS**

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

	2013		2012	
	January	February	January	February
1. Current Assets/Liabilities	1.03	0.95	1.04	1.01
2. Equity	48.59%	49.23%	47.33%	47.80%
3. Long Term Debt as a % of Plant	30.28%	29.74%	31.57%	31.09%
4. Debt Service Coverage	4.54	2.08	6.94	1.92
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	1.02	1.03	0.96	0.81
Quantity	1.22	1.27	1.44	0.97
6. Intercompany Receivables/(Payables) :				
Electric Division	7,130,649	6,909,706	7,720,665	7,306,541
Combined Gas Division	(7,130,649)	(6,909,706)	(7,720,665)	(7,306,541)
7. Total Shared Overhead-Gas Division	19,657	45,596	21,146	45,969
8. Material Inventory:				
Material	1,534,790	1,531,263	1,397,524	1,470,019
Special Equip.	1,948,971	1,956,222	2,413,476	2,286,859
Total Material	<u>3,483,761</u>	<u>3,487,485</u>	<u>3,811,000</u>	<u>3,756,878</u>
9. Aged Accounts Receivable (Over 60 Days):	52,644	26,635	24,996	30,528
10. Lower Valley has a \$12 Million dollar line of credit with CFC to meet short term cash needs. As of February 28, 2013 the line of credit balance was		\$ 4,669,432		