

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

CONSOLIDATED

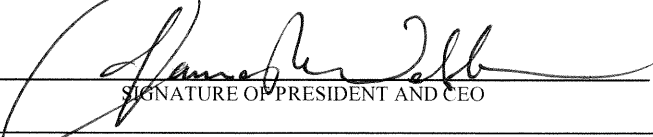
We hereby certify that the entries in this report are in accordance with the accounts and other records of Lower Valley Energy, Inc. and reflect the status of the Cooperative to the best of our knowledge and belief.



 SIGNATURE OF CHIEF FINANCIAL OFFICER

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
1 Operating Revenue	\$ 5,168,281	\$ 1,674,221	\$ 6,842,501	\$ 7,007,695
2 Power Production Expense	6,313	-	6,313	13,391
3 Cost of Purchased Power/Gas Sold	3,090,876	822,759	3,913,635	3,985,417
4 Transmission Operation & Maintenance	31,485	7,837	39,322	61,091
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	256,076	18,804	274,879	283,541
7 Distribution Maintenance Expense	30,126	6,697	36,823	118,959
8 Consumer Accounts Expense	38,197	5,928	44,125	75,288
9 Customer Service and Informational Expense	59,159	1,308	60,467	38,019
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	158,784	28,643	187,427	343,861
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 3,671,016	\$ 891,976	\$ 4,562,992	\$ 4,919,567
13 Depreciation and Amortization Expense	386,148	96,784	482,932	472,750
14 Tax Expense-Property	37,980	15,840	53,820	52,890
15 Tax Expense-Other	4,830	2,234	7,063	7,800
16 Interest on Long-Term Debt	77,545	134,985	212,530	240,142
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	4,633	10,452	4,677	16,000
19 Other Deductions	(14,912)	-	(14,912)	(14,910)
20 Total Cost of Electric Service (16 thru 23)	\$ 4,167,239	\$ 1,152,270	\$ 5,309,101	\$ 5,694,239
21 Patronage Capital & Operating Margins (3 minus 11)	\$ 1,001,042	\$ 521,950	\$ 1,533,400	\$ 1,313,456
22 Non Operating Margins-Interest*	16,259	-	5,851	5,500
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	-	-	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	-	-	-	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 1,017,301	\$ 521,950	\$ 1,539,251	\$ 1,318,956

DATA ON TRANSMISSION AND DISTRIBUTION

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1 New Services Connected	18	3	21	14
2 Services Retired	4	1	5	1
3 Total Services in Place	26,820	4,035	30,855	30,499
4 Idle Services (Excluding Seasonal)	231	37	268	264
5 Miles Transmission	235	50	285	285
6 Miles Distribution - Overhead	938	-	938	962
7 Miles Distribution - Underground	1,456	224	1,680	1,601
8 Total Miles In Service (5 + 6 + 7)	2,629	274	2,902	2,848

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
January 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	3/3/2014 DATE
SIGNATURE OF PRESIDENT AND CEO	3/3/2014 DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1 Operating Revenue	\$ 6,867,554	\$ 6,842,501	\$ 7,007,695	\$ 6,842,501
2 Power Production Expense	4,050	6,313	13,391	6,313
3 Cost of Purchased Power & Gas	4,137,556	3,913,635	3,985,417	3,913,635
4 Transmission Operation & Maintenance	68,694	39,322	61,091	39,322
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	298,156	274,879	283,541	274,879
7 Distribution Maintenance Expense	38,226	36,823	118,959	36,823
8 Consumer Accounts Expense	60,565	44,125	75,288	44,125
9 Customer Service and Informational Expense	61,323	60,467	38,019	60,467
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	153,755	187,427	343,861	187,427
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 4,822,324	\$ 4,562,992	\$ 4,919,567	\$ 4,562,992
13 Depreciation and Amortization Expense	450,362	482,932	472,750	482,932
14 Tax Expense-Property	51,775	53,820	52,890	53,820
15 Tax Expense-Other	23,065	7,063	7,800	7,063
16 Interest on Long-Term Debt	230,228	212,530	240,142	212,530
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	26,593	4,677	16,000	4,677
19 Other Deductions	(14,912)	(14,912)	(14,910)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 5,589,435	\$ 5,309,101	\$ 5,694,239	\$ 5,309,101
21 Patronage Capital & Operating Margins (3 minus 24)	\$1,278,118	\$1,533,400	\$1,313,456	\$1,533,400
22 Non Operating Margins-Interest*	22,959	5,851	5,500	5,851
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	-	-	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	-	-	-	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 1,301,077	\$ 1,539,251	\$ 1,318,956	\$ 1,539,251

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	14	21	5. Miles Trans.	285	285
2. Services Retired	1	5	6. Miles Dist. - OH	962	938
3. Total Services in Place	30,499	30,855	7. Miles Dist. - UG	1,601	1,680
4. Idle Services (Exclude Seasonal)	264	268	8. Total Miles (5 + 6 + 7)	2,848	2,902

LOWER VALLEY ENERGY, INC.
BALANCE SHEET

As of
January 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	\$ 198,791,401	\$ 192,573,542	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	5,910,769	6,916,420	31 Patronage Capital	51,852,276	55,003,056
3 Total Utility Plant	204,702,170	199,489,962	32 Operating Margins-Prior Years	5,006,168	-
4 Accum. Provision for Depreciation and Amort	85,371,440	81,126,666	33 Operating Margins-Current Year	1,522,992	1,278,118
5 Net Utility Plant	119,330,730	118,363,296	34 Non Operating Margins	16,259	22,959
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	14,885,594	14,201,434
7 Investments in Subsidiary Companies	-	-	36 Total Margins & Equities	73,283,289	70,505,566
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 - FFB - 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	40a Long-Term Debt-Other (Net)	50,553,164	58,903,687
12 Other Investments	266,058	97,768	41 Long-Term Debt-Other (BPA Power Prepayment)	147,595,537	-
13 Special Funds	-	-	42 Long-Term Debt - RUS Econ. Devel. (Net)	1,500,000	1,500,000
14 Total Other Property & Investments	4,637,330	4,717,186	43 Payments - Unapplied	-	-
15 Cash-General Funds	913,324	1,072,492	43 Total Long-Term Debt	199,648,701	60,403,687
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	235,993	158,820	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	5,492,735	5,134,531	48 Accounts Payable	6,198,863	8,767,260
21 Accounts Receivable-Net Other	92,610	195,138	49 Consumers Deposits	510,255	539,970
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	9,647,772	-
23 Materials & Supplies-Electric and Other	1,711,357	1,534,790	51 Current Maturities Long-Term Debt - Econ. Devel.	-	-
24 Prepayments	7,629,271	353,900	52 Current Maturities Capital Leases	-	-
25 Other Current & Accrued Assets	2,628,378	2,836,968	53 Other Current & Accrued Liabilities	3,449,024	3,015,967
26 Total Current & Accrued Assets	19,908,963	12,641,512	54 Total Current & Accrued Liabilities	19,805,914	12,323,197
27 Regulatory Assets	-	-	55 Regulatory Liabilities	-	-
28 Other Deferred Debits	10,483,288	9,422,838	56 Deferred Credits	1,845,885	1,912,381
28a Other Non-current Assets-BPA Power Prepayment	140,223,478	-	57 Total Liabilities & Other Credits	\$ 294,583,789	\$ 145,144,832
29 Total Assets & Other Debits	\$ 294,583,790	\$ 145,144,832			

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)	10,789	2,117
60 TOTAL Contributions-In-Aid-Of-Construction	\$52,431,217	\$51,001,206

NOTES TO FINANCIAL STATEMENTS

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

	Dec-13	Jan-14	Dec-12	Jan-13
1. Current Assets/Liabilities	0.95	1.01	0.91	1.03
2. Equity	23.97%	24.88% *	45.83%	48.58%
2a. Equity excluding BPA Power Prepayment	47.42%	49.86%	45.83%	48.58%
3. Long Term Debt as a % of Plant	102.71%	102.24% *	30.17%	30.28%
4. Debt Service Coverage	2.56	2.64	2.27	4.43
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.85	0.97	1.02	1.02
Quantity	1.04	0.90	1.23	1.22
6. Intercompany Receivables/(Payables) :				
Electric Division	4,632,175	4,302,605	6,394,169	7,130,649
Combined Gas Division	(4,632,175)	(4,302,605)	(6,394,169)	(7,130,649)
7. Total Shared Overhead-Gas Division	338,906	17,518	288,646	19,657
8. Material Inventory:				
Material	1,627,186	1,711,357	1,564,016	1,534,790
Special Equip.	2,198,509	2,239,689	1,903,035	1,948,971
Total Material	3,825,695	3,951,046	3,467,051	3,483,761
9. Aged Accounts Receivable (Over 60 Days):	18,641	19,345	20,613	52,644
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		\$ 2,398,177		

* 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.