

LOWER VALLEY ENERGY
STATEMENT OF OPERATIONS
For The Month Ended
June 30, 2014

CONSOLIDATED

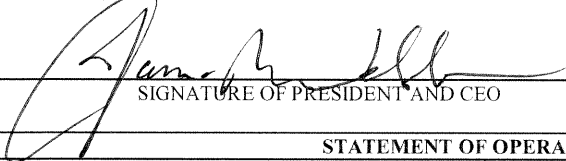
We hereby certify that the entries in this report are in accordance with the accounts and other records of Lower Valley Energy, Inc. and reflect the status of the Cooperative to the best of our knowledge and belief.



 SIGNATURE OF CHIEF FINANCIAL OFFICER

7/17/2014

 DATE



 SIGNATURE OF PRESIDENT AND CEO

7/17/2014

 DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1 Operating Revenue	\$ 22,896,436	\$ 6,683,409	\$ 29,579,845	\$ 27,658,125
2 Power Production Expense	43,501	-	43,501	68,249
3 Cost of Purchased Power/Gas Sold	13,577,660	3,585,375	17,163,035	16,502,408
4 Transmission Operation & Maintenance	225,373	94,394	319,768	403,381
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,637,245	126,778	1,764,023	1,641,243
7 Distribution Maintenance Expense	599,603	83,301	682,903	711,638
8 Consumer Accounts Expense	418,084	56,462	474,546	443,274
9 Customer Service and Informational Expense	297,931	15,245	313,175	238,705
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,095,723	184,191	1,279,914	1,457,580
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 17,895,120	\$ 4,145,746	\$ 22,040,866	\$ 21,466,478
13 Depreciation and Amortization Expense	2,321,404	580,394	2,901,798	2,841,410
14 Tax Expense-Property	222,360	95,040	317,400	317,380
15 Tax Expense-Other	21,562	8,294	29,856	32,200
16 Interest on Long-Term Debt	512,218	806,614	1,318,832	1,395,762
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	22,047	45,815	20,484	96,000
19 Other Deductions	(89,473)	-	(89,473)	(89,460)
20 Total Cost of Electric Service (16 thru 23)	\$ 20,905,237	\$ 5,681,903	\$ 26,539,763	\$ 26,059,770
21 Patronage Capital & Operating Margins (3 minus 24)	\$ 1,991,198	\$ 1,001,507	\$ 3,040,082	\$ 1,598,355
22 Non Operating Margins-Interest*	102,832	-	55,455	51,750
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	35,978	9,020	44,998	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	22,812	-	22,812	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 2,152,820	\$ 1,010,527	\$ 3,163,347	\$ 1,650,105

DATA ON TRANSMISSION AND DISTRIBUTION

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1 New Services Connected	117	13	130	104
2 Services Retired	38	2	40	250
3 Total Services in Place	25,798	4,048	29,846	30,390
4 Idle Services (Excluding Seasonal)	226	33	259	244
5 Miles Transmission	235	50	285	285
6 Miles Distribution - Overhead	939	-	939	947
7 Miles Distribution - Underground	1,457	224	1,681	1,636
8 Total Miles In Service (5 + 6 + 7)	2,630	274	2,904	2,868

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
June 30, 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

7/17/2014

DATE

SIGNATURE OF PRESIDENT AND CEO

7/17/2014

DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1 Operating Revenue	\$ 27,547,880	\$ 29,579,845	\$ 27,658,125	\$ 3,437,578
2 Power Production Expense	56,917	43,501	68,249	4,721
3 Cost of Purchased Power & Gas	15,857,326	17,163,035	16,502,408	1,849,154
4 Transmission Operation & Maintenance	387,686	319,768	403,381	42,061
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,866,831	1,764,023	1,641,243	284,197
7 Distribution Maintenance Expense	511,070	682,903	711,638	101,638
8 Consumer Accounts Expense	445,537	474,546	443,274	87,686
9 Customer Service and Informational Expense	186,571	313,175	238,705	(39,143)
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,346,370	1,279,914	1,457,580	213,422
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 20,658,307	\$ 22,040,866	\$ 21,466,478	\$ 2,543,736
13 Depreciation and Amortization Expense	2,703,278	2,901,798	2,841,410	485,245
14 Tax Expense-Property	310,650	317,400	317,380	52,900
15 Tax Expense-Other	98,598	29,856	32,200	3,145
16 Interest on Long-Term Debt	1,209,226	1,318,832	1,395,762	206,614
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	152,627	20,484	96,000	(2,305)
19 Other Deductions	(89,473)	(89,473)	(89,460)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 25,043,212	\$ 26,539,763	\$ 26,059,770	\$ 3,274,422
21 Patronage Capital & Operating Margins (3 minus 24)	\$2,504,668	\$3,040,082	\$1,598,355	\$163,155
22 Non Operating Margins-Interest*	148,801	55,455	51,750	(13,059)
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	44,998	-	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	-	22,812	-	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 2,653,469	\$ 3,163,347	\$ 1,650,105	\$ 150,097

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	104	130	5. Miles Trans.	285	285
2. Services Retired	250	40	6. Miles Dist. - OH	947	939
3. Total Services in Place	30,390	29,846	7. Miles Dist. - UG	1,636	1,681
4. Idle Services (Exclude Seasonal)	244	259	8. Total Miles (5 + 6 + 7)	2,868	2,904

LOWER VALLEY ENERGY, INC.
BALANCE SHEET
As of
June 30, 2014

CONSOLIDATED

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
	Current Year	Prior Year		Current Year	Prior Year
1 Total Utility Plant in Service	\$ 200,419,920	\$ 195,255,193	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	6,900,293	5,570,637	31 Patronage Capital	55,793,571	54,291,799
3 Total Utility Plant	207,320,213	200,825,830	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	87,573,485	82,312,465	33 Operating Margins-Current Year	2,992,705	2,504,668
5 Net Utility Plant	119,746,728	118,513,365	34 Non Operating Margins	170,642	148,801
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	15,397,407	14,317,573
7 Investments in Subsidiary Companies	-	-	36 Total Margins & Equities	74,354,325	71,262,841
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 - FF&B - RUS Guaranteed	-	-
10 Invest. in Assoc. Org.-Other-Nongeneral Funds	2,378,281	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)	49,493,342	57,697,523
12 Other Investments	723,715	97,768	40a Long-Term Debt-Other (BPA Power Prepayment)	144,406,863	151,976,381
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	1,500,000	1,500,000
14 Total Other Property & Investments	4,851,457	4,701,206	42 Payments - Unapplied	-	-
15 Cash-General Funds	198,007	1,064,872	43 Total Long-Term Debt	195,400,206	211,173,904
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	249,149	157,057	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	2,915,112	2,515,560	48 Accounts Payable	2,527,420	6,171,426
21 Accounts Receivable-Net Other	290,615	281,877	49 Consumers Deposits	524,819	559,613
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	9,981,192	-
23 Materials & Supplies-Electric and Other	2,109,365	2,030,425	51 Current Maturities Long-Term Debt - Econ. Devel.	-	-
24 Prepayments (inc. current portion of BPA prepay)	7,434,104	512,638	52 Current Maturities Capital Leases	-	-
25 Other Current & Accrued Assets	1,395,865	1,100,274	53 Other Current & Accrued Liabilities	3,274,309	2,898,104
26 Total Current & Accrued Assets	15,797,512	9,017,577	54 Total Current & Accrued Liabilities	16,307,739	9,629,143
27 Regulatory Assets	-	-	55 Regulatory Liabilities	-	-
28 Other Deferred Debits	10,146,733	9,463,034	56 Deferred Credits	1,782,971	1,132,411
28a Other Non-current Assets-BPA Power Prepayment	137,302,811	151,503,117	57 Total Liabilities & Other Credits	\$ 287,845,241	\$ 293,198,299
29 Total Assets & Other Debits	\$ 287,845,241	\$ 293,198,299			

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)	644,575	606,184
60 TOTAL Contributions-In-Aid-Of-Construction	\$53,065,003	\$51,605,273

NOTES TO FINANCIAL STATEMENTS

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

	2014		2013	
	May	June	May	June
1. Current Assets/Liabilities	0.97	0.97	0.97	0.94
2. Equity	25.50%	25.83% *	23.67%	24.31%
2a. Equity excluding BPA Power Prepayment	50.84%	51.84%	48.00%	50.46%
3. Long Term Debt as a % of Plant	99.76%	99.06% *	105.59%	105.15%
4. Debt Service Coverage	1.30	1.26	2.62	2.71
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.57	0.56	0.83	0.76
Quantity	1.05	1.05	1.26	1.20
6. Intercompany Receivables/(Payables) :				
Electric Division	1,534,525	1,405,473	6,566,283	6,851,452
Combined Gas Division	(1,534,525)	(1,405,473)	(6,566,283)	(6,851,452)
7. Total Shared Overhead-Gas Division	133,407	165,997	138,120	169,343
8. Material Inventory:				
Material	1,967,777	2,109,365	2,062,887	2,030,425
Special Equip.	2,625,643	2,700,671	2,023,484	2,005,472
Total Material	<u>4,593,420</u>	<u>4,810,036</u>	<u>4,086,371</u>	<u>4,035,897</u>
9. Inventory Carrying Cost (YTD)	<u>20,744</u>	<u>25,344</u>		
10. Aged Accounts Receivable (Over 60 Days):	60,953	78,896	36,614	51,569

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.
The combined balance on the lines of credit balance is: \$ 1,072,006

* 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.