

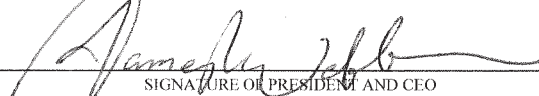
**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATION**  
*For The Month Ended May 31, 2013*

**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

6/18/2013  
 \_\_\_\_\_  
 DATE

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

6/18/2013  
 \_\_\_\_\_  
 DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1. Operating Revenue - Electric.....	\$19,392,438	\$0	\$19,392,438	\$19,118,380
2. Operating Revenue - Gas.....	0	5,056,115	5,056,115	4,843,880
3. Total Operating Revenue and Patronage Capital.....	\$19,392,438	\$5,056,115	\$24,448,552	\$23,962,260
4. Power Production Expense.....	\$48,896	\$0	\$48,896	\$59,612
5. Cost of Purchased Power.....	12,302,820	0	12,302,820	11,534,053
6. Cost of Gas Sold.....	0	2,221,005	2,221,005	2,094,346
7. Transmission Operation & Maintenance - Electric.....	208,148	0	208,148	218,483
8. Distribution Operation & Maintenance - Electric.....	1,786,288	0	1,786,288	1,800,108
9. Transmission Operation & Maintenance - Gas.....	0	83,157	83,157	93,450
10. Gas Storage Facility Operation & Maintenance.....	0	47,789	47,789	49,210
11. Distribution Operation & Maintenance - Gas.....	0	110,755	110,755	137,470
12. Consumer Accounts Expense.....	328,944	43,822	372,766	374,613
13. Customer Service and Informational Expense.....	136,530	11,524	148,054	213,503
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	937,040	163,456	1,100,496	1,220,590
16. Total Operation & Maintenance Expense (4 thru 15).....	\$15,748,667	\$2,681,508	\$18,430,175	\$17,795,438
17. Depreciation and Amortization Expense.....	1,843,300	406,734	2,250,034	2,306,115
18. Tax Expense-Property.....	182,975	75,900	258,875	265,020
19. Tax Expense-Other.....	80,692	7,075	87,766	91,980
20. Interest on Long-Term Debt.....	424,263	566,993	991,256	1,889,168
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other*.....	43,896	78,809	42,712	72,977
23. Other Deductions.....	(74,561)	0	(74,561)	(74,560)
24. Total Cost of Electric Service (16 thru 23).....	\$18,249,231	\$3,817,019	\$21,986,257	\$22,346,138
25. Patronage Capital & Operating Margins (3 minus 24).....	\$1,143,206	\$1,239,096	\$2,462,296	\$1,616,122
26. Non Operating Margins-Interest*.....	126,770	0	46,776	54,627
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).....	\$1,269,976	\$1,239,096	\$2,509,072	\$1,670,749

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1. New Services Connected.....	68	12	80	85
2. Services Retired.....	236	5	241	163
3. Total Services in Place.....	26,379	4,006	30,385	30,346
4. Idle Services (Excluding Seasonal).....	216	32	248	229
5. Miles Transmission.....	235	50	285	285
6. Miles Distribution - Overhead.....	947	0	947	947
7. Miles Distribution - Underground.....	1,421	213	1,635	1,620
8. Total Miles In Service ( 5 + 6 + 7 ).....	2,603	263	2,867	2,852

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*  
**May 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.*

	6/18/2013
SIGNATURE OF CHIEF FINANCIAL OFFICER	DATE
	6/18/2013
SIGNATURE OF PRESIDENT AND CEO	DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue - Electric.....	\$18,293,873	\$19,392,438	\$19,118,380	\$2,633,921
2. Operating Revenue - Gas.....	4,981,606	5,056,115	4,843,880	468,288
3. Total Operating Revenue and Patronage Capital.....	\$23,275,479	\$24,448,552	\$23,962,260	\$3,102,209
4. Power Production Expense.....	\$71,687	\$48,896	\$59,612	\$18,177
5. Cost of Purchased Power.....	11,466,352	12,302,820	11,534,053	871,240
6. Cost of Gas Sold.....	2,859,103	2,221,005	2,094,346	192,417
7. Transmission Operation & Maintenance - Electric.....	163,895	208,148	218,483	68,580
8. Distribution Operation & Maintenance - Electric.....	1,722,692	1,786,288	1,800,108	448,982
9. Transmission Operation & Maintenance - Gas.....	80,507	83,157	93,450	16,485
10. Gas Storage Facility Operation & Maintenance.....	46,753	47,789	49,210	9,076
11. Distribution Operation & Maintenance - Gas.....	123,818	110,755	137,470	32,257
12. Consumer Accounts Expense.....	355,219	372,766	374,613	80,522
13. Customer Service and Informational Expense.....	138,419	148,054	213,503	38,066
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	1,087,609	1,100,496	1,220,590	217,834
16. Total Operation & Maintenance Expense (4 thru 15).....	\$18,116,055	\$18,430,175	\$17,795,438	\$1,993,635
17. Depreciation and Amortization Expense.....	2,211,620	2,250,034	2,306,115	451,873
18. Tax Expense-Property.....	278,475	258,875	265,020	51,775
19. Tax Expense-Other.....	82,510	87,766	91,980	13,310
20. Interest on Long-Term Debt.....	1,082,862	991,256	1,889,168	144,872
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other.....	95,678	42,712	72,977	35,065
23. Other Deductions.....	(74,561)	(74,561)	(74,560)	(14,912)
24. Total Cost of Electric Service (16 thru 23).....	\$21,792,640	\$21,986,257	\$22,346,138	\$2,675,617
25. Patronage Capital & Operating Margins (3 minus 24).....	\$1,482,839	\$2,462,296	\$1,616,122	\$426,592
26. Non Operating Margins-Interest.....	97,978	46,776	54,627	6,881
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.....	15,369	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).....	\$1,596,186	\$2,509,072	\$1,670,749	\$433,473

**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	85	80	5. Miles Transmission	285	285
2. Services Retired	163	241	6. Miles Distribution-Overhead	947	947
3. Total Services in Place	30,346	30,385	7. Miles Distribution-Underground	1,620	1,685
4. Idle Services (Exclude Seasonal)	229	248	8. Total Miles In Service (5 + 6 + 7)	2,852	2,917

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**  
**May 31, 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.....	\$192,636,579	\$190,346,671	30. Memberships.....	\$0	\$0
2. Construction Work in Progress.....	7,954,346	5,816,414	31. Patronage Capital.....	54,348,726	53,516,542
3. Total Utility Plant (1 + 2).....	\$200,590,924	\$196,163,085	32. Operating Margins-Prior Years.....	0	0
4. Accum. Provision for Depreciation and Amort.....	82,055,002	77,747,133	33. Operating Margins-Current Year.....	2,462,296	1,482,839
5. Net Utility Plant (3 - 4).....	\$118,535,923	\$118,415,952	34. Non Operating Margins.....	46,776	113,347
6. Nonutility Property - Net.....	\$0	\$0	35. Other Margins and Equities.....	14,424,629	13,348,504
7. Investments in Subsidiary Companies.....	0	0	36. Total Margins & Equities (30 thru 35).....	\$71,282,427	\$68,461,232
8. Invest. in Assoc. Org. - Patronage Capital.....	1,958,643	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.....	2,631,017	2,632,611	39. Long-Term Debt Other - Guaranteed.....	0	0
11. Investments in Economic Development Projects.....	2,093	2,093	40. Long-Term Debt-Other (Net).....	57,699,885	60,356,211
12. Other Investments.....	97,768	127,465	40a. Long-Term Debt-Other (BPA Prepayment Funding).....	152,594,391	0
13. Special Funds.....	0	0	41. Total Long-Term Debt (37 thru 40).....	\$211,794,276	\$60,356,211
14. Total Other Property & Investments (6 thru 13).....	\$4,701,206	\$4,606,318	42. Obligations under Capital Leases.....	\$0	\$0
15. Cash-General Funds.....	\$1,384,181	\$972,428	43. Accumulated Operating Provisions.....	0	0
16. Cash-Construction Funds-Trustee.....	0	0	44. Total Other Noncurrent Liabilities (42 + 43).....	\$0	\$0
17. Special Deposits.....	1,354,873	0	45. Notes Payable.....	0	0
18. Temporary Investments.....	0	0	46. Accounts Payable.....	6,961,555	4,762,241
19. Notes Receivable-Net.....	158,424	3,756	47. Consumers Deposits.....	565,901	458,474
20. Accounts Receivable-Net Sales of Energy.....	2,737,103	2,304,833	48. Other Current & Accrued Liabilities.....	2,685,761	2,688,454
21. Accounts Receivable-Net Other.....	502,588	1,040,668	49. Total Current & Accrued Liabilities (45 thru 48).....	\$10,213,218	\$7,909,169
22. Materials & Supplies-Electric and Other.....	2,062,887	1,589,473	50. Deferred Credits.....	\$1,257,799	\$3,008,849
23. Prepayments.....	338,788	294,056	51. Miscellaneous Operating Reserves.....	0	0
24. Other Current & Accrued Assets.....	1,186,577	1,386,658	52. Total Liabilities & Other Credits (36 + 41 + 44 + 49 thru 51).....	\$294,547,719	\$139,735,461
25. Total Current & Accrued Assets (15 thru 24).....	\$9,725,420	\$7,591,872			
26. Regulatory Assets.....	0	0			
27. Deferred Debits.....	9,500,095	9,121,319			
27a. Other Non-current Assets-BPA Power Prepayment.....	152,085,076	0			
28. Accumulated Deferred Income Taxes.....	0	0			
29. Total Assets & Other Debits (5 + 14 + 25 thru 28).....	\$294,547,719	\$139,735,461			
			<b>ESTIMATED CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION</b>		
			53. Balance Beginning of Year (1978 Thru 2012).....	\$50,999,089	\$49,929,523
			54. Amounts Received This Year (Net).....	439,959	314,809
			55. TOTAL Contributions-In-Aid-Of-Construction.....	\$51,439,048	\$50,244,332

**NOTES TO FINANCIAL STATEMENTS**

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

	2013		2012	
	April	May	April	May
1. Current Assets/Liabilities	0.96	0.95	0.95	0.96
2. Equity	23.96%	24.20% *	48.46%	48.99%
2a. Equity excluding BPA Power Prepayment	49.70%	50.22%	48.46%	48.99%
3. Long Term Debt as a % of Plant	105.81%	105.59% *	30.94%	30.77%
4. Debt Service Coverage	2.68	2.62	2.16	2.12
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.83	0.83	0.68	0.94
Quantity	1.26	1.26	0.93	1.13
6. Intercompany Receivables/(Payables) :				
Electric Division	6,312,523	6,567,791	7,311,427	5,844,068
Combined Gas Division	(6,312,523)	(6,567,791)	(7,311,427)	(5,844,068)
7. Total Shared Overhead-Gas Division	107,040	138,120	102,716	130,104
8. Material Inventory:				
Material	1,886,204	2,062,887	1,709,215	1,589,473
Special Equip.	1,883,858	2,023,484	2,431,404	2,340,618
Total Material	3,770,062	4,086,371	4,140,619	4,140,619
9. Aged Accounts Receivable (Over 60 Days):	20,876	36,614	55,514	66,707
10. Lower Valley has a \$12 Million dollar line of credit with CFC to meet short term cash needs. As of May 31, 2013 the line of credit balance was		\$ 5,733,381		

\* 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.