

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

CONSOLIDATED

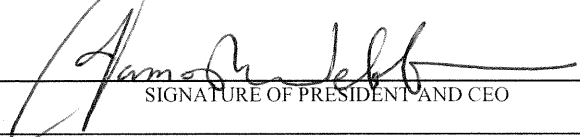
We hereby certify that the entries in this report are in accordance with the accounts and other records of Lower Valley Energy, Inc. and reflect the status of the Cooperative to the best of our knowledge and belief.



 SIGNATURE OF CHIEF FINANCIAL OFFICER

6/18/2014

 DATE



 SIGNATURE OF PRESIDENT AND CEO

6/18/2014

 DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1 Operating Revenue	\$ 20,069,135	\$ 6,073,133	\$ 26,142,267	\$ 24,773,482
2 Power Production Expense	38,780	-	38,780	57,743
3 Cost of Purchased Power/Gas Sold	12,067,398	3,246,483	15,313,881	14,884,269
4 Transmission Operation & Maintenance	195,502	82,205	277,707	323,042
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,373,537	106,289	1,479,826	1,366,749
7 Distribution Maintenance Expense	516,295	64,971	581,265	587,471
8 Consumer Accounts Expense	339,883	46,977	386,860	369,720
9 Customer Service and Informational Expense	340,759	11,559	352,318	195,329
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	909,179	157,314	1,066,492	1,229,333
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 15,781,332	\$ 3,715,797	\$ 19,497,130	\$ 19,013,656
13 Depreciation and Amortization Expense	1,932,812	483,741	2,416,553	2,366,670
14 Tax Expense-Property	185,300	79,200	264,500	264,480
15 Tax Expense-Other	18,994	7,717	26,711	29,300
16 Interest on Long-Term Debt	439,266	672,953	1,112,218	1,165,839
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	17,366	42,393	15,692	80,000
19 Other Deductions	(74,561)	-	(74,561)	(74,550)
20 Total Cost of Electric Service (16 thru 23)	\$ 18,300,509	\$ 5,001,801	\$ 23,258,243	\$ 22,845,395
21 Patronage Capital & Operating Margins (3 minus 24)	\$ 1,768,626	\$ 1,071,332	\$ 2,884,025	\$ 1,928,087
22 Non Operating Margins-Interest*	105,483	-	61,415	46,250
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)	\$ 1,932,898	\$ 1,080,352	\$ 3,013,250	\$ 1,974,337

DATA ON TRANSMISSION AND DISTRIBUTION

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1 New Services Connected	83	13	96	80
2 Services Retired	33	2	35	241
3 Total Services in Place	26,880	4,043	30,923	30,385
4 Idle Services (Excluding Seasonal)	229	29	258	248
5 Miles Transmission	235	50	285	285
6 Miles Distribution - Overhead	938	-	938	947
7 Miles Distribution - Underground	1,456	224	1,680	1,634
8 Total Miles In Service (5 + 6 + 7)	2,629	274	2,903	2,866

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
May 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

6/18/2014
DATE

SIGNATURE OF PRESIDENT AND CEO

6/18/2014
DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1 Operating Revenue	\$ 24,448,552	\$ 26,142,267	\$ 24,773,482	\$ 3,615,693
2 Power Production Expense	48,896	38,780	57,743	9,037
3 Cost of Purchased Power & Gas	14,523,825	15,313,881	14,884,269	1,650,847
4 Transmission Operation & Maintenance	291,305	277,707	323,042	56,177
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	1,554,179	1,479,826	1,366,749	272,368
7 Distribution Maintenance Expense	390,654	581,265	587,471	123,005
8 Consumer Accounts Expense	372,766	386,860	369,720	75,795
9 Customer Service and Informational Expense	148,054	352,318	195,329	190,564
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,100,496	1,066,492	1,229,333	167,987
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 18,430,175	\$ 19,497,130	\$ 19,013,656	\$ 2,545,780
13 Depreciation and Amortization Expense	2,250,034	2,416,553	2,366,670	484,943
14 Tax Expense-Property	258,875	264,500	264,480	52,900
15 Tax Expense-Other	87,766	26,711	29,300	4,065
16 Interest on Long-Term Debt	991,256	1,112,218	1,165,839	218,090
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	122,705	15,692	80,000	(2,085)
19 Other Deductions	(74,561)	(74,561)	(74,550)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 22,066,250	\$ 23,258,243	\$ 22,845,395	\$ 3,288,781
21 Patronage Capital & Operating Margins (3 minus 24)	\$2,382,302	\$2,884,025	\$1,928,087	\$326,912
22 Non Operating Margins-Interest*	126,770	61,415	46,250	17,315
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	44,998	-	44,689
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)	\$ 2,509,072	\$ 3,013,250	\$ 1,974,337	\$ 388,916

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	80	96	5. Miles Trans.	285	285
2. Services Retired	241	35	6. Miles Dist. - OH	947	938
3. Total Services in Place	30,385	30,923	7. Miles Dist. - UG	1,634	1,680
4. Idle Services (Exclude Seasonal)	248	258	8. Total Miles (5 + 6 + 7)	2,866	2,903

LOWER VALLEY ENERGY, INC.
BALANCE SHEET
As of
May 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	\$ 199,961,432	\$ 192,636,579	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	6,554,776	7,954,346	31 Patronage Capital	50,835,519	54,348,726
3 Total Utility Plant	206,516,208	200,590,924	32 Operating Margins-Prior Years	5,006,169	-
4 Accum. Provision for Depreciation and Amort	87,067,197	82,055,002	33 Operating Margins-Current Year	2,839,958	2,382,302
5 Net Utility Plant	119,449,011	118,535,923	34 Non Operating Margins	173,293	126,770
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	15,374,929	14,424,629
7 Investments in Subsidiary Companies	-	-	36 Total Margins & Equities	74,229,866	71,282,427
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 - FFB - RUS Guaranteed	-	-
10 Invest. in Assoc. Org.-Other-Nongeneral Funds	2,628,281	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)	49,517,992	57,699,885
12 Other Investments	731,082	97,768	40a Long-Term Debt-Other (BPA Power Prepayment)	145,048,610	152,594,391
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	1,500,000	1,500,000
14 Total Other Property & Investments	5,108,824	4,701,206	42 Payments - Unapplied	-	-
15 Cash-General Funds	810,425	1,398,158	43 Total Long-Term Debt	196,066,602	211,794,276
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	253,642	158,424	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	3,334,801	2,729,401	48 Accounts Payable	3,964,896	6,961,555
21 Accounts Receivable-Net Other	333,220	496,313	49 Consumers Deposits	524,274	565,901
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	9,956,542	-
23 Materials & Supplies-Electric and Other	1,967,777	2,062,887	51 Current Maturities Long-Term Debt - Econ. Devel.	-	-
24 Prepayments (inc. current portion of BPA prepay)	7,473,887	338,788	52 Current Maturities Capital Leases	-	-
25 Other Current & Accrued Assets	1,436,751	1,186,577	53 Other Current & Accrued Liabilities	3,001,333	2,685,761
26 Total Current & Accrued Assets	16,815,798	9,725,420	54 Total Current & Accrued Liabilities	17,447,046	10,213,218
27 Regulatory Assets	-	-	55 Regulatory Liabilities	-	-
28 Other Deferred Debits	10,279,442	9,500,095	56 Deferred Credits	1,785,017	1,257,799
28a Other Non-current Assets-BPA Power Prepayment	137,875,456	152,085,076	57 Total Liabilities & Other Credits	\$ 289,528,531	\$ 294,547,719
29 Total Assets & Other Debits	\$ 289,528,531	\$ 294,547,719			

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)	488,319	439,959
60 TOTAL Contributions-In-Aid-Of-Construction	\$52,908,747	\$51,439,048

NOTES TO FINANCIAL STATEMENTS

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

	2014		2013	
	April	May	April	May
1. Current Assets/Liabilities	0.93	0.96	0.98	0.95
2. Equity	23.85%	25.64% *	23.46%	24.20%
2a. Equity excluding BPA Power Prepayment	47.73%	51.38%	47.59%	50.22%
3. Long Term Debt as a % of Plant	99.89%	99.76% *	105.81%	105.59%
4. Debt Service Coverage	1.06	1.30	2.68	2.62
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.65	0.57	0.83	0.83
Quantity	1.09	1.05	1.26	1.26
6. Intercompany Receivables/(Payables) :				
Electric Division	3,091,175	3,170,858	6,312,523	6,566,283
Combined Gas Division	(3,091,175)	(3,170,858)	(6,312,523)	(6,566,283)
7. Total Shared Overhead-Gas Division	112,397	133,407	107,040	138,120
8. Material Inventory:				
Material	1,837,780	1,967,777	1,886,204	20,628,874
Special Equip.	2,366,229	2,625,643	1,883,858	2,023,484
Total Material	<u>4,204,009</u>	<u>4,593,420</u>	<u>3,770,062</u>	<u>22,652,358</u>
9. Inventory Carrying Cost (YTD)	<u>16,471</u>	<u>20,744</u>		
10. Aged Accounts Receivable (Over 60 Days):	35,425	60,953	20,876	36,614
11. Lower Valley has a \$12 Million dollar line of credit with CFC to meet short term cash needs. The line of credit balance is:		\$ 2,558,336		

* 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.