

**LOWER VALLEY ENERGY**  
**STATEMENT OF OPERATION**  
*For The Month Ended September 30, 2013*

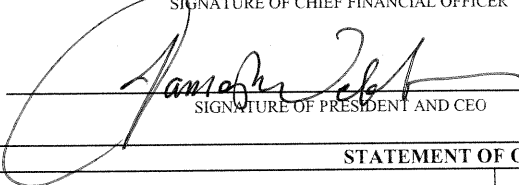
**CONSOLIDATED**

*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

10/17/2013

DATE

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

10/17/2013

DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1. Operating Revenue - Electric.....	\$29,985,536	\$0	\$29,985,536	\$30,010,421
2. Operating Revenue - Gas.....	0	6,889,240	6,889,240	6,370,470
3. Total Operating Revenue and Patronage Capital.....	\$29,985,536	\$6,889,240	\$36,874,776	\$36,380,891
4. Power Production Expense.....	\$80,935	\$0	\$80,935	\$115,478
5. Cost of Purchased Power.....	16,658,947	0	16,658,947	16,619,999
6. Cost of Gas Sold.....	0	3,126,050	3,126,050	2,900,144
7. Transmission Operation & Maintenance - Electric.....	428,839	0	428,839	425,157
8. Distribution Operation & Maintenance - Electric.....	3,246,326	0	3,246,326	3,274,094
9. Transmission Operation & Maintenance - Gas.....	0	137,047	137,047	142,080
10. Gas Storage Facility Operation & Maintenance.....	0	76,059	76,059	76,050
11. Distribution Operation & Maintenance - Gas.....	0	219,148	219,148	263,910
12. Consumer Accounts Expense.....	578,379	73,849	652,228	670,477
13. Customer Service and Informational Expense.....	330,238	21,553	351,791	384,311
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	1,670,481	268,841	1,939,322	2,168,042
16. Total Operation & Maintenance Expense (4 thru 15).....	\$22,994,145	\$3,922,547	\$26,916,692	\$27,039,742
17. Depreciation and Amortization Expense.....	3,357,178	732,194	4,089,372	4,164,245
18. Tax Expense-Property.....	329,355	136,620	465,975	477,060
19. Tax Expense-Other.....	122,869	8,517	131,386	138,710
20. Interest on Long-Term Debt.....	752,561	1,072,383	1,824,944	1,971,720
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other*.....	80,959	131,539	80,398	128,887
23. Other Deductions.....	(134,210)	0	(134,210)	(134,220)
24. Total Cost of Electric Service (16 thru 23).....	\$27,502,856	\$6,003,801	\$33,374,556	\$33,786,144
25. Patronage Capital & Operating Margins (3 minus 24).....	\$2,482,680	\$885,440	\$3,500,220	\$2,594,747
26. Non Operating Margins-Interest*.....	202,336	0	70,236	80,857
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	20,000
30. Generation and Transmission Capital Credits.....	0	0	0	0
31. Other Capital Credits and Patronage Dividends.....	167,532	216,364	383,896	270,000
32. Extraordinary Items.....	0	0	0	0
33. Patronage Capital or Margins (25 thru 32).....	\$2,852,548	\$1,101,804	\$3,954,352	\$2,965,604

**DATA ON TRANSMISSION AND DISTRIBUTION**

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1. New Services Connected.....	180	33	213	222
2. Services Retired.....	272	10	282	194
3. Total Services in Place.....	26,781	4,017	30,798	30,392
4. Idle Services (Excluding Seasonal).....	217	31	248	238
5. Miles Transmission.....	235	50	285	285
6. Miles Distribution - Overhead.....	947	0	947	947
7. Miles Distribution - Underground.....	1,416	213	1,629	1,624
8. Total Miles In Service ( 5 + 6 + 7 ).....	2,598	263	2,861	2,856

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*  
**September 30, 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

10/17/2013

DATE

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

10/17/2013

DATE

**STATEMENT OF OPERATIONS - CONSOLIDATED**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue - Electric.....	\$29,092,215	\$29,985,536	\$30,010,421	\$2,609,088
2. Operating Revenue - Gas.....	6,607,837	6,889,240	6,370,470	519,268
3. Total Operating Revenue and Patronage Capital.....	\$35,700,051	\$36,874,776	\$36,380,891	\$3,128,356
4. Power Production Expense.....	\$108,979	\$80,935	\$115,478	\$5,803
5. Cost of Purchased Power.....	16,112,593	16,658,947	16,619,999	1,321,010
6. Cost of Gas Sold.....	3,537,210	3,126,050	2,900,144	256,539
7. Transmission Operation & Maintenance - Electric.....	335,827	428,839	425,157	35,241
8. Distribution Operation & Maintenance - Electric.....	3,226,080	3,246,326	3,274,094	351,498
9. Transmission Operation & Maintenance - Gas.....	142,660	137,047	142,080	9,283
10. Gas Storage Facility Operation & Maintenance.....	75,968	76,059	76,050	7,365
11. Distribution Operation & Maintenance - Gas.....	246,997	219,148	263,910	21,518
12. Consumer Accounts Expense.....	623,570	652,228	670,477	47,690
13. Customer Service and Informational Expense.....	335,429	351,791	384,311	48,595
14. Sales Expense.....	0	0	0	0
15. Administrative and General Expense.....	1,888,724	1,939,322	2,168,042	194,494
16. Total Operation & Maintenance Expense (4 thru 15).....	\$26,634,037	\$26,916,692	\$27,039,742	\$2,299,034
17. Depreciation and Amortization Expense.....	3,990,405	4,089,372	4,164,245	462,980
18. Tax Expense-Property.....	501,255	465,975	477,060	51,775
19. Tax Expense-Other.....	125,096	131,386	138,710	10,777
20. Interest on Long-Term Debt.....	1,966,160	1,824,944	1,971,720	232,071
21. Interest Charged to Construction-Credit.....	0	0	0	0
22. Interest Expense-Other.....	199,321	80,398	128,887	5,692
23. Other Deductions.....	(134,210)	(134,210)	(134,220)	(14,912)
24. Total Cost of Electric Service (16 thru 23).....	\$33,282,064	\$33,374,556	\$33,786,144	\$3,047,417
25. Patronage Capital & Operating Margins (3 minus 24).....	\$2,417,987	\$3,500,220	\$2,594,747	\$80,939
26. Non Operating Margins-Interest.....	183,361	70,236	80,857	6,284
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.....	16,609	0	20,000	0
30. Generation and Transmission Capital Credits.....	0	0	0	0
31. Other Capital Credits and Patronage Dividends.....	270,027	383,896	270,000	383,896
32. Extraordinary Items.....	0	0	0	0
33. Patronage Capital or Margins (25 thru 32).....	\$2,887,984	\$3,954,352	\$2,965,604	\$471,120

**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	222	213	5. Miles Transmission	285	285
2. Services Retired	194	282	6. Miles Distribution- Overhead	947	947
3. Total Services in Place	30,392	30,798	7. Miles Distribution- Underground	1,624	1,679
4. Idle Services (Exclude Seasonal)	238	248	8. Total Miles In Service (5 + 6 + 7)	2,856	2,911

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**  
**September 30, 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.....	\$196,079,828	\$190,759,282	30. Memberships.....	\$0	\$0
2. Construction Work in Progress.....	7,133,814	7,286,265	31. Patronage Capital.....	54,195,902	53,240,043
3. Total Utility Plant (1 + 2).....	\$203,213,642	\$198,045,547	32. Operating Margins-Prior Years.....	0	0
4. Accum. Provision for Depreciation and Amort.....	83,776,777	79,601,367	33. Operating Margins-Current Year.....	3,500,220	2,533,523
5. Net Utility Plant (3 - 4).....	\$119,436,865	\$118,444,180	34. Non Operating Margins.....	454,132	354,460
6. Nonutility Property - Net.....	\$0	\$0	35. Other Margins and Equities.....	14,279,814	13,339,215
7. Investments in Subsidiary Companies.....	0	0	36. Total Margins & Equities (30 thru 35).....	\$72,430,068	\$69,467,242
8. Invest. in Assoc. Org. - Patronage Capital.....	2,342,539	1,922,251	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).....	60,510,997	59,194,660
12. Other Investments.....	97,768	123,674	40a Long-Term Debt-Other (BPA Prepayment Funding).....	150,110,664	0
13. Special Funds.....	0	0	41. Total Long-Term Debt (37 thru 40).....	\$212,121,661	\$59,194,660
14. Total Other Property & Investments (6 thru 13).....	\$5,085,102	\$4,737,541	42. Obligations under Capital Leases.....	\$0	\$0
15. Cash-General Funds.....	\$1,163,309	\$1,265,924	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	1,424,320	45. Notes Payable.....	0	0
18. Temporary Investments.....	0	0	46. Accounts Payable.....	3,077,145	5,897,907
19. Notes Receivable-Net.....	206,712	73,874	47. Consumers Deposits.....	585,752	523,741
20. Accounts Receivable-Net Sales of Energy.....	2,397,795	2,206,085	48. Other Current & Accrued Liabilities.....	3,109,884	2,866,654
21. Accounts Receivable-Net Other.....	301,819	253,143	49. Total Current & Accrued Liabilities (45 thru 48).....	\$6,772,781	\$9,288,302
22. Materials & Supplies-Electric and Other.....	1,907,002	1,663,657	50. Deferred Credits.....	\$943,251	\$2,568,315
23. Prepayments.....	181,186	111,979	51. Miscellaneous Operating Reserves.....	0	0
24. Other Current & Accrued Assets.....	1,120,727	1,314,852	52. Total Liabilities & Other Credits (36 + 41 + 44 + 49 thru 51).....	\$292,267,761	\$140,518,519
25. Total Current & Accrued Assets (15 thru 24).....	\$8,633,422	\$8,313,834			
26. Regulatory Assets.....	0	0			
27. Deferred Debits.....	9,368,204	9,022,965			
27a. Other Non-current Assets-BPA Power Prepayment.....	149,744,167	0			
28. Accumulated Deferred Income Taxes.....	0	0			
29. Total Assets & Other Debits (5 + 14 + 25 thru 28).....	\$292,267,761	\$140,518,519			
			<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).....	1,145,058	862,746
			55. TOTAL Contributions-In-Aid-Of-Construction.....	\$52,144,147	\$50,792,269

**NOTES TO FINANCIAL STATEMENTS**

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

	2013		2012	
	August	September	August	September
1. Current Assets/Liabilities	1.27	1.27	0.88	0.90
2. Equity	24.58%	24.78% *	49.29%	49.44%
2a. Equity excluding BPA Power Prepayment	50.64%	50.95%	49.29%	49.44%
3. Long Term Debt as a % of Plant	105.00%	104.38% *	30.00%	29.89%
4. Debt Service Coverage	2.18	2.34	1.84	2.03
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.85	0.78	1.01	0.89
Quantity	1.36	1.20	1.36	1.16
6. Intercompany Receivables/(Payables)				
Electric Division	3,826,959	3,826,226	5,969,723	5,970,634
Combined Gas Division	(3,826,959)	(3,826,226)	(5,969,723)	(5,970,634)
7. Total Shared Overhead-Gas Division	226,781	249,704	215,231	241,912
8. Material Inventory:				
Material	1,912,349	1,907,002	1,819,813	1,663,657
Special Equip.	2,051,149	1,958,909	2,028,353	1,933,616
Total Material	3,963,498	3,865,912	3,848,166	3,597,273
9. Aged Accounts Receivable (Over 60 Days):	65,031	54,325	75,468	67,707
10. Lower Valley has a \$12 Million dollar line of credit with CFC to meet short term cash needs. As of September 30, 2013 the line of credit balance was		\$ 2,082,691		

\* 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.