

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

CONSOLIDATED

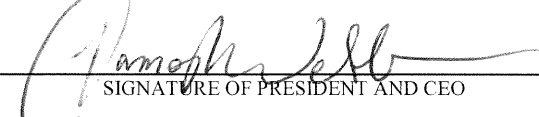
We hereby certify that the entries in this report are in accordance with the accounts and other records of Lower Valley Energy, Inc. and reflect the status of the Cooperative to the best of our knowledge and belief.



 SIGNATURE OF CHIEF FINANCIAL OFFICER

10/15/2014

 DATE



 SIGNATURE OF PRESIDENT AND CEO

10/15/2014

 DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Budget
1 Operating Revenue	\$ 31,016,140	\$ 8,442,998	\$ 39,459,138	\$ 36,942,634
2 Power Production Expense	66,250	-	66,250	103,452
3 Cost of Purchased Power/Gas Sold	17,988,385	4,481,268	22,469,653	21,586,414
4 Transmission Operation & Maintenance	322,794	122,943	445,738	622,132
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	2,501,593	188,121	2,689,714	2,480,785
7 Distribution Maintenance Expense	937,726	127,967	1,065,693	1,095,977
8 Consumer Accounts Expense	593,400	77,954	671,354	668,358
9 Customer Service and Informational Expense	271,473	26,575	298,047	363,296
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,660,316	272,432	1,932,748	2,125,712
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 24,341,938	\$ 5,297,259	\$ 29,639,197	\$ 29,046,126
13 Depreciation and Amortization Expense	3,486,826	876,066	4,362,892	4,289,220
14 Tax Expense-Property	338,030	147,660	485,690	476,130
15 Tax Expense-Other	29,173	9,516	38,689	40,400
16 Interest on Long-Term Debt	699,497	1,141,317	1,840,814	2,097,097
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	30,204	33,065	(3,379)	144,000
19 Other Deductions	(134,210)	-	(134,210)	(134,190)
20 Total Cost of Electric Service (16 thru 23)	\$ 28,791,458	\$ 7,504,883	\$ 36,229,694	\$ 35,958,783
21 Patronage Capital & Operating Margins (3 minus 24)	\$ 2,224,682	\$ 938,115	\$ 3,229,444	\$ 983,851
22 Non Operating Margins-Interest*	112,986	-	46,339	68,250
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	36,001	9,020	45,021	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	215,101	-	215,101	390,000
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 2,588,770	\$ 947,135	\$ 3,535,905	\$ 1,442,101

DATA ON TRANSMISSION AND DISTRIBUTION

ITEM	YEAR-TO-DATE			
	Electric	Combined Gas	Consolidated	Last Year
1 New Services Connected	242	41	283	213
2 Services Retired	65	7	72	282
3 Total Services in Place	27,028	4,074	31,102	30,798
4 Idle Services (Excluding Seasonal)	230	35	265	248
5 Miles Transmission	235	50	285	285
6 Miles Distribution - Overhead	938	-	938	947
7 Miles Distribution - Underground	1,461	224	1,685	1,629
8 Total Miles In Service (5 + 6 + 7)	2,634	274	2,907	2,861

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
September 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

10/15/2014

DATE

SIGNATURE OF PRESIDENT AND CEO

10/15/2014

DATE

STATEMENT OF OPERATIONS - CONSOLIDATED

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1 Operating Revenue	\$ 36,874,776	\$ 39,459,138	\$ 36,942,634	\$ 3,139,084
2 Power Production Expense	80,935	66,250	103,452	4,685
3 Cost of Purchased Power & Gas	19,781,011	22,469,653	21,586,414	1,953,807
4 Transmission Operation & Maintenance	565,886	445,738	622,132	39,907
5 Regional Market Expense	-	-	-	-
6 Distribution Operation Expense	2,649,437	2,689,714	2,480,785	244,884
7 Distribution Maintenance Expense	899,394	1,065,693	1,095,977	144,463
8 Consumer Accounts Expense	655,614	671,354	668,358	48,352
9 Customer Service and Informational Expense	348,488	298,047	363,296	(32,117)
10 Sales Expense	-	-	-	-
11 Administrative and General Expense	1,936,085	1,932,748	2,125,712	221,103
12 Total Operation & Maintenance Expense (2 thru 11)	\$ 26,916,851	\$ 29,639,197	\$ 29,046,126	\$ 2,625,084
13 Depreciation and Amortization Expense	4,089,371	4,362,892	4,289,220	485,335
14 Tax Expense-Property	465,975	485,690	476,130	57,695
15 Tax Expense-Other	131,386	38,689	40,400	2,964
16 Interest on Long-Term Debt	1,824,943	1,840,814	2,097,097	171,854
17 Interest Charged to Construction-Credit	-	-	-	-
18 Interest Expense-Other*	212,497	(3,379)	144,000	(15,109)
19 Other Deductions	(134,210)	(134,210)	(134,190)	(14,912)
20 Total Cost of Electric Service (16 thru 23)	\$ 33,506,813	\$ 36,229,694	\$ 35,958,783	\$ 3,312,910
21 Patronage Capital & Operating Margins (3 minus 24)	\$3,367,963	\$3,229,444	\$983,851	(\$173,826)
22 Non Operating Margins-Interest*	202,336	46,339	68,250	(11,636)
23 Allowance for Funds Used During Construction	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-
25 Non Operating Margins-Other	-	45,021	-	-
26 Generation and Transmission Capital Credits	-	-	-	-
27 Other Capital Credits and Patronage Dividends	383,896	215,101	390,000	-
28 Extraordinary Items	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	\$ 3,954,195	\$ 3,535,905	\$ 1,442,101	\$ (185,462)

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	213	283	5. Miles Trans.	285	285
2. Services Retired	282	72	6. Miles Dist. - OH	947	938
3. Total Services in Place	30,798	31,102	7. Miles Dist. - UG	1,629	1,685
4. Idle Services (Exclude Seasonal)	248	265	8. Total Miles (5 + 6 + 7)	2,861	2,907

LOWER VALLEY ENERGY, INC.
BALANCE SHEET
As of
September 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	\$ 202,159,274	\$ 196,079,671	30 Memberships	\$ -	\$ -
2 Construction Work in Progress	6,690,213	7,133,814	31 Patronage Capital	55,650,833	54,195,902
3 Total Utility Plant	208,849,487	203,213,485	32 Operating Margins-Prior Years	-	-
4 Accum. Provision for Depreciation and Amort	89,087,366	83,776,764	33 Operating Margins-Current Year	3,162,797	3,367,976
5 Net Utility Plant	119,762,121	119,436,721	34 Non Operating Margins	373,109	586,232
6 Nonutility Property - Net	-	-	35 Other Margins and Equities	15,538,165	14,279,814
7 Investments in Subsidiary Companies	-	-	36 Total Margins & Equities	74,724,904	72,429,924
8 Invest. in Assoc. Org. - Patronage Capital	1,384,019	2,342,539	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	2,128,281	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)	48,318,788	60,510,997
12 Other Investments	714,933	97,768	40a Long-Term Debt-Other (BPA Power Prepayment)	142,469,484	150,110,664
13 Special Funds	-	-	41 Long-Term Debt - WY SEO (Net)	1,500,000	1,500,000
14 Total Other Property & Investments	4,236,011	5,085,102	42 Payments - Unapplied	-	-
15 Cash-General Funds	431,706	1,163,309	43 Total Long-Term Debt	192,288,272	212,121,661
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	240,792	206,712	47 Notes Payable	-	-
20 Accounts Receivable-Net Sales of Energy	3,090,717	2,397,795	48 Accounts Payable	3,015,234	3,077,145
21 Accounts Receivable-Net Other	283,097	301,819	49 Consumers Deposits	543,334	585,752
22 Renewable Energy Credits	-	-	50 Current Maturities Long-Term Debt	10,256,215	-
23 Materials & Supplies-Electric and Other	2,286,136	1,907,002	51 Current Maturities Long-Term Debt - Econ. Devel.	-	-
24 Prepayments (inc. current portion of BPA prepay)	7,350,221	181,186	52 Current Maturities Capital Leases	-	-
25 Other Current & Accrued Assets	1,071,136	1,120,727	53 Other Current & Accrued Liabilities	2,787,042	3,109,884
26 Total Current & Accrued Assets	15,959,100	8,633,422	54 Total Current & Accrued Liabilities	16,601,825	6,772,781
27 Regulatory Assets	-	-	55 Regulatory Liabilities	-	-
28 Other Deferred Debits	9,960,340	9,368,204	56 Deferred Credits	1,793,839	943,251
28a Other Non-current Assets-BPA Power Prepayment	135,491,268	149,744,167	57 Total Liabilities & Other Credits	\$ 285,408,840	\$ 292,267,617
29 Total Assets & Other Debits	\$ 285,408,840	\$ 292,267,617			

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)	1,568,530	862,746
60 TOTAL Contributions-In-Aid-Of-Construction	<u>\$53,988,958</u>	<u>\$51,861,835</u>

NOTES TO FINANCIAL STATEMENTS

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

	2014		2013	
	August	September	August	September
1. Current Assets/Liabilities	0.97	0.96	0.96	1.27
2. Equity	25.82%	26.18% *	26.18%	24.78%
2a. Equity excluding BPA Power Prepayment	50.94%	52.28%	52.28%	50.95%
3. Long Term Debt as a % of Plant	97.45%	96.98% *	96.98%	104.38%
4. Debt Service Coverage	1.10	1.06	2.18	2.34
5. Inventory Turnover - Electric (Dist & Trans)				
Dollar Value	0.57	0.55	0.85	0.78
Quantity	1.05	0.95	1.36	1.20
6. Intercompany Receivables/(Payables) :				
Electric Division	3,505,166	3,225,563	3,826,959	3,806,373
Combined Gas Division	(3,505,166)	(3,225,563)	(3,826,959)	(3,806,373)
7. Total Shared Overhead-Gas Division	225,557	252,308	226,781	249,704
8. Material Inventory:				
Material	2,299,529	2,286,136	1,912,349	1,907,002
Special Equip.	2,612,613	2,522,129	2,051,149	1,958,909
Total Material	<u>4,912,142</u>	<u>4,808,265</u>	<u>3,963,498</u>	<u>3,865,911</u>
9. Inventory Carrying Cost (YTD)	<u>35,889</u>	<u>41,430</u>		
10. Aged Accounts Receivable (Over 60 Days):	83,058	65,304	65,031	54,325
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.				
CFC line of credit balance is:	\$	(106)		
1st Bank line of credit balance is:		1,649,248		
Total lines of credit	<u>\$</u>	<u>1,649,142</u>		

* 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.