

Lower Valley Energy, Inc.

balance sheets

December 31, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
NON-CURRENT ASSETS		
Net utility plant	\$127,448,921	\$128,085,596
Other Assets and Investments	4,865,868	4,637,330
Prepaid power, to be amortized after one year	133,270,603	140,811,516
Total non-current assets	<u>265,585,392</u>	<u>273,534,442</u>
CURRENT ASSETS		
Cash and cash equivalents	—	698,784
Restricted cash and cash equivalents	1,123,737	1,388,815
Accounts receivable, net	5,948,281	5,894,621
Materials and supplies inventory	1,482,948	1,627,186
Other current assets	2,924,453	2,964,182
Prepaid power, to be amortized within one year	7,540,913	7,205,685
Total current assets	<u>19,020,332</u>	<u>19,779,273</u>
Deferred charges	<u>6,055,390</u>	<u>1,475,030</u>
Total assets	<u><u>\$290,661,114</u></u>	<u><u>\$294,788,745</u></u>
MEMBERS' EQUITY AND LIABILITIES		
MEMBERS' EQUITY		
Patronage capital	\$57,524,325	\$57,236,954
Other equities	16,283,003	14,622,432
Total members' equity	<u>73,807,328</u>	<u>71,859,386</u>
NON-CURRENT LIABILITIES		
Long-term debt, due after one year	193,995,060	200,273,361
Total non-current liabilities	<u>193,995,060</u>	<u>200,273,361</u>
CURRENT LIABILITIES		
Long-term debt, due within one year	10,529,572	9,658,403
Line of credit	2,533,186	2,938,406
Accounts payable	3,172,956	3,455,536
Consumer deposits	557,727	564,486
Other current and accrued liabilities	3,168,934	3,065,274
Total current liabilities	<u>19,962,375</u>	<u>19,682,105</u>
Deferred credits	<u>2,896,351</u>	<u>2,973,893</u>
Total members' equity and liabilities	<u><u>\$290,661,114</u></u>	<u><u>\$294,788,745</u></u>

Lower Valley Energy, Inc.

statements of revenues, expenses and patronage capital

for the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUE		
Electric operating revenue	\$42,950,671	\$42,493,662
Gas operating revenue	<u>11,540,020</u>	<u>10,382,648</u>
Total operating revenues	<u>54,490,691</u>	<u>52,876,310</u>
OPERATING EXPENSES		
Cost of Purchased Power and Gas	26,626,083	25,125,452
Transmission Expense - Operation and Maintenance	649,200	693,692
Distribution Expense - Operation	3,469,265	3,735,991
Distribution Expense - Maintenance	1,458,307	1,193,725
Consumer Accounts Expense	900,556	873,247
Customer Service and Information	336,564	431,324
Administration and General Expense	2,817,268	2,923,943
Depreciation Expense	5,834,014	5,660,286
Taxes - Property and Gross Revenue	<u>733,139</u>	<u>725,984</u>
Total operating expenses	<u>42,824,396</u>	<u>41,363,644</u>
Operating margins before finance charges	<u>11,666,295</u>	<u>11,512,666</u>
FINANCE CHARGES		
Interest on long-term debt	7,122,899	6,252,945
Other interest expense	<u>34,375</u>	<u>90,175</u>
Total finance charges	<u>7,157,274</u>	<u>6,343,120</u>
Net operating margins	<u>4,509,021</u>	<u>5,169,546</u>
NON-OPERATING MARGINS		
Investment Income	97,630	78,273
Gain on Sale of General Plant	44,397	—
Patronage Capital Credits from Other Cooperatives	1,040,586	(406,281)
Other Non-Operating Margins, Net	<u>(956,330)</u>	<u>164,630</u>
Total Non-Operating Margins	<u>226,283</u>	<u>(163,378)</u>
Net Margins	<u>\$4,735,304</u>	<u>\$5,006,168</u>

Your cooperative continues to grow and remain financially strong. Net margins exceeded \$4.7 million and were used for system improvements, repayment of debt principal, and retirement of patronage capital.

A complete copy of our audited financial statements can be obtained from either of our offices.