

## **Finance Committee Notes**

April 21, 2008

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The finance committee met at 3:30 pm on April 2, 2008, with John Klosterman, treasurer; Debbie Kitchin, secretary; Margie Harris, executive director; Sue Sample, chief financial officer, in attendance. Alan Meyer and John Reynolds were not able to attend.

### **March 31, 2008 Financial Statements**

Sue presented the March 2008 financial statements. The budget-to-actual comparisons for this report are based on the budget approved by the Board on April 9<sup>th</sup>.

Debbie commented that the new report format was an improvement, calling out variances and issues more clearly.

Revenues are tracking very closely with budget so far this year with an overall 2% variance.

Expenditures were 39% short of what was budgeted with the bulk of that shortfall (81%) in incentive payments. The majority of that variance is housed in the renewable energy programs, stemming from the delay of the Goodnoe Hills project. Incentive payment for this large project is expected mid-year.

In addition, 76% of the incentive shortfall is in the Wind program where three proposed projects have been withdrawn. Given the problems securing both wind turbines and financing, there may be a proposal at the May board meeting to transfer funds from this program into the Solar Program where demand is in excess of the current year budget.

Debbie confirmed some of the financing issues based on feedback she has heard about commercial projects sometimes running into more obstacles from changing financing terms as projects approach closing.

### **Line of Credit Renewal**

Bank of the Cascades has prepared renewal documents for our Line of Credit. Energy Trust officers finished signing the forms at this meeting. The renewal is for a credit line of \$4 million dollars at a rate of prime less .50 percent. The current rate would be 4.75%. Although it is not anticipated that we will access the line this year, the committee felt it was prudent to continue to make it available. The committee discussed whether there was any reason to have concerns about the financial condition of the bank, given the current mortgage situation. Sue has checked into this and reported that the bulk of our investments are insured by the FDIC. The remainder is in a mutual fund back by Treasury obligations. Research indicates that despite a downturn, the bank is still profitable.

### **Update on NW Natural and Washington**

Margie updated the committee on the approach we are taking in responding to NW Natural's request for Energy Trust to potentially provide energy efficiency services for residential and commercial customers in Clark County, Washington. Phase I will be a broad study conducted to identify major issues involved for stakeholders and for regulation. The Phase I budget is \$15,000. Margie will likely testify in the de-coupling process. Phase II, a more detailed study to estimate the amount of achievable savings and the cost-effectiveness of those savings, will only take place if the WUTC approves the de-coupling proposal. If everything goes as planned, program implementation could begin as early as next year.

### **Update on SB 838 for PGE**

Margie indicated that there has really been no change in the progress on the PGE portion of additional funding allowed under SB 838. PGE has requested additional staffing to be funded with some of the money and concerns have been expressed by the OPUC, CUB and Energy Trust about whether the role of those staff might add costs, create inefficiencies in program delivery and confusion among customers.

### **Finance Projects in the Works**

Sue outlined several finance/IT projects underway. One of the projects is utilizing a firm suggested to us by Debbie Kitchin and they are doing good work for us so far. The projects include:

- A review of our contracts process, including process mapping for the various types of contracts and procurement devices Energy Trust utilizes. In addition to the process maps, deliverables also include an inventory of process disconnects and a functional requirements listing. Percipio is conducting this work for us. This project will lead us into a next phase of gap analysis and matching with software and/or process improvements to be made.
- A review and evaluation of our internal controls processes. This was a project identified by the audit committee last year and incorporates an evaluation and documentation of our financial internal controls from a business perspective rather than merely an audit perspective. The intent is to make sure we are efficient, and not duplicative or bureaucratic, in our use of internal controls. (Percipio proposed on this work; the Audit Committee has asked for another bid in addition.)
- Debbie Blanchard, our interim IT Manager, and Sue are working on developing an RFP for an overall process mapping review of our internal data systems. This is the first phase of work to be conducted resulting from the Moss Adams study. Some projects resulting from that study, including the implementation of a new organizational structure and the roll-out of a new IT ticket tracking system, have already been put in place. However, the Moss Adams study looked at our systems as discrete entities. When trying to evaluate the systems that way, all the integrations and interrelations make it problematic. We are soliciting assistance via an RFP to help us develop that integrated process map with the goal of implementing software and process solutions some time in 2009.

### **Next Meeting**

The next Finance Committee meeting is scheduled for May 19, 2008 at 3:30 pm. Neither Margie nor Debbie will be available then. Sue will ask Nancy to see if she can re-schedule to another time.

*Note: the Finance Committee meeting has been rescheduled from May 19 to May 29, 1:00-3:00 pm.*

The meeting adjourned at 4:35 pm.