Approved Final 2010-2011 Budget and Action Plan

Board of Directors Meeting

December 18, 2009

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2009 Forecasted Savings/Generation

- Electric efficiency is expected to be 34.9 aMW
  - 91% of stretch case and 8.7% increase from 2008
- Gas efficiency is expected to achieve 2.95M therms
  - 92% of stretch case and 14.7% increase from 2008
- Renewable energy programs expect to achieve 5 aMW in new generation
  - Above OPUC benchmark
  - Cancellation and delay of biomass projects had a significant impact

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2010-2011 Budget Challenges

- Increased utility IRP savings targets (strategic plan)
- Fluctuating, decreased utility revenues
- Growth in program demand
- Rising acquisition costs
- Increased NEEA investment
- Less reserves
- Pending tariff filings and corresponding process
- Legislative initiatives
- Organization redesign

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IRP Goals and 26% Budget Increase

In aMW	2010	2011	2010-2011
PGE IRP	26.7	31.3	58.1
PGE Budget	27.1	31.0	58.1
PacifiCorp IRP	17.0	18.5	35.5
PacifiCorp Budget	17.8	18.7	36.5
Growth in total electric savings 2009 to 2010=29%			
In Annual Therms			
NW Natural* IRP	2,936,000	3,411,000	6,347,000
NW Natural Budget	2,936,215	3,776,863	6,713,078
Cascade Natural IRP	317,937	391,754	709,691
Cascade Natural Budget	373,554	515,686	889,240
Growth in total gas savings 2009 to 2010=40%			

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Areas of Emphasis and Themes

- Acceleration
- New program strategies and innovations
- Customer focus
- Productivity improvements
- IT system improvements
- Emerging technologies
- Pilots and initiatives

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Comment Responses and Other Budget Changes

- Finalize incremental revenue through tariffs
- Adjust final expenditures, savings and generation
- Fine-tune renewable energy investment strategy
- Pursue discussions re: utility renewable energy project funding, feed-in tariff and roles and responsibilities for tariff filings
- Expand marketing collaboration with utilities
- Retain staffing proposal
- Pursue matching funds with public entities who receive direct stimulus funds
- Retain a placeholder for IT improvements
- Remain flexible to address management review recommendations

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Budget Changes at a Glance

Draft	2008 Actual	2009 Forecast	2010 Budget	2010 Savings/Gen	2011 Projection
Efficiency-Electric	$48.0	$67.9	$85.8	36.3-48.4 aMW	$91.0
Efficiency-Gas	14.6	18.5	22.7	3.7-4.7 mill annual therms	22.3
Renewables	10.2	18.4	32.2	5.7-9.9 aMW	19.0
Administration	1.8	2.7	3.0		2.9
Comm. & Cust. Svc.	.9	1.7	1.7		1.8
Total	**$75.5**	**$109.2**	**$145.4**		**$137.0**
Proposed Final					
Efficiency-Electric	$48.0	$67.9	$85.7	33.7-45.0 aMW	$98.6
Efficiency-Gas	14.6	18.5	22.7	3.8-4.9 mill annual therms	22.6
Renewables	10.2	17.9	33.2	4.5-9.7 aMW	18.6
Administration	1.8	2.7	3.2		3.0
Comm. & Cust. Svc.	.9	1.8	1.8		1.8
Total	**$75.5**	**$108.7**	**$146.7**		**$144.7**
Difference					
Efficiency-Electric			$-.1	(2.6)-(3.4) aMW	$7.7
Efficiency-Gas				.1-.2 mill annual therms	.3
Renewables		$-.5	1.0	(1.3)-(.4) aMW	-.3
Administration			.3		
Comm. & Cust. Svc.			.1		
Total		**$-.5**	**$1.3**		$7.7

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Minimum OPUC Targets and Draft Budget Goals

Category	Measures	2010 Draft Budget
Energy Efficiency	Obtain at least 31aMW computed on three-year rolling average Cents/kWh	36.3 – 48.4 aMW 3.2 cents – 2.4 cents//kWh
Natural Gas	Obtain at least 1.8 million annual therms computed on a three-year rolling average Levelized cost not to exceed 60 cents/therm	3.6 – 4.7 million annual therms 51 – 40 cents/annual therm
Renewable Energy	Secure at least 3 aMW computed on a three-year rolling average from small scale projects	5.7 – 9.9 aMW
Financial Integrity	Receive an Unqualified financial opinion from independent auditor on annual financial statements	Accounting conforms with Generally Accepted Accounting Principles
Administrative/Program Support Costs	Keep below 11% of annual revenue	6.3%
Customer Satisfaction	Achieve reasonable rates	Customer satisfaction research results
Benefit/Cost Ratios	Report both utility system and societal perspective on an annual basis	
Incremental Electric Efficiency Funding	Report annually energy savings achieved as a result of SB 838	

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Minimum OPUC Targets and Approved Final Goals

Category	Measures	2010 Approved Final
Energy Efficiency	Obtain at least 31aMW computed on three-year rolling average Cents/kWh	33.7 – 45.0 aMW 3.5 cents – 2.6 cents//kWh
Natural Gas	Obtain at least 1.8 million annual therms computed on a three-year rolling average Levelized cost not to exceed 60 cents/therm	3.8 – 4.9 million annual therms 50 – 40 cents/annual therm
Renewable Energy	Secure at least 3 aMW computed on a three-year rolling average from small scale projects	4.5 – 9.7 aMW
Financial Integrity	Receive an Unqualified financial opinion from independent auditor on annual financial statements	Accounting conforms with Generally Accepted Accounting Principles
Administrative/Program Support Costs	Keep below 11% of annual revenue	6.7%
Customer Satisfaction	Achieve reasonable rates	Customer satisfaction research results
Benefit/Cost Ratios	Report both utility system and societal perspective on an annual basis	
Incremental Electric Efficiency Funding	Report annually energy savings achieved as a result of SB 838	

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Highlights in Support of Acceleration

New investments from prior years:

1. Planning and evaluation
2. Customer service and trade ally development
3. Information technology

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Planning and Evaluation Emphasis

- Support quick turnaround and cost-effectiveness measures
- Adopt new model to review and decide on pilot initiatives and new technologies
- Conduct market segmentation and other research needed to tailor customer promotions and products
- Gain further understanding of market practices and impacts
- Budget increase of $1.5 million over 2009 forecast (43%)

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Customer Service & Trade Ally Enhancements

- Implement redesign recommendations to focus on customers and trade allies
- Expand outreach in non-urban parts of the state
- Provide customer service training for call center representatives and staff
- Develop trade ally sales force
- Improve equipment/software for Interactive Voice Response (IVR) system
- Support increased activity from Clean Energy Works Portland (CEWP) and Energy Efficiency and Sustainable Technology (EEAST)
- Budget increase of $1 million over 2009 forecast (108%)

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Information Technology Highlights

- Decide upon ERP and initiate IT improvements to efficiently meet current and future requirements
- Develop and automate more webforms
- Continue to convert IT contractors to fill approved staff positions
- Continue implementation of other major projects:
  - Business intelligence implementation
  - Data warehouse development
  - Sharepoint planning and training
  - Infrastructure change monitoring for internal controls
- Budget increase of $1.2 million over 2009 forecast (40%)

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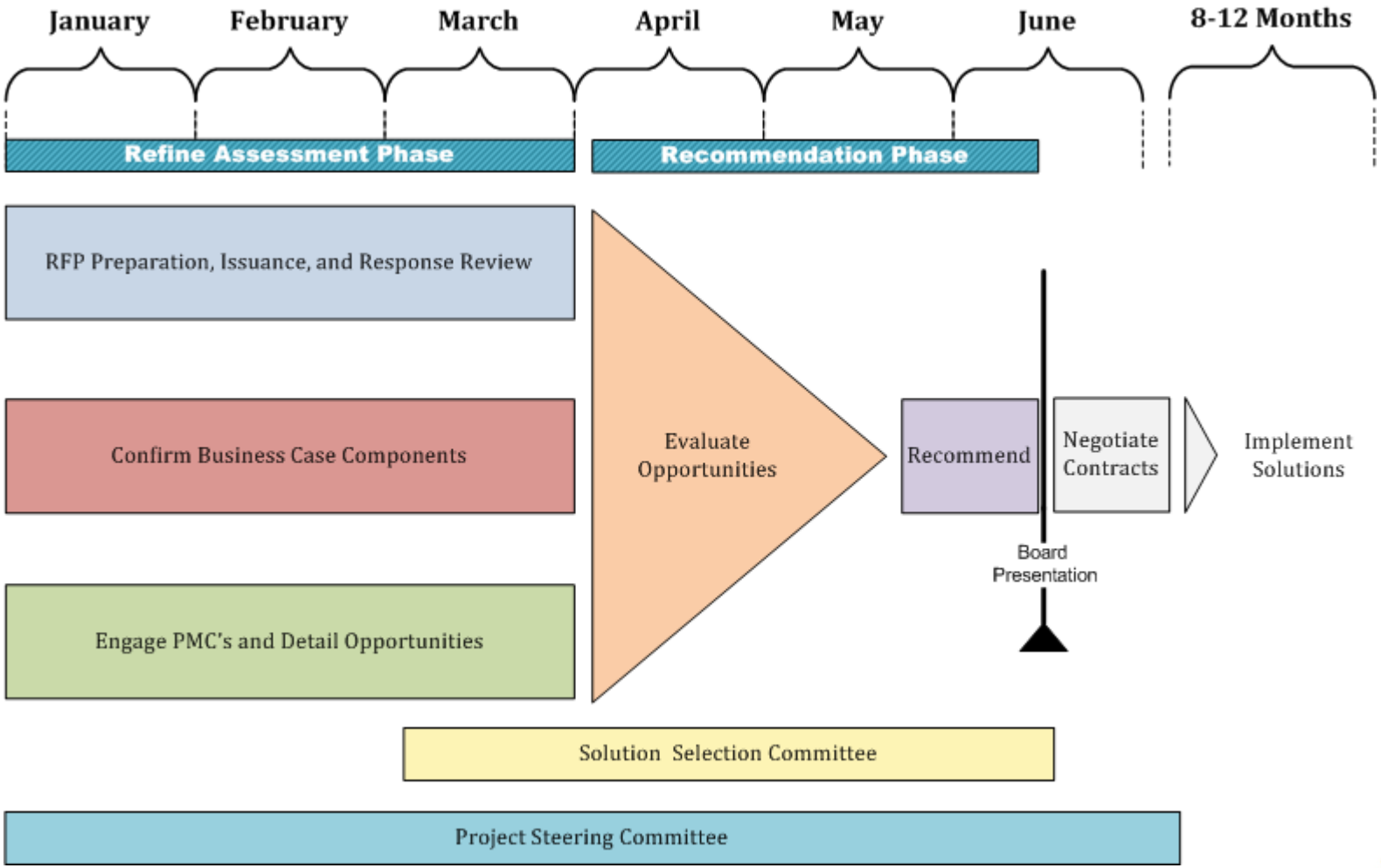
Next Step – Process Overview



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- Questions and further discussion?
- Action

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Thank you!

EnergyTrust of Oregon, Inc.

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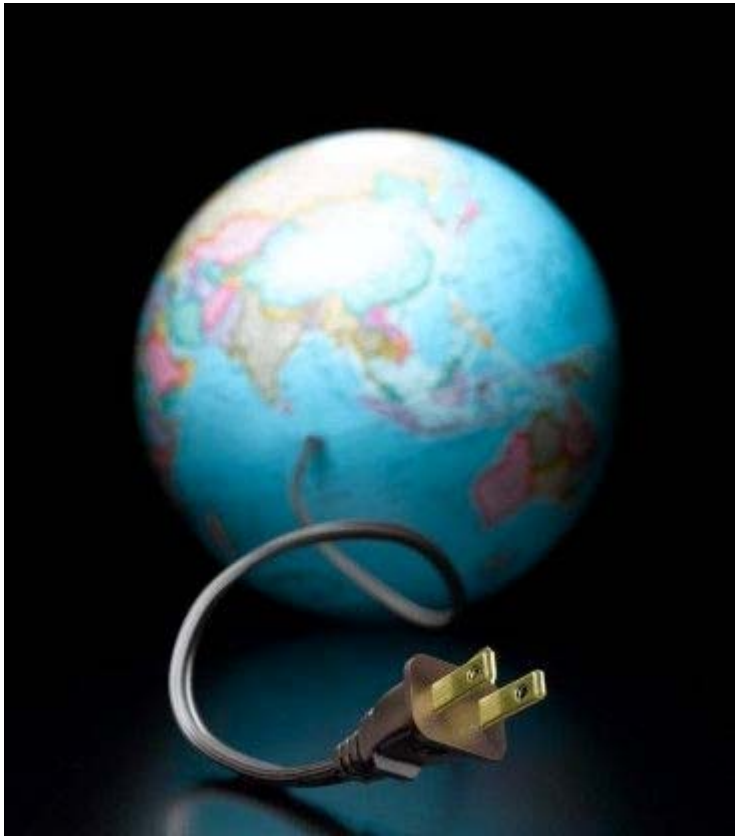

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