EnergyTrust of Oregon, Inc.

Finance Report

April 9, 2007

The Finance Committee met at 3:30 pm on April 9, 2007, with treasurer John Klosterman, Debbie Kitchin, Margie Harris, Sue Sample and Pati Presnail in attendance. Tom Foley and Alan Meyer were unable to attend.

Review February 2007 Year-to-Date Financial Statements

Sue presented the financial statements for February 2007, noting that not much of significance is reflected in the statements. Results are typical for Energy Trust early in the year. She observed that the $2.1 year-to-date variance is considerably less than last year's Q1 variance of $6.4 million. This improvement reflects sector managers' use of the incentive curve model developed by Pati to project timing of incentive payments over the year. Margie and John suggested that Pati explain the model and how it's used at a board meeting.

Other highlights:

- No Avista revenue was received in January or February. The contract was amended in March; payments for remainder of year will be adjusted to reflect carryover and new program design.
- Revenue from the other four utilities exceeded budget. Most of the $800,000 excess arrived in February. Utility forecasts used in budgeting appear to be understated.
- Expenses year to date are below budget by $1.2 million. More than half of the variance comes from underspending in professional services, not atypical for the organization early in the year.
- Current program delivery efficiency performance measure (administration plus program support costs) is 4.9%; last year at this time it was 4.7%.

Legislative News

The committee discussed current activity in the legislature and potential impacts. OPUC staff is responding to questions from legislators. The OPUC remains focused on the results of our work and compliance with performance measures. The renewable energy standard bill, amended to permit electric utilities to increase spending on energy efficiency, could have the effect of requiring significant changes in Energy Trust's reporting and data models.

Status of Conservation Rate Credits

Contracts are being finalized this week with BPA and the two electric utilities. IT, planning and accounting staff are gearing up to meet the first reporting deadline of April 30.

Cash Reserve Requirements

The committee discussed minimum cash reserve, a topic originally raised at the December board meeting. Sue expressed reluctance to characterize the reserve using a standard "rule of thumb" or formula approach, such as a percentage of revenue. Staff prefers having the flexibility to size the reserve to reflect changing organizational risk over time. The topic was revisited at this meeting to obtain John's viewpoint.

John concurred with the committee and staff. He recommended that staff portray graphically the cash balance compared to the reserve.

When more of the cash balance moves into escrow, we may want to consider increasing the cash reserve. Since we address the reserve requirement on an annual basis in the budgeting process, any additional limitations can be factored in at that time.

Meetings
John suggested changing committee meeting dates to accommodate schedules. Monday afternoons are best; Tuesday afternoons could be an alternative. Sue will ask Nancy to assist the committee in rescheduling meetings for the rest of this year.

Next Meeting
The next meeting of the Finance Committee is scheduled for Monday, May 7, 3:30 pm.

The meeting adjourned at 4:20 pm.