EnergyTrust of Oregon, Inc.

Board Decision
2007 Cash Reserve Transfer

May 9, 2007 (revised)

Summary

To amend the 2007 budget to reflect additional cash reserve transfer to renewable energy projects.

Background

- In December 2006, the Board approved a policy to allow cash reserves generated by interest earnings and above a dedicated amount to fund additional energy efficiency and renewable energy projects. For 2007 the dedicated amount of cash reserves we estimated to be between $2.4 to $2.6 millionUse of these funds is governed by criteria the board established in the Cash Reserve Guidelines approved in December 2006.
- For 2006, the budgeted distribution was $1.4 million for Energy Efficiency. For 2007, the budgeted distribution is $2.6 million--$1.5 million for energy efficiency and $1.1 million for renewable energy. This leaves a remaining budgeted reserve of almost $2.7 million.
- As of March 31, 2007, Energy Trust has received $1.6 million more revenue than was budgeted and $108 thousand more in interest income. By the end of 2007 interest earnings will have added approximately $.3 million to the cash reserve fund.
- The renewable energy program believes there is sufficient program demand for an additional $600,000 in 2007 The renewable energy program need could be funded by a simple interest income transfer that would lower the cash reserves immediately to $2.2 million, but by the end of 2007, the cash reserves would be back up to about $2.5 million.
- There is another way to fund the $600,000. In August 2006, the board approved a policy that allowed renewable energy projects to fund escrows at amounts less than their future value and use interest on the escrow account to accumulate and fund the entire amount of the payout. Such income may be attributed to renewable projects only. This mechanism makes available more resources for current renewable program needs, but, it is administratively more complex than the transfer of interest income from cash reserves.

Recommendation

- Staff recommends using a distribution of interest income to fund this need for additional renewable energy projects. Members of the Finance Committee agree.
- The proposed resolution would amend the budget approved in March, 2007 by transferring $600,000 from the cash reserve balance to the Renewable Energy program. The budgeted reserve balance is then estimated to be $2.2 million, slightly below the cash reserve requirement, but well within an acceptable range, given year to date additional resources, which we expect will leave cash reserves at about $2.5 million.

RESOLUTION #437
2007 CASH RESERVE TRANSFER

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors approves an additional interest income allocation of $600,000 from the budgeted cash reserve balance to fund additional renewable energy projects in 2007, and in accordance with Attachment A [*with the following changes, if any]:*

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]

Attachment A

The Energy Trust of Oregon
Year to Date by Program / Service Territory - joint costs allocated at program level
Budget 2007-B-05.1 March rebudget, with seasonality change- Approved
For the Twelve Months Ending December 31, 2007
(Unaudited)

	ENERGY EFFICIENCY						RENEWABLE ENERGY				TOTAL
	PGE	PacifiCorp	NW Natural	Cascade	Avista	Total	PGE	PacifiCorp	Total	Other	All Programs
REVENUES											
Public Purpose Funding	$22,295,922	$15,035,184	$9,247,863	$889,636	$278,000	$47,746,605	$6,656,993	$4,534,421	$11,191,414		$58,938,019
CRC Funding	1,100,000	800,000				1,900,000					1,900,000
Revenue from Investments										2,325,038	2,325,038
TOTAL PROGRAM REVENUE	**23,395,922**	**15,835,184**	**9,247,863**	**889,636**	**278,000**	**49,646,605**	**6,656,993**	**4,534,421**	**11,191,414**	**2,325,038**	**63,163,057**
EXPENSES											
TOTAL PROGRAM EXPENSES	**24,469,345**	**18,420,294**	**9,114,769**	**724,280**	**218,449**	**52,947,137**	**6,847,537**	**5,179,940**	**12,027,477**		**64,974,614**
ADMINISTRATIVE COSTS											
Management & General (Note 1 & 3)	816,748	615,831	306,747	24,457	7,481	1,771,264	229,074	173,287	402,361		2,173,625
Communication & Outreach (Note 2 &3)	311,142	210,592	122,987	11,831	3,697	660,249	88,531	60,303	148,834		809,084

As Approved

Total Administrative Costs	***1,127,890***	***826,423***	***429,734***	***36,288***	***11,178***	***2,431,513***	***317,605***	***233,590***	***551,195***		***2,982,708***
TOTAL PROGRAM & ADMIN EXPENSES	***25,597,235***	***19,246,717***	***9,544,503***	***760,568***	***229,627***	***55,378,650***	***7,165,142***	***5,413,530***	***12,578,672***		***67,957,323***
TOTAL REVENUE LESS EXPENSES	***(2,201,313)***	***(3,411,533)***	***(296,640)***	***129,068***	***48,373***	***(5,732,045)***	***(508,149)***	***(879,109)***	***(1,387,258)***	***2,325,038***	***(4,794,266)***
Net Assets from prior years	*11,387,299*	*(8,447,380)*	*6,870,552*	*93,290*	*117,837*	*10,021,598*	*25,517,626*	*9,189,002*	*34,706,628*	*4,348,508*	*49,076,734*
Interest attributed	*1,740,000*	*1,160,000*				*2,900,000*		*1,100,000*	*1,100,000*	*(4,000,000)*	*0*
TOTAL NET ASSETS CUMULATIVE	***10,925,986***	***(10,698,913)***	***6,573,912***	***222,358***	***166,210***	***7,189,553***	***25,009,477***	***9,409,893***	***34,419,370***	***2,673,546***	***44,282,468***

As Proposed & Reflecting Additional Revenue

Total Administrative Costs	***1,127,890***	***826,423***	***429,734***	***36,288***	***11,178***	***2,431,513***	***317,605***	***233,590***	***551,195***		***2,982,708***
TOTAL PROGRAM & ADMIN EXPENSES	***25,597,235***	***19,246,717***	***9,544,503***	***760,568***	***229,627***	***55,378,650***	***7,165,142***	***5,413,530***	***12,578,672***	***0***	***67,957,323***
TOTAL REVENUE LESS EXPENSES	***(1,567,416)***	***(3,028,071)***	***39,855***	***147,598***	***48,373***	***(4,359,662)***	***(369,586)***	***(761,345)***	***(1,130,930)***	***2,433,906***	***(3,056,688)***
Net Assets from prior years	*11,387,299*	*(8,447,380)*	*6,870,552*	*93,290*	*117,837*	*10,021,598*	*25,517,626*	*9,189,002*	*34,706,628*	*4,348,508*	*49,076,734*
Interest attributed	*1,740,000*	*1,160,000*				*2,900,000*	*600,000*	*1,100,000*	*1,700,000*	*(4,600,000)*	*0*
TOTAL NET ASSETS CUMULATIVE	***11,559,883***	***(10,315,451)***	***6,910,407***	***240,888***	***166,210***	***8,561,936***	***25,748,040***	***9,527,657***	***35,275,698***	***2,182,414***	***46,020,046***