EnergyTrust of Oregon, Inc.

Finance Report

May 7, 2007

The Finance Committee met at 3:30 pm on May 7, 2007, with John Klosterman, Debbie Kitchin, Alan Meyer, Margie Harris, Sue Sample and Pati Presnail in attendance. Tom Foley was unable to attend. The committee welcomed Alan to his first finance committee meeting.

Review March 2007 Year-to-Date Financial Statements

Sue presented the financial statements for March 2007, which reflect revenue above budget by $1.6 million in public purpose funding and by $109,000 in interest income. The committee asked Sue to seek explanations for the revenue variances from each utility. Sue said she would contact the utilities and report back.

Other highlights:

- Expenses year to date are below budget by $1.9 million. More than half of the variance comes from underspending in professional services, not atypical for the organization early in the year. Areas of noted shortfalls in professional services spending are:
    - Evaluation services
    - Renewables inspection and project analyses
    - Delayed receipt of auditor's invoices
    - Delayed timing of IT contractors and enterprise architecture study
- Variance in program subcontractor payments of $438,000 results from receiving lower subcontractor invoices than had been projected for the quarter. We received estimates but no invoices from Lockheed Martin, whose local office is converting its financial system to the corporate system, creating significant delays in issuing invoices since the beginning of the year.
- Current program delivery efficiency performance measure (administration plus program support costs) is 4.7%; last year at this time it was 4.9%.

Amending 2007 Budget with Additional Cash Reserve Transfer

Background information on this recommendation was presented to the committee. The need for additional funding in the renewables program has come to light since the budget was approved in March. With the additional revenue received and the additional interest income earned to date, another transfer can be made this year to the renewables program out of available cash reserves without jeopardizing the cash position of the organization. This method is administratively less complex than the approved method of generating funds for renewables program via escrow interest earnings. Staff suggested that the committee recommend adoption of the resolution at the board meeting on Wednesday.

While the committee agreed in principle with the transfer, members discussed several concerns, including:

- Lack of clarity about budget status caused by periodic piecemeal budget amendments
- Where to strike the balance between achieving flexibility to use interest income based on the approved criteria versus using interest income based on contribution to the earnings. The committee asked Sue to resurrect her "back of the envelope" analysis, which shows

that renewables contributed 67% of the balance through delayed spending while requesting only 53% of the distributed proceeds

- Whether to attribute some of the interest earnings to delays in spending of gas funds

Staff continues to recommend maintaining flexibility by not specifically allocating interest earnings based on source but agreed to have Sue's calculations available for board discussion if needed.

Line of Credit

The line of credit is due to be renewed. Sue sent all the information to Randy Sell at the Bank of Cascades and is awaiting documents for signature. [The documents were signed and returned to the bank on May 10.]

Meetings

John asked about the schedule for upcoming meetings. The revised schedule is as follows:

July 16	3:30 pm
September 10	3:30 pm
October 8	3:30 pm
November 5	3:30 pm
December 3	3:30 pm

The meeting adjourned at 4:20 pm.