EnergyTrust of Oregon, Inc.

Finance Report

June 30, 2007

Review June 2007 year to date financial statements

Balance Sheet and Cash Flow Statements

Nothing unusual; Energy Trust continues to build cash balances over year with significant expenditures occurring late in 2007. Expect to finish 2007 with a little over $50 million in cash and escrows.

Income Statements

Overall

Variances are generally improving this month over the previous months, with expenditures tracking more closely to budget. The residential sector (existing homes) is overspending its gas budget which is a positive program outcome. Revised revenue forecasts from the electric utilities have been incorporated into the forecasting (but not the budget) for the remainder of the year, but they are not expected to influence future variances significantly. Specific variances are described below.

Revenue

- Public purpose revenue above budget by $2.3 million (7.1% variance)
  - Emails sent to the three primary utilities to seek explanations of variances
    - PGE sent revised forecast for July through December:
      - Reflects adjustments for future residential exchange impact and inclusion of Port Westward; still unclear as to full impact of change in residential exchange calculations
    - PacifiCorp sent revision as well
      - Generally higher than previous forecast $300K; Energy Trust portion approximately $220K.
      - Based on most current information
    - NW Natural did not reforecast
      - Based on prior year's actual customer count and volumes through appropriate rate schedules
      - Next year will try normalized volumes; what would be expected if the weather were normal in every month; should reduce degree of variation
- CRC Revenue under budget by $400 thousand
  - Court ruling on BPA's residential exchange program will increase variances for remainder of year, unless overturned
    - Will only get $550,000 from PGE versus $1,100,000 budgeted
    - Will get nothing from PacifiCorp versus $800,000 budgeted
    - Total year CRC variance expected to be $1,350,000
- Interest income exceeded budget by $344 thousand (30% variance)
  - Higher invested balances than expected; result of reduced spending and more revenue
  - Offset partially by actual interest rates coming in slightly lower than budgeted

Expenses

- Expenses overall below budget by $3.8 million (17.4% variance from budget)
    - By line item
        - Program management, delivery, marketing $842 thousand (22% of expense variance)
            - Delivery primarily in commercial sector, then residential, then industrial
            - PMC marketing variance primarily in residential sector
        - Incentives $730 thousand (19% of expense variance) Declining variance from prior month
            - Commercial sector (80% of incentive variance)
                - New buildings—staff shortage impeding project completions
                - Existing buildings—temporary delay in project completions
            - Industrial sector (63.5% of incentive variance)
                - Reflects shift of a major project from April to July
            - Overspent in residential sector (-133.5% of incentive variance)
                - Spring lighting and washer campaigns going better than expected
                - Retrofit projects also much better than expected
            - Renewable energy (90% of incentive variance)
                - Primarily solar
        - Professional services $1.8 million (46% of expense variance)
            - Evaluations—delays in scheduling of some large evaluations
                - EB, NB and PE—work expected to begin in August
                - EH—work just began in June
            - Renewables inspection and project analyses
            - Delayed contracting of IT consultants resulting from delay in letting of contract for enterprise architecture study and its results
            - Administrative units-postponement of analysis and implementation based on study results and system evaluations
    - By division
        - Energy efficiency
            - 2.5 million under spent from budget (13.5%)
                - Electric efficiency under spent $3.1M
                - Good news-gas efficiency over spent $600K
        - Renewable energy
            - $1.3 million under spent from budget (41%)—solar, wind and biopower programs

- Program delivery efficiency (administrative costs plus program support costs)
    - 5.4%, budgeted at 8.1%; performance measure is 11.0%
    - Last year in May was 5.5%