EnergyTrust of Oregon, Inc.

Finance Report

July 31, 2007

Review July 2007 year to date financial statements

Balance Sheet and Cash Flow Statements

In anticipation of the termination of our lease (and sublease) at our old office location, Energy Trust sold the remaining cubicle office furniture located there in July. The buyer was one of the sublessee nonprofit organizations in the space, which made the transition logistically and administratively simple. The furniture had been fully depreciated at the time of sale. Energy Trust therefore recognized a small gain of $2,000 on the sale. Subsequent to the actual termination, Energy Trust also expects to receive a refund of the rent deposit paid for that location. Other than this, the balance sheet and cash flow statements for July reflect relatively normal transactions.

Energy Trust continues to build cash balances over the year with significant expenditures occurring late in 2007. We expect to finish 2007 with a little over $56 million in cash and escrows.

Income Statements

Variances are generally improving modestly this month over the previous months, with expenditures tracking a little more closely to budget. The residential sector (existing homes) is continuing to overspend its gas budget; however the variance is expected to come more in line with budget by year end. 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 $2.4 million (6.5% variance). The forecasted year end variance is expected to be less than this based on information provided by the utilities:
    - PGE 2007
        - EE budgeted revenue $22.3M, current forecast $23.7M
        - RE budgeted revenue $6.7M, current forecast $7.0M
    - PacifiCorp 2007
        - EE budgeted revenue $15M, current forecast $15.6M
        - RE budgeted revenue $4.5M, current forecast $4.7M
    - NW Natural
        - EE budgeted revenue $9.3M, current forecast $9.7M
    - Cascade
        - EE budgeted revenue $.9M, current forecast $.9M
    - Avista
        - EE budgeted revenue $.3M, current forecast $.2M
- Conservation rate credit revenue variance will continue throughout year
    - Court ruling on BPA's residential exchange program will increase variances for remainder of year, unless overturned
    - Only received $550,000 of budgeted $1.1M in PGE revenue
    - Received none of budgeted $800,000 revenue from PacifiCorp
    - Not incurring/reporting any CRC related expenses for either utility
- Interest income exceeded budget by $450 thousand (33% variance)
    - Higher invested balances than expected; result of reduced spending and more revenue

Expenses

- Expenses overall below budget by $4.6 million (17.1% variance from budget)
    - By line item
        - Program management, delivery, marketing $862 thousand (19% of expense variance)
            - Delivery primarily in commercial sector, then residential, then industrial. PMC marketing variance (underspent) primarily in residential sector where incentives are currently over budget. PMC marketing in the commercial sector exceeds budget in an effort to improve savings attainment
        - Incentives $1.2 million (27% of expense variance)
            - Commercial sector (41% of incentive variance)
                - New buildings—staff shortage impeding project completions
                - Existing buildings—temporary delay in project completions
            - Industrial sector (61% of incentive variance)
                - Reflects shift of payment of a major project from April to August
            - Overspent in residential sector (-73% of incentive variance)
                - Spring lighting and washer campaigns going better than expected
                - Retrofit projects also much better than expected
            - Renewable energy (71% of incentive variance)
                - Primarily solar where expenditures for incentives are below budget primarily due to decisions by businesses to delay installations until legislation to increase the state Business Energy Tax Credit from 35% to 50% was enacted. In PGE service territory new caps and new incentive offerings are being implemented to improve uptake
    - Professional services $2.0 million (42% 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 still delayed
        - 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
            - 3.0 million under spent from budget (12.8%)
                - Electric efficiency under spent $3.6M
                - Good news-gas efficiency over spent $650K
        - Renewable energy
            - $1.6 million under spent from budget (44%)—solar, wind and biopower programs
- Program delivery efficiency (administrative costs plus program support costs)
    - 5.5%, budgeted at 8.1%; performance measure is 11.0%
    - Last year in July was 5.7%. Last month's rate was 5.4%.