EnergyTrust of Oregon, Inc.

Finance Report

October 31, 2007

The finance committee met at 3:30 pm on October 31, 2007, with John Klosterman, treasurer; Debbie Kitchen, board member; Alan Meyer, board member; Margie Harris, executive director (and Tina Turner), Sue Sample, CFO; and Pati Presnail, controller, Steve Lacey, director of energy efficiency, in attendance. Tom Foley was not able to attend.

Draft 2008 Budget and Action Plan

Margie offered the draft budget presentation she will provide to the board on November 14th. Her presentation identified the groundswell of activity she is seeing in the industry and the impacts this is having on the Energy Trust. Our growth is an indication we are making a greater contribution and having a bigger impact. Our role in the market is likely to shift as we begin pursuing harder to obtain savings and generation. The 2008 budget reflects that change. She also identified the potential impact increased funding from SB 838 could have on the organization both in growth and volume.

Highlights for Energy Efficiency:

- Forecasted to exceed best case electric goals for 2007
- 2008 electric goals budgeted to be lower with more market development, outreach and customer care required; also no mega-project identified at this time
- Forecasted to exceed conservative gas goals, acquiring 93% of the best case goal for 2007.
- 2008 gas savings adjusted to reflect downturn in new housing starts; work continues on new technologies; savings results fairly level with 2007 forecasted results
- Increased emphasis focused on the commercial sector for both gas and electric, in keeping with resource assessment

Highlights for Renewable Energy:

- Forecasted results for 2007 are expected to be 77.3 aMW, exceeding the accounting based goal by 67% and short of the activity based goal by the same percentage; this is primarily because of a utility scale project withdrawn by Pacific Power late in the year and a shortfall of wind turbines
- 2008 reflects growth in volume and demand across all renewable programs (with the exception of utility scale, which winds as we transition to projects 20MW or less)
- Focus on emerging opportunities and expansion into new markets
- Focus on meeting customer expectations

OPUC Financial Performance Measures

- Administrative plus program support
  - Forecasted 2007 rate to be 6.1%
  - Budgeted 2008 rate 8.1%
  - Benchmark is 11%; stretch goal is 9%
- Levelized cost
  - Margie discussed the potential for a change in the discount rate to more closely align with the utilities' rates; this would increase levelized costs

- Debbie believes the rate should remain at 3% to reflect the Energy Trust's status as a nonprofit organization rather than a utility
- The subject is still under discussion with the OPUC; it is expected to be resolved with the finalization of the remaining Energy Trust performance measures this winter

Other

- Management and General to continue focus on process improvements primarily in IT
- Communication and Outreach to focus on cross-program integration, customer service and support efforts
- Proposed conversions of contracted positions to FTE and requests for new FTE linked to the Moss Adams study, increased volume of activity and changes stemming from the Renewable Energy Act were also identified

The committee made several suggestions to help clarify the budget presentation and materials.

August and September Financial Statements

Sue asked if any of the committee members had questions about the financial statements submitted to them by email. Alan asked about a performance measure discrepancy which was clarified, and there were no other questions. The committee indicated that the summarization report was very helpful in identifying areas where attention is warranted.

2008 Finance Committee Calendar

The committee discussed the proposed finance committee calendar for 2008. The proposed cancellation of the January meeting was approved. The proposed change in the October meeting will be finalized later next year. Should there be a need to re-budget in the Spring, a meeting in February may be scheduled.

Other News

- Utility Energy Efficiency Plans - Margie provided a brief update on the Energy Efficiency Plan tariff filings. PGE filed their plan on October 26. According to OPUC staff, the process may require additional time for review and approval, including a public hearing process on an open docket. Pacific Power is expected to file their tariff by the end of this week. Depending upon the timing for approval of the proposed plans and corresponding tariffs, this may require Energy Trust to re-budget twice to reflect anticipated additional revenue for energy efficiency from both utilities.

- Committee Role and Contribution - John asked if staff was getting what they needed from the Board members of the committee. Sue and Margie indicated that staff does get great feedback from the committee in their review and questions. Staff appreciates the thorough review the committee provides. Margie asked if the committee members were getting what they needed from staff in order to fulfill their duties. The committee confirmed they are.

The meeting adjourned at 4:45 pm.