EnergyTrust of Oregon, Inc.

Finance Report

August 31, 2007

Review August 2007 year to date financial statements

Balance Sheet and Cash Flow Statements

In the August balance sheet the most significant item of note is the change in prepaid expenses. The largest component of this represents the advance purchase CFL bulbs to be used in PECI's "Fall Change a Light" CFL Twister promotion. Approximately $400,000 of the increase in that account is derived from this payment. The prepaid amount will be reduced as the CFL bulbs are actually distributed. Otherwise the balance sheet accounts reflect normal monthly activity. 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. Of that amount, about $6 million is anticipated to be reserved in escrow accounts.

Income Statements

With the exception of PGE, public purpose revenues for the month tracked pretty closely with budget. Collections in excess of budget in PGE service territory more than offset the shortfall from the loss of CRC revenue for the month. On a year to date basis total revenue continues to exceed budget by about $2.2 million, with PGE representing $1.9 million of that variance. Their previous forecasts did not include the additional collections for the residential rate credit reversed earlier this year.

Variances continue to modestly improve this month over the previous months, with both total revenues and total expenditures tracking more closely to budget. The residential sector (existing homes) is continuing to overspend its gas budget; however than 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.

Revenue

- Public purpose revenue above budget by $2.7 million (6.6% variance).
  - PGE 2007 YTD August
    - EE revenue variance $1.6 million
    - RE revenue variance $.3 million
  - PacifiCorp 2007 YTD August
    - EE revenue variance $.4 million
    - RE revenue variance $.1 million
  - NW Natural YTD August
    - EE revenue variance $.3 million
  - Cascade YTD August
    - EE revenue variance .003 million
  - Avista YTD August
    - EE revenue variance $.06 million
- Conservation rate credit revenue variance will continue throughout year
  - Currently below budget by $1 million
  - 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 $546 thousand (35% variance)
  - Higher invested balances than expected; result of reduced spending and more revenue

Expenses

- Expenses overall below budget by $4.6 million (14.4% variance from budget)
  - By line item
    - Program management, delivery, marketing $911 thousand (19.6% of expense variance)
      - Delivery primarily in commercial sector, then industrial and residential. PMC marketing variance (underspent) primarily in residential sector where incentives are currently over budget. PMC marketing in the commercial sector continues to exceed budget in an effort to improve savings attainment
    - Incentives $.8 million (18% of expense variance)
      - Commercial sector (69% of incentive variance)
        - New buildings—overspending incentives offsetting shortfall in existing buildings
        - Existing buildings—temporary delay in project completions
      - Industrial sector (24% of incentive variance)
        - Reflects shift of payment of a major project from April to August
      - Overspent in residential sector (-106% of incentive variance)
        - Spring lighting and washer campaigns continuing to go better than expected
        - Retrofit projects also much better than expected
        - New home construction underspending due to market conditions
      - Renewable energy (113% 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 $2.2 million (48% 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
      - 2.8 million underspent from budget (10%)
        - Electric efficiency under spent $3.6M
        - Continued good news-gas efficiency over spent $.8M

        - Renewable energy
            - $1.8 million under spent from budget (43%)—solar, wind and biopower programs
- Program delivery efficiency (administrative costs plus program support costs)
    - 5.6%, budgeted at 8.1%; performance measure is 11.0%
    - Last year August was 5.9%. Last month's rate was 5.5%.