EnergyTrust of Oregon, Inc.

Finance Report

September 30, 2007

Review September 2007 year to date financial statements

Balance Sheet and Cash Flow Statements

The most significant item of note in the September balance sheet is the change in Advances to Vendors which represents our normal quarterly advance payment to NEEA. Last month's prepaid advance purchase of approximately $400,000 for CFL bulbs to be used in PECI's "Fall Change a Light" CFL Twister promotion remains in that account. The prepaid amount will be reduced as the CFL bulbs are actually distributed; the first report of that usage will arrive in October. Otherwise the balance sheet accounts reflect normal monthly activity.

Cash and investment balances declined slightly in September. We expect to finish 2007 with a little under $65 million in cash and escrows. Of that amount, about $18 million is anticipated to be reserved in escrow and board designated accounts. Staff are currently in the process of forecasting all year end costs (normal forecasts only include incentives) to give us a better perspective of where we will finish the year from a cash perspective.

Income Statements

With the exception of PGE, public purpose revenues for the month tracked pretty closely with budget again this month. 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 $2.4 million, with PGE representing $2.3 million of that variance. PGE's previous forecasts did not include the additional collections for the residential rate credit decision which was 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 still expected to come more in line with budget by year end..

Revenue

- Public purpose revenue above budget by $3.2 million (6.9% variance).
  - PGE 2007 YTD August
    - EE revenue variance $1.9 million
    - RE revenue variance $.4 million
  - PacifiCorp 2007 YTD August
    - EE revenue variance $.5 million
    - RE revenue variance $.2 million
  - NW Natural YTD August
    - EE revenue variance $.3 million
  - Cascade YTD August
    - EE revenue variance .005 million
  - Avista YTD August
    - EE revenue variance - $.07 million
- Conservation rate credit revenue variance will continue throughout year
  - Currently below budget by $1.35 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 $637 thousand (37% variance)
  - Higher invested balances than expected; result of reduced spending and more revenue

Expenses

- Expenses overall below budget by $5.9 million (15.5% variance from budget)
  - By line item
    - Program management, delivery, marketing $828 thousand (14.1% 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 $1.8 million (31% of expense variance) Forecasted to be about 12% below budget by year end., but with all EE programs exceeding conservative goals and most exceeding best case electric goals. Expect to achieve conservative case gas goals, except in new homes.
      - Commercial sector (45% of incentive variance)
        - New buildings—overspending incentives offsetting shortfall in existing buildings
        - Existing buildings
          - BTO-pilot project $160K from delays in project completions
          - Existing buildings-although underspent, program doing well in acquiring savings through lighting projects. Buildings in market transition are not doing expensive mechanical projects
      - Industrial sector (11% of incentive variance)
        - Program focusing on rebuilding pipeline and creating future commitments; forecasted to come in below budget at year end by approximately $1.6 million
      - Overspent in residential sector (-14% of incentive variance)
        - Spring lighting and washer campaigns continuing to go better than expected
        - Retrofit projects also much better than expected, particularly in gas projects
        - New home construction underspending due to market conditions
      - Renewable energy (58% 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. Secondarily in Wind, where feasibility studies are lagging.

- Professional services $2.5 million (43% of expense variance)
    - Evaluations—delays in scheduling of some large evaluations
        - EB, NB and PE—work beginning in Fall
        - EH—work 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
        - $3.9 million underspent from budget (12%)
            - Electric efficiency under spent $4.5 million
            - Continued good news-gas efficiency over spent $.6 million
    - Renewable energy
        - $2.0 million under spent from budget (40%)—solar, wind and biopower programs

- Program delivery efficiency (administrative costs plus program support costs)
    - 5.7%, budgeted at 8.1%; performance measure is 11.0%
    - Last year September was 5.9%. Last month's rate was 5.6%.