EnergyTrust of Oregon, Inc.

Finance Report

February 29, 2008

Review February 2008 year to date financial statements

Balance Sheet and Cash Flow Statements

The most significant change on February's balance sheet is the increase in cash, which almost mirrors the net income for the month. Other changes included 1) a decrease in accounts payable reflecting the payment of incentives for some projects completed in January 2008 and 2) a full month's NEEA expense of $278k.

Income Statements

- Budget to actual variances in this report are based on the budget approved by the Board in December 2007 and therefore do not reflect changes scheduled to be incorporated in the revised budget to be presented to the Board on April 9th.
- Public purpose revenues year to date varied only 3% from budgeted amounts.
- February year to date expenses were approximately 57% of budget. The major variances are described below.

Revenue

Public Purpose Revenue

Public Purpose Revenue		Over Budget	Under Budget	Total Over/ (Under)	% over/(under) budget
PGE					
	Energy Efficiency	182,633	-	$ 182,633	4%
	Renewable Energy	10,572	-	10,572	1%
PacifiCorp					
	Energy Efficiency	76,158	-	76,158	2%
	Renewable Energy	18,148	-	18,148	2%
NW Natural		55,059	-	55,059	2%
Cascade		27,498	-	27,498	9%
Total		$ 370,068	$ -	**$ 370,068**	**3%**

Interest income tracked closely to budget (1% difference) and is below budget reflecting the decline in interest rates experienced in the past few months. The revised budget adjusts for a reduction in those rates.

Expenses

Overall Expenses: below budget by $5.3 million (43% under budget)

Program Management, Delivery & Marketing (4% of expense variance)

Prog Mgmt, Deliv & Mktng		Over Budget	Under Budget	Total Over/ (Under)	% over/(under) budget
Energy Efficiency					
	Residential	$ -	$ (170,979)	$ (170,979)	(9%)
	Commercial	-	(39,910)	(39,910)	(4%)
	Industrial	-	(23,031)	(23,031)	(4%)
Renewable Energy					
	Biopower	-	-	-	0%
	Open Solicitation	-	(10,000)	(10,000)	(100%)
	Solar	-	(4,193)	(4,193)	(64%)
	Utility Scale	-	-	-	0%
	Wind	-	(1,562)	(1,562)	(52%)
Total		$ -	$ (249,675)	**$ (249,675)**	**(7%)**

Incentives (82% of expense variance)

Incentives	Over Budget	Under Budget	Total Over/ (Under)	% over/(under) budget
Energy Efficiency				
Residential	$ 518,142	$ -	$ 518,142	116%
Commercial	248,452	-	248,452	75%
Industrial	-	(38,780)	(38,780)	(11%)
Renewable Energy				
Biopower	-	(185,326)	(185,326)	(85%)
Open Solicitation	518	-	518	100%
Solar	-	(1,131,391)	(1,131,391)	(87%)
Utility Scale	-	(728,833)	(728,833)	(100%)
Wind	-	(3,056,100)	(3,056,100)	(100%)
Total	$ 767,112	$ (5,140,430)	**$ (4,373,318)**	**(68%)**

- **Residential** – There was a big uptake in specialty bulbs in January and February that is reflected in the revised 2008 budget. Additionally, January and February showed much stronger interest in new homes than was originally anticipated. In existing homes, the incentive curve used did not adequately reflect heating season activity for the first two months. That has also been adjusted in the revised budget.
- **Commercial** – Project completion rates were higher than anticipated in all service territories except for Cascade. A large number of foodservice projects were completed particularly in the NW Natural service territory.
- **Solar** – Delays in incentives are being experienced due to contractors spending time "selling" rather than installing. The selling will continue to be ramped up through mid-year due to the upcoming expiration of the 30% federal tax credit. The program is still forecasted to spend its full incentive budget by year end, but the expenses will be very heavily weighted toward the end of the year.
- **Utility Scale** – Pacific Power's GoodNoe Hills wind project has run into delays. As such, incentives will not begin until mid-year, with variances increasing between now and June. Payments are expected to be completed by year end.
- **Wind** – For community wind, an indefinite delay has occurred on a project for which major payments were anticipated in all 3 months of Q1 2008. And two projects have decided not to go forward after all. Small wind projects are coming in, but just slower than anticipated.

Professional Services (8% of expense variance)

Professional Services	Over Budget	Under Budget	Total Over/ (Under)	% of total
Evaluation & Planning	$ -	$ (138,491)	$ (138,491)	32%
Marketing	-	(98,557)	(98,557)	23%
Energy Efficiency	-	(93,045)	(93,045)	22%
Renewables	-	(77,410)	(77,410)	18%
Other	-	(19,747)	(19,747)	5%
Total	$ -	$ (427,250)	**$ (427,250)**	**100%**

- **Evaluation & Planning** – Due to the nature of evaluation and planning activities, it is most meaningful to evaluate the budget variances on a cumulative basis after several months. Some projects are accelerating later than expected and others are still being considered or refined as circumstances change and needs become more clearly defined.
- **Marketing** – The largest variance is related to Media Ads for which the timing cannot be accurately predicted at the point the budget is created. Budgeted amounts for the year as a whole are still expected to be on target.
- **Energy Efficiency** – The variances are scattered throughout the programs and are due to timing differences.
- **Renewables** – The delays in project activity has decreased the current need for some anticipated professional services. The precise timing of the individual payments is very difficult to predict, but the work will is still expected by to be completed.

By Division -Total Expenses

By Division	Over Budget	Under Budget	Total Over/ (Under)	% of total
Energy Efficiency				
Electric	$ -	$ (452,651)	$ (452,651)	9%
Gas	573,328	-	573,328	(11%)
Renewable Energy				
Biopower	-	(246,492)	(246,492)	5%
Open Solicitation	-	(35,057)	(35,057)	1%
Solar	-	(1,199,148)	(1,199,148)	23%
Utility Scale	-	(752,245)	(752,245)	14%
Wind	-	(3,191,577)	(3,191,577)	60%
Total	$ 573,328	$ (5,877,170)	**$ (5,303,842)**	**100%**

Program delivery efficiency (administrative costs plus program support costs)

- 4.9%, budgeted at 8.1%; performance measure is 11.0%
- Last year February was 4.9%. Last month's rate was 5%.