EnergyTrust of Oregon, Inc.

Finance Committee Notes

May 29, 2008

The finance committee met at 2:00 pm on May 29, 2008, with John Klosterman, treasurer; Debbie Kitchin, secretary; Dan Enloe, board member, Margie Harris, executive director, Sue Sample, chief financial officer, and Pati Presnail, controller in attendance. John Reynolds was not able to attend.

April 30, 2008 financial statements

Sue presented the April 2008 financial statements. The budget-to-actual comparisons for this report continue to be based on the budget approved by the Board on April 9.

Revenues are tracking very closely with budget so far this year with an overall 2% variance, same as the prior month. The negative variance in PGE renewables revenue is a result of how self-direct revenue is treated for renewables projects.

Expenditures were 42% short of what was budgeted with the bulk of that shortfall (80%) in incentive payments. The majority of that variance is housed in the renewable energy programs where the Goodnoe Hills project was delayed and where community wind projects are impacted by the shortage of wind turbines and available financing. Payment for Goodnoe Hills is still expected sometime around mid-year. There will likely be a board resolution in June to transfer some of the available Wind program funding to the Solar program where demand is particularly high.

John questioned the performance measure for program support and administrative costs. He questioned whether our low actual experience (4.7%) as compared to our performance measure (11%) would cause any issues. Margie responded that the measure is set by the OPUC and is a minimum measure. Our stretch goal is 9%. The board could choose to develop an alternative metric, or perhaps an even lower rate to measure our performance. Because the current rate is based on revenue, the increases we've seen this year have kept the rate low on a percentage basis.

Request to produce finance report summarization quarterly rather than monthly

Margie brought up the issue of variance reporting and described how the variance explanations seem to add little value, especially in the renewables arena. After some discussion the committee determined to limit the variance analysis to that provided quarterly in the report to the Board and the OPUC.

The committee will also try scheduling its meeting around those report review opportunities, but will continue to receive the monthly financial statement package.

Investment clarification

In response to John's request, Sue provided a narrative description of the investments currently held by Energy Trust at Bank of the Cascades. She also provided the committee with some materials offered by the bank. The narrative follows:

Energy Trust holds its investments in two primary vehicles, based on the board approved investment policy:

CDARS (Certificate of Deposit Account Registry Service)

The program provides a way for Bank of the Cascades to satisfy large-dollar depositors who are looking for the convenience of dealing with a single institution for all of their CD purchases and the assurance of 100% FDIC coverage for total deposits over $50 million. When we place a large amount with BotC into CDs issued by other banks in the network, in increments up to $100,000, both our principal and interest are eligible for complete FDIC protection. The advantages to the Energy Trust are as follows:

- Community reinvestment. Deposits can support lending opportunities throughout Oregon that foster a stronger community
- No investment management fees
- 100% FDIC Insured
- One interest rate, one account statement, one Form 1099 at year end.

As of April 30, 2008, Energy Trust had $48.8 million in non-escrowed laddered CDARS investments and $10.4 million in laddered escrowed CDARS investments.
An FDIC insured deposit is considered one of the most safe and secure investments available because depositors are guaranteed the preservation of their funds by the Federal Deposit Insurance Corporation. The average yield for our CDARS investments is 2.2164%. This is a straight average.

Federated Treasury Obligations Fund

This mutual fund is the most conservative investment sweep product Bank of the Cascades offers. The Treasury Obligations Fund is Aaa Moody's rated and AAA Fitch Rated and is backed by US Treasuries and Repurchase Agreements. Treasuries and Repurchase Agreements are considered two of the most conservative securities investments available. This investment is not FDIC insured, but it does meet the conservative investment policy of Energy Trust intended to minimize the risk of loss of principal. In April the yield for this fund was 1.68% and our balance at month end was $17.6 million.

For use in comparison, Treasuries under six months are about 1.7% right now.

Other topics

Economic impact

Margie and the committee discussed the implications of the current economic climate, brainstorming ideas about how the economic downturn might impact participation in Energy Trust programs.

Next Meeting

The next Finance Committee meeting is scheduled for May August 11, 2008 at 3:30 pm.

The meeting adjourned at 3:00 pm.