EnergyTrust of Oregon, Inc.

Finance Committee Notes

December 1, 2008

The finance committee met at 3:40 pm on December 1, 2008, with John Klosterman, treasurer; Debbie Kitchin, secretary; Dan Enloe, board member, John Reynolds, board chair, Margie Harris, executive director, Sue Sample, chief financial officer, and Pati Presnail, controller in attendance.

October 31, 2008 Financial Statements

Sue asked for any questions or comments about the October financial statements which were provided via email. John K. brought up the continuing issues of underspending in certain categories and suggested that staff be encouraged to complete the projects included in the budget next year. Shortfalls continue to be evident in incentives, professional services and staffing costs. He also noted the cash balances by the end of 2009 are expected to fall to a lower but manageable level. Dan suggested that he'd like to see more spending focused on incentives in energy efficiency. The committee continued to acknowledge that economic factors will continue to have a strong impact on our financial and savings/generations results.

Proposed Final 2009-2010 Budget

Budget

Because of timing issues, the offsite members of the committee were not provided with copies of the latest draft budget revisions. Sue highlighted the difference between versions. Work is continuing with staff on resolving some remaining issues with the 2010 budget information. The variances between 2009 versions are relatively small:

- Additional $1.7 million in electric efficiency spending
- Reduction of $.4 million in gas efficiency spending
- Reduction of .5 aMW in electric efficiency savings
- Reduction of 42K annual therms gas efficiency savings
- Additional $.4 million in renewable energy spending (activity basis)
- No change in renewable energy generation

The major changes (albeit relatively small) reflect an increase in the residential existing homes program and a reduction in the commercial new buildings program. Revenues were slightly reduced to reflect the utility forecast information. Compliance continues with the performance measures, although the rate for administrative and program support costs has increased to 8.4% in this version. This is still below both benchmarks.

Staffing

Margie described the additional staffing assumed in both the draft and proposed final budget. A total of 6 ½ positions are added, with 2 ½ of those positions already represented by ongoing contracted staff. The remaining four positions would be new. Margie described the positions and provided the committee with both verbal and written position justifications. The committee felt the additions were reasonable as resources required to complete the additional work Energy Trust has planned. They did not want the Board to be in the position of approving budget line item details.

Presentation

Debbie asked about comments received on the budget so far. (The deadline for comments is Dec. 4th.) So far only WISE has officially commented on the draft budget and their primary concern references the

amount earmarked for multifamily incentives. The committee suggested that the presentation of the proposed final budget focus on the changes between drafts, but primarily on the comments received and Energy Trust's response and incorporation of those comments in the budget and action plan.

3rd Quarter OPUC/Board Report

Margie asked for questions regarding the quarterly report (also provided via email). She presented this document to the OPUC at the same time as the formal OPUC budget hearing last week and it was well received. The committee had no additional comments.

Interest Income Allocation

This agenda item was added based on an email exchange with Lori from the OPUC about the attribution of interest income to the various utility sources. The contracts with the gas utilities provide that interest/investment income earned on funds received be considered revenue to Energy Trust. However, the OPUC would prefer to see that this income be attributed to the ratepayers of the utilities from which it was derived. To resolve this issue, Energy Trust will note the estimated interest/investment income attributed to each utility at the time a request is made to the Board for use of those funds. Those amounts will be described as part of the resolution requesting the transfer. If there are not sufficient funds available from the sources, such a request will not be made.

Next Meeting

The next Finance Committee meeting is scheduled for Tuesday, February 17, 2009 at 3:30 pm.

The meeting adjourned at 4:40 pm.