MARKET INDICATORS REPORT

ENERGY TRUST PROGRAMMATIC INDICATORS:

Existing Homes Report

- Field staff completed 836 Home Energy Reviews in May, which marks a continued increase from March and April, as well as May of last year.
- The Contact Center answered 2,870 inbound calls in May 2009:
  ↑ 31% from 2,197 calls answered in May 2008.
- The PMC completed 7 Multifamily projects in May, and established a pipeline of an additional 73 projects.
- The Multifamily energy savings projections in the pipeline for 2009 are expected to reach over 4 million kWh and over 31,000 therms, and incentive payments are forecasted at $626,027.

New Homes Report

- Expectation of housing permits—which have remained down 80% since their 2005 high—to stay low through the next six months.
- The number of new housing permits pulled in Oregon has increased week over week in May, though this improvement is not enough to offset the year over year decrease in the market.
- National Association of Home Builders approximates a ten month inventory of new homes to be sold in the current market. Most favorable sellers market is generally associated with five month inventory; hence we are seeing overcrowded market conditions less favorable to sellers.
- National Association of Home Builders expects a gradual increase in housing starts at the end of 2009 and into 2010.

New Commercial Buildings Report

- The value of all new construction starts (including residential and non-building construction) increased 7% in May, after dropping 1% in April.
- The Dodge Index of New Construction Starts shows that non-residential building is down 35% year to year in May.
- From Dodge, Oregon added $108.3 million in new contracts for new, addition, and major alteration projects, compared with $216.3 million in May 2008.
- From Dodge, the value for Oregon commercial construction projects is down 29% cumulative for 2009.
- The forecast for non-residential construction in Oregon shows an increase of 3% in 2009 and again by 3% in 2010.
- Robert A. Murray, Vice President of Economic Affairs at McGraw Hill Construction forecasts that, nationally, while single-family housing and public works projects are starting to recover, this gain in the building market will be countered by further weakness for new commercial, manufacturing, and institutional buildings.
- Oregon Economic and Revenue Forecast for May 2009 predicts construction employment will decrease annually by 18.3% in 2009, and 9.0% in 2010.

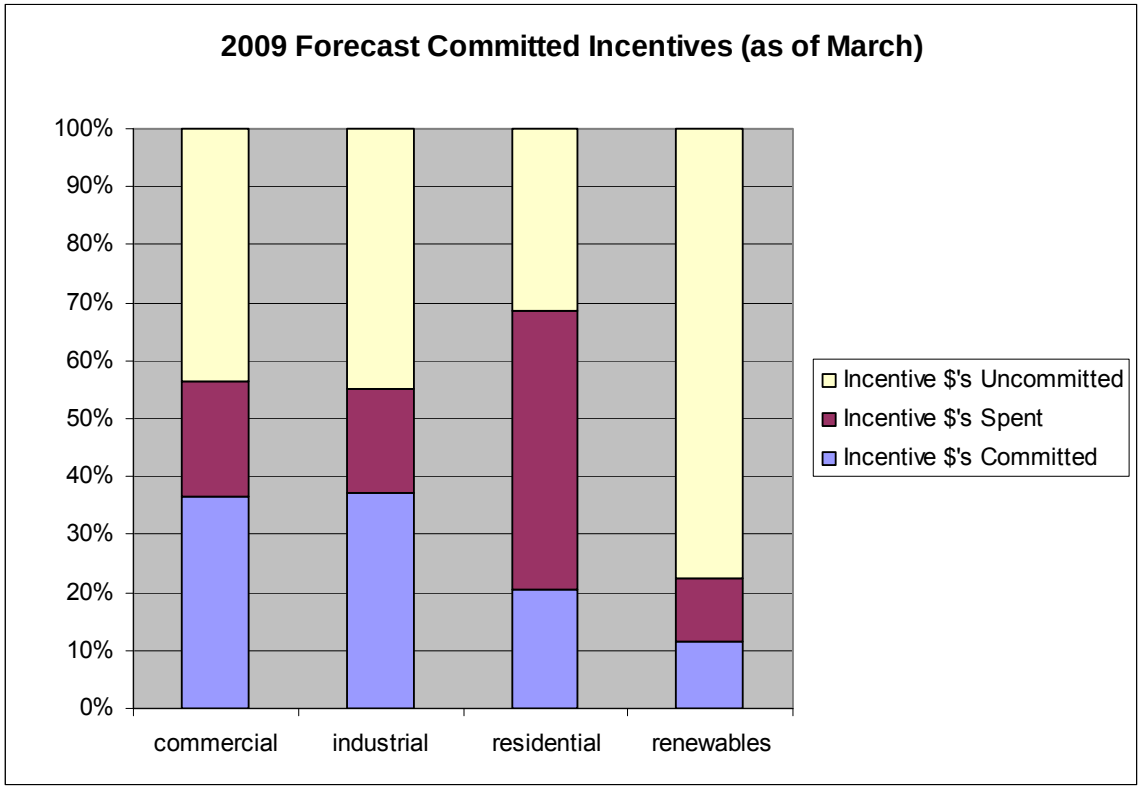
Production Efficiency Update

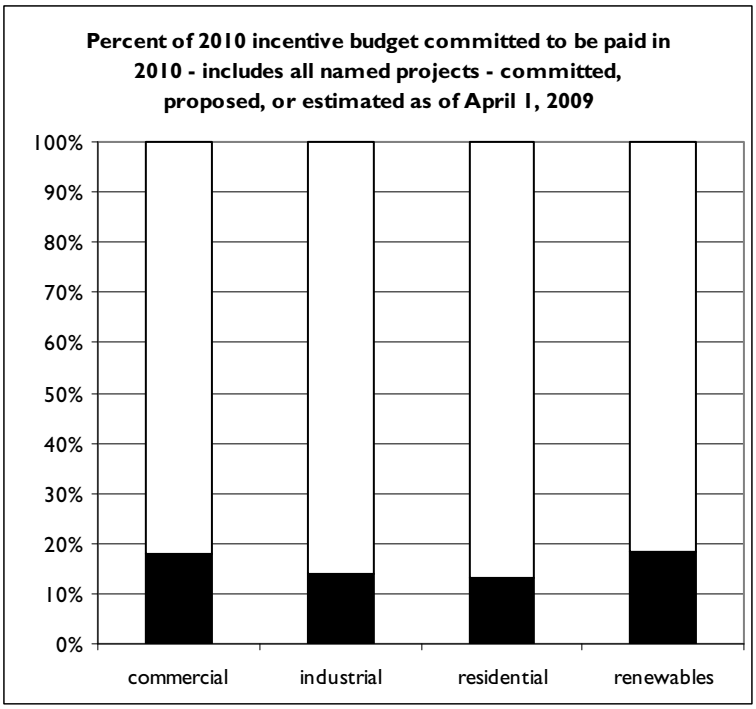
- The effect of the recession has disproportionately affected the wood products industry, especially in southern Oregon, who have been a direct casualty of the

crisis in the housing markets. This impact is apparent in program activity trends. Historically, wood products have represented 30-40% of all program savings.

- In 2009, a number of committed projects in the sector have been canceled due to plant closures and new program activity in wood products is falling behind activity in 7 other sectors, including notable increases in activity in high tech, food products and agricultural irrigation.
- Requests for studies have held steady between 2008 and 2009, with approximately 2 studies per week initiated. In the sectors with increasing activity, participants have expressed that they are taking advantage of this period of slower production and the staff time they have available to engage in these efforts and to implement projects, in preparation for the full recovery they are expecting in 2010.
- This same reasoning has been expressed by the participants in the program's Industrial Energy Improvement pilot, who are using this time to dedicate valued staff's time to training on energy management systems.

Forecast Committed Incentives





MACROECONOMIC DATA

University of Oregon Index of Leading Economic Indicators

Table 1: Summary Measures	**2008**	**2009**				
	Dec	Jan	Feb	Mar	April	May
U of O Index of Economic Indicators (1997 = 100)	86.1	86.3	85.5	84.8	85.1	85
% Change	-2.8	0.2	-1	-0.7	0.3	-0.1
Diffusion Index	7.1	64.3	28.6	28.6	57.1	57.1
6 Month % Change, Annualized	-12.8	-11	-11.1	-11.8	-9.4	-8
6 Month Diffusion Index	14.3	14.3	14.3	14.3	0	21.4
Table 2: Index Components	**2008**	**2009**				
	Dec	Jan	Feb	Mar	April	May
OR Initial Unemployment Claims, SA	15,504	13,865	14,679	13,820	12,564	12,308
OR Employment Services Payrolls, SA	28,959	29,833	28,809	27,870	27,134	26,836
OR Residential Building Permits, SA, 5 MMA	872	947	918	836	766	672
OR Weight Distance Tax, $ Thousands, SA, 3 MMA	18,661	18,387	17,747	17,424	18,285	17,441
U of Michigan US Consumer Confidence, 5 MMA	61.3	60.9	58.1	58	60	61.7
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital goods, $ Millions, SA	35,485	30,978	32,242	31,840	30,935	32,456
Interest Rate Spread, 10 yr Treasury Bonds Less Fed Funds Rate	2.26	2.37	2.65	2.64	2.78	3.11

After increasing by 0.3% in April, the U of O index fell by a slight 0.1% in May. This however, is consistent with a relative stabilization that has occurred over the past three months, seen explicitly in the six month annualized percent change of the index, which has increased from a -11.8% in March to a -8% in May. This stabilization of the index is consistent with improved stability in Oregon's economy; yet falls short of economic recovery or the end of recession. Employment Services Payroll fell in May; however the rate of decline slowed relative to declines in March and April. Consumer Confidence rose in both April and May, consistent with more stability in consumer spending to come. The yield spread—which measures the distance between short and long term interest rates—also continued to improve in May, a commonly interpreted forecast for improved economic conditions in the months to come.

Unemployment

	Oregon (SA)	US (SA)
June 2009	12.2%	9.5%
May 2009	12.2%	9.4%
June 2008	5.9%	5.5%

Oregon's seasonally adjusted unemployment rate stayed at 12.2% in the month of June. While this is not an increase from the month of May, it is still significantly higher than June of 2008. Oregon's seasonally adjusted unemployment rate rose to 12.2% in May from 11.8% in April. The increase in Oregon's unemployment rate from March to May averaged about 0.5%. This was a moderate compared to rapid monthly increases between October 2008 and March 2009, during which the rate of unemployment rose by an average of nearly a full percentage point per month. While non-farm employment payroll fell by 7,600 jobs in June, construction gained an unexpected 3,600 jobs, which is 1,600 more than the average seasonal gain. A break down of the movements in employment for major industries year over year shows:

- Total non-farm employment: 5.6% decrease.
- Total private employment: 6.8% decrease.
- Construction: 16.0% decrease.
- Manufacturing: 14.2% decrease.
    - wood products employment 20.1% decrease.
    - computer & electronic manufacturing: 12.0% decrease.
- Accommodation and Food Services employment: 4.0% decrease.

Despite the bleak economic conditions of the first part of the year, Oregon Labor Market Information Systems reports that the number of "green jobs" in Oregon has reached over 51,000 in number and is expected to increase from 3% to 14% of Oregon's workforce in 2009 and 2010. The industries with the highest forecasted growth in the number of green jobs are industries key to Energy Trust's program and include: farming, fishing, forestry, transportation, and production. Green jobs are defined by the state as providing services or producing products which: increase energy efficiency; produce renewable energy; prevent, reduce, or mitigate environmental degradation; clean up or restore natural environments; or provide education, consulting, policy promotion, or accreditation in any of the above areas.

Consumer Price Index (CPI)

The Consumer Price Index for All Urban Consumers increased 0.3% in May before seasonal adjustment. Over the last 12 months the index has fallen 1.3%. This is the largest decline since April 1950 and is due mainly to a 27.3% decline in the energy index. On a seasonally adjusted basis, the CPI-U increased 0.1% in May after being unchanged in April. The index for all items less-food-and-energy rose 0.1% in May following a 0.3% increase in April; overall increasing 1.8% over the last 12 months.

Percent Changes in CPI for all Urban Consumers (CPI-U) from preceding month:

	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	3 mo. Compound annual rate end May 2009	Unadjusted 12 months end May 2009
All Items	-0.8	0.3	0.4	-0.1	0	0.1	-0.2	-1.3
All Items less Food and Energy	0	0.2	0.2	0.2	0.3	0.1	2.3	1.8

SUMMARY REVIEW

As the University of Oregon Index of Macroeconomics Indicators and Oregon Unemployment data show, we are continuing into recession, but at a decreasing speed. Tim Duy, compiler of the U of O Index stated in his press release June 29, 2009 “The pace of economic deterioration has slowed markedly.” A rise in consumer price index, consumer confidence level, and new orders for core manufactured goods form opposition to increases in unemployment and disappearance of easy-credit practices which lead to barriers for new investment. Lack of investment spending hints that while the recession may be bottoming out, it will not be a quick climb back to the surface.

SYNOPSIS of Recent Market Activity (July 13, 2009)

• InFocus in Wilsonville will expand its job cut plans, bringing its workforce to under 200 as it adjusts to a rapid decline in demand for its digital projectors. *The Oregonian, 7-2-09*.

• Costco Wholesale will build a second store in Clark County, this one in east Vancouver.
In addition to the 154,701-square-foot store, there will be eight fueling islands under a canopy, two adjacent retail buildings, and 745 parking spaces. *The Columbian, 7-8-09*.

• Bankrupt manufactured home company Fleetwood Enterprises Inc. will permanently close its Woodburn manufacturing facility by August 31 if a deal to sell its manufactured home assets can’t be completed. It would affect 89 workers. *Portland Business Journal, 7-2-09*

• Centron Solar, a consortium of 30 Chinese companies in the solar panel industry, has leased a 25,000-square-foot warehouse in west Eugene for use as a U.S. sales hub with plans to eventually employ 200 to 300. It also plans to set up one or two solar panel assembly lines creating about 50 jobs. *Register-Guard, 7-9-09*.

• Interfor Pacific will reopen its Gilchrist mill and call up to 70 employees back to work. It will produce materials for furniture, paneling, hand tools, and other goods. *Bend Bulletin, 7-1-09*.

• Shin-Etsu Handotai Group, a Japanese manufacturer of solar equipment and computer chip components, purchased the Hewlett Packard Co. campus in Vancouver. Officials at SEH America, Shin-Etsu's Vancouver-based North American headquarters, are not commenting on their plans for the site, which will likely be used either to manufacture silicon wafers for computer chips or to make solar panel components. HP will lease back a portion of the site for the time being. *Portland Business Journal, 6-26-09*.

• Kaiser Permanente will open a clinic at Scholls Town Center in Beaverton. *Portland Business Journal, 6-22-09*.