Finance Committee Notes

April 18, 2011

The Finance Committee met at 3:00 pm on April 18, 2011 via teleconference with John Klosterman, Treasurer and Finance Committee chair; Debbie Kitchin, Board Vice Chair; Dan Enloe, Board member; Margie Harris, Executive Director; Sue Sample, CFO attending. John Reynolds, Board Chair, was unable to attend.

January and February 2011 Financial Statements

The financial statements had been previously provided to the committee members for their review. Sue asked for any questions about the statements. She noted that the reclassifications discussed in the 2010 audit were made in January reflecting the proper capitalization of costs incurred for maintenance fees in the Integrated Solutions Project software.

Dan noted that incentives as compared with budget are closer than they have been in the past for February. Margie indicated that this was intentional—due to working with customers to complete projects earlier throughout the year.

Dan also questioned the status of available funding for renewable projects other than solar. He might have contacts who would be interested in a Wind proposal. Margie suggested that there are more opportunities in PGE service territory.

John asked about the cashflow statement and its validity in 2012. Sue responded that it is based on budgets estimated at the end of 2010 and to the extent those predictions are solid, the more valid those balances will be. She indicated that the 2011 balances are probably more realistic. Forecasting at the end of the first quarter has just been completed, so that projects and dedicated funds will be updated for the March financial statements, providing a more updated view on projected cash balances.

Margie offered that the availability of BETC funding could significantly affect Energy Trust cash balances should the tax credit be reduced or eliminated. More of Energy Trust funds might then be needed to encourage projects to complete.

Lease Negotiations

The new building lease was signed by Margie on April 8, 2011 and the executed copy was returned to Energy Trust this morning. Design work is beginning on the interiors and work is also beginning on lighting and server room HVAC designs. Staff members from Energy Trust, including Steve Lacey, Nick O'Neil, Spencer Moersfelder, Cheryle Easton and Sue Sample have been actively participating in various design aspects of the new space. Construction documents are to be completed no later than May 12, 2011.

Audit Status Updates

- The financial audit has now been completed with financial statements amended as approved by the Board at its last meeting. Work will be beginning soon on the tax return preparation.
- As Margie indicated in the previous committee meeting, the arrangements were made between the Secretary of State's auditors, the OPUC, Pacific Power, and Energy Trust to refund Pacific Power's overpayment of funds to Energy Trust. Energy Trust issued a check for approximately $800,000 for all funds due to Pacific Power on April 7, 2011 and

sent it to them last week. In addition, we have requested evidence in writing from the Secretary of State's office that we are no longer the subject of their continuing audit scope of work.

- We have received a preliminary report from the Employment Division auditor where they have described several disbursements as misclassified employee payments. Staff is working on identifying and documenting the errors in several of the items identified—some were employee expense reimbursements or incentives paid rather than non-employee compensation. Staff is also working with counsel to identify an appropriate response approach once all the supporting information has been gathered. We have agreed to provide our response and documentation in mid-to late May with the expectation that the Employment Division would re-issue their report sometime after that.

Next Meeting

The next meeting is scheduled for August 1, 2011. John suggested that was too long a period in between meetings and would like to schedule another meeting, at least tentatively form sometime in between. Sue will work with Nancy to schedule that meeting. (It appears that June 20th will work.)

The meeting adjourned at 3:25 pm.