Finance Committee Notes

March 19, 2012

The Finance Committee met at 3:00 pm on March 19th, via teleconference with Dan Enloe, Finance Committee chair; Debbie Kitchin, Board Vice Chair; John Reynolds, Board Chair; Margie Harris, Executive Director; and Sue Sample, CFO attending. Also attending were Peter West, Director of Energy Programs and Kacia Brockman, Senior Program Manager.

Review December 31, 2011 Draft Audited Financial Statements
The committee reviewed an early draft of the audited financial statements via email. Dan posed a couple of questions about how information was portrayed in the report, which were clarified. No further questions were raised. The official presentation by the auditors will be made to the Audit Committee at their next meeting on March 28th.

Consider Proposal for Use of Interest Income and Budget Reallocation for Solar Program
The committee reviewed and discussed the briefing paper sent to them describing a request from the Solar Program to reallocate budget from the Other Renewables Program in PGE service territory. The request included a recommendation to utilize interest income in both PGE and PacifiCorp service territories to fund unanticipated demand in the Solar Program in 2012. Even with the planned strategic reduction of incentives taking place in 2012, the demand exceeds what was anticipated at the time of budget preparation. Kacia and Peter described the circumstances leading to the anticipated shortfall. To meet the excess demand, while maintaining momentum and stability in the market, additional funds are required while the program transitions to a more stable level of activity supportable by future incentive budgets.

The specific request made was:

- PGE-–transfer $650,000 from Other Renewables program; funds available through cancellation of a small wind project and a small municipal hydro project
- PGE-– transfer of $585,000 from interest reserves
- PacfiCorp—transfer of $535,000 from interest reserves

The committee then discussed the merits of using reserves for such “emergencies”. This is historical precedence; issues such as this have been placed before the board several times in both the efficiency and renewables programs where demand has exceeded available resources. In efficiency programs, through the SB 838 mechanism, the funds can be repaid; that avenue is not available for renewables. The allocation of $1,120,000 from interest reserves will not bring the reserve balance significantly below that required by the Board as a cushion against revenue variations. In order to maintain the flexibility to act in these kinds of circumstances, interest income is not attributed to the utilities or programs from which it was derived; however, the excess carryover in the early years of the renewables program did lead to the build-up of the reserve account.

The committee satisfied itself that this transfer was appropriate under the circumstances.

Change in Meeting Dates
The date of the next Finance Committee meeting has been changed from May 7th to May 14th with the purpose to review the first quarter 2012 financial statements.

The meeting adjourned at 3:25 pm.