



Energy Trust of Oregon

2014 Annual Budget and 2014-2015 Action Plan

FINAL PROPOSED

**Presented to the Board of Directors
December 13, 2013**

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MEMO

Date: December 5, 2013
To: Board of Directors
Interested Parties
From: Margie Harris, Executive Director
Subject: Final Proposed 2014 Annual Budget and 2014-2015 Action Plan

I am pleased to present Energy Trust of Oregon's final proposed 2014 annual budget and 2014-2015 action plan for your consideration.

The enclosed is an update to the draft budget and action plan submitted October 31, 2013, and includes revisions based on feedback and comments received through December 4. In preparing this final proposed budget and action plan, anticipated annual goals and activities were presented to and reviewed by the board of directors, Oregon Public Utility Commission, Conservation Advisory Council, Renewable Energy Advisory Council, PGE, Pacific Power, NW Natural, Cascade Natural Gas, and representatives of Citizens' Utility Board of Oregon, Building Owners and Managers Association, Oregon Homebuilders Association and members of the general public.

The enclosed presentation slides summarize the changes made to the draft budget and action plan, and highlight final proposed revenue, expenditures, savings and generation in the final proposed budget and action plan. Comments received are provided in summary form, with a copy of the written submissions immediately following. In addition, the staffing memo has been updated to provide additional detail on the approach Energy Trust currently uses and future options for consideration.

These important documents guide Energy Trust delivery of the lowest-cost energy resources available to utilities and their customers, and diversify our future energy resource mix through small-scale renewable resource project development. The outcomes and benefits of our investments reduce participant utility bills, lower carbon emissions and strengthen our economy.

After board consideration and action on December 13, 2013, a final 2014 annual budget and 2014-2015 action plan will be submitted to the Oregon Public Utility Commission by year end and posted online at www.energytrust.org.

I look forward to our discussion next week and welcome your comments and questions.

Best regards.

Final Proposed 2014 Annual Budget and 2014-15 Action Plan

Each year, Energy Trust of Oregon develops and seeks public input on our proposed annual budget and two-year action plan. Through an open, transparent process, annual goals and activities are developed, reviewed by the board of directors, Conservation Advisory Council, Renewable Energy Advisory Council, utilities and the general public and submitted to the Oregon Public Utility Commission.

The budget and action plan enable us to deliver the lowest-cost energy resources available to Oregon customers of Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas, and Washington customers of NW Natural. In addition, our budget helps diversify Oregon’s future energy resource mix through small-scale renewable resource project development. Projects and actions resulting from our plans save money on participant utility bills, reduce carbon emissions and strengthen our economy.

2014 Budget Themes

Easy access—Provide easy, accessible opportunities for everyone we serve, and tap contractors and customers to drive engagement.

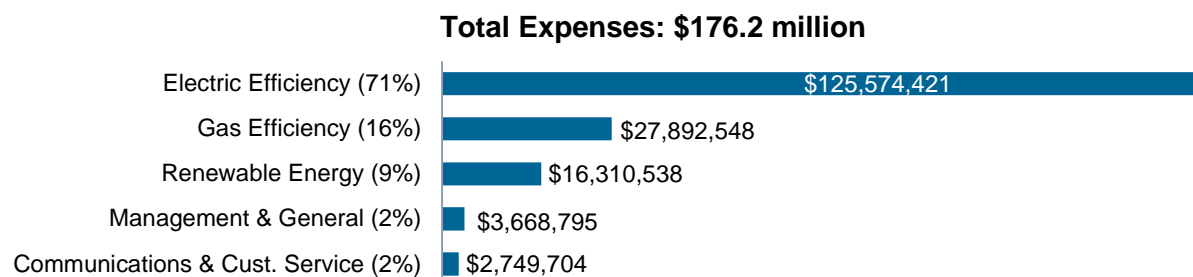
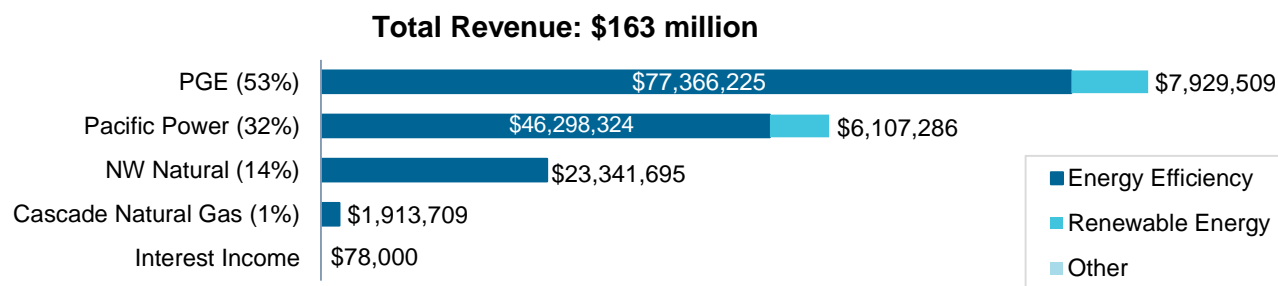
Targeted & general outreach—Use efficient strategies to reach customers with tailored opportunities while increasing visibility, access and participation statewide.

Innovation—Continue pilots to test new program delivery approaches and capitalize on past years’ investments before bringing innovations to scale.

Improved systems & processes—Develop systems and processes supporting operational and program efficiencies, positive customer experiences, and transparency and accountability.

Looking ahead—Further invest in relationships to reach and serve all customers, prioritize opportunities for inclusion, reach for higher savings and generation, and collaborate and evolve.

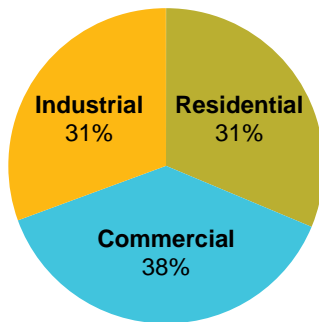
Revenue and Expenses



Energy Trust and its affiliated utilities have agreed to draw down reserves in 2014 to cover planned expenses in excess of anticipated revenue.

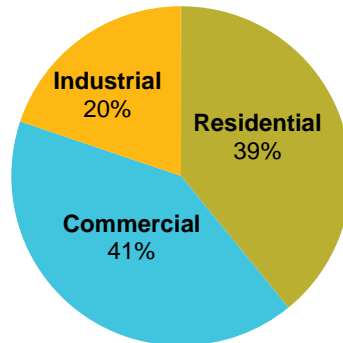
Savings, Generation and Levelized Costs

Electric savings 57.7 aMW



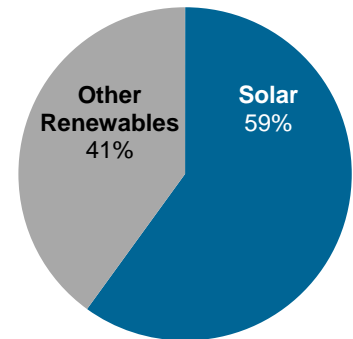
| |
|-------------------------|
| Residential |
| 18.1 aMW; 3.1 cents/kWh |
| Commercial |
| 21.9 aMW; 3.4 cents/kWh |
| Industrial |
| 17.7 aMW; 2.3 cents/kWh |

Natural gas savings 6.1 million annual therms



| |
|---|
| Residential |
| 2.37 million annual therms; 48.1 cents/therm* |
| Commercial |
| 2.49 million annual therms; 36.4 cents/therm* |
| Industrial |
| 1.20 million annual therms; 29.6 cents/therm |

Renewable energy generation 4.5 aMW



| |
|-------------------------|
| Solar |
| 2.7 aMW; 3.6 cents/kWh |
| Other Renewables |
| 1.8 aMW; 3.4 cents/kWh |

Summary of Planned Activities by Customer Type:

Homeowners and renters: Home Energy Reviews; referrals to qualified trade ally contractors; incentives for equipment, weatherization, lighting, appliances and solar; EPS™, an energy performance score for new and existing homes; on-bill repayment through Savings Within Reach and Clean Energy Works Oregon

Commercial businesses, public and private institutions and multifamily properties: Energy modeling, design and technical assistance; equipment incentives; Strategic Energy Management; Path to Net Zero; on-bill repayment through MPOWER; “Pay for Performance” pilot for existing buildings

Industrial and agricultural businesses: Technical assistance, scoping studies and analyses; customized solutions for industrial processes; equipment incentives for industrial and agricultural applications; Strategic Energy Management; expanded outreach to small industries

For renewable energy project developers: Development assistance and incentives for solar, biopower, wind, small hydropower and geothermal; lowering “soft” costs for solar

View detailed 2014-2015 action plans at www.energytrust.org/about/budget.

2014 Energy Trust investment of \$176.2 million will buy these benefits:

- Future utility bill savings of \$425 million for 2014 participants
- Affordable energy at 2.9 cents/kWh and 40 cents/therm*, the lowest cost energy utilities can buy
- Improvements at an estimated 120,000 homes and businesses in Oregon and SW Washington
- Jobs, wages and business income from bill savings recirculating in our local economy
- Conservation resource to serve average annual load growth for PGE and Pacific Power
- Enough clean energy to power 48,000 homes and heat 12,000 homes with natural gas for a year
- Improved air quality by avoiding 243,000 tons of carbon dioxide—equivalent to removing 42,600 cars from our roads for a year
- Continued high customer satisfaction rates and continued public accountability
- Increased visibility, access and participation statewide
- Training and support for 2,700 local businesses, many of them small companies

* Gas levelized costs are Oregon only.

2014 Final Proposed Annual Budget and 2014-2015 Action Plan

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Final Proposed 2014 Annual Budget & 2014-15 Action Plan

Board of Directors
December 13, 2013



Today's presentation

Summary of outreach and comments

Additional information on expenditures and staffing

Summary of final proposed 2014 budget & 2014-15 action plan

Recommendation



Outreach completed

Renewable & Conservation Advisory Councils presentations, Oct 23

Board of Directors presentation, Nov 6

Oregon Public Utility Commission workshop, Nov 13

Utility presentations:

NW Natural – Nov. 11

Cascade Natural Gas – Nov. 12

PGE – Nov. 22

Pacific Power – Nov. 25

Customer associations presentation, Nov 14

Live public webinar, Nov 15

Oregon Home Builders Association presentation, Nov 18

RAC/CAC updates, Nov 20

OPUC public hearing, Nov 26

Comments received

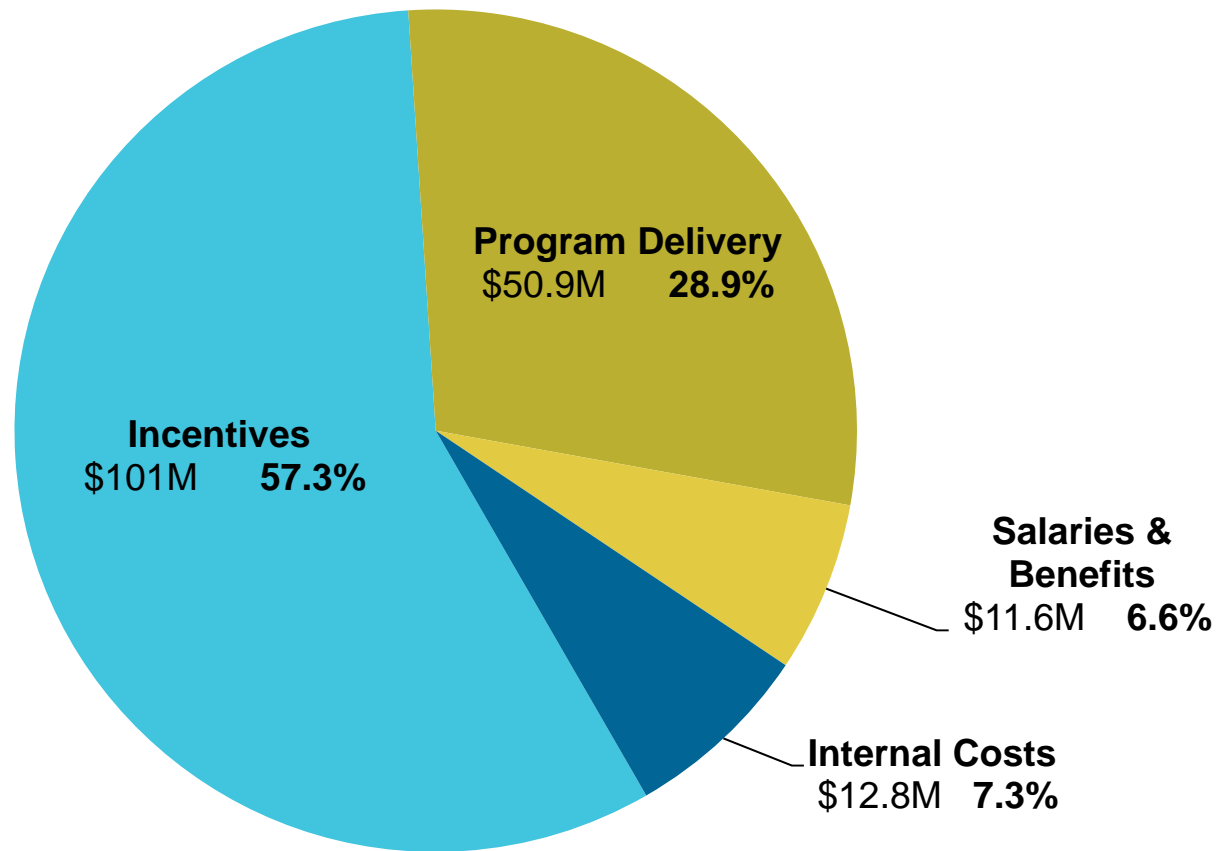
- Overall, support for draft budget and action plan as presented
- Multiple topics identified for future consideration and follow-up actions
- Specific, individual written comments on:
 - Proposed air sealing incentive change and follow-up
 - Existing homes program strategies, cost-effectiveness issues, and trade ally engagement
 - Interest in expanded natural gas pilot activities
 - Renewable energy strategy
 - Balance of incentives vs delivery costs, and of expenditures across sectors
 - Staffing and concern regarding future options and approach
 - Increased investment in outreach
 - Budget process and communications
 - Carryover

OPUC Comments

- Supports budget and action plan
- Acknowledged follow-through on last year's comments
- Recommended limiting carryover to less than 10% for all utilities
- Supported 5.5 new staff positions included in draft budget
 - Requested 2014 management review include questions on staff approach and overall business model to inform strategic plan
 - Requested development of additional staffing-related documentation, reporting and guidelines for 2015
- Requested progress reports on cost effectiveness proposal development and updated electric avoided costs

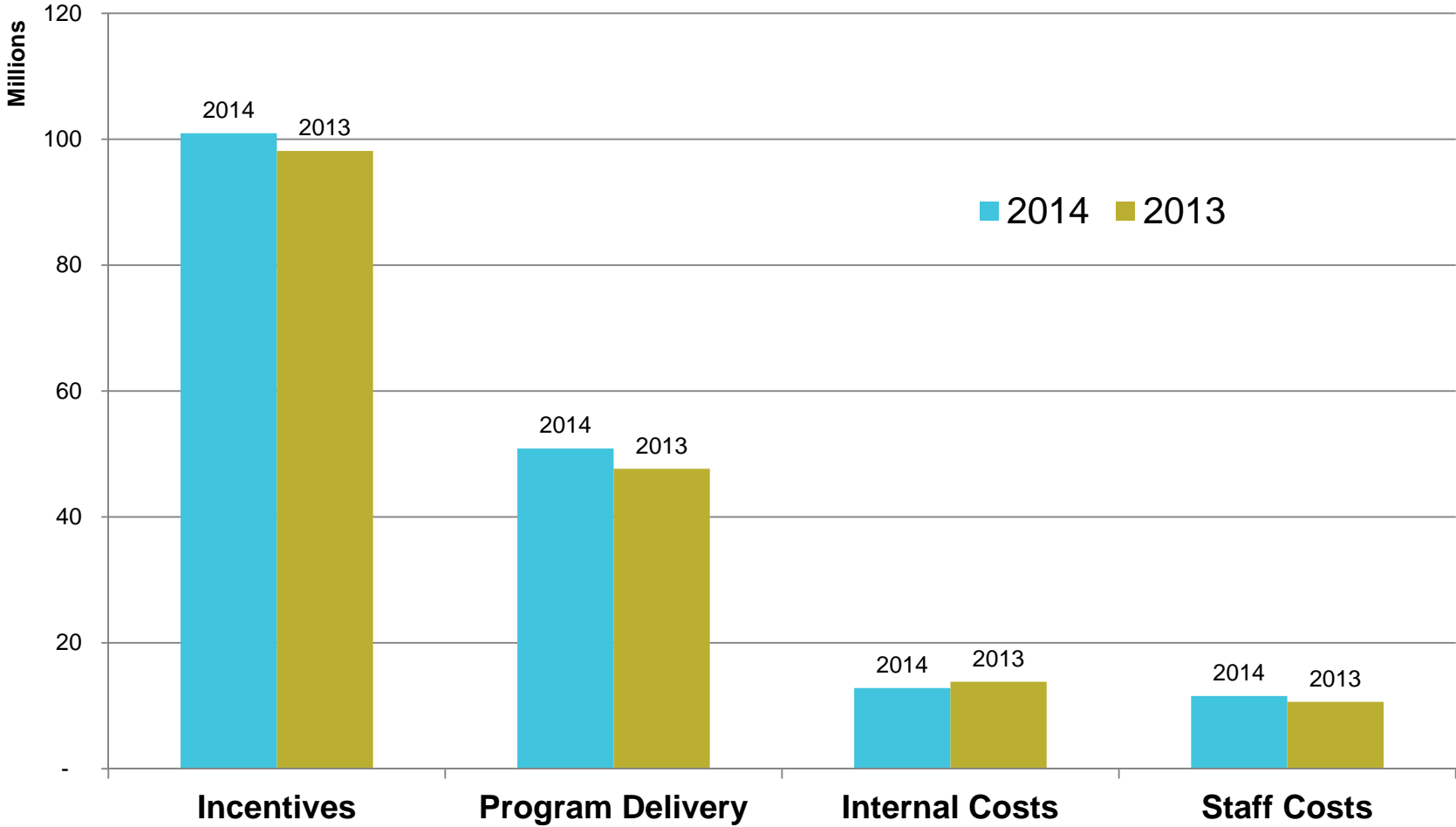
Additional
Information on
Expenditures &
Staffing

Incentives, delivery and other costs



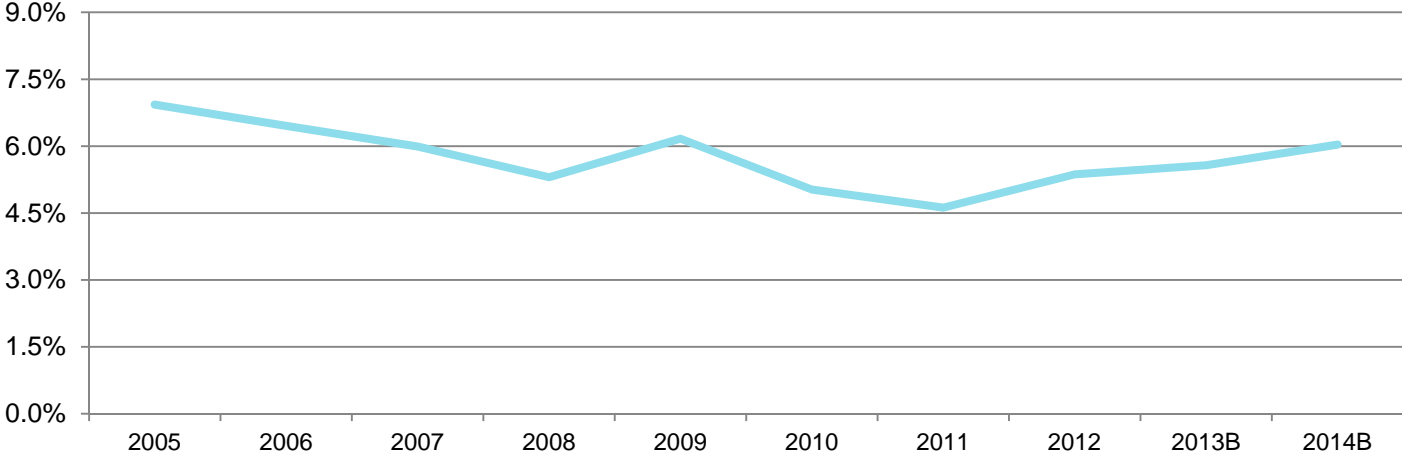
Expenses by Type in 2014 Final Proposed Budget
Total \$176.2 million

2013 budget compared to final proposed 2014

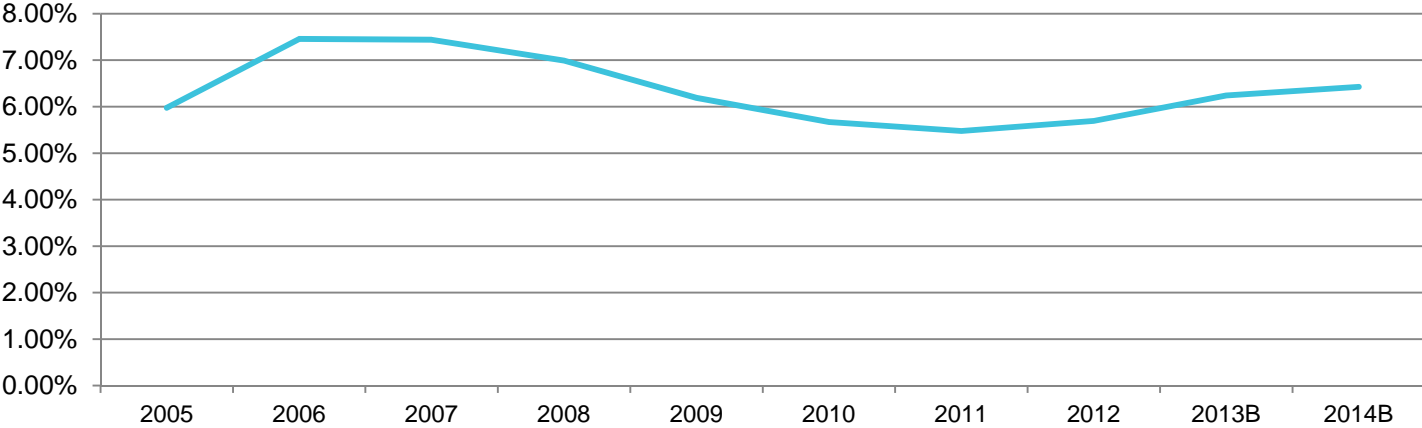


Staffing costs remain stable

OPUC Administrative Performance Measure
support and administrative costs as percent of program revenue



Staffing Costs as % of Total Expenditures



Approach to staffing

- Work plans adjusted every year
 - Flexible job descriptions change based on current needs and priorities
 - Updated again mid-year based on shifts in emphasis and new opportunities
- When transitions and vacancies occur, managers evaluate and prioritize future needs and often revise position descriptions
- Limitations in how we can contract driven by employment audit
- Program management contractors provide flexibility, but are not well suited for certain key functions
- All new positions are extensively vetted before inclusion in the draft budget/action plan



Summary of final
proposed 2014 budget
& 2014-15 action plan

Setting a different course

1. Loss of business energy tax credits
2. Low cost of energy & cost-effectiveness challenges
3. Easy fruit is picked
4. Higher volume, smaller projects yield lower savings/project and higher transaction costs
5. New tactics needed to reach more and different customers



**Increasing Complexity
Need to diversify**



Overall Budget

- Continued savings growth
- Projected revenue decrease 1.4%
- Planned expenses up 3.5%
 - 86% driven by program delivery and incentive increases
- Drawdown of reserves
 - Carryover and rate reductions over next three years
- Incentives up 2.9% over 2013
- Levelized costs remain stable and economical
- Renewable energy budget comparable
- Administrative and program support flat at ~ 6% of program revenue



Savings & Generation



Electric savings up 8%

Existing Buildings up 17%

Production efficiency up 14%

New Homes & Products up 14%



Gas savings up 9%

New Buildings 20%

Production Efficiency 9%

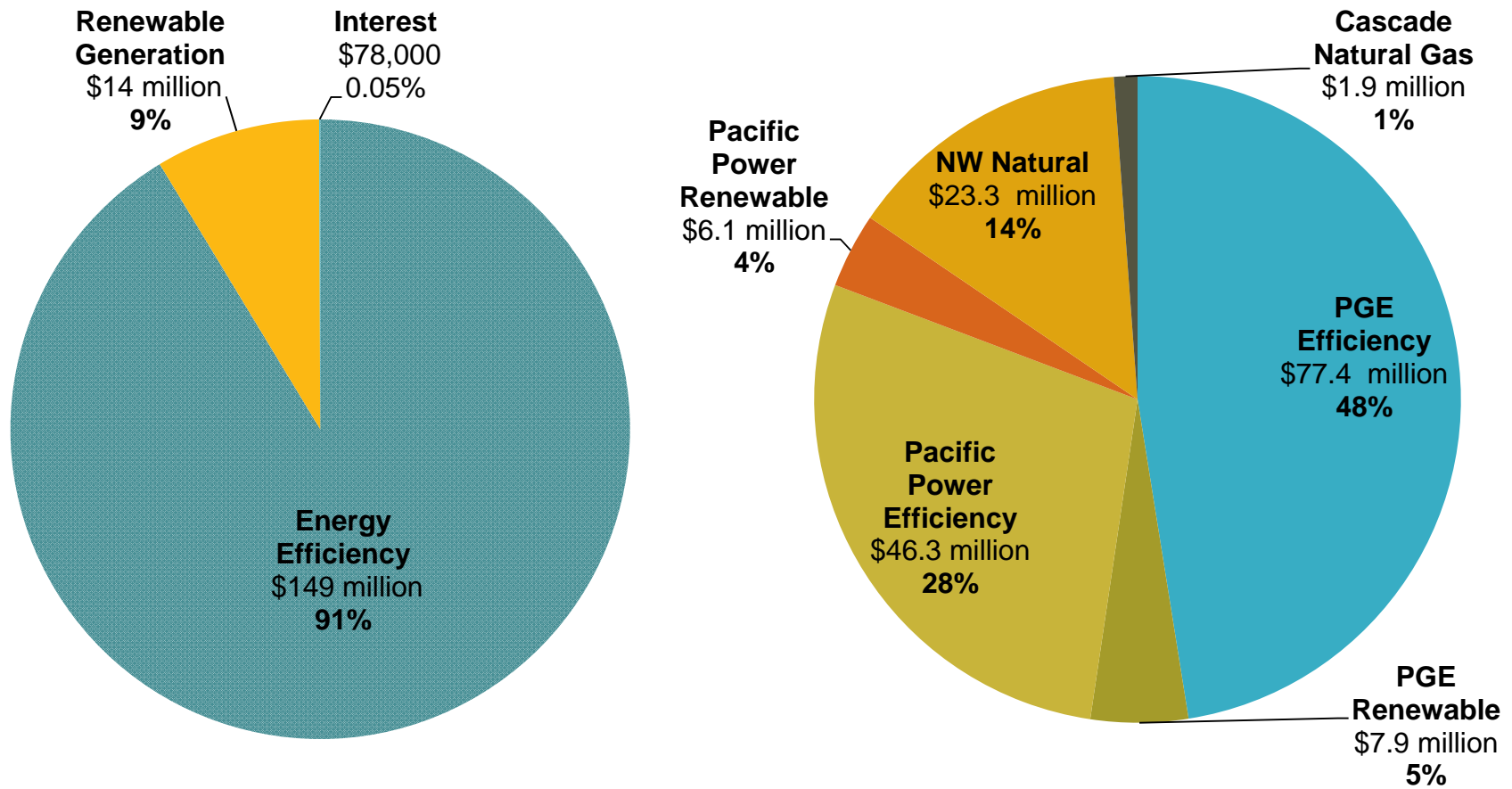


Renewable generation up

Projects shifted to 2014

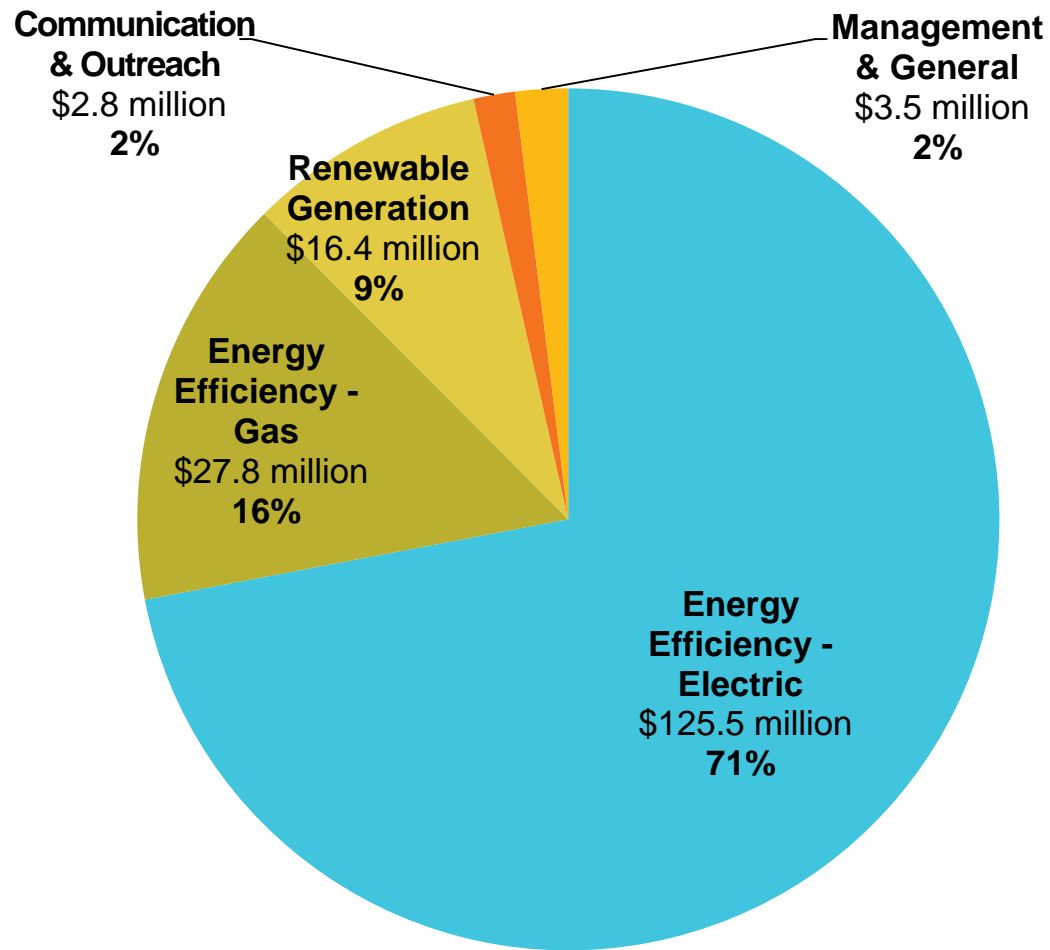
Revenues at a glance

Total 2014 revenue of \$163 million – down \$2.3 million (-1.4%) from 2013



2014 budget at a glance

Budgeted expenditures to increase from \$170.3 million to \$176.2 million, up 3.5%



Changes from draft to final proposed budget

- Expenditures reduced by 1.6%
- Minor changes in total electric and gas savings across utilities
- Renewable generation increased due to projects shifting to 2014
- IT and Planning & Evaluation budgets reduced

Net change to savings by utility

| | |
|---------------------------|---------|
| PGE savings | - 0.6% |
| Pacific Power savings | - 0.4% |
| NW Natural Oregon savings | + 0.4% |
| NW Natural WA savings | 0% |
| Cascade savings | - 11.5% |

Net change to expenditures

| | |
|------------------|--------------|
| Incentives | -0.7% |
| Staff Costs | -0.4% |
| Program Delivery | -1.4% |
| Internal Costs | -8.6% |
| Total | -1.6% |

2014 Electric program savings

| | 2013 Net aMW Savings Budget | 2013 Net aMW Savings Forecast | 2014 Net aMW Savings | 2014 Electric Cost (\$ million) | Levelized Cost in cents |
|------------------------------|-----------------------------|-------------------------------|----------------------|---------------------------------|-------------------------|
| Production Efficiency (30%*) | 16.3 | 15.3 | 17.5 ↑ | \$ 30.8 | 2.2¢ |
| Existing Buildings (28%) | 15.4 | 13.6 | 15.9 ↑ | \$ 43.6 | 3.5¢ |
| New Homes and Products (14%) | 6.7 | 7.1 | 8.1 ↑ | \$ 17.1 | 3.6¢ |
| NEEA - combined (10%) | 5.5 | 6.5 | 6.0 ↓ | \$ 8.8 | 2.3¢ |
| Existing Homes (9%) | 6.2 | 5.4 | 5.2 ↓ | \$ 16.7 | 3.5¢ |
| New Buildings (9%) | 5.7 | 6.0 | 5.0 ↓ | \$ 13.3 | 3.1¢ |
| Total | 55.8 | 53.8 | 57.7 ↑ | \$130.3 | 2.9¢ |

2014 Gas program savings

| | 2013 Budget Million Annual Therms Savings | 2013 Forecast Million Annual Therms Savings | 2014 Budget Million Annual Therms Savings | 2014 Gas Cost (\$ million) | Levelized Cost in cents (Oregon) |
|------------------------------|--|--|--|-------------------------------|--|
| Existing Buildings (32%*) | 1.8 | 1.9 | 1.9 = | \$ 8.7 | 40.5¢ |
| Existing Homes (21%) | 1.3 | 1.2 | 1.3 ↑ | \$ 10.1 | 60.9¢ |
| Production Efficiency (20%) | 1.1 | 1.1 | 1.2 ↑ | \$ 3.2 | 29.6¢ |
| New Homes and Products (18%) | 1.0 | 1.0 | 1.1 ↑ | \$ 5.3 | 34.3¢ |
| New Buildings (9%) | 0.5 | 0.5 | 0.6 ↑ | \$ 1.5 | 22.2¢ |
| NEEA - combined (0%) | | - | - | \$ 0.1 | - |
| Total | 5.7 | 5.6 | 6.1 ↑ | \$ 28.9 | 40¢ |

2014 Renewable generation up

| | 2013 Budget aMW Generation | 2013 Forecast aMW Generation | 2014 Budget aMW Generation | 2014 Cost (\$ million) | Cost per aMW | Levelized Cost in cents/kWh |
|---------------------------|----------------------------------|------------------------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|
| Solar (60%*) | 0.73 | 0.59 | 2.65 ↑ | \$ 10.3 | \$ 3.9 | 3.6¢ |
| Other Renewables (40%) | 3.28 | 2.06 | 1.84 ↓ | \$ 6.7 | \$ 3.6 | 3.4¢ |
| Total | 4.01 | 2.65 | 4.49 ↑ | \$ 17.0 | \$ 3.8 | 3.5¢ |

Staffing to support action plan focus areas

Convert two temporary contractors to staff

- Commercial & Industrial marketing coordinator
- Residential marketing coordinator

Outcomes:

- Address growth; maintain excellent customer service; pursue marketing across all programs; coordinate strategy and delivery with PMCs and utilities

Add three new full-time positions

- Senior Stakeholder & Community Relations Manager
- Southern Oregon Outreach Manager
- Senior Project Manager

Outcomes:

- Increase visibility, enhance awareness, attract customers, reinforce presence and identify opportunities
- Manage complex cross-functional internal projects; improved implementation and communication

Expand one existing part-time to full-time

- Web project manager

Outcomes:

- Better customer service and efficiency gains through online tools and expanded web capabilities

Results and benefits for ratepayers

\$176.2M in planned Energy Trust investment in 2014 will deliver:

- 57.7 aMW of electric and 6.1 million annual therms of gas savings
- Affordable energy at 2.9 cents/kWh and 40 cents/annual therm levelized
- 4.5 aMW of clean, renewable generation
- \$425 million in future bill savings for 2014 participants
- Continued high customer satisfaction
- Increased statewide visibility, access and participation
- Training and support for 2,700 local businesses to help us reach and serve more customers



Discussion and Recommendation

Questions/discussion?

Staff recommends board approval of
Final Proposed 2014 Annual Budget & 2014-2015 Action Plan



Thank you!



1-866-368-7878
www.energytrust.org


EnergyTrust
of Oregon

Summary of Outreach Activities and Comments Received on the Energy Trust of Oregon 2014-15 Draft Action Plan and 2014 Draft Annual Budget

December 5, 2013

Outreach Activities: Every year, Energy Trust initiates its annual budget process and development of the two-year action plan in the summer. Early program concepts are presented at Energy Trust's Conservation Advisory Council meeting and to each utility in July. Early program concepts for renewable energy are presented to the Renewable Energy Advisory Council in September. Feedback from these early meetings is referenced by programs and support groups as the draft action plan and draft budget are assembled. Outreach activities resume again in October and continue through November. Written comments are invited from all parties engaged in outreach meetings, as well as the general public. A summary of outreach activities completed for the 2014-15 Draft Action Plan and 2014 Draft Annual Budget is provided below. Comments received are summarized in the following pages.

July Presented 2014 efficiency program concepts in individual meetings with PGE, Pacific Power, NW Natural, and Cascade Natural Gas.
7/17: Presented energy efficiency program concepts at Conservation Advisory Council.

August/Sept. 9/11: Presented 2013 renewable energy program concepts at Renewable Energy Advisory Council and sought responses.

Received detailed written comments, suggestions and requests from utilities on 2014 energy efficiency program concepts. Program staff applied this feedback to adjust program plans and provided written responses with supporting data and clarification. Informal discussion continued throughout preparation of the draft annual budget and action plan. Concurrently, program staff sought input on potential 2014 incentive changes from a trade ally stakeholder group including representatives from Clean Energy Works Oregon, Home Performance Guild, Oregon Home Builders Association, Weatherization Industries Save Energy, Earth Advantage, Oregon Remodelers Association, Oregon Air Conditioning Contractors of America and Bonneville Power Administration. Together these inputs shaped the materials included in our final proposed budget and action plan.

October 10/23: Presented draft budget and action plan materials to the Conservation Advisory Council (CAC) and Renewable Energy Advisory Council (RAC).

November 11/6: Presented draft budget and action plan to the Energy Trust Board.

11/13: Presented draft budget and action plan to the Oregon Public Utility Commission staff at an informal public work session.

11/11-25: Presented draft budget and action plan during individual meetings with PGE, Pacific Power, NW Natural and Cascade Natural Gas.

11/15: Presented draft budget and action plan in a live webinar open to the public.

11/20: Presented updates to the draft budget and action plan at the CAC and RAC.

Conducted two targeted outreach meetings for representative trade organizations, presenting Energy Trust results and a 2014-15 draft action plan and 2014 draft budget overview, specifically to engage customer groups:

- 11/14: Included representatives from Building Operations and Managers Association, Citizens' Utility Board of Oregon and a commercial real estate customer.
- 11/18: Included representatives from Oregon Home Builders Association.

11/26: Presented draft budget and action plan at an OPUC public hearing.

Energy Trust posts its draft budget and action plan on the website and invites public comment at www.energytrust.org/about/budget. Budget presentations and action plan documents are also included in the public meeting packets posted online for the October and November CAC and RAC meetings, and for the November and December Board of Directors meetings at: www.energytrust.org/About/public-meetings/.

| Respondent: Oregon Public Utility Commission (OPUC) Comment topics | Energy Trust staff responses |
|---|--|
| <p>Commission adopted OPUC staff comments on Energy Trust's proposed budget and action plans, with comments and recommendations summarized below.</p> | <p>Energy Trust appreciates the time and effort of OPUC staff and Commissioners to provide detailed review and comments on our draft budget and action plan. We would like to acknowledge OPUC staff member and liaison Juliet Johnson for her time and effort participating in utility funding negotiations related to our budget and action planning process. We also acknowledge Juliet for her clear and well-organized written summary of our draft budget and action plan for consideration by the Commission.</p> |
| <p>Summarized Energy Trust follow-up actions on budget recommendations provided last year, acknowledging low administrative and program support costs; evaluation of temporary contractor positions; changes in how utility savings goals are established; quarterly reporting on computer system upgrades, deep retrofit pilot initiatives and lender allies; and, coordination on grant opportunities. The comment regarding limiting carryover is described below.</p> | <p>We appreciate OPUC staff acknowledgement of our follow-through on budget comments received.</p> <p>We are pleased with the involvement of OPUC, utilities and stakeholders in discussions about how goals will be structured and reserves established and utilized going forward.</p> |
| <p>Recommended Energy Trust work to limit carryover to less than 10% for all utilities.</p> | <p>In 2013, projected carryover increased for all utilities except NW Natural's industrial program. Reasons include savings acquired at less cost than originally anticipated, project completion dates shifting forward, market adjustments to the loss of state business energy tax credits and Energy Trust bonus incentives being discontinued.</p> <p>Utility funding negotiations resulted in unanimous commitment to draw down carryover/reserve amounts in 2014 and into 2015, thereby avoiding any need for rate increases. Reserve amounts will be closely monitored in light of utility specific needs.</p> |
| <p>Supported 5.5 staff positions included in budget.</p> | <p>We acknowledge the OPUC's support for staffing increases and corresponding need to carefully evaluate any future staffing needs.</p> |
| <p>Requested current evaluation of staffing needs be examined and improvements implemented as part of the 2014 management review.</p> | <p>Energy Trust will incorporate both staffing and cost management practices and metrics into the forthcoming 2014 management review.</p> |
| <p>Requested additional documentation, reporting and development of related benchmarks or guidelines for 2015.</p> | <p>We will work with OPUC staff on future ways to document, measure and communicate staffing changes, report on the incremental benefits of new positions, consider transition or elimination of positions, and develop a related staffing benchmark or guideline for consideration by the Commission for 2015.</p> |
| <p>Requested Energy Trust incorporate how staffing levels and overall business model will be evaluated and reset as part of Energy Trust's 2014 strategic planning process.</p> | <p>As part of developing the next 5-year strategic plan, staff will examine our overall business model and corresponding staffing resources. Special consideration will be given to the balance between greater program complexity and the potential for savings to stabilize and perhaps decline as compared to the rapid growth in recent years. These topics are appropriate parts of the strategic plan and we welcome and encourage OPUC engagement in such exploration.</p> |
| <p>Requested regular reporting on action item progress in the cost effectiveness docket and status of updated electric avoided costs and corresponding implications.</p> | <p>We will fully comply with this recommendation.</p> |

| Respondent: Pacific Power | |
|---|--|
| Comment topics | Energy Trust staff responses |
| Acknowledged Energy Trust's presentation of the draft budget and action plan to Pacific Power staff in November. Noted Energy Trust's effort to identify administrative and program efficiencies that support rate certainty for Pacific Power customers. | Energy Trust appreciates the time and effort of Pacific Power staff to review and discuss our draft budget and action plan throughout the late summer and fall, and the feedback provided during our November 25 presentation. |
| Reviewed draft 2014 budget and draft 2014-2015 action plan and noted agreement for continuing current Schedule 297 rates. | Pacific Power provided specific written comments early in the budget development process, and Energy Trust responded, inviting further conversation on proposed concepts and topics. The result of this exchange was refinement of program plans early in our budget and action plan process and agreement to hold rates stable. |
| Requested current and future marketing and outreach staff work responsibilities include specific coordination with utilities. | We agree to this coordination. |
| Suggested Energy Trust incorporate customer investments in addition to Energy Trust investments when reporting on benefits. Stated this would improve transparency and align benefits reporting with Total Resource Cost mandate. | We appreciate and will consider how best to incorporate this suggestion into our communications. |
| Commented on importance of real time coordination given link between Energy Trust goals and utility resource plan, and because company is a multi-state utility. | We remain committed to ongoing coordination with Pacific Power and recognize this value. |
| Stated support for use of pilots and company's commitment to review pilots to ensure program decisions are based on evaluation results. | We appreciate your support for pilots and welcome your review and comments. |
| Acknowledged ongoing work to update electric avoided costs and need to formalize process to update costs going forward. Requested development of a mitigation plan to achieve 2014 goals with lower electric avoided costs. | Agreed. Once new electric avoided costs are adopted, Energy Trust will incorporate changes into its plans, programs and goals. The anticipated schedule for addressing such changes involves the OPUC docket on cost effectiveness and corresponding exception process. Timing for OPUC ruling on this matter is expected in Fall 2014 and will influence development of 2015 savings and investments. |
| Stated commitment to support Energy Trust in meeting and exceeding goals in 2014. | Noted and appreciated. |
| Respondent: NW Natural | |
| Comment topics | Energy Trust staff responses |
| Noted Energy Trust's consideration of NW Natural comments provided during early program planning for budget development in summer 2013. | Energy Trust appreciates the time and effort of NW Natural staff review and discussion of our draft budget and action plan throughout the late summer and fall, and during our November 11 presentation. |
| Acknowledged and reviewed draft 2014 budget and draft 2014-2015 action plan. | NW Natural provided written comments early in the budget development process, and Energy Trust responded, inviting further conversation on many topics. The result of this exchange was refinement of program plans early in our budget and action plan process. |
| Noted support for coordination with the NW Energy Efficiency Alliance (NEEA) on a pilot gas program. | We are pleased to make this investment in a NEEA gas market transformation pilot project, and look forward to continued collaboration with all parties on new |

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| | opportunities identified through the pilot. |
| Requested NEST pilot offering include gas equipment. | We suggested this in our budget planning process and remain very interested in designing a NEST pilot with you. |
| Requested tankless water heaters be piloted to evaluate cost-effectiveness, noting data on new models indicates improvements and lower installation costs. | We will initiate discussions to explore this further and are open to the information you have. |
| Stated commitment to participate in Energy Trust five-year strategic planning in 2014. | Thank you and we look forward to your participation. |

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| Respondent: Cascade Natural Gas | Energy Trust staff responses |
| Comment topics | |

| | |
|---|---|
| Reviewed Energy Trust’s draft 2014 budget and draft 2014-2015 action plan. | Energy Trust appreciates the time and effort of Cascade Natural Gas staff to review and discuss our early budget concepts in summer 2013, the draft budget and action plan presented at the October CAC, and revised savings numbers presented to Cascade staff in November. |
| Described draft budget review for Cascade, which identified issues of concern, and follow-up conversation with Energy Trust staff to revise savings projections and related program budgets. Supports revised savings numbers presented by Energy Trust to Cascade reflected in the final proposed 2014 budget. | Cascade provided written comments throughout the budget development process, and Energy Trust responded, inviting further conversation and revision of savings projections after our draft budget was presented. The result of this exchange was refinement of program plans early in our budget and action plan process, and additional refinement of savings projections and estimated budget impacts prior to development and presentation of the final proposed budget and action plan. |
| Noted that Cascade staff were not able to review and comment on the revised budget associated with new savings calculations until the final proposed budget is completed and made available for review on December 6 th , after the due date for budget comments. | We recognize the difficulty created for Cascade Natural Gas to comment on the draft budget knowing that the savings numbers would be revised after the public comment period on the draft budget closed. This is an unusual circumstance. Additional comments based on the proposed final budget and action plan are welcome and can be submitted and/or presented at the December 13 th board meeting. |
| Suggested modifications to Energy Trust budget development process to enable earlier review of final proposed budget and action plan. | We will consider whether Energy Trust’s budget development process and review schedule can be modified to allow more review time in the future. |

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|--|-------------------------------------|
| Respondent: Portland General Electric (PGE) | Energy Trust staff responses |
| Comment topics | |

| | |
|--|---|
| Acknowledged Energy Trust success in energy efficiency savings, including 2013 projected savings for PGE to be the highest savings year yet. Commented on success of collaborations to increase PGE customer awareness and action. | Energy Trust values the working relationship with PGE to best serve customers and encourage their actions and to deliver cost effective savings results. |
| Reviewed draft 2014 budget and draft 2014-2015 action plan. | Energy Trust appreciates the time and effort of PGE staff to review and discuss our draft budget and action plan throughout the late summer and fall, and into our November 22 presentation to PGE officers. PGE provided specific written comments early in the budget development process, and Energy Trust responded, inviting further conversation on many topics and concepts. The result of this exchange was better refinement of program plans early in our |

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| <p>Acknowledged projected trend for increasing costs per kilowatt hour saved and noted concern that adding 5.5 FTE will accelerate that trend. Referenced projected decline in annual savings starting in 2015 and requested to not increase staffing and non-program expenditures. Commented that Energy Trust yearly results do not reflect stated trend of declining awareness. Suggested continued coordination with PGE and other affiliated utilities to meet communications and outreach objectives without additional outreach or communications staff or increases to general communications budgets. Suggested embedding coordination and project management needs with existing staff or assigning to contract workforce.</p> | <p>budget and action plan process.</p> <p>Energy Trust will continue to monitor cost per kilowatt hour saved and rely upon levelized costs as the prime indicator of performance. Recommended outcomes from the 2014 performance review and new 2015-2019 strategic plan will further inform our approach to staffing and potential business model changes. The preparation of these documents will provide welcome insights regarding the balance between future energy savings acquisition, growing volume and complexity of programs and staffing and cost management opportunities. Our work with the OPUC on these same topics will further inform our future approach.</p> <p>Energy Trust supports marketing collaboration with all utilities and this will continue. For 2014, we remain committed to the recommended staffing priorities, seeing these as critically important positions to help us meet our goals.</p> |
| <p>Stated appreciation for ongoing partnership with Energy Trust to serve customers and exceed goals in 2014.</p> | <p>We, too, appreciate the ongoing partnership and collaboration with PGE in helping us reach customers and our energy saving and renewable generation goals.</p> |

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| <p>Respondent: Jeremy Anderson, Weatherization Industries Save Energy (WISE)</p> | |
| <p>Comment topics</p> | <p>Energy Trust staff responses</p> |

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| <p>Commented cost-effectiveness policy and testing requirements should be re-examined in advance of 2015 budgeting. Suggested Energy Trust shift away from measure-level testing toward program-level testing only. Conveyed the change would allow Energy Trust to spend fewer resources on testing and to deliver more incentives directly to participants.</p> | <p>We will work with the Oregon Public Utility Commission to obtain its guidance on measures that are not cost-effective through the open docket expected to conclude by fall 2014. We are open to new policy and requirements established by the OPUC with input from stakeholders. We encourage WISE and other stakeholders to fully participate in this public process.</p> |
| <p>Voiced concern that large portions of public purpose funds contributed by ratepayers are for commercial and industrial programs. Commented that more funds should go directly to residential customers in the form of incentives.</p> | <p>Energy Trust invests in affordable energy for the benefit of all ratepayers while providing services and incentives for all customer types. All customers, including residential customers, benefit from lower cost, high volume savings acquired through business and industrial customers.</p> |
| <p>Suggested revising the Existing Homes action plan with clearer and more direct writing to improve implementation, particularly with the strategy to use the perspective of the homeowner and contractor.</p> | <p>Thank you for the comment.</p> |
| <p>Supported Existing Homes trade ally strategies. Commented the program should streamline paperwork and quickly process incentives to increase the volume of projects submitted via contractor-paid incentives. Supported proactive collaboration with trade allies to improve the quality of installations.</p> | <p>Thank you for the comment.</p> |
| <p>Commented Existing Homes financing strategies should be easy to use, available to those customers who want financing and not increase administrative costs.</p> | <p>We agree new financing strategies should be easy for customers to access and that administrative costs should be kept as low as possible. We support financing as a valuable tool for certain customers who would not otherwise act. The network of lender allies is designed to provide market-based options at low program delivery costs. As required through the Energy Efficiency and</p> |

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| | <p>Sustainable Technology Act of 2009, we also support financing strategies through on-bill repayment, including Clean Energy Works Oregon. In 2014, on-bill repayment options will be expanded to include moderate income customers, with minimal additional contractor program requirements. Some modest increased delivery costs will help us reach and serve more moderate income customers seeking financing who otherwise are unable to afford energy-saving home improvements.</p> |
| <p>Suggested Existing Homes redesign the prescriptive duct sealing pilot and find a way to add it back to the program portfolio.</p> | <p>After receiving feedback at the November 20th Conservation Advisory Council meeting and consulting with OPUC staff, Energy Trust has chosen to maintain the 2013 incentive of \$150 for air sealing in both gas and electrically heated homes through the remainder of the 2013-2014 heating season with a modification: starting in 2014, in addition to previous measure requirements, homes must have been built during or before 1982 to qualify. This quick, simple, screening step will focus air sealing efforts on homes built prior to the first major code modifications and where air sealing appears to have the most savings impact.</p> <p>We will continue to pilot new approaches as proposed and will conduct further analysis of this measure in 2014, in an effort to improve its cost-effectiveness. We will also work with the trade ally stakeholder group on additional requirements and revisions to current standards that can be applied to improve the cost-effectiveness of this measure in 2014.</p> |
| <p>Supported efforts to improve the cost effectiveness of Existing Homes measures. Commented efforts should be made to reduce costs at the program and Program Management Contractor levels.</p> | <p>Incentives remain the single largest expenditure in the Existing Homes program budget. Experience with residential customers more than just incentives to support action on energy-saving projects. They desire installation standards, customer service, quality assurance and follow-through to address and resolve issues. Further, we have also found specific marketing of offers and general awareness results in residential customers taking action. By piloting new approaches, we can expand offerings and identify strategies to help maintain incentives for those measures that are no longer cost-effective. These activities do require investment in program delivery and program management combined with incentive dollars.</p> |
| <p>Suggested the Multifamily initiative align strategies with the Oregon Small Premium Project (SPP) tax credit to improve multifamily weatherization project installation. Suggested Multifamily clarify and communicate its role in serving small multifamily.</p> | <p>Energy Trust shifted small multifamily of 2-4 attached units from Existing Homes to the commercial sector Existing Multifamily program at the beginning of 2013. This enables one program to provide consistent offerings and services for all multifamily customers.</p> <p>The transition of small multifamily into the larger multifamily program also coincided with an organizational effort to evaluate all weatherization measures. As part of this, all weatherization measures for both small and large multifamily were analyzed and several were recommended for modification to either align with Oregon Department of Energy (ODOE) SPP specifications or be eliminated due to lack of a clear path toward cost effectiveness. All</p> |

recommended changes were shared at the February CAC meeting during which OPUC staff and utility representatives requested Energy Trust combine all measures proposed for elimination into the existing OPUC exception process for residential weatherization measures. As a result of this guidance, measures recommended for elimination were continued and the remaining modifications to existing measures were presented at the March CAC meeting. Staff will check on any recent changes in ODOE SPP specifications and look to leverage these in the coming year.

During Q2 of this year, Existing Homes and Existing Multifamily program staff also worked collaboratively to streamline ways to best serve individual condo and townhome owners. Existing Multifamily will become the program for these customers term and corresponding program changes are being made. Forms and outreach efforts were vetted with key multifamily trade allies and launched on October 1, 2013. Full implementation will be completed in early January 2014.

Respondent: John Charles, Cascade Policy Institute

Comment topics

Energy Trust staff responses

Suggested Energy Trust shift its emphasis away from support of solar and small wind projects. Advocated for Energy Trust to provide incentives for lower-cost renewable energy systems that generate energy continually, rather than intermittently, to bring greater reliability to the regional electric grid.

As part of the 2010-2014 Energy Trust Strategic Plan, the renewable energy sector invests in a portfolio of technologies. This approach recognizes the benefits of both intermittent and base load resources and uses the budgeting process to balance those benefits. This approach affords flexibility to respond to current market opportunities, allows the market – instead of Energy Trust – to bring forward winning technologies, and enables support for diverse opportunities for ratepayer renewable energy investments. While some technologies may currently be more expensive, staff believes their long-term viability remains a key criterion in determining support.

The portfolio approach has been endorsed by the Renewable Energy Advisory Council, including both PGE and Pacific Power, and by the Board of Directors through the annual budgeting and action plan process. The Oregon Public Utility Commission also supports this portfolio strategy through our annual performance measures and by establishing funding priorities that include both intermittent and base load resources.

The following comments were provided in a verbal statement by Mr. Charles during the OPUC public hearing 11/26.

Disagreed with the OPUC staff memo recommended reduction of carryover to 10% for each utility, stating that it might result in a “use it or lose it” mentality. Suggested the mention of carryover should be eliminated in the OPUC staff memo. Noted that Energy Trust’s board and staff appear to take seriously the mandate to cost-effectively spend funds.

Thank you for commenting. Staff believes the OPUC recommendation on carryover is primarily intended to reduce customer rate increases and not to encourage a use it or lose it approach to investments. Energy Trust investment decisions are subject to strict guidelines established by the OPUC and must comply with governing laws. Utilities, the OPUC and Energy Trust are working to collect only the amount of revenue necessary to support energy acquisition

through cost-effective energy efficiency and renewable energy market transformation. Utility funding negotiations resulted in a unanimous commitment to draw down carryover/reserve amounts in 2014 and into 2015, thereby avoiding any need for rate increases.

Respondent: Don MacOdrum, Home Performance Guild of Oregon
Comment topics

Suggested Energy Trust maintain air sealing incentives in 2014 for homes heated with natural gas. Suggested Energy Trust wait for further discussion on implementing the Societal Cost Test, use more recent air sealing data that reflects improved installation techniques and re-evaluate the measure. Commented that air sealing provides homeowners with understanding of their home's efficiency, develops air sealing contractor skills and supports home performance businesses.

Supported the suggestion offered at the 11/20 Conservation Advisory Council meeting to coordinate with trade allies in developing an air sealing incentive that rewards cost-effective installations.

Energy Trust staff responses

Thank you for your comment. After receiving feedback at the November 20th Conservation Advisory Council meeting and consulting with OPUC staff, Energy Trust has chosen to maintain the 2013 incentive of \$150 for air sealing in gas and electrically heated homes through the remainder of the 2013-2014 heating season with a modification: starting in 2014, in addition to previous measure requirements, homes must have been built during or before 1982 to qualify. This quick, simple, screening step will focus air sealing efforts on homes built prior to the first major code modifications and where air sealing appears to have the most savings impact.

We will continue to pilot new approaches as proposed and will conduct further analysis of this measure in 2014 in an effort to improve its cost-effectiveness. We plan to work with the trade ally stakeholder group on additional requirements and revisions to current standards that can be applied to improve the cost-effectiveness of this measure in 2014.

We will also work with the Oregon Public Utility Commission to obtain its guidance on measures that are not cost-effective through the open docket expected to conclude in the fall of 2014. Participation by the Home Performance Guild in this open public process is welcome and encouraged.

Respondent: Sommer Templet, Citizens' Utility Board of Oregon (CUB)
Comment topics

These comments were provided in a verbal statement by Ms. Templet during the Supported action plan and budget. Noted Energy Trust's low percentage of administrative costs in the draft budget and over past years. Commented on Energy Trust's commitment to regular communication about energy efficiency savings strategies.

Energy Trust staff responses

OPUC public hearing 11/26. Energy Trust appreciates the time and effort of CUB staff review and discussion of our draft budget and action plan throughout the fall and during the OPUC public hearing 11/26.

Respondent: Stan Price, Northwest Energy Efficiency Council (NEEC)
Comment topics | **Energy Trust staff responses**

Supported the Home Performance Guild of Oregon’s comment that Energy Trust continue to provide an incentive in 2014 for air sealing homes heated by natural gas. Shared appreciation for Energy Trust’s analysis of the costs and benefits of the measure. Suggested Energy Trust exercise the flexibility from the OPUC on cost effectiveness and take into account the uncertainty around long-term natural gas price forecasting in its analysis. Commented that air sealing is a beneficial, necessary step to home energy efficiency.

Thank you for your comment. After receiving feedback at the November 20th Conservation Advisory Council meeting and consulting with OPUC staff, Energy Trust has chosen to maintain the 2013 incentive of \$150 for air sealing in gas and electrically heated homes through the remainder of the 2013-2014 heating season with a modification: starting in 2014, in addition to previous measure requirements, homes must have been built during or before 1982 to qualify. This quick, simple, screening step will focus air sealing efforts on homes built prior to the first major code modifications and where air sealing appears to have the most savings impact.

We will continue to pilot new approaches as proposed and will conduct further analysis of this measure in 2014, in an effort to improve its cost-effectiveness. We plan to work with the trade ally stakeholder group on additional requirements and revisions to current standards that can be applied to improve the cost-effectiveness of this measure in 2014.

We will work with the Oregon Public Utility Commission to obtain its guidance on measures that are not cost-effective through the open docket expected to conclude in the fall of 2014. Participation by NEEC in this open public process is welcome and encouraged.

Respondent: Ann Gravatt, Climate Solutions
Comment topics | **Energy Trust staff responses**

Supported addition of Senior Stakeholder and Community Relations Manager. Conveyed the position will allow Energy Trust to further improve general awareness of Energy Trust programs, expertise and experience.

Thank you for your comment.

Air Sealing Resolution Comments

Comments received after Energy Trust notified Conservation Advisory Council members and trade allies regarding our decision to revise and maintain an Existing Homes air sealing incentive through the 2013-2014 heating season. A copy of the email notification sent by Director of Energy Programs Peter West is included in the collection of original comments that follows this summary.

Respondent: Wendy Gerlitz, NW Energy Coalition

Comment topics

Acknowledged Energy Trust’s communication to Conservation Advisory Council members noting actions taken by Energy Trust staff, after the November 20th CAC meeting, to revise and maintain the air sealing incentive through the 2013-14 heating season.

Acknowledged Energy Trust for its work to arrive at resolution on the air sealing incentive question. Noted appreciation for collecting feedback from the Conservation Advisory Council and trade allies, completing further analysis and determining a new path to maintain an air sealing incentive.

Stated the resolution appears to be ideal considering all the points raised in discussions.

Energy Trust staff responses

Thank you for your participation and comments. We value the input of the Conservation Advisory Council members and trade allies on this challenging issue. We remain committed to working with trade allies to determine if air sealing can become cost-effective as required by the policies that govern Energy Trust investments, or can be otherwise maintained as a result of the cost-effectiveness docket underway at the OPUC.

Respondent: Jim Abrahamson, Cascade Natural Gas

Comment topics

Acknowledged Energy Trust’s communication to Conservation Advisory Council members noting actions taken by Energy Trust staff, after the November 20th CAC meeting, to revise and maintain the air sealing incentive through the 2013-14 heating season.

Acknowledged Energy Trust for its work on the air sealing incentive question. Commented that properly installed air sealing measures save energy and advocated that air sealing should continue to be encouraged and incentivized by Energy Trust.

Suggested additional future consideration of the relative difference in air sealing savings assumptions between natural gas and electric homes. Suggests part of the difference may be related to air conditioner savings.

Energy Trust staff responses

Thank you for your participation and comments. We value the input of Conservation Advisory Council members and trade allies on this challenging issue. We remain committed to working with trade allies to determine if air sealing can become cost-effective as required by the policies that govern Energy Trust investments, or can be otherwise maintained as a result of the cost-effectiveness docket underway at the OPUC.

Thank you for the suggestion. We are open to information that parties may provide on this issue.

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| Respondent: Holly Meyer, NW Natural | |
| Comment topics | Energy Trust staff responses |
| <p>Acknowledged Energy Trust’s communication to Conservation Advisory Council members noting actions taken by Energy Trust staff, after the November 20th CAC meeting, to revise and maintain the air sealing incentive through the 2013-14 heating season.</p> <p>States the news is welcome and important for gas customers and energy efficiency in general. Acknowledged appreciation for CAC’s advisory role, and for Energy Trust openness to CAC member perspectives. Noted the conditions applied to air sealing appear to be a fair compromise.</p> | <p>Thank you for your participation and comments. We value the input of Conservation Advisory Council members and trade allies on this challenging issue. We remain committed to working with trade allies to determine if air sealing can become cost-effective as required by the policies that govern Energy Trust investments, or can be otherwise maintained as a result of the cost-effectiveness docket underway at the OPUC.</p> |

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| Respondent: Don MacOdrum, Home Performance Guild of Oregon | |
| Comment topics | Energy Trust staff responses |
| <p>Acknowledged Energy Trust’s communication to Conservation Advisory Council members noting actions taken by Energy Trust staff, after the November 20th CAC meeting, to revise and maintain the air sealing incentive through the 2013-14 heating season.</p> <p>Noted appreciation for Energy Trust work on the air sealing incentive. Commented that the HP Guild values the time and effort that Energy Trust has devoted to the development and study of this incentive, and appreciates the opportunity to provide input to Energy Trust through the CAC, where staff from the OPUC are present.</p> <p>Expressed appreciation for Energy Trust decision to maintain an air sealing incentive under conditions specified, and for Energy Trust plan to conduct additional analysis of the measure and its cost-effectiveness.</p> <p>Noted that the HP Guild will work with Energy Trust on the development and refinement of additional gas air sealing incentive requirements and revisions to current standards to improve the cost-effectiveness of the measure in 2014.</p> | <p>Thank you for your participation and comments. We value the input of the Conservation Advisory Council members and trade allies on this challenging issue. We remain committed to working with trade allies to determine if air sealing can become cost-effective as required by the policies that govern Energy Trust investments, or can be otherwise maintained as a result of the cost-effectiveness docket underway at the OPUC.</p> <p>We look forward to continuing our productive working relationship with the HP Guild on air sealing and other aspects of our Existing Homes program.</p> |

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| Acronyms | <p>aMW Average megawatt</p> <p>CAC..... Conservation Advisory Council</p> <p>HVAC ... Heating, Ventilation and Air Conditioning</p> | <p>IRP Integrated Resource Plan</p> <p>OPUC ... Oregon Public Utility Commission</p> <p>RAC..... Renewable Energy Advisory Council</p> <p>SPP.....State of Oregon Small Premium Project tax credit</p> |
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Oregon

John A. Kitzhaber, MD, Governor

Public Utility Commission

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Administrative Services

503-373-7394

December 3, 2013

Margie Harris, Director
Energy Trust of Oregon
421 SW Oak, Suite 300
Portland, Oregon 97204

Dear Margie,

We appreciate the opportunity to comment on your 2014 Budget and 2014-2015 Action Plan. We adopt the recommendations of the OPUC Staff, summarized below and described in more detail in the attached memo, and we also adopt three additional items that were discussed and approved at the November 26, 2013 public meeting.

Adopted Staff's recommendations:

1. Energy Trust work to reduce carryover for energy efficiency and renewable energy programs to less than 10% for each utility.
2. Going forward, Energy Trust should clearly document and communicate when positions are adjusted and/or work reassigned based on staffing and workload assessments. Total FTE should be critically evaluated each year. Where positions can be eliminated or transitioned and total FTE reduced, that should be a priority.
3. As part of Energy Trust's management audit this year, Energy Trust's current practices for evaluating staffing needs should be examined and any recommended improvements be implemented
4. As part of Energy Trust's strategic planning process that starts next year, Energy Trust should clearly identify a strategy for how their staffing levels and their overall business model will be evaluated and reset given projected declining efficiency potential in coming years.
5. Energy Trust should report regularly on a) progress on action items in the cost effectiveness docket UM 1622, and b) progress of updating electric avoided costs and implications of those new avoided costs.

Additional adopted recommendations:

- 1) Before next year's budget review cycle, work with staff to create a draft benchmark or guideline for total salary expenses as a percentage of total ETO expenditures to present for the Commission's consideration.
- 2) As part of the 2014 management audit / performance review and working with staff and utilities, examine specific metrics and benchmarks that could be used to gauge efficient execution and operation of non-direct program functions including information technology functions, budget and accounting systems, database management, call center and other communications operations, and any other general administrative functions.
- 3) Quantify, to the extent possible, the incremental benefits of each of the new hires and report the assessment as part of the next budget.

We applaud the Energy Trust for results achieved for customers in 2013 and look forward to working with the Trust and stakeholders to achieve the targets in the budget.


Susan Ackerman
Chair

OREGON PUBLIC UTILITY COMMISSION
Commissioner Susan Ackerman - Chair
Commissioner John Savage
Commissioner Stephen Bloom

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 26, 2013**

REGULAR X CONSENT EFFECTIVE DATE N/A

DATE: November 19, 2013

TO: Public Utility Commission

FROM: Juliet Johnson

THROUGH: Jason Eisdorfer, Maury Galbraith, and Aster Adams

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: Requests
Commission approval of comments on the Draft 2014 Budget and Draft
2014-15 Action Plan for the Energy Trust of Oregon.

STAFF RECOMMENDATION:

Staff recommends that the Commission adopt Staff's comments as Commission comments on the Draft 2014 Budget and Draft 2014-2015 Action Plan for the Energy Trust of Oregon.

DISCUSSION:

The Oregon Public Utility Commission (PUC or Commission) oversees the Energy Trust of Oregon (Energy Trust or ETO) to ensure that it achieves high levels of conservation savings and renewable resource generation, keeps its administrative costs down, and provides a high level of customer satisfaction. As part of the oversight, the Commission reviews and provides comments on the Energy Trust's action plan and annual budget.

Energy Trust presented the Draft 2014 Budget and Draft 2014-2015 Action Plan to the Conservation and Renewable Energy Advisory Councils (CAC and RAC) on October 23, 2013, for initial review. These same plans and budgets were presented to the Energy Trust Board on November 6, 2013, and to PUC Staff on November 13, 2013. The public meeting scheduled for November 26, 2013, is the opportunity for the public and the Commission to consider and comment on Staff's assessment of the budget and action plan. A final review of the plans and budgets will be made by the CAC and RAC on November 20, 2013. The Energy Trust Board will adopt an action plan and budget on December 13, 2013.

Summary

There are no major changes in direction or strategy in this budget and action plan. Energy Trust's projected revenues are down 1.4 percent and expenses are up 5.1 percent. Energy Trust plans to carry over dollars from previous years to make up the \$15.6 million difference between revenues and expenses. Energy Trust projects a modest growth in savings as levelized costs remain stable. ETO's budget includes 5.5 new full-time equivalent employees (FTEs). Consistent with prior years, administrative and program support is expected to be around six percent of program revenue.

The decrease in revenues is largely due to the reduction in the public purpose funding surcharge for Northwest Natural that was approved by the Commission at the October 28, 2013, public meeting. See Advice No. 13-19. The increase in expenses is primarily driven by an increase in program delivery costs and an increase in incentive levels for some measures.

The 5.5 new FTEs being requested include two positions that Energy Trust is already paying for as contract staff. Energy Trust is proposing to transition the Commercial and Industrial Marketing Coordinator and Residential Marketing Coordinator from contract to in-house full-time permanent staff. The three new positions being requested are Senior Stakeholder and Community Relations Manager, Southern Oregon Outreach Manager, and Senior Project Manager. Energy Trust is requesting to expand the Web Project Manager position from part to full time.

Status of Last Year's Recommendations

Below is a summary of last year's Staff recommendations that were adopted by the Commission for the 2013 budget and 2013-2014 action plan. Also below are Staff comments on each recommendation.

Recommendation: Energy Trust continue to streamline processes to keep administrative costs low.

Comment: *ETO administrative costs and support costs are still well below the PUC's performance measure of 9% for administrative and program support costs.*

Recommendation: Energy Trust work to limit carryover to less than 10 percent for all utilities for both efficiency and renewable energy programs.

Comment: *Projected carryover increased for many utilities in 2013. This is discussed in more detail below.*

Recommendation: Energy Trust closely evaluate the three remaining temporary agency positions and propose a way that work can be covered without increasing number of permanent staff.

Comment: *As part of this budget and action plan, Energy Trust is requesting that two of these three positions be moved to full-time permanent employees. Staff would have liked to see that Energy Trust followed this Commission's adopted recommendation within current staff or Program Management Contractors (PMC), but understands why additional FTEs are still needed and supports the request to transition two of the three part time to full time staff.*

Recommendation: Energy Trust initiate a discussion about how to more clearly describe conservative and stretch goals in terms of probability of meeting IRP targets.

Comment: *Staff is pleased with ETO's progress on this item. Energy Trust initiated a discussion and held several meetings to discuss this issue with utilities, Staff and the Energy Trust Board. In the end, a new strategy was developed whereby there is a single savings goal tied directly to utility Integrated Resource Plan (IRP) targets, rather than having a conservative and stretch goal.*

Recommendation: Energy Trust continue to provide updates to the PUC on the status and budget of computer system upgrades, including how the new system will reduce costs, increase savings, and benefit ratepayers.

Comment: *Energy Trust provides regular computer system upgrade updates as part of its quarterly reports. However, Staff believes Energy Trust could do better at communicating specifically how the computer system upgrades will serve customers, increase delivery efficiency, and reduce the need for additional staff.*

Recommendation: Energy Trust coordinate closely with the PUC before moving forward to evaluate grant opportunities. Energy Trust coordinate closely with the PUC on any proposed changes to their business model.

Comment: *Staff is pleased with Energy Trust's responsiveness to this recommendation. ETO has coordinated with Staff and responded to Staff's direction regarding exploring grant opportunities.*

Recommendation: PUC staff work with Energy Trust staff on expanding deep retrofit pilot projects; Energy Trust report to the PUC quarterly on deep retrofit pilot initiatives.

Comment: *Staff is satisfied with Energy Trust's efforts on this recommendation. Although it has taken longer than expected, Energy Trust is moving toward completing a request for proposals for a pay for performance pilot project that will be submitted to the Commission for approval. Energy Trust reports each quarter on progress of deep retrofit projects generally. As of the third quarter of 2013, Energy Trust reports completing six deep retrofit projects.*

Recommendation: Energy Trust make a concerted effort to promote the lender ally program more widely and aggressively; Energy Trust should provide updates on the lender allies at quarterly update meetings to the PUC.

Comment: *Energy Trust reports quarterly on progress on developing a trade ally network. Staff is satisfied with efforts to date.*

Electric Savings

Energy Trust plans to grow electric savings by approximately eight percent from 53.8 average megawatts (aMW) in 2013 to a projected 58 aMW in 2014. The cost of electric savings is projected to be stable at 3 cents/kWh. Electric efficiency revenues are estimated to be \$123.7 million in 2013 compared to a projection of \$133.5 million in 2014.

Gas Savings

Energy Trust plans to grow gas savings from 5.6 million annual therms in 2013 to 6.1 million annual therms in 2014. The levelized cost is projected to be 39.8 cents in Oregon for 2014, compared to 2013 where the *budgeted* levelized cost was 44 cents per million annual therm and the *projected achieved* 2013 levelized cost will be 39 cents per million annual therm. Gas revenues were projected to be \$28.5 million in 2013 and are projected to be \$24 million in 2014.

Renewable Energy

In 2014, Energy Trust is projecting it will acquire 2.7 aMW of renewable energy generation. This is compared with a projection of 2.65 aMW in 2013. The cost of acquiring the savings will be \$16.5 million which represents a levelized cost of 5.7 cents per kilowatt-hour.

Carryover

The percentages in the table below represent the efficiency revenues that were carried over compared to the total yearly revenues plus previous year's carryover, for 2011 to 2012, 2012 to 2013, and for 2013 to 2014:

| | Carryover from 2011 to 2012 | Carryover from 2012 to 2013 | Projected carryover from 2013 to 2014 |
|-----------------------|-----------------------------|-----------------------------|---------------------------------------|
| PGE | 15% | 16% | 19% |
| PacifiCorp | 0% | 7% | 16% |
| NW Natural | 28% | 12% | 25% |
| NW Natural Industrial | 46% | 37% | 0% |
| Cascade | 6% | 0% | 32% |

Energy efficiency carryover has increased from 2012 to 2013 as a percentage for all utilities except NW Natural's industrial program. The large carryover for Northwest Natural is due to Energy Trust acquiring savings at less cost than originally anticipated. Energy Trust is very close to meeting the stretch goal for NW Natural in 2013, but they did so at less cost than originally planned so the carryover dollars are higher than planned. Energy Trust was expecting two large industrial projects to happen this year in Cascade territory that didn't materialize. That's why the Cascade carryover amount is so high.

The table below shows the percent of renewable energy funds that were carried over from 2011 to 2012 and the percent that are expected to be carried over from 2012 to 2013 on an activity basis:

| | Activity Carryover 2011-12 | Activity Carryover 2012-13 | Activity Carryover 2013-14 |
|------------|----------------------------|----------------------------|----------------------------|
| PGE | 23% | 6% | 30% |
| PacifiCorp | 4% | 31% | 10% |

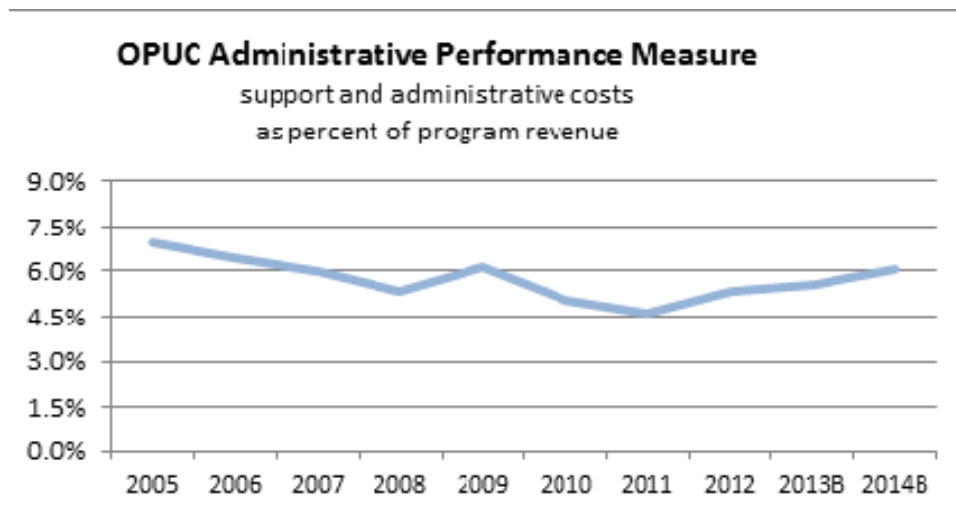
Renewable generation carryover increased from 6 to 30 percent for PGE and decreased from 31 to 10 percent for PacifiCorp. Energy Trust's renewable programs are still being impacted by the loss of the state Business Energy Tax Credit. That has likely contributed to the high carryover for PGE. Energy Trust indicates that their renewable energy pipeline is strong and that new data sharing agreements will allow them to target market renewable programs to commercial customers, both of which

should lead to more uptake in coming years. Relative to Pacific Power carryover, Staff is pleased with Energy Trust's efforts and success in reducing carryover.

Staff continues to recommend Energy Trust work to reduce carryover for energy efficiency and renewable energy programs to less than 10% for each utility.

Administrative Costs

Energy Trust's draft 2014 budget shows projected administrative and program support costs of 6.0 percent of total costs. The PUC performance measure requires that administrative and program support costs be less than nine percent. Last year's budget showed an estimate of 5.6 percent of total costs, so the percent of administrative costs is projected to increase slightly in 2014 over what was projected in 2013. Energy Trust indicates that typically actual administrative costs come in lower than projected by almost a full percent. As such, it is assumed that in 2014, actual administrative costs will be below 6.0 percent and far below the PUC performance measure of 9.0 percent. The attached graph shows historical (for years 2005-2012) and budgeted (for years 2013 and 2014) support and administrative costs as a percent of program revenue. Staff supports Energy Trust's continuing to streamline processes to keep administrative costs low.



Staffing

Energy Trust is proposing a total of 5.5 new FTE. These include two positions that Energy Trust is already paying for as contract staff, Commercial and Industrial Marketing Coordinator and Residential Marketing Coordinator. The following three new positions are requested:

- Senior Stakeholder and Community Relations Manager
- Southern Oregon Outreach Manager
- Senior Project Manager.

In addition, Energy Trust is requesting to expand the Web Project Manager position from part to full time.

Energy Trust indicated that many more than 5.5 positions were originally proposed by ETO staff. Management went carefully through all the proposed positions and landed on the 5.5 that are currently requested. These were strategically designed to support the diverse strategies that will be required to continue to achieve and even grow savings in the current challenging environment of:

- Low natural gas prices and lower avoided electric costs
- The loss of state business energy tax credits for commercial and industrial efficiency projects

Staff recognizes that because of past success much of the proverbial low hanging conservation fruit has been picked and Energy Trust needs to go higher up the tree to obtain savings. In order to do this, Energy Trust has had to diversify offerings and focus on smaller projects which require more management, innovation, and customer contact per unit of savings. Staff understands this and sees flexibility and responsiveness as one of Energy Trust's greatest strengths.

Staff has carefully reviewed the job descriptions of each proposed position and supports the 5.5 FTEs. Below Staff has ranked the five FTE in priority order with a summary of the perceived importance of each position:

- Senior Stakeholder and Community Relations Manager (NEW) - Staff has heard from other stakeholders in the region that this position is needed at Energy Trust. Increased outreach and visibility will enhance awareness of Energy Trust offerings and help to build and maintain critical relationships which should lead to increased participation and more savings. This position will also help improve continuity during program contractor transitions. Staff believes that it is important that the person in this position attend the regularly scheduled ETO/PUC management coordination meetings in order to ensure that the message communicated with the public is consistent with the Commission policies and requirements related to ETO and the programs it implements.

- Southern Oregon Outreach Manager (NEW) - In Southern Oregon, Energy Trust is sometimes viewed as an “outsider” focused within the Willamette Valley. This position allows Energy Trust to establish a consistent presence in Southern Oregon, where there are still significant savings to be acquired. It will also allow ETO to better coordinate with and leverage utility representatives in the region which are paid for through SB 838 utility retained funds. Energy Trust sees this position as a supplement to rather than a replacement of the utility representatives. This position will also help establish contractor and supplier channels and facilitate customer engagement with Energy Trust offerings. This person will be familiar with the local culture and have current detailed information about Energy Trust offerings and will be singularly focused on achieving Energy Trust goals and delivering results.
- Web Project Manager (TRANSITION FROM HALF TIME TO FULL-TIME) - This position will expand support for online tools, e-mail marketing and social media to reach and engage current and future customers. It will also increase customer service and support expanded hosting of online training and educational materials for trade allies.
- Commercial and Industrial (C&I) Marketing Coordinator - (CONVERT FROM CONTRACTOR TO FTE) - OPUC Staff has participated in coordination meetings between Energy Trust and the utilities, and has noted an increase in marketing coordination, which is good for customers and for generating better savings numbers. This position will help support the C&I sector senior marketing manager to develop and implement targeted marketing strategies for businesses. As savings are being achieved in more and smaller chunks, targeted marketing is increasingly important. Energy Trust indicates that based on their expected activities and workload of this contract position, this position is not temporary in nature, but rather will be required on an ongoing basis.
- Residential Marketing Coordinator (CONVERT FROM CONTRACTOR TO FTE) - This position will support the residential marketing manager and will assist in coordinating marketing with utilities. This position will also help to leverage the benefits of targeted marketing opportunities that are available as a result of new data sharing agreements.
- Senior Operations Project Manager (NEW) - In the past, Energy Trust has hired relatively high-priced consultants and contractors to manage complex, cross-functional projects. This position would develop and oversee project plans for major efforts, such as the Customer Relationship Management (CRM) system development, utility data sharing, and major contractor transitions. It is

suggested that this in-house coordination will lead to faster delivery, improved cost efficiencies and improved service.

Below is a graph that shows historical and budgeted staffing costs as a percent of total expenditures.



When Energy Trust proposed these positions, Staff asked Energy Trust what positions have been cut or reassigned in recent years. Energy Trust explained that in 2009 they went through a redesign and all positions were re-assessed at that time. As part of the redesign five positions were eliminated and employees shifted to other positions. In total, seven employees were re-assigned at that time. In 2009-2013 there was a restructuring of the Information Technology (IT) department at Energy Trust where 2/3 of all IT positions were shifted to more technical orientation and one position was eliminated.

Energy Trust indicated that every year work plans are adjusted based on the emerging needs and programs and each staff position is evaluated.

Staff offers the following recommendations related to staffing:

1. Going forward, Energy Trust should clearly document and communicate when positions are adjusted and/or work reassigned based on staffing and workload assessments. Total FTEs should be critically evaluated each year. Where positions can be eliminated or transitioned and total FTEs reduced, that should be a priority.

2. Energy Trust is undergoing a management audit next year. As part of that audit, Energy Trust's current practices of evaluating staffing needs and shifting responsibilities to respond to market conditions should be closely examined and any recommended improvements be implemented.
3. It is always easier to add new staff than to reduce staff. Energy Trust projects that in the not too distant future, achievable savings will decline. At the same time, harder-to-acquire savings will continue to require more management and innovation to achieve and these savings will likely be accompanied by higher program delivery costs. Energy Trust needs to plan ahead about how they will find the appropriate balance between growing staff to get at harder to acquire savings and reducing staff due to reduced savings achieved or expected. At some time a point of diminishing returns will be reached. As part of Energy Trust's strategic planning process, they should clearly identify how staffing and the overall business model will be evaluated and reset based on projected reductions in savings potential.

In addition to these recommendations, Staff offers the concept of a staffing benchmark level be determined by the Commission such that staffing expenditure levels be set to remain below a predetermined percentage of the total expenditures of Energy Trust. Should the Commission decide to set a staffing benchmark level, Staff would recommend that a benchmark range such as six to seven percent of total expenditures be approved for future ETO budgets. Setting a staffing benchmark level will provide ETO with the necessary flexibility needed to face the challenges ahead.

Program Offerings

Energy Trust plans to continue offering in 2014 their basic programs that have been successful and cost effective to date and to focus on the following new program initiatives associated with program design and delivery: expand strategic energy management, advance lender ally program, provide on-bill repayment, provide instant incentives, and target market and follow up with customers. In terms of new technology promotions, Energy Trust will focus on LEDs, high efficiency heat pumps, and heat pump water heaters. Energy Trust will focus on pilots associated with gas market transformation, commercial pay for performance, MPower for affordable housing multifamily renters, Savings Within Reach for moderate income customers, prescriptive air sealing with ceiling insulation and early retirement of gas furnaces and windows. Staff supports these initiatives for 2014.

For renewable energy, Energy Trust will continue to focus on early project development assistance as recommended by the Commission in the newly revised renewable energy performance measures. Staff is pleased with Energy Trust efforts to date in this area. In 2014, Energy Trust will work with regional stakeholders to focus on how to reduce soft costs associated with solar project development. Staff supports these efforts and recommends Energy Trust document what it is learning relative to these leading edge efforts and make that learning available to others.

Cost Effectiveness

Energy Trust is currently operating within a two-year gas cost effectiveness exceptions period through October 2014. In July of 2014 Energy Trust will report to PUC Staff a complete listing of the total resource cost test (TRC) and utility cost test benefit/cost ratios for existing gas programs that do not pass the TRC. Recommendations will also be provided for which programs and measures to continue going forward. This is happening as part of the cost effectiveness docket UM 1622.

In addition, electric avoided costs will be updated in 2014 and electric measures will also need to be re-evaluated for cost effectiveness.

Staff recommends that Energy Trust report regularly on a) progress on action items in the cost effectiveness docket UM 1622, and b) progress of updating electric avoided costs and implications of those new avoided costs.

Recommendations

Overall, PUC staff supports Energy Trust's draft 2014 budget and 2014-15 action plan and commends Energy Trust for their efforts on both. Staff recommends the Commission support the budget and action plan subject to the following conditions:

1. Energy Trust work to reduce carryover for energy efficiency and renewable energy programs to less than 10% for each utility.
2. Going forward, Energy Trust should clearly document and communicate when positions are adjusted and/or work reassigned based on staffing and workload assessments. Total FTE should be critically evaluated each year. Where positions can be eliminated or transitioned and total FTE reduced, that should be a priority.

3. As part of Energy Trust's management audit this year, Energy Trust's current practices for evaluating staffing needs should be examined and any recommended improvements be implemented
4. As part of Energy Trust's strategic planning process that starts next year, Energy Trust should clearly identify a strategy for how their staffing levels and their overall business model will be evaluated and reset given projected declining efficiency potential in coming years.
5. Energy Trust should report regularly on a) progress on action items in the cost effectiveness docket UM 1622, and b) progress of updating electric avoided costs and implications of those new avoided costs.

PROPOSED COMMISSION MOTION:

Staff's comments be adopted as Commission comments on the Draft 2014 Budget and Draft 2014-15 Action Plan for the Energy Trust of Oregon.



Pat Egan
Vice President, Customer and
Community Affairs

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

phone (503) 813-6165
fax (503) 813-6100

November 27, 2013

Margie Harris
Executive Director
Energy Trust of Oregon
421 SW Oak St., Suite 300
Portland, OR 97204

Dear Margie,

Thank you to you and your staff for presenting Energy Trust's 2014 draft action plan and budget on November 25, 2013. We also want to recognize the work Energy Trust has done to find administrative and program efficiencies that support rate certainty for our customers. We look forward to continuing to work together and believe both Energy Trust and Pacific Power have significant contributions to make in informing customers of the opportunities presented by your services and programs.

A few comments and requests for the coming year:

- We are again pleased to see that Energy Trust projects it will exceed Pacific Power's IRP goal in 2013 for less than the forecasted 2013 budget. Based on existing reserves, estimated carryover and the projection of revenues for 2014 at current rates, we agreed there is no need for a rate adjustment to Schedule 297, Energy Conservation Charge. We look forward to working with you and reviewing Energy Trust's updated budget in 2014 to determine if any 2014 adjustment is necessary.
- As detailed in the full version of the draft 2014 Annual Budget and 2014-2015 Action Plan, Pacific Power appreciates and supports the benefits received by customer investment in energy efficiency and renewable energy. We suggest that Energy Trust expand these benefits to explicitly include customer investments beyond those offset by incentives. We believe this will improve transparency and account for customer costs consistent with Oregon's TRC mandate.
- Energy Trust goals link tightly to Pacific Power's resource plan and we appreciate the work to date. Because PacifiCorp is a multi-state utility, we would like to underscore the importance of real time coordination on supply curve development, input assumptions for savings estimates, deployment/ramp rates, levelizing techniques, and administrative costs.

- As discussed previously, we are generally supportive of the use of pilots in 2014 to better understand markets and opportunities. We will again be reviewing pilots and results in 2014 to assure they contain pilot program end dates, measures to assess success, an evaluation plan, and that go forward decisions will be based on evaluation results.
- Regarding marketing and outreach staffing additions, we appreciate the desire and need for improved utility coordination. As we have seen over time, Energy Trust collaboration with Pacific Power is a benefit and we do not believe it is an added activity that drives administrative cost. We strongly recommend that the job description for any current and future marketing and outreach staff specifically include coordination with utilities.
- We recognize that work to update electric avoided costs is not yet complete. We look forward to completing this work as quickly as possible and formalizing a process to routinely update avoided electric costs with available values generated by IRPs. We request Energy Trust to consider developing a mitigation plan to achieve 2014 goals with lower electric avoided costs.

Pacific Power values the resource acquisitions and customer benefits delivered by Energy Trust on behalf of Pacific Power customers. Speaking on behalf our team, we're here to help Energy Trust meet and exceed their goals for 2014.

Sincerely,

A handwritten signature in black ink that reads "Pat Egan". The signature is written in a cursive style with a large, stylized initial "P".

Pat Egan
Vice President, Customer and Community Affairs
Pacific Power



Portland General Electric Company

121 SW Salmon Street • 1WTC1706 • Portland, Oregon 97204
(503) 464-8536 • Facsimile (503) 464-2222

Carol Dillin

Vice President
Customer Strategies &
Business Development

December 3, 2013

Dear Margie,

As you know, Portland General Electric values working with Energy Trust to deliver energy efficiency and small-scale renewable programs to our customers. We're pleased with increasing levels of success, including a projected 35aMW of efficiency savings this year for PGE customers, the largest amount of energy savings yet! We are proud of the work that we do together to increase awareness and action for energy savings and renewable adoption in our community and appreciate the opportunity to comment on Energy Trust's 2014 budget and 2014-2015 Action Plan as we both are challenged to use customer monies as effectively and efficiently as possible.

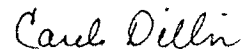
After reviewing Energy Trust's 2014 plans and declining aMW savings forecasts after 2015, we have concerns about adding to the current budget for additional communications and outreach positions. Instead, we ask that Energy Trust work with PGE and other utility partners to keep meeting our joint goals without the additional outreach, coordination or project management staff, and without increases to general communications budgets.

- The proposed budget includes a 40% increase of \$840,773 in general communications budgets in 2014 and an additional \$53,573 increase in 2015. Although you noted recently that stakeholder awareness of Energy Trust is less than ideal, your yearly results do not reflect a similar decline. This increase includes almost \$250,000 for "creative services" as well as an additional position for stakeholder outreach, which we think is unnecessary given the great amount of success we have had collaborating together on communications and outreach aimed at achieving increased energy efficiency adoption.
- Also included in the proposed budget are 4.5 FTE's for coordinators and project managers. While this is valuable work, we suggest that it can be embedded into the work of existing Energy Trust program marketing personnel and not just relegated to specific positions – or assigned to a contract workforce for maximum budget flexibility.

Overall, knowing that Energy Trust savings goals are currently projected to drop annually starting in 2015, we are concerned about the addition of permanent staff or an increase in non-program budgets. While we both anticipate that cost/kwh may increase as Energy Trust seeks harder-to-get energy efficiency, that effect will happen given current kwh savings forecasts if Energy Trust keeps its 2013 staffing and communication budget levels in 2015 and 2016. We do not believe Energy Trust should accelerate that effect by increasing staff and non-program budgets.

We appreciate our ongoing partnership with Energy Trust, and the value you provide every day. We look forward to continued collaboration in delivering energy-saving solutions to our customers as together we exceed our goals in 2014. Again, thank you for this opportunity.

Regards,

A handwritten signature in cursive script that reads "Carol Dillin".

Carol Dillin

Vice President

Customer Strategies and Business Development

WEATHERIZATION INDUSTRIES SAVE ENERGY

565 21ST ST SE SALEM, OREGON 97301 • (503) 569-1381 • WEATHERIZATIONALLIES@GMAIL.COM

COMMENTS ON THE 2014 ENERGY TRUST BUDGET AND ACTION PLAN

INTRODUCTION

Weatherization Industries Save Energy (WISE) is a trade association of weatherization and HVAC contractors, distributors, and manufacturers. It is dedicated to promoting sound energy efficiency policy and improving cooperation between the ETO, ODOE, BPA and the contractors and manufacturers who promote, produce, and install energy efficiency measures.

GENERAL BUDGET

Because this budget scales up the 2013 budget without significant disruption to sector parity or the balance of incentive versus non-incentive expenses, these comments will focus almost exclusively on the Existing Homes program. However, it continues to concern the trade allies of the weatherization and HVAC industries that large portions of the public purpose funds contributed by residential ratepayers are diverted into the commercial and industrial sectors. It is even more concerning that less than half of residential program funds are given back to homeowners as incentives. The cumulative result is that, out of each of the roughly 100 million dollars that residential ratepayers will entrust to the Energy Trust in 2014, it less than 30¢ will likely return to those residential ratepayers to help defray the costs of energy efficiency projects.

EXISTING HOMES BUDGET

The most striking aspect of the Existing Homes budget is that for every dollar that the Trust returns to ratepayers in the form of incentives to take action, another dollar is spent on supporting the program itself. This ratio is not a significant change from previous years but continues to be of great concern to the weatherization industry.

Unlike previous years where budget discussions have centered around available energy savings, sector parity, and the relative levelized cost of programs, the 2014 Existing Homes program will be constrained and shaped primarily by measure-level TRC cost-effectiveness testing. Over the past year the decline in the avoided cost of natural gas has caused significant portions of the Existing Home portfolio to be eliminated or drastically curtailed. In other words, measure-level TRC testing has overshadowed all other aspects of budget planning from resource potential to levelized cost and prevented the Energy Trust from fulfilling its commission to acquire energy savings as cost-effectively as it can.

If the Energy Trust were held to a more typical standard—such as program level only testing—the budget would allow for more ratepayer money to be returned to residential customers via incentives and less to be spent on ETO expenses and

delivery costs. This would, in turn, lower the levelized cost and make the entire program more efficient and successful.

EXISTING HOMES ACTION PLAN

Homeowners and Trade Allies are the ones who will ultimately determine the success of the Existing Homes program with their decisions about the quantity and quality of energy efficiency measures they install. Because of this, the weatherization and HVAC contractors are encouraged that the overarching theme of the 2014 Action Plan is to overcome obstacles by looking at problems from the perspective of those homeowners and Trade Allies. However, plans are only useful if they are converted into reality, and in the past, the Trust and its program management contractors have struggled with follow through. It is probable that one leading cause of the historically poor translation of the Plan to real action is the vague and jargonistic manner in which they are often written. WISE encourages program staff to revise the Action Plan language to include more specific actions that the program will take over the coming year in language that can be clearly understood by those outside the Trust and its management contractors.

WISE is very pleased to see that contractor-paid incentives are prioritized in the action plan¹. This change will reduce the upfront costs to homeowners without having any impact on the budget, thereby promoting not only more projects, but also more measures per project. However, this same action has been included in previous plans since at least 2011 with no visible progress having been made. Again, plans are of no value without follow-through. Furthermore, contractor-paid incentives will only gain uptake from the Trade Allies if the Trust can consistently pay those incentives within a standard thirty-day timeframe without onerous paperwork. It will also be essential that the Trust clearly show what incentives belong to which project and account for any differences between incentives paid and those applied for.

Another positive theme of the Action Plan is the goal of working with trade allies collaboratively and proactively to increase the quality of installed measures²—including helping those trade allies see the financial benefit of consistently improved quality—rather than punitive enforcement after projects are completed. This should improve quality faster and more reliably than a punitive approach while at the same time improving the relationship between Trade Allies and the Trust.

The Action Plan also includes a focus on providing new financing options for homeowners.³ This is a worthy objective, but should be pursued cautiously. Clean Energy Works has shown that there is some demand for financing in the market, but the Trust has tried to promote financing options for a decade; thus far with little success. The primary challenges to past financing options have been the difficulty in applying and qualifying for a loan along with relatively unattractive rates. Furthermore, in some areas of the state, there is little customer desire to finance the installation of energy efficiency measures. Before committing significant time or

¹ Items #9 &14 under 2014 Strategies and Activities.

² Items #5 &11 under 2014 Strategies and Activities.

³ Items #4 &13 under 2014 Strategies and Activities.

resources to promoting financing options, the Trust should make sure that they will be simple, fast, low-cost, available to the customers who need them, and will not promote increased measure costs.

There are several areas that are notably absent from the Action Plan. One important item is a redesign of the prescriptive duct sealing pilot. Duct sealing does have significant obstacles to overcome before it can be added back to the measure portfolio, but it is a crucial component of residential energy efficiency and the Trust should be obligated to continue exploration of ways to add it back to the measure portfolio.

Another significant area of focus that is not clearly shown is any effort to improve program level TRC cost-effectiveness by reducing costs at the Trust and PMC levels. While there has been a major focus on improving measure-level TRC cost-effectiveness over the last year, and more difficult changes are foreseen for 2014, the Trust and its contractors have shown little progress toward improving their own cost-effectiveness.

MULTIFAMILY ACTION PLAN

The lack of a reliable state tax credit program for rental properties over the last several years has significantly depressed the multifamily weatherization market. However, recent changes to the Small Premium Project tax credit should allow for this hard-to-reach market to once again provide significant and cost-effective savings to the Trust portfolio. The 2014 multifamily program should include a strong focus in both program design and marketing to take advantage of the resurgent tax credits. Along these same lines, the multifamily program should work to promote and clarify its role over small multifamily (owner-occupied condos and townhomes, duplexes, triplexes, etc) that do not fit well into the traditional large multifamily program.

CONCLUSION

Much progress has been made over the past years in establishing a dependable and effective residential energy efficiency program. Unfortunately the precipitous drop in the deemed avoided cost of natural gas, combined with the Trust's requirement of measure-level TRC testing, has done serious damage to that program and threatens much more harm in the coming years. As the deemed avoided costs of electricity are lowered, this calamity will only be compounded. Since cost-effectiveness testing determines where dollars are allowed to be spent and the budget is a subsequent statement of spending priorities, the problem of cost-effectiveness testing must be addressed before serious attention can be paid to budgeting. Clearly, time has run out on the 2014 budget process for changes to cost-effectiveness policy, but it should be the first priority of the Energy Trust to significantly alter testing requirements well in advance of the 2015 budget process.

WISE maintains that measure-level TRC testing has the perverse effect of increasing the cost of acquiring energy savings and, as it therefore prevents the Trust from achieving its primary mandate of promoting savings as cost-effectively as practical, should be eliminated. The evidence that measure-level TRC testing hurts true cost-effectiveness can easily be seen in the Existing Homes budget where a mere 48% of the total program budget is allocated for incentives. The remaining 52%, which

cannot be returned to the ratepayers to pay for efficiency improvements because of testing requirements, largely goes into trying to develop, administer, and analyze a program that can still deliver savings while being handicapped by those very same cost-effectiveness test requirements. Simply eliminating measure-level TRC testing and requiring only program level TRC testing⁴, will free the program to spend more of its resources paying for energy efficiency and less on administration, overhead, and projects that are designed to promote customer action but are not subject to individualized cost-effectiveness testing.⁵

The contractors, manufacturers, and distributors of the weatherization and HVAC industries, upon whom the success of the Existing Homes program depends, strongly urge the Trust and its program managers to think critically about and follow through both on the plans outlined in the 2014 Budget and Action Plan and the pressing need to significantly change cost-effectiveness testing in advance of the 2015 budget. They offer their assistance in these projects and more generally in speeding progress toward the increasingly difficult energy conservation goals that we all need to achieve.

For more information please contact Jeremy Anderson at (503) 569-1381.

⁴ Alternatively, a focus on levelized cost, and/or simple customer payback in conjunction with utility cost testing may provide a better framework for creating a cost-effective program.

⁵ For example, Energy Performance Scoring for existing homes has cost the Trust significant amounts of money and would never pass cost-effectiveness testing on its own, but because it is not an incentive it is exempt from TRC testing. The same money would have bought far more savings if it had been used for incentives. Other examples include the online referral tool, savings calculator, past financing efforts, etc.

November 27, 2013



Energy Trust of Oregon
421 SW Oak Street, Suite 300
Portland, OR 97204

RE: CAC Discussion on Gas Air Sealing Incentive

On behalf of the Home Performance Guild of Oregon, I am writing to provide feedback on the November 20th Conservation Advisory Council (CAC) discussion on the Gas Air Sealing Incentive. We value the time and effort that Energy Trust of Oregon (Energy Trust) has devoted to the development and study of this incentive and appreciate the opportunity via the CAC to provide input.

We believe that Energy Trust should keep the Gas Air Sealing Incentive through 2014 in light of several issues identified during the CAC discussion:

- The current evaluation of air sealing cost effectiveness (CE) appears to be based on 2009-2010 data.
- The incentive in effect during that period encouraged and rewarded a reduction of only 300CFM, which all parties now recognize was woefully inadequate.
- There is good reason to believe that home performance contractors have improved their air-sealing reductions greatly since 2009-2010.
- Ongoing discussions regarding the implementation of the Societal Cost Test (SCT) may lead to substantive changes, which would likely contribute to making gas air sealing a much more cost effective measure.

We strongly support the suggestion during the CAC meeting that Energy Trust should fast track analysis of its 2011-2012 evaluation data, which we expect to show significantly greater air sealing reductions.

We also embrace the suggestion that trade allies and Energy Trust work together to develop an air sealing incentive that encourages and rewards cost-effective reductions. We would be very happy to facilitate and participate in such discussions.

Finally, we could not agree more that the most appropriate and constructive step would be to delay any decision regarding the Gas Air Sealing Incentive until more current data are available and until any evolution of the SCT becomes clear.

Air sealing is a cornerstone of home performance and responsible weatherization in general, and we believe every reasonable effort should be made to keep an incentive for air sealing in gas and electric homes. It would be very unfortunate to eliminate the incentive based on conclusions drawn from outdated data, which also reflects a time when many home performance contractors were new and when the air sealing incentive rewarded relatively poor air-sealing reductions.

We believe that air sealing, in combination with the blower door test, is an essential measure that provides homeowners with an intuitive and quantitative understanding of a key area of building science and their home's energy efficiency. We believe that

November 27, 2013



eliminating the Gas Air Sealing Incentive now would begin to undo years of progress not only in communicating the importance of air sealing but also in developing adept air sealing crews. It would also further hamper home performance contractors, many of whom are already struggling to remain viable as the difficult economy continues on.

Thank you for the opportunity to comment.

Sincerely,

Don MacOdrum, Executive Director

Home Performance Guild of Oregon

m. 503-754-5403

don@hpguild.org

E-mail Comments Received

From: Abrahamson, Jim

Sent: Wednesday, November 27, 2013 12:17 PM

To: Margie Harris; Steve Lacey; Peter West

Cc: Parvinen, Michael; Spector, Allison

Subject: Cascade Natural Gas Comments on Draft 2014 Annual Budget & 2014-15 Action Plan

November 27, 2013

Margie Harris, Executive Director
Energy Trust of Oregon
421 SW Oak Street, #300
Portland, Oregon 97204

Greetings,

Cascade Natural Gas appreciates the opportunity to comment on the Energy Trust of Oregon's 2014-2015 draft budget of the energy efficiency programs for Cascade's Oregon service area.

We are not in a position to be able to comment fully on Cascade's Total Program & Administrative Expense budget for 2014-15 because we have not seen one that incorporates the full financial impact of the significant reduction in anticipated therm savings between the R1 and R2 therm savings goals. We discussed this situation at our joint budget meeting held on November 13, 2013.

Here is a synopsis of how this situation developed:

- After discussing 2014-15 budget concepts with ETO staff over the past several months we finally saw the R1 savings projections for the first time on October 23 at a CAC meeting. These R1 savings projections formed the basis of the R1 expense budget that has been presented twice to CAC and once to the ETO Board and the OPUC. At that meeting, both Cascade and ETO program staff simultaneously noticed a glaring problem with the 2014 therm savings projections.
- The following week, ETO program staff and Cascade met and quickly agreed to modify the 2014 therm savings projections. These modifications led to an approximate 11.5 percent reduction in projected therm savings for 2014.
- Two weeks later, at our November 13 budget meeting, we learned that we were not going to be able to see the projected total dollar impact this large savings modification will have on our financial budget until the revised draft R2 budget is released on December 6, 2014. We were informed that we will most likely see close to a 1 to 1 reduction in the 2014 incentives budget but that the impact to the remaining 40 percent of the budget was not knowable until the financial models were run after budget comments were reviewed and final adjustments made to the overall 2014 budget.

We believe that this situation points to some areas of the overall ETO budget development process that should be modified to minimize the chance that this situation happens again. We would be more than happy to have a dialog with ETO, the other utilities and OPUC staff to that effect during 2014.

In conclusion, Cascade is supportive of the modifications made to the therm savings projections between the R1 and R2 budgets. We have been informed of the most likely impact this reduction will have on the incentives budget which accounts for about 60 percent of the overall

program and administrative cost budget. However, we cannot speak to the potential overall budget impact since we will not be privy to those figures until they are released to the public on December 6, 2013.

Sincerely,

Jim Abrahamson
Manager, Conservation Policy
Cascade Natural Gas Corporation
<http://www.cngc.com>

From: Edmonds, Bill
Sent: Wednesday, December 04, 2013 8:32 AM
To: Margie Harris
Cc: Steve Lacey; Peter West; Meyer, Holly
Subject: NWN comments on ETO's budget

Margie and Team:

NW Natural appreciates the opportunity to comment as you finalize ETO's budget.

I'm including NWN's earlier comments to your budget concepts discussed during the summer. We appreciated the opportunity to participate when the budget was still in "concept" form and see clearly that our comments were considered in your current budget.

Only two minor changes have surfaced in the interim:

1. **NEST:** We had not understood the nature of the NEST pilot and would ask that gas be included in this initiative.
2. **Tankless water heating:** New, third-party data shows savings of the latest generation tankless water heating to be improved and pricing for the device is lower than prior installation; therefore, we believe a pilot in 2014 is warranted to test the relative cost-effectiveness of this new equipment for gas.

While there is no change from our comments below regarding NEEA, we can report that our conversations with NEEA continue to be promising. We look forward to initiating work on the gas side during 2014 as we plan for a more robust gas program beginning the following year.

As we move into 2014, we also look forward to developing a joint strategic planning process that will increase the efficacies of each our two organizations and help us look together beyond the single year ETO budget. Thank you for initiating this effort.

Best, Bill

From: Meyer, Holly
Sent: Friday, August 02, 2013 12:32 PM
To: Steve Lacey; Margie Harris; Peter West
Cc: Edmonds, Bill
Subject: NWN comments to budget concepts

Margie, Steve and Peter,

Thank you for including NWN early in your 2014 budget planning – we appreciate the evolution and refinement of this process and think our joint input helps shape the most effective plan. We

support your focus on innovation, ease of participation, leveraging third-party partnerships, developing program efficiencies and targeting communications across each customer segment; these goals also will help us achieve our objectives for these efficiency programs that include:

- Achieving the IRP savings targets
- Increasing customer satisfaction
- Providing equity and accessibility for EE to lower income customers, and
- Maintaining our customer base while moving them to the highest efficiency gas equipment.

2014 is unique in that we face the end of our cost-effectiveness hiatus and will need a solution for valuing efficiency programs – NWN is taking an active role in this policy exercise and we trust that a workable agreement will emerge from the stakeholder process. While we work towards a more durable solution to this issue, we have a few suggestions we believe will improve upon our joint efforts in 2014.

To that end, we have a number of comments with a focus on residential single and multi-family housing:

Aclara: We appreciate ETO's support as we implement this new venture and are hopeful that the tool will help us engage with our customer and over time provide measureable and durable savings. In order to create the greatest reach, we would like to see two or three email notifications regarding this new tool as well as a longer term (2-3 month) campaign specifically targeting high users. This should be a powerful way to both drive customers towards ETO incentives and to change behavior – and thus should create lasting therm savings.

O Power: We understand the pilot will terminate in January 2014 and support this conclusion; however, the program was never maximized because space heating equipment tips were not included. Since these were all gas customers and more than 95% of gas customers are space heating customers, it would be fitting to include tips on space heating to this group and we would support that effort.

Savings Within Reach: This program represents the most potential for achieving our goals (listed above), especially our strong desire to reach customers not well served by standard incentive programs. NWN would like to assist with the promotion of Savings Within Reach to enable greater access to EE for moderate-income customers. This expanded effort also might combine new levers made available through recent legislation. For example, it may be possible to marry the ETO incentives with a contribution towards carbon reduction (made possible by SB 844) to facilitate the program. We also would like to explore the potential use of the Energy Service charge (Esc) as a possible tool to help improve equipment and add shell measures in the hard to reach rental market.

Nest for Gas: After further consideration, NWN is not advocating to be directly involved in this pilot. Gas powered furnaces do not have set-point variability like heat pumps; additionally, Consumer Reports rates Nest low in the market of adaptable thermostats and hence, we are exploring several alternatives. However, for the pilot you are planning for 2014, we'd be interested to see the results of homes using gas for back up heat and would request 25-50% of the homes selected fit this segment.

Furnace Early Retirement: NWN is anxious to propel these needed furnace upgrades, certainly for low income customers and potentially for all customers. Various parties have requested that NWN resurface its earlier furnace replacement proposal, however, the time has not quite come. NWN would like to take the lead when the time is right and, at that time, will work closely with ETO in order to maximize the impact and savings of such a program.

Equipment Evaluation: In response to smaller and denser housing development trends, NWN is in the midst of two market research projects. Below we provide an overview of each of these efforts and the assistance we could use from Energy Trust:

Test 1: Gas applications for smaller homes

NWN is market testing small furnaces with Dettson (<http://www.dettson.ca/En>), a manufacturer out of Canada. The test is very small, including two 15,000 BTU and two 30,000 BTU furnaces to gather data on the ease of installation from contractors and the preferences of customers.

Request:

- Ideally this research would involve more than 4 units; therefore, assistance in funding extended testing would be welcome.
- Additionally, once field testing is complete we'll need evaluation assistance
- Finally, if successful, we would like help getting larger manufacturers to make these units. (Note: this may also be a role for NEEA.)

Test 2: Multi-family- 3 heating options

While no cash "rebates" are available, builders are still "incented" to install resistance heating in MF buildings because of low first cost and their confidence in the strong MF resale/rental market. We *hear* of this happening more and more. Because neither of our organizations finds this acceptable, we have the following requests of the Energy Trust:

- Perform market analysis to learn how often this is happening
- Review options for moving this market from low efficiency resistance heat (these may include incentives, renter education, changes in zoning/code/policy)

In order for NWN to gain detailed, accurate data on natural gas vs. electric heating systems in multi-family structures, and in order to determine if bill savings will offset incremental capital cost of natural gas heating options in retrofit and new multi-family units, we are conducting field testing on 6 units using 3 different heating systems (2 of each: hydronic heating, gas furnaces and heat pumps) and comparing against electric resistance. Only shoulder season data is currently available but once a year's worth is in hand, we'd again, like assistance in evaluation and determining appropriate next steps.

Industrial: The Industrial and Ag segment is still relatively young on the gas side and hence we don't have the same kind of granular comments. The year-over-year gains are impressive and we are especially excited about the empowerment and engagement of Strategic Energy Management. The team should be applauded for their thoughtful innovation in this track.

NEEA: NWN is considering a longer-term pilot with NEEA as part of that organization's next strategic plan but would like to explore the possibility of a focused 2014 pilot. This was not listed in the budget concepts but we'd like to know the options and welcome a joint exploration of using some limited and focused funding in the area of NEEA's emerging technology initiative.

Measurement: We appreciate that ETO is always looking for process improvements, both large and small. We also believe that finding the right metrics of success is critical to your organization's ongoing effort in adaptive management.

While this idea is much larger than a budget change for 2014, we think it would be worthwhile to consider some new metrics (that would likely at first be used alongside your existing metrics). Currently, progress is measured by increases in code stringency, but another method would be assessing the installed base of equipment efficiency. This new approach recognizes we need to be concerned about not just those customers who are "in the market" for new equipment, but also need to consider the population that is not yet making a change. The state of Wisconsin is considering this option and we think it would be wise for us to consider this in a

time of cost-effectiveness challenges and as a way of measuring actual efficiency rather than just the incremental advancement of those already stepping up to buy new equipment.

We look forward to our next meeting on Aug 14th and appreciate the open dialogue between our two organizations to collaborate in achieving a cleaner, more efficient and more economic future.

Please contact either Bill Edmonds or me if you have any questions on our comments.

Thank you,

Holly Meyer

From: John Charles
Sent: Wednesday, November 27, 2013 10:53 AM
To: Energy Trust of Oregon Info
Subject: Comments on Budget
Margie Harris
Executive Director
Energy Trust of Oregon
421 SW Oak
Portland, OR 97204

Dear Margie,

I have listened to your budget presentation twice and also attended the most recent REAC meeting. Based on those observations I have one suggestion for the 2014 budget/action plan: **Consider shifting the emphasis for renewable energy subsidies away from intermittent sources.** Since 2003, ETO has supported the development of 5,217 renewable energy projects of 20 MW or less. Almost all of these projects – 99.6% -- have been solar and wind, the two most expensive categories. Yet because these technologies fail to produce any electricity most of the time, wind and solar projects have only accounted for 40.5% of the power generated by all ETO projects.

Not only has the ETO renewable program had high costs with low power output, most of the alleged social benefits of these sources don't exist because the random failure of wind and solar means that the system operator for the regional grid has to maintain ever-growing amounts of spinning reserve. These back-up sources have adverse environmental effects that are not accounted for by the recipients of ETO subsidies. In essence, wind/solar project owners internalize the benefits of ETO subsidies while externalizing the costs of grid reliability.

In your 2014 draft budget, you propose to spend \$9.9 million on solar projects to get 0.9 aMW of power, at a levelized cost of 10.4 cents/kwh. This is roughly triple the cost of your other renewable projects. I don't think this is a good deal for ratepayers, and it's not a good deal for the grid.

The "final frontier" for ETO should be to invest in renewable projects that produce reliable, dispatchable electricity. The regional grid craves stability; wind and solar create volatility. This is a fundamental system conflict, and ETO should strive to be part of the solution by terminating future subsidies for intermittent sources.

At the last REAC meeting, someone on your staff noted that solar projects are proceeding even without the BETC due to declining solar costs of some 40% over the past 4 years. This should not be surprising if you understand the term "co-dependent." In technological development as well as human interaction, when we stop rescuing people from their own failures, they tend to

become self-reliant a lot faster. I'd suggest that after subsidizing 5,000 solar projects, it's time for ETO to declare victory and move on, allowing this industry to stand on its own legs.

Sincerely,

John A. Charles, Jr.
Cascade Policy Institute

From: Ann Gravatt
Sent: Tuesday, December 03, 2013 12:46 PM
To: Amber Cole
Subject: RE: Energy Trust budget and action plan

Here's my comment:

Thank you for the opportunity to provide this late comment to the ETO's 2014 Budget and 2014-15 Action Plan. I want to highlight only one piece of the Plan – the addition of a Senior Stakeholder and Community Relations Manager. As a longtime member of the clean energy advocacy community (first at the Renewable Northwest Project and now as Oregon Director of Climate Solutions), and as someone who spends the majority of my time working on energy policy issues in Oregon, I can attest to the need for this position. The ETO – despite its amazing track record of success – still needs to tell its story more broadly, around the state. I believe filling the proposed position would go a long way to opening the curtain further at the ETO, more broadly sharing the incredible depth of expertise and experience found within the organization. Thank you.

From: Peter West

Sent: Monday, December 02, 2013 5:24 PM

To: Ahmad R. Ganji ; Al Waibel ; Alan Meyer ; Allison Spector; Andrew Ragen; Andria Jacob ; Ann Grim; Anne Snyder Grassman; Anne Wahr ; Ash Awad; Becky Walker; Bill Darden ; Bill Edmonds; Bill Seaton; Bill Welch; Brad Mongrain; Brent Barclay; Brooke Graham; Bruce Barney ; Bruce Dobbs; Bruce Wittman; C Reid Emergent; Carollyn Farrar; Charles Grist; Cheryl Carter ; Chris Schroeder ; Craig Ciranny; Dan Elliott ; Dan Enloe; Dana Banks ; Dave Salholm; Debbie Kitchin ; Denise Olsen; Diana Enright; Diane Ferington; Dick Edwards; Don Jones, Jr.; Doug Findlay; Earl Johnson; Eben Twombly ; Ed Sheets; Elaine Prause; Fred Gordon; Fred Heutte; Gary Frayn; George Lorance ; Greg Goodman; Hal Nelson ; Holly Meyer; Jack Callahan; James E. Gilroy; Jan Schaeffer; Jason Eisdorfer; Jason Junot; Jean Juba; Jeff Bissonnette; Jennifer Williamson ; Jeremy Anderson; Jim Abrahamson; Jim Bradford ; Jim Cox; Jim Sura; Joe Barra ; Joe Esmonde; John Carr; John Frankel; John Hanson ; John Hill; John Kaufmann ; John Klosterman; John McLain ; John Reynolds; John Savage; John Shinn; Jonathon Belmont; Kale Harbick; Ken Canon ; Kendall Youngblood; Kendall Youngblood; Keri Greer; Kevin Duell; Kim Burt; Kim Crossman; Lauren Shapton ; Lisa Rehbach; Lynn D. Frank ; Marilyn Williamson; Maury Galbraith

Cc: Marshall Johnson; Diane Ferington; Sue Fletcher; Amber Cole; Fred Gordon; Elaine Prause; Paul Sklar; Matt Braman; Oliver Kesting; Steve Lacey; Margie Harris

Subject: air sealing

CAC members and participants,

At the October and November Conservation Advisory Council meetings we addressed 2014 program strategies and incentive changes. At those meetings there was significant discussion of the recommended incentive changes for air sealing for existing homes. Thank you for your participation in that discussion. Energy Trust values the input and ideas that you bring to this forum. I want to take a moment to provide an update on the staff direction after the feedback.

As you recall we have looked at this measure over the last two years. We noted last year that it had fallen well below cost-effectiveness standards and agreed to additional analysis. After more review and a look at more data, we found it had deteriorated further in cost-effectiveness. The payback period for the consumer now far exceeds the expected life of the measure. In October we brought the issue forward for comment with a draft proposal to end the measure for all existing homes. After initial feedback we agreed to consider retaining it for those electric-heated homes where it could be cost-effective. We brought that idea forward in November.

After hearing from Conservation Advisory Council members in November about the loss of the measure for gas customers, and consulting with the Oregon Public Utility Commission, Energy Trust further modified its proposal. We have chosen to maintain the 2013 incentive of \$150 for air sealing in gas and electrically heated homes through the remainder of the 2013-2014 heating season with a modification: starting in 2014, in addition to previous measure requirements, homes must have been built during or before 1982 to qualify. This quick, simple, screening step will focus air sealing efforts on homes built prior to the first major code modifications and where air sealing appears to have the most savings impact.

We will continue to pilot new approaches as proposed and will conduct further analysis of this measure in 2014, in an effort to improve its cost-effectiveness. We plan to work with the trade ally stakeholder group on additional requirements and revisions to current standards that can be applied to improve the cost-effectiveness of this measure in 2014.

As required, Energy Trust continues to identify measures that are not currently meeting the cost-effectiveness threshold. We will work with the Oregon Public Utility Commission to obtain their guidance through the open docket expected to conclude in mid-2014. We encourage Conservation Advisory Council members to be actively engaged in that docket. We will continue to engage Conservation Advisory Council regarding subsequent program changes.

Thank you for your time and contribution to this discussion.

Peter West
Director of Energy Programs
Energy Trust of Oregon, Inc.

From: Don MacOdrum
Sent: Tuesday, December 03, 2013 10:27 AM
To: Wendy Gerlitz
Cc: Peter West;
Subject: Re: air sealing

Peter,

I also would like to say a special thanks to Energy Trust for its thoughtful work on the air sealing incentive. We value the time and effort that Energy Trust has devoted to the development and study of this incentive, and we thoroughly appreciate the opportunity via the CAC to provide input to Energy Trust - particularly in the presence of the Public Utility Commission.

We are greatly appreciative that Energy Trust has "chosen to maintain the 2013 incentive of \$150 for air sealing in gas and electrically heated homes through the remainder of the 2013-2014 heating season with a modification: starting in 2014, in addition to previous measure requirements, homes must have been built during or before 1982 to qualify."

We are also very encouraged that Energy Trust will "conduct further analysis of this measure in 2014 in an effort to improve its cost-effectiveness".

Lastly, we look forward to working with Energy Trust on the development and refinement of additional gas air sealing incentive requirements and revisions to current standards that can be applied to improve the cost-effectiveness of this measure in 2014.

Air sealing is a cornerstone of home performance and responsible weatherization in general, and we believe every reasonable effort should be made to maintain an incentive for air sealing in gas and electric homes.

Thanks again to Energy Trust, the OPUC and CAC members.

Kindest Regards,
Don

On Tue, Dec 3, 2013 at 8:51 AM, Wendy Gerlitz wrote:
Peter:

I want to thank the Energy Trust for its thoughtful work on the air sealing incentive. I appreciate the fact that you took feedback from the CAC and your trade allies, put further thought and analysis into the issue, and pursued a new path. The resolution you outline below appears to be an ideal resolution for all of the points raised in our discussions. Thank you and the rest of the Energy Trust team for the additional hours and effort put into this issue.

Regards, Wendy

Wendy Gerlitz
Senior Policy Associate
NW Energy Coalition

From: Meyer, Holly
Sent: Monday, December 02, 2013 5:34 PM
To: Peter West;
Subject: RE: air sealing

Peter,

This is really welcome news – not uniquely for gas customers, but in the fight for advancing EE. Also welcome news to see how the CAC is serving its advisory role. Thank you (and Kim) for your patience in the process and allowing us to speak openly on our perspectives/ideologies. The pre-1982 screen sounds like a very fair compromise.

I'm hopeful and curious to see how we make our way through the cost-effectiveness maze. It's a pleasure working with and learning from you all.

Thank you,
Holly

From: Abrahamson, Jim
Sent: Tuesday, December 03, 2013 10:14 AM
To: Peter West;
Cc: Spector, Allison
Subject: RE: air sealing

Peter, and CAC....

I would like to echo comments made by Wendy and Holly regarding this decision on air sealing incentives. I also appreciate the work that ETO has put into this matter to help maintain the incentives for a valuable whole-home weatherization measure. I appreciate the struggles we are having getting the metrics for this measure to conform with current regulatory definitions of cost-effectiveness. I certainly believe that properly installed air sealing measures saves energy and that the installation of this measure should continue to be encouraged and incentivized.

Maybe something else to think about over the next few weeks and months is the issue I raised at the end of the last CAC meeting regarding the relative difference in air sealing savings assumptions between natural gas and electric homes. Natural gas savings are assumed to be 30 therms – or 4.4 percent of average residential natural gas usage of 680 therms for Oregon IOUs. However, electric savings are assumed to be 1,218 kWh – or 10.9 percent of average residential electricity usage of 11,213 kWh for Oregon IOUs. I understand the difference in the sources of these assumptions (gas from billing analysis and electric from various studies). Possibly, part of the difference is related to air conditioner savings - but how much?

Anyway, thanks again to Peter, Kim and the ETO team for going the extra mile on this matter in response to the discussions at CAC.

Jim Abrahamson
Manager, Conservation Policy
Cascade Natural Gas Corporation

From: Stan Price
Date: November 27, 2013 at 3:36:39 PM PST
To: Marshall Johnson

Cc: Don MacOdrum
Subject: Supporting HP Guild letter

Marshall,

Don MacOdrum shared with me his recent letter advocating for the continuation of Energy Trust incentives for air sealing of homes heated by natural gas. I am supportive of the Guild's position.

I too appreciate the Energy Trust's careful analysis of the cost effectiveness of this measure and acknowledge that its cost-benefit ratio at current natural gas prices is below what the Trust would want over the long term. Losing the measure however seems particularly unfortunate. The market signal that reducing uncontrolled air leakage in residences is no longer a good idea (granted that isn't exactly what the Trust is saying, but is likely what many homeowners will hear) contravenes decades of advice from public, private, and utility voices that air sealing improves comfort, saves energy, and is a necessary step in making homes energy efficient.

Current natural gas prices are certainly creating challenges to cost effectiveness. The future of those prices, to which cost effectiveness determinations depend, is at best uncertain. The Power Council's recently published graph that shows historical forecasts of natural gas prices along with actual market prices provides pause to all of us about the capability of making anything that resembles an accurate forward forecast. As such, and to the extent that the Trust has some flexibility from the OPUC on cost effectiveness, I am hopeful that you will carefully consider the Guild request.

Best regards,

Stan Price, Executive Director
Northwest Energy Efficiency Council

From: Wendy Gerlitz
Sent: Tuesday, December 03, 2013 8:52 AM
To: Peter West;
Subject: Re: air sealing

Peter:

I want to thank the Energy Trust for its thoughtful work on the air sealing incentive. I appreciate the fact that you took feedback from the CAC and your trade allies, put further thought and analysis into the issue, and pursued a new path. The resolution you outline below appears to be an ideal resolution for all of the points raised in our discussions. Thank you and the rest of the Energy Trust team for the additional hours and effort put into this issue.

Regards, Wendy

Wendy Gerlitz
Senior Policy Associate
NW Energy Coalition
Portland, OR

2014 Budget Recap - R2: Final Proposed

ENERGY EFFICIENCY

| | BUDGET (\$M) | | | ELECTRIC | | GAS | |
|--|----------------|---------------|----------------|-----------------------------|-----------------------------------|------------------|-------------------------------------|
| | ELECTRIC | GAS | TOTAL | ELECTRIC SAVINGS GOAL (aMW) | Levelized Cost per kWh (in cents) | Annual Therms | Levelized Cost per Therm (in cents) |
| Commercial | | | | | | | |
| Business Energy Solutions – Existing Buildings | 43.5 | 8.0 | 51.5 | 15.9 | 3.5 | 1,781,978 | 42.19 |
| Business Energy Solutions – New Buildings | 13.4 | 1.5 | 14.8 | 5.0 | 3.1 | 560,707 | 22.20 |
| Mkt Transformation (Alliance) | 2.8 | 0.1 | 2.9 | 1.0 | 3.0 | | |
| Total Commercial | 59.7 | 9.5 | 69.3 | 21.9 | 3.4 | 2,342,685 | 37.20 |
| Industrial | | | | | | | |
| Production Efficiency | 30.8 | 3.2 | 34.1 | 17.5 | 2.2 | 1,196,420 | 29.58 |
| Mkt Transformation (Alliance) | 1.4 | 0.0 | 1.4 | 0.2 | 10.7 | | |
| Total Industrial | 32.3 | 3.2 | 35.5 | 17.7 | 2.3 | 1,196,420 | 29.58 |
| Residential | | | | | | | |
| Home Energy Solutions – Existing Homes | 16.7 | 9.6 | 26.3 | 5.2 | 3.5 | 1,223,707 | 61.19 |
| Home Energy Solutions – New Homes & Products | 17.1 | 4.9 | 22.0 | 8.1 | 3.6 | 1,039,236 | 33.27 |
| Mkt Transformation (Alliance) | 4.5 | 0.1 | 4.6 | 4.8 | 1.7 | | |
| Total Residential | 38.3 | 14.6 | 52.9 | 18.1 | 3.1 | 2,262,943 | 47.74 |
| Washington | | | | | | | |
| Business Energy Solutions – Existing Buildings | | 0.7 | 0.7 | | | 150,000 | 30.48 |
| Home Energy Solutions – Existing Homes | | 0.5 | 0.5 | | | 57,185 | 55.69 |
| Home Energy Solutions – New Homes & Products | | 0.4 | 0.4 | | | 52,660 | 55.43 |
| Total Washington | | 1.5 | 1.5 | | | 259,845 | 40.43 |
| Total Energy Efficiency | \$130.3 | \$28.9 | \$159.2 | 57.7 | 2.9 | 6,061,893 | 40.02 |

RENEWABLE RESOURCES

| | ACTIVITY BASIS | | ACCOUNTING BASIS | ACTIVITY BASIS | | ACCOUNTING BASIS | |
|----------------------------------|----------------|--|------------------|--------------------------------|---------------|--------------------------------|---------------|
| | BUDGET (\$M) | | BUDGET (\$M) | ELECTRIC GENERATION GOAL (aMW) | (\$mils/ aMW) | ELECTRIC GENERATION GOAL (aMW) | (\$mils/ aMW) |
| Other Renewables | 7.8 | | 6.6 | 1.39 | 5.58 | 1.84 | 3.62 |
| Solar Electric | 10.3 | | 10.3 | 0.81 | 12.72 | 2.65 | 3.90 |
| Total Renewable Resources | \$18.0 | | \$17.0 | 2.20 | 8.20 | 4.49 | 3.78 |

TOTAL BUDGET - ALL

\$176.2

¹ some columns may not add due to rounding

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

| | ENERGY EFFICIENCY | | | | | | Oregon Total | NWN WA | Efficiency Total |
|---|--------------------------|--------------------|--------------------|-----------------------|--------------------|------------------|---------------------|------------------|-------------------------|
| | PGE | PacifiCorp | Total | NWN Industrial | NW Natural | Cascade | | | |
| REVENUES | | | | | | | | | |
| Public Purpose Funding | \$26,293,663 | \$20,251,308 | \$46,544,971 | | \$18,276,959 | \$1,913,709 | \$66,735,639 | | \$66,735,639 |
| Incremental Funding | 51,072,562 | 26,047,016 | 77,119,578 | 3,773,634 | | | 80,893,212 | 1,291,102 | 82,184,314 |
| Revenue from Investments | | | | | | | | | |
| TOTAL PROGRAM REVENUE | 77,366,225 | 46,298,324 | 123,664,549 | 3,773,634 | 18,276,959 | 1,913,709 | 147,628,851 | 1,291,102 | 148,919,953 |
| EXPENSES | | | | | | | | | |
| Program Management (Note 3) | 2,823,675 | 1,696,801 | 4,520,476 | 158,907 | 900,875 | 145,237 | 5,725,495 | 170,355 | 5,895,850 |
| Program Delivery | 22,325,475 | 14,329,086 | 36,654,561 | 785,485 | 5,126,497 | 556,182 | 43,122,725 | 319,338 | 43,442,063 |
| Incentives | 45,951,456 | 25,719,156 | 71,670,612 | 2,163,145 | 11,552,164 | 1,395,657 | 86,781,578 | 693,807 | 87,475,385 |
| Program Eval & Planning Svcs. | 2,549,987 | 1,490,762 | 4,040,749 | 90,039 | 729,416 | 75,412 | 4,935,616 | 66,267 | 5,001,883 |
| Program Marketing/Outreach | 2,704,390 | 1,656,175 | 4,360,564 | 30,674 | 1,278,956 | 101,406 | 5,771,600 | 99,000 | 5,870,600 |
| Program Quality Assurance | 116,928 | 71,473 | 188,401 | 1,390 | 60,391 | 4,818 | 255,000 | 0 | 255,000 |
| Outsourced Services | 802,512 | 497,853 | 1,300,365 | 34,823 | 299,467 | 27,845 | 1,662,500 | 1,050 | 1,663,550 |
| Trade Allies & Cust. Svc. Mgmt. | 450,788 | 299,663 | 750,451 | 5,760 | 280,065 | 18,965 | 1,055,240 | 31,005 | 1,086,245 |
| IT Services | 974,546 | 589,567 | 1,564,113 | 26,255 | 412,373 | 34,927 | 2,037,668 | 48,610 | 2,086,278 |
| Other Program Expenses | 326,512 | 197,618 | 524,130 | 14,659 | 103,715 | 10,451 | 652,955 | 37,160 | 690,115 |
| TOTAL PROGRAM EXPENSES | 79,026,268 | 46,548,153 | 125,574,421 | 3,311,137 | 20,743,918 | 2,370,901 | 152,000,377 | 1,466,592 | 153,466,969 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General (Notes 1 & 2) | 1,686,558 | 994,205 | 2,680,763 | 67,714 | 449,426 | 50,287 | 3,248,189 | 35,074 | 3,283,263 |
| Communications & Customer Svc (Notes 1 & 2) | 1,263,131 | 744,578 | 2,007,709 | 50,437 | 337,346 | 37,702 | 2,433,193 | 26,416 | 2,459,609 |
| Total Administrative Costs | 2,949,689 | 1,738,783 | 4,688,472 | 118,151 | 786,771 | 87,988 | 5,681,382 | 61,490 | 5,742,872 |
| TOTAL PROG & ADMIN EXPENSES | 81,975,955 | 48,286,937 | 130,262,893 | 3,429,287 | 21,530,687 | 2,458,891 | 157,681,757 | 1,528,081 | 159,209,839 |
| TOTAL REVENUE LESS EXPENSES | (4,609,730) | (1,988,613) | (6,598,344) | 344,347 | (3,253,728) | (545,182) | (10,052,906) | (236,979) | (10,289,886) |
| Cumulative Carryover at 12/31 Prior Year | 17,043,968 | 8,084,843 | 25,128,811 | (115,666) | 6,457,378 | 920,517 | 32,391,040 | 337,434 | 32,728,474 |
| Interest attributed | | | | 115,666 | | | 115,666 | | 115,666 |
| Interest re-attributed | | | | (115,666) | | | (115,666) | | (115,666) |
| TOTAL NET ASSETS CUMULATIVE | 12,434,238 | 6,096,230 | 18,530,467 | 228,681 | 3,203,650 | 375,335 | 22,338,134 | 100,455 | 22,438,588 |

Note 1) Both Management & General and Communications & Customer Service Expenses (Administrative) are allocated based on total expenses.

Note 2) Administrative costs are allocated for management reporting only. On a generally accepted accounting basis, they retain their character and are not allocated to the programs.

Note 3) Program Management costs include both outsourced and internal staff.

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

| | Efficiency Total | RENEWABLE ENERGY | | | Other | 2014 TOTAL | 2013 |
|---|---------------------|-------------------|--------------------|--------------------|------------------|---------------------|--------------------|
| | | PGE | PacifiCorp | Total | | All Programs | Budget |
| REVENUES | | | | | | | |
| Public Purpose Funding | \$66,735,639 | \$7,929,509 | \$6,107,286 | \$14,036,795 | | \$80,772,434 | \$84,781,566 |
| Incremental Funding | 82,184,314 | | | | | 82,184,314 | 80,413,784 |
| Revenue from Investments | | | | | 78,000 | 78,000 | 120,000 |
| TOTAL PROGRAM REVENUE | 148,919,953 | 7,929,509 | 6,107,286 | 14,036,795 | 78,000 | 163,034,748 | 165,315,350 |
| EXPENSES | | | | | | | |
| Program Management (Note 3) | 5,895,850 | 499,704 | 599,831 | 1,099,535 | | 6,995,385 | 6,257,190 |
| Program Delivery | 43,442,063 | 138,400 | 101,600 | 240,000 | | 43,682,063 | 41,801,366 |
| Incentives | 87,475,385 | 6,624,555 | 6,850,886 | 13,475,441 | | 100,950,826 | 98,154,501 |
| Program Eval & Planning Svcs. | 5,001,883 | 95,387 | 78,140 | 173,527 | | 5,175,410 | 5,375,722 |
| Program Marketing/Outreach | 5,870,600 | 131,004 | 82,996 | 214,000 | | 6,084,600 | 5,173,736 |
| Program Quality Assurance | 255,000 | 2,400 | 1,600 | 4,000 | | 259,000 | 270,000 |
| Outsourced Services | 1,663,550 | 353,512 | 232,488 | 586,000 | | 2,249,550 | 2,530,050 |
| Trade Allies & Cust. Svc. Mgmt. | 1,086,245 | 29,598 | 16,997 | 46,595 | | 1,132,840 | 1,073,685 |
| IT Services | 2,086,278 | 124,546 | 142,080 | 266,626 | | 2,352,904 | 2,689,874 |
| Other Program Expenses | 690,115 | 110,515 | 94,301 | 204,816 | | 894,931 | 1,258,171 |
| TOTAL PROGRAM EXPENSES | 153,466,969 | 8,109,621 | 8,200,919 | 16,310,540 | | 169,777,509 | 164,584,295 |
| ADMINISTRATIVE COSTS | | | | | | | |
| Management & General (Notes 1 & 2) | 3,283,263 | 180,980 | 204,551 | 385,531 | | 3,668,794 | 3,463,895 |
| Communications & Customer Svc (Notes 1 & 2) | 2,459,609 | 136,577 | 153,518 | 290,095 | | 2,749,704 | 2,194,599 |
| Total Administrative Costs | 5,742,872 | 317,558 | 358,068 | 675,626 | | 6,418,498 | 5,658,494 |
| TOTAL PROG & ADMIN EXPENSES | 159,209,839 | 8,427,177 | 8,558,985 | 16,986,162 | | 176,196,001 | 170,242,789 |
| TOTAL REVENUE LESS EXPENSES | (10,289,886) | (497,668) | (2,451,699) | (2,949,367) | 78,000 | (13,161,253) | (4,927,439) |
| Cumulative Carryover at 12/31 Prior Year | 32,728,474 | 11,146,829 | 10,790,511 | 21,937,340 | 7,943,950 | 62,609,764 | 37,070,557 |
| Interest attributed | 115,666 | | | | (115,666) | | |
| Interest re-attributed | (115,666) | | | | 115,666 | | |
| TOTAL NET ASSETS CUMULATIVE | 22,438,588 | 10,649,161 | 8,338,812 | 18,987,973 | 8,021,950 | 49,448,511 | 32,143,116 |

Note 1) Both Management & General and Communications & Customer Service Expenses (Administrative) are allocated based on total expenses.

Note 2) Administrative costs are allocated for management reporting only. On a generally accepted accounting basis, they retain their character and are not allocated to the programs.

Note 3) Program Management costs include both outsourced and internal staff.

The Energy Trust of Oregon, Inc
Program Expense by Service Territory
Final Proposed 2014 Budget

| | <u>PGE</u> | <u>Pacific Power</u> | <u>Subtotal Elec.</u> | <u>NWN Industrial</u> | <u>NW Natural Gas</u> | <u>Cascade</u> | <u>Subtotal Gas</u> | <u>Oregon Total</u> | <u>NWN WA</u> | <u>2014 Total</u> | <u>2013 Budget</u> |
|--|-------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------|---------------------|---------------------|------------------|--------------------|--------------------|
| Energy Efficiency | | | | | | | | | | | |
| Commercial | | | | | | | | | | | |
| Existing Buildings | 29,394,817 | 14,154,704 | 43,549,521 | 1,053,884 | 5,846,345 | 1,093,160 | 7,993,389 | 51,542,910 | 687,185 | 52,230,095 | 43,289,933 |
| New Buildings | 9,361,614 | 4,005,026 | 13,366,640 | 181,639 | 1,100,641 | 191,940 | 1,474,220 | 14,840,860 | | 14,840,860 | 18,059,855 |
| NEEA | 1,657,276 | 1,151,666 | 2,808,942 | | 61,315 | 3,914 | 65,229 | 2,874,171 | | 2,874,171 | 3,028,703 |
| Total Commercial | 40,413,707 | 19,311,396 | 59,725,103 | 1,235,523 | 7,008,301 | 1,289,014 | 9,532,838 | 69,257,941 | 687,185 | 69,945,126 | 64,378,491 |
| Industrial | | | | | | | | | | | |
| Production Efficiency | 18,070,876 | 12,751,088 | 30,821,964 | 2,193,764 | 865,641 | 189,578 | 3,248,983 | 34,070,947 | | 34,070,947 | 34,204,199 |
| NEEA | 853,359 | 593,014 | 1,446,373 | | | | | 1,446,373 | | 1,446,373 | 1,556,676 |
| Total Industrial | 18,924,235 | 13,344,102 | 32,268,337 | 2,193,764 | 865,641 | 189,578 | 3,248,983 | 35,517,320 | | 35,517,320 | 35,760,875 |
| Residential | | | | | | | | | | | |
| Existing Homes | 9,241,869 | 7,415,787 | 16,657,656 | | 9,227,557 | 418,859 | 9,646,416 | 26,304,072 | 452,399 | 26,756,471 | 27,856,567 |
| New Homes/Products | 10,712,059 | 6,350,440 | 17,062,499 | | 4,367,954 | 557,533 | 4,925,487 | 21,987,986 | 388,498 | 22,376,484 | 21,363,818 |
| NEEA | 2,684,085 | 1,865,211 | 4,549,296 | | 61,234 | 3,909 | 65,143 | 4,614,439 | | 4,614,439 | 4,915,928 |
| Total Residential | 22,638,013 | 15,631,438 | 38,269,451 | | 13,656,745 | 980,301 | 14,637,046 | 52,906,497 | 840,897 | 53,747,394 | 54,136,313 |
| Energy Efficiency Program Costs | 81,975,955 | 48,286,937 | 130,262,893 | 3,429,287 | 21,530,687 | 2,458,891 | 27,418,867 | 157,681,757 | 1,528,081 | 159,209,839 | 154,275,678 |
| Renewables | | | | | | | | | | | |
| Solar Electric (Photovoltaic) | 6,752,530 | 3,588,783 | 10,341,313 | | | | | 10,341,313 | | 10,341,313 | 9,470,185 |
| Other Renewable | 1,674,647 | 4,970,202 | 6,644,849 | | | | | 6,644,849 | | 6,644,849 | 6,496,922 |
| Renewables Program Costs | 8,427,177 | 8,558,985 | 16,986,162 | | | | | 16,986,162 | | 16,986,162 | 15,967,107 |
| Cost Grand Total | 90,403,132 | 56,845,922 | 147,249,055 | 3,429,287 | 21,530,687 | 2,458,891 | 27,418,867 | 174,667,919 | 1,528,081 | 176,196,001 | 170,242,785 |

Energy Trust of Oregon, Inc
Statement of Functional Expenses
Final Proposed 2014 Budget

| | Energy Efficiency | Renewable Energy | Total Program Expenses | Management & General | Communications & Customer Service | Total Admin Expenses | 2014 Total | 2013 Budget |
|------------------------------------|----------------------|---------------------|---------------------------|-------------------------|--------------------------------------|-------------------------|--------------------|--------------------|
| Program Expenses | | | | | | | | |
| Incentives | 87,475,385 | 13,475,441 | 100,950,826 | | | | 100,950,826 | 98,154,502 |
| Program Management & Delivery | 50,598,195 | 280,000 | 50,878,195 | | | | 50,878,195 | 47,648,855 |
| Payroll and Related Expenses | 3,018,818 | 1,059,534 | 4,078,352 | 2,120,253 | 1,194,059 | 3,314,312 | 7,392,664 | 6,711,140 |
| Outsourced Services | 5,944,051 | 889,000 | 6,833,051 | 679,070 | 1,061,200 | 1,740,270 | 8,573,321 | 8,682,478 |
| Planning and Evaluation | 2,567,881 | 88,526 | 2,656,407 | 1,772 | | 1,772 | 2,658,179 | 2,656,645 |
| Customer Service Management | 640,947 | 26,459 | 667,406 | | | | 667,406 | 1,034,827 |
| Trade Allies Network | 445,298 | 20,135 | 465,433 | | | | 465,433 | 437,858 |
| Total Program Expenses | 150,690,575 | 15,839,097 | 166,529,672 | 2,801,095 | 2,255,259 | 5,056,354 | 171,586,026 | 165,326,304 |
| Program Support Costs | | | | | | | | |
| Supplies | 16,307 | 3,678 | 19,985 | 13,833 | 5,037 | 18,870 | 38,855 | 78,442 |
| Postage and Shipping Expenses | 3,112 | 1,110 | 4,222 | 1,821 | 2,231 | 4,052 | 8,274 | 7,853 |
| Telephone | 4,975 | 2,919 | 7,894 | 3,687 | 2,698 | 6,385 | 14,279 | 6,725 |
| Printing and Publications | 112,528 | 16,045 | 128,573 | 1,194 | 7,604 | 8,798 | 137,371 | 197,577 |
| Occupancy Expenses | 214,281 | 76,472 | 290,753 | 125,423 | 84,750 | 210,173 | 500,926 | 448,800 |
| Insurance | 30,560 | 10,906 | 41,466 | 17,887 | 12,087 | 29,974 | 71,440 | 70,645 |
| Equipment | 9,849 | 3,515 | 13,364 | 5,765 | 4,895 | 10,660 | 24,024 | 23,928 |
| Travel | 75,350 | 33,000 | 108,350 | 53,220 | 38,000 | 91,220 | 199,570 | 164,284 |
| Meetings, Trainings & Conferences | 90,000 | 18,500 | 108,500 | 166,290 | 22,000 | 188,290 | 296,790 | 300,215 |
| Interest Expense and Bank Fees | | | 0 | 5,000 | | 5,000 | 5,000 | 7,500 |
| Depreciation & Amortization | 44,476 | 15,873 | 60,349 | 26,033 | 17,591 | 43,624 | 103,973 | 103,076 |
| Dues, Licenses and Fees | 87,983 | 22,548 | 110,531 | 9,155 | 1,820 | 10,975 | 121,506 | 99,532 |
| Miscellaneous Expenses | 695 | 248 | 943 | 1,127 | 275 | 1,402 | 2,345 | 1,806 |
| IT Services | 2,086,279 | 266,626 | 2,352,905 | 437,264 | 295,458 | 732,722 | 3,085,627 | 3,406,104 |
| Total Program Support Costs | 2,776,393 | 471,441 | 3,247,834 | 867,699 | 494,445 | 1,362,144 | 4,609,978 | 4,916,487 |
| TOTAL EXPENSES | 153,466,968 | 16,310,538 | 169,777,506 | 3,668,795 | 2,749,704 | 6,418,499 | 176,196,001 | 170,242,790 |

OPUC Performance Measure

5.9%

(Program Support plus
Management & General plus
Communications & Customer Service
divided by Revenue)

SFE 2014 B-01

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

Total Company

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | NW | All | 2014 | |
|---|-------------------|-------------------|------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|--------------------|--------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | Washington | Renewables | ETO Total | 2013 Budget |
| Program Management | 1,822,510 | 605,251 | 19,062 | 1,180,843 | 12,306 | 1,265,250 | 798,028 | 22,245 | 170,355 | 1,099,535 | 6,995,385 | 6,247,190 |
| Program Delivery: | 10,529,452 | 4,123,000 | 2,680,449 | 8,825,161 | 1,318,082 | 5,779,089 | 5,515,989 | 4,351,503 | 319,338 | 240,000 | 43,682,063 | 41,811,367 |
| Incentives: | 33,407,178 | 7,922,707 | | 21,085,070 | | 12,666,827 | 11,699,796 | | 693,807 | 13,475,441 | 100,950,826 | 98,154,502 |
| Program Eval & Planning Svcs.: | 1,463,505 | 710,514 | 48,937 | 861,622 | 52,482 | 1,120,882 | 630,564 | 47,110 | 66,267 | 173,527 | 5,175,410 | 5,375,722 |
| Program Marketing/Outreach: | 1,228,665 | 374,000 | | 185,500 | | 2,285,395 | 1,698,040 | | 99,000 | 214,000 | 6,084,600 | 5,173,736 |
| Program Quality Assurance: | 50,000 | 30,000 | | | | 115,000 | 60,000 | | - | 4,000 | 259,000 | 270,001 |
| Outsourced Services: | 448,000 | 112,500 | | 380,000 | | 520,000 | 202,000 | | 1,050 | 586,000 | 2,249,550 | 2,530,049 |
| Trade Allies & Cust. Svc. Mgmt.: | 141,066 | 60,681 | | 33,085 | | 622,159 | 198,249 | | 31,005 | 46,595 | 1,132,840 | 1,073,683 |
| IT Services: | 481,853 | 260,903 | 3,839 | 204,868 | 2,499 | 771,080 | 308,135 | 4,491 | 48,610 | 266,626 | 2,352,904 | 2,689,874 |
| Other Program Expenses | 193,973 | 48,224 | 1,628 | 156,758 | 1,064 | 159,644 | 89,750 | 1,914 | 37,160 | 204,816 | 894,931 | 1,258,170 |
| TOTAL PROGRAM EXPENSES | 49,766,202 | 14,247,780 | 2,753,915 | 32,912,907 | 1,386,433 | 25,305,326 | 21,200,551 | 4,427,263 | 1,466,592 | 16,310,540 | 169,777,509 | 164,584,294 |
| ADMINISTRATIVE COSTS | | | | | | | | | | | | |
| Management & General | 1,017,667 | 338,269 | 68,468 | 664,194 | 34,152 | 570,448 | 448,222 | 106,769 | 35,074 | 385,531 | 3,668,794 | 3,463,895 |
| Communications & Customer Svc | 759,041 | 254,811 | 51,787 | 493,848 | 25,789 | 428,298 | 339,213 | 80,406 | 26,416 | 290,095 | 2,749,704 | 2,194,598 |
| Total Administrative Costs | 1,776,708 | 593,080 | 120,255 | 1,158,042 | 59,941 | 998,746 | 787,435 | 187,175 | 61,490 | 675,626 | 6,418,498 | 5,658,493 |
| Total Program & Admin Expenses | 51,542,910 | 14,840,860 | 2,874,170 | 34,070,948 | 1,446,374 | 26,304,071 | 21,987,985 | 4,614,439 | 1,528,081 | 16,986,162 | 176,196,001 | 170,242,790 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

ENERGY EFFICIENCY

PGE

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | 2014 | 2013 |
|---|-------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------------------------|--------------------|-------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | ETO Total | Budget |
| Program Management | 1,056,737 | 386,977 | 11,247 | 544,227 | 7,261 | 432,924 | 371,178 | 13,125 | 2,823,675 | 2,457,782 |
| Program Delivery: | 6,173,940 | 2,661,582 | 1,544,590 | 4,047,785 | 777,668 | 1,982,023 | 2,607,375 | 2,530,512 | 22,325,475 | 21,504,818 |
| Incentives: | 18,862,653 | 4,935,781 | | 11,882,418 | | 4,507,519 | 5,763,085 | | 45,951,456 | 45,325,664 |
| Program Eval & Planning Svcs.: | 828,725 | 440,263 | 28,873 | 473,005 | 30,964 | 395,117 | 325,245 | 27,795 | 2,549,987 | 2,581,869 |
| Program Marketing/Outreach: | 712,103 | 239,909 | | 98,376 | | 806,376 | 847,625 | | 2,704,390 | 2,261,532 |
| Program Quality Assurance: | 28,521 | 18,914 | | | | 40,315 | 29,178 | | 116,928 | 116,953 |
| Outsourced Services: | 252,914 | 70,926 | | 201,525 | | 182,296 | 94,851 | | 802,512 | 664,897 |
| Trade Allies & Cust. Svc. Mgmt.: | 80,467 | 38,257 | | 17,546 | | 218,110 | 96,409 | | 450,788 | 429,126 |
| IT Services: | 274,859 | 164,487 | 2,265 | 108,648 | 1,474 | 270,317 | 149,846 | 2,650 | 974,546 | 1,114,399 |
| Other Program Expenses | 110,646 | 30,403 | 961 | 83,133 | 628 | 55,966 | 43,645 | 1,129 | 326,512 | 423,146 |
| TOTAL PROGRAM EXPENSES | 28,381,565 | 8,987,499 | 1,587,935 | 17,456,663 | 817,995 | 8,890,962 | 10,328,438 | 2,575,210 | 79,026,268 | 76,880,187 |
| ADMINISTRATIVE COSTS | | | | | | | | | | |
| Management & General | 580,373 | 213,380 | 39,479 | 352,282 | 20,150 | 200,425 | 218,364 | 62,104 | 1,686,558 | 1,620,561 |
| Communications & Customer Svc | 432,880 | 160,735 | 29,861 | 261,932 | 15,216 | 150,481 | 165,257 | 46,770 | 1,263,131 | 1,027,392 |
| Total Administrative Costs | 1,013,253 | 374,115 | 69,340 | 614,213 | 35,365 | 350,907 | 383,621 | 108,874 | 2,949,689 | 2,647,953 |
| Total Program & Admin Expenses | 29,394,818 | 9,361,614 | 1,657,275 | 18,070,877 | 853,360 | 9,241,869 | 10,712,058 | 2,684,085 | 81,975,957 | 79,528,139 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

ENERGY EFFICIENCY

PAC

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | 2014 | 2013 |
|---|-------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------------------------|--------------------|-------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | ETO Total | Budget |
| Program Management | 500,644 | 162,086 | 7,815 | 440,393 | 5,045 | 354,530 | 217,167 | 9,120 | 1,696,801 | 1,483,211 |
| Program Delivery: | 2,931,464 | 1,095,413 | 1,073,359 | 3,730,115 | 540,414 | 1,666,962 | 1,532,868 | 1,758,491 | 14,329,086 | 13,520,004 |
| Incentives: | 9,131,366 | 2,140,959 | | 7,475,272 | | 3,542,799 | 3,428,760 | | 25,719,156 | 25,088,181 |
| Program Eval & Planning Svcs.: | 399,062 | 208,350 | 20,064 | 312,591 | 21,518 | 317,046 | 192,815 | 19,315 | 1,490,762 | 1,600,065 |
| Program Marketing/Outreach: | 342,754 | 99,987 | | 69,416 | | 637,424 | 506,594 | | 1,656,175 | 1,302,379 |
| Program Quality Assurance: | 13,734 | 8,092 | | | | 32,350 | 17,298 | | 71,473 | 75,556 |
| Outsourced Services: | 123,379 | 30,343 | | 142,199 | | 146,276 | 55,655 | | 497,853 | 488,524 |
| Trade Allies & Cust. Svc. Mgmt.: | 38,748 | 16,367 | | 12,381 | | 175,014 | 57,154 | | 299,663 | 258,163 |
| IT Services: | 132,355 | 70,370 | 1,574 | 76,663 | 1,025 | 216,905 | 88,833 | 1,841 | 589,567 | 658,372 |
| Other Program Expenses | 53,280 | 13,007 | 667 | 58,660 | 436 | 44,908 | 25,874 | 785 | 197,618 | 255,260 |
| TOTAL PROGRAM EXPENSES | 13,666,785 | 3,844,974 | 1,103,480 | 12,317,690 | 568,438 | 7,134,214 | 6,123,019 | 1,789,553 | 46,548,153 | 44,729,716 |
| ADMINISTRATIVE COSTS | | | | | | | | | | |
| Management & General | 279,472 | 91,287 | 27,435 | 248,575 | 14,002 | 160,824 | 129,453 | 43,157 | 994,205 | 946,545 |
| Communications & Customer Svc | 208,448 | 68,765 | 20,751 | 184,823 | 10,573 | 120,748 | 97,969 | 32,501 | 744,578 | 600,108 |
| Total Administrative Costs | 487,919 | 160,051 | 48,186 | 433,398 | 24,576 | 281,572 | 227,422 | 75,658 | 1,738,783 | 1,546,653 |
| Total Program & Admin Expenses | 14,154,705 | 4,005,025 | 1,151,666 | 12,751,089 | 593,014 | 7,415,786 | 6,350,441 | 1,865,211 | 48,286,936 | 46,276,369 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

ENERGY EFFICIENCY

NW Natural Gas

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | 2014 | 2013 |
|---|------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------------------------|--------------------|-------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | ETO Total | Budget |
| Program Management | 202,273 | 45,133 | | 46,641 | | 421,170 | 185,658 | | 900,875 | 853,480 |
| Program Delivery: | 1,144,923 | 306,979 | 58,750 | 285,000 | | 2,053,482 | 1,218,613 | 58,750 | 5,126,497 | 5,162,867 |
| Incentives: | 3,841,549 | 592,255 | | 459,900 | | 4,433,555 | 2,224,905 | | 11,552,164 | 11,724,491 |
| Program Eval & Planning Svcs.: | 172,403 | 46,214 | | 20,256 | | 390,773 | 99,769 | | 729,416 | 797,585 |
| Program Marketing/Outreach: | 132,764 | 27,892 | | 4,718 | | 807,762 | 305,820 | | 1,278,956 | 1,176,838 |
| Program Quality Assurance: | 5,665 | 2,236 | | | | 40,497 | 11,993 | | 60,391 | 56,561 |
| Outsourced Services: | 52,693 | 8,385 | | 9,665 | | 183,116 | 45,609 | | 299,467 | 252,717 |
| Trade Allies & Cust. Svc. Mgmt.: | 15,982 | 4,523 | | 841 | | 219,091 | 39,628 | | 280,065 | 283,317 |
| IT Services: | 54,591 | 19,445 | | 5,211 | | 271,532 | 61,593 | | 412,373 | 496,189 |
| Other Program Expenses | 21,976 | 3,594 | | 3,987 | | 56,218 | 17,940 | | 103,715 | 242,522 |
| TOTAL PROGRAM EXPENSES | 5,644,819 | 1,056,656 | 58,750 | 836,219 | - | 8,877,195 | 4,211,529 | 58,750 | 20,743,918 | 21,046,567 |
| ADMINISTRATIVE COSTS | | | | | | | | | | |
| Management & General | 115,431 | 25,087 | 1,461 | 16,875 | | 200,115 | 89,040 | 1,417 | 449,426 | 461,742 |
| Communications & Customer Svc | 86,096 | 18,898 | 1,105 | 12,547 | | 150,248 | 67,385 | 1,067 | 337,346 | 292,341 |
| Total Administrative Costs | 201,526 | 43,985 | 2,565 | 29,422 | - | 350,363 | 156,425 | 2,484 | 786,771 | 754,083 |
| Total Program & Admin Expenses | 5,846,345 | 1,100,641 | 61,315 | 865,641 | - | 9,227,559 | 4,367,955 | 61,234 | 21,530,689 | 21,800,651 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

ENERGY EFFICIENCY

NW Natural Gas Industrial

| EXPENSES | Existing Buildings | New Buildings | Production Efficiency | 2014 ETO Total | 2013 Budget |
|---|-------------------------------|--------------------------|----------------------------------|---------------------------|------------------------|
| Program Management | 28,679 | 3,386 | 126,843 | 158,907 | 81,138 |
| Program Delivery: | 89,005 | 8,000 | 688,480 | 785,485 | 726,502 |
| Incentives: | 824,928 | 147,566 | 1,190,651 | 2,163,145 | 1,656,790 |
| Program Eval & Planning Svcs.: | 31,078 | 7,627 | 51,334 | 90,039 | 65,018 |
| Program Marketing/Outreach: | 17,217 | 1,501 | 11,957 | 30,674 | 18,210 |
| Program Quality Assurance: | 1,021 | 369 | | 1,390 | 659 |
| Outsourced Services: | 8,945 | 1,384 | 24,494 | 34,823 | 25,270 |
| Trade Allies & Cust. Svc. Mgmt.: | 2,881 | 746 | 2,133 | 5,760 | 3,743 |
| IT Services: | 9,841 | 3,209 | 13,205 | 26,255 | 22,189 |
| Other Program Expenses | 3,961 | 593 | 10,104 | 14,659 | 11,065 |
| TOTAL PROGRAM EXPENSES | 1,017,556 | 174,380 | 2,119,200 | 3,311,137 | 2,610,585 |
| ADMINISTRATIVE COSTS | | | | | |
| Management & General | 20,808 | 4,140 | 42,766 | 67,714 | 50,365 |
| Communications & Customer Svc | 15,520 | 3,119 | 31,798 | 50,437 | 32,037 |
| Total Administrative Costs | 36,328 | 7,259 | 74,564 | 118,151 | 82,402 |
| Total Program & Admin Expenses | 1,053,884 | 181,639 | 2,193,765 | 3,429,287 | 2,692,987 |

**Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget**

NW Natural Gas Washington

ENERGY EFFICIENCY

| EXPENSES | Existing Buildings | Existing Homes | New Homes & Products | 2014 ETO Total | 2013 Budget |
|---|-------------------------------|---------------------------|---|---------------------------|------------------------|
| Program Management | 89,717 | 42,590 | 38,048 | 170,355 | 203,515 |
| Program Delivery: | 122,538 | 140,000 | 56,800 | 319,338 | 286,819 |
| Incentives: | 319,000 | 144,660 | 230,147 | 693,807 | 624,135 |
| Program Eval & Planning Svcs.: | 25,243 | 23,121 | 17,903 | 66,267 | 61,136 |
| Program Marketing/Outreach: | 48,000 | 40,000 | 11,000 | 99,000 | 105,712 |
| Program Quality Assurance: | | | | - | |
| Outsourced Services: | 500 | | 550 | 1,050 | 500 |
| Trade Allies & Cust. Svc. Mgmt.: | 13,270 | 14,068 | 3,667 | 31,005 | 29,194 |
| IT Services: | 24,486 | 18,944 | 5,180 | 48,610 | 65,741 |
| Other Program Expenses | 18,076 | 10,293 | 8,791 | 37,160 | 41,567 |
| TOTAL PROGRAM EXPENSES | 660,830 | 433,676 | 372,086 | 1,466,592 | 1,418,319 |
| ADMINISTRATIVE COSTS | | | | | |
| Management & General | 15,060 | 10,670 | 9,344 | 35,074 | 31,321 |
| Communications & Customer Svc | 11,296 | 8,052 | 7,068 | 26,416 | 19,852 |
| Total Administrative Costs | 26,356 | 18,722 | 16,412 | 61,490 | 51,173 |
| Total Program & Admin Expenses | 687,186 | 452,398 | 388,498 | 1,528,082 | 1,469,492 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

ENERGY EFFICIENCY

Cascade Natural Gas

| EXPENSES | Existing Buildings | New Buildings | NEEA Commercial | Production Efficiency | NEEA Industrial | Existing Homes | New Homes & Products | NEEA Residential | 2014 ETO Total | 2013 Budget |
|---|---------------------------|----------------------|------------------------|------------------------------|------------------------|-----------------------|---------------------------------|-------------------------|-----------------------|--------------------|
| Program Management | 34,177 | 7,670 | | 22,739 | | 56,626 | 24,024 | | 145,237 | 121,227 |
| Program Delivery: | 190,120 | 51,026 | 3,750 | 73,781 | | 76,622 | 157,133 | 3,750 | 556,182 | 610,357 |
| Incentives: | 746,682 | 106,146 | | 76,829 | | 182,954 | 283,046 | | 1,395,657 | 1,373,554 |
| Program Eval & Planning Svcs.: | 32,236 | 8,059 | | 4,436 | | 17,946 | 12,735 | | 75,412 | 85,214 |
| Program Marketing/Outreach: | 23,828 | 4,711 | | 1,033 | | 33,833 | 38,001 | | 101,406 | 105,065 |
| Program Quality Assurance: | 1,059 | 390 | | | | 1,838 | 1,531 | | 4,818 | 5,272 |
| Outsourced Services: | 10,069 | 1,462 | | 2,117 | | 8,312 | 5,886 | | 27,845 | 23,641 |
| Trade Allies & Cust. Svc. Mgmt.: | 2,988 | 789 | | 184 | | 9,945 | 5,058 | | 18,965 | 25,990 |
| IT Services: | 10,208 | 3,391 | | 1,141 | | 12,325 | 7,862 | | 34,927 | 49,447 |
| Other Program Expenses | 4,109 | 627 | | 873 | | 2,552 | 2,290 | | 10,451 | 23,523 |
| TOTAL PROGRAM EXPENSES | 1,055,477 | 184,270 | 3,750 | 183,134 | - | 402,954 | 537,565 | 3,750 | 2,370,901 | 2,423,291 |
| ADMINISTRATIVE COSTS | | | | | | | | | | |
| Management & General | 21,583 | 4,375 | 93 | 3,696 | | 9,084 | 11,365 | 90 | 50,287 | 51,883 |
| Communications & Customer Svc | 16,098 | 3,296 | 71 | 2,748 | | 6,820 | 8,601 | 68 | 37,702 | 32,874 |
| Total Administrative Costs | 37,682 | 7,670 | 164 | 6,444 | - | 15,904 | 19,966 | 159 | 87,988 | 84,757 |
| Total Program & Admin Expenses | 1,093,158 | 191,941 | 3,914 | 189,578 | - | 418,858 | 557,532 | 3,909 | 2,458,889 | 2,508,048 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

PGE Renewables

RENEWABLE Generation

| EXPENSES | Standard Solar | Custom Projects | 2014 ETO Total | 2013 Budget |
|---|---------------------------|----------------------------|---------------------------|------------------------|
| Program Management | 366,646 | 133,058 | 499,704 | 470,051 |
| Program Delivery: | 138,400 | | 138,400 | |
| Incentives: | 5,336,982 | 1,287,573 | 6,624,555 | 6,509,284 |
| Program Eval & Planning Svcs.: | 75,076 | 20,311 | 95,387 | 91,674 |
| Program Marketing/Outreach: | 99,904 | 31,100 | 131,004 | 127,645 |
| Program Quality Assurance: | | 2,400 | 2,400 | 7,500 |
| Outsourced Services: | 262,512 | 91,000 | 353,512 | 633,492 |
| Trade Allies & Cust. Svc. Mgmt.: | 29,312 | 286 | 29,598 | 28,952 |
| IT Services: | 94,227 | 30,319 | 124,546 | 128,679 |
| Other Program Expenses | 74,674 | 35,841 | 110,515 | 138,396 |
| TOTAL PROGRAM EXPENSES | 6,477,732 | 1,631,888 | 8,109,620 | 8,135,672 |
| ADMINISTRATIVE COSTS | | | | |
| Management & General | 156,502 | 24,478 | 180,980 | 152,373 |
| Communications & Customer Svc | 118,297 | 18,281 | 136,577 | 96,038 |
| Total Administrative Costs | 274,799 | 42,759 | 317,558 | 248,411 |
| Total Program & Admin Expenses | 6,752,531 | 1,674,647 | 8,427,178 | 8,384,083 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2014 Budget

PAC Renewables

RENEWABLE Generation

| EXPENSES | Standard Solar | Custom Projects | 2014 ETO Total | 2013 Budget |
|---|---------------------------|----------------------------|---------------------------|------------------------|
| Program Management | 188,305 | 411,526 | 599,831 | 576,786 |
| Program Delivery: | 101,600 | | 101,600 | |
| Incentives: | 2,803,000 | 4,047,886 | 6,850,886 | 5,852,403 |
| Program Eval & Planning Svcs.: | 39,901 | 38,239 | 78,140 | 93,161 |
| Program Marketing/Outreach: | 53,096 | 29,900 | 82,996 | 76,355 |
| Program Quality Assurance: | | 1,600 | 1,600 | 7,500 |
| Outsourced Services: | 151,488 | 81,000 | 232,488 | 441,008 |
| Trade Allies & Cust. Svc. Mgmt.: | 15,579 | 1,418 | 16,997 | 15,198 |
| IT Services: | 50,079 | 92,001 | 142,080 | 154,858 |
| Other Program Expenses | 39,687 | 54,614 | 94,301 | 122,691 |
| TOTAL PROGRAM EXPENSES | 3,442,736 | 4,758,184 | 8,200,920 | 7,339,961 |
| ADMINISTRATIVE COSTS | | | | |
| Management & General | 83,177 | 121,374 | 204,551 | 149,105 |
| Communications & Customer Svc | 62,871 | 90,646 | 153,518 | 93,956 |
| Total Administrative Costs | 146,048 | 212,020 | 358,068 | 243,061 |
| Total Program & Admin Expenses | 3,588,784 | 4,970,204 | 8,558,988 | 7,583,022 |

MEMO

Date: December 5, 2013
To: Board of Directors
From: Margie Harris
Subject: Staffing for the Final Proposed 2014 Budget and 2014-2015 Action Plan

The draft 2014 budget and draft 2014-2015 action plan includes funding for three new staff positions, the transition of one current half-time employee to full-time status and the conversion of two existing temporary positions to regular full-time employee status. These changes are designed to:

- Bolster Energy Trust visibility, marketing and outreach efforts to grow stakeholder and customer awareness and participation
- Focus on internal operations, cost management and efficiency gains, and
- Address growth in activity volume related to customer service and engagement, especially through e-communications, web-based tools, and online transactions.
- Ultimately allow Energy Trust to reach efficiency and renewable goals in an increasingly challenging and complex operating environment.

This memorandum provides background information leading to these staffing priorities and recommendations. Summarized job descriptions and justifications for each position follow.

General Background

Historically, Energy Trust has contracted out a very large portion of its workload. Internal staffing costs comprise only approximately seven percent of the total operating budget; ninety three percent of total expenditures are in the form of incentive payments, outside program management and other contracted services. Even given this practice, as energy savings become more difficult to secure and as project volume and complexity increase, additional internal staff will be necessary to reach savings and renewable goals.

Energy Trust has selectively evaluated each additional staff request. Such recommendations are carefully considered and linked to specific budget and action plan priorities, including development and management of integrated IT systems, sophisticated data management and analysis related to targeted marketing, expanded coordination with utilities and allies, and need for outreach and communications to engage stakeholders and reach customers.

Detailed Approach to Evaluating Staffing Needs

As part of the annual budget and action plan preparation process, Energy Trust program and support group managers develop plans to capture additional savings and generation and ensure essential delivery and management functions. Staffing needs identified correspond to program and support functions, related strategies and plans.

The preferred staffing approach is first to consider what work can be eliminated, second to assign new work among existing staff, and third to contract for specific services. Reassignment of existing positions to focus on new priorities is a continuous process. Every employee works with his or her

supervisor to establish an annual work plan with focus areas and wherever possible, include SMART (Specific, Measurable, Attainable, Relevant and Time framed) goals for the year. Work plans evolve from year to year, reflecting a shift in emphasis, changes in how work is completed, the elimination of no longer relevant or necessary functions, and incorporation of new action plan priority activities. Mid-year check-ins with every employee often result in work plan updates to reflect the dynamic nature of our business.

If action plans cannot be fully supported by eliminating or redirecting responsibilities among existing staff resources, contract resources are considered. In 2010, Energy Trust received specific guidance following an employment audit by the state of Oregon limiting ways Energy Trust may contract for professional services. Additionally, Energy Trust has learned through experience that some functions, such as management of pilot programs, are best suited for staff and not contractors. In addition, we view specific stakeholder relations and program outreach activities as integrated, ongoing functions, correlated with customer service and accountability for results and performance.

When elimination and reassignment of work or contracted resources are not an option, managers may propose a new position as part of the annual budget and action plan process. A written justification is completed for review and consideration by directors. Questions regarding alternate options to eliminate or shift work responsibilities among existing employees are further discussed along with organization priority needs linked to our strategic plan, budget and action plan. Directors then forward priority position justifications for consideration by the full management team, who discuss priorities as a group, eliminate positions that can be deferred, assign rankings, and arrive at a final list of proposed positions for inclusion in the draft budget and action plan. This multi-stage filtering process results in those staff positions proposed in the budget and action plan being narrowed down to those representing the highest organizational priorities and corresponding benefits.

Staffing Approach Examples

In 2009, Energy Trust completed a major organizational redesign which identified key functions to better position the organization to double savings results and create new renewable energy program investment strategies. Every position was assessed at that time as part of the redesign. Seven positions were re-assigned and many took on new responsibilities aligned with new strategies. In subsequent years, IT positions were restructured and significantly re-assigned. Other positions within the organization continued to evolve to reflect changing work load and address new focus areas.

Future Opportunities

In 2014, Energy Trust will complete a management performance review and also develop and adopt a new five-year strategic plan. During preparation of these important documents, guidance from external objective parties will be sought regarding our approach to staffing and business model. A portion of the management review will be designed to assist us in better understanding how Energy Trust staffing compares to other similar organizations and what future opportunities could be undertaken to further refine our approach in light of anticipated challenges. In addition, identification of cost management approaches and corresponding metrics will be solicited as ways to strengthen operational efficiency. These and other management review outcomes will also be considered as we prepare the new strategic plan.

Energy Trust acknowledges OPUC comments received regarding staffing. We will work with OPUC staff and Commissioners to further define appropriate measures to benchmark and track staffing

decisions and changes made, capturing this information within our 2015 budget and 2015-2016 action plan process and future reporting.

New Staff Positions Proposed for 2014

The draft Energy Trust 2014 budget projects a slight decline in revenue with overall planned expenditures increasing by 5%, including for incentives. Savings and generation next year are expected to grow slightly above current year-end projections. In addition, the draft budget and action plan are both designed to address current market conditions and challenges stemming from:

- Low natural gas prices and low avoided costs leading to cost effectiveness issues, especially impacting gas residential weatherization programs
- The loss of state business energy tax credits for commercial and industrial efficiency projects
- Opportunities to continue growing cost effective energy efficiency acquisition within this environment, albeit at an expected slower rate than the doubling achieved in recent years

These challenges require more diverse strategies designed to increase both general and targeted outreach activities and grow awareness and customer participation in Energy Trust programs. This is especially true in non-urban parts of the state. Four of the five and a half proposed positions would directly add to the organization's capability to build relationships and establish connections with current and potential customers. The remaining one and a half positions would focus on internal process improvements and organizational efficiency gains.

Energy Trust intends to fulfill these and other related efforts through the following positions:

1. Senior Stakeholder and Community Relations Manager (new)
2. Southern Oregon Outreach Manager (new)
3. Commercial & Industrial Marketing Coordinator (currently an agency contractor proposed for conversion to FTE)
4. Residential Marketing Coordinator (currently an agency contractor, proposed for conversion to FTE)
5. Senior Operations Project Manager (new)
6. Web Project Manager (transition from current half time to a full time position)

Additionally, Energy Trust continues to utilize temporary agency contractors to address short-term staffing needs and where there is uncertainty regarding future levels of staffing resource needs. All other Energy Trust positions remain in place, though in some instances their focus and emphasis change to align with new action plan strategies and priorities.

The following section summarizes each of the proposed positions and provides corresponding justifications and benefits.

1. Senior Stakeholder & Community Relations Manager (new)

POSITION SUMMARY:

This position will design, lead, manage and deliver a comprehensive organization outreach strategy in Energy Trust service territory. The primary purpose of the position is to invest in

and maintain relationships with stakeholders and customers to facilitate deeper awareness of, and participation in, Energy Trust programs.

The manager in this position will identify opportunities to provide both general and specific information about Energy Trust's role, programs and services to a broad range of individuals and organizations. The primary purpose of such connections will be to enhance visibility, awareness of and participation in Energy Trust programs all across the state. Activities will be aligned to help achieve Energy Trust efficiency and renewable energy goals via greater engagement and relationships with neighborhood, civic, community, business, sustainability, trade and government leaders.

Based in the Communications and Customer Service (CCS) Group, the manager will ensure organizational accountability and transparency, providing ready access to technical, program, and market expertise on energy efficiency and renewable energy topics. The manager will coordinate work with two regional outreach managers, one located in Eastern Oregon and the other proposed for location in Southern Oregon. In addition, the manager will coordinate with Energy Trust staff, especially the commercial sector government account manager and program management contractor (PMC) representatives, to develop and deliver comprehensive outreach activities for the organization as a whole.

POSITION JUSTIFICATION (What has changed to create the need for this position?):

Recent survey data and stakeholder feedback indicate a decline in public awareness of and lack of familiarity with Energy Trust and our history, purpose, focus, results and opportunities. In addition, those working in the energy arena expressed concern that this lack of Energy Trust visibility has caused confusion, resulting in questions about our role, transparency and access to the public. Energy Trust is too often absent, overlooked or late in learning about when and where information is being sought about energy topics and opportunities directly related to our mission. This frequently results in an added investment of time to respond to last minute information and technical requests and positions us in a reactive role. By actively investing in outreach activities to specifically enhance awareness, establish connections and build and maintain relationships, we expect more people and organizations to remain aware of Energy Trust services, capabilities, programs and expertise which in turn will lead to more engaged participation.

A dedicated resource is needed to see across and leverage what are currently individual program outreach activities as component parts of a well-designed, planned and executed cohesive and holistic effort. The benefits of this approach are expected to capture opportunities to engage with broad stakeholders and customers quickly and easily, ensuring awareness of and participation in Energy Trust activities and programs.

BENEFITS TO ENERGY TRUST:

- Centralized ownership and leadership responsibility for a comprehensive outreach strategy designed to proactively build positive relations with those who can help us reach and serve customers
- More meaningful and effective relationships and engagement with a broader representation of stakeholders, resulting in increased knowledge of community interest, needs and priorities among those we hope to serve
- Ability to fine tune program offers to better meet stakeholder and customer interests and needs
- Increased knowledge and access to valuable marketing channels for customers

- Greater access to, exchanges with, and feedback from both stakeholders and customers, particularly on go-to-market strategies and other engagement approaches
- More timely and meaningful responsiveness to public inquiries seeking information on energy efficiency and renewable energy programs and opportunities, resulting in better time and resource management
- Improved continuity during program contractor transitions
- Added resources to complement existing Communications and Customer Services senior manager, allowing for more dedicated and balanced workload within this group

2. Southern Oregon Outreach Manager (new)

POSITION SUMMARY:

This position will deliver Energy Trust outreach and public relations services in Coos, Douglas, Jackson, Josephine, Klamath, Lake and Lane Counties, all designed to generate awareness across all Energy Trust programs and services, establish contractor and supplier channels and facilitate customer engagement with our offerings. By establishing and maintaining relationships with Energy Trust stakeholders, local governments, utility representatives, community partners and local media, this position will serve as Energy Trust's strategic outreach and relationship arm in southern Oregon. With a strong understanding of the offers, tactics and communication channels that will be most effective in these local markets, this position will offer expert advice and be a point of coordination for program managers, contractors and utility representatives in implementation of outreach. These on-the-ground activities will be coordinated with the proposed new Senior Stakeholder & Customer Relationship Manager and the current Eastern Oregon Outreach Manager as well as other Energy Trust program and program management contractor staff.

POSITION JUSTIFICATION (What has changed to create the need for this position?):

Energy Trust program and general outreach strategies recognize the growing importance of developing and maintaining customer relationships in-house, particularly for public sector customers and for customers in geographically distant regions. This is the current rationale behind the existing Public Sector Outreach position—established as a full-time staff position in 2012—and the Eastern Oregon Outreach position—established as a full-time staff position in 2013.

Like Eastern Oregon before a regional outreach position was added to represent Energy Trust in that territory, Southern Oregon remains a challenging region for Energy Trust to cover from an outreach perspective. The travel distance required to attend meetings and outreach opportunities makes it both cost- and time-intensive to serve from the Portland metro area. Southern Oregon residents, businesses and governments rightfully have an expectation of Energy Trust services and can sometimes perceive the organization as remote and focused within the Willamette Valley. Klamath Falls residents have been particularly vocal about the expectation for local service and have periodically engaged Energy Trust with a specific request for locally-based resources.

During the last five years, Energy Trust maintained a local presence in Southern Oregon through PMC-based regional program representatives and by contracting for general outreach services with an independent consultant from the area. In late 2011, Energy Trust changed its approach to fulfilling general outreach services in Eastern and Southern Oregon as a result of findings from a State of Oregon employment audit. The audit determined that outreach services are highly integrated with ongoing Energy Trust functions, and that general

outreach contractors are subject to consideration as employees by the state employment division.

The Southern Oregon position was considered for addition in 2013, and action was deferred until more information could be gathered. Specifically, Energy Trust staff used the time to assess the success of the new Eastern Oregon model compared to the then existing Southern Oregon PMC model. Information gathered over this time supports the proposal for an employee approach. The Southern Oregon outreach staff position is being proposed as the best option to meet continual outreach needs in the region while optimizing the investment of program resources to gain savings and generation.

BENEFITS TO ENERGY TRUST:

- Developed pre-pipeline opportunities and handoff of ready opportunities to PMCs, efficiently leveraging field resources
- Single regional point of contact to provide continuity, including during PMC or program staff transitions
- Expanded capability to develop and leverage locally-based utility outreach resources
- Demonstrated commitment for local utility customers in the region, providing better access and service in rural and sparsely populated areas
- Feedback and on-the-ground insights in support of program priorities, needs and opportunities, shared with program and outreach staff
- Expanded opportunities for local earned media throughout region
- Enhanced visibility and participation with local community civic groups, special events and initiatives
- Assistance with logistics for regional Energy Trust events including trade and program ally roundtables, trainings and tours
- A local presence available to uphold community/business relationships and provide support when needed
- Ongoing high value services for local residents and businesses when Energy Trust staff is available and comes to them

3. Commercial & Industrial Marketing Coordinator (conversion from contractor to FTE)

POSITION SUMMARY:

The Commercial & Industrial (C&I) coordinator is currently responsible for key project deliverables for both short-term and long-term marketing and communications for all commercial programs. This includes Existing Buildings, New Buildings, Multifamily and internally-managed initiatives as well as Production Efficiency, Small Industrial, Industrial Lighting and Agriculture programs. Combined, these programs generate about two thirds of total Energy Trust efficiency savings. The Coordinator provides ongoing support to the Sector Senior Marketing Manager to develop, implement and fine-tune Energy Trust's targeted go-to-market strategies for businesses.

POSITION JUSTIFICATION (What has changed to create the need for this position?):

Existing marketing efforts are increasing in both quantity and complexity, with multiple delivery contractors requiring strategic leadership and coordination support within both the commercial and industrial sectors. The Coordinator provides support to three marketing teams implementing an extensive number of projects for commercial Program Management

Contractors (PMCs); up to six industrial Program Delivery Contractors (PDCs) and service providers requiring marketing leadership, development and implementation; and ten to twelve creative services contractors who regularly perform work for the C&I programs. Sector marketing strategies are also increasingly working across other Energy Trust programs and sectors to promote opportunities and increase cross-referrals. At any given time there are approximately twenty detailed projects staged through the review and approval process. Because of the length and complexity of these projects, additional review and oversight is needed to support program outreach and sales efforts in the market.

Marketing opportunities for industry and agriculture and for internally managed commercial initiatives are dramatically expanding and offer an excellent opportunity to influence customer engagement with Energy Trust in the long-term. The market for energy efficiency continues to evolve, with less emphasis and reliance on a few large projects and more on individual smaller projects as the market continues to mature and diversify. To serve more and different customers, complete a larger volume of projects and meet goals, more targeted custom messaging, support, and coordination is warranted.

In recent years, several key strategic projects have not been initiated due to lack of staffing resources and capacity. These include the development and management of a C&I proactive media relations strategy and the management of a contractor to assist with this, as well as implementation of campaigns and strategies to support programs directly with customers, such as tools and resources including a guide for third-party business organizations seeking to engage through programs.

Utility collaboration is also increasing for the Senior Marketing Manager. Because Program Contractors do not work directly with the utilities on customer outreach strategy, this is a strategically important role for the Marketing Manager. In 2013 Energy Trust provided more direction and requested more specific help from utilities to promote our programs, all of which requires time and coordination. Future opportunities will continue as we tap utility data to target customers to achieve savings.

In 2012-2013, support for these C&I programs was provided by a full-time agency contractor. Monitoring of the program pipeline has confirmed that this is a fully utilized resource and an ongoing work load, not a temporary increase or need. Because of the temporary status approach, recruitment and re-training has occurred due to turnover. Given the ongoing scope of work and skills needed, the more effective and efficient approach is to have a permanent position.

BENEFITS TO ENERGY TRUST:

- The marketing coordinator provides needed resources to increase marketing tools and support in light of a maturing, complex and evolving energy efficiency marketplace for businesses
- Improved marketing, outreach and collaboration for the commercial and industrial sector
- Improved support of the Commercial/Industrial Senior Marketing Manager which in turn frees up time available for strategic thinking and utility collaboration, while reducing time spent on the process details of daily marketing communication implementation, recruitment or training of a new temporary contractor to support marketing
- Improved oversight and direction of a high quantity—and quality—of marketing materials to support program goals
- Additional time devoted to sector strategy development in support of savings acquisition over the five-year sector planning period

4. Residential Marketing Coordinator (conversion from contractor to FTE)

POSITION SUMMARY:

The Residential Marketing Coordinator is responsible for coordinating, implementing and managing sector marketing communication projects, and for supporting the Sector Marketing Manager, all by overseeing a large volume of detailed tasks:

- Review and coordinate feedback and Sector Marketing Manager's sign off on Program Management Contractor (PMC) marketing material submissions
- Ensure residential marketing materials, final files and assets are available for internal reference and distribution in Sharepoint tracking system
- Oversee select communications pieces related to growing training opportunities
- Organize the utility communication calendar to assure delivery of Energy Trust messaging and residential offer communications in the appropriate format for each of four utilities:
 - Coordinate writing requests with PMCs, external and internal writers
 - Manage Energy Trust delivery to meet individual utility process and timelines for bill inserts, newsletters, email and direct mail, an average volume of residential utility communication pieces equal to ~100 items across all four utilities
- Coordinate and collect details for utility notification and collaboration when utility data is used for direct marketing, including work with PMCs and Energy Trust staff
- Coordinate and post utility created communications to SharePoint for Energy Trust staff and call centers
- Coordinate details of media and public relations requests between Energy Trust staff and departments to secure and confirm schedule of available spokespeople
- Process requests for event sponsorships and coordinate materials and display supplies
- Serve as primary contact for internal customer service and PMCs on residential event details, collateral and event tracking in SharePoint
- Process and prepare all purchasing documents needed for management approval for professional service contracts
- Serve as primary contact for tracking sector advertising buys
- Complete short writing assignments and support quick-turn copy requests in association with utility communication and development of text for new marketing efforts, as well as support residential sector copy edit requests

POSITION JUSTIFICATION (What has changed to create the need for this position?):

New targeted marketing opportunities are available from data sharing and enhancing collaboration between utilities and the Residential Sector Marketing Manager. In addition, the annual volume of residential marketing materials continues to increase as each residential program evolves and consumer communication is customized to drive savings. The annual volume of consumer-facing information continues to grow as information is refined for different audiences, including hard-to-reach participants. The volume of marketing pieces increased 54% in 2009 over the year prior, 63% in 2010 over 2009, and 73% in 2011 over 2010. In 2011, Energy Trust generated 500+ pieces of residential marketing material for distribution, review, feedback and approval, with the volume of unique targeted marketing

materials expected to continue growth in 2014. Residential pilots and new program opportunities beyond PMC scopes of work add complexity and work load, for example OPOWER (2011-2013), Energy Savvy (2013) and Aclara (Northwest Natural, 2013).

Given the scope of responsibilities and work, in 2012-2013 marketing coordination supported a 40-hour a week agency temporary employee. Monitoring the workload of this temporary position concluded that the role is ongoing and full-time, reflecting a base, not a temporary, work load. Energy Trust contracting guidelines changed following the state employment audit, requiring changes in contractor support to write, manage and coordinate delivery of Energy Trust materials with utilities. These changes increased the administrative load for the Residential Sector Marketing Manager. Temporary staffing has led to turnover, requiring the manager to spend time recruiting and training new temporary employees.

BENEFITS TO ENERGY TRUST:

- Increased time for strategic planning by the Sector Marketing Manager and a reduction in time spent on coordination of daily process details for marketing communication
- Ongoing support for high volume targeted consumer marketing materials to drive residential program savings, especially from targeted marketing and more detailed and complex messages designed to reach specific audiences
- Continued high level quality and quantity of marketing materials
- Proven resources to support increased marketing tools within a maturing and complex residential energy efficiency marketplace

5. Senior Operations Project Manager (new)

POSITION SUMMARY:

This position will facilitate effective management of complex, cross-functional projects for the organization as a whole, helping coordinate and communicate resource requirements needed to address organization priorities. The manager will develop and oversee project plans for major efforts involving the commitment and scheduling of extensive staffing resources from multiple parts of the organization. S/he will coordinate with the IT Steering Committee, business systems prioritization team and Director of Operations to identify milestones, schedule internal and external resource requirements, communicate and adjust timelines, monitor budgeted expenditures and drive achievement of project tasks.

POSITION JUSTIFICATION (What has changed to create the need for this position?):

Energy Trust is a fairly flat organization with a culture of inclusion across groups and functions. Major initiatives purposefully engage different parts of the organization to build awareness, understanding, ownership and commitment to large-scale efforts. Different perspectives are sought to shape concepts and outcomes, involving participants in effective ways and at the right time.

Complex initiatives require focused project management skills and attention. An experienced project manager can provide thoughtful leadership, including needed sequencing of activities and interdependences between operations/support functions and programs. This same individual will provide needed assistance allocating core resources, timing and work flow across all participating groups involved in major initiatives.

Energy Trust would greatly benefit from a designated central resource to manage cross-functional efforts, filling a gap that exceeds capacity of current staff and has been filled through consultants and contractors at a higher price. Examples include Customer Relationship Management (CRM) system development, utility data sharing, and major contractor transitions. Other projects such as prioritizing and executing significant and complex web forms changes, developing and maintaining a system-of-record, finance and audit considerations, can be handled in a more effective manner through a dedicated project management resource and skill set, strengthening organizational efficiencies. Projects of this type occur annually and continually, justifying the ongoing nature and requirements for this position.

BENEFITS TO ENERGY TRUST:

- Improved coordination and implementation of complex projects serving the needs of all programs and support functions
- More efficient prioritization of technology and process improvement needs to enable faster delivery, cost efficiencies and improved service to internal and external customers/clients
- Increased effectiveness and lower cost management through in-house resources instead of onboarding contracted project management resources
- Improved integration of existing systems
- Faster pace of innovation

6. Web Project Manager +.5 FTE (transition from current half time to a full time position)

POSITION SUMMARY:

This position is an integral part of Energy Trust's web team, working closely with external web developers, program, communications and customer service staff, and program management contractors to communicate Energy Trust activities via e-mail and social media channels. The position also assists in developing and maintaining a large, complex web site that raises awareness and engages customers in Energy Trust programs and services. A primary purpose of the position is to work with other members of the web team to manage the web request intake system, ensuring between 1500 to 2000 program and organizational web communication tasks and projects are delivered each year.

POSITION JUSTIFICATION (What has changed to create the need for this position?):

The position is currently half-time and the proposal is to expand it to full-time, adding resources and capability to the web team. The request stems from continued annual growth in the size, reach and complexity of the web site as a primary gateway to customer participation. Our average 13 percent annual increase in visitors reflects the steadily growing amount of content and tools consistently developed to support program activities and changes, and the increasingly sophisticated methods employed to market current offerings online. In addition to three new self-service customer tools coming online in late 2013 and into 2014, programs need support for expanded hosting of online training and educational materials specifically for trade allies.

In addition, management of e-mail communications is a growing area for the web team. Business customer e-mail newsletters and targeted e-mail marketing to residential and

commercial customers are called for in 2014 program marketing strategies. This requires new work that has not been undertaken before, including batched e-mail follow-up after customer participation. New resources are also needed to bridge the gap between program marketing design and operational systems such as the Customer Relationship Management (CRM) system, and Mailchimp, our integrated e-mail management system.

Finally, online program marketing campaigns require additional strategy and development resources from the web team, particularly from the online and interactive communications manager. Expanding the existing project manager position will increase web team resources that can then be applied to a growing portfolio of web development projects and targeted marketing, enabling the online and interactive communications manager to provide greater strategic leadership for online marketing, web development and integration with IT systems.

BENEFITS TO ENERGY TRUST:

- Expanded support for online tools, e-mail marketing and social media content to reach and engage current and future Energy Trust customers
- Continued shift of customer transactions online, where applicable, freeing up program delivery resources for other initiatives
- Improved internal customer service for implementation of web and e-communication projects and tasks
- Increased technical knowledge and strategy support for online marketing and web development from the online and interactive communications manager

2014-2015 Final Proposed Annual Budget Integrated Solutions Implementation Project (ISIP)

FGD ECFH

Over the past twelve years Energy Trust business needs and processes have changed and grown significantly. Limitations in existing applications such as “FastTrack” and the technology architecture have prevented Energy Trust systems from keeping pace with these changes. As a result, a number of workarounds, stop-gap applications, and inefficient processes have arisen to fill the gap. Energy Trust needs a new solution and architecture that will fully support our business now and into the future. That solution is referred to as (ISIP) or Integrated Solutions Implementation Project.

In 2011, Energy Trust of Oregon undertook a planning exercise to define the 2012-2014 objectives of the ISIP. During this process a series of five workstreams were identified as the 2012 body of work and labeled “Phase 1.” Although Phase 1 was focused on different business functions (Planning, Budgeting & Forecasting, CRM, and Financials), it serves as a foundation and launch-off point for Phase 2. In fact, the outputs of all the five workstreams have direct value to this next phase. The enterprise data model and process architecture developed in the Data Modeling and Process Analysis Workstreams will be expanded upon in this phase. Additionally, the lessons learned in the other three workstreams about our applications and integration environment as well as our customer and program data will be incorporated. Phase 1 work was completed in 2012.

The 2013-14 ISIP effort was labeled “Phase 2”. Phase 2 work began in Q3 2013 and is scheduled to conclude in August 2014. Phase 2 has been referred to as a “FastTrack replacement” undertaking, denoting our intention to replace our existing project and measure tracking application (FastTrack). Although the replacement of this legacy application is still a central part of the Phase 2 work, it has become clear that there are additional elements, including integrations and core architectural designs, which will need to be addressed. In fact the additional elements may be of equal or greater importance to the FastTrack application itself. Focusing on this broader measure and project tracking ecosystem will help position the Energy Trust systems to better support not just the short term but also the long term needs of the programs and support functions.

The general structure of Phase 2 includes three major stages. The first stage, to be completed in 2013, is referred to as the “Define” stage. The output of this stage will be a solution vision and architecture based on a survey of available software solutions, process analysis, and data modeling, and a review of the ETO technical architecture. The second stage, “Build/Buy”, will take approximately five months. This stage will take the newly defined solution architecture from the Define stage and proceed with building and/or buying the necessary components. The third and final stage, “Deploy”, will run approximately two months. In this stage the architected solution will be put into use.

The total budget in 2014 for Phase 2 completion of ISIP is \$1.2 million.

Energy Trust of Oregon
Capital Purchase Budget
Final Proposed Budget 2014 - 2015

| | 2014 Q1 | 2014 Q2 | 2014 Q3 | 2014 Q4 | 2014 budget |
|---|-------------|-------------|-------------|-------------|-------------------|
| Capital Items - non ISP | | | | | |
| SQL Server Licenses | 80,000 | | | | 80,000 |
| Server Replacements | 60,000 | | | | 60,000 |
| | | | | | - |
| | | | | | - |
| | | | | | - |
| | 140,000 | - | - | - | 140,000 |
| Capital Items - ISP | | | | | |
| ISI Phase 2 implementation project management | 66,667 | 66,667 | 66,667 | - | 200,000 |
| ISI Implementation vendor | 83,333 | 83,333 | 83,333 | - | 250,000 |
| Software - FastTrack replacement | 133,333 | 133,333 | 133,333 | - | 400,000 |
| | | | | | - |
| | | | | | - |
| | 283,333 | 283,333 | 283,333 | - | 850,000 |
| Total capital purchases - 2014 budget | 423,333 | 283,333 | 283,333 | - | 990,000 |
| | | | | | |
| | 2015 | 2015 | 2015 | 2015 | 2015 |
| | Q1 | Q2 | Q3 | Q4 | projection |
| Capital Items - Computer Hardware & Software | | | | | |
| Server Replacements | 60,000 | - | - | - | 60,000 |
| Planning, Budgeting, Forecasting | 200,000 | - | - | - | 200,000 |
| | | | | | - |
| | | | | | - |
| Total capital purchases - 2015 projection | 260,000 | - | - | - | 260,000 |

Commercial
Existing Buildings

Program Purpose: Acquire cost-effective electric and natural gas savings by providing technical assistance and financial incentives for high-efficiency equipment and energy efficient operating practices in existing commercial facilities.

2014 Strategies & Activities

1. Deliver program to commercial entities through Program Management Contractor (ICF), subcontractors and a statewide comprehensive network of trade allies
2. Continue to focus on delivering tailored program services to the entire value chain of target markets from business owners, property owners, tenants, property management companies, service providers, electrical/mechanical contractors, distributors, manufacturer representatives and manufacturers.
3. Provide offerings and services that appeal to a wide-range of participants, including 16 key market sectors.
4. Maintain the state-wide program reach, while looking for opportunities to reach customers in under-participating areas.
5. Continue approach to increase non-lighting Trade Ally project activity in addition to historical lighting focus. Develop approaches for Trade Allies to sell lighting and non-lighting measures concurrently.
6. Evolve lighting program offerings to adapt to changing lighting baselines associated with market transformation effects and federal lighting standards.
7. Adapt to reduced Gas and Electric Avoided Costs to provide cost-effective measures, providing more services as necessary to aid the customer's decision making and redefining recommendations to limit marginal measures.
8. Increase operations-based savings and low-cost/no-cost approaches to save energy as a means to expand the ways to engage customers or provide energy savings options for the capital constrained customer.
9. Build and leverage long-term relationships to help customers implement energy savings strategies over time.
10. Explore options to streamline certain program requirements including compressing processes and paperwork in order to speed participation and provide more direct access to program experts via a dedicated call center.
11. Increase awareness and visibility throughout the state by expanding geographic presence with statewide field staff to promote program with Customers and Trade Allies.
12. Develop marketing strategies to address key barriers to action, including but not limited to customer success stories and demonstration of the business case for energy efficiency.

2014 New Initiatives & Focus Areas

1. Continue to provide direct outreach and technical services to help key customers maximize their energy savings.
2. Evolve Comprehensive Lighting Pilot offering to continue to educate the market on better lighting design and, if appropriate incorporate into steady-state program offerings.
3. Provide incentives for technically sound and cost-effective LED applications.
4. Develop and roll-out an offering to provide streamlined measure installation services for small commercial customers.
5. Expand market education on the pending Federal 2014 lighting ballast standard and provide incentives to encourage participants to convert remaining T12s to low wattage T8s or other energy efficient lighting options.
6. Expand Strategic Energy Management (SEM) by: 1) Enrolling more participants in the SEM Cohort approach, corporate approach and introductory approach; 2) Offering a continuation of SEM services to select participants; and 3) finding ways to deliver to customer subsets categorized by market, size, geography, etc.
7. Work with other efficiency organizations to achieve regional economies to reduce product costs and ensure supply.
8. Use incentives, services and sales techniques to encourage customers to install more measures in a shorter time frame.
9. Continue to coordinate with ODOE to identify and study schools projects in Energy Trust service territory.
10. Coordinate with NEEA and other NEEA utility funders to leverage regional lighting coordination opportunities like upstream buy-downs and contractor training.
11. Continue to promote Building Operator Certification and provide scholarships as appropriate for tuition.
12. Coordinate with electric utility field and outreach representatives and marketing efforts to recruit and screen new leads.
13. Multifamily Strategies and Activities and New Initiatives and Focus Areas presented in a separate Action Plan.

2015 Planned Activities

1. Revise lighting program to account for new baseline from Federal 2014 lighting ballast standards.
2. Continue to expand the emphasis on operations and strategic energy planning.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



Commercial
Existing Buildings

| Targets | | | | | | | |
|-----------------|----------------|-------|--------|----------------|------------------------------|-------------------|------------------------------|
| Year | Annual Expense | | | Electric | | Gas | |
| | Electric | Gas | Total | Savings aMW | levelized cost (\$ / KWh) | Savings therms | levelized cost (\$/therm) |
| 2013 Forecast | \$34.1 | \$6.6 | \$40.7 | 13.6 | \$0.034 | 1,764,617 | \$0.377 |
| 2014 Budget | \$43.5 | \$8.0 | \$51.5 | 15.9 | \$0.035 | 1,781,978 | \$0.422 |
| 2015 Projection | \$43.7 | \$8.5 | \$52.1 | 15.5 | \$0.036 | 1,799,228 | \$0.444 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Incentives | \$26,484,290 | \$25,426,256 | \$33,407,178 | \$33,769,032 |
| Delivery Costs | | | | |
| Program Management | 261,763 | 825,441 | 729,288 | 748,185 |
| Program Delivery | 10,504,081 | 9,143,083 | 10,529,452 | 10,789,632 |
| Marketing-PMC | | 785,824 | 936,166 | 963,807 |
| Performance Comp | 225,000 | 237,500 | 355,000 | 280,000 |
| Total Delivery Costs | 10,990,844 | 10,991,848 | 12,549,905 | 12,781,624 |
| ETO expenses | | | | |
| Staffing | 647,858 | 602,230 | 738,221 | 775,132 |
| Marketing | 247,500 | 252,500 | 246,500 | 246,500 |
| Other Services | 1,223,640 | 889,566 | 1,359,447 | 1,320,447 |
| General | 49,182 | 41,500 | 116,500 | 105,000 |
| Allocations | 1,393,518 | 1,164,379 | 1,348,450 | 1,396,660 |
| Sub-Total before Admin Costs | 41,036,832 | 39,368,279 | 49,766,202 | 50,394,394 |
| Administrative Costs | 1,385,232 | 1,334,968 | 1,776,708 | 1,723,833 |
| TOTAL EXPENSE | 42,422,064 | 40,703,247 | 51,542,910 | 52,118,228 |

**Commercial
Existing Multifamily**

Program Purpose: Acquire cost-effective electric and natural gas savings by providing technical assistance and financial incentives for high-efficiency equipment and energy efficient operating practices in existing multifamily (2+ attached units, retirement and campus living) and condominium and townhome buildings.

2014 Strategies & Activities

1. Deliver program to multifamily entities through Program Management Contractor (LM), subcontractors and a statewide network of trade allies specializing in this market.
2. Develop and include offerings and initiatives that will involve multifamily tenants in the savings decision and overcome the split incentive dilemma.
3. Continue to focus on delivering tailored program services to the entire value chain of target markets from property owners, tenants, property management companies, service providers, electrical/mechanical contractors, distributors, manufacturer representatives and manufacturers.
4. Provide offerings and services that appeal to a broad mix of multifamily owners and managers.
5. Expand program throughout the state to reach new customers and go deeper with existing customers in all four utility service territories.
6. Collaborate across New Buildings, Existing Homes and Existing Buildings to maximize program effectiveness in the marketplace.
7. Build and develop an affordable housing project pipeline that can utilize either the on-bill financing option through the MPower Oregon pilot or through normal program tracks.
8. Leverage learning's and redesign efforts for custom track projects and audits to launch refined services and offerings to better fit the needs, budgets and timelines of multifamily owners and managers.
9. Expand the distributor buy-downs focused on suppliers of energy efficient products in order to competitively place efficient equipment in replacement applications.
10. Enhance outreach focus to promote project activity including selling lighting and non-lighting measures concurrently.
11. Launch seasonal and special "limited time only" bonuses for specific technologies to increase penetration or introduce successful but yet to be adopted technologies.
12. Increase operations-based savings and low-cost/no-cost approaches to save energy in a capital constrained market.
13. Build and leverage long-term relationships to help established customers implement energy savings strategies over time and across multiple capital budget cycles.
14. Develop marketing approaches that use customer success stories to demonstrate the strong business case for energy efficiency as a means to help spur action from more property managers.

2014 New Initiatives & Focus Areas

1. Extend the program offerings and the "single point of contact" outreach approach to small multifamily properties and individual condominium and townhome owners through 2014 integration of these building types into Existing Multifamily.
2. Work with the affordable housing community to innovate how the program can serve their tenants through partnership in a financing pilot, behavioral opportunities and capital investments.
3. Continue implementation of the Memory Care Comprehensive Lighting Pilot to develop a cost and savings baseline for this facility type, test the effectiveness of a template approach on meeting the Oregon regulations for Memory Care Communities, characterize the non-energy benefits of advanced lighting design and, if appropriate incorporate into steady-state program offerings.
4. Implement a comprehensive overhaul of existing website structure and content to provide a "one-stop shop" for all multifamily properties in order to eliminate mixed messaging and confusion as a result of previous program design.
5. Develop and launch an email newsletter specific to multifamily owners and decision makers in order to foster meaningful engagement with the program and its staff.
6. Integrate enhanced sales approach through tablet based walkthrough survey and benchmarking tools in order to provide comprehensive and actionable information on opportunities within customer portfolios
7. Collaborate with other energy efficiency implementation organizations to achieve regional economies to ensure satisfactory customer service, support pilot initiatives, reduce project costs and gain organizational efficiencies.
8. Coordinate with electric utility and water utility field and outreach representatives on marketing and outreach efforts to recruit and screen new leads and promote energy efficiency.
9. Research, develop and test new measure opportunities for upgrades to electrically heated units, including a pilot related to high efficient zonal heating alternatives.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



**Commercial
Existing Multifamily**

2015 Planned Activities

1. Evaluate progress and lessons learned from MPower Oregon Pilot and move forward next stages of pilot if appropriate.
2. Revise lighting program to account for new baseline from Federal 2014 lighting ballast standards and new LED applications.
3. Testing and integration of new ISM opportunities utilizing emerging technologies in order to supplement existing offerings that will be phased out due to changes in Federal Standards.
4. Continue to expand the emphasis on affordable housing and within the general multifamily market for operations and strategic energy planning opportunities.

Targets - Multi-family program costs and energy savings tables are included in the Existing Buildings summary

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
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**Commercial
New Buildings**

Program Purpose: Acquire cost-effective electric and natural gas savings by providing technical assistance and financial incentives for high-efficiency design and equipment in commercial and industrial new construction and major renovation projects.

2014 Strategies & Activities

1. New Buildings will continue to drive significant changes to how buildings are designed and constructed, resulting in sustained market practices that promote high-performance buildings.
 - a. Position as a technical and educational resource in the market, provide trainings.
 - b. Continue support of early design meetings with project teams to identify energy saving strategies and make the business case for achieving efficiency goals directly to owners.
2. Deploy a robust regional outreach strategy serving six regions statewide: North Coast and Columbia River Corridor, Eastern Oregon, Central Oregon, Southern Oregon and Southern Oregon Coast, Willamette Valley and Central Coast, and Portland Metro areas.
 - a. Allies will receive enhanced regional support with project reviews for design-build projects and trainings on tools and workbooks with support from an Energy Analyst.
 - b. Lighting design support for allies will be expanded and a local resource in Eastern Oregon will be provided.
 - c. Over 125 regional owner accounts will be leveraged along with over 100 regional architecture, engineering and design-build accounts.
3. Target the small commercial market with simple solutions.
 - a. Market new offers launched under the 'Hey Building' campaign to six market sectors, and develop two new packages to further reach and measure saturation. Packages are building type-specific and offer projects simpler, pre-calculate, packaged options to drive quick decision making. Continue providing standard measures.
4. Continue to build a market position for New Building Allies that actively support efficiency and are critical to New Buildings' success in transforming the market.
 - a. Focus on the allies' influence on practical elements of integrated design, system selection and critical decisions that affect the efficiency of a project.
 - b. Provide trainings in collaboration with AIA Portland and Cascadia Chapters.
5. Build demand for Net Zero solutions by creating an approachable concept for early design and getting net zero on the drawing board for owners and design teams to consider, and begin to prepare for future changes in energy codes expected to ratchet up baselines quickly. Continue innovation through collaboration among stakeholders and the market.
 - a. Implement changes from the most recent code update that will take effect in 2014.
 - b. Collaborate with stakeholders to develop a strategy to address future codes and standards.
6. Increase the number of Solar Ready buildings eligible to receive incentives for solar PV installations by leveraging early design in New Buildings to include solar
 - a. Promote Solar Ready design options and build a pipeline of future solar projects.
 - b. Strengthen the Solar Design Ally network through training and education.

2014 New Initiatives & Focus Areas

1. Drive small commercial market opportunities – target business owners, allies and designers.
2. Expand regional outreach and ally focused delivery statewide.
3. Continue to innovate and build on the success with Net Zero.
 - a. Fine tune program design to remove barriers experienced by far-reaching projects.
 - b. Continue to engage potential net zero and net zero ready projects through targeted outreach, goal-setting, and directed participation.
4. Connect customers with additional financial resources and the Lending Ally network to push innovative financing approaches forward that could reduce financial barriers to participation and boost aggressive savings targets.
5. Position New Buildings to capture additional market transformation savings and adjust to the 2014 code.
6. Engage trade allies to improve code compliance in advance of the 2017 code, which may align with the Reach.

2015 Planned Activities

1. Continue building the pipeline and support for 2013 Oregon Energy Efficiency Specialty Code in addition to adoption of the Reach code.
2. Offer incentives and engineering support to reward increasing energy efficiency in excess of the energy code.
3. Leverage our emerging delivery network of New Buildings Program Allies to drive projects that exceed code.

(See budget detail on reverse side)

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
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**Commercial
New Buildings**

Targets

| Year | Annual Expense | | | Electric | | Gas | |
|-----------------|----------------|-------|--------|----------|----------------|---------|----------------|
| | Electric | Gas | Total | Savings | levelized cost | Savings | levelized cost |
| | | | | aMW | (\$ / KWh) | therms | (\$ / therm) |
| 2013 Forecast | \$12.9 | \$1.2 | \$14.1 | 6.0 | \$0.025 | 450,231 | \$0.222 |
| 2014 Budget | \$13.4 | \$1.5 | \$14.8 | 5.0 | \$0.031 | 560,707 | \$0.222 |
| 2015 Projection | \$12.2 | \$1.6 | \$13.8 | 4.3 | \$0.033 | 549,538 | \$0.244 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|---------------------|--------------------|--------------------|--------------------|
| Incentives | \$10,660,711 | \$7,331,483 | \$7,922,707 | \$7,437,576 |
| Delivery Costs | | | | |
| Program Management | 472,494 | 155,000 | 205,000 | 200,000 |
| Program Delivery | 4,094,101 | 4,044,060 | 4,123,000 | 3,800,000 |
| Marketing-PMC | 249,465 | 372,000 | 252,000 | 220,000 |
| Performance Comp | 120,000 | 120,000 | 125,000 | 130,000 |
| Total Delivery Costs | 4,936,060 | 4,691,060 | 4,705,000 | 4,350,000 |
| ETO expenses | | | | |
| Staffing | 320,274 | 339,048 | 275,251 | 289,014 |
| Marketing | 112,500 | 102,500 | 118,000 | 113,000 |
| Other Services | 700,890 | 517,697 | 546,947 | 382,947 |
| General | 15,065 | 15,000 | 18,000 | 15,000 |
| Allocations | 688,539 | 577,360 | 661,875 | 685,251 |
| Sub-Total before Admin Costs | 17,434,039 | 13,574,148 | 14,247,780 | 13,272,788 |
| Administrative Costs | 625,817 | 509,849 | 593,081 | 539,550 |
| TOTAL EXPENSE | 18,059,856 | 14,083,997 | 14,840,860 | 13,812,338 |

Commercial**Market Transformation Northwest Energy Efficiency Alliance (NEEA)**

Program Purpose: NEEA invests in northwest market transformation programs across commercial, industrial and residential sectors, working in coordination with Energy Trust programs. NEEA focuses on products, services and practices that, while technically promising and cost-effective, are not taking hold in the market. To realize the promise and energy savings potential of these emerging opportunities, NEEA facilitates the development of coordinated regional strategies to permanently remove market barriers and executes components of those regional strategies for which a regional approach brings greater value than would individual action by utilities. NEEA's role varies by market transformation program and is characterized by activities with market participants who are "upstream" from ETO and utility customers. NEEA's commercial sector programs are designed to create the market conditions that will accelerate and sustain market adoption of energy efficient products, services and practices in the commercial real estate, lighting and new construction markets, resulting in cost-effective energy savings for ETO and the region.

2014 Strategies & Activities

1. Commercial Real Estate. Focus on accelerating market adoption of SEM practices within the commercial real estate office market through development of innovative market infrastructure including: comprehensive SEM business owner decision-making tools; training for the market actors applying these tools.
2. Hospitals and Healthcare. Complete initiative transition to Energy Trust, including delivery of a full inventory of available resources and SEM implementation tools.
3. Commercial Lighting Upstream. Develop an upstream commercial lighting platform with region's distributors and national manufacturers enabling launch of first regional program to influence the upstream availability of energy-efficient commercial and industrial lighting products. Collaborate closely with ETO and other utility partners via the Regional Lighting Working Group to ensure mutually agreed upon technologies are selected.
4. Luminaire Level Lighting Controls (LLLC). Increase product availability and owner awareness of the business case for LLLC in retrofit applications.
5. Existing Building Renewal (EBR). Complete assessment and validation phase by evaluating the 2013 pilot results and begin a broader market test later in the year. Build market awareness of EBR value proposition and approach. Disseminate toolset (i.e., integrated design tools; business case template) that enables building owners and investors to make the business case for Existing Building Renewal investments.
6. Building Operator Certification (BOC). Accelerate market adoption of high performance operations and maintenance of commercial buildings by building market demand for certified building operators while continuing to increase market knowledge and capabilities.
7. New Construction. Innovate and advance the practices of integrated design to create opportunities for further energy reduction in the future.

2014 New Initiatives & Focus Areas

1. Transition CRE focus to supporting infrastructural activities (e.g. creation of tools and resources that support ETO/BPA/utility and other market actor efforts to increase market capability, awareness of and demand for strategic energy management practices).
2. Launch Top Tier Trade Allies initiative to build connectivity between contractors, training resources and utility programs in the advanced lighting retrofit market.
3. Identify strategic opportunities to leverage existing commercial initiatives to influence more stringent commercial codes.
4. Identify, share and leverage key lessons learned/capabilities across the multiple existing SEM market sectors.
5. Build upon the strategic market work to leverage and maximize common market intervention points across initiatives.
6. Introduce new initiatives identified in 2014 scanning review process, as appropriate per NEEA's Initiative Lifecycle stage-gate process.

2015 Planned Activities

1. Complete transition of BOC to market.
2. Build upon proven lighting distributor platform to introduce other efficient lighting technologies through the upstream distribution market.
3. Continue to refine the integrated Commercial and Industrial SEM infrastructure to support regional energy efficiency.
4. In collaboration with utility partners, identify and execute strategy to increase commercial real estate owners and investors' adoption of EBR practices.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



Commercial

Market Transformation Northwest Energy Efficiency Alliance (NEEA)

| Targets | | | | | | | |
|-----------------|----------------|-------|-------|----------|----------------|---------|----------------|
| Year | Annual Expense | | | Electric | | Gas | |
| | Electric | Gas | Total | Savings | levelized cost | Savings | levelized cost |
| | | | | aMW | (\$ / KWh) | therms | (\$ / therm) |
| 2013 Forecast | \$3.3 | \$0.0 | \$3.3 | 1.5 | \$0.025 | | |
| 2014 Budget | \$2.8 | \$0.1 | \$2.9 | 1.0 | \$0.030 | | |
| 2015 Projection | \$2.6 | \$0.1 | \$2.7 | 0.6 | \$0.051 | | |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|------------------------|--------------------------|------------------------|----------------------------|
| Delivery Costs | | | | |
| Program Delivery | \$2,843,803 | \$3,122,249 | \$2,680,448 | \$2,494,396 |
| Total Delivery Costs | 2,843,803 | 3,122,249 | 2,680,448 | 2,494,396 |
| ETO expenses | | | | |
| Staffing | 12,231 | 10,092 | 19,062 | 20,015 |
| Allocations | 62,190 | 55,484 | 54,404 | 57,266 |
| Sub-Total before Admin Costs | 2,918,225 | 3,187,825 | 2,753,915 | 2,571,677 |
| Administrative Costs | 110,478 | 119,509 | 120,256 | 109,277 |
| TOTAL EXPENSE | 3,028,703 | 3,307,334 | 2,874,170 | 2,680,954 |

**Industry and Agriculture
Production Efficiency (PE)**

Program Purpose: Acquire cost-effective electric and gas savings through technical assistance and financial incentives for high-efficiency design, equipment and operations in existing and new industrial and agricultural processes and facilities. Promote innovative technological and behavioral approaches to industrial energy efficiency; provide technical expertise, training and project funding to help companies plan, manage and improve their energy efficiency.

2014 Strategies & Activities

1. Custom track allows for a comprehensive approach to process efficiency projects, retrofits, operations & maintenance (O&M).
 - a. Custom Program Delivery Contractor (PDC) delivery funds dedicated industrial efficiency engineers to work with industrial customers in assigned geographic territories. Custom PDCs facilitate program participation, encourage customer commitment and act as a key technical resource to plant staff over multiple years. They achieve goals through developing and delivering Custom projects, which represent the majority of industrial energy savings.
2. Streamlined tracks focus on simpler or more standardized projects delivered by Trade Allies. The streamlined tracks are delivered by specialized PDCs, who focus on Trade Ally outreach and training, project verification and delivery of savings from streamlined measures, and new measure and tool development. Streamlined measures rely on prescriptive and calculated savings analysis tools developed for mass deployment, rather than relying on custom technical studies to determine savings and incentives for each project. This simplified analysis and use of Trade Ally vendors for delivery of these projects provides a shorter and simpler project development cycle for participants and their vendors, and includes:
 - a. The Lighting Trade Ally Network delivers all types of lighting projects at industrial sites.
 - b. The Streamlined Industrial and Agricultural Initiative delivers savings from irrigation measures, small compressed air, VFDs and other prescriptive and calculated measures.
3. Increase depth and persistence of savings and respond to customer demand by providing training, tools, technical support and public recognition to establish or improve an energy management culture in the workplace.
4. Drive customer adoption of industrial strategic energy management (SEM) and support their continuous improvement.

2014 New Initiatives & Focus Areas

1. Target the delivery of custom track services and incentives to small- to medium- industries through improved outreach strategies in existing market channels. Systematically promote streamlined projects across all sizes of customers, leveraging existing services and networks to increase access and drive engagement. Together these new innovations should lead to greater diversity of savings, participants and trade allies.
2. Increase custom lighting incentives, and some prescriptive lighting incentives, particularly LEDs, to improve project economics and increase savings from industrial lighting measures.
3. Further develop Energy Trust's Strategic Energy Management offerings for all sizes of industrial customers. Synthesize best practices and lessons learned in 2009-2013 SEM initiatives and standardize SEM offerings, procedures, and tools for highest impact. Continue to test the scalability of SEM and provide more comprehensive services to motivated small industrial customers by completing the second cohort of 10 companies participating in the CORE pilot.
4. Capitalize on opportunities resulting from 2013 PDC re-compete, new PDC territories in 2014 and CRM system to more deeply engage with existing clients to build on customers' positive experience with PE program.
5. Continue to monitor and strategically plan for contingencies related to the equitable distribution of industrial funding, and rural savings acquisition.

2015 Planned Activities

1. Integrate newly developed materials for strategic energy management (SEM) into program offerings.
2. Innovations and improvements started in 2014 will be tuned in 2015, including scaling of custom services to smaller industries; new approaches to market segmentation and customer outreach; impacts of lighting incentive increases.
3. Building off Energy Trust's 5 year strategic plan process, prepare new Industry and Ag Sector five-year strategic plan.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



**Industry and Agriculture
Production Efficiency (PE)**

| Targets | | | | | | | |
|-----------------|-----------------------|------------|--------------|------------------------|--------------------------------------|---------------------------|--|
| | Annual Expense | | | Electric | | Gas | |
| | Electric | Gas | Total | Savings aMW | levelized cost (\$ / KWh) | Savings therms | levelized cost (\$ / therm) |
| 2013 Forecast | \$27.4 | \$3.1 | \$30.6 | 15.3 | \$0.024 | 1,079,340 | \$0.295 |
| 2014 Budget | \$30.8 | \$3.2 | \$34.1 | 17.5 | \$0.022 | 1,196,420 | \$0.296 |
| 2015 Projection | \$34.6 | \$3.3 | \$37.9 | 16.3 | \$0.027 | 1,232,080 | \$0.296 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|------------------------|--------------------------|------------------------|----------------------------|
| Incentives | \$22,602,093 | \$19,562,093 | \$21,085,070 | \$23,688,562 |
| Delivery Costs | | | | |
| Program Delivery | 7,843,022 | 7,963,022 | 8,825,161 | 9,946,585 |
| Performance Comp | 156,000 | 156,000 | 330,000 | 285,000 |
| Total Delivery Costs | 7,999,022 | 8,119,022 | 9,155,161 | 10,231,586 |
| ETO expenses | | | | |
| Staffing | 767,215 | 726,535 | 850,843 | 890,385 |
| Marketing | 196,000 | 181,000 | 182,500 | 182,500 |
| Other Services | 936,517 | 442,433 | 1,008,213 | 1,075,213 |
| General | 64,136 | 64,910 | 69,560 | 69,560 |
| Allocations | 612,372 | 525,571 | 561,560 | 578,873 |
| Sub-Total before Admin Costs | 33,177,355 | 29,621,563 | 32,912,907 | 36,716,678 |
| Administrative Costs | 1,026,844 | 937,881 | 1,158,042 | 1,229,940 |
| TOTAL EXPENSE | 34,204,199 | 30,559,444 | 34,070,949 | 37,946,618 |

Industrial**Market Transformation Northwest Energy Efficiency Alliance (NEEA)**

Program Purpose: NEEA invests in northwest market transformation programs across commercial, industrial and residential sectors, working in coordination with Energy Trust programs. NEEA focuses on products, services and practices that, while technically promising and cost-effective, are not taking hold in the market. To realize the promise and energy savings potential of these emerging opportunities, NEEA facilitates the development of coordinated regional strategies to permanently remove market barriers and executes components of those regional strategies for which a regional approach brings greater value than would individual action by utilities. NEEA's role varies by market transformation program and is characterized by activities with market participants who are "upstream" from ETO and utility customers. NEEA's industrial and agriculture sector programs are designed to create the market conditions that will accelerate and sustain market adoption of energy efficient products, services and practices in industrial and irrigated agriculture markets, resulting in cost-effective energy savings for ETO and the region.

2014 Strategies & Activities

1. *Strategic Energy Management.*
 - a. *Complete transition out of Food Processing initiative.*
 - i. *Discontinue work with individual Food Processor facilities.*
 - ii. *Deliver cohesive tool set available to utilities and market via SEM knowledge center.*
 - iii. *Summarize and capture lessons learned for benefit of the region's SEM programs.*
 - b. *Continue leading regional collaboration on SEM to identify and deliver regional resources that help utilities and other market actors advance SEM practices.*
2. *Certified Refrigeration Energy Specialist (CRES).* Test and validate CRES certification, as a strategy to expand the capabilities of northwest refrigeration operators. Build awareness and demand for certified operators by expanding national refrigeration organizations' recognition of CRES.
3. *Advanced Irrigation.* Validate performance and market acceptance of an easy-to-use, integrated agricultural irrigation decision support solution that enables 20 percent energy and water reduction by 2020.
4. *Industrial Technical Training.* Continue expanding knowledge and capabilities of industrial trade allies and professionals who influence energy efficiency choices by continuing to deliver Industrial Technical Training courses.
- 5.

2014 New Initiatives & Focus Areas

1. *Draw on key lessons learned from Industrial and Commercial SEM programs to develop and deliver a more holistic, integrated set of SEM resources that support utilities and the market in building market capability, and in building awareness and demand for energy efficiency. Resources will include online SEM and industrial and commercial SEM tools.*
2. **Introduce new initiatives identified in 2014 scanning review process, as appropriate per NEEA's Initiative Lifecycle stage-gate process.**

2015 Planned Activities

1. Enhance market conditions for adoption of the precision irrigation systems by developing market capabilities and awareness around proven agricultural irrigation decision support solutions by validating the business case for a broader market segment.
2. Continue expanding market awareness by working with national refrigeration organizations capabilities for increased demand for CRES operators by business owners as well as further enhancing the market availability of training that leads to CRES certification.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



Industrial

Market Transformation Northwest Energy Efficiency Alliance (NEEA)

| Targets | | | | | | | |
|-----------------|----------------|-------|-------|----------|----------------|---------|----------------|
| Year | Annual Expense | | | Electric | | Gas | |
| | Electric | Gas | Total | Savings | levelized cost | Savings | levelized cost |
| | | | | aMW | (\$ / KWh) | therms | (\$ / therm) |
| 2013 Forecast | \$1.3 | \$0.0 | \$1.3 | 0.2 | \$0.091 | | |
| 2014 Budget | \$1.4 | \$0.0 | \$1.4 | 0.2 | \$0.107 | | |
| 2015 Projection | \$1.4 | \$0.0 | \$1.4 | 0.1 | \$0.303 | | |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|------------------------|--------------------------|------------------------|----------------------------|
| Delivery Costs | | | | |
| Program Delivery | \$1,431,794 | \$1,231,709 | \$1,318,082 | \$1,224,408 |
| Total Delivery Costs | 1,431,794 | 1,231,709 | 1,318,082 | 1,224,408 |
| ETO expenses | | | | |
| Staffing | 6,772 | 907 | 12,306 | 12,921 |
| Allocations | 61,947 | 55,432 | 56,045 | 59,092 |
| Sub-Total before Admin Costs | 1,500,512 | 1,288,048 | 1,386,432 | 1,296,421 |
| Administrative Costs | 56,164 | 47,875 | 59,941 | 54,381 |
| TOTAL EXPENSE | 1,556,676 | 1,335,923 | 1,446,373 | 1,350,802 |

**Residential
Existing Homes**

Program Purpose: Acquire cost-effective electric and gas savings by providing energy-efficiency products, services and incentives to homeowners of existing single-family and manufactured homes.

2014 Strategies & Activities

1. Evolve program design and measure requirements to offerings that maximize returns for individual customers, trade allies and the ratepayer base as a whole.
2. Advance customer (including trade allies) experiences to create ease in participation.
3. Develop processes and program design strategies to promote more flexibility in responding to market conditions.
4. Create more access to financing through on-bill and off-bill channels.
5. Prioritize quality installation leading to long-term verifiable energy savings.
6. Adapt program savings and design to adjust to national trends and requirements (lighting, Home Performance, etc.).
7. Manage to established thresholds on savings through Instant Savings Measures (ISM)s.
8. Guide customers to relevant resources and support, based on customer disposition, utility consumption, and housing characteristics.
9. Streamline program touch points with consumers by simplifying eligibility requirements and utilizing contractor paid incentives.
10. Leverage savings opportunities through support or collaboration with NEEA, supply chain, industry stakeholders (i.e., OHBA, ORA, Home Performance Guild, etc.) and trade allies.
11. Implement state-wide quality management (Success Through Quality Management) through in-project support, continuous improvement in quality assurance.
12. Develop program design strategies to accelerate heat pumps and heat pump water heaters in manufactured homes.
13. Increase moderate income participants' access to energy-efficiency improvements through expansion of financing options (including gas furnaces).
14. Expand contractor-paid incentives to reduce barriers and increase ease in participation for homeowners.
15. Develop marketing messages and value proposition for engaging remodelers.
16. Evaluate school-based approach of outreach and education services delivered through Community Action Partnership of Oregon (CAPO).
17. Collaborate with IT in development of simplified solutions for trade allies and tools and systems that support program delivery (i.e., ISI phase two, CRM enhancements for trade ally referral and rating processes, trade ally portal, web forms, etc.)

2014 New Initiatives & Focus Areas

1. Design and/or implement gas weatherization pilots aimed at innovative approaches to cost-effective gas savings (including prescriptive air sealing, early retirement of gas furnaces/windows, programmable thermostats, behavior).
2. Explore program designs intended to promote specific measures or services to achieve cost-effectiveness and/or drive better costs through competitive solicitation(s).
3. Expand on-bill financing products to targeted products and/or services.
4. Deliver trade ally continuous engagement.
5. Develop new program marketing strategy, an overarching design with flexibility to adapt to key messaging based on measure priorities.

2015 Planned Activities

1. Plan for changes to electric avoided costs
2. Further development of IT infrastructure to better support and manage the Trade Ally Network
3. Build strategies to claim verifiable savings through new behavior change initiatives
4. Connect customers to on bill and off bill financing opportunities
5. Identify opportunities to expand savings through web-based programmable thermostats
6. Accelerate gas water heating market growth
7. Accelerate installation of DHPs/HPWHs
8. Continued evolution of Quality Management

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



**Residential
Existing Homes**

| Targets | | | | | | | |
|-----------------|----------------|-------|--------|----------|----------------|-----------|----------------|
| Year | Annual Expense | | | Electric | | Gas | |
| | Electric | Gas | Total | Savings | levelized cost | Savings | levelized cost |
| | | | | aMW | (\$ / KWh) | therms | (\$ / therm) |
| 2013 Forecast | \$15.1 | \$8.6 | \$23.8 | 5.4 | \$0.035 | 1,179,505 | \$0.549 |
| 2014 Budget | \$16.7 | \$9.6 | \$26.3 | 5.2 | \$0.035 | 1,223,707 | \$0.612 |
| 2015 Projection | \$17.8 | \$8.6 | \$26.5 | 4.8 | \$0.038 | 1,087,185 | \$0.602 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|------------------------|--------------------------|------------------------|----------------------------|
| Incentives | \$13,467,648 | \$10,779,363 | \$12,666,827 | \$12,934,211 |
| Delivery Costs | | | | |
| Program Management | 466,297 | 466,297 | 446,500 | 446,500 |
| Program Delivery | 5,898,110 | 5,724,190 | 5,779,089 | 5,553,087 |
| Marketing-PMC | 1,456,680 | 1,456,680 | 1,642,895 | 1,642,895 |
| Performance Comp | 140,000 | 40,000 | 200,000 | 200,000 |
| Total Delivery Costs | 7,961,087 | 7,687,167 | 8,068,484 | 7,842,482 |
| ETO expenses | | | | |
| Staffing | 667,105 | 651,556 | 618,750 | 649,688 |
| Marketing | 477,500 | 487,500 | 537,500 | 537,500 |
| Other Services | 1,101,890 | 857,122 | 1,141,447 | 1,196,447 |
| General | 448,241 | 478,500 | 92,000 | 92,000 |
| Allocations | 2,298,149 | 1,972,228 | 2,180,318 | 2,250,065 |
| Sub-Total before Admin Costs | 26,421,622 | 22,913,436 | 25,305,326 | 25,502,393 |
| Administrative Costs | 961,913 | 838,298 | 998,745 | 965,250 |
| TOTAL EXPENSE | 27,383,534 | 23,751,734 | 26,304,072 | 26,467,643 |

Residential
New Homes & Products

Program Purpose: Implement program efficiencies, targeted outreach, innovative program offerings and marketing, as well as expand focus on retailers and the retail channel to engage consumers and deliver cost effective energy savings. Leverage partner relationships for added processing efficiencies and reduced cost in the basic implementation of both the New Homes and Products sides of the program. Introduce new incentive models, including upstream, midstream, market lift and point of sale instant incentives to create efficiencies, ease in customer interactions and sustained energy savings.

2014 Strategies & Activities

1. Capture 20.5 percent of Energy Trust service territory new construction market by completing 1,750 EPS new home projects.
2. Continue to drive builders to the next level of efficiency while also supporting code builders through stand-alone measures.
3. Streamline overall program processes and delivery to support operational efficiencies and positive contractor and customer experience.
4. Develop targeted messaging and training opportunities for contractors.
5. Educate customers on energy-efficiency and drive them to purchase the most energy-efficient products.
6. Increase retailer engagement to support customer education and sales associate support through retail training visits.
7. Further explore and implement upstream incentive models - supporting transition away from paper application models.
8. Coordinate with regional stakeholders to pursue best opportunities to capture savings in shifting retail landscape.
9. Use efficient strategies to reach customers with opportunities relevant to them.
10. Continue to push the new manufactured homes market beyond ENERGY STAR®.

2014 New Initiatives & Focus Areas

1. Modify the existing builder and verifier incentive structure to drive the market to even higher levels of efficiency.
2. Promote stand-alone and air sealing incentives as a means to educate and engage code builders/contractors.
3. Provide early design assistance and green team support to help engage entire construction crew early on.
4. Phase out modeling incentive while helping verifiers craft and sell the energy efficiency message to builders to continue to push the industry forward.
5. Launch and support ongoing coordination with NEEA on NW New Homes database increasing processing efficiency.
6. Coordinate with regional training organizations to drive contractors to appropriate industry trainings (supporting all aspects of building performance).
7. Drive a large volume of cost-effective electric savings through lighting and continue to support tiered product incentives to push the market to higher levels of efficiency.
8. Drive cost-effective savings through tiered fridge recycling incentives, while maintaining ease of participation and high customer satisfaction.
9. Leverage field account managers to enhance retailer relationships, maximize promotional opportunities, and establish channels to collect feedback on the program, promotional, marketing coordination and other opportunities.
10. Leverage and coordinate with NW and California utilities to create additional opportunities to work with retailers and manufacturers.
11. Continue to work with retailers to promote energy-efficient manufactured home options, including ENERGY STAR, Earth Advantage, eco-Rated and stand-alone upgrades.
12. Coordinate with regional organizations, such as NEEA and BPA, across various program opportunities.

2015 Planned Activities

1. Continue established activities and implement new opportunities with available funds, employing flexibility to meet savings, funding expectations and customer engagement goals.
2. Grow product offerings in the retail channel (lighting and consumer electronics opportunities) while focusing on retail education and consumer engagement tactics.
3. Continue toward alternative retail models for appliances - market lift, instant incentives, and midstream buy downs.
4. Work with NEEA and other regional players to support advancement and alignment in New Homes market.
5. Pursue more program efficiencies and best practices to provide better services, reduced risks and costs.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective savings, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



**Residential
New Homes & Products**

| Targets | | | | | | | |
|-----------------|----------------|-------|--------|----------------|------------------------------|-------------------|--------------------------------|
| Year | Annual Expense | | | Electric | | Gas | |
| | Electric | Gas | Total | Savings aMW | levelized cost (\$ / KWh) | Savings therms | levelized cost (\$ / therm) |
| 2013 Forecast | \$15.2 | \$4.5 | \$19.7 | 7.1 | \$0.033 | 921,639 | \$0.412 |
| 2014 Budget | \$17.1 | \$4.9 | \$22.0 | 8.1 | \$0.036 | 1,039,236 | \$0.333 |
| 2015 Projection | \$15.5 | \$4.8 | \$20.2 | 6.5 | \$0.038 | 1,131,661 | \$0.294 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|------------------------|--------------------------|------------------------|----------------------------|
| Incentives | \$11,738,937 | \$10,474,560 | \$11,699,796 | \$10,635,829 |
| Delivery Costs | | | | |
| Program Management | 263,693 | 263,693 | 256,443 | 420,337 |
| Program Delivery | 4,240,612 | 4,490,605 | 5,515,989 | 4,365,265 |
| Marketing-PMC | 1,693,380 | 1,693,379 | 1,373,040 | 1,646,062 |
| Performance Comp | 115,000 | 115,000 | 155,000 | 155,000 |
| Total Delivery Costs | 6,312,684 | 6,562,677 | 7,300,472 | 6,586,664 |
| ETO expenses | | | | |
| Staffing | 346,792 | 337,272 | 386,585 | 405,914 |
| Marketing | 297,000 | 287,000 | 290,000 | 290,000 |
| Other Services | 510,190 | 477,747 | 473,447 | 573,447 |
| General | 72,620 | 46,000 | 49,000 | 49,000 |
| Allocations | 965,305 | 830,901 | 1,001,251 | 1,037,269 |
| Sub-Total before Admin Costs | 20,243,527 | 19,016,156 | 21,200,552 | 19,578,123 |
| Administrative Costs | 776,703 | 723,151 | 787,435 | 640,527 |
| TOTAL EXPENSE | 21,020,230 | 19,739,307 | 21,987,986 | 20,218,650 |

Residential**Market Transformation Northwest Energy Efficiency Alliance (NEEA)**

Program Purpose: NEEA invests in northwest market transformation programs across commercial, industrial and residential sectors, working in coordination with Energy Trust programs. NEEA focuses on products, services and practices that, while technically promising and cost-effective, are not taking hold in the market. To realize the promise and energy savings potential of these emerging opportunities, NEEA facilitates the development of coordinated regional strategies to permanently remove market barriers and executes components of those regional strategies for which a regional approach brings greater value than would individual action by utilities. NEEA's role varies by market transformation program and is characterized by activities with market participants who are "upstream" from ETO and utility customers. NEEA's residential sector programs are designed to create the market conditions that will accelerate and sustain market adoption of energy efficient products, services and practices in the consumer products and new construction markets, resulting in cost-effective energy savings for ETO and the region.

2014 Strategies & Activities

1. Heat Pump Water Heaters (HPWH). Accelerate market demand and supply chain adoption of northern climate HPWHs.
 - a. Complete Regional Technical Forum (RTF) savings validation via metering study.
 - b. Collaborate with ETO and others to support local programs and maximize impact of coordinated efforts.
 - c. Scale up efforts to drive demand for HPWH products by continuing to develop and leverage NEEA's supply chain relationships; leverage relationships with manufacturers and big box retailers to influence them to invest in product improvement, distribution and promotion of this technology.
2. Residential New Construction. Accelerate market adoption of energy-efficient residential building practices and technologies to pave the way for future code adoption.
 - a. Complete transition of Northwest ENERGY STAR Homes; transition program elements to the market (i.e., open providership). Complete phase II of Performance Path development to increase market uptake.
 - b. Recruit 15 multifamily builders/developers to meet Northwest ENERGY STAR Homes multifamily requirements.
 - c. Recruit builders to finalize construction of 30 advanced performance pilot homes (Phase II).
3. Retail Product Portfolio (RPP). Capitalize on relationships with retailers established in 2009-2013 through the Televisions initiative to pilot a "Retail Product Portfolio" initiative that would influence retail stocking practices—and ultimately manufacturing and standards—for a portfolio of energy-efficient products.
 - a. Pilot RPP approach with retailers to learn what is possible.
 - b. Work with NW Regional Retail collaborative to identify appropriate products/product categories for the portfolio.
 - c. Coordinate efforts with NEEA funders to ensure complementarity and maximum value.
4. Super-Efficient Television. Ensure long-term sustainability of gains in television technology energy efficiency.
 - a. Support and testify to develop Washington state television energy efficiency code.
 - b. Include super-efficient televisions (ENERGY STAR 6) in 2014 retail product portfolio pilot.
5. Ductless Heat Pumps (DHP). Build and increase market and consumer demand, adoption and availability of ductless heat pump technology.
 - a. Capitalize on lessons learned from 2013 lead generation pilots with utilities and launch with additional funders.
 - b. Support continued advancement of DHPs in retail channel via regional display program with new retail partner.
 - c. Explore alternative installation practices to support trades outside of traditional HVAC channel. Explore barriers and opportunities of DIY installations.
6. Standards. Participate in Federal and regional proceedings to create and improve equipment efficiency standards; bring information on NW successes in market adoption of efficient products to that process.
7. Previously Funded Initiatives. Track and report on market transformation savings from previously funded initiatives including new homes, compact fluorescent light bulbs, and consumer appliances.

2014 New Initiatives & Focus Areas

1. Pilot "Retail Product Portfolio" initiative to determine scalability (see #3 above).
2. Collaborate with Northwest Regional Retail Collaborative to explore and develop Regional Retail Platform that supports both NEEA and utility energy efficiency programs.
3. Support launch of Super-Efficient dryer initiative.
4. Continue to identify opportunities to commercialize emerging technologies (e.g., dual purpose DHPs; advanced HPWHs), utilizing a regional advisory group to help set priorities and scope projects.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

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Residential

Market Transformation Northwest Energy Efficiency Alliance (NEEA)

2015 Planned Activities

- 1. Similar to 2014.

Targets

| Year | Annual Expense | | | Electric | | Gas | |
|-----------------|----------------|-------|-------|----------------|------------------------------|-------------------|--------------------------------|
| | Electric | Gas | Total | Savings aMW | levelized cost (\$ / KWh) | Savings therms | levelized cost (\$ / therm) |
| 2013 Forecast | \$4.3 | \$0.0 | \$4.3 | 4.8 | \$0.016 | | |
| 2014 Budget | \$4.5 | \$0.1 | \$4.6 | 4.8 | \$0.017 | | |
| 2015 Projection | \$4.2 | \$0.1 | \$4.3 | 4.3 | \$0.018 | | |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|------------------|------------------|------------------|--------------------|
| Delivery Costs | | | | |
| Program Delivery | \$4,659,024 | \$4,103,478 | \$4,351,503 | \$4,046,694 |
| Total Delivery Costs | 4,659,024 | 4,103,478 | 4,351,503 | 4,046,694 |
| ETO expenses | | | | |
| Staffing | 18,344 | 2,412 | 22,245 | 23,358 |
| Allocations | 65,862 | 58,613 | 53,516 | 56,281 |
| Sub-Total before Admin Costs | 4,743,229 | 4,164,502 | 4,427,265 | 4,126,333 |
| Administrative Costs | 172,699 | 151,373 | 187,175 | 169,136 |
| TOTAL EXPENSE | 4,915,928 | 4,315,875 | 4,614,440 | 4,295,469 |

NW Natural Washington

Program Purpose: To broaden gas savings opportunities to customers of NW Natural (NWN) in southwest Washington by increasing program awareness, building off of Oregon success and collaborating with key stakeholders and utilities.

2014 Strategies & Activities

Residential (Existing & New Homes):

- Utilize CRM Campaign functionality to deliver follow-up communications to customers receiving HERs promoting measures relevant to customers' specific needs or potential next steps
- Streamline program touch points with consumers by simplifying eligibility requirements, utilizing contractor paid incentives, and further deploying online forms.
- Collaborate with industry stakeholders, including Clark Public Utilities, Planet Clark, Clark County, NWN, BPA, NEEA, BIA, the verifier network and other market partners, to promote incentive offerings, leveraging their existing communication channels and events.
- Provide education and product-specific collateral to retail product distributors and installers.
- Increase integration of Lending Allies
- Retain and recruit top builders in SW Washington into the program

Existing Buildings:

- Drive increased program participation among SW Washington commercial customers.
- Drive deeper savings per customer.
- Enhance brand recognition of Energy Trust/NW Natural through strategic continued marketing efforts (including direct mail and chamber ads) and continued expansion of trade ally contractor network through trade ally breakfast meetings, Energy Trust Insider Newsletter, training, and Webinars.
- Ensure strong management of Washington program with dedicated Account Manager and Trade Ally Coordinator.

2014 New Initiatives & Focus Areas

Residential (Existing & New Homes):

- Cross reference residential meter level consumption data with other available data sets (e.g census) to build a targeted campaign, delivering relevant messaging to customers prioritizing solutions that are most appropriate to their homes
- Launch changes to the trade ally rating system and Business Development Fund to create greater market currency and value in multi-star ratings
- Assess Earth Advantage whole home certification as an alternate to the BOP in SW Washington
- Increase program performance of "core measures" including water heaters, furnaces and weatherization. Plan for future savings changes and opportunities
- Identify opportunities to incorporate advanced controls as a gas savings measures

Existing Buildings:

- Maintain relationships with current 2013 RTU trade allies and help them refocus their efforts on other energy saving measures.
- Continue to work closely with the Greater Vancouver Chamber of Commerce and the Camas Washougal Chamber of Commerce to identify opportunities for collaboration around energy efficiency.
- Identify large commercial facilities that may need assistance with custom studies. Additionally, expand outreach efforts to the consulting/design engineering community to make them more aware of study assistance.
- Continue to identify new opportunities for incentive offerings, either from new technologies or successful offerings in the Oregon Existing Buildings program. Leverage the developing relationship with Clark Public Utilities to help make this happen.

2015 Planned Activities

- Develop a high-efficiency windows promotion in an effort to guide windows market actors to prepare for 2015 requirement changes

(See targets and budget detail on reverse side)

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

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NW Natural Washington

| Targets | | | | | | | |
|---------|----------------|-------|-------|----------|----------------|---------|----------------|
| Year | Annual Expense | | | Electric | | Gas | |
| | Electric | Gas | Total | Savings | levelized cost | Savings | levelized cost |
| | | | | aMW | (\$ / KWh) | therms | (\$ / therm) |
| 0 | | \$1.3 | \$1.3 | | | 237,000 | \$0.410 |
| 0 | | \$1.5 | \$1.5 | | | 259,845 | \$0.404 |
| 0 | | \$1.6 | \$1.6 | | | 263,684 | \$0.412 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------------|------------------|------------------|------------------|--------------------|
| Incentives | \$624,135 | \$559,135 | \$693,807 | \$719,418 |
| Delivery Costs | | | | |
| Program Management | 84,507 | 84,507 | 54,800 | 54,800 |
| Program Delivery | 286,819 | 256,819 | 319,338 | 319,338 |
| Marketing-PMC | 73,212 | 73,212 | 75,000 | 75,000 |
| Performance Comp | 20,000 | 20,000 | 20,000 | 20,000 |
| Total Delivery Costs | 464,538 | 434,538 | 469,138 | 469,138 |
| ETO expenses | | | | |
| Staffing | 99,008 | 72,212 | 95,555 | 100,333 |
| Marketing | 31,500 | 19,000 | 19,000 | 19,000 |
| Other Services | 21,500 | 21,500 | 21,050 | 36,050 |
| General | 29,510 | 29,106 | 27,117 | 30,522 |
| Allocations | 148,127 | 125,496 | 140,923 | 145,480 |
| Sub-Total before Admin Costs | 1,418,318 | 1,260,987 | 1,466,590 | 1,519,941 |
| Administrative Costs | 51,174 | 45,852 | 61,491 | 61,581 |
| TOTAL EXPENSE | 1,469,492 | 1,306,841 | 1,528,082 | 1,581,522 |
| Washington Programs: | | | | |
| Existing Buildings | 652,871 | 569,656 | 687,186 | 711,950 |
| Existing Homes | 473,034 | 425,737 | 452,398 | 473,325 |
| New Homes | 343,588 | 311,448 | 388,498 | 396,247 |
| TOTAL Washington | 1,469,493 | 1,306,841 | 1,528,082 | 1,581,522 |

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
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Renewable Energy – Solar Electric (Photovoltaic)

Program Purpose: Develop the solar electric market for all sectors in Oregon by increasing awareness, expanding participation, providing quality standards and ensuring there is a strong qualified installer base for consumers.

2014 Strategies & Activities

1. Maintain steady standard incentive levels for residential and business solar projects (up to 250 kW); only step down incentives gradually if required to meet budget constraints.
2. Build a pipeline of solar projects in all sectors through education, advertising, promotion and targeted marketing.
3. Collaborate with regional stakeholders to reduce the non-hardware “soft” costs of solar, focusing on customer acquisition, permitting and inspection and incentive delivery costs.
4. Develop a streamlined competitive process for larger solar projects (250+ kW) to allocate available PGE incentive funds.
5. Support the Oregon Public Utility Commission’s evaluation of the state’s solar incentive programs.
6. Support the organization’s efforts to develop the next five-year strategic plan.

2014 New Initiatives & Focus Areas

1. Implement continuous improvement efforts to streamline our application process and reduce pre-approval timelines.
2. Collaborate with Oregon Department of Energy to better integrate our two application processes and reduce administrative costs for trade allies.
3. Support development of an online tool to help customers and trade allies visualize the solar potential at a site and better understand the energy and financial benefits of installing solar.
4. Deliver trainings focused on developing trade allies’ customer acquisition and quality management strategies.

2015 Planned Activities

1. Continue to emphasize residential and small commercial solar markets, leveraging state and federal credits available through 2016.
2. Lower incentives incrementally as costs decrease to allow fixed budgets to support industry growth.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*

Renewable Energy – Solar Electric (Photovoltaic)**Targets**

| | ACTIVITY BASIS | | | ACCOUNTING BASIS | | |
|-----------------|----------------|------|------------------|------------------|------|------------------|
| | BUDGET | GOAL | COST | BUDGET | GOAL | COST |
| Year | (\$ millions) | aMW | (\$ mils / aMW) | (\$ millions) | aMW | (\$ mils / aMW) |
| 2013 Forecast | \$8.2 | 0.69 | \$11.9 | \$6.8 | 0.59 | \$11.6 |
| 2014 Budget | \$10.3 | 0.81 | \$12.7 | \$10.3 | 2.65 | \$3.9 |
| 2015 Projection | \$7.3 | 0.55 | \$13.1 | \$9.2 | 0.75 | \$12.3 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|--|--------------------|--------------------|--------------------|--------------------|
| Incentives | \$7,493,488 | \$5,331,786 | \$8,139,982 | \$7,232,800 |
| Program Delivery Costs | 50,000 | 270,000 | 280,000 | 280,000 |
| ETO expenses | | | | |
| Staffing | 468,500 | 320,206 | 514,951 | 540,698 |
| Marketing | 138,500 | 113,500 | 143,000 | 143,000 |
| Other Services | 677,500 | 253,125 | 494,000 | 283,000 |
| General | 58,662 | 41,600 | 52,950 | 52,950 |
| Allocations | 294,867 | 250,484 | 295,584 | 301,377 |
| Sub-Total before Admin Costs | 9,181,517 | 6,580,700 | 9,920,467 | 8,833,826 |
| Administrative Costs | 288,668 | 236,353 | 420,846 | 387,891 |
| TOTAL EXPENSE, Accounting | 9,470,185 | 6,817,053 | 10,341,314 | 9,221,716 |
| Plus/minus Incentives committed for future | (158,487) | 1,362,351 | (83,983) | (1,952,800) |
| TOTAL EXPENSE, Action Plan | 9,311,698 | 8,179,404 | 10,257,331 | 7,268,916 |

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*

Renewable Energy – Other Renewables

Program Purpose: Expand the market for biopower, wind, hydropower and geothermal electric projects by providing early stage project development assistance, project incentives, and technical assistance.

2014 Strategies & Activities

1. Focus on pipeline-building through outreach and RFPs for both PGE and Pacific Power.
2. Implement the fully merged Other Renewables program that now includes biopower.
3. Prioritize staffing and outreach efforts to put top priority on biopower, followed by hydro.
4. Expand outreach for all technologies to increase the uptake of both smaller and larger amounts of project development assistance and to find projects that can complete in this challenging renewables market.
5. Maintain limited support for the small wind program.
6. Provide grant-writing assistance to potential projects to uncover new funding sources to replace dwindling federal and state resources.

2014 New Initiatives & Focus Areas

1. Targeted initiative for helping wastewater treatment plants understand their potential for energy generation.
2. Conduct an analysis of the market for Fats, Oils, and Grease (FOG) to better understand how this will affect feedstock supply for future biopower projects.
3. Expand our competitive project RFPs to PGE's service territory.

2015 Planned Activities

1. Continue our focus on pipeline-building.
2. Continue to support a portfolio of technologies with custom incentives and project development assistance.
3. Evaluate our budget and caps for project development assistance to determine if a shift in strategy is necessary.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
be accessible and transparent, communicate value, focus on customers.*



Renewable Energy – Other Renewables

| Targets | | | | | | |
|-----------------|-----------------------|-------------|-------------------------|-------------------------|-------------|-------------------------|
| | ACTIVITY BASIS | | | ACCOUNTING BASIS | | |
| | BUDGET | GOAL | COST | BUDGET | GOAL | COST |
| Year | (\$ millions) | aMW | (\$ mils / aMW) | (\$ millions) | aMW | (\$ mils / aMW) |
| 2013 Forecast | \$7.0 | 1.85 | \$3.8 | \$3.3 | 2.06 | \$1.6 |
| 2014 Budget | \$7.8 | 1.39 | \$5.6 | \$6.6 | 1.84 | \$3.6 |
| 2015 Projection | \$5.4 | 0.80 | \$6.7 | \$14.6 | 4.50 | \$3.2 |

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|--|------------------------|--------------------------|------------------------|----------------------------|
| Incentives | \$4,868,199 | \$2,131,307 | \$5,335,459 | \$13,153,143 |
| ETO expenses | | | | |
| Staffing | 528,337 | 502,775 | 544,584 | 571,813 |
| Marketing | 48,500 | 48,500 | 55,000 | 55,000 |
| Other Services | 499,000 | 184,750 | 197,000 | 142,000 |
| General | 86,731 | 63,631 | 38,400 | 42,400 |
| Allocations | 263,351 | 219,583 | 219,628 | 223,826 |
| Sub-Total before Admin Costs | 6,294,118 | 3,150,546 | 6,390,071 | 14,188,182 |
| Administrative Costs | 202,805 | 102,998 | 254,779 | 408,520 |
| TOTAL EXPENSE, Accounting | 6,496,923 | 3,253,544 | 6,644,850 | 14,596,702 |
| Plus/minus Incentives committed for future | 3,311,799 | 3,787,603 | 1,116,540 | (9,236,142) |
| TOTAL EXPENSE, Action Plan | 9,808,722 | 7,041,147 | 7,761,390 | 5,360,560 |

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

*Acquire cost-effective energy, accelerate investment, innovate,
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**Planning and Evaluation (P&E)**

Group Purpose: To provide strategic and quantitative planning, reporting, and evaluation for Energy Efficiency and Renewable Resources and organizational initiatives. Contributes to all Energy Trust Strategy goals. Support and enhance accelerated acquisition capabilities for Program Delivery staff.

2014 Strategies & Activities

1. Provide reliable estimates of program savings and generation through impact evaluations, and constructive feedback to programs through process evaluations. Major evaluations in 2013 include process and impact evaluations for Production Efficiency and Existing Buildings programs and process evaluations for New Homes, New Buildings, and Existing Home Products programs
2. Work with utilities to integrate updates in the estimates of potential savings into integrated resource planning.
3. Provide support for annual utility funding level agreements
4. Continue surveying customers about their satisfaction and investment decision making process through the Fast Feedback project. Continue to field its annual Residential Awareness survey, and Trade Ally survey. Residential impact evaluations will continue being done in-house with an outside expert review team.
5. Evaluation will continue to work with programs on developing and evaluating pilots.
6. Continue working with NEEA on their commercial and industrial stock assessments, and other regional research projects and market data collection.
7. Help business sector programs to develop technically solid and cost effective bundles of measures and streamlined calculation procedures to reduce transaction costs and encourage deeper savings.
8. Assure reliable, consistent, and high-quality reporting of savings and generation through the annual and quarterly reports to the Board, the biennial legislative report, the annual summary of economic impacts, etc.
9. Working with NEEA, PSU, and others, encourage and test highest-priority emerging technologies for gas and electric efficiency. 2013 focus is on heat pump water heaters, commercial building monitoring and feedback systems, LED lighting, and ductless heat pumps for existing multifamily and manufactured housing.
10. Streamline reporting and forecasting tools.

2014 New Initiatives & Focus Areas

1. Develop our 2015-2019 strategic plan, which will reflect elements of the Governor's energy plan, any changes to cost-effectiveness policy, deliver a refined vision of the role and intended outcomes from Energy Trust's renewable and energy efficiency programs, and consider the increasing importance of technical innovation in sustaining the stream of efficiency savings
2. Standardize methodologies for updating forecasts of gas and electric avoided costs.
3. Respond to Order from UM1622 by submitting a report to the OPUC outlining our plan for achieving measure and program cost effectiveness as well as identification of measures which meet exception criteria.
4. Help programs develop strategies and measures to improve cost-effectiveness. Assess impact of cost-effectiveness limitations, and exceptions, on Energy Trust's annual program savings volume.
5. Advise the Oregon PUC and governor's office regarding how to align and integrate the goals of the governor's energy plan with the role of the Energy Trust. Develop initiatives stemming from this effort.
6. .
7. Evaluate pilots testing streamlined customer referrals and follow-up approaches homes.
8. Work with programs to identify the best ways to use the new access to data under the utility data sharing agreement, and other data sets to target program marketing to those consumers most likely to act and achieve large savings.
9. Upgrade estimates of commercial savings using the soon to be completed Commercial Building Stock Assessment.
10. Update and expand forecasts and reporting of market transformation savings based on efficient equipment standards and building codes (e.g., commercial lighting). Refine program strategies to support codes and standards.
11. Support high-priority initiatives to regionally and nationally coordinate programs to increase market impact. High priorities for 2013 include residential appliances and commercial lighting.
12. With Oregon PUC to develop a revised system of performance metrics for Energy Trust's renewable energy programs.

2015 Planned Activities

1. 2015 will see many of the same evaluation, resource planning and reporting activities.
2. In 2015, we will fully implement our plans to improve cost effectiveness of programs which were developed in 2014 by including any modifications recommended by the OPUC in the fall of 2014.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

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Planning and Evaluation (P&E)

| Targets | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|---|------------------|------------------|------------------|--------------------|
| Program Specific P&E | | | | |
| Evaluation Services | \$2,126,000 | \$1,646,625 | \$2,071,000 | \$2,140,000 |
| Planning Services | 593,077 | 348,219 | 448,001 | 423,001 |
| Total Program Specific P&E | 2,719,077 | 1,994,844 | 2,519,001 | 2,563,001 |
| Non Program Specific P&E | | | | |
| Evaluation Services | 222,000 | 124,000 | 71,000 | 255,000 |
| Planning Services | 342,000 | 451,366 | 468,000 | 358,000 |
| Staffing | 1,401,669 | 1,227,083 | 1,468,961 | 1,542,409 |
| Other Services | 3,000 | 3,000 | | |
| General | 117,600 | 115,600 | 101,750 | 101,750 |
| Allocations | 570,376 | 463,358 | 548,468 | 553,645 |
| Total Non Program Specific P&E | 2,656,645 | 2,384,407 | 2,658,179 | 2,810,804 |
| GRAND TOTAL | 5,375,722 | 4,379,251 | 5,177,180 | 5,373,805 |

General Communications

Purpose: Provides staff, services and resources necessary for organizational communications, general outreach and marketing, utility collaboration, and program support activities. Generates awareness of Energy Trust programs and services in all territories; positions Energy Trust as a trusted energy resource for customers and the public; provides web site infrastructure and content for program, customer service, and organizational functions; communicates the value of Energy Trust investments; demonstrates organizational transparency and accountability; and provides efficiencies through centralized program marketing support services, online customer engagement, and by supporting advancements in Customer Relationship Management and Business Intelligence information systems and capabilities. Program-specific marketing activities and Customer Service and Trade Ally Network activities are reflected in budgets and action plans specific to those activities.

2014 Strategies & Activities

1. Produce and distribute public annual report, quarterly and annual reports to the Oregon Public Utilities Commission, quarterly activity summaries for each of four utilities, public presentations, fact sheets, case studies and other general communications.
2. Develop and distribute public relations content and materials, such as press releases, board and committee notes, and monthly SYNERGY e-newsletter/blog, highlighting customer success stories, results information, and collaborations.
3. Respond to media, legislative and stakeholder inquiries about energy issues, Energy Trust programs, and associated data.
4. Ensure consistent Energy Trust representation in all territories through coordination of regional outreach representatives, program-specific outreach efforts, and utility outreach efforts, where applicable.
5. Lead outreach initiatives with external groups to engage customers through membership and community organizations.
6. Invest sponsorship dollars in alignment with guidelines, program marketing and general awareness objectives.
7. Develop and maintain energytrust.org, Energy Trust Facebook and Twitter pages, e-mail management systems, mobile site and other online properties; provide content, tools, online incentive applications and other functionality to increase customer awareness and drive engagement in Energy Trust offers
8. Provide coordinated media planning, buying, and creative services for Energy Trust program and general advertising. Collaborate with utilities on co-branded advertising and marketing efforts.
9. Provide coordinated creative and production services for programs and the organization, including writing, graphic design, photography, videography, presentations and on-demand webinars, utilizing contracted and in-house resources.
10. Lead cross-sector marketing initiatives including other renewables and guide program-based marketing activities with systems and tools; ensure alignment with Energy Trust strategic goals, objectives, and legal requirements. Reinforce brand, accuracy, consistency and customer-focused tone through brand guidelines reinforcement. Engage in marketing coordination with utilities.
11. Provide communications and marketing support for program activities with significant new customer or stakeholder engagement elements or reporting requirements.
12. Support continued development of Customer Relationship Management (CRM) and integrated marketing management information systems and guide program target marketing activities.
13. Provide subject matter expertise and project support for ongoing Integrated Solutions Information Projects, Business Intelligence Reporting, and web integration developments.
14. Support effective internal/employee communications through internal newsletter (PitStop), Sharepoint home page (StaffNet) content development, and staff meeting content.

2014 New Initiatives & Focus Areas

1. Expand and improve general outreach program employing shared strategies, approaches and tools for all representatives to ensure customer access, develop relationships, and leverage program and general resources efficiently to reach and serve customers; support deeper engagement with local business and civic leaders, city, county and state officials, utilities, customers, associations, and news-media. Two new general outreach positions are proposed to support this work, one focused on general strategy and implementation, the other focused on customer engagement in Southern Oregon.
2. Lead/support communications and public engagement for the 2015-2019 Strategic Plan and annual Budget development.
3. Undertake marketing and brand strategic planning to evolve brand and marketing approach in response to program design changes, new target marketing capabilities and other factors; increase general marketing to boost overall awareness.
4. Continue improvements to public reports, data tables and report content; implement reporting best practices changes; collaborate with utilities on new joint marketing/outreach report to the OPUC.
5. Continue development of online services for Trade Ally contractors including enrollment process and visibility into projects.
6. Expand development of online savings estimation tool, launched in late 2013 as tool for residential customers to assess project costs and savings, to trade ally contractors.
7. Lead efforts to deploy marketing functionality in CRM to facilitate targeted marketing efforts using shared utility data; support further development of systems and tools, including CRM, that enhance user, customer and contractor experience.
8. Expand e-communications activities and coordination with two new newsletters for Multifamily and Commercial audiences and use of CRM-e-mail delivery integration to design and manage targeted email campaigns.
9. Support the acquisition of deeper knowledge of customers and effective engagement by mining customer activity and feedback sources, analyzing marketing results, conducting market research, and synthesizing/sharing learnings.
10. Support grant writing to seek additional resources for activities aligning with program and organizational objectives.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

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General Communications

2015 Planned Activities

Continue activities that support purpose and meet emerging needs.

Targets

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------|------------------|------------------|--------------------|--------------------|
| Staffing | \$832,871 | \$760,165 | \$1,194,059 | \$1,253,302 |
| Marketing | | | | |
| Public Rel/Creative | 25,000 | 5,000 | 10,000 | 10,000 |
| Creative Services | 118,000 | 108,000 | 247,200 | 247,200 |
| Media Advertising | 397,500 | 397,500 | 412,500 | 412,500 |
| Events Co-Sponsor | 32,000 | 32,000 | 34,000 | 34,000 |
| Total Marketing | 572,500 | 542,500 | 703,700 | 703,700 |
| Services | | | | |
| Website Design & Maintenance | 257,500 | 257,500 | 262,500 | 262,500 |
| Other Professional Services | 100,000 | 90,000 | 95,000 | 95,000 |
| Total Other Services | 357,500 | 347,500 | 357,500 | 357,500 |
| General | | | | |
| General Program Support Costs | 98,500 | 33,000 | 73,240 | 73,240 |
| Shared | 96,565 | 96,565 | 125,747 | 125,377 |
| IT Services | 236,665 | 174,142 | 295,458 | 299,804 |
| Total General | 431,730 | 303,707 | 494,445 | 498,421 |
| TOTAL EXPENSE (Note 1) | 2,194,600 | 1,953,871 | 2,749,704 | 2,812,923 |

Note 1 - 100% of these expenses are allocated to programs and other support functions.

Customer Service & Trade Ally Management

Purpose: Provides staff, services, and resources necessary to enable a positive customer experience. Customer experience functions include leadership on customer experience values, establishment of protocols and policies, visibility into customer activity through Customer Relationship Management (CRM) systems and other reporting tools, process improvements, call center services, forms, online customer access tools, training, response to customer inquiries and outreach. Trade ally network development and administration functions include enrolling and providing structure and support for a network of approved skilled trade contractors and other professionals to help Energy Trust customers in all areas of the state.

2014 Customer Service Strategies & Activities

1. Establish standards for customer service and support customer access to services and information.
2. Ensure excellent phone customer service by performing regular quality assurance activities with each call center.
3. Enable excellent customer experience through information sharing and training for customer service representatives.
4. Work with utilities, Oregon Department of Energy and Clean Energy Works Oregon to provide seamless routing of customers, continued training and materials.
5. Respond to customer complaints in a timely manner; utilize customer feedback to improve programs and processes.
6. Support the design and use of CRM to facilitate a 360 degree view of customers.
7. Apply best practices and customer-friendly forms design to gain processing efficiencies; align paper form processes with online forms and vet form changes.

2014 Trade Ally Strategies & Activities

8. Maintain network of trade and program allies that can reach diverse customer segments; oversee creation of new groups, enrollment, termination, retention of records, CRM systems; identify and mitigate risks.
9. Maintain resources and access to programs for trade allies via the website, online calendars, roundtables, surveys, distance learning and through the *Insider* e-newsletter.
10. Work with web team to enhance the online trade ally search tool, web language and other tools for trade allies.
11. Enable training to help trade allies serve customers, meet requirements; ensure base knowledge of Energy Trust.
12. Support adoption of rating systems; maintain and evaluate systems in existence.
13. Explore and implement solutions to remove barriers to participation; fill any gaps in network.
14. Gather feedback from trade allies to help inform program design.
15. Track and resolve customer complaints about trade allies; utilize complaints to identify and respond to trends.

2014 Customer Service New Initiatives & Focus Areas

1. Reinforce and evolve customer experience framework through feedback; initiate efforts to enhance the customer's experience.
2. Engage with IT on the prioritization of CRM enhancements that offer greater visibility into customers and enhanced usability; gather and share customer data through customer dashboards.
3. Support program transitions or design changes to sustain quality customer service while meeting program goals for cost-effectiveness; ensure messaging aligns with offers.
4. Expand use of a redesigned form template with customer-friendly design, track on process improvements; complete web form mapping processes, implement improvements and clarify roles and responsibilities.
5. Complete package of on-demand and webinar training for staff and representatives related to customer experience.
6. Identify strategies to engage with and serve diverse customers and contractors.

2014 Trade Ally New Initiatives & Focus Areas

7. Enhance roundtable venues, format and timing to meet trade ally, PMC, and program needs; add more webinar access for rural areas.
8. Continue the contractor experience effort using information gathered from program intake sessions and initial mapping exercises in 2013. Share results with PMC trade ally staff and program managers to develop list of priority enhancements.
9. Gather trade ally input to improve the value and usability of the website, online portal, online training and other web-based tools. Transition to online forms for trade ally enrollment and support use of online customer applications by trade allies
10. Examine ways to streamline enrollment and orientation process; review requirements for participation by program.
11. Support ongoing CRM and SharePoint development as the foundation for migrating insurance tracking in-house, and providing additional reports on trade ally activities.
12. Ensure quality service to customers and remove trade allies in violation of agreements. Use escalation procedures and additional reporting capabilities to manage network growth or reductions.
13. Support and supplement programs' sales training initiatives to utilize trade allies as a sales force.
14. Remain knowledgeable of active trade ally and non-trade ally contractors in the market offering energy services; monitor and align communication and marketing approaches.
15. Continue recruitment and development of lending allies and support efforts to develop new ally groups.
16. Provide training and support for new PMCs and call center staff during transitions, program design changes.
17. Develop key trade ally feedback groups in regional markets. Work with these groups to tailor training, communications and roundtables to better meet local needs.

2015 Planned Activities

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

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Customer Service & Trade Ally Management

| Targets | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------|------------------|------------------|------------------|--------------------|
| Staffing | \$559,849 | \$594,207 | \$609,734 | \$639,710 |
| Marketing | | | | |
| Events Co-Sponsor | 5,000 | 2,000 | 5,000 | 5,000 |
| Total Marketing | 5,000 | 2,000 | 5,000 | 5,000 |
| Services | | | | |
| Website Design & Maintenance | 5,000 | 5,000 | 5,000 | 5,000 |
| Other Professional Services | 84,800 | 64,800 | 77,000 | 77,000 |
| Total Other Services | 89,800 | 69,800 | 82,000 | 82,000 |
| General | | | | |
| General Program Support Costs | 192,300 | 187,650 | 219,700 | 219,700 |
| Shared | 65,702 | 65,702 | 64,602 | 64,412 |
| IT Services | 161,034 | 118,491 | 151,804 | 154,037 |
| Total General | 419,036 | 371,843 | 436,106 | 438,149 |
| TOTAL EXPENSE (Note 1) | 1,073,685 | 1,037,850 | 1,132,840 | 1,164,859 |

Note 1 - 100% of these costs are allocated to programs and other support functions.

Management & General

Department Purpose: To provide overall management, direction and resources in support of Energy Trust strategies and operations. Contributes to all strategic goals.

2014 Strategies & Activities

1. Seek continued improvements in program and administrative efficiencies
2. Leverage relationships with key stakeholders and other energy efficiency organizations
3. Support program efforts to make it easy for participants to engage with Energy Trust programs
4. Manage risk, corporate compliance, human resources, financial reporting, audit, and facilities
5. Ensure that Energy Trust reaches geographically as well as demographically across Oregon and Southwest
6. Washington

2014 – 2015 New Initiatives & Focus Areas

1. Complete the five year management review required by the Grant Agreement
2. Update the strategic plan for 2015-2019 as required by the Grant Agreement
3. Initiate diversity focus to ensure Energy Trust reaches geographically as well as demographically diverse population
4. Finalize succession strategies for Executive Director, Management Team, and other high-level roles
5. Implement HR initiatives to improve workforce efficiency and engagement.
6. Implement finance connections to ISI-phase 2 project management upgrades
7. Implement improved contract monitoring methods, and document workflow to gain administrative efficiencies
8. Complete the electronic document retention strategy to ensure compliance and security
9. Refresh financial reporting systems and processes to improve efficiencies
10. Develop human resource on-line systems to provide staff with more efficient access to forms and reports

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

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Management & General

| | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|----------------------------------|------------------------|--------------------------|------------------------|----------------------------|
| Staffing | \$1,995,834 | \$1,998,888 | \$2,120,253 | \$2,203,436 |
| Services | | | | |
| Evaluation and Planning Services | | | 1,772 | 1,874 |
| Legal Services | 90,000 | 90,000 | 55,000 | 55,000 |
| Accounting Services | 47,500 | 38,800 | 49,000 | 49,000 |
| Other Professional Services | 394,850 | 220,350 | 575,070 | 292,570 |
| Total Services | 532,350 | 349,150 | 680,842 | 398,444 |
| General | | | | |
| General Program Support Costs | 260,409 | 197,589 | 244,340 | 245,840 |
| Shared | 195,736 | 195,737 | 186,095 | 185,547 |
| IT Services | 479,567 | 352,873 | 437,264 | 443,697 |
| Total General | 935,712 | 746,198 | 867,699 | 875,084 |
| TOTAL EXPENSE (Note 1) | 3,463,896 | 3,094,236 | 3,668,795 | 3,476,963 |

Note 1 - 100% of these expenses are allocated to programs and other support functions.

Information Technology

Department Purpose: To deliver high quality, cost-effective technology and information management solutions and services to support the strategic goals of Energy Trust.

2014 Strategies & Activities

1. Continue strengthening prioritization and work processes involving all internal stakeholders to ensure that IT is effectively meeting highest value business needs.
2. Strengthen the quality and improve the functionality and usability of applications.
3. Enhance data quality and increase accessibility to information.
4. Ensure system stability and performance by building on existing infrastructure architecture.

2014 New Initiatives & Focus Areas**Building prioritization & work processes**

1. Continue work with Business Systems Prioritization team and IT Steering Committee in prioritizing technology solutions to business problems and opportunities.
2. Hire Senior Project Manager to enhance ability to more effectively execute projects across the organization on an on-going basis.
3. Focus on continued high level of responsiveness to immediate as well as longer term needs of users as internal customers of IT.

Strengthen applications

1. Complete systems selection, implementation, and deployment for phase 2 of Integrated Solutions Implementation Project (ISIP).
2. Conduct a broad assessment of application architecture, create and implement development standards and processes, and complete projects focused on continuous improvement.
3. Continue extending functionality of Microsoft Dynamics Customer Relationship Management (CRM) application to enhance customer experience and enable execution of marketing campaigns.
4. Assess potential new solutions for planning, budgeting, and forecasting.

Enhance data quality

1. Create new business intelligence platform based on comprehensive data model created as part of ISIP.
2. Implement data governance processes to enforce the integrity of the data model as part of on-going business process and systems development work.
3. Continue Business Intelligence tools development, targeting increased user self-service for information needs.

Ensure system stability

1. Conduct a broad assessment of systems architecture including web architecture and create and implement improvement plan based on that assessment.
2. Continue replacement of servers and other backbone hardware as part of regular schedule to ensure availability and performance improvements.
3. Utilize new virtual technology to further leverage our investments in software and servers.

2015 Planned Activities

1. Extend systems functionality utilizing new tools deployed through the ISIP project.
2. Finalize Business Intelligence tools rollout and transition to maintenance and improvement.
3. Integrate or assimilate point solutions into enterprise solution architecture utilizing standardized toolset.
4. Implement and deploy new planning, budgeting, and forecasting solution.

2014-2015 FINAL PROPOSED BUDGET & ACTION PLAN

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Information Technology

| Targets | 2013 Budget | 2013 Forecast | 2014 Budget | 2015 Projection |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| Staffing | \$1,952,639 | \$1,542,238 | \$2,083,855 | \$1,873,048 |
| Services | | | | |
| Other Professional Services | 947,500 | 472,500 | 437,500 | 465,000 |
| Total Services | 947,500 | 472,500 | 437,500 | 465,000 |
| General | | | | |
| Supplies and Equipment | 207,890 | 164,890 | 160,440 | 155,000 |
| Software | 274,730 | 263,730 | 269,330 | 280,000 |
| Depreciation | 270,556 | 180,556 | 335,013 | 560,084 |
| Other General Expenses | 145,300 | 125,300 | 163,200 | 170,000 |
| Allocations | 173,610 | 173,610 | 172,800 | 172,291 |
| Total General | 1,072,086 | 908,086 | 1,100,782 | 1,337,374 |
| TOTAL EXPENSE (Note 1) | 3,972,225 | 2,922,824 | 3,622,138 | 3,675,423 |

Note 1 - 100% of these costs are allocated to programs and other support functions.

2013 Budget Recap - R3: reforecast

ENERGY EFFICIENCY

| | BUDGET (\$M) | | | ELECTRIC | | GAS | |
|--|----------------|---------------|----------------|-------------|-----------------------------------|------------------|-------------------------------------|
| | ELECTRIC | GAS | TOTAL | Annual aMW | Levelized Cost per kWh (in cents) | Annual Therms | Levelized Cost per Therm (in cents) |
| Commercial | | | | | | | |
| Business Energy Solutions – Existing Buildings | 34.1 | 6.6 | 40.7 | 13.6 | 3.4 | 1,764,617 | 37.66 |
| Business Energy Solutions – New Buildings | 12.9 | 1.2 | 14.1 | 6.0 | 2.5 | 450,231 | 22.23 |
| Mkt Transformation (Alliance) | 3.3 | 0.0 | 3.3 | 1.5 | 2.5 | | |
| Total Commercial | 50.3 | 7.8 | 58.1 | 21.0 | 3.0 | 2,214,848 | 33.89 |
| Industrial | | | | | | | |
| Production Efficiency | 27.4 | 3.1 | 30.6 | 15.3 | 2.4 | 1,079,340 | 29.52 |
| Mkt Transformation (Alliance) | 1.3 | 0.0 | 1.3 | 0.2 | 9.1 | | |
| Total Industrial | 28.8 | 3.1 | 31.9 | 15.5 | 2.5 | 1,079,340 | 29.52 |
| Residential | | | | | | | |
| Home Energy Solutions – Existing Homes | 15.1 | 8.6 | 23.8 | 5.4 | 3.5 | 1,179,505 | 54.91 |
| Home Energy Solutions – New Homes & Products | 15.2 | 4.5 | 19.7 | 7.1 | 3.3 | 921,639 | 41.21 |
| Mkt Transformation (Alliance) | 4.3 | 0.0 | 4.3 | 4.8 | 1.6 | | |
| Total Residential | 34.7 | 13.2 | 47.8 | 17.3 | 3.0 | 2,101,144 | 49.13 |
| Washington | | | | | | | |
| Business Energy Solutions – Existing Buildings | 0.0 | 0.6 | 0.6 | | | 137,000 | 30.38 |
| Home Energy Solutions – Existing Homes | 0.0 | 0.4 | 0.4 | | | 61,044 | 56.06 |
| Home Energy Solutions – New Homes & Products | 0.0 | 0.3 | 0.3 | | | 38,956 | 57.23 |
| Total Washington | 0.0 | 1.3 | 1.3 | | | 237,000 | 41.03 |
| Total Energy Efficiency | \$113.7 | \$25.4 | \$139.1 | 53.8 | 2.9 | 5,632,333 | 39.36 |

RENEWABLE RESOURCES

| | ACTIVITY BASIS | | ACCOUNTING BASIS | ACTIVITY BASIS | | ACCOUNTING BASIS | |
|----------------------------------|----------------|--|------------------|--------------------------------|---------------|--------------------------------|---------------|
| | BUDGET (\$M) | | BUDGET (\$M) | ELECTRIC GENERATION GOAL (aMW) | (\$mils/ aMW) | ELECTRIC GENERATION GOAL (aMW) | (\$mils/ aMW) |
| Other Renewables | 3.4 | | 1.2 | 0.03 | 99.74 | 0.01 | 97.28 |
| Solar Electric | 8.2 | | 6.8 | 0.10 | 78.94 | 0.59 | 11.61 |
| Total Renewable Resources | \$15.2 | | \$10.1 | 3.77 | 4.03 | 2.65 | 3.80 |

TOTAL BUDGET - ALL

\$149.2

* some columns may not add due to rounding

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory - joint costs allocated at program level
2013 Forecast

| | ENERGY EFFICIENCY | | | | | | Oregon Total | Clark PUD WA | NWN WA | Total WA | ETO Total | RENEWABLE ENERGY | | | Other | TOTAL |
|---|-------------------|-------------------|--------------------|--------------------|-------------------|------------------|--------------------|-----------------|------------------|------------------|--------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| | PGE | PacifiCorp | Total | NWN Industrial | NW Natural | Cascade | | | | | | PGE | PacifiCorp | Total | | All Programs |
| REVENUES | | | | | | | | | | | | | | | | |
| Public Purpose Funding | \$26,293,663 | \$20,251,308 | \$46,544,971 | | \$22,575,911 | \$3,293,912 | \$72,414,794 | | | | \$72,414,794 | \$7,752,016 | \$5,762,921 | \$13,514,937 | | \$85,929,731 |
| Incremental Funding | 51,072,561 | 26,047,016 | 77,119,577 | 1,727,838 | | | 78,847,415 | | 1,291,102 | 1,291,102 | 80,138,517 | | | | | 80,138,517 |
| Consumer Owned Electric Funding | | | | | | | | (50,734) | | (50,734) | (50,734) | | | | | (50,734) |
| Revenue from Investments | | | | | | | | | | | | | | | 85,000 | 85,000 |
| TOTAL PROGRAM REVENUE | 77,366,224 | 46,298,324 | 123,664,548 | 1,727,838 | 22,575,911 | 3,293,912 | 151,262,209 | (50,734) | 1,291,102 | 1,240,368 | 152,502,577 | 7,752,016 | 5,762,921 | 13,514,937 | 85,000 | 166,102,514 |
| EXPENSES | | | | | | | | | | | | | | | | |
| Program Management (Note 3) | 2,533,717 | 1,488,470 | 4,022,187 | 84,846 | 851,324 | 90,627 | 5,048,985 | | 176,719 | 176,719 | 5,225,704 | 354,040 | 518,941 | 872,981 | | 6,098,685 |
| Program Delivery | 20,611,723 | 13,106,520 | 33,718,243 | 727,427 | 4,839,858 | 536,865 | 39,822,393 | | 256,819 | 256,819 | 40,079,212 | 140,800 | 79,200 | 220,000 | | 40,299,212 |
| Incentives | 39,799,588 | 20,925,225 | 60,724,813 | 1,912,799 | 9,885,792 | 1,050,353 | 73,573,757 | | 559,135 | 559,135 | 74,132,892 | 4,132,173 | 3,330,921 | 7,463,094 | | 81,595,986 |
| Program Eval & Planning Svcs. | 2,156,956 | 1,290,471 | 3,447,427 | 61,369 | 611,621 | 56,345 | 4,176,763 | | 56,920 | 56,920 | 4,233,683 | 70,102 | 75,467 | 145,569 | | 4,379,252 |
| Program Marketing/Outreach | 2,727,375 | 1,664,294 | 4,391,669 | 21,030 | 1,237,608 | 97,076 | 5,747,383 | | 93,212 | 93,212 | 5,840,595 | 104,166 | 74,834 | 179,000 | | 6,019,595 |
| Program Quality Assurance | 102,706 | 70,973 | 173,678 | 428 | 52,101 | 3,793 | 230,000 | | 0 | 0 | 230,000 | 1,125 | 1,125 | 2,250 | | 232,250 |
| Outsourced Services | 442,365 | 276,304 | 718,670 | 4,246 | 157,844 | 12,460 | 893,220 | | 500 | 500 | 893,720 | 192,611 | 183,514 | 376,125 | | 1,269,845 |
| Trade Allies & Cust. Svc. Mgmt. | 421,395 | 266,453 | 687,848 | 4,792 | 255,561 | 18,832 | 967,032 | | 28,146 | 28,146 | 995,178 | 25,807 | 16,865 | 42,672 | | 1,037,850 |
| IT Services | 828,978 | 496,196 | 1,325,173 | 21,027 | 346,110 | 29,936 | 1,722,246 | | 48,373 | 48,373 | 1,770,619 | 90,536 | 118,095 | 208,631 | | 1,979,250 |
| Other Program Expenses | 428,012 | 265,516 | 693,528 | 12,956 | 228,235 | 17,463 | 952,182 | | 41,163 | 41,163 | 993,345 | 111,218 | 109,709 | 220,927 | | 1,214,272 |
| TOTAL PROGRAM EXPENSES | 70,052,815 | 39,850,422 | 109,903,237 | 2,850,920 | 18,466,054 | 1,913,750 | 133,133,961 | | 1,260,987 | 1,260,987 | 134,394,948 | 5,222,578 | 4,508,671 | 9,731,249 | | 144,126,197 |
| ADMINISTRATIVE COSTS | | | | | | | | | | | | | | | | |
| Management & General (Notes 1 & 2) | 1,494,099 | 857,726 | 2,351,825 | 56,681 | 407,763 | 41,275 | 2,857,544 | | 28,089 | 28,089 | 2,885,633 | 109,976 | 98,628 | 208,604 | | 3,094,237 |
| Communications & Customer Svc (Notes 1 & 2) | 943,821 | 541,883 | 1,485,704 | 35,700 | 257,866 | 26,089 | 1,805,359 | | 17,764 | 17,764 | 1,823,123 | 69,017 | 61,730 | 130,747 | | 1,953,870 |
| Total Administrative Costs | 2,437,920 | 1,399,609 | 3,837,529 | 92,380 | 665,630 | 67,364 | 4,662,903 | | 45,853 | 45,853 | 4,708,756 | 178,993 | 160,358 | 339,351 | | 5,048,107 |
| TOTAL PROG & ADMIN EXPENSES | 72,490,735 | 41,250,031 | 113,740,766 | 2,943,300 | 19,131,684 | 1,981,114 | 137,796,864 | | 1,306,840 | 1,306,840 | 139,103,704 | 5,401,571 | 4,669,029 | 10,070,600 | | 149,174,304 |
| TOTAL REVENUE LESS EXPENSES | 4,875,489 | 5,048,293 | 9,923,782 | (1,215,462) | 3,444,227 | 1,312,798 | 13,465,345 | (50,734) | (15,738) | (66,472) | 13,398,873 | 2,350,445 | 1,093,892 | 3,444,337 | 85,000 | 16,928,210 |
| Cumulative Carryover at 12/31/12 | 12,168,476 | 3,036,549 | 15,205,025 | 1,099,798 | 3,013,149 | (392,281) | 18,925,691 | 50,734 | 353,174 | 403,908 | 19,329,599 | 8,796,383 | 9,696,616 | 18,492,999 | 7,858,950 | 45,681,548 |
| Interest attributed | | | | 115,666 | | 392,281 | 507,947 | | | | 507,947 | | | | (507,947) | |
| Interest re-attributed | | | | | | (392,281) | (392,281) | | | | (392,281) | | | | 392,281 | |
| TOTAL NET ASSETS CUMULATIVE | 17,043,965 | 8,084,842 | 25,128,807 | 2 | 6,457,376 | 920,517 | 32,506,702 | 0 | 337,436 | 337,436 | 32,844,138 | 11,146,828 | 10,790,508 | 21,937,336 | 7,828,284 | 62,609,758 |

Note 1) Both Management & General and Communications & Customer Service Expenses (Administrative) have been allocated based on total expenses.

Note 2) Administrative costs are allocated for management reporting only. GAAP for Not for Profit organizations does not allow allocation of administrative costs to program expenses.

Note 3) Program Management costs include both outsourced and internal staff.

The Energy Trust of Oregon, Inc
Program Expense by Service Territory
2013 Forecast

| | PGE | Pacific Power | Subtotal Elec. | NWN Industrial | NW Natural Gas | Cascade | Subtotal Gas | Oregon Total | NWN WA | ETO Total |
|--|-------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------|---------------------|---------------------|------------------|--------------------|
| Energy Efficiency | | | | | | | | | | |
| Commercial | | | | | | | | | | |
| Existing Buildings | 23,160,529 | 10,953,882 | 34,114,411 | 748,730 | 5,081,106 | 759,000 | 6,588,836 | 40,703,247 | 569,656 | 41,272,903 |
| New Buildings | 7,250,022 | 5,635,246 | 12,885,268 | 85,599 | 995,181 | 117,950 | 1,198,730 | 14,083,998 | | 14,083,998 |
| NEEA | 1,951,327 | 1,356,007 | 3,307,334 | | | | | 3,307,334 | | 3,307,334 |
| Total Commercial | 32,361,878 | 17,945,135 | 50,307,013 | 834,329 | 6,076,287 | 876,950 | 7,787,566 | 58,094,579 | 569,656 | 58,664,235 |
| Industrial | | | | | | | | | | |
| Production Efficiency | 18,216,606 | 9,225,380 | 27,441,986 | 2,108,973 | 749,243 | 259,243 | 3,117,459 | 30,559,445 | | 30,559,445 |
| NEEA | 788,194 | 547,729 | 1,335,923 | | | | | 1,335,923 | | 1,335,923 |
| Total Industrial | 19,004,800 | 9,773,109 | 28,777,909 | 2,108,973 | 749,243 | 259,243 | 3,117,459 | 31,895,368 | | 31,895,368 |
| Residential | | | | | | | | | | |
| Existing Homes | 8,859,669 | 6,252,517 | 15,112,186 | | 8,110,774 | 528,775 | 8,639,549 | 23,751,735 | 425,737 | 24,177,472 |
| New Homes/Products | 9,718,021 | 5,509,762 | 15,227,783 | | 4,195,379 | 316,145 | 4,511,524 | 19,739,307 | 311,448 | 20,050,755 |
| NEEA | 2,546,366 | 1,769,509 | 4,315,875 | | | | | 4,315,875 | | 4,315,875 |
| Total Residential | 21,124,056 | 13,531,788 | 34,655,844 | | 12,306,153 | 844,920 | 13,151,073 | 47,806,917 | 737,185 | 48,544,102 |
| Energy Efficiency Program Costs | 72,490,734 | 41,250,032 | 113,740,766 | 2,943,302 | 19,131,683 | 1,981,113 | 24,056,098 | 137,796,864 | 1,306,841 | 139,103,705 |
| Renewables | | | | | | | | | | |
| Solar Electric (Photovoltaic) | 4,231,407 | 2,585,646 | 6,817,053 | | | | | 6,817,053 | | 6,817,053 |
| Other Renewable | 1,170,162 | 2,083,381 | 3,253,543 | | | | | 3,253,543 | | 3,253,543 |
| Renewables Program Costs | 5,401,569 | 4,669,027 | 10,070,596 | | | | | 10,070,596 | | 10,070,596 |
| Cost Grand Total | 77,892,303 | 45,919,059 | 123,811,362 | 2,943,302 | 19,131,683 | 1,981,113 | 24,056,098 | 147,867,460 | 1,306,841 | 149,174,301 |

Energy Trust of Oregon, Inc
Statement of Functional Expenses
2013 Forecast

| | Energy Efficiency | Renewable Energy | Total Program Expenses | Management & General | Communications & Customer Service | Total Admin Expenses | Total |
|------------------------------------|----------------------|---------------------|---------------------------|-------------------------|--------------------------------------|-------------------------|--------------------|
| Program Expenses | | | | | | | |
| Incentives | 74,132,890 | 7,463,093 | 81,595,983 | | | | 81,595,983 |
| Program Management & Delivery | 46,943,748 | 270,000 | 47,213,748 | | | | 47,213,748 |
| Payroll and Related Expenses | 2,742,263 | 822,980 | 3,565,243 | 1,998,888 | 760,165 | 2,759,053 | 6,324,296 |
| Outsourced Services | 4,535,564 | 599,875 | 5,135,439 | 349,150 | 890,000 | 1,239,150 | 6,374,589 |
| Planning and Evaluation | 2,281,339 | 103,068 | 2,384,407 | | | | 2,384,407 |
| Customer Service Management | 990,441 | 24,416 | 1,014,857 | | | | 1,014,857 |
| Trade Allies Network | 403,738 | 18,256 | 421,994 | | | | 421,994 |
| Total Program Expenses | 132,029,982 | 9,301,687 | 141,331,669 | 2,348,038 | 1,650,165 | 3,998,203 | 145,329,872 |
| Program Support Costs | | | | | | | |
| Supplies | 33,174 | 10,767 | 43,941 | 24,515 | 9,986 | 34,501 | 78,442 |
| Postage and Shipping Expenses | 1,689 | 614 | 2,303 | 1,056 | 1,012 | 2,068 | 4,371 |
| Telephone | 3,086 | 1,249 | 4,335 | 2,182 | 208 | 2,390 | 6,725 |
| Printing and Publications | 117,681 | 22,293 | 139,974 | 1,941 | 10,662 | 12,603 | 152,577 |
| Occupancy Expenses | 196,697 | 71,489 | 268,186 | 120,946 | 59,668 | 180,614 | 448,800 |
| Insurance | 30,962 | 11,253 | 42,215 | 19,038 | 9,392 | 28,430 | 70,645 |
| Equipment | 10,049 | 3,652 | 13,701 | 6,179 | 4,048 | 10,227 | 23,928 |
| Travel | 58,250 | 29,500 | 87,750 | 47,334 | 5,000 | 52,334 | 140,084 |
| Meetings, Trainings & Conferences | 47,900 | 18,300 | 66,200 | 128,515 | 13,500 | 142,015 | 208,215 |
| Interest Expense and Bank Fees | | | 0 | 5,000 | | 5,000 | 5,000 |
| Depreciation & Amortization | 45,175 | 16,419 | 61,594 | 27,778 | 13,704 | 41,482 | 103,076 |
| Dues, Licenses and Fees | 48,979 | 35,136 | 84,115 | 8,208 | 2,171 | 10,379 | 94,494 |
| Miscellaneous Expenses | 704 | 256 | 960 | 633 | 213 | 846 | 1,806 |
| IT Services | 1,770,617 | 208,631 | 1,979,248 | 352,873 | 174,142 | 527,015 | 2,506,263 |
| Total Program Support Costs | 2,364,964 | 429,558 | 2,794,522 | 746,198 | 303,707 | 1,049,905 | 3,844,427 |
| TOTAL EXPENSES | 134,394,946 | 9,731,245 | 144,126,191 | 3,094,236 | 1,953,871 | 5,048,107 | 149,174,301 |

OPUC Performance Measure **4.7%**

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

Total Company

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | NWN WA | Total | ETO Total |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------|--------------------|------------------|-------------------|--------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | | Renewables | |
| Program Management | 1,665,173 | 614,047 | 10,092 | 882,535 | 907 | 1,157,854 | 715,965 | 2,412 | 176,719 | 872,981 | 6,098,685 |
| Program Delivery: | 9,143,082 | 4,044,059 | 3,122,249 | 7,963,022 | 1,231,709 | 5,724,190 | 4,490,604 | 4,103,478 | 256,819 | 220,000 | 40,299,212 |
| Incentives: | 25,426,257 | 7,331,483 | | 19,562,094 | | 10,779,363 | 10,474,560 | | 559,135 | 7,463,094 | 81,595,986 |
| Program Eval & Planning Svcs.: | 1,083,480 | 586,654 | 52,303 | 645,565 | 53,841 | 1,063,819 | 637,260 | 53,841 | 56,920 | 145,569 | 4,379,252 |
| Program Marketing/Outreach: | 1,063,325 | 478,500 | | 211,000 | | 1,984,180 | 2,010,378 | | 93,212 | 179,000 | 6,019,595 |
| Program Quality Assurance: | | 70,000 | | | | 100,000 | 60,000 | | - | 2,250 | 232,250 |
| Outsourced Services: | 284,120 | 126,250 | | 13,000 | | 345,550 | 124,300 | | 500 | 376,125 | 1,269,845 |
| Trade Allies & Cust. Svc. Mgmt.: | 128,468 | 55,039 | | 30,074 | | 571,459 | 181,992 | | 28,146 | 42,672 | 1,037,850 |
| IT Services: | 465,255 | 218,306 | 2,046 | 160,405 | 1,023 | 633,873 | 238,269 | 3,069 | 48,373 | 208,631 | 1,979,250 |
| Other Program Expenses | 109,123 | 49,808 | 1,135 | 153,870 | 568 | 553,149 | 82,827 | 1,702 | 41,163 | 220,927 | 1,214,272 |
| TOTAL PROGRAM EXPENSES | 39,368,283 | 13,574,146 | 3,187,825 | 29,621,565 | 1,288,048 | 22,913,437 | 19,016,155 | 4,164,502 | 1,260,987 | 9,731,249 | 144,126,197 |
| ADMINISTRATIVE COSTS | | | | | | | | | | | |
| Management & General | 817,641 | 312,492 | 73,179 | 575,855 | 29,318 | 513,549 | 442,874 | 92,636 | 28,089 | 208,604 | 3,094,237 |
| Communications & Customer Svc | 517,327 | 197,357 | 46,330 | 362,026 | 18,557 | 324,749 | 280,276 | 58,737 | 17,764 | 130,747 | 1,953,870 |
| Total Administrative Costs | 1,334,968 | 509,849 | 119,509 | 937,881 | 47,875 | 838,298 | 723,150 | 151,373 | 45,853 | 339,351 | 5,048,107 |
| Total Program & Admin Expenses | 40,703,251 | 14,083,995 | 3,307,334 | 30,559,446 | 1,335,923 | 23,751,735 | 19,739,305 | 4,315,875 | 1,306,840 | 10,070,600 | 149,174,304 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

PGE Efficiency

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | ETO Total |
|---|-------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------------------------|--------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | |
| Program Management | 974,395 | 317,365 | 5,954 | 487,445 | 535 | 421,194 | 325,406 | 1,423 | 2,533,717 |
| Program Delivery: | 5,347,337 | 2,101,698 | 1,842,127 | 4,132,851 | 726,708 | 2,209,483 | 1,830,467 | 2,421,052 | 20,611,723 |
| Incentives: | 14,254,237 | 3,758,190 | | 12,311,247 | | 3,957,785 | 5,518,129 | | 39,799,588 |
| Program Eval & Planning Svcs.: | 638,508 | 294,946 | 30,859 | 387,240 | 31,766 | 410,163 | 331,707 | 31,766 | 2,156,956 |
| Program Marketing/Outreach: | 616,593 | 248,124 | | 125,760 | | 727,566 | 1,009,331 | | 2,727,375 |
| Program Quality Assurance: | | 36,016 | | | | 37,240 | 29,449 | | 102,706 |
| Outsourced Services: | 170,389 | 64,958 | | 7,748 | | 128,683 | 70,587 | | 442,365 |
| Trade Allies & Cust. Svc. Mgmt.: | 73,015 | 28,319 | | 17,925 | | 212,812 | 89,325 | | 421,395 |
| IT Services: | 264,427 | 112,323 | 1,207 | 95,605 | 604 | 236,055 | 116,947 | 1,811 | 828,978 |
| Other Program Expenses | 62,020 | 25,627 | 670 | 91,710 | 335 | 205,993 | 40,653 | 1,004 | 428,012 |
| TOTAL PROGRAM EXPENSES | 22,400,921 | 6,987,567 | 1,880,817 | 17,657,531 | 759,948 | 8,546,974 | 9,362,001 | 2,457,056 | 70,052,815 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General | 465,245 | 160,862 | 43,176 | 343,269 | 17,298 | 191,560 | 218,035 | 54,655 | 1,494,099 |
| Communications & Customer Svc | 294,364 | 101,594 | 27,335 | 215,805 | 10,949 | 121,135 | 137,985 | 34,655 | 943,821 |
| Total Administrative Costs | 759,609 | 262,455 | 70,510 | 559,075 | 28,246 | 312,695 | 356,020 | 89,310 | 2,437,920 |
| Total Program & Admin Expenses | 23,160,530 | 7,250,022 | 1,951,327 | 18,216,605 | 788,194 | 8,859,669 | 9,718,021 | 2,546,366 | 72,490,735 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

PAC Efficiency

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | ETO Total |
|---|-------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------------------------|--------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | |
| Program Management | 447,779 | 250,045 | 4,138 | 280,883 | 372 | 317,340 | 186,925 | 989 | 1,488,470 |
| Program Delivery: | 2,444,953 | 1,683,097 | 1,280,122 | 2,914,311 | 505,001 | 1,536,855 | 1,059,755 | 1,682,426 | 13,106,520 |
| Incentives: | 6,828,527 | 2,843,715 | | 5,379,396 | | 2,795,195 | 3,078,392 | | 20,925,225 |
| Program Eval & Planning Svcs.: | 301,985 | 249,254 | 21,444 | 196,109 | 22,075 | 289,464 | 188,066 | 22,075 | 1,290,471 |
| Program Marketing/Outreach: | 291,395 | 197,415 | | 63,688 | | 513,737 | 598,058 | | 1,664,294 |
| Program Quality Assurance: | | 27,995 | | | | 26,281 | 16,697 | | 70,973 |
| Outsourced Services: | 91,055 | 50,490 | | 3,924 | | 90,815 | 40,020 | | 276,304 |
| Trade Allies & Cust. Svc. Mgmt.: | 34,533 | 22,011 | | 9,078 | | 150,187 | 50,644 | | 266,453 |
| IT Services: | 125,062 | 87,306 | 839 | 48,417 | 419 | 166,590 | 66,305 | 1,258 | 496,196 |
| Other Program Expenses | 29,333 | 19,919 | 465 | 46,444 | 233 | 145,375 | 23,049 | 698 | 265,516 |
| TOTAL PROGRAM EXPENSES | 10,594,622 | 5,431,247 | 1,307,008 | 8,942,250 | 528,100 | 6,031,840 | 5,307,910 | 1,707,446 | 39,850,422 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General | 220,040 | 125,033 | 30,003 | 173,841 | 12,020 | 135,189 | 123,618 | 37,981 | 857,726 |
| Communications & Customer Svc | 139,221 | 78,966 | 18,995 | 109,290 | 7,608 | 85,488 | 78,232 | 24,082 | 541,883 |
| Total Administrative Costs | 359,261 | 203,999 | 48,999 | 283,130 | 19,629 | 220,677 | 201,850 | 62,063 | 1,399,609 |
| Total Program & Admin Expenses | 10,953,882 | 5,635,246 | 1,356,007 | 9,225,380 | 547,729 | 6,252,517 | 5,509,761 | 1,769,509 | 41,250,031 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

NW Natural Gas

ENERGY EFFICIENCY

| EXPENSES | Existing Buildings | New Buildings | Production Efficiency | Existing Homes | New Homes & Products | ETO Total |
|---|-------------------------------|--------------------------|----------------------------------|---------------------------|---|-------------------|
| Program Management | 203,289 | 38,951 | 26,335 | 393,555 | 189,194 | 851,324 |
| Program Delivery: | 1,091,609 | 218,662 | 185,137 | 1,858,867 | 1,485,583 | 4,839,858 |
| Incentives: | 3,272,201 | 601,724 | 485,873 | 3,777,680 | 1,748,314 | 9,885,792 |
| Program Eval & Planning Svcs.: | 110,267 | 35,245 | 14,953 | 341,902 | 109,254 | 611,621 |
| Program Marketing/Outreach: | 131,339 | 27,679 | 5,180 | 697,717 | 375,694 | 1,237,608 |
| Program Quality Assurance: | | 4,972 | | 34,246 | 12,883 | 52,101 |
| Outsourced Services: | 17,488 | 8,967 | 319 | 118,337 | 12,733 | 157,844 |
| Trade Allies & Cust. Svc. Mgmt.: | 16,134 | 3,909 | 738 | 195,702 | 39,078 | 255,561 |
| IT Services: | 58,429 | 15,506 | 3,938 | 217,076 | 51,162 | 346,110 |
| Other Program Expenses | 13,704 | 3,538 | 3,777 | 189,431 | 17,785 | 228,235 |
| TOTAL PROGRAM EXPENSES | 4,914,459 | 959,154 | 726,249 | 7,824,512 | 4,041,681 | 18,466,054 |
| ADMINISTRATIVE COSTS | | | | | | |
| Management & General | 102,069 | 22,081 | 14,119 | 175,367 | 94,128 | 407,763 |
| Communications & Customer Svc | 64,579 | 13,945 | 8,876 | 110,896 | 59,570 | 257,866 |
| Total Administrative Costs | 166,648 | 36,026 | 22,995 | 286,263 | 153,698 | 665,630 |
| Total Program & Admin Expenses | 5,081,107 | 995,180 | 749,244 | 8,110,775 | 4,195,378 | 19,131,684 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

NW Natural Gas Industrial

ENERGY EFFICIENCY

| EXPENSES | Existing Buildings | New Buildings | Production Efficiency | ETO Total |
|---|-------------------------------|--------------------------|----------------------------------|------------------|
| Program Management | 11,145 | 3,000 | 70,701 | 84,846 |
| Program Delivery: | 110,150 | 13,669 | 603,608 | 727,427 |
| Incentives: | 566,504 | 57,717 | 1,288,578 | 1,912,799 |
| Program Eval & Planning Svcs.: | 16,248 | 3,032 | 42,089 | 61,369 |
| Program Marketing/Outreach: | 4,543 | 1,908 | 14,579 | 21,030 |
| Program Quality Assurance: | | 428 | | 428 |
| Outsourced Services: | 2,577 | 771 | 898 | 4,246 |
| Trade Allies & Cust. Svc. Mgmt.: | 2,377 | 336 | 2,078 | 4,792 |
| IT Services: | 8,610 | 1,334 | 11,084 | 21,027 |
| Other Program Expenses | 2,019 | 304 | 10,632 | 12,956 |
| TOTAL PROGRAM EXPENSES | 724,173 | 82,499 | 2,044,248 | 2,850,920 |
| ADMINISTRATIVE COSTS | | | | |
| Management & General | 15,040 | 1,899 | 39,741 | 56,681 |
| Communications & Customer Svc | 9,516 | 1,199 | 24,984 | 35,700 |
| Total Administrative Costs | 24,557 | 3,099 | 64,725 | 92,380 |
| Total Program & Admin Expenses | 748,730 | 85,598 | 2,108,973 | 2,943,300 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

NW Natural Gas Washington

ENERGY EFFICIENCY

| EXPENSES | Existing Buildings | Existing Homes | New Homes & Products | ETO Total |
|---|-------------------------------|---------------------------|---|------------------|
| Program Management | 94,996 | 52,690 | 29,033 | 176,719 |
| Program Delivery: | 72,959 | 119,517 | 64,343 | 256,819 |
| Incentives: | 261,565 | 139,282 | 158,288 | 559,135 |
| Program Eval & Planning Svcs.: | 28,460 | 22,307 | 6,153 | 56,920 |
| Program Marketing/Outreach: | 42,472 | 33,031 | 17,709 | 93,212 |
| Program Quality Assurance: | | | | - |
| Outsourced Services: | 500 | | | 500 |
| Trade Allies & Cust. Svc. Mgmt.: | 12,033 | 12,787 | 3,326 | 28,146 |
| IT Services: | 18,940 | 18,122 | 11,311 | 48,373 |
| Other Program Expenses | 18,282 | 13,021 | 9,860 | 41,163 |
| TOTAL PROGRAM EXPENSES | 550,207 | 410,757 | 300,023 | 1,260,987 |
| ADMINISTRATIVE COSTS | | | | |
| Management & General | 11,909 | 9,182 | 6,998 | 28,089 |
| Communications & Customer Svc | 7,540 | 5,799 | 4,425 | 17,764 |
| Total Administrative Costs | 19,449 | 14,981 | 11,423 | 45,853 |
| Total Program & Admin Expenses | 569,656 | 425,738 | 311,446 | 1,306,840 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

Cascade Natural Gas

ENERGY EFFICIENCY

| EXPENSES | Existing Buildings | New Buildings | Production Efficiency | Existing Homes | New Homes & Products | ETO Total |
|---|-------------------------------|--------------------------|----------------------------------|---------------------------|---|------------------|
| Program Management | 28,564 | 4,685 | 17,171 | 25,766 | 14,440 | 90,627 |
| Program Delivery: | 149,033 | 26,933 | 127,115 | 118,985 | 114,799 | 536,865 |
| Incentives: | 504,788 | 70,137 | 97,000 | 248,703 | 129,725 | 1,050,353 |
| Program Eval & Planning Svcs.: | 16,471 | 4,177 | 5,174 | 22,290 | 8,233 | 56,345 |
| Program Marketing/Outreach: | 19,454 | 3,375 | 1,792 | 45,160 | 27,295 | 97,076 |
| Program Quality Assurance: | | 589 | | 2,233 | 971 | 3,793 |
| Outsourced Services: | 2,612 | 1,063 | 110 | 7,715 | 960 | 12,460 |
| Trade Allies & Cust. Svc. Mgmt.: | 2,410 | 463 | 255 | 12,759 | 2,945 | 18,832 |
| IT Services: | 8,728 | 1,838 | 1,362 | 14,152 | 3,855 | 29,936 |
| Other Program Expenses | 2,047 | 419 | 1,307 | 12,350 | 1,340 | 17,463 |
| TOTAL PROGRAM EXPENSES | 734,108 | 113,680 | 251,287 | 510,112 | 304,563 | 1,913,750 |
| ADMINISTRATIVE COSTS | | | | | | |
| Management & General | 15,247 | 2,617 | 4,885 | 11,433 | 7,093 | 41,275 |
| Communications & Customer Svc | 9,647 | 1,653 | 3,071 | 7,230 | 4,489 | 26,089 |
| Total Administrative Costs | 24,893 | 4,270 | 7,956 | 18,663 | 11,582 | 67,364 |
| Total Program & Admin Expenses | 759,001 | 117,950 | 259,243 | 528,774 | 316,145 | 1,981,114 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

PGE Renewables

RENEWABLE EFFICIENCY

| EXPENSES | Standard Solar | Custom Projects | ETO Total |
|---|---------------------------|----------------------------|------------------|
| Program Management | 230,755 | 123,285 | 354,040 |
| Program Delivery: | 140,800 | - | 140,800 |
| Incentives: | 3,304,280 | 827,893 | 4,132,173 |
| Program Eval & Planning Svcs.: | 55,026 | 15,076 | 70,102 |
| Program Marketing/Outreach: | 75,416 | 28,750 | 104,166 |
| Program Quality Assurance: | | 1,125 | 1,125 |
| Outsourced Services: | 125,771 | 66,840 | 192,611 |
| Trade Allies & Cust. Svc. Mgmt.: | 25,528 | 279 | 25,807 |
| IT Services: | 65,167 | 25,369 | 90,536 |
| Other Program Expenses | 61,959 | 49,260 | 111,218 |
| TOTAL PROGRAM EXPENSES | 4,084,701 | 1,137,877 | 5,222,578 |
| ADMINISTRATIVE COSTS | | | |
| Management & General | 90,020 | 19,956 | 109,976 |
| Communications & Customer Svc | 56,686 | 12,331 | 69,017 |
| Total Administrative Costs | 146,706 | 32,287 | 178,993 |
| Total Program & Admin Expenses | 4,231,408 | 1,170,163 | 5,401,571 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
2013 Forecast

PAC Renewables

RENEWABLE EFFICIENCY

| EXPENSES | Standard Solar | Custom Projects | ETO Total |
|---|---------------------------|----------------------------|------------------|
| Program Management | 139,451 | 379,490 | 518,941 |
| Program Delivery: | 79,200 | - | 79,200 |
| Incentives: | 2,027,506 | 1,303,415 | 3,330,921 |
| Program Eval & Planning Svcs.: | 33,624 | 41,843 | 75,467 |
| Program Marketing/Outreach: | 46,084 | 28,750 | 74,834 |
| Program Quality Assurance: | | 1,125 | 1,125 |
| Outsourced Services: | 76,854 | 106,660 | 183,514 |
| Trade Allies & Cust. Svc. Mgmt.: | 15,599 | 1,266 | 16,865 |
| IT Services: | 39,821 | 78,274 | 118,095 |
| Other Program Expenses | 37,860 | 71,848 | 109,709 |
| TOTAL PROGRAM EXPENSES | 2,496,000 | 2,012,671 | 4,508,671 |
| ADMINISTRATIVE COSTS | | | |
| Management & General | 55,008 | 43,620 | 98,628 |
| Communications & Customer Svc | 34,639 | 27,091 | 61,730 |
| Total Administrative Costs | 89,647 | 70,711 | 160,358 |
| Total Program & Admin Expenses | 2,585,646 | 2,083,383 | 4,669,029 |

2015 Budget Recap - R2: Final Proposed

ENERGY EFFICIENCY

| | BUDGET (\$M) | | | ELECTRIC | | GAS | |
|--|----------------|---------------|----------------|-----------------------------|-----------------------------------|------------------|-------------------------------------|
| | ELECTRIC | GAS | TOTAL | ELECTRIC SAVINGS GOAL (aMW) | Levelized Cost per kWh (in cents) | Annual Therms | Levelized Cost per Therm (in cents) |
| Commercial | | | | | | | |
| Business Energy Solutions – Existing Buildings | 43.7 | 8.5 | 52.1 | 15.5 | 3.6 | 1,799,228 | 44.4 |
| Business Energy Solutions – New Buildings | 12.2 | 1.6 | 13.8 | 4.3 | 3.3 | 549,538 | 24.4 |
| Mkt Transformation (Alliance) | 2.6 | 0.1 | 2.7 | 0.6 | 5.1 | | |
| Total Commercial | 58.5 | 10.1 | 68.6 | 20.4 | 3.6 | 2,348,766 | 39.5 |
| Industrial | | | | | | | |
| Production Efficiency | 34.6 | 3.3 | 37.9 | 16.3 | 2.7 | 1,232,080 | 29.6 |
| Mkt Transformation (Alliance) | 1.4 | 0.0 | 1.4 | 0.1 | 30.3 | | |
| Total Industrial | 36.0 | 3.3 | 39.3 | 16.3 | 2.8 | 1,232,080 | 29.6 |
| Residential | | | | | | | |
| Home Energy Solutions – Existing Homes | 17.8 | 8.6 | 26.5 | 4.8 | 3.8 | 1,087,185 | 60.2 |
| Home Energy Solutions – New Homes & Products | 15.5 | 4.8 | 20.2 | 6.5 | 3.8 | 1,131,661 | 29.4 |
| Mkt Transformation (Alliance) | 4.2 | 0.1 | 4.3 | 4.3 | 1.8 | | |
| Total Residential | 37.5 | 13.5 | 51.0 | 15.7 | 3.2 | 2,218,846 | 44.0 |
| Washington | | | | | | | |
| Business Energy Solutions – Existing Buildings | | 0.7 | 0.7 | | | 157,000 | 30.2 |
| Home Energy Solutions – Existing Homes | | 0.5 | 0.5 | | | 54,035 | 61.9 |
| Home Energy Solutions – New Homes & Products | | 0.4 | 0.4 | | | 52,649 | 56.6 |
| Total Washington | | 1.6 | 1.6 | | | 263,684 | 41.2 |
| Total Energy Efficiency | \$132.0 | \$28.5 | \$160.5 | 52.4 | 3.2 | 6,063,375 | 39.1 |

RENEWABLE RESOURCES

| | ACTIVITY BASIS | | ACCOUNTING BASIS | ACTIVITY BASIS | | ACCOUNTING BASIS | |
|----------------------------------|----------------|--|------------------|--------------------------------|---------------|--------------------------------|---------------|
| | BUDGET (\$M) | | BUDGET (\$M) | ELECTRIC GENERATION GOAL (aMW) | (\$mils/ aMW) | ELECTRIC GENERATION GOAL (aMW) | (\$mils/ aMW) |
| Other Renewables | 5.4 | | 14.6 | 0.80 | 6.73 | 4.50 | 3.24 |
| Solar Electric | 7.3 | | 9.2 | 0.55 | 13.11 | 0.75 | 12.35 |
| Total Renewable Resources | \$12.6 | | \$23.8 | 1.35 | 9.35 | 5.25 | 4.54 |

TOTAL BUDGET - ALL

\$184.3

¹ some columns may not add due to rounding

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory - Joint costs allocated at program level
Final Proposed 2015 Projection

| | ENERGY EFFICIENCY | | | | | | | RENEWABLE ENERGY | | | Other | TOTAL All Programs | | |
|---|---------------------|--------------------|---------------------|------------------|--------------------|------------------|---------------------|------------------|---------------------|--------------------|--------------------|-----------------------|------------------|---------------------|
| | PGE | PacifiCorp | Total | NWN Industrial | NW Natural | Cascade | Oregon Total | NWN WA | ETO Total | PGE | | | PacifiCorp | Total |
| REVENUES | | | | | | | | | | | | | | |
| Public Purpose Funding | \$26,293,663 | \$20,251,308 | \$46,544,971 | | \$18,931,471 | \$2,433,303 | \$67,909,745 | | \$67,909,745 | \$7,929,509 | \$6,107,286 | \$14,036,795 | | \$81,946,540 |
| Incremental Funding | 46,026,459 | 24,029,629 | 70,056,088 | 3,025,264 | | | 73,081,352 | 1,481,067 | 74,562,419 | | | | | 74,562,419 |
| Revenue from Investments | | | | | | | | | | | | | 96,000 | 96,000 |
| TOTAL PROGRAM REVENUE | 72,320,122 | 44,280,937 | 116,601,059 | 3,025,264 | 18,931,471 | 2,433,303 | 140,991,097 | 1,481,067 | 142,472,164 | 7,929,509 | 6,107,286 | 14,036,795 | 96,000 | 156,604,959 |
| EXPENSES | | | | | | | | | | | | | | |
| Program Management (Note 3) | 2,944,129 | 1,758,979 | 4,703,108 | 141,278 | 937,040 | 150,024 | 5,931,449 | 175,133 | 6,106,582 | 670,820 | 461,691 | 1,132,511 | | 7,239,093 |
| Program Delivery | 21,895,171 | 14,156,317 | 36,051,487 | 780,694 | 4,801,592 | 586,295 | 42,220,068 | 319,338 | 42,539,406 | 197,600 | 62,400 | 260,000 | | 42,799,406 |
| Incentives | 47,131,965 | 26,258,081 | 73,390,046 | 2,043,753 | 11,579,205 | 1,452,206 | 88,465,210 | 719,418 | 89,184,628 | 11,840,874 | 8,545,069 | 20,385,943 | | 109,570,571 |
| Program Eval & Planning Svcs. | 2,658,645 | 1,599,016 | 4,257,661 | 82,121 | 734,936 | 79,395 | 5,154,113 | 84,210 | 5,238,323 | 82,088 | 51,521 | 133,609 | | 5,371,932 |
| Program Marketing/Outreach | 2,904,918 | 1,789,613 | 4,694,532 | 28,075 | 1,198,000 | 99,658 | 6,020,264 | 99,000 | 6,119,264 | 139,881 | 74,119 | 214,000 | | 6,333,264 |
| Program Quality Assurance | 119,217 | 72,356 | 191,572 | 1,081 | 57,476 | 4,871 | 255,000 | 0 | 255,000 | 2,400 | 1,600 | 4,000 | | 259,000 |
| Outsourced Services | 792,178 | 491,280 | 1,283,458 | 30,410 | 280,417 | 28,216 | 1,622,501 | 1,050 | 1,623,551 | 253,871 | 111,129 | 365,000 | | 1,988,551 |
| Trade Allies & Cust. Svc. Mgmt. | 479,003 | 314,790 | 793,794 | 5,032 | 266,419 | 19,769 | 1,085,013 | 31,933 | 1,116,946 | 33,398 | 14,516 | 47,914 | | 1,164,860 |
| IT Services | 1,005,710 | 603,701 | 1,609,411 | 22,389 | 399,620 | 36,227 | 2,067,647 | 49,324 | 2,116,971 | 163,802 | 106,746 | 270,548 | | 2,387,519 |
| Other Program Expenses | 321,428 | 194,222 | 515,650 | 12,745 | 98,524 | 10,630 | 637,548 | 40,536 | 678,084 | 131,478 | 77,003 | 208,481 | | 886,565 |
| TOTAL PROGRAM EXPENSES | 80,252,363 | 47,238,355 | 127,490,718 | 3,147,576 | 20,353,229 | 2,467,290 | 153,458,813 | 1,519,942 | 154,978,755 | 13,516,212 | 9,505,794 | 23,022,006 | | 178,000,761 |
| ADMINISTRATIVE COSTS | | | | | | | | | | | | | | |
| Management & General (Notes 1 & 2) | 1,570,171 | 924,086 | 2,494,256 | 58,814 | 402,420 | 47,568 | 3,003,059 | 34,015 | 3,037,074 | 226,822 | 213,067 | 439,889 | | 3,476,963 |
| Communications & Customer Svc (Notes 1 & 2) | 1,269,981 | 747,432 | 2,017,412 | 47,555 | 325,422 | 38,448 | 2,428,837 | 27,566 | 2,456,403 | 183,813 | 172,708 | 356,521 | | 2,812,924 |
| Total Administrative Costs | 2,840,151 | 1,671,517 | 4,511,669 | 106,370 | 727,842 | 86,016 | 5,431,896 | 61,581 | 5,493,477 | 410,635 | 385,775 | 796,410 | | 6,289,887 |
| TOTAL PROG & ADMIN EXPENSES | 83,092,514 | 48,909,872 | 132,002,387 | 3,253,946 | 21,081,071 | 2,553,306 | 158,890,709 | 1,581,523 | 160,472,233 | 13,926,847 | 9,891,569 | 23,818,419 | | 184,290,642 |
| TOTAL REVENUE LESS EXPENSES | (10,772,392) | (4,628,935) | (15,401,328) | (228,681) | (2,149,600) | (120,003) | (17,899,612) | (100,455) | (18,000,069) | (5,997,338) | (3,784,283) | (9,781,624) | 96,000 | (27,685,683) |
| Cumulative Carryover at 12/31/2014 Budget | 12,434,238 | 6,096,230 | 18,530,468 | 228,681 | 3,203,650 | 375,335 | 22,338,134 | 100,455 | 22,438,589 | 10,649,161 | 8,338,812 | 18,987,973 | 8,021,950 | 49,448,512 |
| TOTAL NET ASSETS CUMULATIVE | 1,661,846 | 1,467,295 | 3,129,140 | 0 | 1,054,050 | 255,332 | 4,438,522 | 0 | 4,438,520 | 4,651,823 | 4,554,529 | 9,206,349 | 8,117,950 | 21,762,829 |

Note 1) Both Management & General and Communications & Customer Service Expenses (Administrative) have been allocated based on total expenses.
Note 2) Administrative costs are allocated for management reporting only. GAAP for Not for Profit organizations does not allow allocation of administrative costs to program expenses.
Note 3) Program Management costs include both outsourced and internal staff.

The Energy Trust of Oregon, Inc
Program Expense by Service Territory
Final Proposed 2015 Projection

| | <u>PGE</u> | <u>Pacific Power</u> | <u>Subtotal Elec.</u> | <u>NWN Industrial</u> | <u>NW Natural Gas</u> | <u>Cascade</u> | <u>Subtotal Gas</u> | <u>Oregon Total</u> | <u>NWN WA</u> | <u>ETO Total</u> |
|--|-------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------|---------------------|---------------------|------------------|--------------------|
| Energy Efficiency | | | | | | | | | | |
| Commercial | | | | | | | | | | |
| Existing Buildings | 29,484,009 | 14,175,572 | 43,659,581 | 1,056,300 | 6,251,953 | 1,150,394 | 8,458,647 | 52,118,228 | 711,951 | 52,830,179 |
| New Buildings | 8,610,077 | 3,611,514 | 12,221,591 | 30,234 | 1,394,905 | 165,607 | 1,590,746 | 13,812,337 | | 13,812,337 |
| NEEA | 1,543,322 | 1,072,477 | 2,615,799 | | 61,246 | 3,909 | 65,155 | 2,680,954 | | 2,680,954 |
| Total Commercial | 39,637,408 | 18,859,563 | 58,496,971 | 1,086,534 | 7,708,104 | 1,319,910 | 10,114,548 | 68,611,519 | 711,951 | 69,323,470 |
| Industrial | | | | | | | | | | |
| Production Efficiency | 20,435,636 | 14,199,616 | 34,635,252 | 2,167,411 | 860,535 | 283,420 | 3,311,366 | 37,946,618 | | 37,946,618 |
| NEEA | 796,974 | 553,828 | 1,350,802 | | | | 0 | 1,350,802 | | 1,350,802 |
| Total Industrial | 21,232,610 | 14,753,444 | 35,986,054 | 2,167,411 | 860,535 | 283,420 | 3,311,366 | 39,297,420 | | 39,297,420 |
| Residential | | | | | | | | | | |
| Existing Homes | 10,032,132 | 7,803,334 | 17,835,466 | | 8,209,042 | 423,135 | 8,632,177 | 26,467,643 | 473,325 | 26,940,968 |
| New Homes/Products | 9,694,420 | 5,759,062 | 15,453,482 | | 4,242,230 | 522,938 | 4,765,168 | 20,218,650 | 396,247 | 20,614,897 |
| NEEA | 2,495,940 | 1,734,467 | 4,230,407 | | 61,158 | 3,904 | 65,062 | 4,295,469 | | 4,295,469 |
| Total Residential | 22,222,492 | 15,296,863 | 37,519,355 | | 12,512,430 | 949,977 | 13,462,407 | 50,981,762 | 869,572 | 51,851,334 |
| Energy Efficiency Program Costs | 83,092,510 | 48,909,870 | 132,002,380 | 3,253,945 | 21,081,069 | 2,553,307 | 26,888,321 | 158,890,701 | 1,581,523 | 160,472,223 |
| Renewables | | | | | | | | | | |
| Solar Electric (Photovoltaic) | 6,556,494 | 2,665,223 | 9,221,717 | | | | 0 | 9,221,717 | | 9,221,717 |
| Other Renewable | 7,370,355 | 7,226,348 | 14,596,702 | | | | | 14,596,702 | | 14,596,702 |
| Renewables Program Costs | 13,926,849 | 9,891,571 | 23,818,419 | | | | 0 | 23,818,419 | | 23,818,419 |
| Cost Grand Total | 97,019,359 | 58,801,441 | 155,820,799 | 3,253,945 | 21,081,069 | 2,553,307 | 26,888,321 | 182,709,120 | 1,581,523 | 184,290,642 |

Energy Trust of Oregon, Inc
Statement of Functional Expenses
Final Proposed 2015 Projection

| | Energy Efficiency | Renewable Energy | Total Program Expenses | Management & General | Communications & Customer Service | Total Admin Expenses | Total |
|------------------------------------|----------------------|---------------------|---------------------------|-------------------------|--------------------------------------|-------------------------|--------------------|
| Program Expenses | | | | | | | |
| Incentives | 89,184,628 | 20,385,943 | 109,570,571 | | | | 109,570,571 |
| Program Management & Delivery | 50,026,991 | 280,000 | 50,306,991 | | | | 50,306,991 |
| Payroll and Related Expenses | 3,166,759 | 1,112,511 | 4,279,270 | 2,203,436 | 1,253,302 | 3,456,738 | 7,736,008 |
| Outsourced Services | 5,973,051 | 623,000 | 6,596,051 | 396,570 | 1,061,200 | 1,457,770 | 8,053,821 |
| Planning and Evaluation | 2,715,321 | 93,609 | 2,808,930 | 1,874 | | 1,874 | 2,810,804 |
| Customer Service Management | 658,226 | 27,172 | 685,398 | | | | 685,398 |
| Trade Allies Network | 458,719 | 20,742 | 479,461 | | | | 479,461 |
| Total Program Expenses | 152,183,695 | 22,542,978 | 174,726,673 | 2,601,880 | 2,314,502 | 4,916,382 | 179,643,055 |
| Program Support Costs | | | | | | | |
| Supplies | 17,113 | 3,966 | 21,079 | 14,304 | 5,355 | 19,659 | 40,738 |
| Postage and Shipping Expenses | 3,195 | 1,140 | 4,335 | 1,870 | 2,264 | 4,134 | 8,469 |
| Telephone | 5,178 | 2,991 | 8,169 | 3,806 | 2,779 | 6,585 | 14,754 |
| Printing and Publications | 112,667 | 16,095 | 128,762 | 1,276 | 7,659 | 8,935 | 137,697 |
| Occupancy Expenses | 212,935 | 75,992 | 288,927 | 124,635 | 84,217 | 208,852 | 497,779 |
| Insurance | 30,560 | 10,906 | 41,466 | 17,887 | 12,087 | 29,974 | 71,440 |
| Equipment | 10,418 | 3,718 | 14,136 | 6,098 | 5,120 | 11,218 | 25,354 |
| Travel | 67,350 | 37,000 | 104,350 | 53,220 | 38,000 | 91,220 | 195,570 |
| Meetings, Trainings & Conferences | 86,000 | 18,500 | 104,500 | 167,790 | 22,000 | 189,790 | 294,290 |
| Depreciation & Amortization | 43,224 | 15,426 | 58,650 | 25,300 | 17,095 | 42,395 | 101,045 |
| Dues, Licenses and Fees | 88,888 | 22,548 | 111,436 | 14,155 | 1,820 | 15,975 | 127,411 |
| Miscellaneous Expenses | 556 | 198 | 754 | 1,045 | 220 | 1,265 | 2,019 |
| IT Services | 2,116,970 | 270,548 | 2,387,518 | 443,697 | 299,804 | 743,501 | 3,131,019 |
| Total Program Support Costs | 2,795,054 | 479,029 | 3,274,083 | 875,084 | 498,421 | 1,373,505 | 4,647,588 |
| TOTAL EXPENSES | 154,978,749 | 23,022,007 | 178,000,756 | 3,476,963 | 2,812,923 | 6,289,886 | 184,290,642 |

OPUC Performance Measure **6.1%**

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

Total Company

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | NWN | Total | ETO Total |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------|--------------------|-------------------|-------------------|--------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | Washington | Renewables | |
| Program Management | 1,803,317 | 619,014 | 20,015 | 1,175,385 | 12,921 | 1,296,188 | 981,251 | 23,358 | 175,133 | 1,132,511 | 7,239,093 |
| Program Delivery: | 10,789,632 | 3,800,000 | 2,494,396 | 9,946,585 | 1,224,408 | 5,553,088 | 4,365,265 | 4,046,694 | 319,338 | 260,000 | 42,799,406 |
| Incentives: | 33,769,031 | 7,437,576 | | 23,688,562 | | 12,934,213 | 10,635,828 | | 719,418 | 20,385,943 | 109,570,571 |
| Program Eval & Planning Svcs.: | 1,496,715 | 584,317 | 51,747 | 942,196 | 55,495 | 1,217,190 | 756,638 | 49,815 | 84,210 | 133,609 | 5,371,932 |
| Program Marketing/Outreach: | 1,241,307 | 337,000 | | 185,500 | | 2,285,395 | 1,971,062 | | 99,000 | 214,000 | 6,333,264 |
| Program Quality Assurance: | 50,000 | 30,000 | | | | 115,000 | 60,000 | | - | 4,000 | 259,000 |
| Outsourced Services: | 428,000 | 92,500 | | 380,000 | | 520,000 | 202,001 | | 1,050 | 365,000 | 1,988,551 |
| Trade Allies & Cust. Svc. Mgmt.: | 145,206 | 62,506 | | 34,067 | | 639,454 | 203,780 | | 31,933 | 47,914 | 1,164,860 |
| IT Services: | 488,942 | 264,741 | 3,896 | 207,882 | 2,536 | 782,424 | 312,668 | 4,558 | 49,324 | 270,548 | 2,387,519 |
| Other Program Expenses | 182,245 | 45,135 | 1,623 | 156,501 | 1,061 | 159,445 | 89,630 | 1,908 | 40,536 | 208,481 | 886,565 |
| TOTAL PROGRAM EXPENSES | 50,394,395 | 13,272,789 | 2,571,677 | 36,716,678 | 1,296,421 | 25,502,397 | 19,578,123 | 4,126,333 | 1,519,942 | 23,022,006 | 178,000,761 |
| ADMINISTRATIVE COSTS | | | | | | | | | | | |
| Management & General | 953,219 | 297,913 | 60,337 | 680,056 | 30,021 | 533,276 | 354,886 | 93,351 | 34,015 | 439,889 | 3,476,963 |
| Communications & Customer Svc | 770,615 | 241,637 | 48,940 | 549,884 | 24,361 | 431,974 | 285,641 | 75,785 | 27,566 | 356,521 | 2,812,923 |
| Total Administrative Costs | 1,723,834 | 539,550 | 109,277 | 1,229,940 | 54,382 | 965,250 | 640,527 | 169,136 | 61,581 | 796,410 | 6,289,886 |
| Total Program & Admin Expenses | 52,118,229 | 13,812,338 | 2,680,953 | 37,946,618 | 1,350,801 | 26,467,642 | 20,218,650 | 4,295,470 | 1,581,522 | 23,818,419 | 184,290,641 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

PGE

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | ETO Total |
|---|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------|--------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | |
| Program Management | 1,036,589 | 386,596 | 11,809 | 559,465 | 7,623 | 473,035 | 455,230 | 13,781 | 2,944,129 |
| Program Delivery: | 6,273,013 | 2,378,496 | 1,434,819 | 4,603,355 | 722,401 | 2,108,099 | 2,024,314 | 2,350,674 | 21,895,171 |
| Incentives: | 18,902,587 | 4,639,043 | | 13,582,347 | | 4,910,032 | 5,097,956 | | 47,131,965 |
| Program Eval & Planning Svcs.: | 853,788 | 350,732 | 30,531 | 509,024 | 32,742 | 472,994 | 379,442 | 29,391 | 2,658,645 |
| Program Marketing/Outreach: | 713,353 | 210,588 | | 99,890 | | 863,112 | 1,017,975 | | 2,904,918 |
| Program Quality Assurance: | 28,278 | 18,689 | | | | 43,534 | 28,716 | | 119,217 |
| Outsourced Services: | 239,478 | 57,623 | | 204,627 | | 196,848 | 93,602 | | 792,178 |
| Trade Allies & Cust. Svc. Mgmt.: | 82,124 | 38,938 | | 18,345 | | 242,068 | 97,528 | | 479,003 |
| IT Services: | 276,531 | 164,921 | 2,299 | 111,943 | 1,496 | 296,190 | 149,641 | 2,689 | 1,005,710 |
| Other Program Expenses | 103,072 | 28,117 | 958 | 84,274 | 626 | 60,359 | 42,896 | 1,126 | 321,428 |
| TOTAL PROGRAM EXPENSES | 28,508,813 | 8,273,743 | 1,480,415 | 19,773,269 | 764,889 | 9,666,272 | 9,387,301 | 2,397,661 | 80,252,363 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General | 539,249 | 185,707 | 34,734 | 366,235 | 17,712 | 202,130 | 170,160 | 54,243 | 1,570,171 |
| Communications & Customer Svc | 435,948 | 150,627 | 28,173 | 296,133 | 14,373 | 163,733 | 136,959 | 44,036 | 1,269,981 |
| Total Administrative Costs | 975,197 | 336,335 | 62,907 | 662,368 | 32,085 | 365,862 | 307,119 | 98,279 | 2,840,151 |
| Total Program & Admin Expenses | 29,484,010 | 8,610,077 | 1,543,321 | 20,435,637 | 796,974 | 10,032,134 | 9,694,420 | 2,495,940 | 83,092,514 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

PAC

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | ETO Total |
|---|-------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------------------------|--------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | |
| Program Management | 489,301 | 161,316 | 8,206 | 438,154 | 5,298 | 379,162 | 267,965 | 9,577 | 1,758,979 |
| Program Delivery: | 2,974,442 | 987,962 | 997,077 | 4,244,960 | 502,007 | 1,624,958 | 1,191,391 | 1,633,520 | 14,156,317 |
| Incentives: | 9,137,301 | 1,926,964 | | 8,341,885 | | 3,822,371 | 3,029,560 | | 26,258,081 |
| Program Eval & Planning Svcs.: | 410,492 | 177,115 | 21,216 | 353,693 | 22,753 | 367,911 | 225,411 | 20,424 | 1,599,016 |
| Program Marketing/Outreach: | 342,852 | 87,770 | | 69,408 | | 671,749 | 617,834 | | 1,789,613 |
| Program Quality Assurance: | 13,596 | 7,839 | | | | 33,862 | 17,059 | | 72,356 |
| Outsourced Services: | 116,732 | 24,170 | | 142,184 | | 153,115 | 55,079 | | 491,280 |
| Trade Allies & Cust. Svc. Mgmt.: | 39,484 | 16,333 | | 12,747 | | 188,289 | 57,937 | | 314,790 |
| IT Services: | 132,953 | 69,177 | 1,597 | 77,783 | 1,040 | 230,387 | 88,896 | 1,869 | 603,701 |
| Other Program Expenses | 49,556 | 11,794 | 665 | 58,558 | 435 | 46,949 | 25,483 | 782 | 194,222 |
| TOTAL PROGRAM EXPENSES | 13,706,708 | 3,470,439 | 1,028,762 | 13,739,372 | 531,532 | 7,518,754 | 5,576,615 | 1,666,172 | 47,238,355 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General | 259,265 | 77,895 | 24,137 | 254,477 | 12,309 | 157,223 | 101,085 | 37,694 | 924,086 |
| Communications & Customer Svc | 209,599 | 63,181 | 19,578 | 205,766 | 9,988 | 127,357 | 81,362 | 30,601 | 747,432 |
| Total Administrative Costs | 468,863 | 141,076 | 43,715 | 460,243 | 22,297 | 284,580 | 182,447 | 68,295 | 1,671,517 |
| Total Program & Admin Expenses | 14,175,572 | 3,611,516 | 1,072,477 | 14,199,615 | 553,829 | 7,803,334 | 5,759,062 | 1,734,467 | 48,909,872 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

NW Natural Gas Industrial

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | ETO Total |
|---|------------------|------------------|-------------------|-------------------|-------------------|-----------------|-----------------------------|--------------------|------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | |
| Program Management | 29,741 | 636 | | 110,901 | | | | | 141,278 |
| Program Delivery: | 92,214 | | | 688,480 | | | | | 780,694 |
| Incentives: | 827,104 | 25,998 | | 1,190,651 | | | | | 2,043,753 |
| Program Eval & Planning Svcs.: | 29,026 | 1,073 | | 52,021 | | | | | 82,121 |
| Program Marketing/Outreach: | 17,213 | 257 | | 10,605 | | | | | 28,075 |
| Program Quality Assurance: | 1,015 | 66 | | | | | | | 1,081 |
| Outsourced Services: | 8,483 | 203 | | 21,724 | | | | | 30,410 |
| Trade Allies & Cust. Svc. Mgmt.: | 2,947 | 138 | | 1,948 | | | | | 5,032 |
| IT Services: | 9,923 | 582 | | 11,884 | | | | | 22,389 |
| Other Program Expenses | 3,699 | 99 | | 8,947 | | | | | 12,745 |
| TOTAL PROGRAM EXPENSES | 1,021,363 | 29,053 | - | 2,097,160 | - | - | - | - | 3,147,576 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General | 19,319 | 652 | | 38,843 | | | | | 58,814 |
| Communications & Customer Svc | 15,618 | 529 | | 31,408 | | | | | 47,555 |
| Total Administrative Costs | 34,938 | 1,181 | - | 70,251 | - | - | - | - | 106,370 |
| Total Program & Admin Expenses | 1,056,300 | 30,234 | - | 2,167,411 | - | - | - | - | 3,253,946 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

NW Natural Gas

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | ETO Total |
|---|------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------------------------|--------------------|-------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | |
| Program Management | 212,473 | 62,987 | | 45,209 | | 386,855 | 229,516 | | 937,040 |
| Program Delivery: | 1,245,652 | 387,524 | 58,750 | 285,000 | | 1,743,568 | 1,022,348 | 58,750 | 4,801,592 |
| Incentives: | 4,115,167 | 755,846 | | 459,900 | | 4,015,486 | 2,232,806 | | 11,579,205 |
| Program Eval & Planning Svcs.: | 171,797 | 49,518 | | 20,654 | | 357,840 | 135,127 | | 734,936 |
| Program Marketing/Outreach: | 142,732 | 34,311 | | 4,210 | | 716,722 | 300,024 | | 1,198,000 |
| Program Quality Assurance: | 6,006 | 3,045 | | | | 35,761 | 12,664 | | 57,476 |
| Outsourced Services: | 53,278 | 9,389 | | 8,625 | | 161,701 | 47,424 | | 280,417 |
| Trade Allies & Cust. Svc. Mgmt.: | 17,441 | 6,344 | | 773 | | 198,847 | 43,012 | | 266,419 |
| IT Services: | 58,730 | 26,871 | | 4,718 | | 243,306 | 65,996 | | 399,620 |
| Other Program Expenses | 21,890 | 4,581 | | 3,552 | | 49,582 | 18,918 | | 98,524 |
| TOTAL PROGRAM EXPENSES | 6,045,167 | 1,340,416 | 58,750 | 832,643 | - | 7,909,667 | 4,107,836 | 58,750 | 20,353,229 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General | 114,345 | 30,086 | 1,378 | 15,422 | | 165,398 | 74,461 | 1,329 | 402,420 |
| Communications & Customer Svc | 92,441 | 24,403 | 1,118 | 12,470 | | 133,978 | 59,933 | 1,079 | 325,422 |
| Total Administrative Costs | 206,786 | 54,489 | 2,496 | 27,892 | - | 299,376 | 134,394 | 2,408 | 727,842 |
| Total Program & Admin Expenses | 6,251,954 | 1,394,905 | 61,246 | 860,535 | - | 8,209,043 | 4,242,230 | 61,158 | 21,081,071 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

NW Natural Gas Washington

ENERGY EFFICIENCY

| EXPENSES | Existing Buildings | Existing Homes | New Homes & Products | ETO Total |
|---|-------------------------------|---------------------------|---|------------------|
| Program Management | 92,103 | 43,899 | 39,131 | 175,133 |
| Program Delivery: | 122,538 | 140,000 | 56,800 | 319,338 |
| Incentives: | 333,000 | 156,271 | 230,147 | 719,418 |
| Program Eval & Planning Svcs.: | 31,405 | 29,161 | 23,644 | 84,210 |
| Program Marketing/Outreach: | 48,000 | 40,000 | 11,000 | 99,000 |
| Program Quality Assurance: | | | | - |
| Outsourced Services: | 500 | | 550 | 1,050 |
| Trade Allies & Cust. Svc. Mgmt.: | 13,670 | 14,486 | 3,777 | 31,933 |
| IT Services: | 24,846 | 19,222 | 5,256 | 49,324 |
| Other Program Expenses | 19,595 | 11,306 | 9,635 | 40,536 |
| TOTAL PROGRAM EXPENSES | 685,657 | 454,345 | 379,940 | 1,519,942 |
| ADMINISTRATIVE COSTS | | | | |
| Management & General | 14,522 | 10,485 | 9,008 | 34,015 |
| Communications & Customer Svc | 11,772 | 8,494 | 7,300 | 27,566 |
| Total Administrative Costs | 26,294 | 18,979 | 16,308 | 61,581 |
| Total Program & Admin Expenses | 711,951 | 473,324 | 396,248 | 1,581,523 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

Cascade Natural Gas

ENERGY EFFICIENCY

| EXPENSES | Existing | New | NEEA | Production | NEEA | Existing | New | NEEA | ETO Total |
|---|------------------|------------------|-------------------|-------------------|-------------------|-----------------|-----------------------------|--------------------|------------------|
| | Buildings | Buildings | Commercial | Efficiency | Industrial | Homes | Homes & Products | Residential | |
| Program Management | 35,213 | 7,479 | | 21,656 | | 57,136 | 28,540 | | 150,024 |
| Program Delivery: | 204,312 | 46,018 | 3,750 | 124,790 | | 76,463 | 127,212 | 3,750 | 586,295 |
| Incentives: | 786,872 | 89,725 | | 113,779 | | 186,324 | 275,506 | | 1,452,206 |
| Program Eval & Planning Svcs.: | 31,612 | 5,879 | | 6,803 | | 18,445 | 16,657 | | 79,395 |
| Program Marketing/Outreach: | 25,157 | 4,074 | | 1,387 | | 33,812 | 35,228 | | 99,658 |
| Program Quality Assurance: | 1,105 | 362 | | | | 1,843 | 1,561 | | 4,871 |
| Outsourced Services: | 10,029 | 1,115 | | 2,841 | | 8,335 | 5,897 | | 28,216 |
| Trade Allies & Cust. Svc. Mgmt.: | 3,209 | 753 | | 255 | | 10,250 | 5,302 | | 19,769 |
| IT Services: | 10,807 | 3,190 | | 1,554 | | 12,541 | 8,135 | | 36,227 |
| Other Program Expenses | 4,028 | 544 | | 1,170 | | 2,556 | 2,332 | | 10,630 |
| TOTAL PROGRAM EXPENSES | 1,112,343 | 159,138 | 3,750 | 274,234 | - | 407,704 | 506,371 | 3,750 | 2,467,290 |
| ADMINISTRATIVE COSTS | | | | | | | | | |
| Management & General | 21,040 | 3,572 | 88 | 5,079 | | 8,525 | 9,179 | 85 | 47,568 |
| Communications & Customer Svc | 17,010 | 2,897 | 71 | 4,107 | | 6,906 | 7,388 | 69 | 38,448 |
| Total Administrative Costs | 38,050 | 6,469 | 159 | 9,186 | - | 15,431 | 16,567 | 154 | 86,016 |
| Total Program & Admin Expenses | 1,150,393 | 165,607 | 3,909 | 283,420 | - | 423,136 | 522,938 | 3,904 | 2,553,306 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

PGE Renewables

RENEWABLE EFFICIENCY

| EXPENSES | Standard Solar | Custom Projects | ETO Total |
|---|---------------------------|----------------------------|-------------------|
| Program Management | 399,628 | 271,192 | 670,820 |
| Program Delivery: | 197,600 | | 197,600 |
| Incentives: | 5,122,800 | 6,718,074 | 11,840,874 |
| Program Eval & Planning Svcs.: | 40,924 | 41,165 | 82,089 |
| Program Marketing/Outreach: | 108,781 | 31,100 | 139,881 |
| Program Quality Assurance: | | 2,400 | 2,400 |
| Outsourced Services: | 192,871 | 61,000 | 253,871 |
| Trade Allies & Cust. Svc. Mgmt.: | 32,818 | 579 | 33,398 |
| IT Services: | 104,109 | 59,694 | 163,802 |
| Other Program Expenses | 81,180 | 50,298 | 131,479 |
| TOTAL PROGRAM EXPENSES | 6,280,710 | 7,235,503 | 13,516,212 |
| ADMINISTRATIVE COSTS | | | |
| Management & General | 152,348 | 74,474 | 226,822 |
| Communications & Customer Svc | 123,435 | 60,378 | 183,813 |
| Total Administrative Costs | 275,784 | 134,852 | 410,635 |
| Total Program & Admin Expenses | 6,556,493 | 7,370,354 | 13,926,848 |

Energy Trust of Oregon, Inc
Year to Date by Program/Service Territory
Final Proposed 2015 Projection

PAC Renewables

RENEWABLE EFFICIENCY

| EXPENSES | Standard Solar | Custom Projects | ETO Total |
|---|---------------------------|----------------------------|------------------|
| Program Management | 161,070 | 300,621 | 461,691 |
| Program Delivery: | 62,400 | | 62,400 |
| Incentives: | 2,110,000 | 6,435,069 | 8,545,069 |
| Program Eval & Planning Svcs.: | 16,635 | 34,885 | 51,520 |
| Program Marketing/Outreach: | 44,219 | 29,900 | 74,119 |
| Program Quality Assurance: | | 1,600 | 1,600 |
| Outsourced Services: | 70,129 | 41,000 | 111,129 |
| Trade Allies & Cust. Svc. Mgmt.: | 13,341 | 1,176 | 14,516 |
| IT Services: | 42,320 | 64,425 | 106,746 |
| Other Program Expenses | 33,000 | 44,003 | 77,002 |
| TOTAL PROGRAM EXPENSES | 2,553,115 | 6,952,678 | 9,505,794 |
| ADMINISTRATIVE COSTS | | | |
| Management & General | 61,930 | 151,137 | 213,067 |
| Communications & Customer Svc | 50,177 | 122,531 | 172,708 |
| Total Administrative Costs | 112,106 | 273,668 | 385,775 |
| Total Program & Admin Expenses | 2,665,222 | 7,226,347 | 9,891,568 |

Financial Glossary

(for internal use) - updated August 9, 2012

Administrative Costs

Costs that, by nonprofit accounting standards, have general objectives which enable an organization's programs to function. The organization's programs in turn provide direct services to the organization's constituents and fulfill the mission of the organization.

i.e. management and general and general communication and outreach expenses

- I. **Management and General**
 - Includes governance/board activities, interest/financing costs, accounting, payroll, human resources, general legal support, and other general organizational management costs.
 - Receives an allocated share of indirect costs.
- II. **General Communications and Outreach**
 - Expenditures of a general nature, conveying the nonprofit mission of the organization and general public awareness.
 - Receives an allocated share of indirect costs.

Allocation

- A way of grouping costs together and applying them to a program as one pool based upon an allocation base that most closely represents the activity driver of the costs in the pool.
- Used as an alternative to charging programs on an invoice-by-invoice basis for accounting efficiency purposes.
- An example would be accumulating all of the costs associated with customer management (call center operations, Energy Trust customer service personnel, complaint tracking, etc). The accumulated costs are then spread to the programs that benefited by using the ratio of calls into the call center by program (i.e. the allocation base).

Allocation Cost Pools

- Employee benefits and taxes.
- Office operations. Includes rent, telephone, utilities, supplies, etc.
- Information Technology (IT) services.
- Planning and evaluation general costs.
- Customer service and trade ally support costs.
- General communications and outreach costs.
- Management and general costs.
- Shared costs for electric utilities.
- Shared costs for gas utilities.
- Shared costs for all utilities.

Auditor's Opinion

- An accountant's or auditor's opinion is a report by an independent CPA presented to the board of directors describing the scope of the examination of the organization's books, and certifying that the financial statements meet the AICPA (American Institute of Certified Public Accountants) requirements of GAAP (generally accepted accounting principles).

- Depending on the audit findings, the opinion can be unqualified or qualified regarding specific items. Energy Trust strives for and has achieved in all its years an unqualified opinion.
- An unqualified opinion indicates agreement by the auditors that the financial statements present an accurate assessment of the organization's financial results.
- The OPUC Grant Agreement requires an unqualified opinion regarding Energy Trust's financial records.
- Failure to follow generally accepted accounting principles (GAAP) can result in a qualified opinion.

Board-approved Annual Budget

- Funds approved by the board for *expenditures* during the budget year (subject to board approved program funding caps and associated policy) for the stated functions.
- Funds approved for *capital* asset expenditures.
- Approval of the general allocation of funds including commitments and cash outlays.
- Approval of expenditures is based on assumed revenues from utilities as forecasted in their annual projections of public purpose collections and/or contracted revenues.

Carryover Funds

- In any one year, the amount by which revenues exceed expenses for that year in a designated category that will be added to the cumulative balance and brought forward for expenditure to the next budget year.
- In any one year, if expenditures exceed revenues, the negative difference is applied against the cumulative carryover balance.
- Does not equal the cash on hand due to noncash expense items such as depreciation.
- Tracked by major utility funder and at high level program area--by EE vs RE, not tracked by program.

Commitments

- Represents funds obligated to identified efficiency program participants in the form of signed applications or agreements and tracked in the project forecasting system.
- If the project is not demonstrably proceeding within agreed upon time frame, committed funds return to incentive pool. Reapplication would then be required.
- Funds are expensed when the project is completed.
- Funds may be held in the operating cash account, or in escrow accounts.

Contract obligations

- A signed contract for goods or services that creates a legal obligation.
- Reported in the monthly Contract Status Summary Report.

Cost-Effectiveness Calculation

- Programs and measures are evaluated for cost-effectiveness.
- The cost of program savings must be lower than the cost to produce the energy from both a utility and societal perspective.
- Expressed as a ratio of energy savings cost divided by the presumed avoided utility and societal cost of energy.
- Program cost-effectiveness evaluation is "fully allocated," i.e. includes all of the program costs plus a portion of Energy Trust administrative costs.

Dedicated Funds

- Represents funds obligated to identified renewable program participants in the form of signed applications or agreements and tracked in the project forecasting system.

- May include commitments, escrows, contracts, board designations, master agreements.
- Methodology utilized to develop renewable energy activity-based budgets amounts.

Direct Program Costs

- Can be directly linked to and reflect a causal relationship to one individual program/project; or can easily be allocated to two or more programs based upon usage, cause, or benefit.

Direct Program Evaluation & Planning Services

- Evaluation services for a specific program rather than for a group of programs.
- Costs incurred in evaluating programs and projects and included in determining total program funding caps.
- Planning services for a specific program rather than for a group of programs.
- Costs incurred in planning programs and projects and are included in determining program funding expenditures and caps.
- Evaluation and planning services attributable to a number of programs are recorded in a cost pool and are subsequently allocated to individual programs.

Escrowed Program (Incentive) Funds

- Cash deposited into a separate bank account that will be paid out pursuant to a contractual obligation requiring a certain event or result to occur. Funds can be returned to Energy Trust if such event or result does not occur. Therefore, the funds are still “owned” by Energy Trust and will remain on the balance sheet.
- The funds are within the control of the bank in accordance with the terms of the escrow agreement.
- When the event or result occurs, the funds are considered “earned” and are transferred out of the escrow account (“paid out”) and then are reflected as an expense on the income statement for the current period.

Expenditures/Expenses

- Amounts for which there is an obligation for payment of goods and/or services that have been received or earned within the month or year.

FastTrack Projects Forecasting

Module developed in FastTrack to provide information about the timing of future incentive payments, with the following definitions:

- Estimated-Project data may be inaccurate or incomplete. Rough estimate of energy savings, incentives and completion date by project and by service territory.
- Proposed-Project that has received a written incentive offer but no agreement or application has been signed. Energy savings, incentives and completion date to be documented by programs using this phase. For Renewable projects-project that has received Board approval.
- Accepted-Used for renewable energy projects in 2nd round of application; projects that have reached a stage where approval process can begin.
- Committed-Project that has a signed agreement or application reserving incentive dollars until project completion. Energy savings/generations, incentives and completion date by project and by service territory must be documented in project records and in FastTrack. If project not demonstrably proceeding within agreed upon time frame, committed funds return to incentive pool. Reapplication would then be required.
- Dedicated-Renewable project that has been committed, has a signed agreement, and if required, has been approved by the board of directors.

Incentives**I. Residential Incentives**

- Incentives paid to a residential program participant (party responsible for payment for utility service in particular dwelling unit) exclusively for energy efficiency and renewable energy measures in the homes or apartments of such residential customers.

II. Business Incentives

- Incentives paid to a participant other than a residential program participant as defined above following the installation of an energy efficiency or renewable energy measure.
- Above market cost for a particular renewable energy project.

III. Service Incentives

- Incentives paid to an installation contractor which serves as a reduction in the final cost to the participant for the installation of an energy efficiency or renewable energy measure.
- Payment for services delivered to participants by contractors such as home reviews and technical analysis studies.
- End-user training, enhancing participant technical knowledge or energy efficiency practices proficiency such as “how to” sessions on insulation, weatherization, or high efficiency lighting.
- CFL online home review fulfillment and PMC direct installations.
- Technical trade ally training to enhance program knowledge.
- Incentives for equipment purchases by trade allies to garner improvements of services and diagnostics delivered to end-users, such as duct sealing, HVAC diagnosis, air filtration, etc.

Indirect Costs

- Shared costs that are “allocated” for accounting purposes rather than assigning individual charges to programs.
- Allocated to all programs and administration functions based on a standard basis such as hours worked, square footage, customer phone calls, etc.
- Examples include rent/facilities, supplies, computer equipment and support, and depreciation.

IT Support Services

- Information technology costs incurred as a result of supporting all programs.
- Includes FastTrack energy savings and incentive tracking software, data tracking support of PMCs and for the program evaluation functions.
- Includes technical architecture design and physical infrastructure.
- Receives an allocation of indirect shared costs.
- Total costs subsequently allocated to programs and administrative units.

Outsourced Services

- Miscellaneous professional services contracted to third parties rather than performed by internal staff.
- Can be incurred for program or administrative reasons and will be identified as such.

Program Costs

- Expenditures made to fulfill the purposes or mission for which the organization exists and are authorized through the program approval process.
- Includes program management, incentives, program staff salaries, planning, evaluation, quality assurance, program-specific marketing and other costs incurred solely for program purposes.
- Can be direct or indirect (i.e. allocated based on program usage.)

Program Delivery Expense

- This will include all PMC labor and direct costs associated with: incentive processing, program coordination, program support, trade ally communications, and program delivery contractors.
- Includes contract payments to NEEA for market transformation efforts.
- Includes performance compensation incentives paid to program management contractors under contract agreement if certain incentive goals are met.
- Includes professional services for items such as solar inspections, anemometer maintenance and general renewable energy consulting.

Program Legal Services

- External legal expenditures and internal legal services utilized in the development of a program-specific contract.

Program Management Expense

- PMC billings associated with program contract oversight, program support, staff management, etc.
- ETO program management staff salaries, taxes and benefits.

Program Marketing/Outreach

- PMC labor and direct costs associated with marketing/outreach/awareness efforts to communicate program opportunities and benefits to rate payers/program participants.
- Awareness campaigns and outreach efforts designed to reach participants of individual programs.
- Co-op advertising with trade allies and vendors to promote a particular program benefit to the public.

Program Quality Assurance

- Independent in-house or outsourced services for the quality assurance efforts of a particular program (distinguished from program quality control).

Program Reserves

- Negotiated with utilities annually, with a goal of providing a cushion of approximately 5% above funds needed to fulfill annual budgeted costs. Management may access up to 50% of annual program reserve without prior board approval (resolution 633, 2012).

Program Support Costs

- Source of information is contained in statement of functional expense report.
- Portion of costs in OPUC performance measure for program administration and support costs.
 - Includes expenses incurred directly by the program.
 - Includes allocation of shared and indirect costs incurred in the following categories: supplies; postage and shipping; telephone; printing and publications; occupancy expenses; insurance; equipment; travel; business meetings; conferences and training; depreciation and amortization; dues, licenses,

subscriptions and fees; miscellaneous expense; payroll & related expense; outsourced services; and an allocation of information technology department cost.

Project Specific Costs (for Renewable Energy)

- Expenses directly related to identified projects or identified customers to assist them in constructing or operating renewable projects. Includes services to prospective as well as current customers.
- Must involve direct contact with the project or customer, individually or in groups, and provide a service the customer would otherwise incur at their own expense.
- Does not include general program costs to reach a broad (unidentified) audience such as websites, advertising, program development, or program management.
- Project-Specific costs may be in the categories of; Incentives, Staff salaries, Program delivery, Legal services, Public relations, Creative services, Professional services, Travel, Business meetings, Telephone, or Escrow account bank fees.

Savings Types

- **Working Savings/Generation:** the estimate of savings/generation that is used for data entry by program personnel as they approve individual projects. They are based on deemed savings/generation for prescriptive measures, and engineering calculations for custom measures. They do not incorporate any evaluation or transmission and distribution factors.
- **Reportable Savings/Generation:** the estimate of savings/generation that will be used for public reporting of Energy Trust results. This includes transmission and distribution factors, evaluation factors, and any other corrections required to the original working values. These values are updated annually, and are subject to revision each year during the “true-up” as a result of new information or identified errors.
- **Contract Savings:** the estimate of savings that will be used to compare against annual contract goals. These savings figures are generally the same as the reportable savings at the time that the contract year started. For purposes of adjusting working savings to arrive at this number, a single adjustment percentage (a SRAF, as defined below) is agreed to at the beginning of the contract year and is applied to all program measures. This is based on the sum of the adjustments between working and reportable numbers in the forecast developed for the program year.
- **Savings Realization Adjustment Factors (SRAF):** are savings realization adjustment factors applied to electric and gas working savings measures in order to reflect more accurate savings information through the benefit of evaluation and other studies. These factors are determined by the Energy Trust and used for annual contract amendments. The factors are determined based on the best available information from:
 - Program evaluations and/or other research that account for free riders, spill-over effects and measure impacts to date; and
 - Published transmission and distribution line loss information resulting from electric measure savings.

Total Program and Admin Expenses (line item on income statement)

- Used only for cost effectiveness calculations, levelized cost calculations and in management reports used to track funds spent/remaining by service territory.
- Includes all costs of the organization--direct, indirect, and an allocation of administration costs to programs.
- Should not be used for external financial reporting (not GAAP).

Total Program Expenses (line item on income statement)

- All indirect costs have been allocated to program costs with the exception of administration (management and general costs and communications & outreach).
- Per the requirements of Generally Accepted Accounting Principles (GAAP) for nonprofits, administrative costs should not be allocated to programs.
- There is no causal relationship—costs would not go away if the program did not exist.

Trade Ally Programs & Customer Service Management

- Costs associated with Energy Trust sponsorship of training and development of a trade ally network for a variety of programs.
- Trade Ally costs are tracked and allocated to programs based on the number of allies associated with that program.
- Costs in support of assisting customers which benefit all Energy Trust programs such as call center operations, customer service manager, complaint handling, etc.
- Customer service costs are tracked and allocated based on # of calls into the call center per month.

True Up

- True-up is a once-a-year process where we take everything we've learned about how much energy programs actually save or generate, and update our reports of historic performance and our software tools for forecasting and analyzing future savings.
- Information incorporated includes improved engineering models of savings (new data factor), anticipated results of future evaluations based on what prior evaluations of similar programs have shown (anticipated evaluation factor), and results from actual evaluations of the program and the year of activity in question (evaluation factor).
- Results are incorporated in the Annual Report (for the year just past) and the True-up Report (for prior years).
- Sometimes the best data on program savings or generation is not available for 2-3 years, especially for market transformation programs. So for some programs, the savings are updated through the annual true-up 2 or 3 times