

Board Meeting Minutes—127th Meeting

April 2, 2014

Board members present: Susan Brodahl, Ken Canon, Melissa Cribbins, Dan Enloe, Roger Hamilton, Mark Kendall, Debbie Kitchin, Alan Meyer, Kenneth Mitchell-Phillips, John Reynolds, Dave Slavensky, John Savage (OPUC *ex officio*, *by phone*)

Board members absent: Rick Applegate, Anne Root, Lisa Schwartz (ODOE special advisor)

Staff attending: Margie Harris, Ana Morel, Hannah Hacker, Debbie Menashe, Amber Cole, Steve Lacey, Peter West, Courtney Wilton, Fred Gordon, Scott Clark, Sue Fletcher, Matt Braman, Taylor Bixby, Julianne Thacher, Katie Wallace, Elizabeth Fox, Cheryle Easton, Diana Rockholm, Wendy Bredemeyer, Rachanney Ros, Greg Stokes, Alison Ebbott, Cheryl Gibson, Michelle Spampinato, Thad Roth, Oliver Kesting, Shelly Carlton, Susan Jamison, Dan Rubado

Others attending: Jim Abrahamson (Cascade Natural Gas), John Charles (Cascade Policy Institute), Christina Cabrales (Conservation Services Group), Lauren Shapton (Portland General Electric), Don Jones, Jr. (Pacific Power), Lynn Kingston (Moss Adams), Jennifer Ehman (Moss Adams), Steve Kokes (Coates-Kokes), Dave Neufeld (Online Business Systems), Andrea Johnson (CLEAResult)

Business Meeting

President Debbie Kitchin called the meeting to order at 12:17 p.m.

General Public Comments

There were no public comments.

Consent Agenda

The consent agenda may be approved by a single motion, second and vote of the board. Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.

MOTION: Approve consent agenda

Consent agenda includes:

- 1) February 26, 2014, board meeting minutes
- 2) Revise Lost Opportunity Policy—R702

RESOLUTION 702 AMENDING THE LOST OPPORTUNITIES POLICY

WHEREAS:

1. In 2002, the board adopted a Lost Opportunities Policy to provide guidance on the correct balance between “Lost Opportunities,” opportunities for efficient equipment installation at the time of new construction, and retrofit programs, which provide incentives to replace or augment working equipment with more efficient equipment.

2. **The existing policy is consistent with Energy Trust program design, but through the routine 3-year review, Energy Trust’s board Policy Committee identified two minor typographical errors and proposes correction at this time.**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc., hereby amends the Energy Trust Lost Opportunities policy as shown in the attachment.

Moved by: Alan Meyer

Seconded by: Roger Hamilton

Vote: In favor: 11

Abstained: 0

Opposed: 0

President’s Report

Debbie Kitchin referenced the book “Consider The Fork,” which analyzes the evolution of cooking equipment and utensils. She commented on the intersection food evolution has with energy demand as people change how they purchase, store and prepare their food. She likened this to intersections between energy use and other economic sectors. Debbie mentioned how people’s use of energy can often be secondary to their specific purchase or consumption decisions. An example of how cultures evolve is the shift to refrigerating food. Debbie recommended the board keep in mind intersections between human behavior and energy use as we move into discussions on Energy Trust’s strategic plan.

Debbie mentioned a recent board mentorship approach which includes matching longstanding board members with newer board members to assist with learning about the organization and its work.

Committee Reports

Finance Committee, Dan Enloe

The board reviewed the January and February financial statements. Revenues are on track, including with Cascade Natural Gas. The board commented on the low amount of incentives paid thus far in the year. Courtney Wilton mentioned the trend of lower incentives paid in the first few months is expected each year. The trend is largely a timing issue; the vast majority of incentives are paid in the last quarter of the year. During the start of any year, extra diligence is applied to determine whether the payment is attributed to prior year or current year activity. In January 2014, nearly all incentive payments made were accrued to December 2013, as staff closed the books on prior year activities. Given an uptick in incentives paid in February 2014 as compared to 2013, staff is not concerned.

A small text error was noted on the January financial statement labeling January reserves as December. Courtney will follow up with the board regarding the current presentation of forecasted cash flows.

Audit Committee

Review Results of Financial Audit by Moss Adams

Ken Canon introduced Lynn Kingston and Jennifer Ehman of Moss Adams LLP. This is the second year Moss Adams has conducted an independent financial audit for Energy Trust. The Audit Committee heard full details on the audit at the last Audit Committee meeting. Moss Adams summarized the audit process and results for the board. Moss Adams delivered an unmodified (unqualified) opinion on the 2013 financial statements, resulting in Energy Trust meeting its 2013

Oregon Public Utility Commission performance measure to demonstrate financial integrity. The audit process included meetings with the Audit Committee, approval of the audit scope, and performance of all audit procedures. The audit followed this standard process and Energy Trust staff was well prepared. Moss Adams reported that no items were noted to be communicated specifically to the board.

Moss Adams explained in detail the audit process and procedures undertaken, which starts with an organization-level review, assessment of prior year audits, full review of financial statements, and testing of financial “checks and balances” regarding payroll, receiving funds and fund disbursement transactions.

The board inquired if Moss Adams had any further thoughts on areas of improvement, even though Moss Adams indicated no material items needed to be communicated to the board. The board discussed how the 2012 audit included three recommendations all of which have been implemented by staff. Moss Adams reported none for 2013.

**RESOLUTION 699
ACCEPTANCE OF AUDITED FINANCIAL REPORT**

BE IT RESOLVED: That Energy Trust of Oregon, Inc., Board of Directors accepts the auditor’s report on the financial statements, including an unmodified opinion, submitted by Moss Adams LLP for the calendar year ended December 31, 2013.

Moved by: Ken Canon

Seconded by: Dave Slavensky

Vote: In favor: 11

Abstained: 0

Opposed: 0

The board recognized the full Finance team and its contributions to Energy Trust obtaining an unmodified audit opinion.

Update on Management Review

Ken Canon updated the board on the Management Review, which is part of our grant agreement with the OPUC and required for completion every five years. Scoping of the review began in January and included input from the OPUC. The review will examine five major areas of the organization’s operations, including benchmarking against other similar organizations in the Pacific Northwest. Through a request for proposals, three companies were selected for interviews out of seven responses to the RFP. After interviews, Coraggio Group was selected to conduct the Management Review. The review is expected to be complete and ready for the board’s review at the July 2014 board meeting. Coraggio Group led a similar review for the Northwest Energy Efficiency Alliance, and has worked with Energy Trust in the past. Staff noted the critical intersection between the Coraggio Group’s work on the Management Review and the drafting of the 2015-2019 Strategic Plan.

Operations

Amend Coates-Kokes Creative Services Contract—R700

Amber Cole, Communications & Customer Service director, introduced the resolution. As part of its support functions for Energy Trust, the group manages marketing for programs as a whole, and guides program marketing implemented by Program Management Contractors (PMCs). Marketing

efforts align with the organization's overall brand and program awareness strategy, and position Energy Trust as accessible, credible, helpful, customer-focused, solutions-oriented, approachable, clear and simple.

The current agency contractor, Coates-Kokes, provides overall advertising strategy, creative guidelines for marketing, advertising concepts and production, public relations strategy and implementation, market research and identified marketing projects, such as program awareness campaigns. The contributions of the agency contractor guide and complement program-specific marketing delivered by PMCs.

Amber described recent projects and research completed by Coates-Kokes. Energy Trust's advertising approach has two goals: to promote general awareness of programs available to customers and to market specifically for a particular program or offering. The focus, or call to action, of all Energy Trust advertising is to encourage customer participation and action.

The initial contract with Coates-Kokes originated from a competitive RFP in 2009. After the two-year contract expired, Coates-Kokes responded to and was selected for another two-year contract through an RFP in 2012. The current contract goes through 2014. The contract extension in Resolution 700 is to allow the executive director to sign an amended contract to extend the contract term to December 31, 2015. This action is necessary because an amended contract will increase the contract cap and exceed the \$500,000 signing authority of the executive director. The amended contract will also support an expanded advertising campaign included in the 2014 budget and action plan. Coates-Kokes will be able to support additional marketing strategies and public relations to help raise customer awareness of Energy Trust programs, which lagged in 2013.

The board agreed on the value of television advertising in reaching rural-based audiences. The recent Residential Awareness Study was discussed, including one finding in the study around a drop in residential awareness of Energy Trust.

The board noted the length of PMC contracts are longer than this creative services contract. Amber explained the marketing approach at Energy Trust is relatively conservative and the need to stay flexible in contracting. She agreed the length of the marketing contracts is worth reconsideration. Margie also described the value Energy Trust gets through competitively bidding contracts.

In response to questions from the board, Amber described the proportion of advertising and marketing based by program and geography. Staff will follow-up with the board on awareness numbers based by region and marketing approaches used in each area.

**RESOLUTION 700
AUTHORIZE THE EXECUTIVE DIRECTOR
TO AMEND A CONTRACT WITH COATES KOKES, INC.**

WHEREAS:

- 1. In January 2011, Energy Trust chose Coates Kokes, Inc. ("Coates Kokes") to perform creative agency services following a competitive process. Creative agency services were rebid again in late 2012, and Coates Kokes was again selected to provide these services.**

2. **The contract awarded to Coates Kokes, Inc. in 2012 provides for a two year term beginning in February 2013, with an agreement that an additional term could be added if the parties agreed (the “2013 Agreement”) Contract funding authorized under the 2013 Agreement was less than \$500,000, thereby within the Energy Trust executive director’s signing authority.**
3. **Energy Trust wishes to expand the scope of the 2013 Agreement to provide for development and support of a longer term marketing strategy and to develop and support a comprehensive advertising strategy, as well as a significant multi-year advertising campaign to achieve increased customer awareness of programs and services.**
4. **To accomplish these efforts, Energy Trust proposes an extension of the 2013 Agreement through December 31, 2015, and to authorize additional funding for the contract of \$372,000 for 2014 and amounts for 2015 consistent with the board-approved 2015 budget and action plan, an amount above the \$500,000 limit of the executive director’s signing authority.**

It is therefore RESOLVED:

That the Board of Directors of Energy Trust of Oregon, Inc., hereby authorizes the executive director to sign amendments to the Coates Kokes current contract for creative agency services to (1) extend such contract through December 2015 and (2) authorize expenditures above \$500,000 and in amounts consistent with the board’s annual budgets and action plans.

Moved by: Ken Canon

Seconded by: Kenneth Mitchell-Phillips

Vote: In favor: 11

Abstained: 0

Opposed: 0

Approve Contract with Online Business Services—R701

Scott Clark, IT director, introduced the resolution. Last year, an assessment process determined replacement would be the most effective solution to upgrade Energy Trust’s project tracking system, FastTrack. Earlier this year, IT staff distributed a Request for Qualifications for agencies to support staff in implementing the project. Online Business Systems was competitively selected based on its qualified staff and on its status as a Microsoft-certified partner, which aligns with Energy Trust’s use of Microsoft products. The contract scope is for three technical full-time staff resources and three technical part-time staff resources to support Energy Trust completing the time-intensive project through the rest of this year. Resolution 701 requests board authorization for the executive director to sign a contract that exceeds \$500,000.

Scott clarified the \$250,000 original contract scope was largely for foundational project work , necessary to determine the remaining scope and costs for staffing resources required to complete the FastTrack replacement project. The board asked if the contract includes milestones. Scott clarified that the responsibility of the project lies with Energy Trust and the contract with Online Business Systems is limited-term staff augmentation.

**RESOLUTION 701
AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN A CONTRACT WITH
ONLINE ENTERPRISES INC. DBA ONLINE BUSINESS SYSTEMS**

WHEREAS:

1. **Following a competitive process completed in February 2014, Energy Trust chose Online Enterprises Inc., dba Online Business Systems (“OBS”) to provide technical resources to support Energy Trust’s Integrated Solutions Implementation Project (ISI) Phase 2, Fast Track replacement (“ISI Phase 2”).**
2. **Energy Trust and OBS have entered into a contract through May 2014 with a not-to-exceed budget of \$250,000 for foundational work associated with ISI Phase 2 (the “OBS Agreement”).**
3. **Energy Trust wishes to extend the term of this foundational contract and authorize additional budget for technical resources and services to support the completion of ISI Phase 2 and ongoing business intelligence development. To accomplish these purposes, Energy Trust proposes to extend the OBS agreement through December 31, 2014, to authorize additional funding for the contract of \$550,000 and amounts for 2015, if needed, consistent with the board’s annual budgets and action plans.**

It is therefore RESOLVED:

That the Board of Directors of Energy Trust of Oregon, Inc., hereby authorizes the executive director to sign a contract with Online Enterprises Inc. dba Online Business Systems for technical resources and services consistent with those described in this resolution and to authorize expenditures above \$500,000 and in amounts consistent with the board’s annual budgets and action plans.

Moved by: John Reynolds

Seconded by: Mark Kendall

Vote: In favor: 11

Abstained: 0

Opposed: 0

Board took a break from 1:27 p.m. to 1:42 p.m.

Committee Reports, continued

Evaluation Committee, Alan Meyer

The committee reviews all process evaluations, impact evaluations and awareness studies. The 2011 New Buildings Impact Evaluation and the 2013 Residential Awareness Study were reviewed at the January committee meeting.

The board discussed the realization rates reported in the 2011 New Buildings Impact Evaluation. Oliver Kesting, Business Sector Lead, mentioned the results of the study are incorporated into program strategy; in particular, the results related to motors will be addressed through PMC staff training on correctly reviewing invoices and making sure the invoices match the specifications. The

board expressed interest in learning more about the standard motor realization rate. Staff will follow-up on actions the program will take to improve the rate. Phil Degens, Evaluation Manager, noted also that with the increased code during 2011, the year evaluated in the study, motors installed were found to meet code instead of exceed code, also affecting savings realization rates. Staff added that savings from motor installations are small within the overall program savings.

Another finding in the New Buildings program evaluation addressed metering challenges on campuses. The board agreed with the evaluation recommendation to assist customers with financing to help with metering of individual buildings on a campus.

With respect to the 2013 Residential Awareness Study, it was noted that customers indicating they are “familiar” with Energy Trust decreased from 61 percent in 2012 to 51 percent in 2013 and that some of this decrease may be attributed to changes in the wording of questions. The board asked what the amount is of rural based customers vs. Portland metro area customers. Staff responded that about 50 percent of customers are in the Portland metro area. The board sought clarification on whether more education can be provided to those customer types listed as “hard to reach” and “retention.” Staff clarified that the findings do indicate greater education can be valuable, and the next step is determining resources to dedicate to providing the education.

Policy Committee, Roger Hamilton

The Policy Committee reviews all policies on a rolling basis every three years. At the March meeting, the committee reviewed the Lost Opportunities Policy and recommended no changes. The purpose of the policy and recommendations to staff is described in the board packet. The committee also started a discussion about the Fuel Switching Policy, which provides that Energy Trust may not advocate fuel switching, but it may provide fuel-neutral technical information on efficiency options or provide fuel-specific information upon request by a consumer. The policy is of particular applicability given the completion of a recent online tool that provides residential customers with the ability to estimate payback on potential energy projects. The committee and staff discussed the applicability of the Fuel Switching policy to current and future online tools enabling calculation of payback information, especially its use by customers heating with propane or oil. Discussions on this issue will continue at the next Policy Committee meeting.

Staff briefly described bills passed during the 2014 Oregon Legislative session and signed by Governor Kitzhaber, including bills related to the Renewable Energy Standard, commercial “PACE” financing and exemptions from securities requirements for renewable energy cooperatives. Staff clarified SB 844, passed in 2013 and currently in OPUC rulemaking, authorizes rate recovery by natural gas companies for carbon reduction efforts separate from efforts funded by public purpose dollars.

In discussing public purpose funds, the board asked whether Energy Trust’s larger than expected reserves comprised of unspent public purpose funds are of concern to the Energy Trust’s utility funders. Lauren Shapton of PGE, and Don Jones, Jr. of Pacific Power each responded that Energy Trust and their respective utilities work collaboratively with Energy Trust in determining funding levels annually, and that reserve amounts are intended to provide adequate resources for achieving all cost-effective energy efficiency and to avoid frequent rate increases. Given current funding levels, PGE expects a minor rate decrease later this year, and Pacific Power is also looking at a modest decline in rates later in the year. Both utilities support and work closely with Energy Trust to monitor funding amounts.

Jim Abrahamson described recent Cascade Natural Gas rate setting actions and changes to the amount of funds collected through the public purpose charge. Cascade also continually monitors the charge to ensure funding is at the appropriate level.

The board noted the incorrect labeling of the Oregon Department of Energy as the Office of Energy in the Lost Opportunities Policy. The board moved to revise the policy accordingly, passed in the consent agenda.

Moved by: John Reynolds

Seconded by: Alan Meyer

Vote: In favor: 11

Abstained: 0

Opposed: 0

Strategic Planning Committee, Rick Applegate

In Rick Applegate's absence, Debbie Menashe presented on the March meeting of the Strategic Planning Committee. The committee reviewed the latest draft papers on emerging strategic issues and opportunities, and heard from staff on feedback from Conservation Advisory Council and Renewable Energy Advisory Council members. A summary of the main issues stemming from the information gathering phase of the strategic planning process included issues around energy savings goals and renewable energy generation goals; goals related to climate change, including greenhouse gas reduction; goals related to peak load management; and opportunities to coordinate with similar organizations. Staff noted clear feedback from stakeholders, particularly CAC and RAC, was that Energy Trust should focus on strategies that are directly aligned with its current energy efficiency and renewable energy goals. Debbie outlined the next steps. The full board will be given another update on the Strategic Plan at the May board meeting.

Staff Report

Highlights, Margie Harris

Margie highlighted the Oregon Air National Guard's lighting projects that involved replacing more than 1,000 fixtures over the last two years. The Oregon Air National Guard expects to complete interior lighting upgrades and heating, ventilation and air conditioning (HVAC) system control improvements next.

Margie described the strong 2013 annual results, larger-than-expected year-end reserve amounts and budgeting process changes underway. 2013 results show high volume savings at exceptionally low cost. Staff completed analysis on the low cost savings acquisition, which is largely due to low-cost electrical savings from a variety of programs, including:

- New construction of data centers, which may not continue at this scale in the future
- Completion of a very large industrial project
- Behavioral savings from industrial Strategic Energy Management (SEM) and residential Personal Energy Reports through Opower, and,
- Market transformation savings from the Northwest Energy Efficiency Alliance.

Margie noted industrial electric savings acquisition declined from 2.5 cents per kilowatt hour levelized in 2011 to 2.1 cents per kWh levelized in 2013. Margie will follow up on the breakout of behavioral savings between industrial SEM compared and savings through Opower. The board suggested documentation and follow-up communication on these findings to inform the Management Review and strategic planning efforts.

Margie noted that 2013 savings lagged in the Existing Homes and Existing Buildings. Renewable energy generation was less than projected with several projects moving forward into 2014.

Margie emphasized that process improvements will be implemented in 2014 to enhance annual expenditure forecasting capability. In addition, Margie will be working with Courtney and other staff to address how annual budgets are established and to provide more detailed information about access to new utility specific program reserves. The board supports the collaborative budget setting process with each utility.

Margie followed up on a topic the board discussed at the last meeting related to growth in multifamily construction in the Portland metro. She described the New Buildings program approach to serving this market segment through the market solutions offering. This approach which makes it easier to incorporate energy efficiency into the design for buildings under 70,000 square feet by providing tailored packages of incentives and services by business type. She described a recently completed affordable housing building in Portland, The Magnolia. Peter West added the program supports about 50 percent of the square feet being constructed through its offerings.

A recent report by the American Council for an Energy-Efficient Economy (ACEEE) showed energy efficiency costs utilities two to three times less than traditional power sources. The report included electric efficiency and natural gas efficiency costs in 26 states around the nation, including Oregon.

Two companies contracting with Energy Trust—RHT Energy Solutions and Evergreen Consulting Group—were ranked in the Oregon Business's 100 Best Companies to Work For in Oregon.

Margie has been involved in development of NEEA's next strategic and business plans, working with board members to develop a draft proposal for the amount of funding NEEA will need in the next five years. This draft will be presented for public comment in April, with further board consideration in May.

Margie showed a table of the 2014 OPUC Performance Measures for Energy Trust. She mentioned this is the first year individual savings targets and levelized cost performance measures link directly to individual utility Integrated Resource Plans. The board mentioned Energy Trust's ongoing efforts to be customer focused and resolve customer concerns.

Melissa Cribbins left at 3:15 p.m.

Margie concluded her staff report by highlighting Agile Homes, one of the first Energy Trust trade ally builders in Eastern Oregon to offer customers Energy Trust's energy performance score. EPS is a core part of the New Homes program, and was launched for existing homes in 2013.

The board asked if the staff analysis on year-end savings and costs uncovered any trends that could inform the Strategic Plan in development. Margie mentioned a demographic analysis of our customer participation data that is in progress in the Planning group. She believes it will be helpful for the Strategic Plan once complete, and plans to share highlights at the board strategic planning work session.

The board asked if there is any follow up after receiving a letter from the Clean Energy Works executive director at the last board meeting. Staff has spoken with Rep. Jules Bailey and is in communication with Clean Energy Works staff to clarify how ratepayer dollars from Energy Trust are invested in Clean Energy Works projects.

**Feature Presentation: Energy Trust's Energy Payback Estimator,
Matt Braman & Taylor Bixby**

Matt Braman described the new Energy Payback Estimator, designed to provide participants with information on energy savings and payback on potential investments. The tool is designed currently for Existing Homes participants who have contractor bids in hand and are exploring what projects to proceed with completing. Using information from contractor bids, customers input cost estimates to the tool. The tool uses Energy Trust data to compute estimated savings for qualifying measures. The tool can also incorporate and reflect utility usage data using the customer data Energy Trust now receives from utilities. Staff received valuable feedback from stakeholders in the past few months. The tool will be enhanced over time, including adding a survey at the end for participants to comment on their experience. Over the last two months, the tool has garnered 2,500 views, consistent with page views of other Energy Trust residential web pages even though it was not promoted. Before promoting the tool, staff wanted to be sure it worked well and initiate some improvements. Taylor Bixby demonstrated the Energy Payback Estimator. Next steps for the tool are to integrate it with the current energy audit tool on Energy Trust's website and begin promotion. The program may also pursue providing the report to contractors for their use as a sales tool. The board commented on the benefit customers may see by being able to compare contractor bids.

Adjourn

The meeting adjourned at 3:45 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held on Wednesday, May 14, 2014, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

/S/ Alan Meyer
Alan Meyer, Secretary