EnergyTrust of Oregon, Inc.

Finance Report

October 31, 2007

Review October 2007 year to date financial statements

Balance Sheet and Cash Flow Statements

October's balance sheet reflected some additional activity for the month. It shows the funding of a new escrow account for the Warm Springs biomass project in the amount of $5 million from our cash balance. Also displayed are some purchases of computer equipment as authorized in the 2007 capital budget. October statements reflect the termination of the sublease for our old office space; the sublessee's deposit was applied to their outstanding balance in October. The receipt for the deposit we paid to the landlord was returned in November.
Cash and investment balances declined very slightly in September. We currently expect to finish 2007 with close to $67 million in cash and escrows. Of that amount, about $18.5 million is anticipated to be reserved in escrow and board designated accounts.

Income Statements

With the exception of PGE, public purpose revenues for the month tracked pretty closely with budget again this month. On a year to date basis total revenue continues to exceed budget by about $2.9 million, with PGE representing $2.6 million of that variance. PGE's previous forecasts did not include the additional collections for the residential rate credit decision which was reversed earlier this year.
Variances in expenses increased this month over prior months, indicating that the "hockey stick" effect will come later this year than originally budgeted or forecasted.

Revenue

- Public purpose revenue above budget by $3.5 million (7% variance).
  - PGE 2007 YTD October
    - EE revenue variance $2.1 million
    - RE revenue variance $.5million
  - PacifiCorp 2007 YTD October
    - EE revenue variance $.5 million
    - RE revenue variance $.2 million
  - NW Natural YTD October
    - EE revenue variance $.2 million
  - Cascade YTD October
    - EE revenue variance $.007 million
  - Avista YTD October
    - EE revenue variance - $.09 million
- Conservation rate credit revenue variance will continue throughout year
  - Will remain below budget by $1.35 million
  - Court ruling on BPA's residential exchange program will increase variances for remainder of year, unless overturned
  - Only received $550,000 of budgeted $1.1M in PGE revenue
  - Received none of budgeted $800,000 revenue from PacifiCorp
  - Not incurring/reporting any CRC related expenses for either utility
- Interest income exceeded budget by $737 thousand (38% variance)
  - Higher invested balances than expected; result of reduced spending and more revenue

Expenses

- Expenses overall below budget by $8.5 million (19% variance from budget)
  - By line item
    - Program management, delivery, marketing $877 thousand (10% of expense variance)
      - Delivery primarily in commercial sector, then industrial and residential. PMC marketing costs are over budget in the commercial sector, particularly in the existing buildings program where efforts are being made to improve and maintain the pipeline of projects. Program management costs generally are pretty close to budget in the residential sector despite the downturn in the housing market.
    - Incentives $4.2 million (49% of expense variance) Forecasted to be about 11% below budget by year end, but with all EE programs exceeding conservative goals and many exceeding best case electric goals. Expect to come close to achieving the conservative case gas goals, except in new homes program.
      - Commercial sector (31% of incentive variance)
        - Existing buildings
          - Existing buildings-although underspent, program doing well in acquiring savings through lighting projects. Buildings in market transition are not doing expensive mechanical projects as expected
      - Industrial sector (27% of incentive variance)
        - Program focusing on rebuilding pipeline and creating future commitments; several big projects were delayed until November and December; still forecasted to come in below budget at year end by approximately $1.6 million
      - Residential sector (8% of incentive variance)
        - New home construction underspending due to market conditions
        - Spring lighting and washer campaigns continuing to do very well; will reflect significant activity in November
        - Retrofit projects also much better than expected, particularly in gas projects
      - Renewable energy (34% of incentive variance)
        - Primarily solar where expenditures for incentives are below budget primarily due to decisions by businesses to delay installations until legislation to increase the state Business Energy Tax Credit from 35% to 50% was enacted. In PGE service territory new caps and new incentive offerings are being implemented to improve uptake. Secondarily in Wind, where feasibility studies are lagging and turbine availability continue to contribute to delays.

    - Professional services $2.8 million (33% of expense variance)
      - Evaluations—delays in scheduling of some large evaluations
        - EB, NB and PE—work began in Fall
      - Renewables inspection and project analyses still delayed
      - Delayed contracting of IT consultants resulting from delay in letting of contract for enterprise architecture study and its results
      - Administrative units-postponement of analysis and implementation based on study results and system evaluations

- By division
  - Energy efficiency
    - $6.1 million under spent from budget (16%)
      - Electric efficiency under spent $6.8 million
      - Continued good news-gas efficiency over spent $.7 million
  - Renewable energy
    - $2.4 million under spent from budget (42%)—solar, wind and biopower programs

- Program delivery efficiency (administrative costs plus program support costs)
  - 5.9%, budgeted at 8.1%; performance measure is 11.0%
  - Last year October was 6.1%. Last month's rate was 5.7%.