EnergyTrust of Oregon, Inc.

# Finance Report

November 30, 2007

**Review November 2007 year to date financial statements**

## Balance Sheet and Cash Flow Statements

November's balance sheet reflected an increase in activity for the month. It shows the expensing of approximately $260k of the $400k prepaid for the "Fall Change a Light Campaign", as well as a full month's NEEA expense. Fixed assets increased to reflect the purchase of new solar project management software. Energy Trust also received the refund of the deposit paid at the old office space during November. Cash and investment balances increased very slightly in September. We currently expect to finish 2007 with close to $70 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 $3.4 million, with PGE representing $3 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.

Expenses in November were approximately 75% of budget. The increase in total expenses compared to prior months reflects the beginning of the projected "hockey stick" effect at the end of the year. However, this increase is less dramatic than what was budgeted.

**Revenue**

- Public purpose revenue above budget by $4.0 million (7% variance).
  - PGE 2007 YTD November
    - EE revenue variance $2.5 million
    - RE revenue variance $.5 million
  - PacifiCorp 2007 YTD November
    - EE revenue variance $.5 million
    - RE revenue variance $.2 million
  - NW Natural YTD November
    - EE revenue variance $.4 million
  - Cascade YTD November
    - EE revenue variance $.03 million
  - Avista YTD November
    - EE revenue variance - $.1 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 $802 thousand (37% variance)
  - Higher invested balances than expected; result of reduced spending and more revenue

**Expenses**

- Expenses overall below budget by $10.3 million (20% variance from budget)
  - By line item
    - Program management, delivery, marketing $961 thousand (9% 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 continuing to improve and maintain the pipeline of projects. Program management costs are $119 thousand over budget in the residential sector despite the downturn in the housing market.
    - Incentives $5.7 million (55% 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 (24% 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, keeping incentive payments lower than budget
      - Industrial sector (31% of incentive variance)
        - Program focusing on rebuilding pipeline and creating future commitments; several big projects were delayed until December; still forecasted to come in below budget at year end by approximately $1.6 million
      - Residential sector (15% 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 December as well, overcoming shortfall in underspending in New Homes
        - Retrofit projects also much better than expected, particularly in gas projects
      - Renewable energy (30% of incentive variance)
        - Solar, Wind & Open Solicitation each 30% of total Renewable variance.-In Solar, 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 solar uptake. In Wind, feasibility studies are lagging and turbine availability continue to contribute to delays. In the Open Solicitation Program feasibility studies are also lagging.

    - Professional services $3 million (29% of expense variance)
      - Over 40% of variance is in evaluations and planning—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; still evaluating possibility of salvaging accounting and contracting systems

- By division
  - Energy efficiency
    - $7.5 million under spent from budget (17%)
      - Electric efficiency under spent $8.0 million
      - Continued good news-gas efficiency over spent $.5 million
  - Renewable energy
    - $2.8 million under spent from budget (43%)—solar, wind open solicitation and biopower programs all underspent

- Program delivery efficiency (administrative costs plus program support costs)
  - 6%, budgeted at 8.1%; performance measure is 11.0%
  - Last year November was 6.1%. Last month's rate was 5.9%.