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YOUNG VAN ASSENDERP, P.A.

ATTORNEYS AT LAW

Attorneys:

Tasha O. Buford
David S. Dee
Ronald A. Labasky
John T. LaVia, III
Philip S. Parsons
Timothy R. Qualls
Kenza van Assenderp
Robert Scheffel Wright
Roy C. Young

Gallie's Hall
225 South Adams Street
Suite 200
Post Office Box 1833
(ZIP 32302-1833)
Tallahassee, Florida 32301

Telephone (850) 222-7206
Telecopier (850) 561-6834

Of Counsel Attorneys:

Daniel H. Cox
David B. Erwin
Joseph W. Landers, Jr.

George Ann C. Bracko
Executive Director

CONTAINS CONFIDENTIAL INFORMATION

September 18, 2008

Katherine Fleming
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: STAFF DATA REQUESTS DATED SEPTEMBER 5, 2008
Docket No. 070626-EI
Review of Florida Power & Light's Sunshine Energy® Program

Dear Ms. Fleming:

Green Mountain Energy Company ("Green Mountain") provides the following in responses to the Public Service Commission Staff's Data Request dated September 5, 2008. This response is provided voluntarily. This letter contains confidential information. Green Mountain is providing both a redacted copy that may be kept in the public record and also a confidential version under cover of a Notice of Intent to Request Confidential Classification.

1. Has Green Mountain ever sought or been denied certification with Green-e Energy or any other standards organization?

COM _____
ECR 1
GCL _____
OPC _____
RCP _____
SSC _____
SGA _____
ADM _____
CLK _____

Green Mountain never sought certification, and has never been denied certification, by Green-e or any other standards organization for the 'green pricing' product offered in Florida Power & Light Company's ("FPL") Sunshine Energy® Program ("Program"). Green Mountain has sold Green-e certified products in a number of states and has never been denied certification by Green-e or any similar standards organization.

Exhibit B

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

The Trademark License and Services Agreement between FPL and Green Mountain ("Services Contract") did not require Green-e certification for the *Sunshine Energy*® product. FPL did not insist on any type of third party certification when the *Sunshine Energy*® product was developed in 2003. In fact, when the Services Contract was entered into, the *Sunshine Energy*® product could not have been Green-e certified because, at the time, there were no Green-e accreditation standards for utility green pricing products in place for Florida.

Green Mountain has developed its own stringent standards for assuring green power product integrity, described in our responses under Questions 2 through 8.

2. Does Green Mountain operate pursuant to a Code of Conduct? Please provide a copy of the code of conduct used by Green Mountain.

Yes, as described more fully in response to Questions 3 and 4 below, Green Mountain operates pursuant to its own internal Standards of Conduct and pursuant to its own stringent operating procedures. By way of explaining the context, and attempting to address the apparent question as to whether Green Mountain operates pursuant to a national code or set of standards per se, Green Mountain offers the following.

Green Mountain has been serving retail renewable energy products longer than any other company in the U.S. Based on more than a decade of experience, Green Mountain has developed our own stringent standards for assuring green power product integrity. Our standards are based on our extensive industry experience, our in-depth knowledge of standards in the market, our interactions with thousands of consumers, and on our previous work with Green-e, the National Association of Attorneys General, and the utilities commissions of several states. Green Mountain served a leading role in the development of the Green-e certification program when the standards were created in 1997, including holding a seat on the organization's Board. Green Mountain has experience marketing both Green-e certified and non-Green-e certified products in various states.

Green Mountain's internal standards include: (i) a detailed environmental review and assessment of renewable facilities; (ii) a thorough contracting process, [REDACTED]

[REDACTED], (iii) collecting generator and wholesaler attestations for each step in the purchase and sale chain, and tracking system data where available, to provide verification and substantiation of REC's purchases; and (iv) a process of senior legal, environmental and marketing review of all marketing claims. Green Mountain also has its REC's purchases audited by an independent third party auditor on an annual basis, to ensure that all customer purchases are accurately matched with REC's purchased. Green Mountain's auditors have recently completed the audit for 2007 and we expect the 2007 audit report to be available shortly. *For a copy of the audit report for 2006, see Exhibit - Question 2.*


We believe Green Mountain's own environmental and contracting standards, and our standards for conducting independent third party audits of our RECs purchases, generally track and are consistent with (or exceed) the evolving requirements under Green-e's national standards. Like the Green-e standards, Green Mountain's internal environmental and contracting standards are aimed to assure customers that the customer is supporting 'new' renewable resources, that the RECs are of sufficient environmental quality, that there has been no double selling or double claiming of RECs, and that the renewable generation is over and above what is required under a state's renewable mandates and RPS requirements.

In many respects, Green Mountain's standards exceed Green-e's standards. A few examples are given here:

Green Mountain's definition of what constitutes 'new' renewable exceeds the Green-e national standard. The Green-e national standard defines 'new' as facilities that are placed in operation or repowered after January 1, 1997. The 'new' portion of the *Sunshine Energy*® product is from renewable facilities which came online after January 1, 1999, exceeding the Green-e national standard.

Green Mountain requires RECs to be fully aggregated, consistent with Green-e's position. However, Green-e form attestations do not define what a 'renewable attribute' is. In contrast, Green Mountain's contracts and attestations generally require a detailed definition of the environmental attributes included in the REC, exceeding the Green-e standard in its form attestations.

Green Mountain's sourcing criteria for biomass for the *Sunshine Energy*® product exceed Green-e requirements.



Green Mountain's process for marketing compliance review far exceeds Green-e's requirements. While Green-e requires a biannual marketing compliance review by Green-e staff, Green Mountain's compliance review of marketing materials is constant and on-going and includes senior legal, environmental and marketing staff.

Green Mountain seeks advice on environmental issues from our Environmental Advisory Board. Our current Environmental Advisory Board includes representatives from the Natural Resources Defense Council, Natural Capitalism Inc., Collective Strength, the Renewable Northwest Project, the Regeneration Project, and Interfaith Power and Light, as well as an expert on Sustainability, Corporate Social Responsibility, Population, Gender and Justice issues and an energy industry consultant.

Green Mountain is a long time member of the Coalition of Environmentally Responsible Economies (CERES). As a member of CERES, we are obliged to issue an annual CERES sustainability report that discloses our corporate environmental

policies and performance. CERES corporate sustainability reports provide informative benchmarking and accountability tools to measure a company's environmental, social and economic performance. Copies of our CERES reports can be found at: http://www.greenmountainenergy.com/about/our_commitment.shtml.

3. Did Green Mountain abide by any customer disclosure requirements? If so, please describe the disclosure requirements?

Green Mountain followed and abided by its own internal Standards of Conduct and claim verification practices as described in the responses to Questions 4 and 6 below. However, unlike a number of other states, Florida has no specific environmental disclosure label rules or requirements applicable to FPL, Green Mountain, or the *Sunshine Energy*® product. Green Mountain disclosed the key features of the *Sunshine Energy*® product in marketing materials delivered to customers and made publicly available: the product price, that it was sold in 1,000 kWh blocks, the types of renewable fuel resources used for the *Sunshine Energy*® product (i.e. wind, bioenergy and solar), the geographical regions in which renewable resources may be located (i.e. Florida and other states), and environmental benefits of the product (for example, the emissions avoidance value of the product).

4. Please describe the steps Green Mountain took to ensure that its employees or contractors were not making factually inaccurate and/or inappropriate statements about the *Sunshine Energy*® program.

Green Mountain operates pursuant to its own '*Standards of Conduct*,' a copy of which is attached as *Exhibit – Question 4*. All Green Mountain employees agree to and sign the Standards of Conduct when hired.

Additionally, sales channel representatives, such as telemarketers and face-to-face sales representatives, were subjected to training and in some cases testing before making contact with prospective customers. Sales channel representatives were also subject to ongoing performance evaluations.

Green Mountain employees and subcontractors involved in the Program were trained to follow the FPL *Sunshine Energy*® Program Message Map. The Message Map was specifically approved by FPL. The Message Map provided a set of positioning statements, guidelines on claims, pricing, product content and other messages to be used as a basis for communicating to customers and as a basis for developing marketing materials. The Message Map also included environmental claims and equivalents determined by Green Mountain's environmental affairs department using the methodology described under Question 8.

For a copy of the Sunshine Energy® telemarketing training materials, see Exhibit – Question 9. Note: Exhibit is Confidential.

For a copy of the Sunshine Energy® sales representative training manual, see Exhibit - Question 4. Note: Exhibit is Confidential.

For a copy of the Message Map for the FPL Sunshine Energy® Program, see Exhibit - Question 6. Note: Exhibit is Confidential.

5. Please describe the steps Green Mountain took to ensure that its employees or contractors made adequate pricing and renewable fuel source disclosures to customers.

Please see the answer to Question 4.

6. Please describe the steps Green Mountain took to ensure that its environmental marketing claims were factually based and could be verified to the extent feasible.

All marketing materials and marketing/sales scripts which Green Mountain created for the *Sunshine Energy®* Program were reviewed and approved by a team which included senior legal counsel, an environmental affairs manager/specialist, and an experienced member of the marketing department. Senior legal counsel, environmental staff and a marketing representative approved all marketing claims before they were used by Green Mountain or released to FPL for use.

As a part of this review process, an environmental affairs manager or specialist did internal calculations of the environmental impact of the product based on prescribed methodologies. These methodologies are described in the document entitled '*Methodologies for Calculating Environmental Impact of Green Mountain Electricity Products.*' (For a copy of this document, see Exhibit - Question 6). Note: Exhibit is Confidential.

All marketing claims created by Green Mountain for the *Sunshine Energy®* Program were reviewed from a legal and environmental perspective, to ensure that the marketing claims were accurate, clear, factually based, verifiable and not misleading.

Green Mountain's legal, environmental and marketing teams have extensive experience and expertise in marketing 'green pricing' products. We keep fully abreast of Green-e requirements and follow developments and discussions in the industry with respect to marketing and advertising of renewable energy and 'green pricing' products.

Sunshine Energy® marketing copy (i.e. text) developed by Green Mountain was based on the FPL-approved Message Map for the *Sunshine Energy®* Program. The Message Map provided a set of statements and messages to be used as a basis for developing marketing materials. The Message Map contained guidelines on how to

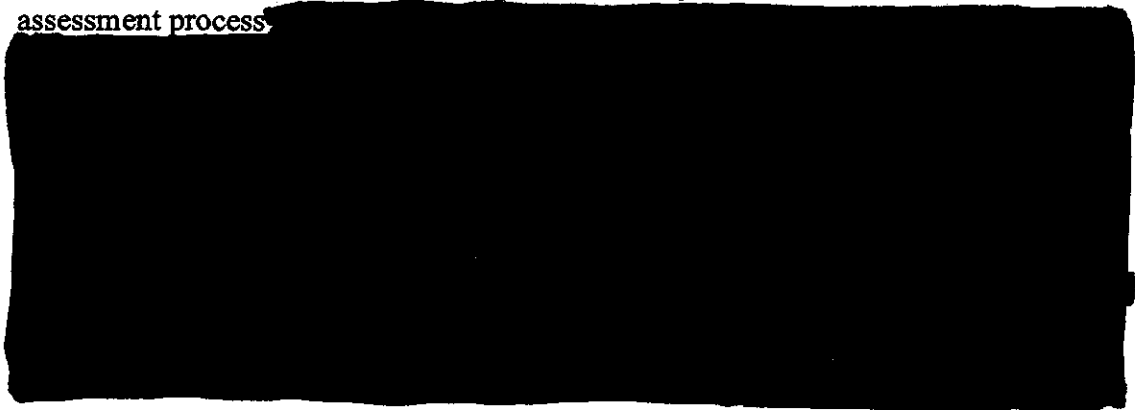
make claims, on what claims needed to be supplemented or supported with additional information, and similar matters. The Message Map also included environmental claims and equivalents determined using the methodology described above. (For a sample Message Map and a copy of FPL's Collateral Guidelines referenced in the Message Map, see Exhibit – Question 6). Note: Exhibit is Confidential.

In addition to Green Mountain's internal review process, all marketing materials for the Program were reviewed by FPL employees. This additional step was not required by the Services Contract, but in practice all *Sunshine Energy*® marketing materials were submitted to FPL for review and final approval. Green Mountain made any edits requested by FPL to materials and rerouted the edited versions to FPL for FPL's final approval. At a minimum, FPL's own internal marketing manager reviewed materials for the *Sunshine Energy*® Program, and often marketing materials were reviewed up through higher levels in the FPL chain of command, to the level of vice president in FPL's Customer Services department and/or the vice president in FPL's Marketing and Communications department.

7. Please describe the process Green Mountain used in conducting an annual verification of product sales and purchases as relates to the FPL program.

Green Mountain's verification of each purchase of 'renewable attributes' or 'renewable energy credits' (RECs) for the Program began prior to each purchase, with an initial environmental assessment of the renewable facilities generating the RECs and a thorough contracting process for the purchase of those RECs.

Renewable facilities used for the Program were subject to an environmental assessment process.



All contracts for the purchase of RECs for the Program were reviewed by senior legal counsel. RECs purchase contracts for the Program required REC sellers to deliver attestations from each entity in the purchase and sale chain, with a 'clear line of sight' back to the generator (consistent with Green-e requirements). REC sellers were also required to deliver RECs on a tracking system (such as ERCOT's RECs Trading Program) where available. RECs purchase contracts for the Program (along with attestations delivered under these contracts) also included representations to

provide assurances that RECs were fully aggregated (consistent with Green-e's position), to provide assurances that RECs were not double-sold or double-claimed to other parties, to provide assurances that the energy associated with the RECs was not sold in a way that results in double-selling or double-claiming of environmental benefits, and to provide assurances that the RECs were not used for compliance with state renewable mandates. Based on many years of experience contracting to purchase and sell RECs, we believe that Green Mountain's contracts for the purchase of RECs [REDACTED]

[REDACTED] Green Mountain's form attestations have been accepted by Green-e for Green-e certified products. Green Mountain's form contracts and attestations also exceed Green-e standards in a number of respects.

Once RECs were purchased for the Program, Green Mountain followed a detailed process for verifying RECs purchases and product sales. This process is described in Green Mountain's *'Supply Substantiation Process Guidelines,'* a copy of which is attached as *Exhibit – Question 7. Note: Exhibit is Confidential.*

Green Mountain's Supply and Finance (Settlements) employees providing back-office support for the Supply Substantiation Process were also subject to a *'Performance Contract – Green Back & Middle Office Support – Roles, Responsibilities and Expectations,'* a copy of which is attached as *Exhibit – Question 7. Note: Exhibit is Confidential.* This document further specifies and describes roles, responsibilities and processes with respect to the processing, verifying and reconciling of RECs purchases against customer sales. This Performance Contract is evaluated as a part of employee performance reviews. *Note: Exhibit is Confidential.*

As part of the supply substantiation process, all RECs purchases and product sales for the Program were audited internally on an annual basis, to ensure that customer sales (as reported by FPL) were accurately matched with RECs purchases and attestations. This internal audit was conducted by Green Mountain's Vice President or Director of Risk Management. For each calendar year, this internal annual audit process generally takes place over a three and a half month period, from late December through early April.

Finally, after internal audit and verification, Green Mountain conducts an annual independent third party audit and verification of product sales and purchases, to ensure that all customer sales are accurately matched with RECs purchases and attestations. This independent external audit is described under Question 2.

8. Please describe the standards that Green Mountain follows when developing or creating its marketing material.

Please see answer to Question 6.

9. Please provide a copy of each script used for telemarketing regarding the

Sunshine Energy® Program. Please describe the promotional objective(s) associated with each script provided.

Attached is a representative example of a *Sunshine Energy®* telemarketing script (see Exhibit – Question 9). Note: Exhibit is Confidential. Green Mountain conducted extensive telemarketing activities for FPL's *Sunshine Energy®* Program from February 2004 through October 2005. More than 50,000 hours of calling were conducted. The promotional objective of telemarketing was to generate cost-effective, quality sales (meaning sales to customers who understand what they are purchasing and stay with the Program), in order to grow the Program and support increasing volumes of renewable energy generation and new solar electric development in Florida. Telemarketing vendors were hired to conduct outbound calls, and quality was rigorously and regularly monitored by Green Mountain. Green Mountain personnel monitored live calls, performed refresher training at the call centers, and evaluated the performance of each representative. Agents were trained and given a written test on all aspects of the *Sunshine Energy®* program before initiating calls (see Exhibit – Question 9). Note: Exhibit is Confidential.

Telemarketing accounted for approximately one third of all Program sales during the period from 2004 through 2005. Over time, this channel's performance suffered as the telemarketers ran out of qualified prospects to call. As a result, sales conversions decreased and the cost per sale increased. The "churn rate" (i.e. rate of customers leaving the Program) for telemarketing sales proved to be higher than other channels. That fact combined with the increased cost per sale resulted in the closing of the telemarketing channel in late 2005. However, two additional telemarketing tests were conducted in 2006 and 2007 at the direction of FPL. The results did not support further use of this channel.

10. Please provide a copy of each direct mail piece sent regarding the Sunshine Energy® Program. Please describe the promotional objective(s) associated with each direct mail piece provided.

Attached are copies of all *Sunshine Energy®* direct mail pieces (see Exhibit – Question 10). Note: Exhibit is Confidential. Since 2004, Green Mountain has conducted 13 direct mail campaigns for FPL's Program. In all, approximately 3.6 million pieces of mail were delivered to targeted groups of FPL customers. The promotional objective of the direct mail campaigns was to generate cost-effective, quality sales (meaning sales to customers who understand what they are purchasing and stay with the Program)

[REDACTED] in order to grow the Program and support increasing volumes of renewable energy generation and new solar electric development in Florida.

11. Please provide a copy of each bangtail sent regarding the Sunshine Energy®

Program. Please describe the promotional objective(s) associated with each bangtail provided.

Attached are copies of all *Sunshine Energy*® bangtails (see Exhibit – Question 11). Note: Exhibit is Confidential. A bangtail is a tear-off sign up form printed on the flap of the bill envelope, which was returned by the customer with the customer's payment. The promotional objective of the bangtails was to generate cost-effective, quality sales (meaning sales to customers who understand what they are purchasing and stay with the Program) by providing FPL's entire residential customer base with an easy and convenient sign up mechanism, in order to grow the Program and support increasing volumes of renewable energy generation and new solar electric development in Florida. Bangtails were used, on average, three or four times a year. Bangtails were sent to all FPL residential customers on 13 occasions from 2005 through the first quarter of 2008, for a total of approximately 50 million bangtails mailed.

12. Please provide a copy of each bill insert sent regarding the *Sunshine Energy*® Program. Please describe the promotional objective(s) associated with each bill insert provided.

Attached are copies of the bill inserts for two campaigns sent to FPL's entire residential customer base in February and June of 2004 (see Exhibit - Question 12). There were 3 versions for each campaign. The promotional objective of the bill inserts was to introduce FPL residential customers to the newly-launched *Sunshine Energy*® Program, as well as to generate cost-effective, quality sales (meaning sales to customers who understand what they are purchasing and stay with the Program), in order to grow the Program and support increasing volumes of renewable energy generation and new solar electric development in Florida.

13. Did Green Mountain utilize any promotional strategies other than telemarketing, direct mail, bangtails, and bill inserts for the *Sunshine Energy*® Program? If so, please identify and describe each additional promotional strategy utilized by Green Mountain and provide the beginning and ending dates for each. Promotional strategies may include the presentation of promotional material and/or promotional gifts provided at golf tournaments such as the Honda Classic, and any other sporting event such as a football game.

FPL and Green Mountain utilized a number of promotional strategies beyond direct marketing and telemarketing in order to build the *Sunshine Energy*® Program into one of the largest green power programs in the U.S. These strategies included:

- a. Direct Sales – Sales agents sold *Sunshine Energy*® at storefronts and events in FPL's service territory in 2004 and 2005. Agents set up sales tables at

large audience events such as Miami Heat and Miami Dolphins games. Other events included fairs and festivals (e.g., the Broward County Fair). We note that FPL promoted *Sunshine Energy*® at the 2008 Honda Golf Classic, independently of Green Mountain.

For samples of brochures and enrollment forms used in the direct sales channel, see Exhibit – Question 13a. For sales and costs for this channel, see Exhibit – Question 13a. Note: Sales and cost Exhibit is Confidential.

- b. FPL Employee Program – A *Sunshine Energy*® campaign was launched in February 2004 to FPL employees. The campaign consisted of an email from FPL supervisors, a postcard, and a two-day sign-up event on FPL campuses.

For samples of the postcard and tabletop tents used for the employee program, see Exhibit – Question 13b.

- c. Affinity Program – In 2005, Green Mountain attempted to develop affinity relationships with various businesses and non-profit entities in order to provide opportunities for additional sales either through setting sales tables in their locations and at their events or email/direct mail promotions to their stakeholder lists. The program did not result in significant sales.

- d. Customer Referral Program – A referral program was launched to existing *Sunshine Energy*® customers in November 2006, in which participating *Sunshine Energy*® customers were asked to refer friends and colleagues to the Program. The program consisted of a postcard to all customers and an email to those with email addresses in the database.

For a sample of postcards sent to current customers, see Exhibit – Question 13d.

- e. Inbound Sales – A call center was set up to handle incoming calls from prospects regarding the *Sunshine Energy*® Program. A small number of sales were realized through this channel. The call center continued to support direct mail campaigns through the first six months of 2008.

For a sample of an inbound script, see Exhibit – Question 13e. Note: Exhibit is Confidential.

- f. Email Campaigns – Multiple email campaigns were sent to FPL customers who were not enrolled in the *Sunshine Energy*® Program. In November 2006, a small campaign was sent to 74,000 FPL customers, resulting in 15 sales. Other larger campaigns were e-mailed in August and November of 2007, to approximately 400,000 recipients each, resulting in a total of almost 700 sales.

For sample emails, see Exhibit – Question 13f.

- g. FPL Field Reps – In March 2007, FPL and Green Mountain collaborated on a test channel offering *Sunshine Energy*® through FPL’s residential field representatives. Six representatives out of one of FPL’s Miami District offices were trained and then promoted *Sunshine Energy*® during visits to residential customers, during a four week period. The test generated one sale. The feedback from the representatives was they were visiting high bill customers who could not afford or did not want to pay extra per month for a renewable energy program. The representatives used the existing *Sunshine Energy*® brochure as the only collateral for the test campaign.

For a sample of a Sunshine Energy® brochure, see Exhibit – Question 13a.

14. For each telemarketing campaign, please identify the script used and provide the beginning date, ending date, number of customers contacted, Green Mountain’s average cost per contact, the percentage of customers contacted who enrolled in the *Sunshine Energy*® Program, and the average number of months an enrolled customer stayed in the *Sunshine Energy*® Program. If there are instances where the requested data was not maintained by telemarketing campaign, please provide composite data covering all telemarketing campaigns in each such instance.

For composite data regarding sales and costs by month for the telemarketing channel, see Exhibit – Question 14; see also Exhibit – Question 9. Note: Exhibits are Confidential.

15. For each direct mail campaign, please identify the mail piece sent and provide the beginning date, ending date, number of customers contacted, Green Mountain’s average cost per contact, the percentage of customers contacted who enrolled in the *Sunshine Energy*® Program, and the average number of months an enrolled customer stayed in the *Sunshine Energy*® Program. If there are instances where the requested data was not maintained by direct mail campaign, please provide composite data covering all direct mail campaigns in each such instance.

For composite data regarding sales and cost information for the direct mail channel, see Exhibit Question 15; see also Exhibit – Question 10. Note: Exhibits are Confidential.

16. For each bangtail campaign, please identify the bangtail sent and provide the beginning date, ending date, number of customers contacted, Green Mountain’s average cost per contact, the percentage of customers contacted

who enrolled in the Sunshine Energy® Program, and the average number of months an enrolled customer stayed in the Sunshine Energy® Program. If there are instances where the requested data was not maintained by bangtail campaign, please provide composite data covering all bangtail campaigns in each such instance.

For composite data regarding sales and cost information for bangtails, see Exhibit Question 15; see also Exhibit – Question 11.

17. For each bill insert campaign, please identify the bill insert sent and provide the beginning date, ending date, number of customers contacted, Green Mountain's average cost per contact, the percentage of customers contacted who enrolled in the Sunshine Energy® Program, and the average number of months an enrolled customer stayed in the Sunshine Energy® Program. If there are instances where the requested data was not maintained by bill insert campaign, please provide composite data covering all bill insert campaigns in each such instance.

For composite data regarding sales and cost information for bill inserts, see Exhibit - Question 15; see also Exhibit – Question 12. Note: Exhibit to Question 15 is Confidential.

Note on Questions 14-17:

With regard to the average number of months an enrolled customer stayed in the Sunshine Energy® Program for the specific channel, Green Mountain did not track customer tenure data for each sales channel. Instead we looked at the average churn (i.e. customers leaving the program) by channel through the third quarter of 2005, and then in the aggregate thereafter. This is the same metric Green Mountain uses everywhere we do business to predict the tenure of a customer. We ran a special query of our database of FPL Sunshine Energy® customers in 2005 to segregate the churn by channel because we needed to assess whether customers from all channels were going to stay long enough so that we would be able to recoup our substantial up-front customer-acquisition-cost outlays for the Program. We, in fact, determined at that time that we were unlikely to be able to recoup the costs of acquiring customers through the Direct Sales and Telemarketing channels. The average monthly churn rates for customers acquired through these channels were [REDACTED] and [REDACTED] respectively, as compared to [REDACTED] for Direct Mail and [REDACTED] for the Bill Inserts and Bangtails channels during the period covered by the query. This churn rate, added to the fact that they were our highest cost channels, led us to shut down the Direct Sales and Telemarketing channels. That left us with two low churn acquisition channels, Direct Mail and Bill Inserts/Bangtails. We subsequently tracked churn only in the aggregate for all sales channels. From these remaining sales channels, we not only saw good performance, with churn averaging [REDACTED] per month from 2006 to 2008, but also the lowest customer churn rate among all of the

states where we do business. Given the resulting very low churn rate resulting from the remaining Direct Mail and Bill Inserts/Bangtails channels, we saw no need to break the churn rate down further by channel.

18. What benchmarks did Green Mountain use to ensure an appropriate portion of the voluntary contributions went for either TRECs or solar projects?

First, to clarify the nature of the economic relationships among Green Mountain, FPL, and *Sunshine Energy*® customers, it is critical to understand that Green Mountain did not receive voluntary contributions (or any other payments) from *Sunshine Energy*® customers. Green Mountain did not have any contractual relationship with FPL customers and did not collect FPL customer funds.

Green Mountain received payments from FPL, which FPL was obligated to pay Green Mountain under the Services Contract as compensation for specific services performed, for RECs sold and for solar projects developed under that contract. Green Mountain's relationship to, and responsibilities for, the FPL *Sunshine Energy*® Program are as specifically defined in the Services Contract with FPL.

Under the Services Contract, FPL was obligated to pay Green Mountain \$9.10 for each 1,000 kWh of *Sunshine Energy*® product sold to customers. In exchange for the \$9.10 per MWh payment from FPL, Green Mountain was obligated to use commercially reasonable efforts to market the *Sunshine Energy*® product to FPL's almost 4 million residential customers consistent with marketing plans approved by FPL, to provide RECs to FPL for the Program, to use its commercially reasonable efforts to develop solar generation facilities based on the number of customers in the Program, and to provide certain other specific administrative services for the Program.

The Services Contract did not obligate Green Mountain to spend the \$9.10 in any particular way in fulfilling its obligations. The Services Contract did not obligate Green Mountain to spend any particular percentage of the \$9.10 received to purchase RECs or to develop solar facilities. The Services Contract did not obligate Green Mountain to spend any particular percentage of the \$9.10 received on administrative expenses or for marketing the Program.

With regard to Program benchmarks, from the beginning, FPL's objective was to grow the FPL *Sunshine Energy*® Program into one of the largest green pricing programs in the country. Green Mountain's benchmarks for investing in the Program were, therefore, the interrelated goals of maximizing customer participation in the Program, maximizing demand for renewable energy and delivery of renewable energy (RECs) to *Sunshine Energy*® customers, and doing so at competitively favorable prices for the renewable energy (RECs) delivered. In this context, neither Green Mountain nor FPL used specific benchmark percentages for expenditures on RECs, solar projects, administrative expenses, or marketing expenses, because the Program's goals were not to monitor such statistics but rather to grow the Program,

grow the volume of renewable energy provided, and provide high value for the price that Program participants paid. By these criteria or benchmarks, the Sunshine Energy® Program achieved significant success over its life, consistently: achieving top-10 status in the number of subscribers of all utility green pricing programs in the U.S., achieving top-5 status in the volume of renewable energy delivered among all utility green pricing programs in the U.S., and achieving pricing among the 10 lowest-priced – among the best 10 in terms of price per 1,000kWh REC delivered – of all U.S. utility green pricing programs.

In addition, in purchasing RECs for the Program, Green Mountain benchmarks were to purchase RECs of superior environmental quality at the best market price, in order to match customer purchases as required under the Services Contract and to allow FPL to offer a green pricing product at a premium that is accessible for average customers. By canvassing generators and brokers, and by negotiating the best price for RECs purchases, Green Mountain was able to invest Green Mountain's remaining revenue received under the Services Contract toward the goal of increasing the number of customers participating in the Program.

In choosing sales channels for the program, Green Mountain's benchmarks were also to acquire quality sales through the most cost-effective channels. The growth of the Program resulting from Green Mountain's investment in marketing led to the support of increasingly larger amounts of renewable energy generation, as well as the installation of new solar electric projects in Florida that otherwise would not have been built.

Throughout the life of the Program, Green Mountain regularly evaluated, adjusted and refined its marketing and administration of the Program, in close collaboration with FPL. As a result of our efforts, Green Mountain grew the *Sunshine Energy®* Program into one of the "Top Ten" utility green pricing programs in the U.S., created customer demand for more than 1.2 million MWhs of renewable energy, and supported the development of more than 500 kW of new solar electric facilities in Florida.

19. What benchmarks did Green Mountain use to determine the appropriate portion of the voluntary contribution to be used for administrative expense?

Please see Green Mountain's response to Question 18.

20. What benchmarks did Green Mountain use to determine the appropriate portion of the voluntary contribution to be used for marketing expenses?

Please see Green Mountain's response to Question 18.

21. Did FPL have the authority to conduct audits of Green Mountain expenditures, operations and controls?

FPL's rights to conduct audits of Green Mountain records were set forth in Section 16.2 of the *Services Contract*, which provides as follows:

"Green Mountain shall keep complete, accurate, and verifiable records at its principal place of business showing its use of the FPL Licensed Marks and its purchases of Green Tags, as well as copies of any and all materials related to the Green Tags. FPL, or its duly authorized representatives, shall have the right, upon reasonable advance notice and during Green Mountain's normal business hours, to at its own expense inspect at their usual location(s) such records in order to verify the accuracy of the information reported by Green Mountain to FPL hereunder and Green Mountain's compliance with other terms set forth herein."

In addition, the *Services Contract* gave FPL the right to approve: an overall marketing plan for the Program; the types of marketing methods and expenditures which may be used for the Program, as included in the marketing plan; a 'message map' of standard marketing messages to be used for marketing communications to customers; marketing communications to be delivered to customers, if not consistent with the message map; all press releases regarding the *Sunshine Energy*® product and the relationship between FPL and Green Mountain; all customer retention activities; an overall operations plan for the Program; the use of FPL licensed marks; and all interactions with the Commission.

Beyond its rights under the *Services Contract*, FPL insisted on, and Green Mountain cooperated with FPL in: FPL's approving all marketing communications to be delivered to customers, even where consistent with the message map that was pre-approved by FPL; FPL's approving all copy and text for marketing materials to be delivered to customers, even where consistent with the message map that was pre-approved by FPL; FPL's approving the design of all marketing communications, including font type and size, imagery used, placement of photographs, lay-out grids used in the design and the like; and FPL's approving all scripts used for marketing the *Sunshine Energy*® product.

For sample emails showing FPL's detailed participation in the day-to-day oversight of marketing materials for the Sunshine Energy® Program, see Exhibit - Question 21.

Green Mountain appreciates the Commission Staff's interest in understanding Green Mountain's efforts in support of the *Sunshine Energy*® Program. If you have additional questions, please call or write me any time.

Cordially yours,

A handwritten signature in black ink that reads "Robert Scheffel Wright". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Robert Scheffel Wright
YOUNG VAN ASSENDER, P.A.

Attorneys for Green Mountain Energy Company