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Witness: Michael J. Ensrud  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**MICHAEL J. ENSRUD**

**UNION ELECTRIC COMPANY D/B/A AMERENUE**

**CASE NO. ER-2008-0318**

**Jefferson City, Missouri  
November 2008**

**\*\*Denotes Highly Confidential Information\*\***

**NP**

*Staff* Exhibit No. 220 NP  
Case No(s) ER-2008-0318  
Date 11-24-08 Rptr 45



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**SURREBUTTAL TESTIMONY**

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**CASE NO. ER-2008-0318**

Q. Please state your name and business address.

A. My name is Michael J. Ensrud, P.O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same witness who submitted information in the Staff's Class Cost of Service and Rate Design Report (Staff Report) concerning Union Electric Company d/b/a AmerenUE's (AmerenUE's or Company's) Voluntary Green Power Program (VGP or Pure Power Program) in this case?

A. Yes. I am.

**VGP/PURE POWER-WHAT PERCENTAGE WHOLESALE/HOW IS IT**

**CHARACTERIZED ON THE WEBSITE**

Q. What is the purpose of your Surrebuttal Testimony?

A. I will respond to the Rebuttal Testimony of William J. Barbieri that addresses "Pure Power" program. This is the same program that is tariffed as AmerenUE's VGP, and addressed in my Direct Testimony as "VGP". It is basically tariffed under one name and marketed under another.

Q. On page 5 of his Rebuttal Testimony, Mr. Barbieri states: *Interestingly enough, a careful reading of the Staff Report reveals that Staff does not allege AmerenUE or 3Degree has done wrong.* (Lines 19-20) Does Staff believe the Pure Power program in its current form is inappropriate?

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1           A.     Yes. While Staff has not characterized AmerenUE as doing something  
2 "wrong," the Staff has concerns about the Pure Power program. The amount of customer  
3 contribution that actually goes towards its stated purpose is small. In addition, the  
4 characterizations on the Pure Power website are convoluted, misleading to customers, and, in  
5 some cases, the statements are simply false.

6           Q.     Does Staff agree with Mr. Barbieri's characterization of the allocations of each  
7 \$14 transfer to 3Degrees under Pure Power on page 11, lines 6-10?

8           A.     Despite asking for information about the full distribution of customer  
9 collections in numerous data requests, Mr. Barbieri's rebuttal testimony is the first time Staff  
10 was shown these numbers and Staff is willing to accept the reported distribution as being  
11 correct. While the figures put forth in response to prior data responses are inconsistent with  
12 figures in Mr. Barbieri testimony, Staff will accept Mr. Barbieri's final figures in the  
13 testimony when assessing the program. The variances in responses are more likely due to  
14 additional activity between responses.

15                 In giving the percentage spent actually procuring Renewable Energy Credits (RECs)  
16 from renewable energy producers; Mr. Barbieri gives that percentage in relation to the \$14  
17 that is paid to 3 Degrees, as opposed to the \$15 contributed by the customer. Thus, the  
18 percentage actually contributed to renewable energy producers expressed as a percentage of  
19 total customer contributions is only \*\* \_\_\_\_ \*\* (See Attachment B), as opposed to the  
20 \*\* \_\_\_\_ \*\* cited by Mr. Barbieri when he expresses that number as the percent of monies paid  
21 to 3 Degrees. (*Rebuttal / Page 11 / Line 7*)

22           Q.     What is Staff's position on this issue?

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1           A.     Staff cannot recommend support of a program where only \*\* \_\_\_\_ \*\* of each  
2 dollar received from the customers goes to the intended purpose. While it is unrealistic to  
3 expect 100% of the collection to go towards purchasing RECs due to overhead costs,  
4 \*\* \_\_\_\_ \*\* is not a reasonable percentage. Indicating to participating customers that their  
5 money is going for one purpose, when the majority of those monies "end up" being used for a  
6 different purpose (administrative fees and marketing) is an unacceptable practice. Staff  
7 recommends the Commission to (1) find that the percentage of the monies collected that are  
8 actually routed to green producers is inadequate, (2) find that the content of AmerenUE's Pure  
9 Power website describing what happens to the money being collected is misleading, and (3)  
10 end the program

11           If the Commission finds some benefit in allowing customers to voluntarily contribute  
12 money for the purchase of RECs, the Pure Power program should be made transparent to  
13 customers by implementing a requirement that AmerenUE post on its website and provide in  
14 the program annually through the mail to the customers that participate in Pure Power  
15 program the use of the monies contributed pursuant to the program – the percentage of total  
16 collections actually received by the producer of renewable electricity and the portions that  
17 cover activity not related to possible further green production retained by the company and by  
18 intermediaries. In addition, the Commission should direct AmerenUE to correct the  
19 misstatements on the Pure Power website in order to provide full disclosures and factual  
20 representations of the Pure Power Program to customers.

21           Q.     Has AmerenUE agreed to any of Staff's Proposals?

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1 A. Only two (2) concessions were made in Mr. Barbieri's Rebuttal Testimony.  
2 First, AmerenUE is willing to tariff the \$1.00 retained for every \$15.00 collected from the  
3 customer. (Barbieri Rebuttal / Page 11 & 12 / Lines 21 & 1)

4 Second, AmerenUE is willing to report something on an annual basis. Mr. Barbieri  
5 commits to the following:

6  
7 *A. First, I want to be clear that AmerenUE does not object to providing an*  
8 *annual report to participating customers so that they know what percentage of*  
9 *their funds are used for administrative costs, educational efforts and for the*  
10 *actual purchase of the RECs.*

11  
12 (Rebuttal / Page 10 / Lines 7 - 9)  
13

14 If this commitment is interpreted as a requirement to provide the Commission with the  
15 wholesale price that 3Degrees pays specific producers for RECs, and a composite, average  
16 REC price; such a commitment would be beneficial in determining whether a problem exists.

17 On the other hand, such a commitment does nothing to fix the problem if the  
18 Commission determines that the distribution of customer-contributed monies between  
19 AmerenUE, 3Degrees, and the producers is too heavily skewed to non-producers, or if the  
20 Commission desires proof that producers used the portion of the gross donations to actually  
21 re-invest in further green production.

22 Q. What standards do you want the Commission to use in measuring the success  
23 or failure of Pure Power?

24 A. The Commission should measure Pure Powers' achievements against  
25 AmerenUE's goal to get money in green power producers' hands.

26 Q. Does Staff assert that money is being solicited inappropriately when only  
27 \*\* \_\_\_\_ \*\* of total collections go to those who actually generate green electricity?

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1           A.     Yes. Both the customers who contribute and the Commission are entitled to a  
2 proper accounting of monies collected. Being aware of the distribution of the money  
3 collected is the first step to determining the merits of Pure Power program.

4           Q.     Why didn't Staff address the insufficiency of the percentage of total  
5 contributions that are ultimately made available to renewable energy producers in its Direct  
6 filing?

7           A.     Ameren said it didn't have that information in its responses to DR 171-4, DR  
8 171-32, 171-33, 171-37, 171-38, 290-2, 290-3, 284-1, and 284-2

9           Q.     On page 6 of his Rebuttal Testimony, at lines 10 – 17 Mr. Barbieri states:

10           *Pure Power has been offered to our customers for a year now and AmerenUE*  
11           *has not experienced customer confusion on what a REC represents. To*  
12           *ensure that doesn't happen, AmerenUE and 3 Degrees both strive to be very*  
13           *clear in Pure Power literature and to always explain that the purchase of a*  
14           *REC is not the purchase of green electricity. We believe the customers who*  
15           *participate in this program understand the distinction and that their*  
16           *participation is driven by a desire to support green power producers, which is*  
17           *what the Pure Power program allows them to do.*

18  
19           Based on the content of the Pure Power website, do you believe Mr. Barbieri's  
20 testimony regarding customer's understanding of the Pure Power Program is accurate?

21           A.     A quick review of the website reveals many misleading statements. The initial  
22 page of AmerenUE's Pure Power website is below:



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Pure Power Home Page - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Search Favorites Go Links

Address http://www.ameren.com/PurePower/

Pure Power Home  
Sign Up Information  
FAQ  
Fact sheet  
Renewable Energy Links  
Pure Power Events  
Pure Power News  
Green Tips  
Green-e Energy Certification  
Renewable Energy Certificates Profiles  
Business Partners

**Pure Power**  
AmerenUE's Voluntary Renewable Energy Program

Pure Power Is P.U.R.E.\* Genius!  
\*People Using Renewable Energy

**News Flash!**  
Supporting local renewable energy just got easier.

You can now sign up for a fixed-cost renewable Pure Power option for \$15 per month!  
Call -- 866.665.PURE

**P.U.R.E. Genius**  
Available for Residential and Small Business Customers:  
Pure Power Blocks - Each block represents 1,000 kilowatthours (kWh) of renewable energy generation and costs \$15!  
Supporting development of renewable energy just got easier! You can sign up for a fixed-cost renewable option and take the guesswork out of your Pure Power premium. Choose the number of Pure Power blocks (\$15/block) for your home or business to match your desired level of support.  
We think it's P.U.R.E. Genius! Find out more about switching to Pure Power blocks by calling 866.665.PURE.

• [Sign Up for Pure Power!](#)  
• [Pure Power FAQs](#)  
• [Pure Power Fact Sheet](#)

**How Does Pure Power Work?**  
By choosing to enroll in Pure Power, you agree to purchase blocks of power for \$15 for each 1,000 kWh or to pay just a penny and a half more per kilowatthour to support clean energy. AmerenUE then purchases [Green-e Energy Certified](#) renewable energy certificates (RECs) from renewable energy facilities equal to your electric demand or the number of Pure Power blocks you elected to purchase each month. [Green-e Energy certification](#) guarantees that electricity from these renewable resources is delivered to the Midwest power pool and retired on your behalf.  
[See the list of Pure Power Champions and Leaders](#)

**Learn More About Pure Power**  
[I'm an AmerenUE Customer](#)

Start | Internet | 1:44 PM

1  
2 Staff believes many of the statements on just this part of the website are misleading for  
3 the following reasons:

- 4
- 5 • Despite inferences that the customer who participates is P.U.R.E (People Using  
6 Renewable Energy) Genius are contributing to more green power, no green  
7 energy is being bought or used with contributed money. RECs are the  
8 commodity being purchased. The participating customer does not actually use,  
9 acquire or directly contribute to the generation of renewable energy when  
10 purchasing RECs.
  - 11 • It is very difficult to decipher that the acquisition of RECs is the stated purpose  
for the solicited money. The concept of a REC is not even introduced until

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1 after the reader is told that they would be buying "blocks of power." (See first  
2 line after the question "How does Pure Power Work?")

- 3 • The site leads the reader to believe the money they pay will be used to generate  
4 green power. The contributions can be used for any purpose by the producer.  
5 There is no requirement that money received by producers needs to be  
6 reinvested in green facilities or green production. Under the best scenario, the  
7 producer uses a part of the money collected from the Pure Power Program, and  
8 voluntarily chooses to reinvest the producer's share in more green facilities.

- 9 • The website states "Each block represents 1,000 kilowatthours (kWh) of  
10 renewable energy generation and costs \$15." An average price of \*\* \_\_\_\_ \*\*  
11 (See Attachment A) of the \$14.00 retail price of a REC was actually passed-on  
12 to a producer of past green electricity. \*\* \_\_\_\_ \*\* of the customer's  
13 contributions were for other purposes instead of the generation of green power.

- 14 • None of the existing pollution is "cleaned-up" or "reduced. Under the best  
15 scenario possible, today's fossil-fuel production might be replaced with  
16 additional non-fossil-fuel production- in the future. Even in this scenario, this  
17 future conversion could take place a long ways away from the customer  
18 donating, and never impact the electricity used by the customer donating.

19 Q. Are there other statements on the Pure Power website that customers may find  
20 confusing and/or conflicting?

21 A. Yes. There are more quotes on the website that would likely mislead and  
22 confuse customers about the Program and where their money goes. Staff could not find any  
23 clear or decisive statement informing those being solicited that a majority of the customer's

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1 contribution can not go to the **direct** production of real green electricity on any of the website  
2 pages. It is impossible for the customer who is contributing to glean from the website that  
3 only **\*\* \_\_\_\_ \*\*** of the money actually goes to producers.

4 Further, there is nothing on the website to inform the customer that there is no  
5 requirement that monies received by producers be reinvested, or even "follow-up check" as  
6 what the producer does with the **\*\* \_\_\_\_ \*\*** of total collections that the producer actually  
7 receives.

8 While there is a statement that money goes to the purchase of RECs, the website fails  
9 to clearly define RECs as the environmental benefits of past production - where the real  
10 "green" electricity was sold to a 3rd party. At a minimum, the website should better reflect  
11 these realities of contributing to Pure Power.

12 Q. Do the Pure Power program participant letters provided in Mr. Barbieri's  
13 appendix provide evidence of customer confusion?

14 A. Yes – Only one of the 12 testimonials provided mentions anything about  
15 RECs. All of the customers seem to believe that they are purchasing "green energy."

16 Q. Mr. Barbieri on page 7 (lines 13 to 15) contends that there are national studies  
17 (*Trends in Utility Green Pricing* (2006) by Lori Bird and Marshall Kaiser) that indicate that  
18 some expansion of green resources is taking place. How do you respond?

19 A. I cite AmerenUE's Response to DR 171-38, in response to Staff's request for  
20 some support or proof that AmerenUE's customer contributions stimulated production. The  
21 Response claims "*AmerenUE does not possess any specific data that are capable of showing*  
22 *the incremental benefit to a producer's operation.*" In fact, AmerenUE in response to DR

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1 280-3 admits that it has **not** confirmed a causal relationship between customer contributions  
2 and future investment through audits or contract provisions. AmerenUE's response was:

3 *We are not aware of any audit related to how the generator of the REC used*  
4 *the money they received for the RECs they sold. We are not aware of any*  
5 *contract limitations.*  
6

7 Q. What does the report state about the impact of RECs on green power  
8 production expansion?

9 A. The report states: *At the end of 2006, green pricing programs were supporting*  
10 *the **equivlent** of more than 1,000 MW of new renewable energy capacity. Thus, green pricing*  
11 *continues to be a **viable strategy for supporting** the development of new renewable energy*  
12 *sources." (Emphasis Added)*

13 My understanding of this statement relates to the volume of money raised via the sale  
14 of both real "green" electricity and the sale of RECs. The statement could also be interpreted  
15 as "If every dollar were reinvested, the volume of investment would generate this additional  
16 volume of green electricity." As I described above, under the Pure Power Program, no real  
17 sales of green electricity occur and only a fraction of the contributions flow to the producers  
18 for potential reinvestment. Thus the purchase of RECs pursuant to Pure Power only goes, at  
19 best, toward a small portion of the funding necessary to stimulate renewable energy  
20 reinvestment.

21 Also, this study does not offer any proof that the money given to producers are  
22 converted to further green production 100% of the time. Therefore, contrary to Mr. Barbieri's  
23 interpretation, such a conversion is not appropriate because there is no "apples-to-apples"  
24 comparison between the criteria assumed in the article and the current energy and REC  
25 markets.

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1 Q. Would other factors in such a study need to be adjusted in order to produce an  
2 apples-to-apples comparison?

3 A. Yes. The calculation would need to adjust past production for changes caused  
4 by weather including wind differences or sunny versus cloudy days, or volumes of rain from  
5 one year to the next, as well as regional market pricing and transmission costs. These factors  
6 impact "green" production outside the parameters of investment in facilities or investment in  
7 technical improvements or other investments that stimulate green production. In short, it  
8 would be a difficult and imprecise task to develop an acceptable study to evaluate a causal  
9 relationship between customer contributions and future investment.

10 Q. Is it fair to say that past investment in green power is a good indicator of future  
11 investment in green power?

12 A. I found a limited number of anecdotal references to those who sold RECs in  
13 the past. Some producers who sold RECs in the past seemed to have expanded their  
14 production. However, Staff is reluctant to infer a cause-and-effect relationship to  
15 AmerenUE's Pure Power program when producers receive a small percentage \*\* \_\_\_\_\_ \*\* of  
16 the total money contributed due to 3Degrees retention of these funds. Although, Staff will  
17 concede it is a widely-held belief that REC sales eventually contribute to green generation  
18 expansion, conclusive proof was never provided or referenced.

19 Q. How do you respond to Mr. Barbieri's contention that customers are happy  
20 with the existing Pure Power program (Rebuttal Testimony / Page 3 / Lines 1 - 5)?

21 A. The old expression "ignorance is bliss" comes to mind. So long as customers  
22 believe that the majority of their contributions are going to producers, and producers are

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1 earmarking those contributions for further green production, I'd believe the customers are  
2 happy.

3 However, once the customer becomes aware that only \*\* \_\_\_\_ \*\* of customer  
4 collected monies are routed to producers, and it is unknown how much of that fraction is  
5 actually spent on expanded renewable energy, it is quite possible that "satisfied" customers  
6 could become disenchanted with the Pure Power program.

7 Q. You have addressed the contents of *Trends in Utility Green Pricing* (2006) by  
8 Lori Bird and Marshall Kaiser- the Publication that Mr. Barbieri asks the Commission to take  
9 note of on page 7 of his Rebuttal Testimony. Is there any part of that document you wish the  
10 Commission to take note of?

11 A. Yes. On page 2 of the Summary, there is the following statement: "...but most  
12 utilities reported spending less than \$50,000 on administration, including some of the largest  
13 utilities." 3 Degrees charged AmerenUE \*\* \_\_\_\_\_ \*\* for "administration" costs.  
14 3Degrees charged AmerenUE more than \*\* \_\_\_\_\_ \*\* times what most utilities  
15 would pay for administrative activity. That is after AmerenUE retains \$1 of the contribution.

16 Q. Can you summarize what 3Degrees actually did with the customer's  
17 contributed monies given to them by AmerenUE?

18 A. 3Degrees spent the monies as follows:

<b>Acquisitions of RECs</b>	<b>** _____ **</b>	<b>** _____ **</b>
Education (advertising)	** _____ **	** _____ **
Administration	** _____ **	** _____ **
<b>Grand Total</b>	<b>_____ ** _____ **</b>	<b>_____ ** _____ **</b>

19

20

(See Attachment A)

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1 Q. Please describe the distribution of customer contributions.

2 A. For each \$15.00 a customer contributes, the distribution of that money is as  
3 follows:

CUSTOMER CONTRIBUTES	\$15.00
AMERENUE RETAINS	\$1.00
3DEGREES RECEIVES	<u>\$14.00</u>
3DEGREES RECEIVES	\$14.00
Reported Expenses	
Wholesale Cost per REC	** _____ **
Education	** _____ **
Administration	** _____ **
	<u>_____</u>
	<u>_____</u>

4  
5 (See Attachment B)

6 Q. Is there anything else about the report that the Commission should be aware  
7 of?

8 A. Yes. On the Acknowledgement page of the report, it states: *The authors also*  
9 *wish to thank Adam Capage and Dan Lieberman of 3 Degrees, Inc.* It would appear 3Degrees  
10 personnel contributed to the report.

11 Q. On pages 4 and 8 of his Surrebuttal Testimony, Mr. Barbieri offers justification  
12 for entering into the current Pure Power arrangement, as opposed to AmerenUE buying RECs  
13 wholesale. Do you have a response?

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1           A.     Yes.  Even if Mr. Barbieri is correct about the concerns expressed, the  
2 Commission needs to judge the cost of the solution chosen to rectify all the listed possible  
3 problems.

4           Simply put, the avoided risks do not justify the premium being paid as demonstrated  
5 by a comparison of what AmerenUE pays retail, compared to prices for wholesale RECs paid  
6 by other utilities.

7           Essentially, AmerenUE paid a premium for the safeguards it received.  AmerenUE  
8 agreed to pay 3Degrees \$14.00 per-REC in order to "avoid the risk" of RECs expiring,  
9 acquiring too many RECs, and the administrative hassle associated with acquisition.

10          The chart below shows what AmerenUE paid (with customer contributions) for RECs,  
11 compared to documented prices paid at the wholesale level by other utilities, in other states:

<b>AMERENUE RETAIL PRICE</b>	<b>\$ 14.00</b>
<b>FLORIDA POWER &amp; LIGHT</b>	<b>\$ 1.91</b>
<b>DUKE ENERGY- Indiana</b>	<b>\$ 4.40</b>
<b>INDIANAPOLIS POWER &amp; LIGHT</b>	<b>\$ 1.60</b>
<b>INDIANAPOLIS POWER &amp; LIGHT</b>	<b>\$ 3.50</b>

12

13

(See Comparison of RECs)

14



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1 In Florida, for every \$9.75 collected from customers, Florida Power & Light received  
2 a REC whose wholesale price averaged \$1.91. (This program was terminated) In Indiana,  
3 where various utilities buy RECs wholesale and are subject to their Commissions review on  
4 per-transaction basis, the price of RECs varied between \$4.40 and \$1.60. (I asked Indiana  
5 Staff to provide me random, typical transactions, including, at least, one Commission  
6 rejection.) In Missouri, for every \$15.00 contribution collected, AmerenUE received a REC  
7 whose wholesale price averaged \*\* \_\_\_\_\_ \*\*.

8 Based on these comparisons, one can conclude AmerenUE paid a big premium (with  
9 customer contributions) for RECs handled by 3Degrees.

10 AmerenUE could have negotiated with wholesale producers on its own and achieved  
11 an agreement somewhere in the range of \*\* \_\_\_\_\_ \*\* as 3Degrees did.

12 Mr. Barbieri makes much of the self-imposed requirements (50% from generators  
13 located within Missouri or Illinois with the remainder from generators located within the  
14 MISO region) and how these factors added to the cost of RECs needed to fulfill these self-  
15 imposed requirements. However, even if AmerenUE had paid twice the price that 3Degrees  
16 paid on a per-REC basis in the wholesale market, or allowed half of the RECs purchased to  
17 expire, the customers contributing pursuant for the program would have gotten "more bang  
18 for the buck." Contributor's purpose of supporting green energy producers would be better  
19 served paying \*\* \_\_\_\_\_ \*\* (approximately twice the wholesale price) or even the full \$14 per-  
20 REC directly to producers through AmerenUE, rather than paying the intermediary, 3Degrees.  
21 In both cases, a much larger proportion of contributions would flow to producers, and in the  
22 case of the \*\* \_\_\_\_\_ \*\* rate, more RECs would have been purchased.

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1 Q. Can you cite an example of where AmerenUE used the possibility of future  
2 risk to justify what appears to be a bad deal for customers?

3 A. Yes. On page 8 of Mr. Barbieri's Rebuttal Testimony is the following:

4 *Additionally, AmerenUE contractually obligated 3 Degrees to carry certain*  
5 *risks of the program – such as buying back expired RECs, obligating them to*  
6 *a set price for the entire five year contract, and providing educational and*  
7 *marketing information to all AmerenUE electric customers. ... Furthermore,*  
8 *we have recently been informed that a recent purchase of RECs for use in the*  
9 *Pure Power program for 2009 was procured at a rate in excess of \*\* \_\_\_\_\_ \*\**  
10 *per REC. (Emphasis added) (Lines 6 -16)*

11  
12 This response can be construed as AmerenUE's justification for entering into an  
13 agreement with 3Degrees for \$14.00 per-REC at the retail level while asserting future RECs  
14 at the wholesale level could go as high as \*\* \_\_\_\_\_ \*\*.

15 Q. On page 7 of his Rebuttal Testimony, Mr. Barbieri states:

16 *It is AmerenUE's belief that our participating customers' goal is to support*  
17 *the producer of green energy. Pure Power provides them that opportunity.*  
18 *(Emphasis Added) (Lines 19 & 20)*

19  
20 What is Staff's response?

21 A. Staff agrees with AmerenUE's characterization of participating customers'  
22 goals and with AmerenUE's recognition that the customer's perception in contributing is that  
23 producers of "green" energy get the money. However, the present program fails to achieve  
24 that goal. The actual results are contrary to the above quote. Getting only \*\* \_\_\_\_\_ \*\* percent  
25 of total contribution to producers is a failure of the existing program.

26 Further, the present program likely fails to meet customers' expectations since the  
27 distribution is unknown to those who contribute. The Pure Power program directs such a  
28 small portion of contributions to producers (\*\* \_\_\_\_\_ \*\* of total collection) as to be highly

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1 misleading to those who give. It is strongly implied in solicitation that that monies collected  
2 goes to producers.

3 Finally, even of the money getting to producers, there is no proof as to what producers  
4 did with those contributions. The belief in reinvestment constitutes an act of faith. It is  
5 strongly implied in solicitation that monies collected are reinvested in further green  
6 production.

7 Staff asks the Commission to terminate the Pure Power program for the  
8 aforementioned reasons.

9 INITIATIVE

10 Q. Does Mr. Barbieri address the role of RECs as regards the Clean Energy  
11 Initiative ballot measure ("Proposition C") in his testimony?

12 A. Yes. On page 12, at lines 10 – 22, Mr. Barbieri states that the use of RECs as a  
13 means of satisfying potential requirements, should the measure succeed, as bolstering the  
14 legitimacy of the REC system.

15 Q. How does this Initiative relate to the Pure Power program?

16 A. The Initiative requires the investor-owned utilities in the state of Missouri to  
17 meet a set percentage of their energy sales through renewable resources. It also allows the  
18 utilities to comply with the standards by purchasing RECs, as a substitute to meeting load  
19 with electricity actually generated from a renewable source.

20 Q. Does the Staff have any additional recommendations regarding the Pure Power  
21 Program concerning the Initiative's provision for the use of RECs to satisfy the renewable  
22 energy requirements found in the Initiative?

Surrebuttal Testimony of  
Michael J. Ensrud

1           A.     Yes. Staff recommends that any RECs purchased by AmerenUE on behalf of  
2 its customers through the Pure Power not be allowed to meet AmerenUE's requirements set  
3 forth under the Initiative.

4           Q.     Why should RECs purchased by AmerenUE on behalf of its customers through  
5 the Pure Power not be allowed to meet AmerenUE's requirements under the Initiative?

6           A.     Because the primary goal of both AmerenUE's Pure Power and the Initiative is  
7 to maximize the utilization of green power resources or surrogate RECs to the greatest degree  
8 possible. The conversion of RECs acquired via AmerenUE's Pure Power should not count  
9 towards the thresholds set forth in the Initiative. Staff does not endorse RECs as an effective  
10 means of encouraging or subsidizing "green" generation, however, Staff recognizes that  
11 segregating conversion to "green" generation resulting from AmerenUE's Pure Power, or the  
12 Initiative is consistent with the goal of renewable resource generating capacity replacing  
13 traditional fossil fuel generation.

14          Q.     Is there anything else that prevents Pure Power RECs from meeting the  
15 Initiative's threshold amount of green usage?

16          A.     Yes. As proposed § 393.1030.2 states "... [a]n electric utility may not use a  
17 credit derived from a green pricing program...." As Mr. Barbieri points out in his rebuttal  
18 testimony, Pure Power deals in Green-e certified RECs, and in order to qualify for that  
19 certification, RECs "*may not be used to simultaneously comply with local, state or federal*  
20 *mandates.*" (Page 5, lines 6 - 7) Staff interprets these provisions to prohibit the use of Pure  
21 Power RECs, purchased with Customer donations, from being used by AmerenUE to fulfill  
22 its statutory obligations that will result if Proposition C is successful.

Surrebuttal Testimony of  
Michael J. Ensrud

1 Q. Is the portion of your Surrebuttal Testimony addressing the Initiative as it  
2 relates to the portfolio requirements for renewable energy sources relevant if the Initiative is  
3 not successful?

4 A. No.

5 **PROPER ACCOUNTING**

6 Q. What is the current accounting for Pure Power?

7 A. The costs incurred by AmerenUE are mixed, meaning some of the costs are  
8 booked below the line while some are implicitly booked above the line. The cost of billing  
9 and collecting the surcharge, and other internal costs are "unknown" to AmerenUE. (See  
10 response to DR 315 - 1 & 315 -2 & 315-3 & 171-5 & 171-23 & 171-24) If the nature of  
11 these costs is unknown to AmerenUE, it is likely they were booked above-the line.

12 AmerenUE's cost of administering the Pure Power Program by 3Degrees (e.g.,  
13 3Degree's initial charge of \$375,000) was transferred below-the-line by AmerenUE. There  
14 are costs related to Ameren Energy Fuels And Services Co. [AFS] administering Pure Power  
15 that are taken below-the-line. (Barbieri Rebuttal, page 9, Lines 15 - 18). AmerenUE's  
16 retention of \$1.00 for each \$15.00 collected is insufficient to offset that outlay. (Per response  
17 to DR 291-2 that amounts to a mere \$25,895). The cost of billing the surcharge, the  
18 collection of Pure Power monies and other internal costs are unknown in magnitude, known to  
19 exist, and imbedded in regulated accounts. Non-participants in Pure Power are saddled with  
20 these implicitly unknown costs.

21 Since AmerenUE can not quantify these amounts, Staff proposes a short-term solution  
22 and a long-term solution. Unless AmerenUE can produce a study documenting the total costs

*Surrebuttal Testimony of  
Michael J. Ensrud*

1 attributed to the Program before hearing, an additional \$25,895 of billing costs should be  
2 transferred below-the-line as part of this case.

3 In the long run, AmerenUE needs to be instructed to do a study to calculate these  
4 implicit (unknown) administrative costs (i.e., billing and collection) and transfer the real  
5 amount of these costs below-the-line on a going forward basis.

6 Q. Does this conclude your testimony?

7 A. Yes, it does.

**Attachment A**

**Has Been Deemed**

**Highly Confidential**

**In Its Entirety**

**Attachment B**

**Has Been Deemed**

**Highly Confidential**

**In Its Entirety**



## COMPARISON OF RECs

### COMPARISON OF REC PRICES - AMERENUE vs. OTHER PURCHASERS

**AMERENUE RETAIL PRICE** \$ 14.00

**DUKE ENERGY- Indiana** \$ 4.40  
(Cite Sheet 2)

**INDIANAPOLIS POWER & LIGHT** \$ 1.60  
(Cite Sheet 3)

**INDIANAPOLIS POWER & LIGHT** \$ 3.50  
(Cite Sheet 3)

**FLORIDA POWER & LIGHT** \$ 1.91  
(Cite Sheet 4 / Page 2 )

*Public Information*

**CITE SHEET 2**

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

VERIFIED PETITION OF DUKE ENERGY )  
INDIANA, INC. FOR APPROVAL OF A )  
QUALIFYING FACILITY POWER PURCHASE )  
AGREEMENT WITH BGT GREEN VALLEY )  
ENERGY PROJECT, LLC, INCLUDING )  
RECOVERY OF COSTS THROUGH THE FUEL )  
CLAUSE AND THROUGH A REVISED GREEN )  
POWER RIDER; AND FOR APPROVAL )  
OF A REVISED VOLUNTARY GREEN POWER )  
RIDER, INCLUDING ALTERNATIVE )  
REGULATORY PLAN FLEXIBILITY )

**FILED**

JUL 25 2008

INDIANA UTILITY  
REGULATORY COMMISSION

CAUSE NO. 42966

**GOGREEN POWER ANNUAL INFORMATIONAL FILING**

Pursuant to the Settlement Agreement filed in Cause No. 42966 and approved by Commission Order dated March 22, 2006, Duke Energy Indiana, Inc. ("Duke Energy Indiana") makes its annual informational filing for the 2007 calendar year in this proceeding.

**3. REC and Carbon Credit expense:**

REC Acquisition Cost \$26,400 for 6,000 RECs; \$4.40 per REC from Carbon Solutions Group.

**12. Quantity of REC and Carbon Credits purchased:**

Acquisition of 6,000 National Wind RECs from Carbon Solutions Group.  
RECs generated at the Hancock County Wind Facility, Hancock, Iowa.  
REC Acquisition Cost - \$26,400.

SOURCE	Amount (RECs)	Cost	Price Per REC
Carbon Solution Group	6000	\$26,400	\$4.40

***Public Information***

**CITE SHEET 3**

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF INDIANAPOLIS POWER & )  
LIGHT COMPANY AND INDIANA OFFICE OF )  
UTILITY CONSUMER COUNSELOR FOR )  
APPROVAL OF A VOLUNTARY GREEN POWER ) CAUSE NO. 43251  
RIDER. )**

**2007 GREEN POWER TARIFF RIDER ANNUAL REPORT**

**Information Regarding Renewable Energy Certificates ("RECs")**

<b>Suppliers of RECs Purchased, Quantity of RECs Purchased, REC Expense</b>					
<b>REC Broker</b>	<b>REC Producer</b>	<b>Purchase Date</b>	<b>Type</b>	<b>Amount (MWH)</b>	<b>Cost</b>
Elements Marketing Partners, LP	Wabash Valley Power Assoc.	1-19-07	Landfill Gas	9,000	\$14,400
3 Phases Energy Services, LLC	Viking Wind	12-11-06	Wind	1,500	\$ 5,250

<b>REC BROKER</b>	<b>Amount (MWH)</b>	<b>Cost</b>	<b>Price per REC</b>
Elements Marketing Partners, LP	9,000	\$14,400	\$1.60
3 Phases Energy Services, LCC	1,500	\$5,250	\$3.50

***Public Information***

**CITE SHEET 4**

Page 1

State of Florida



**Public Service Commission**

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-8850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** June 23, 2008

**TO:** Office of Commission Clerk (Cole) *QAT*

**FROM:** Division of Economic Regulation (Harlow, Devlin, Futrell) *10/2*  
Office of the General Counsel (Fleming, Hartman) *NDK*

**RE:** Docket No. 070626-EI – Review of Florida Power and Light Company’s Sunshine Energy Program

**AGENDA:** 7/1/08– Regular Agenda – Proposed Agency Action for Issue 1 and Tariff for Issue 3 - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 08/04/08 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\070626.RCM.DOC

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RECEIVED-FPSC  
08 JUN 23 PM 3:00  
COMMISSION  
CLERK

*Public Information*

**CITE SHEET 4**

**Page 2**

		<b>% of Costs to Total Costs</b>	<b>% of Costs to Payments to Green Mountain</b>	<b>% of Costs to FPL Revenues</b>
<b>Revenues</b>	\$9,578,895			\$9,578,895
<b>Payments to Green Mountain</b>	\$8,614,950		\$8,614,950	
<b>Project Costs Paid</b>	\$431,504	4.99%	5.01%	4.50%
<b>TREC Costs</b>	\$1,803,620	20.87%	20.94%	18.83%
<b>Marketing and Other Costs</b>	\$6,408,070	74.14%	74.38%	66.90%
<b>Total</b>	\$8,643,194	100.0%	100.33%	90.23%

Note: The audit did not address the portion of customer contributions directed to FPL's administrative costs. Also, the data provided does not include Green Mountain's estimated \$1 million for its corporate overhead in support of the program through 2007.

TREC Costs \$1,803,620  
Payment to Green Mountains \$8,614,950 = 20.94% Percent Spent on RECs

Cost per Green Mountains REC (Retail) \$9.10

Percent Spent on RECs (Wholesale) 20.94%

Average price per REC (Wholesale) \$1.91

**Public Information**