

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

In re: Investigation Regarding the)
Feasibility of Implementing a Renewable) **Docket No. R-28271**
Standard Portfolio for the Jurisdictional)
Electric Utilities in the State of Louisiana)

Geaux Green
Green Pricing Tariff – Pilot Program
3rd Quarterly Report

January 2008

**Green Power Pilot Program Quarterly Report
January 2008**

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I. Introduction

In Docket R-28271, the commission approved the implementation of a voluntary Green Pricing Tariff (GPT) pilot program at Entergy Gulf States, Inc (“EGS”). This program titled *Geaux Green* began April 1, 2007 and is scheduled to run until March 31, 2008. It offers all customer classes the opportunity to purchase 100 kWh blocks of Green Power for a price premium of \$2.25 per block. Customers that choose to participate and remain in EGS’s service territory must commit to remain in the program until completion of the pilot.

General information about the *Geaux Green* program is available on the website www.geauxgreen.com. Additional program details can be obtained by either requesting an informational packet and contract from www.geauxgreen.com or by calling the dedicated *Geaux Green* number 1-877-847-3364. Customers ready to participate can complete the contract sent with the information packet and return it in the pre-addressed envelope, download the contract and mail it back, or complete the online form.

II. Energy Delivered

Geaux Green Energy Delivered (April – December)

- **Lacassine**

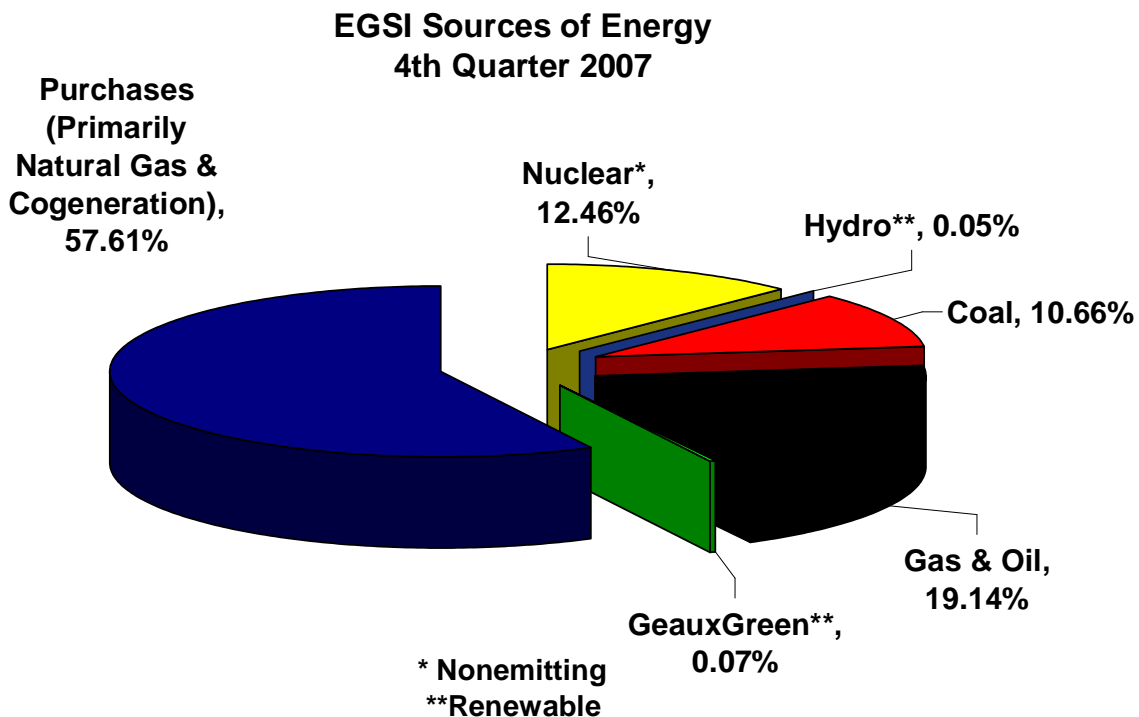
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MWh	NA	NA	NA	NA	NA	NA	169	708	270
Avg Avoided Cost							4.6¢	5.3¢	5.2¢
<i>Geaux Green</i> Payment							6.5¢	6.5¢	6.5¢

- **Agrilectric**

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MWh	1,842	1,165	1,708	1,972	1,732	1,893	1,808	1,920	1,764
Avg Avoided Cost	5.5¢	5.6¢	5.5¢	5.1¢	5.7¢	4.6¢	4.6¢	5.3¢	5.2¢
<i>Geaux Green</i> Payment	5.9¢	5.9¢	5.9¢	5.9¢	5.9¢	5.9¢	5.9¢	5.9¢	5.9¢

The MWhs generated for this pilot are part of the overall energy portfolio used to meet the energy needs of EGS customers. **Figure 1** shows the fourth quarter 2007 energy source profile for EGS. It is available on www.geauxgreen.com and is updated quarterly.

Figure 1



III. Energy Supply Issues

The energy sold in the *Geaux Green* pilot program is supplied through two PPAs. Lacassine, which is contracted to supply 19,000 MWh or 48% of the program total, began to miss delivery commitments in September, the first month of its scheduled production. Lacassine has delivered 1,147 MWh of the 11,000 MWh provided for in the contract through year end.

According to the *Geaux Green* order, costs incurred for the program but not recovered through program participants, will be recovered from all customers through the monthly fuel adjustment. Since the year end supply of Green Power, 16,951 MWh, greatly exceeds the year end customer purchases of Green Power, 1,444 MWh, increased production from Lacassine would increase costs recovered from all ratepayers. Thus, EGSL determined that it would not seek replacement power for the Lacassine under-deliveries. The issue of under-deliveries will need to be addressed if the *Geaux Green* program is extended.

IV. Marketing and Promotional Plan

A) Marketing Overview

The first two quarters of the *Geaux Green* advertising campaign, April through September, focused on broadcast media and billing contacts (radio, billboards, bill inserts, newspaper, etc.).

This diverse approach allowed multiple opportunities to provide awareness and educate customers about the program. In addition to the original advertising rollout, the second quarter included LCD stadium advertising and internet banner advertising. Between October and December, the following advertising programs were added.

Television Marketing

During the fourth quarter 2007, a television advertising campaign was designed and implemented. These public service announcement style ads featured commissioners Boissiere, Field, and Sittig identifying the program, discussing its use of Louisiana resources, and emphasizing the low cost to participate. Due to the high cost of holiday advertising, this campaign began December 31. The markets of Baton Rouge, Lafayette, and Lake Charles will be targeted with a total of fifty-eight spots through January 13.

In addition to paid television advertising, an EGS regional customer service manager made an October 21 appearance on the “Around Town TV Show” to discuss *Geaux Green*. This show is the largest independent television show in Louisiana and is based in Baton Rouge.

Recognition Program

In the fourth quarter 2007, a program to recognize *Geaux Green* participants was developed. **Figure 2 and Figure 3** are different sized “bumper sticker” style decals that will be sent in January to all participants in the program. These decals are shown correct to scale but not actual size.

Figure 2



Figure 3



Print Opportunities

Due to the recent BCS national championship win by L.S.U., EGS took out a full page ad on the inside cover of the Tiger Rag BCS commemorative issue and a half page ad in the Bayou Bash edition that is distributed at the national signing day for incoming high school players (**Figure 4**).

Figure 4



**When it comes to football...
GEAUX TIGERS!**

**When it comes to Louisiana's
environment...GEAUX GREEN!**

Buy Green Power!

For as little as \$2.25 per month, Entergy Gulf States Louisiana customers can ensure that a portion of the electricity you use is Green Power generated from renewable resources located in Louisiana.

For more information on how you can help Louisiana's farmers and help the environment for as little as \$2.25 per month, visit geauxgreen.com.

Congratulations to the Tigers – 2007 NATIONAL CHAMPIONS!

Geaux GREEN
It's a good choice for Louisiana.

entergy.com
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**Entergy**
THE POWER OF PEOPLE™

Internet Website Improvements

During the course of the pilot, the *Geaux Green* website has undergone changes to make the signup process more efficient. The original process required customers to request informational packets with contracts by mail and then mail the signed contract back. Starting in October, an online version of the contract was added that allowed customers to download and complete the contract and mail it back. Beginning in December, customers were given the option to use www.geauxgreen.com to complete the contract and signup for the program. Additionally, the improved website reminds visitors that participation in the program costs as little as \$2.25 per month. **Figure 5** shows the home page with the changes highlighted.

Figure 5

The screenshot shows the Entergy Louisiana website. At the top left is the Entergy logo. To the right are links for News Room, Careers, FAQs, Site Map, and Contact Us, along with a search bar and a link to 'Español?'. Below the logo is the text 'ENTERGY LOUISIANA'. A red navigation bar contains links for 'Your Home', 'Your Business', 'Our Community', 'Economic Development', 'About Entergy Louisiana', and 'Entergy.com'. Below this is a breadcrumb trail: 'Louisiana Main Page > Geaux Green' and a 'Printable Page' link. The main content area has a heading '→ Geaux Green Main'. The central graphic features the text 'Geaux GREEN' in large green letters on a brown, textured background, with the tagline 'It's A Good Choice For Louisiana.' below it. Underneath is a photograph of a corn plant. To the right of the photo is a yellow box with the text: 'Green Power for Entergy Gulf States Louisiana Customers - FOR AS LITTLE AS \$2.25 per month'. Below the photo is the section 'What Is Green Power?' which states: 'Green Power is a popular name for electricity generated from renewable energy sources. It is purchased voluntarily by consumers and businesses who want to do their part to reduce greenhouse gases and dependence on fossil fuels.' To the right of the main content is a sidebar with a note: 'Please note, this pilot program is available only to Entergy Gulf States customers.' Below this are links: '→ EGSI Sources of Energy.', '→ Want more information about Geaux Green? Please click here.', and 'Sign up for Geaux Green:' with sub-links for '→ Online form' and '→ Mail-in form'.

Publication Campaign

In the fourth quarter 2007, EGS began working with several governmental and trade organizations to publish articles about the Geaux Green program.

B) Summary of *Geaux Green* Marketing Customer Touches

The following statistics illustrate the number of customer interactions as of fourth quarter 2007.

- **Radio and Billboard**

- Baton Rouge Effective Reach = 88.5%

In the Baton Rouge market, 403,340 adults 18+ have seen or heard the Entergy *Geaux Green* message at least three times.

- Lafayette Effective Reach = 90.4%

In the Lafayette market 343,700 adults 18+ have seen or heard the Entergy *Geaux Green* message at least three times.

o Lake Charles Effective Reach = 87.8%

In the Lake Charles market, 119,232 adults 18+ have seen or heard the Entergy *Geaux Green* message at least three times.

- **Internet** (www.geauxgreen.com) – 6,983 total views with 5,554 coming from unique accounts
- **Bill Inserts** – 1,334,445 delivered (March – 280,902, April – 350,352, May – 179,493, June – 171,634, September – 352,064)
- **Bill Messages** – Monthly customer bill messages announcing the availability of Green Power and the *Geaux Green* website ran May 15 - July 16.

V. Customer Response as of Quarter End (December 31, 2007)

Figure 6 shows metrics regarding customer expressing interest in the program and those that have purchased blocks of power. In addition, **Figure 7** and **Figure 8** show Commercial and Industrial Accounts billed and Customers billed by Zip Code as of September 30, respectively.

Figure 6

Customers Expressing Interest

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
774	110	76	32	40	31	17	1	2	1,083

Beginning in October, customers were given the option to download the contract from geauxgreen.com and mail it back to enroll. In December, customers were given the opportunity to sign up online.. While the number of packet requests are lower, this may reflect greater awareness of the program details coupled with the desire to forego the slower mail signup process.

Customers Billed

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	49	143	184	206	214	216	230	233
Commercial	4	10	15	18	18	25	26	27
Industrial	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total	54	154	200	225	233	247	262	266

Energy Blocks Billed

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	269	724	944	1,013	1,067	1,068	1,140	1,188	7,413
Commercial	31	69	1,084	1,136	1,141	1,168	1,173	1,193	6,995
Industrial	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>35</u>
Total	301	794	2,029	2,150	2,209	2,246	2,323	2,391	14,443

As of December 31, 2007, 14,443 Green Power blocks had been sold. If we project the current monthly sales commitments of 2,391 blocks until the March 31, 2008 pilot conclusion, this means 21,616 blocks will be sold. The *Geaux Green* program's contracted power supply was for 40,000 MWh or 400,000 blocks. Due to power delivery issues, the final power delivery is projected to be 22,147 MWh or 221,470 blocks. Thus, the 21,616 blocks of projected sales represents 5.4% of contracted capacity or 9.8% of projected delivered capacity.

Figure 7

Commercial and Industrial Customers billed as of December 31

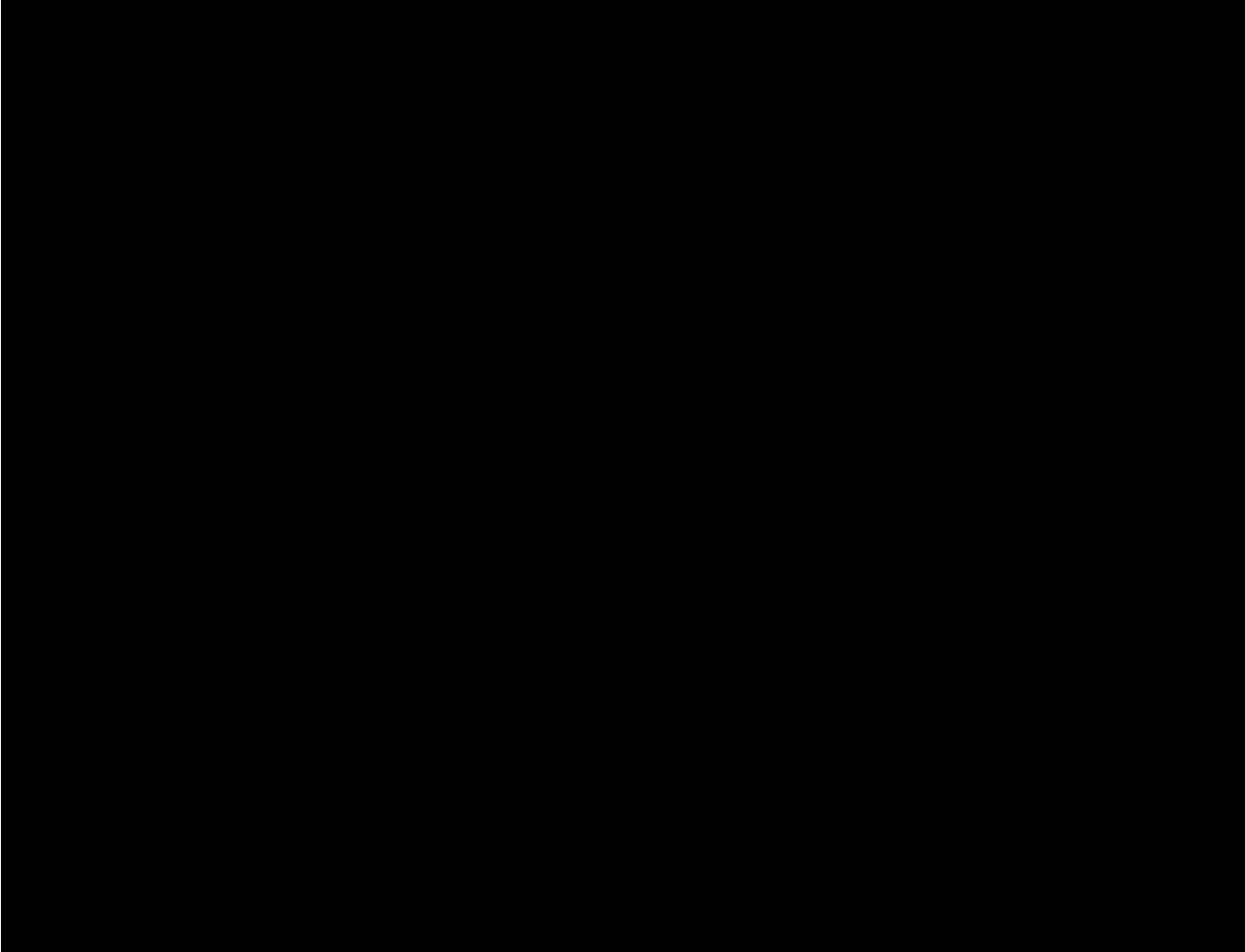


Figure 8

Geaux Green Customers Billed in December by Zip Code

Zip Code	Count	Zip Code	Count	Zip Code	Count
70808	41	70583	3	70559	1
70806	39	70607	3	70578	1
70605	19	70663	3	70592	1
70810	19	70665	3	70602	1
70809	15	70737	3	70647	1
70817	10	70775	3	70661	1
70601	9	70570	2	70669	1
70615	9	70650	2	70710	1
70769	9	70714	2	70726	1
70802	9	70748	2	70734	1
70816	7	70767	2	70754	1
70820	5	70791	2	70760	1
70520	4	70805	2	70764	1
70560	4	70508	1	70811	1
70591	4	70518	1	70814	1
70815	4	70529	1	70818	<u>1</u>
70512	3	70555	1	TOTAL	266
70546	3	70558	1		

VI. Budget

Figure 9 contains a summary level budget for the *Geaux Green* Program. Pursuant to Order R-28271, EGS was directed to develop a marketing and implementation plan to include incremental costs not to exceed \$500,000. Budget details were provided to and discussed with the Staff during the development of the program. The Staff and the Company agreed to keep approximately 20% of the program's budget reserved for contingency use during the initial budgeting process. As of December 31, 2007, approximately 83% of the non-reserved and 66% of the total budget has been spent.

Figure 9

Geaux Green Initial Program Incremental Budget

		Program Budget	YTD Spending	Remaining Budget
I	Media Placement			
	Radio	\$ 92,652	\$ 62,826	\$ 29,826
	Outdoor	\$ 55,515	\$ 61,864	\$ (6,349)
	Online	\$ 9,707	\$ 525	\$ 9,182
	Print	\$ 15,000	\$ 4,755	\$ 10,245
	Television	\$ -	\$ 28,005	\$ (28,005)
	Media Placement Subtotal	<u>\$ 172,874</u>	<u>\$ 157,975</u>	<u>\$ 14,899</u>
II	Bill Inserts, Collateral Educational Material	\$ 53,400	\$ 71,000	\$ (17,600)
III	Research: Follow up Survey	\$ 30,000	\$ 21,000	\$ 9,000
IV	Affinity Marketing	\$ 35,000	\$ -	\$ 35,000
V	Trademark	<u>\$ 650</u>	<u>\$ 4,870</u>	<u>\$ (4,220)</u>
	Total Marketing / Promotion / Production	\$ 291,924	\$ 254,846	\$ 37,078
VI	Programming / Billing	<u>\$ 100,000</u>	<u>\$ 75,500</u>	<u>\$ 24,500</u>
VII	Budget Total	\$ 391,924	\$ 330,346	\$ 61,578
VII	Budget Reserve		\$ 500,000	
			<u>(330,346)</u>	
			<u>169,654</u>	

VII. Phase II Grassroots Rollout

A) Community Organizations

The phase II grassroots program began early August and involved customer service managers (CSMs) meeting with towns, chambers of commerce, police juries, and other organizations to provide an overview of the program. A power point presentation called “The Why and How of Buying Green Power in Louisiana” was given and concluded with a question and answer session. During this initial rollout, CSMs spoke to approximately forty different groups and over 1,200 people. At these events, informational and sign-up packets were available. In the fourth quarter 2007, approximately 250 people were addressed.

B) Managed, Non Managed, and National Accounts

Building on the success of the 1,000 block per month commitment signed in July, the fourth quarter of 2007 included a significant effort to reach EGS’s mid to large size consumer base and

national accounts. These individual presentations were intended to discuss the benefits of *Geaux Green* and learn about the company's interest in Green Power. While numerous contacts were made, no new managed accounts enrolled in the pilot. Customers raised the following recurring issues regarding participation in the program during these meetings.

Price - The high cost of *Geaux Green* was cited by the majority of businesses as a reason for not participating. While some customers would not reveal the price they paid for Green Power, most claimed that \$2.25 per 100 kWh was significantly higher than other alternatives in the market. Those customers that would discuss price referred to Green Power premiums in terms of mills not cents. For example, the *Geaux Green* program charges \$22.50 per MWh; whereas, targeted customers desired pricing less than \$3.00 per MWh. Finally, several companies indicated that prices for purchasing renewable energy credits through brokers were cheaper than buying blocks of *Geaux Green* Power.

Lack of Interest – Several companies claimed they had no interest in participating, did not see the benefit to the company or customers, or were not interested unless it resulted in a savings. Of those currently not participating but willing to consider the idea, most claimed they would use cheaper alternatives if they decided to participate in the future.

Hedge Capabilities – Complimenting the belief that Green Power would be an easier sell if there was a potential business benefit, some companies commented they would be more likely to use Green Power if it could be used as a hedge against rising fuel costs.

VIII Summary

The *Geaux Green* program has had declining growth since the second quarterly report. In the remaining three months of the program, EGS will continue its advertising efforts. Additionally, EGS will be working with Staff to determine future steps for the *Geaux Green* program