



**Green  
Mountain  
Energy<sup>sm</sup>**

Green Mountain Energy Company  
550 Westlake Park Boulevard, Suite 175 • Houston, Texas 77079  
[greenmountain.com](http://greenmountain.com)

<b>DOCKET</b>	
00-SB-1305	
DATE	OCT 13 2004
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October 13, 2004

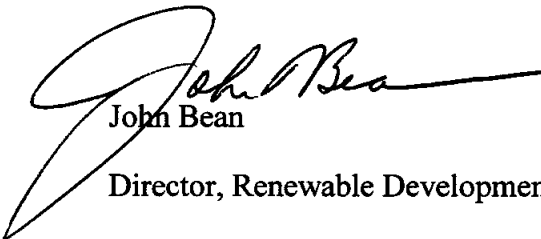
Mr. Jason Orta  
California Energy Commission  
1516 9th St. MS 45  
Sacramento, CA 95814

Re: 2003 Annual Report to the California Energy Commission

Dear Mr. Orta:

Enclosed is the 2003 Independent Auditors Report associated with the 2003 Annual Report to the California Energy Commission with supporting Attestations previously sent to you on August 13, 2004. Please call me directly at 281 366-3860 with any questions or concerns.

Sincerely;

  
John Bean  
Director, Renewable Development

**GREEN MOUNTAIN ENERGY COMPANY**

**CALIFORNIA ENERGY COMMISSION  
POWER SOURCE DISCLOSURE  
AND CUSTOMER CREDIT PROGRAM**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED DECEMBER 31, 2003**

**McDONALD, FOX & LUND, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS**

**McDONALD, FOX & LUND, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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**Independent Accountants' Report  
on Applying Agreed-Upon Procedures**

The Board of Directors  
Green Mountain Energy Company:

We have performed the applicable procedures included in the California Energy Commission's (CEC) Protocol for the Power Source Disclosure and Customer Credit Program ("CEC Protocol"), in accordance with the Power Source Disclosure and Customer Credit Verification Program ("CEC Verification Program"), and enumerated in the attached Exhibit, which were agreed to by Green Mountain Energy Company (the Company) and the CEC, solely to assist the users in evaluating management's assertion about the Company's compliance with the reporting requirements, as described in the CEC Protocol, for the CEC Verification Program during the reporting period ended December 31, 2003 (the Reporting Period). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings are presented in the Exhibit to our report.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the CEC, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes and is not intended to be and should not be used by anyone other than these specified parties.

*McDonald, Fox & Lund, P.C.*

October 1, 2004

Green Mountain Energy Company  
Agreed-Upon Procedures  
For the 2003 Reporting Period

A. SUPPLY

*Verification of Purchases*

1. We obtained internally generated reports that we were informed by Green Mountain Energy Company (the Company) were used to prepare "Schedule 1: Retail Sales" and reviewed such internally generated reports. We performed the following procedures:
  - a. We compared the internally generated reports used to prepare "Schedule 1: Retail Sales", which contained the detail of specific purchases (Generating Facility, Kilowatt Hours (kWh) and Fuel Type), to "Schedule 1: Retail Sales", and found such information to be in agreement.
    - i. We noted that "Schedule 1: Retail Sales" did not list any generic purchases or resales/self consumption; therefore, the procedures related to generic purchases and resales/self consumption are not applicable and were not performed.
    - ii. We also tested the mathematical accuracy of "Schedule 1: Retail Sales", and found "Schedule 1: Retail Sales" to be mathematically accurate.
  - b. We elected not to use the sampling guidelines discussed in subsection (b)(2); therefore, we selected one hundred percent (100%) of the purchases from "Schedule 1: Retail Sales". For one hundred percent (100%) of the purchases, we tested and performed the following for each purchase:
    - i. We compared purchases by facility name, unique identification number, kWh and fuel type from "Schedule 1: Retail Sales" and the internally generated reports to copies of the related confirmations, generator attestations, attestations from wholesale providers, and/or billing invoices, as provided by the Company, and found such amounts to be in agreement.
    - ii. The Company has represented to us that the facilities that generated the electricity being claimed on "Schedule 1: Retail Sales" were not owned by the Company; therefore, the procedures to agree the kilowatt hours with meter readings made by an independent third party, or confirm that the retail provider has another internal auditing procedure that assures facility production agrees to production claims, are not applicable and were not performed.
    - iii. We reviewed the date of generation on the confirmations, generator attestations, attestations from wholesale providers, or billing invoices for all purchases and compared the date of generation to the reporting period of the information used to prepare "Schedule 1: Retail Sales", and found such information to be in agreement.

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- c. We compared the "Net kWh Purchased" column by fuel type from "Schedule 1: Retail Sales" to the "Net Purchases (kWh)" column by fuel type on "Schedule 2B: Balancing Sheet", and found such amounts to be in agreement.

## B. DEMAND

### *Verification of Sales*

1. We obtained the internally generated reports from the Company, which contained the detail of monthly retail sales by customer, that we were informed were used to prepare "Schedule 2A: Retail Sales" and reviewed such internally generated reports. We performed the following procedures:
  - a. We compared sales by fuel type and by product on the internally generated sales reports to "Schedule 2A: Retail Sales", and found such amounts to be in agreement. We also tested the mathematical accuracy of "Schedule 2A: Retail Sales", and found "Schedule 2A: Retail Sales" to be mathematically accurate.
  - b. Using the sampling guidelines in subsection (b)(2), we selected a sample of customer sales transactions detailed in the internally generated sales reports, using a confidence level of 90%, a tolerable deviation of 10% and an expected deviation of 3%. For the sample selected of 52 customer sales transactions, we compared the kWh sold per customer to a copy of the billing statements that contained the kWh retail sales by product by customer, and found such amounts to be in agreement.
  - c. We compared "Total Retail Sales" included in "Schedule 2A: Retail Sales" to "Retail Sales (kWh)" included in "Schedule 2B: Balancing Sheet", and found such amounts to be in agreement.

## C. LABELS

1. We did not obtain copies of all quarterly and promotional labels for the Reporting Period from the Company or compare the percentages by fuel type in these disclosures to the percentages by fuel type calculated per subsection (d)(1)(C)(1) of section 1393 using the data supplied in Schedule 2A, as the Company represented to us that it did not generate or provide any quarterly or promotional labels for the Reporting Period to its customers.
2. We obtained a copy of the Annual Power Content Label that was provided to customers for each product pursuant to subsection (e)(7) of section 1393. We calculated the fuel and technology mix of the total annual retail sales for the product using the information provided in Schedule 2A and the equation found in subsection (d)(1)(C) of section 1393. We then agreed these percentages to those identified for the actual power mix on the Annual Power Content Label without exception. We also agreed the percentages on the Annual Power Content Label to the percentages in Schedule 2C without exception.

(Continued)

3. We determined that the absolute value of any percentage point differences for any fuel type identified on the Annual Product Content Label and any projected disclosure was not greater than five percentage points.

**D. POOLS**

1. The Company has represented to us that that no generators sold power into the Company's power pool and no power was purchased from the Company's power pool; therefore, the procedures related to "Schedule 3: Power Sold Into Pool" and "Schedule 4: Power Purchased out of Pool" are not applicable and were not performed.