

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER A-1-10A**

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**IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

**and**

**An Application by Superior Energy Management Gas LP  
for Renewal of its Gas Marketer Licence**

**BEFORE:** L.F. Kelsey, Commissioner  
D.A. Cote, Commissioner February 25, 2010

**O R D E R**

**WHEREAS:**

- A. On August 26, 2009, Superior Energy Management Gas LP (Superior Energy) applied to the British Columbia Utilities Commission (Commission) for renewal of its Gas Marketer Licence (Application). The Application for renewal of its Licence included the payment of the \$1,000 Application Fee and a \$250,000 Letter of Credit, pursuant to items 2 and 3 respectively, of the Licence Requirements; and
- B. On October 22, 2009, relying upon the information and representations made by Superior Energy, the Commission approved Gas Marketer Licence A-20-09 subject to conditions with an expiry date of January 15, 2010. Specifically, Condition 2.12 of the Licence stated that Superior Energy must file with the Commission its audited financial statement for the recently concluded year as soon as available and no later than December 31, 2009; and
- C. On December 30, 2009, Superior Energy filed with the Commission its audited financial statement for the year-ended December 31, 2008. This submission was accompanied by a Note to Reader from the Vice President of Finance, which states, in part, "...in the Balance Sheet the reader will notice current and long-term portions of unrealized gains/losses on financial instruments, these are the measurement of the market value of fixed price contracts with suppliers on the balance sheet date, and do not include those related to customers..." The note proceeds to state that, "Since these are non-cash and the measurement of only supply positions this should be considered as non-cash when performing any financial metrics on these financial statements. When excluding these balances the working capital ratio is 1.22 to 1"; and
- D. The Commission noted that if the values of unrealized gains/losses on financial instruments are included in calculating the Current Ratio, defined to be a factor of current assets and current liabilities by Canadian

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Generally Accepted Accounting Standards, and Working Capital requirements, then Superior Energy would not be in compliance to Condition 2.4 of its Licence A-20-09, subsequently A-1-10; and

- E. By letter dated January 14, 2010, the Commission requested financial information, specifically relating to the Balance Sheet item on unrealized gains/losses on financial instruments. Superior Energy filed the requested information on January 29, 2010; and
- F. By letter dated February 9, 2010, the Commission requested clarification on the recently submitted financial information. By letter dated February 16, 2010 Superior Energy filed the additional information; and
- G. The Commission notes that Superior Energy still does not meet the Current Ratio and Working Capital requirements of 1.10 and \$50,000, respectively, due largely to the reported unrealized loss on financial instruments and the non-recording of unrealized gains related to the customer contracts to sell gas. Through the Commission's information requests, Superior Energy provided additional financial details that support that it has sufficient liquidity to fund ongoing operations until at least October 31, 2010.

**NOW THEREFORE** pursuant to section 71.1(6) of the *Utilities Commission Act*, the Commission issues to Superior Energy a Gas Marketer Licence for the period February 25, 2010 to October 31, 2010. The Gas Marketer Licence is subject to the same conditions as Licence A-1-10 subject to the removal of its old Condition 2.13 and the addition of a new Condition 2.13 as follows:

- 2.13 Superior Energy must file with the Commission its unaudited quarterly financial statements consisting of a balance sheet and income statement for the period then ended. Further, Superior Energy will provide the Commission with a description of its liquidity and cash position at the end of each quarter and a liquidity outlook for the next twelve months. This information shall be filed with the Commission no later than 45 days after the end of the relevant quarter.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 25<sup>th</sup> day of February 2010.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner



LICENCE No. A-1-10A

# GAS MARKETER LICENCE

*Superior Energy Management Gas LP*

is granted a licence for the purpose of providing advice to, or acting on behalf of, a low volume consumer <sup>(1)</sup> purchasing gas directly in the Province of British Columbia subject to the terms and conditions contained in Commission Order A-1-10A, which are set out in the reverse of the Licence.

**BRITISH COLUMBIA UTILITIES COMMISSION**

*Original signed by:*

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D. A. COTE, COMMISSIONER

ISSUED: February 25, 2010

EXPIRES: October 31, 2010

(1) As described in the Rules for Gas Marketers

2. The Gas Marketer Licence is subject to the following conditions:
  - 2.1 Superior Energy will carry out the undertakings as set out in the Application for a Licence to Market Natural Gas dated August 26, 2009 and the Rules for Gas Marketers.
  - 2.2 Superior Energy will comply with the Code of Conduct for Gas Marketers and Rate Schedule 36 of Terasen Gas Inc.
  - 2.3 Superior Energy will maintain a Letter of Credit or acceptable substitute in full force and effect for the duration of the Licence.
  - 2.4 Superior Energy will maintain a Working Capital position of at least \$50,000 and a Current Ratio of Current Assets to Current Liabilities of at least 1.10.
  - 2.5 The Commission may, at any time and without prior notice to Superior Energy, amend or impose new terms and conditions on, suspend, or cancel the Gas Marketer Licence for reasons the Commission, in its sole discretion, deems and considers sufficient.
  - 2.6 The Gas Marketer Licence and all copies of it shall remain the property of the Commission and Superior Energy will return these documents forthwith upon written request from the Commission.
  - 2.7 Superior Energy will continue to file a salesperson activity report with the Commission every three months which must be filed with the Commission within 15 business days following the last date of the reporting period. The report must contain sales activity information with respect to all active salespersons employed by Superior Energy within the reporting period. The information to be provided by Superior Energy is outlined in the MS Excel template, attached as Appendix A to Order A-22-08A. Superior Energy will use the template for filing the report. Upon review of the report, the Commission may call upon Superior Energy and/or its salesperson(s), or sales managers to attend at the Commission office to discuss compliance issue(s).
  - 2.8 Superior Energy must make contact with a customer within 3 business days, upon receipt of a verbal or written enquiry or complaint. A record of the response, either in writing or as a recording, will be made available by Superior Energy upon request from the Commission.
  - 2.9 Superior Energy will record and maintain all of its inbound and outbound telephone conversations. The digital recordings will be made available by Superior Energy within three days of the initial recording and must be provided upon request of the Commission.
  - 2.10 Upon receipt of a web enrollment for service, Superior Energy will forward its written agreement to sign-up for service and obtain from the customer a signed agreement in return. An electronic signature must be obtained from the customer via Superior Energy's website; however Superior Energy must be in receipt of a signed hard copy of the agreement before the customer is registered with Terasen Gas Inc. All documents must be maintained on file and available to the Commission in accordance with the Code of Conduct.

- 2.11 Superior Energy will complete a Third Party Verification call, in accordance with the Code of Conduct for Gas Marketers, for all customers who sign-up for service by internet marketing. The Third Party Verification must take place after the signed written agreement is received from the customer and before the enrollment of the customer is registered with Terasen Gas Inc.
- 2.12 Superior Energy shall ensure that its employees, salespersons or other representatives of its products and services comply with the standards required of a Gas Marketer as set out in the Code of Conduct for Gas Marketers. Superior Energy shall be responsible for the non-compliance of its employees, salespersons or other representatives of its products and services with the Code of Conduct for Gas Marketers.
- 2.13 Superior Energy must file with the Commission its unaudited quarterly financial statements consisting of a balance sheet and income statement for the period then ended. Further, Superior Energy will provide the Commission with a description of its liquidity and cash position at the end of each quarter and a liquidity outlook for the next twelve months. This information shall be filed with the Commission no later than 45 days after the end of the relevant quarter.

