Energy Choice Matters

November 5, 2009

Pepco Energy Services Seeks Delay in Maryland POR, Claims Potential for Higher Rates

Pepco Energy Services moved to delay the implementation of electric Purchase of Receivables in Maryland beyond April 1, 2010, claiming that additional time is needed to address the discount rate ordered by the PSC, and to ensure customers are not exposed to higher retail prices as a result of the discount rate.

Pepco Energy Services asserted that, "the discount rate concept was first introduced in Staff's comments filed on July 9, 2009 at the end of the comment period in this administrative proceeding." Pepco Energy Services does not define the "administrative proceeding" to which it is referring. While none of the utilities proposed discount rates in their RM 17 compliance filings, a discount rate was cited as early August 15, 2005, by Dominion Retail, in reply comments on Staff's initial proposal instituting Administrative Docket Rulemaking No. 17.

Despite the tortuous four year process that RM 17 formally undertook (not counting workshop and various other activities prior to its formal docketing), Pepco Energy Services said, "stakeholders had no real opportunity to address on the merits the issues implicated by the use of a discount rate, or to raise practical issues and time requirements associated with the implementation of a discount."

"There is simply an inadequate record regarding the use of a POR discount rate," Pepco Energy Services said. Pepco Energy Services is generally correct that much of the focus of stakeholders was not on the specifics of the discount rate itself, but rather POR more broadly (versus proration). However, as the discount rate has been implicated since the start of the RM 17 process, the thin

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Superior Plus to Expand Competitive Supply Marketing to U. S. in Griffith Asset Purchase

Superior Energy Management Reports Flat EBITDA

Canadian competitive electric and gas retailer Superior Plus will apparently enter the United States' competitive retail markets in conjunction with the acquisition of certain assets of Griffith Energy Services (a subsidiary of CH Energy Group), Superior announced yesterday.

Griffith does not currently have a competitive retail book, but offers HVAC and energy contracting services in the Northeast and Mid-Atlantic. Griffith is primarily a retail heating oil, propane and motor fuel distributor within the same footprint (business lines Superior also offers in Canada).

The Superior Plus asset purchase includes Griffith's Pennsylvania, Connecticut and Rhode Island businesses, for US$76 million. Griffith will retain its businesses in several other Mid-Atlantic states.

Among other things, Superior said that it intends to, "offer its fixed price energy services to its propane and heating oil customers." Superior uses the term "fixed price energy services" exclusively to describe its subsidiary Superior Energy Management, which offers fixed-price electric and/or natural gas contracts in several Canadian provinces, including Ontario, British Columbia, and Quebec.

Current Superior Energy Management President Greg McCamus has been named President of US Refined Fuels to lead the consolidation and integration of the Griffith business. McCamus will

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Nelson Recommends REPs be Allowed to Estimate End Date on Bills

REPs should be permitted to estimate the end date of fixed price contracts listed on bills, PUCT Commissioner Donna Nelson said in a memo in advance of today's open meeting, due to the nature of the market structure and TDU meter read cycle (First in Matters, 11/2/09).

As first reported by *Matters*, Staff has proposed that REPs be required to list the exact end date of fixed price products on all customer bills (unless the customer is above 50 kW and waives the protection). Staff has said that since switches are no longer tied to the meter read cycle of the TDU, REPs can provide customers with an exact end date of the contract once the switch is executed (e.g., 12 months from the date of the switch).

Nelson argued that REPs determine the end date of a contract based on the last date the customer's meter is read by the TDU. From a practical standpoint, this would appear to be a necessity, even though switches are no longer tied to a meter reading schedule.

Consider a customer that switches to a REP on November 5, 2009 for a 12-month contract. While the REP could determine the end date exactly 12 months into the future (November 5, 2010), this date will likely fall within the middle of a customer's billing period, and not on the date of their meter read. If the customer decides to switch coincident to the end of their 12-month contract, the issue is moot, since a meter read for the purpose of the switch would be performed within a seven-day window of the switch request.

However, if the customer remains with their original REP at the end of the contract, either on the default renewal rate or a different renewal offer, the REP is faced with a problem, since the contract is deemed to have ended on a date that is not the date of the meter read. Specifically, the REP will not be able to determine how much of a billing period's usage should be attributed to the old rate, and how much should be attributed to the new rate, since the rate change did not fall directly on a meter read. While there are instances in which an estimate must be performed to split kilowatt-hour usage that was subject to two distinct rates in the same billing period (usually among separate REPs), it is unclear what rules would govern how a REP would divide such usage when no switch is involved.

Furthermore, it seems that Staff's recommendation to extend a prohibition on termination fees from the time that the customer is sent their contract expiration notice would address the main concern regarding exact end dates. While an estimate does not provide a precise end date, it does allow the customer to know generally what month the contract will end. Knowing the exact end date, while providing even more certainty, is ostensibly most useful under a system where the customer must be sure to request their switch for a specific date to ensure they do not incur any early termination penalties. With the proposed termination fee prohibition after the expiration notice, and the current seven-day switching window which allows for faster switching so a customer is less likely to "miss" executing a desired switch prior to the end of the contract because of the shorter enrollment process, the need for an exact end date may be reduced from when first contemplated.

Although not ideal, Nelson noted that estimated end dates are a product of the market structure (e.g. the meter reading cycle), and proposed allowing REPs to use the billing cycle and month or approximate date in recognition of this structure. "When all customers in the competitive market have advanced meters, this issue should resolve itself," Nelson noted

Nelson also argued that the end date should only be listed on residential customer bills, not small commercial bills.

Nelson supported the extension of the period during which termination fees are prohibited to 30 days before expiration, from the current 14, because the minimum period for residential customer contract expiration notices has been increased to 30 days before expiration. Nelson noted that without the extension, a gap would be created that would confuse customers.

Though Nelson described the proposed change as extending the termination fee waiver period to harmonize it with the new 30-day requirement, the Staff proposal goes beyond merely updating the current rule to reflect the new minimum 30-day notice. Currently, a REP may send out an expiration notice to any mass market customer during any time between 45 days before expiration, and 14 days before expiration. The termination fee waiver period, however, only extends to 14 days prior to contract expiration (the minimum notice period).

Thus, under the current rule, a gap exists if the REP elects to send the notice out prior to 14 days before expiration. Staff's proposal for adoption would eliminate this gap by making the termination fee waiver period apply from the date the notice is sent out. Thus, under the new rule, the waiver period could be longer than the 30-day minimum residential notice period, if the REP chooses to send the notice out earlier.

Nelson would also adopt the suggestion from several REPs and TDUs to allow REPs to pass-through changes in TDU or similar costs to customers in the first month of a variable rate plan. Currently, fixed and indexed products may pass through such changes in TDU charges in the first month, but the rules require that the variable rate charged in the first month must equal the rate listed on the Electricity Facts Label, despite any change in TDU charges. Under Nelson's modification, variable EFLs would be required to state that the first-month price may change due to modification of TDU or other charges approved by the PUCT.

Additionally, Nelson would also adopt REPs' suggestion regarding the notice that must be included on fixed-price bills if the charges include a pass-through of modified TDU or similar charges. Since TDU rate changes do not take effect on a set schedule, Nelson favors broader language providing notice to customers that the bill "may" contain price changes allowed by rules of the PUCT (rather than a definitive statement that the bill includes such charges).

Nelson recommended refining Staff's proposal to allow REPs to send contract expiration notices to customers via email, with Nelson's language only permitting emailed notices if the customer has "requested" email notice of contract-related notices (and not just general communications), rather than email notices being permitted if the customer has "agreed" to email notice.

REPs should be given until March 1, 2010 to institute the new contract expiration and common billing term provisions, Nelson said. Staff had suggested a February 1, 2010 deadline.

Nelson also proposed taking additional time to address the common billing terms to address the definitions of "meter re-read charge" and "taxes and other fees." Nelson noted that "meter re-reads" are not often coded as such when a TDU bills a REP.

REPs Caution Against Retroactive Primary Substation Class at Oncor

If the PUCT elects to implement a new Primary Substation Class at Oncor in a rehearing order, the new class should be applied prospectively only, and not from the September 17, 2009 date of the Commission's order in Oncor's rate case, the Alliance for Retail Markets, Texas Energy Association for Marketers, Reliant Energy, and TXU Energy said in comments at the PUCT.

Creation of a Primary Substation Class is one of the potential changes to the September 17 order being considered on rehearing.

REPs favored prospective application of any new Primary Substation Class because making the class effective as of September 17 would require the cancellation and rebilling of approximately six to nine million invoices to reflect the revised rates.

"From a retail perspective, the programming, accounting, and personnel costs associated with this option would be staggering, given the effort REPs would need to undertake to re-bill all of their customers," REPs said.

REPs argued that the retroactive application of rates through cancellation and re-bills due to a rehearing order is not supported by Commission practice, as the REPs noted there has been no such application since the inception of retail electric competition in 2001.

If retroactive rates were allowed on rehearing, "an order on rehearing in a rate case that impacts rates ... would invariably require a cancel/rebill," REPs observed.

REPs also do not support creating a one-time surcharge or credit that would implement the new class as of September 17, but without the need for cancels and re-bills. REPs would expend considerable time and resources to implement these one-time rates for all of their customers, and the one-time surcharges/credits would likely create confusion, REPs said.

While recognizing logistical problems with the new class, the Texas Industrial Energy Consumers urged the Commission not to allow expediency to take the place of traditional ratemaking.

"It would be highly unlikely that, if the tables were turned and a utility were to win an item on rehearing after rates were put into effect, the utility would agree to apply the increase prospectively only. Likewise, the primary substation rate should be made effective at the same time that every other rate resulting from this proceeding is effective," TIEC said.

PUCO Grants NOPEC Waiver of One-Year Minimum Aggregation Term

The Public Utilities Commission of Ohio ruled that the Northeast Ohio Public Energy Council and Gexa's 23-month governmental aggregation program which features an 18-month price and a proposed five-month price constitutes two separate aggregation programs, both of which are governed by administrative rules requiring a minimum aggregation term of 12 months. However, PUCO found good cause to grant a waiver of the 12-month minimum term related to the second part of the aggregation program, finding that a five-month term is appropriate so that the NOPEC aggregation can terminate coincident with the end of the FirstEnergy utilities' Standard Service Offer on May 31, 2011 (Only in Matters, 10/5/09).

NOPEC's current supply agreement with Gexa runs through May 31, 2011, but pricing was only locked through December 31, 2010 (18 months from the start), with pricing for the remaining period subject to future negotiations. As only reported in *Matters*, NOPEC and Gexa petitioned PUCO to rule that certain provisions of the administrative code requiring governmental aggregations to be at least 12 months in length did not apply to the five-month pricing period since it was part of a longer, 23-month aggregation, or, in the alternate, grant a waiver of the 12-month minimum term. NOPEC and Gexa cited a May 2009 PUCO decision as defining an aggregation's length by the term of a supply agreement (which is 23 months for NOPEC/Gexa), and not the length of time for which prices are established under the supply agreement (e.g. 18 months followed by 5 months at NOPEC).

However, PUCO held that the cited May order, "does not state that the supply agreement between the governmental aggregator and the [retail] supplier defines the term of a governmental aggregation program." Rather, the order only clarified that supply arrangements may extend beyond the maximum three-year length of a governmental aggregation.

"Given that NOPEC's proposed 23-month governmental aggregation program had a specified pricing structure for the offer for the 18-month period, allowed the program to be terminated at the conclusion of the 18-month pricing period, and provided for a subsequent opt-out for the remaining five-month period, we find that two governmental aggregation programs exist. One program, which is currently operating, was for the 18-month pricing period and the other is for the five-month pricing period," PUCO concluded. Both programs are subject to the 12-month minimum aggregation term, the Commission held.

However, PUCO found good cause to waive the 12-month rule so that the aggregation may terminate coincident with the end of the default SSO price.

Briefly:

PUCO Denies OCC Bid to Terminate Vectren SCO Auction

The Public Utilities Commission of Ohio denied the Ohio Consumers' Counsel's petition to eliminate Vectren Energy Delivery's approved Standard Choice Offer auction (Only in Matters, 11/4/09), finding that the tax issue raised by OCC was fully considered in the Commission's order adopting the SCO, and that OCC provided no new arguments. PUCO also approved the refinements to the SCO process recommended by stakeholders (see Matters, 9/24/09 for discussion).

Energetix Seeks Pa. Gas License
Energetix applied for a Pennsylvania natural gas supply license to serve all customer classes in all service areas, though it said its initial focus would be at LDCs overlapping the PPL Electric Utilities service area.

Northeast Energy Partners Seeks Pa. Broker License
Northeast Energy Partners applied for a Pennsylvania electric broker/marketer/ aggregator license to serve all sizes of commercial, industrial and governmental customers in all service areas.

Integrys Energy Services Reports Lower Retail Electric Margins
Integrys Energy Services reported, after the market close, net income of $23.8 million for the third quarter of 2009, versus a net loss of $94.5 million a year ago, largely on non-cash accounting gains from hedging. Integrys will discuss results in a webcast today, of which we will have a full report tomorrow. Briefly, realized natural gas margins increased $3.4 million after-tax, driven by higher quarter-over-quarter per-unit retail natural gas margins related to recently contracted sales commitments. Margins from realized retail electric operations decreased $1.4 million after-tax, resulting from Integrys Energy Services' adjusted product pricing strategy, which was implemented in response to increased business risk and a higher cost of capital. Parent Integrys Energy Group did not provide any substantive update on efforts to divest/wind down Integrys Energy Services in a news release issued yesterday.

Alternative Energy Source Seeks Ohio Electric Broker License
Alternative Energy Source (legally organized as HB Hayes & Associates LLC) applied for an Ohio electric broker-aggregator license to serve all customer classes in all service areas, though it will focus on Duke and the FirstEnergy companies initially. Alternative Energy Source currently provides natural gas brokering in Ohio, Michigan, Indiana, and Illinois.

Nstar Residential Basic Service Rate Falls
Nstar reported that the Basic Service supply price for residential customers for the six-month period beginning January 1, 2010, will drop by 3.7% percent, from 9.22 cents per kilowatt-hour to 8.88 cents per kilowatt-hour. Nstar's filing containing rates for various non-residential classes was not immediately available.

Md. PSC Schedules Session on Solar RPS Rules
The Maryland PSC scheduled a rulemaking session for December 15 to address RM 39, in which Staff has proposed changes to the solar RPS carve-out, including a provision that would allow the use of out-of-state solar RECs until January 1, 2012 under certain conditions (Only in Matters, 9/3/09).

DPUC Approves PowerChoice Aggregator Certificate
The Connecticut DPUC granted start-up PowerChoice, LLC an electric aggregator certificate to serve residential and commercial customers (Only in Matters, 8/27/09).

DPUC Approves Sack Distributors Aggregator Certificate
The Connecticut DPUC granted Sack Distributors Corporation an electric aggregator certificate to serve commercial, industrial, municipal and governmental customers.

DPUC Approves United Illuminating Procurement
The Connecticut DPUC approved United Illuminating's procurement of Last Resort Service supplies for the three-month period beginning January 1, 2010, and Standard Service supplies for portions of 2011-12. UI must submit retail rates for Last Resort Service and Standard Service, for the periods beginning January 1, 2010, by November 17, 2009.

PUCO Denies Rehearing on AEP Electric Security Plan
The Public Utilities Commission of Ohio denied rehearing requests regarding the AEP utilities' electric security plan. PUCO denied industrials' protest of PUCO's order prohibiting customers supplied through reasonable arrangements with AEP from participating in PJM load response programs pending a PUCO investigation.

Additionally, PUCO declined to modify its order finding that AEP shall not recover costs for the Waterford Energy Center and the Darby Electric Generating Station, and its finding that AEP's petition to sell the plants is premature.

Md. POR ... from 1

record regarding an appropriate discount rate falls on parties in the proceeding, who chose not to develop any substantive concerns regarding a discount rate in four years of work.

Pepco Energy Services essentially argues that since none of the utilities filed to introduce a discount rate in their compliance plans, intervenors filing comments on the plans did not have sufficient notice of the discount issue, which Staff recommended in its comments on the plans.

Because the Commission has not had an opportunity to consider the practical issues and time requirements associated with a discount rate, "[i]implementation of POR with a discount rate before at least April 1, 2010 is simply impractical." April 1, 2010 is the implementation date for Baltimore Gas & Electric's and Pepco's POR programs; Allegheny Power's and Delmarva's programs are to start in December 2009.

"[L]arge, sophisticated consumers such as the Federal government, WMATA, the State of Maryland, Montgomery County and other creditworthy customers will see their prices go up as market prices incorporate the increased costs associated with the POR discount with little if any benefit," Pepco Energy Services said.

POR would be mandatory for customers on consolidated billing, though suppliers could opt to withhold customers from the POR program by dual billing such customers.

Pepco Energy Services suggested that customers will have an incentive to migrate to dual billing in order to avoid any discount rate premium which suppliers incorporate into pricing to serve customers on POR.

Though not explicit, Pepco Energy Services is ostensibly arguing that suppliers will serve customers on dual billing either without pricing in a collections risk, or by pricing in a smaller collections risk than what the discount rate is. Despite its complaints that no record evidence exists regarding the discount rate, Pepco Energy Services did not see fit to take the opportunity to offer any verified evidence regarding what the uncollectible rate for the large, sophisticated customers it is concerned about would be, and why it can be expected dual billing will lead to a lower uncollectibles premium than the POR discount rate.

Indeed, the PSC said that the, "discount rate [shall] be applied uniformly by rate classes to all retail suppliers," suggesting that one of the largest discount rate issues, commingling of sophisticated, creditworthy customers, with less creditworthy mass market customers, should be eliminated.

Accordingly, Pepco Energy Services offered no evidence or explanation of why a class-specific discount rate is expected to result in a higher uncollectible cost in the retail price. Pepco Energy Services does not explicitly acknowledge that retail pricing (if priced rationally) includes a collection risk in the price today, and that this risk would be eliminated under POR, with an attendant removal of the collection component of retail pricing (and replaced with the discount rate).

While suppliers focused on serving only the largest, most creditworthy customers (as Pepco Energy Services is) may generally have a lower uncollectibles rate, based on the supplier bad debt percentages of revenues that are publicly reported, it appears that the Maryland discount rate would have to be very high relative to discount rates implemented in other jurisdictions to rival most retailers' uncollectible rate. Obviously, with the authority to disconnect service to a customer, the utility will see greater success in collections, aided by its incumbent status and the fact that the customer is accustomed to paying their utility bill.

Furthermore, most suppliers have become hyper-sensitive about credit even with large non-residential customers due to the recession, with attendant higher uncollectible rates built into prices (which would be removed under POR).

Regardless, Pepco Energy Services argues that if the POR discount rate results in premium pricing over the rate suppliers offer through dual billing, customers who wish to be billed on a consolidated basis will be inconvenienced if they wish to receive the lowest pricing, because they will be required to migrate to dual billing.

Pepco Energy Services further argues that the customer must be notified of the discount rate prior to implementation, requiring a 90+ day delay for POR programs scheduled to start in December.

Why such notification is required is not clearly delineated by Pepco Energy Services. While Pepco Energy Services argues customers must be notified so they can choose between dual billing and consolidated billing due to the potential pricing differences enumerated above, it is not clear how customers with existing contracts would be affected, while new customers could be notified during the contracting process. To simplify, existing customers are served on some type of fixed, variable, or hybrid contract. If the contract is fixed, the POR discount should not affect the customer and immediate notification is not required (customers may wish to reconsider their billing option at the end of their term, but there is no urgency), unless Pepco Energy Services is suggesting that suppliers will use some sort of regulatory out clause to raise rates due to the introduction of a POR discount (this again assumes that the POR discount exceeds any uncollectibles risk in the current price).

For variable or hybrid customers, the customer's rate is ostensibly changing due to a myriad of cost factors, without advance notice, on a regular basis. If the supplier wishes to increase its variable/hybrid rate to account for a POR discount rate, we see little difference in such a change versus if the supplier changes the rate due to some other new or modified generation component, which the customer has agreed to under the nature of the variable/hybrid contract. While suppliers may wish to inform customers that they can receive a lower rate by opting off of consolidated billing, it does not seem that a 90-day notification process is required when such a process is not demanded by the customer for any other change in cost under the contract. Indeed, Pepco Energy Services offers no explanation of how prices in contracts may normally fluctuate -- up or down -- to reflect the supplier's own dynamic uncollectibles experience during the term of the contract absent POR, and why a price change due to the use a POR discount rate reflecting uncollectibles would be any different.

In any event, Pepco Energy Services argued that customers need 30 days to be informed of the discount rate, and allowed to determine if they wish to switch to dual billing to avoid any premium. Suppliers would then require 60 days to complete necessary EDI communication with the utility to effectuate a change to dual billing, Pepco Energy Services said.

The two periods place any POR program at least 90 days away, and Pepco Energy Services said that the 90-day period would only start once the discount factor is known. As it will take time to develop the discount factor, the implementation of POR programs would be delayed beyond 90 days, making, under Pepco Energy Services' timeline, December implementation at Delmarva and Allegheny impossible, and April 2010 implementation an "aggressive" target.

Pepco Energy Services also called the inclusion of a 1.25% risk component in the discount rate inconsistent with the Commission's finding that utilities shall not earn a profit from POR.

Pepco Energy Services cited (1) the applicability of discount rates to individual classes, (2) the frequency and manner of reviewing the discount rate, and (3) the method for changing the rate based on historic data, as issues that will also lead to divergent solutions in the utilities' individual compliance filings. Pepco Energy Services said that a comprehensive proceeding to address these issues is required to prevent "balkanized" POR regimes that will place a higher burden on suppliers participating in multiple territories.

Pepco Energy Services argued that the Commission should set a schedule containing the following:

1. A date certain for the filing of utility compliance plans containing the discount rate

2. Time for parties to conduct "limited" discovery on the utilities' filings and to file comments

3. A finding that, once the compliance plan is approved and discount rate is calculated, the POR program will not take effect for 90 days.

Pepco Energy Services claimed failure to implement such a schedule would have a "lasting negative effect" on the retail market, noting that only the suppliers' receivables are discounted under POR, and thus only competitive rates would contain the attendant discount premium. SOS receivables are not subject to a discount rate and thus SOS rates would not contain any discount-related premium, Pepco Energy Services said (though this asymmetry exists now, only the supplier's retail price premium is based on its own uncollectibles expense and not the discount rate).

Superior ... from 1

continue as President of Superior Energy Management as well.

Asked by *Matters* about the future U.S. growth of the competitive retailing business, A. Scott Daniel, Vice-President, Treasurer & Investor Relations for Superior Plus, would not confirm expansion of the competitive retail business, and said that Superior is focused on closing the asset purchase, and is not prepared to discuss specific integration or potential future market entries at this time.

The Griffith business consists of approximately 90% residential customers and 10% commercial customers. The transaction is expected to close in December.

Third Quarter Earnings

Superior Energy Management reported EBITDA from operations of Canadian $2.8 million for third quarter of 2009, flat versus the year-ago $2.9 million total. All figures in this story are Canadian from this point forward. Net income was $16.7 million, versus a net loss of $222.7 million a year go, reflecting a reversal of year-ago unrealized hedging losses.

Gross profit was down at $7.9 million from $8.6 million a year ago, on revenues of $77.8 million versus $79.5 million a year ago. The gross profit decline was substantially offset by lower operating, administrative and selling costs of $5.1 million versus $5.7 million a year ago, resulting from Superior's decision to cease marketing to residential customers in Ontario.

Lower revenues reflected the lower average selling price of natural gas, offset in part by an increase in electricity revenues due to higher sales volumes.

Per unit, electricity gross profit fell to 1.12¢/kWh from 1.22¢/kWh a year ago. Gas gross profit fell to 86.5¢/GJ from 101.0¢/GJ (see chart for volume and aggregate gross profit comparisons).

The decline in gas gross margin more than offset a 1% increase in natural gas volume as Superior moves away from residential sales and increases it commercial volumes. Gross profit per GJ was reduced by this lower proportion of higher margin natural gas residential volumes. As previously reported, Superior decided in the first quarter to cease marketing residential gas and electric service in Ontario due to competitive conditions.

The increase in electricity gross margin to $630,000 from $220,000 a year ago reflects the addition of commercial customers, with unit margins reduced due to the nature of commercial sales versus residential sales.

Consistent with its previously reported strategy, Superior continues to focus its sales channels towards acquiring and retaining Ontario commercial natural gas and electric customers, Quebec commercial natural gas customers, and British Columbia natural gas residential and commercial customers.

Superior invested $900,000 in customer acquisition costs during the third quarter, resulting in a customer base of 87,700 residential natural gas customers, 6,450 commercial natural gas customers and 4,950 electricity customers. As of June 30, 2009, customer count was 89,900 residential natural gas customers, 6,400 commercial natural gas customers and 4,700 electricity customers.

As of September 30, 2009, the average remaining term of Superior's contracts was 23

Superior Gross Profit by Segment

(millions of Canadian dollars except volume and per unit amounts)	**Three months ended September 30, 2009**			Three months ended September 30, 2008		
	Gross Profit	**Volume**	**Per Unit**	Gross Profit	Volume	Per Unit
Natural Gas	**7.27**	**8.4 GJ**	**86.5 ¢/GJ**	8.38	8.3 GJ	101.0 ¢/GJ
Electricity	**0.63**	**56.1 kWh**	**1.12 ¢/kWh**	0.22	18.0 kWh	1.22 ¢/kWh
Total	**7.90**			8.60		

months (versus 29 months as of September 30, 2008), reflecting the slowdown in the enrollment of new customers, and the retention of existing customers. Residential and small commercial customer volumes comprised approximately 28% of sales volumes in the third quarter, versus 29% in the third quarter of 2008.

Superior Plus also said that, effective with the fourth quarter of 2009, it anticipates that it will no longer provide individual reporting for its propane distribution, heating oil distribution and fixed-price energy services businesses.