



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** A-24-10

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.b cuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

**An Application by Universal Energy Corporation
for Renewal of its Gas Marketer Licence
under the Customer Choice Program**

BEFORE: L.F. Kelsey, Commissioner October 21, 2010
 D.A. Cote, Commissioner

O R D E R

WHEREAS:

- A. On August 16, 2010, Universal Energy Corporation (Universal Energy) applied to the British Columbia Utilities Commission (Commission) for renewal of its Gas Marketer Licence. The Application for renewal of its Licence to Market Natural Gas (Application) 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;
- B. The Application was accompanied by Universal Energy’s unaudited financial statements for quarters ending March 31 and June 30, 2010 pursuant to item 5, of the Licence Requirements;
- C. By letter dated September 21, 2010, the Commission requested additional financial information and noted in the correspondence that Universal Energy does not appear to be in compliance with the Commission’s Current Ratio or Working Capital requirements, which is a factor of assets and liabilities as defined by the Canadian Generally Accepted Accounting Standards. The non-compliance was due largely to the unrealized losses arising from derivative financial instruments on the future gas supply contracts;
- D. On September 27, 2010, Universal Energy filed the requested financial information specifically relating to the unrealized losses arising from derivative financial instruments on the future gas supply contracts;
- E. The Commission notes that Universal 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 losses on financial instruments and the non-recording of unrealized gains related to the customer contracts to sell gas. Through the Commission’s information request, Universal Energy provided additional financial details that suggest that there is a low probability that the unrealized losses will be realized in the future and that it has sufficient liquidity to fund ongoing operations until at least October 31, 2011.

- F. The Commission has reviewed Universal Energy's Application and relying upon the information and representations made by Universal Energy finds that renewal of its Gas Marketer Licence, subject to conditions, is warranted.

NOW THEREFORE pursuant to section 71.1(6) of the *Utilities Commission Act* the Commission orders as follows:

1. The Commission issues to Universal Energy a Gas Marketer Licence for the period of November 1, 2010 to October 31, 2011.
2. The Gas Marketer Licence is subject to the following conditions:
 - a. Universal Energy will carry out the undertakings as set out in the Application for a Licence to Market Natural Gas dated August 16, 2010 and the Rules for Gas Marketers.
 - b. Universal Energy will comply with the Code of Conduct for Gas Marketers and Rate Schedule 36 of Terasen Gas Inc.
 - c. Universal Energy will maintain a \$250,000 Letter of Credit or acceptable substitute in full force and effect for the duration of the Licence.
 - d. Universal 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.
 - e. The Commission may, at any time and without prior notice to Universal 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.
 - f. The Gas Marketer Licence and all copies of it shall remain the property of the Commission and Universal Energy will return these documents forthwith upon written request from the Commission.
 - g. This Gas Marketer Licence does not allow for marketing or soliciting of new customers in B.C. If Universal Energy intends to engage in any marketing activity to solicit new customers, it must re-apply for an amended Licence.
 - h. Universal 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. Universal 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.

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- i. Universal Energy must file with the Commission its unaudited quarterly financial statements consisting of a balance sheet and income statement for the period then ended. 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 21st day of October 2010.

BY ORDER

Original signed by:

D.A. Cote
Commissioner

Attachment



LICENCE No. A-24-10

GAS MARKETER LICENCE

Universal Energy Corporation

is granted a licence for the purpose of providing advice to, or acting on behalf of, a low volume consumer ⁽¹⁾ purchasing gas directly in the Province of British Columbia subject to the terms and conditions contained in Commission Order A-24-10, which are set out in the reverse of the Licence.

BRITISH COLUMBIA UTILITIES COMMISSION

Original signed by:

D. A. Cote, Commissioner

ISSUED: November 1, 2010

EXPIRES: October 31, 2011

(1)As described in the Rules for Gas Marketers

The Gas Marketer Licence is subject to the following conditions:

- a. Universal Energy will carry out the undertakings as set out in the Application for a Licence to Market Natural Gas dated August 16, 2010 and the Rules for Gas Marketers.
- b. Universal Energy will comply with the Code of Conduct for Gas Marketers and Rate Schedule 36 of Terasen Gas Inc.
- c. Universal Energy will maintain a \$250,000 Letter of Credit or acceptable substitute in full force and effect for the duration of the Licence.
- d. Universal 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.
- e. The Commission may, at any time and without prior notice to Universal 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.
- f. The Gas Marketer Licence and all copies of it shall remain the property of the Commission and Universal Energy will return these documents forthwith upon written request from the Commission.
- g. This Gas Marketer Licence does not allow for marketing or soliciting of new customers in B.C. If Universal Energy intends to engage in any marketing activity to solicit new customers, it must re-apply for an amended Licence.
- h. Universal 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. Universal 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.
- i. Universal Energy must file with the Commission its unaudited quarterly financial statements consisting of a balance sheet and income statement for the period then ended. This information shall be filed with the Commission no later than 45 days after the end of the relevant quarter.