



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver BC V7X 1L3 Canada
Tel: 604-631-3300 Fax: 604-631-3309

SUPERIOR ENERGY MANAGEMENT
COMPLAINTS INQUIRY **EXHIBIT B-8**

September 17, 2010

Janice H. Walton
Dir: 604-631-3354
janice.walton@blakes.com

Reference: 73579/5

VIA COURIER

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Box 250
Vancouver, BC V6Z 2N3

Attention: Erica M. Hamilton, Commission Secretary

Re: Superior Energy Management Gas LP
Compliance Inquiry – Customer Choice Program, Commission Order A-10-10

Dear Ms. Hamilton:

Please find enclosed the response of Superior Energy Management (“Superior”) to the August 24, 2010 follow up report from Grant Thornton.

As you are aware, on July 21, 2010 we expressed Superior’s concern that Grant Thornton’s April 9, 2010 report (the “Original Report”) has been uploaded onto the Commission’s website. In your letter of August 5, 2010 responding to our original request for the Grant Thornton report to be removed from the website, while you noted the public interest of access to information, you did not respond to Superior’s concern regarding its rights to be treated with fairness in regulatory proceedings or the harm to Superior’s business.

Our review of the Supplemental Report substantiates Superior’s concerns over posting of the Original Report prior to Superior’s opportunity to respond or the Commission’s determination. Indeed, the Supplemental Report demonstrates that the Original Report contain errors of fact and inaccurate conclusions regarding Superior’s compliance.

1. In the Supplemental Report Grant Thornton *admits* that there are a number of errors in the Original Report. One example is on page 16 of the Supplemental Report, wherein Grant Thornton admits that its statement about “11 agents” was incorrect and should have been “6 agents”. There are a number of other similar admissions of error or inaccuracies.
2. In the Supplemental Report Grant Thornton qualifies its conclusions in the Original Report regarding potential violations of the Code of Conduct (the “Code”) by stating that some instances were not actually considered to be violations of the Code, but violations of the “spirit” of the Code. This is a

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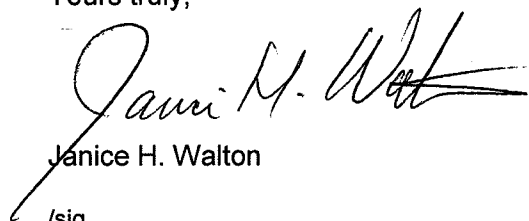
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very concerning statement. First, Grant Thornton appears to be reaching legal conclusions, which it is not qualified to do. Second, this qualification does not change the fact that the Original Report does not differentiate between what Grant Thornton now considers are violations of the "spirit" of the Code or of the actual requirements of the Code.

In light of the admissions by Grant Thornton of errors in the Original Report and inaccurate generalizations about compliance with the Code, Superior renews its objection to the filing of the Original Report on the Commission's website. The Original Report is clearly flawed and should not be available to the public until the Commission has had the opportunity to review and reach conclusions on the entire record.

We request the Commission reconsider its decision not to remove the Original Report from its website.

Yours truly,



Janice H. Walton

/sig
Encl.

c: Paul Miller, Boughton Law Corporation

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SUPERIOR ENERGY MANAGEMENT

**Response to the August 24, 2010 Letter from Grant Thornton to the
BC Utilities Commission regarding Review of Complaints at Superior
Energy Management**

September 17, 2010

SUPERIOR ENERGY MANAGEMENT
Response to Grant Thornton: “Complaints Inquiry of Superior Energy Management”

Superior Energy Management (“SEM”) provides the following response to the August 24, 2010 Letter from Grant Thornton to the BC Utilities Commission regarding Review of Complaints at Superior Energy Management.

For ease of reference, the following terms are defined:

Grant Thornton Report: *Complaints Inquiry of Superior Energy Management, April 9, 2010*

SEM Response: Superior Energy Management Response to Grant Thornton, July 30, 2010

GT Response: Letter from Grant Thornton, August 24, 2010

Second SEM Response: Comments of Superior Energy Management to GT Response, September 17, 2010.

The document below contains SEM’s comments on the paragraphs in the Grant Thornton Report which the SEM Response identified deficiencies with, and which were subsequently responded to in the GT Response.

Item 14:

In its annual reporting to BCUC, Superior reports all disputes and agent complaints for active agents regardless of whether they are written or not. However, for inactive agents it reports only those received in writing.

SEM Response:

- Order A-6-09, Appendix B, Item 11, bullet 5 requires SEM to report the total number of disputes for adjudication, per month, that were logged in GEM in the last 12 months. Order A-6-09, Appendix B, Item 11, bullet 8 requires SEM to report the total number of complaints, per month, that were received **in writing** in the last 12 months. SEM reports the total number of disputes for adjudication and the total number of complaints, per month for active and inactive agents. SEM does not distinguish between active and inactive agents for any annual reporting identified in Item 11.

GT Response:

For further clarification, on October 27, 2009, we corresponded with Ms. Sandhu of Superior via e-mail and asked “is there any other type of complaint that is not reported in the monthly/quarterly reporting nor the annual (August 2008 to July 2009) reporting?”

Ms. Sandhu responded on October 28, 2009 (with a cc to Ms. Wasney of Superior), that:

Quarterly reporting includes (for agents active during the period) all adjudicated disputes regardless of type and non dispute complaints that are agent related. Annual reporting includes all adjudicated disputes, all courtesy drops and all written complaints. Complaints received by telephone specifically that did not generate disputes and were non agent related or related to an agent inactive during the period, would not be included in either report.

Second SEM Response:

Ms. Sandhu's response is an accurate depiction of SEM's procedure.

Item 17:

We reviewed Superior's quarterly agent tracker, which reports the number of complaints and disputes by agent for each quarter, and noted some discrepancies between reports.

SEM Response:

Other than #87 below, Grant Thornton does not provide specific examples of these allegations. SEM has been unable to independently verify the allegations. Therefore SEM does not have sufficient information to respond.

GT Response:

Our comparison of Superior's quarterly agent tracker to the annual complaint/dispute reporting is discussed in paragraphs 68 to 70, page 13 of the Report. See also Schedule 5 in the Report and our further comments below relative to Items 69 and 70 (including schedules with details).

Second SEM Response:

Appendix C – Schedule 5 is a summary of complaints (totaling 52) by complaint category. Only agent-related complaints are reported versus other categories such as contract or customer service issue complaints.

Item 18:

We identified additional complaints not required to be reported by BCUC, such as some telephone complaints and complaints for inactive agents. As well, we identified customers that were classified as courtesy drops which we believed could have been classified as complaints.

SEM Response:

In accordance with section 2.7 of SEM's licence, unless the agent was active during some of the reporting period, any complaints received would not be included in the quarterly agent tracker.

SEM is unable to respond to the allegations of missing telephone complaints and courtesy drops misclassified without specific reference to the cases provided.

GT Response:

As reported in paragraph 74, page 14 of the Report, we were provided with details of 124 courtesy drops for the period November 1, 2008 to October 28, 2009, which were presented in Schedule 6 of the Report. Based on the classification of courtesy drop "reasons" provided to us, it appeared to us that the disputes with the following "reasons" could otherwise have been recorded as complaints, had they not been courtesy drops.

Reasons provided (total of 92)

- 78 enrolled in error;*
- 4 forged records;*
- 9 minors/seniors; and*
- 1 unauthorized party.*

The balance of the 124 courtesy drops included "goodwill gestures" (19) and "liquidated damages" (13). For details of the 92 customers see the attached schedule for Item 18.

Second SEM Response:

SEM reviewed all 92 calls for the above courtesy drops. Of the 78 enrolled in error, four customers were informed by the sales agent following the TPV call that the contract would be cancelled yet the enrollment was processed. SEM suggests that these four complaints could be defined as agent-related complaints yet the tone of the customer interaction was not in the nature of a complaint. The other 78 calls were customers inquiring as to why SEM was showing on their bill. SEM reviewed the account and notified the customer of the processing error and rectified the problem without issue. Again, the tone of the customer interaction was not in the nature of a complaint.

Of the four forgeries, SEM investigated the documentation and determined the signatures did not match. These courtesy drops should also be categorized as agent-related complaints.

Of the 9 minor/senior calls, all were generated by seniors expressing concern that they could not afford to pay their natural gas bills. SEM confirmed their senior status and returned the accounts to system. The calls were not categorized as complaints due to the tone of the customer communication.

The unauthorized signature call was an inquiry by the customer as they were not aware of the contract. When SEM identified the person that signed and determined it was not the account holder or spouse, SEM returned the customer to system immediately.

Item 22:

With respect to sales agents, we found apparent violations of the Code, including alleged forged documents, aggressive behaviour and various other breaches. We also found multiple complaints against a number of individual sales agents. We observed deficiencies with respect to both sales agents, customer service agents and the outsourced TPV callers.

SEM Response:

Other than TPVs referenced and responded to in Items 77-79 and multiple complaints against agents addressed and responded to in Item 86, Grant Thornton does not provide specific examples of these allegations. SEM has been unable to independently verify the allegations. Therefore SEM does not have sufficient information to respond.

GT Response:

As noted in the Superior Response, specific examples of the “apparent violations” are provided in the TPV analysis (paragraphs 77 to 79, pages 14 and 15 of the Report) and discussed in paragraphs 82 to 100, pages 16 to 19 of the Report. Additional examples are provided in the 10 cases included as Appendix A to the Report.

As for multiple complaints against sales agents, these are recorded in the Complaints and Dispute Log (Appendix B to our Report) and discussed in paragraphs 86 to 88, page 16 in the Report. We provide further details extracted from the Complaints and Disputes Log with our response to Item 86 below.

Second SEM Response:

Please see response for Item 86.

Item 23:

Several additional matters were identified in our inquiry as potential exceptions and deficiencies at Superior, including complaint response times and promotional materials.

SEM Response:

Other than complaint response times addressed in Item 24 and promotional materials addressed in Items 112 and 114-121, Grant Thornton does not provide specific examples of these allegations. SEM has been unable to independently verify the allegations. Therefore SEM does not have sufficient information to respond.

GT Response:

The response times and promotional materials are the “additional matters” referred to in Item 23 above. These are discussed in paragraphs 101 to 121, pages 19 to 26 of the Report.

Second SEM Response:

The only outstanding response for Item #102 relates to the nine alleged GEM complaints missing dates.

SEM reviewed the nine identified complaints in GEM and SEM's Complaints and Disputes Log and dates were available as follows:

Date Received	Dispute No.	Customer ID	Response Date
10/21/2009	17843	679072	10/29/09
10/22/2009	17865	552010	10/30/09
10/22/2009	17866	631675	10/30/09
10/23/2009	17870	550519	10/30/09
10/23/2009	17871	637233	10/30/09
10/23/2009	17878	676571	10/30/09
10/26/2009	17884	550914	11/02/09
10/27/2009	17891	671473	11/02/09
10/27/2009	17908	555303	11/02/09

Item 24:

Superior has responded to most disputes in GEM within the required 9 days and most of the Superior complaints within the required 3 business days. However, we identified 39 instances where Superior's responses appeared to exceed the required time.

SEM Response:

Grant Thornton does not provide specific examples of these allegations. Therefore SEM does not have sufficient information to respond fully. However, in an effort to address this allegation, SEM analyzed the complaints spreadsheet and located 24 instances, not Grant Thornton's reported 39. Our records identified 23 disputes responded to after the nine day limit and one complaint responded to beyond the three business day limit. Of the 23 disputes, 15 were during an extended sick leave for the month of August, 2009 of Superior's compliance analyst. SEM communicated the issue to the BCUC notifying that they would experience potential delays in receiving responses to our disputes and complaints during this time period. Of the 8 remaining late disputes, 6 were in 2008 and were from 1-6 days late except for a dispute that was 12 days late over Christmas. The two late disputes in 2009 were one and two days after the deadline.

SEM Mitigation:

Superior has since mitigated this issue by cross-training another analyst to ensure future compliance. **All** disputes and complaints received since September 1, 2009 have been responded to within the required timeframe.

GT Response:

The 39 instances referenced in the Report as exceeding the requisite reporting requirements included 26 GEM disputes and 13 others as discussed in paragraph 103, page 19 of the Report. See the attached schedules for Item 24 for details.

Second SEM Response:

In addition to the dispute/complaint late responses identified in our initial response above, SEM responded past the nine day deadline on four additional disputes – numbers 12451, 15431, 16916 and 14376. When comparing SEM’s total list of late disputes against Grant Thornton’s list, we identified an additional dispute, number 12501 that was not reflected in Grant Thornton’s analysis.

Of the 13 complaints identified by Grant Thornton as having been responded to beyond the three business day deadline, the only complaints we can verify are the five instances that include customer identification numbers. Of these five, all were received in writing from the BCUC as follows:

Customer ID	Received Date	Response Requested By	Response Sent
631352	5/14/09	No date	6/3/09
637752	9/9/08	9/27/08	9/27/08
651804	12/9/08	12/19/08	12/18/08
641945	9/18/08	No date	No record
637285	12/3/08	12/10/08	12/10/08

Note to 641945 – the customer called on September 18, 2008, the day after signing the contract, and requested cancellation. The customer was informed a cancellation would be processed and a drop was submitted to Terasen the same day. The customer then contacted the BCUC and SEM subsequently received a confirmation of cancellation request from the BCUC on September 18, 2008 at 8pm EST. SEM is unable to locate a response to the BCUC request for information. The customer called SEM on September 24th requesting confirmation of the cancellation which SEM provided.

Item: 25:

In our view some of the promotional materials and verbal pitches used to promote Superior in the past have been misleading and potentially non-compliant in terms of the Code and Rules.

SEM Response:

Other than promotional materials addressed in Items 112 and 114-121, Grant Thornton does not provide specific examples of these allegations. SEM has been unable to independently verify the allegations. Therefore SEM does not have sufficient information to respond.

GT Response:

The promotional materials in question are discussed in paragraphs 112 to 121, pages 22 to 26 of our Report. Examples of some of the verbal pitches are documented in our cases in Appendix A and in certain of the TPVs (and other phone calls) included in Schedule 1 as well as in our discussion in paragraphs 77 to 81, pages 14 to 16 of our Report. Additional examples exist in the responses received from customers which were not specifically included in Appendix A of the Report.

Second SEM Response:

SEM has provided responses to Appendix A, Schedule 1 and paragraphs 77 to 81. SEM has no further comments.

Item 69:

We also compared the annual complaint/dispute reporting to the quarterly agent tracker reporting from November 1, 2008 to July 31, 2009. We identified 19 agents that were active when they received complaints or disputes but either were not reported on the tracker or not all of their complaints and disputes were reported. We understand that in their quarterly reporting, Superior only reports "active" agent complaints if the agent is still active at the time of reporting.

SEM Response:

Grant Thornton does not provide specific examples of the alleged 19 agents for whom inadequate reporting was done. SEM has been unable to independently verify the allegations. Therefore SEM does not have sufficient information to fully respond.

As set out in item 18 above, SEM has reported only sales activity for active salespersons employed by Superior Energy within the reporting period, as required by section 27 of the Licence.

GT Response:

Grant Thornton compared the annual complaint/dispute reporting to the quarterly tracker reporting and identified 19 agents that were active when they received complaints or disputes but either were not reported on the tracker or not all their

complaints and disputes were reported. We provided a schedule to Superior on November 3, 2009 and received a response from them on November 5, 2009. A copy of the differences and the responses received are attached in a separate schedule for Item 69.

We were provided an explanation for all the variances and in one instance, Superior reported more disputes than the amount we identified in the annual complaint/dispute reporting. However, in 8 instances, Superior appears to indicate an error in reporting (highlighted in the attached schedule).

While we did not perform other procedures on Superior's comments, we noted the following:

- *Superior indicated that one of the agents was not a sales agent, but a TPV agent; and*
- *In two instances, Superior indicates that the variance was accounted for reporting with reporting in the 3rd quarter.*

Second SEM Response:

SEM has nothing further to add.

Item 70:

Furthermore, we identified another 16 agents that had complaints or disputes reported on the quarterly tracker for whom we were unable to find a complaint/dispute record. We were informed that the variance was due to an error by Superior.

SEM Response:

Grant Thornton does not provide specific examples of the alleged 16 agents for whom inadequate reporting on complaints was recorded. Grant also does not provide any details of who at SEM informed it that this was due to an error by SEM. SEM has been unable to independently verify the allegations. Therefore SEM does not have sufficient information to respond to these allegations.

GT Response:

During our comparison of the annual complaint/dispute reporting to the quarterly tracker reporting (as reported in Item 69), we also identified 16 agents that were on the quarterly tracker reporting but not on the annual complaint/dispute reporting. We provided a schedule to Superior on November 3, 2009 and received a response from them on November 5, 2009. A copy of the differences and the responses received are attached in a separate schedule for Item 70.

We were provided with an explanation for all the variances and we noted that in four instances, Superior appeared to indicate errors were made (highlighted in the attached

schedule). While we did not perform other procedures on Superior's comments, we noted the following:

- *In nine instances, Superior indicated that the reporting in the quarterly reporting was correct, although there were no instances reported in the annual complaint/dispute reporting; and*
- *In three instances, Superior indicated that the sales agent became inactive before the reporting period ended, and therefore was reported.*

Second SEM Response:

Of the nine instances identified in the schedule for Item 70 (see last page of Grant Thornton's August 24 report), three were disputes and six were telephone complaints. SEM investigated and responded to the dispute discrepancies as they relate to the quarterly tracker reporting which is reflected at the sales agent level versus the annual dispute reporting which captures SEM's activity overall.

The six complaints were not included in the annual statistics as only written complaints are requested and the six complaints identified were received via telephone calls. Based on Order A-6-09, Appendix B, Item 11, bullet 8, SEM is required to report annually on total complaints per month received in writing.

Item 78:

We selected a sample of 30 customer TPVs randomly from the Complaints and Disputes Log and listened to the TPV phone conversations to determine whether the Superior agent covered all of the aspects required, depending on the time period when the call was made and the Code requirements in effect at the time. We determined that there were 11 of these TPVs that, in our view, included exceptions to the Code (totaling 15 apparent Code violations).

SEM Response:

Based on Order G-73-07 and A-9-08, SEM disagrees with Grant Thornton's conclusions regarding 6 of the identified 11 calls. The table below sets out SEM's specific responses to Grant Thornton's opinion on the 11 calls. For ease of reference transcripts of the referred to TPV Calls are attached in the Appendices to this Response, as identified in the Appendices column below.

Order G-73-07 requires that TPV calls for contracts initiated during the period July 1, 2007 to September 22, 2008 contain the following elements to be covered in the TPV call:

- Identification of the Gas Marketer and confirmation that the marketer is not affiliated with Terasen Gas or the government.

- Confirmation that the Customer understands that once the Gas Marketer contract is signed gas supply is provided by a Gas Marketer. This action is entirely voluntary and there is no obligation to switch gas suppliers.
- Confirmation that the consumer is the account holder or authorized to enter into an agreement for the premise.
- Confirmation that the customer has a copy of the Gas Marketer agreement.
- Confirmation that the customer has knowledge of the product, price and term of the agreement.
- Confirmation that the customer may not save money.
- Advisement of the Confirmation Letter that will be sent by Terasen Gas Inc.
- Confirmation of the consumer's cancellation rights under the 10 day cooling off period.

Order A-9-08 requires that TPV calls for contracts initiated as of September 22, 2008 contain the following elements to be covered in the TPV call and that the topics must be addressed individually and where the topic calls for confirmation, the customer must so confirm:

- Identification of the Gas Marketer and confirmation that the Customer understands that the marketer is not affiliated with Terasen Gas or the government.
- Confirmation that the Customer understands that once the Gas Marketer contract is signed gas supply is provided by a Gas Marketer. Confirmation that the Customer understands that this action is entirely voluntary and there is no obligation to switch gas suppliers.
- Confirmation that the Customer is the account holder or authorized to enter into an agreement for the premise.
- Confirmation that the Customer has a copy of the Gas Marketer agreement.
- Confirmation that the Customer has knowledge of the product, price and term of the agreement.
- Confirmation that the Customer understands that they may not save money.
- Advisement of the Confirmation Letter that will be sent by Terasen gas Inc.
- Confirmation that the Customer understands their cancellation rights under the 10 day cancellation period."

Further, "if the Third Party Verification call is carried out in the presence of a Salesperson, the Salesperson must not participate in, interrupt, or make comment to the Consumer during the Third Party Verification."

Please see below for a summary of the TPV calls identified in Schedule 1 of Grant Thornton's Audit Report.

Schedule 1 – Example #4; 1 alleged exception
Customer ID #631327
Transcript – Appendix 1-4

Grant Thornton Comments:

Agent mentions that cannot guarantee how much money will be saved through the program. Customer hung up the phone prior to TPV agent completing. No additional TPV.

SEM Response:

SEM disagrees. All components required by Order G-73-07 for an acceptable TPV call were completed when the customer ended the call. Please refer to lines 47-89 of transcript found in Appendix 1-4.

Schedule 1 – Example #8; 1 alleged exception
Customer ID 635660
Transcript – Appendix 1-8

Grant Thornton Comments:

During complaint call (not TPV call). Customer notes that the agent said that you can recycle the account if you want to get out of it by calling Superior. TPV agent said that they do not know the term “recycle”, but said they would pass along to department and have agent retrained. Customer did not want to pay fee to get out of contract since lied to. TPV agent noted that she did not know if there was anything they could do for the customer other than apologize.

SEM Response:

SEM disagrees that the TPV call for the above customer includes an exception to the Code as stated in Item 78. Grant Thornton refers to a customer call that takes place sometime after the TPV call. All components required by Order G-73-07 for an acceptable TPV call were completed in the TPV call. Please refer to lines 38-66 of transcript found in Appendix 1-8.

Schedule 1 – Example #10; 3 alleged exceptions
Customer ID 638194
Transcript – Appendix 1-10

Grant Thornton Comments:

Upon getting on the TPV call customer notes that she just wants it over with. The onsite agent told the customer to just say “yes”. Customer then says that she hopes they are not connected with the propane company in Toronto. There was no response to this comment.

SEM Response:

SEM disagrees. All components required by Order G-73-07 for an acceptable TPV call were completed in the TPV call. Please refer to lines 54-109 of transcript found in Appendix 1-10.

Although the customer states in line 59 that "I don't want any detail I would like to be finished" she also states in line 55, "I don't need any conversation I just need to be looking for a confirmation ..." then proceeds to complete the call.

In response to the customer's comment above on line 59, the agent responds "you just have to go through it and just say yes". Order G-73-07 does not prohibit the agent from speaking to the customer during the call.

In line 67 the customer states "I hope they are not connected to the propane company in Toronto" and the TPV agent responds in line 70 "we are a sister division of Superior Propane". Superior Propane is located in Calgary, Alberta. This call took place on August 15, 2008, following a major explosion on August 10, 2008 at a **Sunrise Propane** location in Toronto.

Schedule 1 – Example #11; 1 alleged exception

Customer ID 640208

Transcript – Appendix 1-11

Grant Thornton Comments:

At the start of the call the onsite agent notes to the customer to just say "yes" – not clear what this was in response to. Mentions that they cannot guarantee how much money will save through the program.

SEM Response:

SEM disagrees. All components required by Order G-73-07 for an acceptable TPV call were completed in the TPV call. Please refer to lines 43-80 of the transcript found in Appendix 1-11. Although the agent comments on line 7 "They are going to ask you and you just have to say yes", the TPV call is not initiated until line 42. Further, Order G-73-07 does not prohibit the agent from speaking to the customer during the call.

Schedule 1 – Example #14; 1 alleged exception

Customer ID 641793

Transcript – Appendix 1-14

Grant Thornton Comments:

Before TPV agent begins the onsite agent tells the customer that rates will go up in January. It actually went down.

SEM Response:

SEM disagrees. Prior to the TPV call being initiated on line 47, the agent and customer discuss the rates of oil and gas and it appears that the start of the call captures only the latter part of the conversation, therefore it is not possible to know the context that the agent states "rates will go back up in January. That's when they usually go back up". Line 71-78 acknowledges the customer's understanding that there is no guarantee of savings.

Schedule 1 – Example #15; 2 alleged exceptions

Customer ID 641793

Transcript – Appendix 1-15

Grant Thornton Comments:

When customer asks about the potential for prices going down the TPV agent said that it usually doesn't go down and if it goes down it is usually only for a couple of weeks or a couple days, but then after that the price increase doubles. Did not say a voluntary program.

SEM Response:

SEM agrees. The TPV call is not compliant based on the TPV agent's statement on lines 73-75, "but usually it does not go down, but even if it does go down for 2 weeks or so, but usually they drop it down to a slight increase for just a few days but after that the increase is double".

Further, the TPV agent does not confirm that the program is voluntary as required in Order G-73-07.

Schedule 1 – Example #16; 1 alleged exception

Customer ID 642712

Transcript – Appendix 1-16

Grant Thornton Comments:

The TPV is not complete (ends abruptly). Note there are 2 TPVs for this call with each ending abruptly.

SEM Response:

SEM agrees. Both attempts to complete the TPV are interrupted and not complete as required in order A-9-08.

Schedule 1 – Example #18; 2 alleged exceptions

Customer ID 654577

Transcript – Appendix 1-18

Grant Thornton Comments:

Did not receive a confirmation that customer is account holder. Gas prices have gone up by 190% in the past 5 years. Does not just cancel the contract of the 91 year old person when asked to (the day after he signed up). He said he is likely to not be around in 5 years. The TPV agent does not just let him cancel when asked to and goes on to say that in the spring and summer prices have gone up by 40%.

SEM Response:

SEM agrees with the first exception regarding confirmation that the customer is the account holder. The TPV agent attempts to confirm the customer as account holder in lines 80-81 "Can you please confirm that you are the account holder the gas bill comes under your name?" but the customer's response on line 82 "it comes in and I get it from Ms Tellis" is not affirmative as required in Order A-9-08.

SEM disagrees that there was a second exception in the TPV call as the other statements mentioned above are not reflected in the call transcript.

Schedule 1 – Example #20; 1 alleged exception

Customer ID 663662

Transcript – Appendix 1-20

Grant Thornton Comments:

Onsite agent interjected in call to clarify the rate on the contract. The call was not cancelled and re-performed.

SEM Response:

SEM agrees. The agent interjects during the TPV call on line 61 and 63 contrary to Order A-9-08 that states "the Salesperson must not participate in, interrupt, or make comment to the Consumer during the Third Party Verification."

Schedule 1 – Example #26; 1 alleged exception

Customer ID 674044

Transcript – Appendix 1-26

Grant Thornton Comments:

Customer said that agent lied to his wife about rate being lower than Terasen's, about it being a contract, also said no other charges from Terasen gas. TPV agent said that will lodge a complaint against the agent. Offered a 1 year contract at a lower rate, said that forecast is that increase will happen in the winter time.

SEM Response:

SEM *disagrees*. All components required by Order A-9-08 for an acceptable TPV call were completed in the TPV call. Please refer to lines 37-85 of the transcript found in Appendix 1-26.

Schedule 1 – Example #28; 1 alleged exception
Customer ID 676319
Transcript – Appendix 1-28

Grant Thornton Comments:

When asked why the customer may not save money, the TPV agent said that they are not allowed to say that you will save money.

SEM Response:

All components required by Order A-9-08 for an acceptable TPV call were completed in the TPV call. Please refer to lines 40-101 of the transcript found in Appendix 1-28. The TPV agent did not mislead the customer and furthermore, the customer stated that she understood and did not question further.

SEM Mitigation:

To improve TPV call quality, SEM moved the TPV program in December of 2008 from Cookstreet Sales to Optima Communications International Inc. SEM oversaw a rigorous training program with industry background, a script with verbatim components and detailed responses to frequently asked questions. In addition, SEM implemented a formal quality program that Optima is contracted to maintain and report. The quality program operates as follows: 100% of outbound calls were monitored by a separate QUALITY team and had to pass the quality check list before they were considered “sales”. 10% of inbound calls were checked in the same manner. Calls that failed generate outbound calls to the customer to clarify or otherwise ensure the customer clearly understood the program and wanted to move forward with enrollment.

GT Response:

This response refers to comments in the Superior Response for items 77, 78 and 79. With respect to Item 79c, the customer referred to is customer ID 635660.

General:

We received from Superior digitally recorded telephone calls between Superior and residential customers. We selected a sample and listened to the audio files provided to us related to customers in our sample. These recordings included TPVs, and in some cases, additional non-TPV phone calls.

The schedule title in Schedule 1 of The Report and certain other references to TPVs only in the Report should have included a reference to the inclusion of these additional non-TPV phone calls.

While the non-TPV calls are not bound by the rules governing TPV calls, they are bound by the Code insofar as they relate to Superior sales contacts with its customers. As well, the non TPV calls are not affected by the changes to the TPV calls over time.

We have included additional information below to assist with clarifying the nature of the phone call and the rationale for including certain phone calls in the list of potential Code exceptions.

Schedule 1 – Example #4;

Customer ID #631327

The customer terminated the call while the TPV agent continued to speak; however, as Superior states, it appears that all required TPV components were covered prior to the call being terminated. We included this call as the TPV agent appeared to have more to discuss with the customer and we did not receive a recording of any follow-up phone call.

Second SEM Response:

No further comments.

GT Response contd.

Schedule 1 – Example #8;

Customer ID 635660

These comments relate to a follow-up and not a TPV phone call. The agent handling the follow-up calls should have been trained on the requirements of the Code relative to the dispute handling process (as noted in Article 13). Retraining the agent who allegedly lied to the customer and offering an apology is not the only recourse available. These comments appear to violate Article 15, by providing what seems to be misleading information to the consumer.

Second SEM Response:

The inbound call is lengthy therefore our response is limited to a synopsis of the call versus a transcript. The actual call is available if necessary.

The customer calls in to Superior and says the agent told them that they can recycle the program.

The phone rep advised the customer they do not know what that means. The customer explains that the agent told them if they do not want the program anymore they can call in and ask us to recycle the program.

The phone rep repeats throughout the call that they still don't understand the term "recycle".

The customer vents throughout the call and keeps asking how they can make sure the agent is dealt with. The phone rep advises the customer that they are sorry for what transpired and they will forward the complaint to the agent's manager for them to deal with. The phone representative also advises the customer they will submit an agent inquiry.

The customer was not satisfied with the response the phone rep gave. The customer wanted to know exactly how will we deal with the agent and if we couldn't tell him how then to get someone who can.

At one point the customer asked the phone rep to have the agent call and apologize.

The phone representative referred the customer to the terms and conditions if they were not sure of the terms of the contract. The phone representative filed a dispute against the agent.

Note: The TPV call was completed with the same person that lodged the inbound complaint. During the TPV the customer did not request clarification of our cancellation procedure.

Schedule 1 – Example #10;
Customer ID 638194

The customer states that “I don't want any details, I would like to be finished”. It appears that at this point in the conversation the customer was agitated and possibly unduly pressured in which case the TPV agent should have terminated the call.

Following this comment made by the customer, the salesperson interrupted the conversation and instructed the customer to ‘just say yes’. Order G-44-08, dated March 18, 2008 (prior to this call of August 15, 2008) states that “if the third Party Verification call is carried out in the presence of a salesperson, the salesperson must not participate in, interrupt, or make comment to the customer during the call.” The interruption appears to violate this requirement.

In addition, by advising the customer to ‘just say yes’ there may also be a violation of Article 9, which requires the salesperson to assist the Consumer to evaluate the nature of transactions in good faith rather than advising them to “just say yes”.

Schedule 1 – Example #11;
Customer ID 640208

It appears that the consumer is being coached to say yes (as in #10 above) which may be a violation of Article 9, which requires the salesperson to assist the Consumer to evaluate the nature of transactions in good faith.

Schedule 1 – Example #14;
Customer ID 641471

We included this recording as the topic of conversation is oil and gas rates and the customer is in the process of locking into a long-term gas contract at a fixed rate. The customer states that this may not be the best time to “lock in” but there is no complete final response to this comment which suggests some indecision on the part of the customer.

Schedule 1 – Example #18;

Customer ID 654577

The second apparent exception is from a recording with the customer following the TPV call.

Second SEM Response:

The transcript of the inbound call follows. The SEM call centre representative (CSR) should and does process the cancellation regardless of the customer's age as the customer is within the cancellation period. SEM's policy with regard to seniors wishing to cancel beyond the cancellation window is to process the cancellation upon receipt of documentation validating the customer's senior status.

CSR (Patrick): Thank you for calling Superior Energy Patrick speaking how can I help you?

Horace: yes this is Horace Jones, there was a couple of Oriental people at my door yesterday and they talked me into signing with Superior Energy well I find nothing wrong with it after I read it over. Its this five year term it is really no good to me because I'm 91 and I might not be moving anytime.

CSR (Patrick): Ok sir you'll always remain with Terasen

Horace: Pardon?

CSR (Patrick): Um Terasen will always be the utility company taking care of your delivery and billing. Um the 5 year plan is meant to protect you and Natural Gas prices have increased by 190% in the past 5 years.

Horace: Yeah I know but I want to cancel this

CSR (Patrick): Okay but is there any reason why?

Horace: Well because I'm too old I'm going on 91 and I will not be moving but to the undertaker in a year or so and there is quite a penalty if I stop it

CSR (Patrick): If you cancel your Terasen account there will be no fee, if you just want to cancel for whatever reason then there is a charge, but if you move or something happens where you don't need it anymore then that's where there is no fee, but if you do move to a new house where you do need gas it will follow you there

Horace: Well it says on here within 10 days I can cancel that

CSR (Patrick): Yeah but it is a good program sir

Horace: Yeah I realize that, but I don't think it's good for me with my age I'd just stay with Terasen gas the way I have it

CSR (Patrick): okay, so do you have a copy of that contract sir?

Horace: Pardon?

CSR (Patrick): Do you have a copy of that contract?

Horace: Yes

CSR (Patrick): Can I have the number at the top right hand corner

Horace: The numbers 9254241

CSR (Patrick): 925421?

Horace: 9254241

CSR (Patrick): Can I also have your home telephone number please?
Horace: yes its 492-3430
CSR (Patrick): ok
Horace: Do you want my address
CSR (Patrick): yes, but are you sure you want to cancel it?
Horace: Yes I want to cancel it because it's too much worry for me
CSR (Patrick): Okay sir there is no worry to it in the spring and summer of this year we saw a 40% increase in the rates the rates went as high as 9.78 and although we recently seen some relief the price is still 20% higher than it was at the same time last year
Horace: Well I'm willing to pay that and not worry about it
CSR (Patrick): Okay sir so I'll give you a confirmation number
Horace: You want that number again?
CSR (Patrick): No I'll give you a confirmation number for your records
Horace: yeah
CSR (Patrick): Okay it's 2549
Horace: Just a minute I'll write it down..2549...2549?
CSR (Patrick): That's right
Horace: and who am I speaking to?
CSR (Patrick): Patrick
Horace: Patrick?
CSR (Patrick): Yeah
Horace: That's a good Irish name
CSR (Patrick): Well I'm not Irish though
Horace: Just Pat is good enough?
CSR (Patrick): Yeah that's fine
Horace: Very good
CSR (Patrick): alright sir so it has been cancelled. Can I have your name again sorry?
Horace: Horace Jones
CSR (Patrick): alright sir so it has been cancelled
Horace: you take care then okay
CSR (Patrick): okay have a good day
Horace: very good thank you very much
CSR (Patrick): bye now
Horace: bye bye

Schedule 1 – Example #26;
Customer ID 674044

Grant Thornton's comments relate to a follow-up phone call with the customer.

Schedule 1 – Example #28;
Customer ID 676319

The audio recording contains elements of the communication not covered by the transcript. The manner in which the words were spoken is important in this case.

Second SEM Response:

SEM reviewed the transcript for example #28 and it appears that one word is transcribed incorrectly. In response to the customer's question "Why won't I save money?" the statement "we are not allowed to say that you are versus "we are not allowed to say that you will". Grant Thornton suggests "the manner in which the words were spoken is important" yet a review of the call does not support Grant Thornton's assessment.

Item 80:

While the sampling performed in our review was biased to the extent that the samples were selected from the complaints population and not the population at large, it still appears to us to represent a significant number of TPV failures. We note that the nature of the related complaints did not centre on failed TPV calls.

SEM Response:

SEM agrees that the sampling performed in Grant Thornton's review is biased as the selection was taken from the complaints population during the period August 1, 2008 to October 28, 2009, a very small portion of the total TPVs completed. SEM disagrees that the sampling of 30 TPVs represents a significant number of TPV failures when considered against the total of 27,260 TPVs completed during the period July 1, 2007 to October 28, 2009, the period that the TPVs for the complaints mentioned above were drawn from.

GT Response:

The reference to the rate of exceptions in the same as being significant refers not to the entire population of all TPVs (because of the bias) but to the sample itself and to the population from which it represents, the complaints/disputes population.

Second SEM Response:

Grant Thornton's opinion on this matter has been posted on the BC Utilities Commission website for public review prior to independent validation of the material (which they admit is not entirely accurate) and without providing the public with the benefit of all the facts. SEM respectfully submits that this opinion is not warranted and is inappropriate.

Item 86:

We identified 9 sales agents (including 2 terminated agents) with more than 10 complaints/disputes each. Eleven agents had complaints which represented 10% or more of their gross contract sales.

SEM Response:

Grant Thornton does not provide specifics of which agents it is referring to or details of the numbers relied on to reach the conclusion of complaints representing 10% or more of their gross contract sales. In the absence of specific examples to investigate, SEM analyzed our complaints tracker for instances of ten complaints or more by sales agent. Results are identified below.

The ratio of total complaints to gross contracts signed at its lowest is 1.27% and at its highest is 4.82%. Complaints have also been broken down by contract related and agent conduct categories to illustrate the ratio of complaints to gross sales for complaints within the agent's control.

Agent #	Contracts Signed	Contracts Flowing	Complaint Category	Number of complaints	% Gross Sales
JS004	677	295	All categories	12	1.77
			Contract related	6	.88
			Agent conduct	6	.88
JS020	543	204	All categories	14	2.58
			Contract related	9	1.66
			Agent conduct	5	.92
JS041	364	145	All categories	10	2.75
			Contract related	7	1.93
			Agent conduct	3	.82
JS047	813	308	All categories	13	1.6
			Contract related	10	1.23
			Agent conduct	3	.37
JS049	776	308	All categories	17	2.19
			Contract related	7	.90
			Agent conduct	10	1.29
JS051	292	139	All categories	11	3.77
			Contract related	6	2.05
			Agent conduct	5	1.7
JS055	786	71	All categories	10	1.27
			Contract related	3	.38
			Agent conduct	7	.89
JS063	249	101	All categories	12	4.82
			Contract related	9	3.61
			Agent conduct	3	1.2
JS069	352	144	All categories	11	3.13

			Contract related	9	2.56
			Agent conduct	2	.57

GT Response:

Item 86 in the Report should have read 9 sales agents with “10 or more” complaints, including the following sales agents:

<i>JS049</i>	<i>17</i>
<i>JS020</i>	<i>14</i>
<i>JS047</i>	<i>13</i>
<i>JS063</i>	<i>12</i>
<i>JS051</i>	<i>12</i>
<i>JS069</i>	<i>11</i>
<i>JS004</i>	<i>11</i>
<i>JS053</i>	<i>11</i>
<i>JS041</i>	<i>10</i>

With respect to the sales agents with complaints representing 10% or more of their gross contract sales, upon re-examination we noted that there were only six sales agents with ratios greater than 10% as listed below.

<i>Agent</i>	<i>Contracts</i>	<i>Customer</i>	<i>Rate</i>
<i>JS097</i>	<i>9</i>	<i>1</i>	<i>11%</i>
<i>JS181</i>	<i>8</i>	<i>1</i>	<i>13%</i>
<i>JS312</i>	<i>6</i>	<i>1</i>	<i>17%</i>
<i>CDM0645</i>	<i>5</i>	<i>1</i>	<i>20%</i>
<i>JS276</i>	<i>4</i>	<i>1</i>	<i>25%</i>
<i>JS297</i>	<i>4</i>	<i>1</i>	<i>25%</i>

Second SEM Response:

Of the six agents quoted above with complaints representing 10% or more of their gross contract sales, the complaints lodged against JS097, JS312 and JS297 were agent related complaints. The complaints lodged against JS181, CDM0645 and JS276 were contract related complaints.

GT Response contd.

We note that there were another nine sales agents with complaints to gross contract sales of 7% or more, including:

<i>Agent</i>	<i>Contracts</i>	<i>Complaints</i>	<i>Rate*</i>
<i>JS116</i>	<i>46</i>	<i>3</i>	<i>7%</i>
<i>JS113</i>	<i>76</i>	<i>5</i>	<i>7%</i>
<i>JS090</i>	<i>15</i>	<i>1</i>	<i>7%</i>

JS257	15	1	7%
JS092	43	3	7%
GF003	98	7	7%
JS082	47	4	9%
JS089	23	2	9%
JS083	11	1	9%

**Figures are rounded and include 4 values between 6.5% and 7%.*

Second SEM Response:

SEM has provided below the breakdown of contract related versus agent related complaints for the complaints to gross contract sales of 7% or more.

Agent #	Contracts Signed	Complaint Category	Number of complaints	% Gross Sales
JS116	46	All categories	3	6.52
		Contract related	3	6.52
		Agent conduct	0	0
JS113	76	All categories	5	6.58
		Contract related	2	2.63
		Agent conduct	3	3.95
JS090	15	All categories	1	6.67
		Contract related	0	0
		Agent conduct	1	6.67
JS257	15	All categories	1	6.67
		Contract related	1	6.67
		Agent conduct	0	0
JS092	43	All categories	3	6.98
		Contract related	1	2.33
		Agent conduct	2	4.65
GF003	98	All categories	7	7.14
		Contract related	5	5.10
		Agent conduct	2	2.04
JS082	47	All categories	4	8.51
		Contract related	3	6.38
		Agent conduct	1	2.13
JS089	23	All categories	2	8.70
		Contract related	0	0
		Agent conduct	2	8.70
JS083	11	All categories	1	9.1
		Contract related	1	9.1
		Agent conduct	0	0

Item 87:

We also identified a total of 25 agents recorded as both active and inactive in the Complaints and Disputes Log. We determined that 14 of these agents were recorded as active after being recorded as inactive. This raises questions as to the integrity of the Complaints and Disputes Log.

SEM Response:

Once again Grant Thornton does not provide specifics of this allegation. The agent status identified in the Complaints and Disputes Log refers to the agent status as of when the customer complaint is received. Therefore, the agent may be identified as active or inactive on the spreadsheet dependent on the complaint receipt date.

Without specific data to investigate, SEM analysis identified eight sales agents with discrepancies in status that resulted in two errors in reporting as required in Section 2.7 of SEM's licence.

Agent #	Discrepancy	BCUC Report Status
JS004	Inactive after June 5, 2009 which is the last entry in the complaint spreadsheet.	Agent should be on June 2009 quarterly sales activity report; report not reflected correctly.
JS020	Inactive after October 21, 2008 yet reflected as active on October 21, 2008. Confirmed no sales activity from October 21, 2008 onward.	No quarterly reporting at this time.
JS041	Active October 9, 2008 then inactive after December 18, 2008. Confirmed no sales activity from October 9, 2008 onward.	No quarterly reporting at this time.
JS049	Inactive August 28, 2008; active September 8, 2008 and inactive on October 23, 2009. Initial inactive status incorrect.	Agent should be on October quarterly sales activity report; report not reflected correctly.
JS051	Inactive October 23, 2008 (incorrect). Agent active on November 10, 2008; finally inactive on December 29, 2008.	No quarterly reporting at this time.
JS055	Agent still active. Identified once as inactive incorrectly in spreadsheet.	Quarterly reporting correct.
JS063	Listed as active and inactive incorrectly.	Quarterly reporting correct.
JS069	Inactive after December 18, 2008.	Quarterly reporting correct.

GT Response:

The following table provides the details of the 14 agents where the agent's status changes from Inactive to Active.

<i>Date Received</i>	<i>Agent #</i>	<i>Agent Status</i>
8/26/08	GS003	Inactive
11/4/08	GS003	Active
8/14/08	JS002	Inactive
11/17/08	JS002	Active
3/26/09	JS004	Inactive
4/7/09	JS004	Active
8/11/08	JS012	Inactive
12/2/08	JS012	Active
8/15/08	JS013	Inactive
9/19/08	JS013	Active
8/7/09	JS039	Inactive
9/24/09	JS039	Active
10/15/08	JS047	Inactive
10/30/08	JS047	Active
8/28/08	JS049	Inactive
9/8/08	JS049	Active
10/23/08	JS051	Inactive
11/10/08	JS051	Active
4/2/09	JS053	Inactive
5/1/09	JS053	Active
2/26/09	JS055	Inactive
5/15/09	JS055	Active
9/13/08	JS063	Inactive
10/3/08	JS063	Active
12/10/08	JS172	Inactive
3/16/09	JS172	Active
7/15/09	JS238	Inactive
7/29/09	JS238	Active

The remaining agent numbers making up the 25 agents who had both inactive and active statuses in the database include: JS010, JS020, JS026, JS041, JS046, JS069, JS095, JS116, JS125, JS180, and JS218.

Second SEM Response:

SEM does not use the Disputes and Complaints Log as its official source for sales agent status which explains why the quarterly reporting is substantially accurate but does not always match the log. SEM maintains a sales agent database which is used as the basis

for which agents should be included in the reporting. The disparity between these two data sources has since been resolved.

Item 88:

We identified 9 agents who received 10 or more complaints/disputes in the Complaints and Disputes Log. Several of these sales agents are identified as both active and inactive for some of the complaints. For example, agent #JS049 had 17 complaints and disputes. Six of these were recorded as agent complaints and the balance contracts. Three of the complaints/disputes record the agent as “inactive” and the balance as “active”. We also observed that of the 25 agents listed as both active and inactive in the Complaints and Disputes Log, 14 agents were listed as active after being listed as inactive.

SEM Response:

Please refer to Item 86 for a breakdown of the 9 agents which includes complaint types and ratio against gross sales. The discrepancy raised against agent #JS049 is addressed in Item 87. Grant Thornton did not identify the 14 agents alleged to be active after being listed as inactive. SEM’s analysis identified eight agents with status discrepancies that are outlined in Item 87 as well.

GT Response:

See our response in Item 87.

Second SEM Response:

See our response in Item 87.

Item 96:

With respect to the comparison of the customers’ perspectives and records to those at Superior, we found some inconsistencies. In some instances the accounts of the customers could not be verified due to a lack of supporting records (written records or recorded phone calls). However, in other instances these records were available.

SEM Response:

Grant Thornton does not provide specific examples of these allegations. SEM has been unable to independently verify the allegations. Therefore SEM does not have sufficient information to respond.

To the best of our knowledge, all documentation and calls that are required by the Code were provided to Grant Thornton.

GT Response:

Specific examples are provided in the cases included as Appendix A to the Report. Using Case 1 as an example, we note that the customer’s copy of the contract has no date affixed to it, whereas the Superior copy includes a date.

Second SEM Response:

The date of the TPV call confirms the sign date of the contract.

Item 102:

We reviewed the length of time between the initial complaint/dispute data and Superior's date of response. Of the 459 total complaints and disputes in the Superior Complaints and Disputes Log, 342 represented GEM complaints. Of these, we determined that 26 were not responded to within the requisite nine days (including 7 agent and 19 contract complaints). There were 9 GEM complaints missing dates.

SEM Response:

Please see SEM's response to Item 24.

With regard to Grant Thornton's statement that 9 GEM complaints missing dates, we were unable to determine which GEM complaints are missing dates and which dates are referred to. Therefore SEM does not have sufficient information to respond.

GT Response:

The 9 GEM complaints which were identified as missing response dates included:

Date Received	Dispute No.	Customer ID
10/21/2009	17843	679072
10/22/2009	17865	552010
10/22/2009	17866	631675
10/23/2009	17870	550519
10/23/2009	17871	637233
10/23/2009	17878	676571
10/26/2009	17884	550914
10/27/2009	17891	671473
10/27/2009	17908	555303

Second SEM Response:

Please see Item 23 for response dates posted in both the GEM system and SEM's Disputes and Complaints Log.

Item 103:

Of the complaints made directly to Superior, we determined that 13 (including 9 agent and 4 contract complaints) were not responded to within the requisite three days (allowing two additional days for weekends). As a result, a total of 39 complaints and disputes appear to have been dealt with after the requisite periods.

SEM Response:

Please see SEM's response to Item 24.

GT Response:

See our response with Item 24 above.

Second SEM Response:

Please see SEM's second response provided for Item 23 for response dates posted in both the GEM system and SEM's Disputes and complaints Log.