

MICHIGAN PUBLIC SERVICE COMMISSION

**ANNUAL REPORT OF NATURAL GAS UTILITIES (MAJOR AND NONMAJOR)
WITH ANNUAL SALES OF LESS THAN 200,000 MCF**

RECEIVED
Michigan Public Service Commission

This form is authorized by 1919 PA 419, as amended, being MCL 460.51 et seq. and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you in violation of the Acts.

MAY 22 2008

REGULATED ENERGY
DIVISION

Report submitted for year ending: December 31, 2007	
Present name of respondent: Superior Energy Company, LLC	
Address of principal place of business: 14428 Wuoski Ave., Kaleva, MI 49645	
Utility representative to whom inquires regarding this report may be directed:	
Name: Edward Hare	Title: Accountant
Address: 2674 S. Huron Road, PO Box 158	
City: Kawkawlin	State: MI Zip: 48631
Direct Telephone, Include Area Code: 989-684-5121	
If the utility name has been changed during the past year:	
Prior Name:	
Date of Change:	
Two copies of the published annual report to stockholders:	
<input type="checkbox"/>	were forwarded to the Commission
<input checked="" type="checkbox"/>	will be forwarded to the Commission
on or about with report 5/20/08	
Annual reports to stockholders:	
<input type="checkbox"/>	are published
<input type="checkbox"/>	are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Bill Stosik) at (517) 241-5853 or stosikb@michigan.gov OR forward correspondence to:

Regulated Energy Division (Bill Stosik)
Financial Analysis and Customer Choice Section
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

**NONMAJOR GAS UTILITIES WITH ANNUAL
SALES OF LESS THAN 200,000 MCF**

ANNUAL REPORT OF:

Superior Energy Company, LLC

(Name of Company)

TO THE
MICHIGAN PUBLIC SERVICE COMMISSION

For the Calendar Year:
2007

(Read Instructions on Last Page Carefully Before Filling Out Report)

Name of Company: Superior Energy Company, LLC

Post Office Address: 14428 Wuoski Ave, Kaleva, MI 49645

Organization: LLC Partnership
(Corporation, Partnership or Individual)

Date of Organization: January 5, 1998 Under the laws of what state? Michigan

Printed name of person who prepared this report: Webster, Looby, & Baumgartner

Signature of person who prepared this report: 

If incorporated, give the titles, names and addresses of all company officials at close of year:

<u>Name</u>	<u>Title</u>	<u>Address</u>
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If not incorporated, state the name and address of owner or owners and the extent of their respective interests:

<u>Name</u>	<u>Address</u>	
Matthew J. Coffey	13231 Frost Rd., Hemlock, MI 48626	32%
Robert P. Roese	604 Shirmor, Midland, MI 48640	52%
Richard F. Roese	3328 Catalina, Bay City, MI 48706	16%

Name of any stockholders owning or controlling 10% or more of the stock, and number of votes to which each said stockholder is entitled:

<u>Name</u>	<u>Address</u>	<u>Number of Votes</u>
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Name of Respondent Superior Energy Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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PROPERTIES USED IN OPERATION

Line No.	Description and Location, Including County and City or Township (a)	Date Purchased (b)	Date Placed In Service (c)	Original Cost (d)
1	11428 Wuoksi Ave., Kaleva, MI 49645	11/18/98	11/18/98	\$15,000
2	Manistee County, Maple Grove Township			
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23				
24				
25				
26	TOTAL			\$15,000

Notes to Financial Statements

Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
BALANCE SHEET				
Line	Title of Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)	
1	INVESTMENTS			
2	Total Utility Plant in Service	1,814,495	1,860,670	
3	Construction Work in Progress			
4	Total Utility Plant (2 + 3)	1,814,495	1,860,670	
5	Accumulated Provision for Depreciation	323,261	374,902	
6	Net Utility Plant (4 - 5)	1,491,234	1,485,768	
7	Other Property	25,625	22,282	
8	Other Investments (please describe here)			
9	Total Property and Investments (6 thru 8)	1,516,859	1,508,050	
10	CURRENT ASSETS			
11	Cash	128,827	24,345	
12	Notes Receivable - Net			
13	Accounts Receivable - Net	39,007	65,954	
14	Material and Supplies			
15	Prepayments	2,464	2,542	
16	Other Current and Accrued Assets	9,401	12,253	
17	Total Current and Accrued Assets (10 thru 15)	179,699	105,094	
18	Deferred Debits			
19	Total Assets (9 + 17 + 18)	1,696,558	1,613,144	
20	LIABILITIES & STOCKHOLDERS EQUITY			
21	STOCKHOLDER EQUITY			
22	Contributed Capital	182,200	182,200	
23	Retained Earnings (Accumulated Profit)	367,530	590,429	
24	Total Stockholders Equity (22 + 23)	549,730	772,629	
25	Long -Term Debt	783,002	305,032	
26	CURRENT AND ACCRUED LIABILITIES			
27	Notes Payable			
28	Accounts Payable	355,428	474,726	
29	Customer Deposits			
30	Other Current and Accrued Liabilities	8,398	60,757	
31	Total Current and Accrued Liabilities (27 thru 30)	363,826	535,483	
32	Deferred Credits			
33	Total Liabilities and Equity (24+25+31+32)	1,696,558	1,613,144	

Name of Respondent		This Report Is: (1) [] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
STATEMENT OF INCOME				
Line	Title of Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)	
1	Operating Revenues	1,558,667	1,616,423	
2	Natural Gas Production Expense			
3	Cost of Purchased Gas	879,179	798,471	
4	Transmission Expense			
5	Distribution Expense Operation	143,065	151,253	
6	Distribution Expense - Maintenance			
7	Administrative & General Expense	126,890	147,209	
8	Other Expenses			
9	Total Operation & Maintenance Expense (2 thru 8)	1,149,134	1,096,933	
10	Depreciation & Amortization Expense	54,991	54,985	
11	Tax Expense			
12	Interest Expense	59,729	52,565	
13	Other Deductions			
14	Total Cost of Gas Service (9 thru 13)	1,263,854	1,204,483	
15	Income From Operations (1 - 14)	294,813	411,940	
16	Miscellaneous Non-Operating Income			
17	Miscellaneous Non-Operating Deductions			
18	Total Non-Operating Income (Loss)			
19	NET INCOME (15 + 18)	294,813	411,940	

Name of Respondent	This Report Is: (1) [] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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SALES DATA BY RATE SCHEDULE FOR THE YEAR

- 1 Report below the distribution of customers, sales and revenue for the year by individual rate schedules.
- 2 Column (a): List all rate schedules by identification number or symbol. Where the same rates schedule designation applies to different rates in different zones, cities or districts, list separately data for each such area.
- 3 Column (b): Give the type of service to which rate schedule is applicable (ex. Commercial heating, space heating, etc)
- 4 Column (c): Indicate the class or classes of customers served under each rate schedule.
- 5 Column (d): Give the average number of customers billed under each rate schedule during the year.
- 6 Columns (e) and (f): For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule.
- 7 If a rate schedule was not in effect during the entire year, indicate in a foot note the period in which it was in effect.

Line No.	Rate Schedule Designation (a)	Type of Service to Type of Service to (b)	Class of Service (c)	Ave Number of Customers per Month (d)	Mcf Sold (e)	Revenue (f)
1		Residential		1,179	89,759	\$905,854
2		Commercial		102	20,963	\$211,563
3		Governmental		22	6,518	\$65,781
4		Churches		21	7,308	\$73,754
5		Industrial		1	600	\$6,051
6		Schools		6	15,857	\$160,031
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Notes to Financial Statements

Name of Respondent	This Report Is:	Date of Report	Year of Report
	(1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	

OFF-SYSTEM SALES OF NATURAL GAS

Report the details concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule sales.

Line No.	Name (a)	Point of Delivery (City/Town, State) (b)	Account (c)	Mcf of Gas Sold (apprx BTU per CubicFt) (d)	Revenue For Year (e)	Average Revenue Per Mcf (f)	Peak Day Delivery to Customers		
							Date (g)	Noncoincidental (h)	Coincidental (i)
1	none								
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3									
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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report		
REVENUE FROM TRANSPORTATION OF GAS OF OTHERS - NATURAL GAS (Account 489)							
1	Report below the details of revenue from transportation or compression (by respondent) of natural gas for others.						
2	Subdivide revenue between transportation or compression for interstate pipeline companies and others.						
3	Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.						
4	Designate with an asterisk if gas transported or compressed is other than natural gas.						
5	In column (a), include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Also specify the Commission order or regulation authorizing such transaction.						
6	Designate points of receipt and delivery so that they can be identified on map of the respondent's pipeline system.						
7	Enter Mcf at 14.73 psi at 60 degrees Fahrenheit. 6 Minor items (less than 1,000,000 Mcf) may be grouped.						
Line No.	Name of Company and Description of Service Performed (a)	Distance Transported (in miles) (b)	Mcf of Gas Received (c)	Mcf of Gas Delivered (d)	Revenue (e)	Ave Revenue per Mcf of Gas Delivered (in cents) (f)	FERC Tariff Rate Schedule Designation (g)
1	none						
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25	TOTAL						

GENERAL INSTRUCTIONS

- 1 This form for Annual Report should be filled out and copied in duplicate with one copy returned to the office of the Michigan Public Service Commission by April 30, following the year for which made. The remaining copy should be retained by the Utility Company in its permanent files in case correspondence with regard to this report becomes necessary.
- 2 Additional statements inserted for the purpose of further explanation of accounts or schedules should be made on durable paper the same size as this report and securely attached.
- 3 There should always appear some notation to indicate that the questions asked have not been overlooked. The word "None" may be used against any particular item or items where that word expresses the fact.
- 4 The Oath on this page must be administered by a Notary Public or other officer authorize to administer oaths.

OATH

State of ... Michigan

} ss.

County of Bay

I, the undersigned, on oath do say that I am an Officer
(State official position as owner or officer)

of the Utility Company for whom the foregoing annual report was prepared; that the same was prepared by myself or under my direction; that I have full and complete knowledge of the affairs of the said Natural Gas Purchaser and/or Carrier that I have examined the foregoing annual report and declare the same to be a correct and complete statement of the business and affairs of said Utility Company in respect to each and every matter and thing therein set forth, to the best of my knowledge, information and belief.

Richard Reese
(Signature of person executing this report)

2674 S. Huron Road, Kawkawin, MI 48631
(Address of person executing this report)

SUBSCRIBED AND SWORN BEFORE ME

at Rose Pipeline, Kawkawin
MI 48631
this 5/20/2008

Wendy K. Yelsik
(Signature of person executing this report)

Wendy K. Yelsik
My Commission expires 4/7/2015

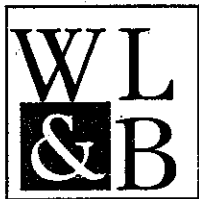
Accountant
(Official Title)

WENDY K. YELSIK
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF SAGINAW
My Commission Expires 4/7/2015
Acting in Bay County

FINANCIAL STATEMENTS
SUPERIOR ENERGY COMPANY, L.L.C.
DECEMBER 31, 2007

SUPERIOR ENERGY COMPANY, L.L.C.
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**WEBSTER
LOOBY &
BAUMGARTEN, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

PAUL A. WEBSTER
ROBERT J. LOOBY
MICHAEL P. BAUMGARTEN

G-3497 RICHFIELD ROAD
FLINT, MICHIGAN 48506
(810) 736-2350 • FAX (810) 736-9608

5525 COLONY DRIVE NORTH
SAGINAW, MICHIGAN 48638
(989) 799-0000 • FAX (989) 799-2562

March 27, 2008

Superior Energy Company, L.L.C.
Kaleva, Michigan 49645

We have compiled the accompanying statement of assets, liabilities and members' equity of Superior Energy Company, L.L.C., as of December 31, 2007, and the related statements of operations and accumulated equity, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Webster, Looby & Baumgarten P.C.
Certified Public Accountants
Saginaw, Michigan 48638

SUPERIOR ENERGY COMPANY, L.L.C.
 STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
 SEE ACCOUNTANTS' COMPILATION REPORT
 DECEMBER 31, 2007

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 24,345
Accounts Receivable	65,954
Inventory	12,253
Prepaid Expenses	<u>2,542</u>

TOTAL CURRENT ASSETS \$ 105,094

NET PROPERTY AND EQUIPMENT 1,508,050

TOTAL ASSETS \$ 1,613,144

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 122,325
Accounts Payable – Related Parties	352,401
Accrued Expenses	20,749
Current Portion of Long Term Debt	<u>40,008</u>

TOTAL CURRENT LIABILITIES \$ 535,483

Long Term Debt – Net of Current Portion 305,032

TOTAL LIABILITIES \$ 840,515

MEMBERS' EQUITY

Contributed Capital	\$ 182,200
Member Distributions	(368,227)
Accumulated Equity	<u>958,656</u>

TOTAL MEMBERS' EQUITY 772,629

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 1,613,144

See Accompanying Notes which are an integral part of the Financial Statements

SUPERIOR ENERGY COMPANY, L.L.C.
STATEMENT OF OPERATIONS AND ACCUMULATED EQUITY
SEE ACCOUNTANTS' COMPILATION REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

Operating Revenues	\$ 1,616,423
Operating Expenses	<u>973,158</u>
<u>TOTAL OPERATING INCOME</u>	\$ 643,265
General and Administrative Expenses	<u>231,325</u>
<u>NET INCOME</u>	\$ 411,940
<u>ACCUMULATED EQUITY</u> – January 1, 2007	<u>546,716</u>
<u>ACCUMULATED EQUITY</u> – December 31, 2007	<u>\$ 958,656</u>

See Accompanying Notes which are an integral part of the Financial Statements

SUPERIOR ENERGY COMPANY, L.L.C.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANTS' COMPILATION REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FROM OPERATING ACTIVITIES

Net Income	\$ 411,940
Adjusted to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation	54,985
Changes in Operating Assets and Liabilities which used Cash	
Accounts Receivable	(25,136)
Inventory	(4,663)
Prepaid Expenses	(78)
Accounts Payable	119,669
Accounts Payable – Related Parties	(371)
Accrued Expenses	<u>12,350</u>
 <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	 \$ 568,696

CASH USED IN INVESTING ACTIVITIES

Purchases of Property and Equipment	<u>(46,175)</u>
 <u>NET CASH USED BY INVESTING ACTIVITIES</u>	 (46,175)

CASH USED IN FINANCING ACTIVITIES

Member Distributions	\$ (189,041)
Repayments of Long – Term Debt	<u>(437,962)</u>
 <u>NET CASH USED BY FINANCING ACTIVITIES</u>	 (627,003)
 <u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	 \$ (104,482)

<u>CASH AND CASH EQUIVALENTS – BEGINNING</u>	<u>128,827</u>
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<u>CASH AND CASH EQUIVALENTS – ENDING</u>	\$ <u>24,345</u>
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Cash Paid for Interest during the period amounted to \$52,565

See Accompanying Notes which are an integral part of the Financial Statements

SUPERIOR ENERGY COMPANY, L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 – BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Concentration Risks

Superior Energy Company, L.L.C. (“SEC, the Company”) is a limited liability company which was incorporated and began operations in March, 1998 and is a supplier of natural gas to commercial, industrial and residential property owners in Northwestern Michigan. The Company grants credit to customers in the normal course of business. Ongoing credit evaluations of customers’ financial condition are conducted and, generally, no collateral is required.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and cash on hand.

Revenue Recognition

Revenues are generally recognized as service is delivered and billed to the customer.

Inventory

Inventory consists of plant materials and supplies and is stated at the lower of cost, principally determined by the first – in, first – out method or market.

Property and Equipment and Depreciation

Property and equipment are stated at cost, net of reimbursed costs by individual customers. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight – line method over the estimated useful lives of the related assets, which range from 5 to 40 years.

SUPERIOR ENERGY COMPANY, L.L.C.
NOTE TO THE FINANCIAL STATEMENTS – CONT.
DECEMBER 31, 2007

Income Taxes

The company is not a tax paying entity for federal income tax purposes and, thus, no income tax expense has been recorded in the statements. Income from the company is taxed to the members on their individual returns.

Franchise Agreements

The company has sought and obtained non – exclusive franchise rights to install, maintain and operate gas mains, service pipes and other necessary equipment in various additional municipalities in Northern and Western Michigan, not currently being serviced by other gas utility companies.

NOTE 2 –

Property and Equipment

Property and equipment consists of the following classes of assets as of December 31, 2007:

Land	\$ 8,012
Distribution Plant	1,860,670
Building & Improvements	14,131
Non – Utility Equipment	8,986
Furniture & Fixtures	4,277
Computer Equipment	1,123
Vehicles	<u>17,992</u>
<u>Total</u>	\$ 1,915,191
Less: Accumulated Depreciation	<u>407,141</u>
<u>Net Property and Equipment</u>	\$ <u>1,508,050</u>

SUPERIOR ENERGY COMPANY, L.L.C.
NOTE TO THE FINANCIAL STATEMENTS – CONT.
DECEMBER 31, 2007

NOTE 3 –

Debt

Long – term debt consists of the following obligations at December 31, 2007:

Note Payable Chase Bank, interest only, charged at .25% above the bank's prime rate (effective rate of 7.25% at December 31, 2007). Beginning September 13, 2001, the note is due in monthly installments of \$3,334 principal plus interest.

177,276

Line of Credit Chase Bank, interest only, charged at .25% above the bank's prime rate (effective rate of 7.25% at December 31, 2007).

167,764

Total Long – Term Debt
Less: Current Portion

\$ 345,040
40,008

Long – Term Debt, Net of Current Portion

\$ 305,032

SUPERIOR ENERGY COMPANY, L.L.C.
NOTES TO THE FINANCIAL STATEMENTS – CONT.
DECEMBER 31, 2007

Scheduled principal maturities of long – term debt for each of the five years succeeding December 31, 2007 are as follows:

2008	\$ 40,008
2009	40,008
2010	40,008
2011	40,008
2012	17,244
Thereafter	<u>167,764</u>
Total Long – Term Debt	\$ <u>345,040</u>

Interest expense was \$52,565 for the period.

NOTE 4 –

Related Party Transactions

The company contracts with Roese Pipeline, Inc. and R. Roese Contracting, Inc. to construct, install and maintain gas lines and service components to customers. Each of these companies is owned by one or more of the partners of SEC. During the period ended December 31, 2007, SEC purchased materials and services from Roese Pipeline, Inc. and R. Roese Contracting, Inc. totaling \$66 and \$24,455 respectively. These amounts are included with accounts payable – related parties in the accompanying financial statements.