TITLE: Just Energy Group Inc. Conference Call to Discuss 2nd Quarter Results for the Period Ended September 30, 2012
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Operator: *Welcome to the Just Energy Group Inc Conference Call to discuss the second quarter results for the period ended September 30th, 2012. My name is Kim, and I'll be your operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that this conference is being recorded.*

I would now like to turn the meeting over to Ms. Rebecca Donald - - MacDonald. Go ahead, Ms. MacDonald.

Rebecca MacDonald: Good afternoon, everyone. I'd like to welcome you to our Fiscal 2013 Second Quarter Conference Call. With me this afternoon are Ken Hartwick, our CEO, and Beth Summers, our CFO. Ken and I will make a short presentation and then we will open the call to questions. I do apologize, I'm having a bad cold, so I'm going to try to speak as clearly as I can.

Before we get going, let me preface the call by telling you that our earnings release and potentially our answers to your questions will contain forward-looking financial information. This information may eventually prove to be inaccurate, so please read the disclaimer regarding such information at the bottom of our press releases.

This quarter showed further clear success in our new growth platform. Just Energy is proving that it is a double digit growth company at a time of effectively zero inflation. First and foremost, credit should go to our sales team. For the fourth straight quarter we have added a record number of new customers. This quarter it was 344,000, up 45% from the number added a year ago. We had success both in residential addition, which were up 98% year-over-year, and commercial additions, which were up 16%. All of our marketing channels were working effectively. Over the last 12 months, we have added a total of 1,306,000 new customers, driving our customer base up 18% to more than 4 million. Just Energy remains a unique growth company. We're in a fast growing market, deregulated energy. We are seeing consolidation in that industry and we have clearly set ourselves as North American market leader. As Ken will discuss in more detail, our growth has been profitable and we have built our embedded future margin to over 2.1 billion, up 15% from a year earlier. It is this measure of our Company's value that should give shareholders' confidence that everything is going in the right direction at Just Energy.

I want to focus on one small highlight of the quarter, which should be very important to us moving in the future. Earlier this year we announced that we were committing funds to establish a commercial marketing office in U.K., our first foray outside North America. We hope this invest would lead to an expanded footprint and a territory for growth. This quarter we announce our first 7,000 RCEs from this office. We are well ahead of our planning to targets and all as expect of the business - - of the U.K. business are working smoothly. Today, we are announcing that based on this success, we are going to further invest in U.K. to build our residential platform. Our testing has shown that our product is in demand and we expect positive results from this investment by year-end In terms of business potential, U.K. is bigger than our two largest markets, Texas and New York combined. We are very excited about Europe and I believe we will be talking much more about our growth there in years to come.

I'll now turn it over to Ken to talk about results - - our results in more detail.

Ken Hartwick: Thanks, Rebecca. The second quarter of fiscal 2013 showed growth across all our operating measures. As Rebecca pointed out, we increased our customer additions by 45% from a year ago. Our multichannel sales approach continues to generate the strongest marketing results in our history. Our National Home Services' water heater and HVAC rental units saw excellent growth as well.

Their customer base reached 187,000, up 30% from a year earlier. At year-end we published our growth guidance for fiscal 2013, that guidance called for double digit growth with the caveat that it will require growth of more than 10% in our customer base to realize these targets. Including NHS, growth to date stands at 19%.

Over the past three years, we have moved to diversify our sales and marketing and to broaden our product line while maintaining a focus on the customers' energy use and price. Each of the investments we have made in our marketing channels - Internet, acquisition, network marketing, telemarketing - are working. Our network marketing unit, Momentis, continues its rapid growth from a standing start with 3,500 independent representatives at the beginning of fiscal 2012 to - - it has grown to 72,000 independent reps at quarter-end. With the rapid ramp up, we're only now starting to see the benefit of this division in new customer contracts and sales of other products. Combined with the exceptional performance of our door-to-door sales force and our Hudson brokers, we are confident that our growth trend will continue.

Adding customers is very important, but retaining them is vital as well. We continue to see a low stable commodity price environment which makes renewals more difficult and attrition a challenge. In Q2, both these measures were solid. Attrition was up slightly year-over-year at 14%, up from 13. Renewals were strong at 70%, up from 67 a year earlier. Our customer growth is matched by margin growth. We have forecasted that fiscal 2013 would see 10-to-12% growth in margin. Driven by the 19% growth in customers, our gross margin was up 14% year-over-year. While the first two quarters are seasonally the slowest for sales and margin, this is a very good start to the year. Our administrative costs were up to $34 per customer from 33 a year ago as we continued to build a base for future expansion. Much of the higher cost was building a momentous base and establishment of the U.K. office that Rebecca talked about. Bad debt remains in our target range, averaging 2.3%, down from 2.5 a year earlier. As the percentage of our revenue exposed to bad debt grows, management is carefully monitoring this to ensure that losses are held within the range of 2-to-3%.

National Home Services had another strong quarter. Tracking its growth and install base year-over-year, gross margin and EBITDA are up 41 and 62% respectively. This product is a natural extension of our focus on the customer's energy needs and tremendous value is being built daily within this division. With steps being taken to move outside of Ontario, NHS has recently launched in Quebec and we look forward to continued expansion opportunities. Gaining a stronger and stronger foothold in the customer's basement is a key theme you will hear repeatedly on these calls in quarters to come.

Selling and marketing expenditures per new customer were lower in the quarter with residential customer costing $160, down 21% from the cost a year ago. Commercial marketing costs were also down on average. I'm happy to announce that the quarter also saw margins on new customers added at higher levels than on those customers lost in the period, breaking the trend of the past several quarters. The overall result of the quarter is seen in strong growth in margin, but adjusted EBITDA growth dampened by our need to spend to grow markets, like the U.K., even though there's no current revenue associated with these expenditures. Adjusted EBITDA growth was 3% for the quarter and is tracking at 7% year-to-date, slightly below our target range of 8-to-10%. While our growth investments continue, we should begin to see the cash flow impacts by the fourth quarter.

One result of our high growth is the need for cash to fund costs until our investments quickly reach breakeven. Our payout ratio and our adjusted EBITDA for the quarter was 90%, down from 91 a year ago. Payout ratio has historically been higher in Q1 and two and lower in the Q3 and four periods. This continues a downward year-over-year trend of recent quarters. Factors which will impact adjusted EBITDA for the remainder of the year include the winter weather, the impact from Hurricane Sandy on consumption in the Northeast U.S., and the speed at which new investment in the U.K. and other emerging markets is deployed. Our payout ratio on funds from operations, essentially all the cash generated and spent by the business, stands at 152% over the past 12 months. This is to be expected at a time of high expenditure on growth and is clear that the ratio will exceed 100% for the fiscal year. Over the long-term, the Company targets a payout ratio of no more than 85-to-90% on funds from operations. As our growth expenditures begin to generate cash, we expect to return to that range by fiscal 2015.

One result of the high payout is the need to finance the growth investment. To date we have done so through our operating line; however, this not a long-term solution. We're looking to specific term financing for these needs. To measure whether our past growth investments have been worthwhile, we look to our most important metric, the future margin embedded in our contracts. A year ago, we had embedded margin of 1.8 billion. At the end of Q2, it stands at 2.1 billion. That means in the last year we have added 15% to the future cash flow of the Company. We expect this trend to continue. It is our intention to continue to drive embedded margin higher because ultimately that will define the value of the Company and the payout to our shareholders.

As regards to the future, Just Energy maintains its position as a market leader in green energy. Our JustGreen products continue to meet customer demand with green sources now making up 11% of both our current consumer electricity and natural gas portfolio. The take up by new customers on green is slowing slightly this year falling to 28% of new customers as the reality of the higher cost of green hits home with cost conscious consumers; however, the existing and new green products remain a focus of the Company. For the future, we believe it is important to promote the sale of several products to the current customer adding operating leverage and business efficiency. Energy use controls through thermostats and related commodity opportunities. Just Energy is reviewing opportunities and developing products in order to be a major participant in these market segments. This will require the Company to be more capital intensive in the future for products like smart thermostats; however, the returns on these products are expected to more than offset its capital cost.

I want to thank our team for an excellent quarter. Our efforts and expenditures to broaden our sales channel and geographic footprint have resulted in renewed growth without sacrificing the stability Just Energy is known for. Just Energy has become a North American leader in the deregulated commodity supply and green energy markets. We achieved economies of scale in each segment of our business. This allows us to make the step towards sale and integration of multiple energy products with each customer. It is no longer sufficient to simply manage the price a customer pays for energy. Retailers must also help customers manage volume. Just Energy will be in a position to do this, creating an integrated energy customer. As in the past, Just Energy offers both growth and stability to our investors. We intend to continue the solid operating results we are known for and deliver many more positive quarters in the future.

We will now open for questions.

Operator: *Thank you. We will now begin the question-and-answer session. If you have a question, please press star then one on your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the hash key. There will be a delay before the first question is announced. If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press star then one on your touchtone phone.*

And at this time, we have a question from Tania Maciver from Northland Capital. Please go ahead.

Tania Maciver: Hi, guys.

Rebecca MacDonald: Hi.

Ken Hartwick: Hi, Tania.

Tania Maciver: Hi. Just a couple questions. **Can you talk a bit more about the U.K. and what you're doing there? I mean the number of adds is certainly higher than I would've expected at this stage.**

Just talk about what you've spent there, how you see customers reacting to the sales, and then how you plan to accelerate into the residential market.

Ken Hartwick: Sure. On the market itself, the U.K. market is very similar to Texas and at present it is just the commercial segment that we're dealing with. Hudson has launched (inaudible) and really what we're seeing the reaction from the broker community that is bringing in the sales to us is the technology that we have successfully deployed across the U.S. and Canada is something that is very much on the leading edge in the U.K., and that's the consistent theme we're getting is that we're very easy to transact with. So as much as we like the 7,000 RCEs we brought in, I think what we've been more pleased with is the continued growth in brokers that have signed on to be part of contributing customers towards Hudson, and that's actually gone at a much faster pace than what we've expected. And to add a little bit to Rebecca's earlier comment that that is what has given confidence to now make investments to look to expand out into the residential market where, again, we see some of the ability to innovate the products being offered to customers there similar to what we've done in North America, well advanced from where current market participants are. At this point in the U.K., we have spent approximately $3 million. We have 15 people in our office there on the team and we look to spend additional funds over the upcoming months to both expand the commercial business, which we're very happy with, as well as take the steps to get ourselves ready to launch residential.

Tania Maciver: Okay great. **And then do those contracts look similar to the ones we here? Are they shorter-term or longer-term and are their margins similar or where would they sit relative to the average?**

Ken Hartwick: Right, so the average term has been between two and three years, so very consistent with our commercial business here. The margins have been a little bit higher actually than what we've been achieving in North America, so it might be another $10-or-15 higher initially, and I think some of it has just been a result of the ease to transact with us, so I give the team over there a lot of credit for having implemented what we have in North America very effectively.

Tania Maciver: And then just on the residential side, I mean that tends to be a little bit more of I guess a less sticky market. That's… I presume that's a highly competitive market, but you see the platform sort of appealing to those customers well?

Ken Hartwick: Yeah, I think we're pretty used to operating in highly competitive markets. Texas is probably the most competitive market that we're currently in and the U.K. is very similar. There are some big entrenched supplier retailers there, but… Like I said, we - - and we're not going to rush to do it, we're going to take our time and get it right the same way we did with commercial, but we think we will be very successful at the residential level as well.

Rebecca MacDonald: Tania, just to add, the U.K. market was second market to open up after Ontario, so that market has gone through all the growing pains of newly deregulated market and then stable market, so there was a lot of consolidations over the years that have taken place on the residential side, so only really the really strong serious players are there and I think that's what gives us confidence that we will be quite successful.

Tania Maciver: Okay great. Thank you. **And then just on the National Home Services, the expansion into Quebec, can you give a little more detail on how that's going and then in Ontario is there sort of a natural level of penetration that you expect to achieve and where would you see yourselves today relative to that level?**

Ken Hartwick: I think if I start with Quebec, the business model in Quebec is very similar to what we're doing in Ontario, so it's the same thing offering the same rental type of model to our customers there. We have literally just started over the course of the past six to eight weeks. So again, we'll build it out very slowly, but we're - - the earlier results from it we are very happy with. In Ontario, we continue to sort of churn out consistent numbers quarter-over-quarter and again don't really anticipate over the course of the next 12 months any reason why that would slow other than the normal seasonality that might be associated with a particular quarter, so we're still relatively small compared to our two biggest competitors in the market and think that we can take the business and continue to grow it at the pace that we currently are in Ontario.

Tania Maciver: And that's still without sort of any sort of dramatic impact into price competition?

Ken Hartwick: Correct. Yeah, which I don't think we've really seen on - - in the water heater side.

Tania Maciver: Okay. And then just one more question and I'll get back in the queue. **Just on the embedded margin and that calculation, do you include sort of an estimate for attrition over time or is - - can you just detail that calculation?**

Beth Summers: Yeah, Tonya, the way that the calculation would work, it factors in attrition as well renewals, but it cuts off at five years for the Energy Marketing business. But, yes, it absolutely factors in attrition.

Tania Maciver: And that's just - - and renewals. That's based on sort of the average run rate over the recent 12 months or the recent past?

Beth Summers: Yes.

Tania Maciver: Okay. **And you said it goes out for five years?**

Beth Summers: Yeah. For Energy Marketing, it's basically from today five years out and then we cut it off.

Tania Maciver: Okay. Okay great. Thank you.

Ken Hartwick: Thanks, Tania.

Operator: *Thank you. Our next question comes from Damir Gunja from TD Securities. Please go ahead.*

Damir Gunja: Good afternoon.

Ken Hartwick: Hi, Damir.

Damir Gunja: Just wondering if you can touch on the Hurricane Sandy impact, sort of what percentage of RCEs are in that region and sort of what your thinking is so far, what you've been able to assess?

Ken Hartwick: Yeah, I think the impact from it we believe will be relatively minimal. We do not have a - - much of a base in New Jersey. New Jersey is one of the newer states that we've entered into over the course of the past quarter, so relatively small base. But we would anticipate maybe around 10,000 of our customers that could be impacted and again I think as they look at it, a lot of the outages coming back on stream now, so there might be a little bit an impact in the quarter, but we don't anticipate it being material.

Damir Gunja: Okay. **And on the balance of the business, how's the weather been across all of our your jurisdictions for October and November relative to long-term averages?**

Ken Hartwick: Right. So October was almost right on from the normalized heating degree days. November early stages is relatively colder than average. So I don't want to put in a lot of optimism that we're going to get a nice cold winter, but so far so good.

Damir Gunja: Excellent.

Rebecca MacDonald: Damir, pray for the cold winters.

Damir Gunja: I'm torn. I don't want it, but, yes, it's good for your business. And maybe a final one for me and I'll get back in the queue. **The marketing expenses been down, is part of that mix or is there another driver here that's bringing your sort average cost per RCE down?**

Ken Hartwick: Yeah, I think you're referring to the $160 on the residential side.

Damir Gunja: Yeah.

Ken Hartwick: Now part of is what we've been talking about achieving the economies of scale across the business. So as our sales offices are performing at the level that they are, the fixed costs remain the same and the - - so the average will just drop, and again it's just a function of each of the sales channels that we're operating right now are performing very well. And again, that's a number that I think we like where it is and probably think that we'd feel very comfortable at staying there.

Damir Gunja: Okay great.

Ken Hartwick: Thanks, Damir.

Operator: *Thank you. Our next question comes from Kevin Chiang from CIBC. Please go ahead.*

Kevin Chiang: Hi. Good afternoon.

Ken Hartwick: Hi, Kevin.

Kevin Chiang: Just a few questions here. **It sounds like you're in the midst of an expansion phase or still in the midst of an expansion phase for the next couple of years. How do you guys internally think about return on investment or return on capital as you make these decisions to grow your business?**

Ken Hartwick: Yeah, there's two different parts to the business. The first, if you look at just our commodity side of what we do, being the gas and electricity contracts, we always want to achieve somewhere in the 20% range. But again, if you look at how we set our margins in the commodity business, it's very much the $170, whatever the target is that we're trying to achieve, and trying to get that payback within that short period of time, 13/14/15 months. The other parts of our business that are a little bit more capital intensive like our Home Services business and then like the thermostat program business, which is more aligned with the equipment side, if we can get into the mid 20s is what we typically try to target from a return standpoint, so two different models than how we look at one or look at each.

Kevin Chiang: That's helpful. **Then just a clarification point on the U.K. You said you spent 3 million thus far, are you able to quantify how much more you plan to spend as you expand out onto the residential side?**

Ken Hartwick: Yeah, it'll probably be another - - be in the range of that again, so be another 3 million to get sort of the build out the rest of the platform we want to do, which will be added onto the commercial part of the business. But to get the licensing in place, to get customer service capability set up would be something in that range, which historically we find is pretty consistent whenever we go into a state or another province, it's sort in that $2-to-3 million range.

Kevin Chiang: Okay. **And then presumably this will be funded through the line of credit?**

Ken Hartwick: It'll be… Yeah, fund… Yes.

Kevin Chiang: Okay. **And then longer-term, when you were talking about terming out some of this debt, do you have a timeline you can provide us with and is the goal here to essentially move some of that debt from that operating line onto that term debt?**

Ken Hartwick: Yeah, I think internally we would probably look and say, I think over the course of the next two to three months, we would like to do something in that area to put some of that term feature in place and again use the working capital facility for what really its intended purpose is, which is to deal with gas injections and the other things we need to do, working capital requirements driven by the seasonality of our business.

Kevin Chiang: Okay, and just last one for me. **When you look at your bank covenants, just trying to get a sense of how your lenders look at your coverage ratios given over the past couple of years your debt has been moving higher and your quarter earnings has been a little bit more volatile with the marketing expenses being elevated, relatively elevated, do they also look at some sort of adjusted earnings number or do they take a reported earnings number? Just trying to get a sense of how your lenders look at your coverage ratios from a covenant perspective?**

Beth Summers: Yeah, so from their perspective, they will be looked at on an adjusted basis.

Kevin Chiang: Okay, that's helpful. Thank you.

Operator: *Thank you. Once again, if you would like to ask a question, please press star then one on your touchtone phone.*

And at this time, we have a question from Nelson Ng from RBC Capital Markets. Please go ahead.

Nelson Ng: Thanks. Good afternoon, everyone.

Ken Hartwick: Hi, Nelson.

Rebecca MacDonald: Afternoon.

Nelson Ng: Quick question on the solar business. So for the quarter, I think commitments only increased by about 1 million, was there a significant slowdown or has the business been put on hold for some reason?

Ken Hartwick: No, what we wanted to do with solar is that we have a good backlog of projects that we have built up through the past number of quarters and we want to get the projects through their construction phase into operating status. A couple of them are the off taker is a utility and we just wanted the team to focus to get those projects through to that stage and then we will build the backlog again. What we've seen with respect to the ability to get the types of customers that we like, which tend to be a lot of schools, municipalities, those types of entities, is that there is a very good supply of them. So, like I say, it was more directed to the team is let's get the block through so we get the tax benefits associated with them and then just go back and then replenish the funnel, which is relatively easy to do.

Nelson Ng: And I guess since Obama was reelected, do you feel that the solar business will continue for the foreseeable future?

Ken Hartwick: Yes. I think he certainly from what you can glean publically is much more supportable of the renewable side of the business than what the Republicans were, so our every indication we have is that it's business as usual.

Nelson Ng: Okay. **And then just following up on the - - your comments about terming out some of the debt, like what kind of terms are you looking at in terms of like the length or maturity and also what your expectations are in terms of margins?**

Ken Hartwick: Yeah, I think from - - with respect to a term standpoint, I think anywhere in the five to seven range is something that we think makes sense for us from a business standpoint and ,again, we've been approached with a variety of proposals on it and just something that we'll take the next several months to look at and decide what makes sense for us to be able to do or make sense for the business to do.

Nelson Ng: Okay. **And then this might sound a bit controversial, but like if for whatever reason you can't raise debt and you're faced with either cutting the dividend or not growing the business, is there - - like is there a preference in terms of like would you rather grow and cut the dividend or cut the dividend and grow? Like if you were kind of faced with that alternative.**

Ken Hartwick: Yeah, I think it's - - I look at it maybe a little bit differently is that there are elements of the business that we can slow down if we choose to. So to take any of our sales channels and to temper the growth is something we can do. Now with the payback that we achieve on that, it doesn't intuitively make a lot of sense if we're getting our money back 13/14/15 months after the sale. And on the dividend side, like I say, with the Board we set our dividend policy annually in and around when we report our year-end results and our AGM and we'll look at it as we always do at that point. But there are levers we can do, but

I'm more confident based on proposals we were getting in that we're going to be able to balance the growth in a manner that we think is consistent with our business.

Nelson Ng: Okay. **So just following up on the dividend. So since you set your dividends every - - or annually, is there a key ratio the base funds from operations or is it adjusted EBITDA or do you look at several ratios? Like what's the one that most people focus on or that the Board focuses on?**

Ken Hartwick: Right. So the one we look at is the one that we included this time around in our Outlook section, so we said from that FFO standpoint that we feel comfortable being in the 85 to 90 range from a payout ratio, so that's not - - that's just FFO, and we believe that with the current growth that we're doing and the current path we're on that we will be there in our fiscal 2015.

Nelson Ng: Okay, thanks, and just one last question. **There's been a slight slowdown in the water heater division and I know that's EnerCare recently indicated that they had very low attrition rates, so just wondering whether the consent order expiration that took place earlier this year had any impact on growth.**

Ken Hartwick: Yeah, I think that it has hurt a little bit, but I think the expectation initially was that our business would grind to a halt when the consent order dropped off and it's just not the case. Like I say, we have a very resilient and competitive management team and I think we have been very successful in continuing to grow that business. So I think there's always going to be a little bit of quarter-to-quarter up or down a little bit, but we're pleased with the growth that we're having and not that I read the EnerCare report that not much detail, but maybe we're all their attrition. So whether others have exited the market and it's just us, but I think we're happy with what the business is doing.

Nelson Ng: Okay great. Thanks, Ken.

Ken Hartwick: Thanks, Nelson.

Operator: *Thank you. Our next question comes from Chris Curry from Northland Capital. Please go ahead.*

Chris Curry: Thank you. **I'm a fairly new investor to the Company and just want to understand a few of the metrics that you report. I think I'm correct in assuming that you put together for the purposes of the additions, attrition, bar graphs, and charts, you're a commercial customers and your residential customers in terms of an RCE. Maybe… Could you explain to me how you calculate or your convert the commercial customers to an RCE equivalent?**

Beth Summers: Yeah, the conversion that you'd use for the commercial, it would be similar to a residential where it's a volume. It's a volume adjustment. So in RCE, which we define in our MD&A, it's that same volume adjustment that would be made for either type of customer. So if…

Chris Curry: So if you have a volume user, you take the average of a residential and divide that in and get that many RCEs, is that how it works?

Beth Summers: Yeah, so an RCE is the equivalent to a 106 GJs or 10,000 kilowatts and so we would take the volume of the customer or the anticipated volume of that customer and divide by that to get the number of RCEs.

Chris Curry: Okay. **And is there any adjustment for the different margins between commercial and residential?**

Beth Summers: No. No, that information would be disclosed in the MD&A when we talk about the margin per RCE.

Chris Curry: Okay. **And is that same formula, is that carried through to the embedded margin calculations?**

Beth Summers: Yes.

Chris Curry: Okay, and I guess the last question would be: **There's been discussion about terming out the debt, I'm just curious, what's your credit rating?**

Beth Summers: We don't have a credit rating.

Chris Curry: Oh okay. Will you…

Beth Summers: Yeah, we're unrated.

Chris Curry: Oh. **Will you be getting one for the purposes of terming the debt?**

Ken Hartwick: No, we don't anticipate getting a rate at this time.

Chris Curry: Okay, thank you.

Ken Hartwick: Okay, thank you.

Operator: *Thank you. And at this time, we have a follow-up question from Tania Maciver from Northland Capital. Please go ahead.*

Tania Maciver: Hi, guys. Just a couple more questions. **Just on the - - can you just give us an update on the status of the DRIP program at the end of the quarter?**

Beth Summers: Yeah, at the end of the quarter, Tania, we'd be sitting at roughly 22% that would've taken up on the DRIP, so that would've been for the month of September roughly $3.3 million paid out through the DRIP.

Tania Maciver: Okay. **And is that sort of in line where you've been historically or is…**

Beth Summers: It's in line. It might be a little higher, but it's in line with what we've seen historically, not drastically different.

Tania Maciver: Okay. **And then just on Momentis, can you - - are you still sitting at roughly the same sales team or is it grown again or…**

Ken Hartwick: Yeah, I think what we said we were up a little over 6,000 reps in the quarter, in and around 70 in total, a little over 70. And again, the - - I think the important thing that we have invested the money in the business and in our Q3, we sort of got the model now to be self-funding, so what we'll see from a customer standpoint is real net aggregated growth from having built out the sales channel.

Tania Maciver: And do you just keep growing that? It doesn't reach a natural level at some point or…

Ken Hartwick: It's probably like any business, I think there's a natural some limit to how many people want to sell whatever the process or sales channel is, but we think we have a lot of room to grow this channel, so it is in early stages of its development.

Tania Maciver: Okay. **And you're playing in this U.K. market as well, if I understand correctly.**

Ken Hartwick: Correct. Yeah, so when we start our residential market or residential marketing in the U.S., it'll be - - we'll use each of these sales channels that we utilize in North America.

Tania Maciver: Okay, and then just one final question. **You talk about the smart thermostat technology assisting on your energy marketing business, can you just describe that a little bit in more detail and how that business model works and where you think that will take you?**

Ken Hartwick: Yeah, I think there's two parts to the model. The first is, as you mention in the comments, that it is moving the customer relationship, so we're doing both parts for a customer. We're giving them price certainty, whatever the program is, but also helping them use energy differently. In some markets we will simply build the cost of the thermostat program into the rate the customer pays for their energy, so they might pay $0.11 a kilowatt hour in Texas and we'll install a thermostat for free and that will help them manage the energy in their house. In other markets, like we're piloting right now in Ontario, we're actually charging a monthly fee for the thermostat and if the customer follows the programming logic in it, it will reduce the consumption in their house. So we'll use both models to expand the business and like anything, we'll continually refine it. But we think it makes for a very different customer relationship and something that over periods of time will benefit our attrition and renewal rates.

Tania Maciver: And that's also helping your increase in gross margins as well or are there other factors there too?

Ken Hartwick: I wouldn't say the thermostat program has really contributed to our gross margin yet. We're sort of in month number two of installing them, so it wouldn't be that meaningful yet, but over the long-term absolutely.

Tania Maciver: Okay perfect.

Rebecca MacDonald: Tania, it's safe to say that energy sector, considering the (inaudible) have been it for the last 25 years, has changed dramatically and one change that we definitely see, and that's the reason we got it was the smart thermostat, is that customer wants a total relationship with their supplier. They want us to manage their energy needs, not just form a commodity side, but they want us to help them through peaking times and that's where we could easily predict any serious player must be in the next three to five years. If you're not in it, you're not going to be relevant.

Tania Maciver: That makes sense. **And are there other sort of similar products like that that might add value on that front?**

Rebecca MacDonald: We're looking at everything that's associated with the basement. We can't really reveal too much because we have a strategy session in couple weeks with our Board and we've got a whole basket of things we want to talk about, but realistically Ken said in his remarks: More and more you're going to be hearing in these calls that Just Energy wants to control the basement. We want to be in customer basement. Whatever gets into that basement, we want to be associated as much as we can or at least two or three different products per household over time because that makes a stickier customer.

Tania Maciver: Okay perfect. Thanks again.

Ken Hartwick: Thanks, Tania.

Operator: *Thank you. Our next question comes from Peter Jacobs from Viceroy Investments. Please go ahead.*

Peter Jacobs: Yeah, hi. **I just wanted to get some clarification on the dividend payment ratio. You're at 150% right now and you hope to obtain 85% as your goal in 2015. Does that mean you're still willing to underwrite the differential between then?**

Ken Hartwick: Yes, so again, if you look to what would give us the confidence that that is something we can do, we refer to our embedded margin number, the 2.1 billion that sits there, we know the pace that that gets realized over the course of the next couple fiscal years and as that number has grown along with the current growth rate we're on, again it gives us a lot of comfort that we're into that 85/90 range in fiscal '15 and we will fund then and work on funding the growth rate between then and now.

Peter Jacobs: All right, well correct me if I'm wrong, but I think you made a statement, I guess it was Rebecca made a statement several months ago, that you're covered until 2014 to maintain the current dividend rate. Am I right or wrong?

Ken Hartwick: Well I think sort of from a dividend standpoint, it is a policy that we set with our Board annually, so we would - - we'll do it for each fiscal year and typically we do it as part of either the AGM or as part of when we report our year-end results, which tend to be in May. And again, we feel comfortable currently from a funding standpoint that we are able to accomplish what we want to do with the dividend as well as fund the growth.

Peter Jacobs: Right. **So that if your AGM is in May, then your dividend right now is set to be maintained until May.**

Ken Hartwick: Yeah, we report in May and then our AGM is in June, but yes.

Peter Jacobs: Okay, thank you.

Ken Hartwick: Thank you.

Operator: *Thank you. Our next question comes from Trevor Johnson from National Bank Financial. Please go ahead.*

Ken Hartwick: Hey, Trevor.

Trevor Johnson: Hey. Good afternoon, folks. **We saw a competitor IPO recently who seem to has a pretty - not ambitious, but pretty - - trying to target the North American market and try to be somewhat of a growth vehicle. Just wonder if you could touch upon the competitive landscape and if you're seeing much new interest in the North American energy marketing space given the stability returns, all the good things that the space provides.**

Ken Hartwick: Sure. I think from a competition standpoint, it's - - there is always people coming in and out of the marketplace, so whether it's the guy that went public or whether it is others that sort of come in and out and - - but that's something where I don't think it's any more competitive today than it was last year, and I don't think it'll be any less competitive a year from now. Again, where I think that the difference is going to be around who actually succeeds as a retailer is who can actually execute what we talked about on this call, which is the control of the basement, if you want to call it that, the ability to manage the volume side of what a customer achieves, I think - - and with what Rebecca said was correct that just simply providing price certainty, although I'm not even sure some people do that, is something that has a short shelf life anymore, so it might be the next two or three years versus being able to have the full relationship with the customer, which technology now allows you to have. So, yeah, competition comes and goes. There's lots of it. We actually… I think it's good for everybody to be in a competitive environment.

Rebecca MacDonald: I can't help it, but I have to add it. It's fine that somebody just had an IPO. We actually welcome it. It's… Then there's some comparison in the marketplace, but I find it ironic that they went public really as an income trust being a very confirm and the government took it away from us, it's quite ironic.

Trevor Johnson: Yeah, no comment on the old income trust issue for me either, Rebecca. **Just… And I guess… Just going back to competition, we're seeing a lot of your peers, the good peers anyway, seem to be doing the bundling, but that seems to be a recent initiative, kind of like it is for JE. Is that a fair statement?**

Ken Hartwick: Yes, I think everyone is very new to the game. Now when you look out and say, "Who is really doing it in any meaningful way?" I think there are two others. Virtually anyone else that's in the playing field either's doing nothing or has talked about it and done nothing. So like I say, it's going to be something where the more effective your sales organization is, the more effective this is going to be, and that's something where we are very confident in our ability to execute on it. Every single sales channel that we have and have built, starting with our door to door sales channel, is performing well, which means I think we're going to be very successful as we start to roll this out.

Trevor Johnson: Great. Thanks for the color. Appreciate it, folks.

Ken Hartwick: All right, thanks, Trevor.

Operator: *Thank you. At this time, I show no further questions.*

Rebecca MacDonald: Well if there are no other questions, we would like to thank you very much for joining our call. If you might think of other questions, feel free to call Ken, Beth, or myself anytime, and we look forward talking to you at our third quarter that we will be reporting in February. Bye-bye.

Operator: *Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.*

Please Note: * Proper names/organizations spelling not verified.
[sic] Verbatim, might need confirmation.
- - Indicates hesitation, faltering speech, or stammering.