Large Filing Separator Sheet

Case Number: 02-1828-GA-CRS
File Date: 08/12/2010
Section: 1 OF 2
Number of Pages: 150
Description of Document: RENEWAL CERTIFICATION

FILE

02-1828-GA-CRS

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PUCO

The Public Utilities Commission of Ohio

RENEWAL CERTIFICATION FILING INSTRUCTIONS
COMPETITIVE RETAIL NATURAL GAS SUPPLIERS

I. ***Where to File:*** Applications should be sent to: Public Utilities Commission of Ohio (PUCO or Commission), Docketing Division, 13th Floor, 180 East Broad Street, Columbus Ohio 43215-3793.

II. ***What to File:*** Applicant must submit one original notarized application signed by a principal officer and ten copies, including all exhibits, affidavits, and other attachments. All attachments, affidavits, and exhibits should be clearly identified. ***For example, Exhibit A-15 should be marked "Exhibit A-15 - Corporate Structure."*** All pages should be numbered and attached in a sequential order.

IMPORTANT REQUIREMENT: ***The renewal application must be docketed in the applicant's original GA-CRS case number.*** **Therefore, applicant should enter that number on the renewal application form when filing a renewal application.**

III. ***When to File:*** Pursuant to Rule 4901:1-27-09 of the Ohio Administrative Code, renewal applications shall be filed between 30 and 120 days from the prior certificate's expiration date.

IV. ***Renewal Application Form:*** The renewal application form is available on the PUCO Web site, *www.puco.Ohio.gov* or directly from the Commission located at: Public Utilities Commission of Ohio, Docketing Division, 13th Floor, 180 East Broad Street, Columbus, Ohio 43215-3793.

V. ***Confidentiality:*** If any of an applicant's answers require the applicant to disclose what the applicant believes to be privileged or confidential information not otherwise available to the public, the applicant should designate at each point in the application that the answer requires the applicant to disclose privileged and confidential information. Applicant must still provide that privileged and confidential information (***separately filed and appropriately marked***). Applicant must fully support any request to maintain the confidentiality of the information it believes to be confidential or proprietary in a motion for protective order, filed pursuant to Rule 4901:1-1-24 of the Ohio Administrative Code.

VI. ***Commission Process for Certification Renewal:*** An application for renewal shall be made on forms approved and supplied by the Commission. The applicant shall complete the appropriate renewal form in its entirety and supply all required attachments, affidavits, and evidence of capability specified by the form at the time an application is filed. The Commission renewal process begins when the Commission's Docketing Division receives and time/date stamps the application. An incomplete application may be suspended or rejected. An application that has been suspended as incomplete will cause delay in renewal.

The Commission may approve, suspend, or deny an application within 30 days. If the Commission does not act within 30 days, the renewal application is deemed automatically approved on the 31st day after the official filing date. If the Commission suspends the renewal application, the Commission shall notify the applicant of the reasons for such suspension and may direct the applicant to furnish additional information. The Commission shall act to approve or deny a suspended application within 90 days of the date that the renewal application was suspended. Upon Commission approval, the applicant shall receive notification of approval and a numbered, renewed certificate that specifies the service(s) for which the applicant is certified and the dates for which the certificate is valid. Unless otherwise warranted, the renewed certification designation will remain consistent with the previously granted certification. For example, a certified marketer will renew as a certified marketer.

Unless otherwise specified by the Commission, the competitive retail natural gas service (CRNGS) supplier's renewed certificate is valid for an additional period of two years, beginning and ending on the dates specified on the certificate. The applicant may renew its certificate in accordance with Rule 4901:1-27-09 of the Ohio Administrative Code.

CRNGS suppliers, which include marketers, shall inform the Commission of any material change to the information supplied in a renewal application within thirty (30) days of such material change in accordance with Rule 4901:1-27-10 of the Ohio Administrative Code.

VII. ***Contractual Arrangements for Capability Standards:*** If the applicant is relying upon contractual arrangements with a third-party, to meet any of the certification requirements, the applicant must provide with its application all of the following:

- The legal name of any contracted entity;
- A statement that a valid contract exists between the applicant and the third-party;
- A detailed summary of the contract(s), including all services provided thereunder; and
- The documentation and evidence to demonstrate the contracting entity's capability to meet the requirements as if the contracting entity was the applicant.

VIII. ***Governing Law:*** The certification/renewal of CRNGS suppliers is governed by Chapters 4901:1-27 and 4901:1-29 of the Ohio Administrative Code, and Section 4929.20 of the Ohio Revised Code.

PUCO USE ONLY - Version 1.07		
Date Received	Renewal Certification Number	ORIGINAL CRS Case Number
		02 -1828 - GA-CRS

RENEWAL CERTIFICATION APPLICATION
COMPETITIVE RETAIL NATURAL GAS SUPPLIERS

Please type or print all required information. Identify all attachments with an exhibit label and title (*Example: Exhibit A-16 - Company History*). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division, 13th Floor, 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may directly input information onto the form. You may also download the form by saving it to your local disk.

SECTION A - APPLICANT INFORMATION AND SERVICES

A-1 Applicant intends to renew its certificate as: (check all that apply)

☐ **Retail Natural Gas Aggregator** ☐ **Retail Natural Gas Broker** ☑ **Retail Natural Gas Marketer**

A-2 Applicant information:

Legal Name: Commerce Energy, Inc. d/b/a Just Energy
Address: 6345 Dixie Road, Suite 200, Mississauga ON, L5T 2E6

Telephone No. 905-670-4440 Web site Address www.justenergy.com

Current PUCO Certificate No. 02-23 Effective Dates September 22, 2008

A-3 Applicant information under which applicant will do business in Ohio:

Name: Commerce Energy Inc., d/b/a Just Energy
Address: Crosswoods Center, #250 100 East Campus Blvd, Columbus, OH 43235

Web site Address www.justenergy.com Telephone No. 1-877-760-0994

A-4 List all names under which the applicant does business in North America:

Commerce Energy, Inc.

Commerce Energy of Ohio

Just Energy

A-5 Contact person for regulatory or emergency matters:

Name Michael Haugh Title Manager, Regulatory Affairs

Business Address 6345 Dixie Road, Suite 200, Mississauga ON, L5T 2E6

Telephone No. 614-364-2232 Fax No. 905-564-6069 Email Address mhaugh@justenergy.com

A-6 Contact person for Commission Staff use in investigating customer complaints:

Name Vanessa Anesetti Title Manager, Corporate & Consumer Relations

Business address Crosswoods Center, #250 100 East Campus Blvd, Columbus, OH 43235

Telephone No. 866-359-6067 x73574 Fax No. 866-299-3749 Email Address OH_customerfeedback@justen

A-7 Applicant's address and toll-free number for customer service and complaints

Customer service address 6345 Dixie Road, Suite 200, Mississauga ON, L5T 2E6

Toll-Free Telephone No. 1-877-760-0994 Fax No. 866-299-3749 Email Address OH_customerfeedback@jus

A-8 Provide "Proof of an Ohio Office and Employee," in accordance with Section 4929.22 of the Ohio Revised Code, by listing name, Ohio office address, telephone number, and Web site address of the designated Ohio Employee

Name Michael Haugh Title Manager, Regulatory Affairs

Business address 100 East Campus Boulevard Suite 250 Columbus, Ohio 43235

Telephone No. 614-364-2232 Fax No. 905-564-6069 Email Address mhaugh@justenergy.com

A-9 Applicant's federal employer identification number 33-0769555

A-10 Applicant's form of ownership: (Check one)

- ☐ **Sole Proprietorship**
- ☐ **Partnership**
- ☐ **Limited Liability Partnership (LLP)**
- ☐ **Limited Liability Company (LLC)**
- ☑ **Corporation**
- ☐ **Other**

A-11 (Check all that apply) Identify each natural gas company service area in which the applicant is currently providing service or intends to provide service, including identification of each customer class that the applicant is currently serving or intends to serve, for example: *residential, small commercial, and/or large commercial/industrial (mercantile) customers.* (A mercantile customer, as defined in Section 4929.01(L)(1) of the Ohio Revised Code, means a customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within the state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside of this state. In accordance with Section 4929.01(L)(2) of the Ohio Revised Code, "Mercantile customer" excludes a not-for-profit customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within this state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside this state that has filed the necessary declaration with the Public Utilities Commission.)

☑	Columbia Gas of Ohio	☑	Residential	☑	Small Commercial	☑	Large Commercial / Industrial
☑	Dominion East Ohio	☑	Residential	☑	Small Commercial	☑	Large Commercial / Industrial
☑	Duke Energy Ohio	☑	Residential	☑	Small Commercial	☑	Large Commercial / Industrial
☑	Vectren Energy Delivery of Ohio	☑	Residential	☑	Small Commercial	☑	Large Commercial / Industrial

A-12 If applicant or an affiliated interest previously participated in any of Ohio's Natural Gas Choice Programs, for each service area and customer class, provide approximate start date(s) and/or end date(s) that the applicant began delivering and/or ended services.

☑ **Columbia Gas of Ohio**

☑	**Residential**	**Beginning Date of Service**	7/20/05	**End Date**	
☑	**Small Commercial**	**Beginning Date of Service**	7/20/05	**End Date**	
☑	**Large Commercial**	**Beginning Date of Service**	7/20/05	**End Date**	
☐	**Industrial**	**Beginning Date of Service**	N/A	**End Date**	

☐ **Dominion East Ohio**

☑	**Residential**	**Beginning Date of Service**	7/20/05	**End Date**	
☑	**Small Commercial**	**Beginning Date of Service**	7/20/05	**End Date**	
☑	**Large Commercial**	**Beginning Date of Service**	7/20/05	**End Date**	
☐	**Industrial**	**Beginning Date of Service**		**End Date**	

☐ **Duke Energy Ohio**

☐	**Residential**	**Beginning Date of Service**		**End Date**	
☐	**Small Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Large Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Industrial**	**Beginning Date of Service**		**End Date**	

☐ **Vectren Energy Delivery of Ohio**

☐	**Residential**	**Beginning Date of Service**		**End Date**	
☐	**Small Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Large Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Industrial**	**Beginning Date of Service**		**End Date**	

A-13 If not currently participating in any of Ohio's four Natural Gas Choice Programs, provide the approximate start date that the applicant proposes to begin delivering services:

☐	Columbia Gas of Ohio	Intended Start Date	
☐	Dominion East Ohio	Intended Start Date	
✓	Duke Energy Ohio	Intended Start Date	10/31/10
✓	Vectren Energy Delivery of Ohio	Intended Start Date	10/31/10

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

A-14 **Exhibit A-14 "Principal Officers, Directors & Partners,"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

A-15 **Exhibit A-15 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale natural gas or electricity to customers in North America.

A-16 **Exhibit A-16 "Company History,"** provide a concise description of the applicant's company history and principal business interests.

A-17 **Exhibit A-17 "Articles of Incorporation and Bylaws**, provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto, ***only if the contents of the originally filed documents changed since the initial application.***

A-18 **Exhibit A-18 "Secretary of State,"** provide evidence that the applicant is still currently registered with the Ohio Secretary of the State.

SECTION B - APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a current list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail natural gas service, or retail/wholesale electric services.

B-2 **Exhibit B-2 "Experience & Plans,"** provide a current description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.

B-3 **Exhibit B-3 "Summary of Experience,"** provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking renewed certification (e.g., number and types of customers served, utility service areas, volume of gas supplied, etc.).

B-4 **Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocations of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services for which it is seeking renewed certification since applicant last filed for certification.

B-5 **Exhibit B-5 "Disclosure of Consumer Protection Violations,"** disclose whether the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws since applicant last filed for certification.

☑ No ☐ Yes

If Yes, provide a separate attachment labeled as Exhibit B-5 "Disclosure of Consumer Protection Violations," detailing such violation(s) and providing all relevant documents.

B-6 **Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation,"** disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked, or whether the applicant or predecessor has been terminated from any of Ohio's Natural Gas Choice programs, or been in default for failure to deliver natural gas since applicant last filed for certification.

☑ No ☐ Yes

If Yes, provide a separate attachment, labeled as Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation," detailing such action(s) and providing all relevant documents.

SECTION C - APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information, labeled as Exhibit C-1, or indicate that Exhibit C-1 is not applicable and why.

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 whether the applicant is not required to file with the SEC and why.

C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer-certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer-certified financial statements covering the life of the business.

C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's current financial arrangements to conduct competitive retail natural gas service (CRNGS) as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.)

C-5 **Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRNGS operation, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer.

C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.

C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's current credit report from Experion, Dun and Bradstreet, or a similar organization.

C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors, or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or since applicant last filed for certification.

C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant since applicant last filed for certification.

SECTION D – APPLICANT TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

D-1 **Exhibit D-1 "Operations,"** provide a current written description of the operational nature of the applicant's business. Please include whether the applicant's operations will include the contracting of natural gas purchases for retail sales, the nomination and scheduling of retail natural gas for delivery, and the provision of retail ancillary services, as well as other services used to supply natural gas to the natural gas company city gate for retail customers.

D-2 **Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.

D-3 **Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.

Applicant Signature and Title Executive Vice President, Regulatory and Legal Affairs

Sworn and subscribed before me this 11th **day of** August **Month** 2010 **Year**

Brahm Nathans, Legal Counsel

Signature of official administering oath **Print Name and Title**

My commission expires on N/A

The Public Utilities Commission of Ohio

Competitive Retail Natural Gas Service
Affidavit Form
(Version 1.07)

In the Matter of the Application of	)		
Commerce Energy, Inc. d/b/a Just Energy	)	**Case No.**	02 - 1828 **-GA-CRS**
for a Certificate or Renewal Certificate to Provide	)		
Competitive Retail Natural Gas Service in Ohio.	)		

Region ~~County~~ **of** Peel
Province ~~State~~ **of** Ontario

Gord Potter [Affiant], being duly sworn/affirmed, hereby states that:

(1) The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant.

(2) The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.

(3) The applicant will timely pay any assessment made pursuant to Section 4905.10 or Section 4911.18(A), Ohio Revised Code.

(4) Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.

(5) Applicant will cooperate with the Public Utilities Commission of Ohio and its staff in the investigation of any consumer complaint regarding any service offered or provided by the applicant.

(6) Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.

(7) Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the certification or certification renewal application within 30 days of such material change, including any change in contact person for regulatory or emergency purposes or contact person for Staff use in investigating customer complaints.

(8) Affiant further sayeth naught.

Affiant Signature & Title Executive Vice President, Regulatory and Legal Affairs

Sworn and subscribed before me this 11th **day of** August **Month** 2010 **Year**

Signature of Official Administering Oath Brahm Nathans, Legal Counsel **Print Name and Title**

My commission expires on N/A

EXHIBIT A-14
OFFICERS AND DIRECTORS OF
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Rebecca MacDonald
Executive Chair
First Canadian Place
100 King Street West, Suite 2630
Toronto, Ontario M5X 1E1, Canada
Tel: (416) 367-2872
Fax: (416) 367-4749
Assistant: Dinah Medford (416) 367-5930
Email: dmedford@energysavings.com

Ken Hartwick
Director, President and CEO
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Blake Lasuzzo
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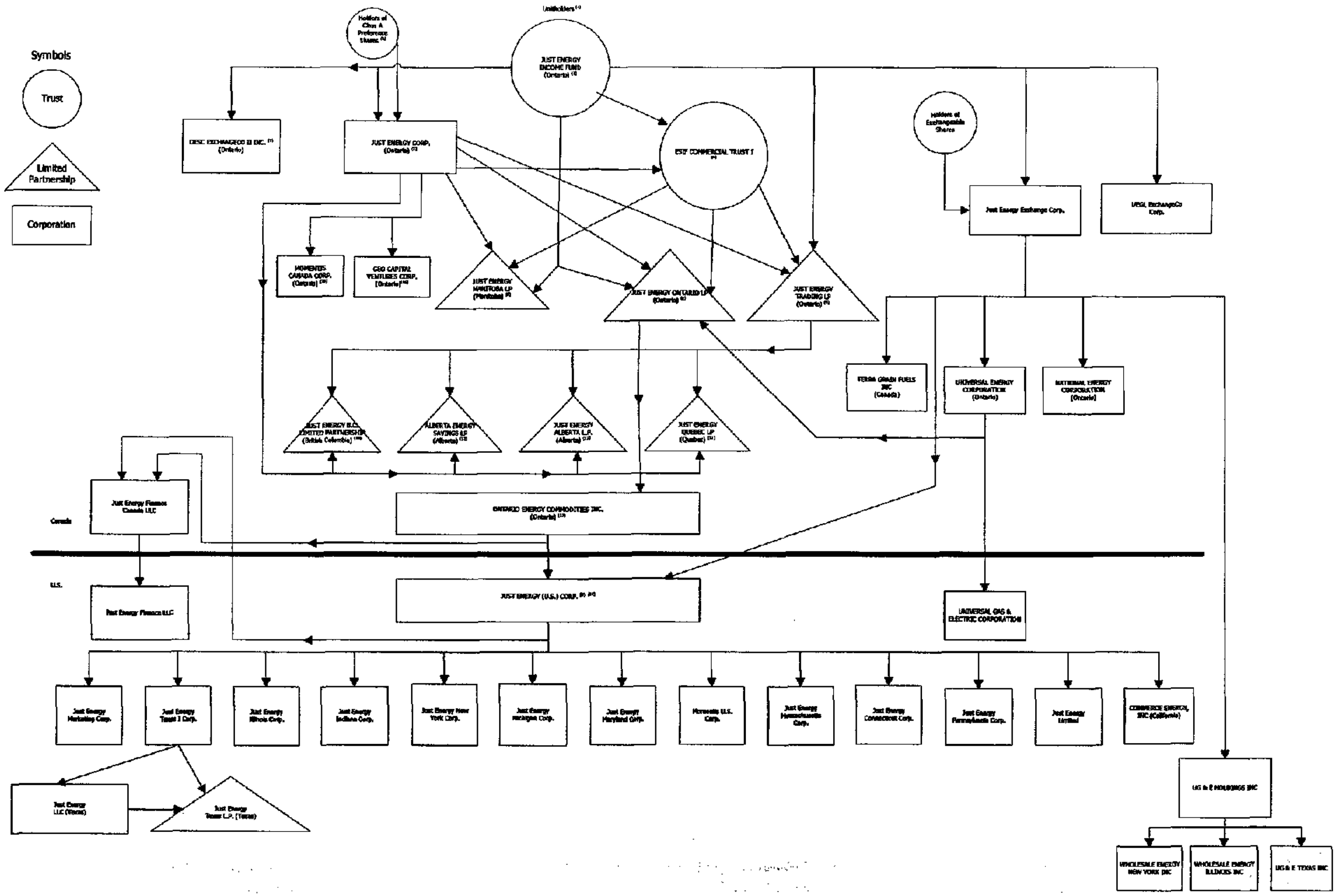
EXHIBIT A-15
CORPORATE STRUCTURE
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Enclosed, please see an organization chart depicting the applicant's parent company's corporate structure. Commerce Energy is a subsidiary of Just Energy Income Fund and is not affiliated with any utility distribution company. In Ohio, Commerce Energy is operating under the name Just Energy. Also enclosed is a list of all affiliate and subsidiary companies of Just Energy Income Fund.

As at January 8, 2010

UEG TRANSACTION – POST AMALGAMATION ORGANIZATION CHART (1)



(1) The above Chart reflects the organizational structure of the Fund and its Affiliates as of December 18, 2009. The Chart does not include wholly owned inactive subsidiaries incorporated for the sole purpose of protecting the Just Energy name in certain jurisdictions.

(2) At November 30, 2009 there were 122,775,817 Units of the Fund and 5,263,728 Class A Preference Shares of JEC outstanding.

(3) The equity securities of all Affiliates of the Fund whether trusts, limited partnerships or corporations (except for the Class A Preference Shares of JEC and the Exchangeable Shares of JEEC), are owned beneficially, directly or indirectly, by the Fund.

(4) All U.S. subsidiaries (except Just Energy LLC (Texas) and Commerce Energy, Inc. (California)) are incorporated under the laws of the State of Delaware, All U.S. subsdiaries are owned as to 100% by JEUSC except for (i) UGEC which is owned as to 100% by UEC, (ii) UG&E Holdings Inc., which is owned as to 100% by JEEC; (iii) each of WENY, WEI and UG&E Texas, which are all owned as to 100% by UG&E Holdings Inc.; (iv) Just Energy Finance LLC, which is owned as to 100% by Just Energy Finance Canada ULC; and (v) each of JELLC and Just Energy Texas LP, which are each 100% owned by Just Energy Texas I Corp.

(5) The Fund owns 100 common shares of OESC Exchangeco II Inc and 100 common shares of JEC.

(6) ESIF CT Commercial Trust I is owned by the Fund (200,000 common units and 15,844,511 preference units) and by JEC (1,394,489 preference units).

(7) Just Energy Manitoba L.P. is owned by JEC (82 Class A Units and 61 Class B units); by the Fund (917 Class A units and 699 Class B Units) and by ESIF CT (1 Class A Unit).

(8) JEOLP is owned by JEC (2,697 A Units and 2,841 B Units); by the Fund (30,637 A Units and 37,010 B Units); by ESIF CT (49,999 A Units)' and by UEC (842 A Units and 4,138 B Units)

(9) Just Energy Trading LP is owned by JEC (9 A Units and 251 B Units); by the Fund (92 A Units and 2,849 B Units); and by ESIF CT (871,849 A Units).

(10) JEBCLP is owned by JEC (1 A Unit) and by JETLP (2,499 A Units).

(11) JEQLP is owned by JEC (1 A Unit) and by JETLP (2,499 A Units).

(12) AESLP is owned by JEC (1 A Unit) and by JETLP (864,449 A Units).

(13) OECI is owned as to 100% by JEOLP (19,471,100 C/S).

(14) JEUSC is owned by OECI (1,700 C/S) and by JEEC (209 C/S).

(15) At November 30, 2009 there were 5,603,719 Exchangeable Shares of JEEC and 100 common shares of JEEC (owned by the Fund) outstanding.

(16) GEO Capital Ventures and Momentis Canada Corp. are each owned as to 100% by JEC.

(17) JEALP, is owned by JEC (1 Unit) and JETLP (99 Units).

(18) Each of TGF, NEC and UEC are owned as to 100% by JEEC.

(19) Just Energy Finance Canada ULC is owned by JEUSC (100 C/S) and by OECI (60,000 P/S).

(20) UEGL is owned as to 100% by the Fund.

PROVINCIAL AND STATE COMMODITY LICENSES FOR THE AFFILIATES OF COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Company Name	Jurisdiction	Business Activity/License Type	License/Order/Docket registration Number	Date Issued mm/dd/yy	Name of Licensing Body
Alberta Energy Savings L.P.	Alberta	Gas	314219	10/27/2009	Service Alberta
Alberta Energy Savings LP.	Alberta	Electricity	314218	10/27/2009	Service Alberta
Just Energy Alberta L.P.	Alberta	Gas	325637	10/27/2009	Service Alberta
Just Energy Alberta L.P.	Alberta	Electricity	325638	10/27/2009	Service Alberta
Just Energy (B.C.) Limited Partnership	British Columbia	Gas	A-14-09	10/2/2009	British Columbia Utilities Commission
Universal Energy Corporation	British Columbia	Gas	A-15-09	10/2/2009	British Columbia Utilities Commission
Commerce Energy, Inc.	California	Electric	1092	08/18/1997	California Public Utilities Commission
Commerce Energy, Inc.	California	Gas	No license requirement	8/18/1997	California Public Utilities Commission
Commerce Energy, Inc.	Delaware	Electric	Order No. 7330	12/18/2007	Delaware Public Service commission
Commerce Energy, Inc.	Georgia	Gas	GM-30	7/6/2005	Georgia Public Service commission
Just Energy Illinois Corp.	Illinois	Gas	Docket 03-0720	12/17/2003	Illinois Commerce Commission for Natural Gas
Commerce Energy, Inc.	Illinois	Electric	Docket 06-0723	1/17/2007	Illinois Commerce Commission
Commerce Energy, Inc.	Illinois	Gas	Docket 07-0501	10/29/2007	Illinois Commerce Commission
Hudson Energy Services, LLC	Illinois	Electric	Docket 07-0455	09/26/2007	Illinois Commerce Commission
Just Energy Indiana Corp.	Indiana	Gas	No license requirement	12/01/2003	Northern Indiana Public Service (NIPSCO) grants approval for us to operate
Just Energy Manitoba L.P.	Manitoba	Gas	538	10/30/2009	The Public Utilities Board – Manitoba
Commerce Energy, Inc.	Maryland	Electric	IR-639	7/7/2004	Maryland Public Service Commission
Commerce Energy, Inc.	Maryland	Gas	IR-737	6/1/1999	Maryland Public Service Commission
Hudson Energy Services, LLC	Maryland	Electric	IR-1114	10/10/2007	Maryland Public Service Commission
Hudson Energy Services, LLC	Maryland	Gas	IR-1120	10/24/2007	Maryland Public Service Commission
Hudson Energy Services, LLC	Massachusetts	Electric	CS-061	09/18/2007	Department of Public Utilities
Hudson Energy Services, LLC	Massachusetts	Gas	GS-034	12/10/2007	Department of Public Utilities
Just Energy Massachusetts Corp.	Massachusetts	Electric	CS-069	6/1/2009	Department of Public Utilities
Commerce Energy, Inc.	Michigan	Electric	U-13203	10/29/2009	Michigan Public Service Commission
Just Energy Michigan Corp.	Michigan	Gas	U-15980	10/29/2009	Michigan Public Service Commission
Universal Gas & Electric Corporation	Michigan	Gas	U-14732	07/11/2005	Michigan Public Service Commission
Commerce Energy, Inc.	Nevada	Gas	G-13	11/30/2006	Public Utilities Commission of Nevada
Commerce Energy, Inc.	New Jersey	Electric	ESL-0046	11/9/2000	New Jersey Board of Public Utilities
Hudson Energy Service, LLC	New Jersey	Gas	GSL- 0069	01/20/2010	New Jersey Board of Public Utilities

PROVINCIAL AND STATE COMMODITY LICENSES FOR THE AFFILIATES OF COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Hudson Energy Services, LLC	New Jersey	Electric	ESL - 0083	01/20/2010	New Jersey Board of Public Utilities
New York Energy Savings Corp.	New York	Electricity	Approved ESCO	03/07/2005	State of New York Department of Public Service
New York Energy Savings Corp.	New York	Gas	Approved ESCO	03/07/2005	State of New York Department of Public Service
Hudson Energy Services, LLC	New York	Gas	Approved ESCO	09/25/2002	State of New York Department of Public Service
Hudson Energy Services, LLC	New York	Electric	Approved ESCO	12/16/2002	State of New York Department of Public Service
Commerce Energy, Inc.	New York	Electricity	Approved ESCO	3/15/2002 and 9/7/2005	State of New York Department of Public Service
Commerce Energy, Inc.	New York	Gas	Approved ESCO	5/18/1999	State of New York Department of Public Service
Wholesale Energy New York Inc.	New York	Electricity	Approved ESCO	03/9/2009	State of New York Department of Public Service
Commerce Energy, Inc.	Ohio	Electric	Certificate 01-074	6/10/2001	Public Utilities Commission of Ohio
Commerce Energy, Inc.	Ohio	Gas	Certificate 02-023	9/22/2004	Public Utilities Commission of Ohio
Universal Energy Corporation	Ontario	Electricity	ER-2010-0034	16/06/2010	Ontario Energy Board
Universal Energy Corporation	Ontario	Gas	GM-2009-0364	02/12/2010	Ontario Energy Board
Just Energy Ontario L.P.	Ontario	Gas	GM-2005-0316	07/15/2005	Ontario Energy Board
Just Energy Ontario L.P.	Ontario	Electricity	ER-2005-0314	07/15/2005	Ontario Energy Board
National Energy Corporation	Ontario	Electricity	ER-2008-0256	09/24/2008	Ontario Energy Board
National Energy Corporation	Ontario	Gas	GM-2008-0257	09/24/2008	Ontario Energy Board
Commerce Energy, Inc.	Pennsylvania	Electric (PECO)	A-110117	9/15/1999	Pennsylvania Public Utilities Commission
Commerce Energy, Inc.	Pennsylvania	Gas (PECO)	A-125138	5/19/2005	Pennsylvania Public Utilities Commission
Just Energy Pennsylvania Corp.	Pennsylvania	Gas (Columbia)	A-2009-2098011	December 28, 2009	Pennsylvania Public Utilities Commission
Just Energy Pennsylvania Corp.	Pennsylvania	Electric (Duquesne)	A-2009-2097544	December 28, 2009	Pennsylvania Public Utilities Commission
Just Energy Quebec L.P /Juste Energie Quebec S.E.C	Quebec	Gas	No license requirement	n/a	Regulatory oversight by Gaz Met
Hudson Energy Services, LLC	Texas	Electric	REP Certification No. 30061	09/14/2004	Public Utility Commission of Texas
Hudson Energy JV, LLC	Texas	Electric	REP Certification No. 36644	03/05/2009	Public Utility Commission of Texas
Just Energy Texas L.P.	Texas	Electricity	REP Certification No. 10052	07/02/2007	Public Utility Commission of Texas
Commerce Energy, Inc.	Virginia	Gas	G-22	2/26/1999	Virginia State Corporation Commission
Commerce Energy, Inc.	Virginia	Electric	E-14	10/8/2004	Virginia State Corporation Commission

EXHIBIT A-16
COMPANY HISTORY
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

The applicant's parent company, Just Energy Income Fund, is a leading independent Canadian electricity and natural gas marketing company, operating through wholly owned subsidiaries in Canada and U.S. The applicant is licensed by the Federal Energy Regulatory Commission and by the state regulatory agencies in ten (10) states as an unregulated retail marketer of natural gas and electricity to homeowners, commercial and industrial consumers. It currently operates in seven (7) states and serves close to 100,000 customers.

For over ten years, the applicant has been delivering to its customers competitively priced and innovative energy products and personalized customer care in addition to quality gas and electric services. It continues to focus on superior customer service and providing customers with product choices that allow them to buy energy in ways that fit their business or personal budget requirements.

EXHIBIT A-17
ARTICLES OF INCORPORATION AND BYLAWS

State of California
Secretary of State

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 21 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

MAY 1 1 2010

Debra Bowen

DEBRA BOWEN
Secretary of State

1909805

FILED

In the office of the Secretary of State of the State of California

AUG 1 5 1997

BILL JONES, Secretary of State

ARTICLES OF INCORPORATION
OF
COMMONWEALTH ENERGY CORPORATION

ARTICLE ONE

The name of this corporation is:

COMMONWEALTH ENERGY CORPORATION

ARTICLE TWO

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California, other than the banking business, trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE THREE

The name and address in the State of California of this corporation's initial agent for service of process is:

GARY C. WYKIDAL
245 Fischer Ave., Ste. A-1
Costa Mesa, CA 92626

ARTICLE FOUR

This corporation is authorized to issue two classes of shares which shall be designated "common" shares and "preferred" shares. The total amount of common shares that may be issued is fifty million (50,000,000). The total number of preferred shares that this corporation shall have the authority to issue is one million (1,000,000). Said preferred shares shall have the rights, privileges and preferences as determined by the Board of Directors from time to time.

ARTICLE FIVE

The liability of the Directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE SIX

This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) for breach of duty to the corporation and its shareholders through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification expressly permitted by Section 317 of the California Corporations Code, subject to the limits of such excess indemnification set forth in Section 204 of the Corporation Code.

DATED: August 14, 1997

Sheryl Douglas

Sheryl Douglas, Incorporator

D:\COMMON\ARTICLES

A0505535

FILED
in the office of the Secretary of State of the State of California

MAR 13 1998

BILL JONES, Secretary of State

1909825

CERTIFICATE OF DETERMINATION OF COMMONWEALTH ENERGY CORPORATION a California Corporation

The undersigned, Fred Bloom, President, and David Mensch, Secretary, certify that:

1. Fred Bloom is the President, and David Mensch is the Secretary, of Commonwealth Energy Corporation, a California corporation (the "Company").

2. The number of shares of Series A Convertible Preferred Stock shall be 1,000,000, none of which have been issued.

3. By action of the Board of Directors of the Company on September 15, 1997 at the Company's office located at 15941 Redhill Ave., Ste. 200, Tustin, California 92780, County of Orange, and State of California, the following resolution was adopted by unanimous written consent of the directors:

WHEREAS, Article Four of the Articles of Incorporation of the Company authorizes a class of shares designated as Preferred shares consisting of 1,000,000 shares, the rights, preferences, privileges to be determined by the Board of Directors, and

WHEREAS, none of the shares have previously been issued and it is now the desire of the Board of Directors, pursuant to the authority vested in it by the Articles of Incorporation as hereinabove set forth, to fix and determine the rights, preferences, privileges, and restrictions of the Preferred shares.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors does hereby provide for the issuance of Preferred Shares of the Company and does hereby fix and determine the rights, preferences, privileges, and restrictions of, and other matters relating to, that series, as follows:

I. 1,000,000 shares shall be designated as "Series A Convertible Preferred Stock", none of which have been previously issued, with the powers, preferences, rights, restrictions, and other matters as follows:

(1) Dividends.

(a) Subject to the provisions hereof, the annual rate of dividends payable on each Share shall be 10% of the original issue price or the maximum rate as allowed by law, whichever is less. Dividends shall be calculated from the date issue and payable, in each case quarterly on the first day of January, April, June and September of each year ("Dividend Payment Date"), commencing January 1, 1998, unless any such day is not a business day (a day other than Saturday, Sunday or legal holiday) in which event on the next business day. The amount of dividends payable on these Shares for each full semi-annual dividend period shall be computed by dividing by two the annual rate per share set forth in this Section (a). The amount of dividends payable on these Shares for any period less than each quarterly dividend period shall be computed on the basis of a 360-day year of twelve 30-day months. Dividends shall be paid, when, as and if declared by the Board of Directors, to record holders of these Shares as of the close of business on the preceding December 1 with respect to a dividend payable on January 1; March 1 with respect to a dividend payable on April 1; May 1 with respect to a dividend payable on June 1 and August 1 with respect to a dividend payable on September 1, except that if such date for determination of record holders is not a Business Day, such date shall be the next Business Day (the "Dividend Record Date").

(b) The holders of these Shares shall be entitled to receive, when, as and if declared by the Board of Directors and out of the assets of the Corporation which are by law available for the payment of dividends, cumulative dividends payable in cash.

(c) (i) Dividends on these Shares shall be cumulative. Such dividends shall accrue from the date of issuance and shall be deemed to accrue from day to day whether or not earned or declared. Such dividends shall be payable before any dividends shall be declared, set apart, or paid for the Common Stock, and shall be cumulative so that if for any dividend period such dividends on the outstanding Preferred Shares at the rate herein specified are not paid or declared and set apart therefor, the deficiency shall be fully paid or declared and set apart for payment, without interest, before any distribution, by dividend or otherwise, shall be paid on, declared, or set apart for the Common Stock.

(ii) Each period beginning on the day next following a Dividend Payment Date and ending on the next succeeding Dividend Payment Date shall be a "Dividend Period". Dividends shall accrue but not compound on a daily basis at the semi-annual dividend rate in effect at such time.

(iii) If full dividends on all outstanding Shares at that rate per share set out in (a) shall not have been declared and paid or set aside for payment for the immediately preceding Dividend Period, the Corporation shall not, until full dividends have been declared and paid or set aside for payment on all outstanding Shares for a subsequent Dividend Period, (A) declare or pay or set aside for payment any dividends or make any other distribution or payments on the Common Stock or (B) make any payment on account of the purchase, redemption or other retirement of, or pay or make available any monies for a sinking fund for the redemption of, any shares of Common Stock.

(2) Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of Common Stock or other junior equity security by reason of their ownership thereof, an amount per share equal to the sum of (i) $1.00 for each outstanding share of Series A Preferred Stock (the "Original Issue Price"), and (ii) an amount equal to all declared but unpaid dividends on each such share. If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the product of the liquidation preference of each such share and the number of such shares owned by each such holder.

(b) After the distribution described in subsection (a) above has been paid, the remaining assets of the Company available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(c) For purposes of this Section 2, (i) any acquisition of the Company by means of merger or other form of corporate reorganization in which the shareholders of the Company do not own a majority of the outstanding shares of the surviving Company or (ii) a sale of all or substantially all of the assets of the Company shall be treated as a liquidation, dissolution or winding up of the Company and shall entitle the holders of Series A Preferred Stock and Common Stock to receive at the closing cash, securities or other property as specified in Sections 2(a) and 2(b) above.

(d) Any securities to be delivered to the holders of Series A Preferred Stock and Common Stock pursuant to Section 2(c) above shall be valued as follows.

(i) Securities not subject to investment letter or other similar restrictions on free marketability:

(A) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty (30) day period ending three (3) days prior to the closing;

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid and asked prices over the thirty (30) day period ending three (3) days prior to the closing; and

(C) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by the Company and the holders of not less than a majority of the then outstanding shares of Series A Preferred Stock.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be to make an appropriate discount from the market value determined as above in clauses (i)(A), (B) or (C) to reflect the approximate fair market value thereof, as mutually determined by the Company and the holders of a majority of the then outstanding shares of Series A Preferred Stock.

(e) The Company shall give each holder of record of Series A Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and the Company shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place earlier than twenty (20) days after the Company has given the first notice provided for herein or earlier than ten days after the Company has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of a majority of the shares of Series A Preferred Stock then outstanding.

(3) Conversion. The holders of Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right To Convert. Subject to subsection (d), each share of outstanding Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Company or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Issue Price by the Conversion Price in effect at the time for the Series A Preferred Stock (the "Conversion Price"). The initial Conversion Price per share for shares of Series A Preferred Stock shall be the Original Issue Price, subject to adjustment as set forth in subsection (d).

(b) Automatic Conversion. Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Price then in effect for the Series A Preferred Stock immediately upon (i) the closing of the sale of the Company's Common Stock in a bona fide, firmly underwritten public offering registered under the Securities Act of 1933, as amended (the "Securities Act") pursuant to a registration statement on Form S-1 or any successor or similar form or (ii) the approval of holders of 66-2/3% of the outstanding shares of Series A Preferred Stock.

(c) Mechanics of Conversion.

(i) Before any holder of Series A Preferred Stock shall be entitled voluntarily to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for such stock, and shall give written notice to the Company at such office that he elects to convert the same and shall state therein the number of shares to be converted and the name or names in which he wishes the certificate or certificates for shares of Common Stock to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which he shall be entitled. Such conversion shall be deemed to have been made immediately prior to the close of business on the date or surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(ii) If the conversion is in connection with an underwritten offering of securities pursuant to the Securities Act, the conversion may, at the option of any holder tendering shares of Series A Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock upon conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Adjustments to Conversion Prices for Stock Dividends and for Combinations or Subdivisions of Common Stock. In the event that the Company at any time or from time to time after the first date of any issuance of Series A Preferred Stock (the "Original Issue Date") shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock or in any right to acquire Common Stock for no consideration, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or in the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately prior to such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate. In the event that the Company shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common Stock for no consideration, then the Company shall be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

(e) Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Series A Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 3(d) above or a merger or other reorganization referred to in Section 2(d) above), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series A Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series A Preferred Stock immediately before that change.

(f) No Impairment. The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 3 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(g) Certificates as to Adjustments. Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Section 3, the Company, at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock a certificate executed by the Company's President or Chief Financial Officer setting forth such adjustment or readjustment and showing in detail the facts upon which the Company shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Series A Preferred Stock.

(h) Notices of Record Date. In the event that the Company shall propose at any time: (i) to declare any dividend or distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus; (ii) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (iii) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; or (iv) to merge or consolidate with or into any other corporation, or sell, lease or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; then, in connection with each such event, the Company shall send to the holders of Series A Preferred Stock:

(A) At least twenty (20) days prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (iii) and (iv) above; and

(B) In the case of the matters referred to in (iii) and (iv) above, at least twenty (20) days prior written notice of the date when the same shall take place (and specifying the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event).

(i) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Certificate.

(j) Fractional Shares. No fractional share shall be issued upon the conversion of any share or shares of Series A Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common

Stock, the Company shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of such fraction on the date of conversion (as determined in good faith by the Board of Directors).

(k) Notices. Any notice required by the provisions of this Section 3 to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Company.

(4) Voting Rights. The holder of each share of Series A Preferred have the right to one vote for each share of Common Stock into which such share of Series A Preferred Stock could be converted on the record date for the vote or written consent of stockholders. In all cases any fractional share, determined on an aggregate conversion basis, shall be rounded to the nearest whole share. With respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders meeting in accordance with the bylaws of the Company, and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote.

(5) Status of Converted Stock. In the event any shares of Series A Preferred Stock shall be converted pursuant to Section 3 hereof, the shares so converted shall be canceled and shall not be issuable by the Company, and all such shares shall be canceled, retired and eliminated from the shares which the Company is authorized to issue.

(6) Restrictions and Limitations. So long as any shares of Series A Preferred Stock remain outstanding, the Company shall not, without the vote or written consent by the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, amend these Articles of Incorporation if such amendment would adversely affect any of the rights, preferences or privileges provided for herein for the benefit of the Series A Preferred Stock.

RESOLVED FURTHER, that the President and Secretary of the Company are hereby authorized and directed to prepare, execute, verify, and file in the office of the California Secretary of State, a Certificate of Determination in accordance with this resolution as required by law.

WE FURTHER DECLARE, under penalty of perjury under the laws of the State of California, that the matters set forth in this Certificate of Determination are true and correct of our own knowledge.

Executed this 22nd day of September, 1997 at Costa Mesa, California.

Fred Bloom, President

David Mensch, Secretary

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FILED
in the office of the Secretary of State
of the State of California

FEB 1 9 1999

BILL JONES, Secretary of State

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
COMMONWEALTH ENERGY CORPORATION

The undersigned certify that:

1. They are the president and secretary, respectively of COMMONWEALTH ENERGY CORPORATION, a California corporation.

2. Article Four of the Articles of Incorporation of this corporation is amended to read as follows:

 This corporation is authorized to issue two classes of shares which shall be designated "common" shares and "preferred" shares. The total amount of common shares that may be issued is fifty million (50,000,000). The total number of preferred shares that this corporation shall have the authority to issue is ten million (10,000,000). Said preferred shares shall have the rights, privileges and preferences as determined by the board of directors from time to time.

3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 and Section 903, California Corporations Code. The total number of outstanding common shares of the corporation is 10,939,931. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%. The total number of outstanding preferred shares of the corporation is 919,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: December 21, 1998

David Mensch, *President*

Donnie E. Price, *Secretary*

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AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION, dated as of July 1, 2004, is among COMMONWEALTH ENERGY CORPORATION, a California corporation ("*Commonwealth*"), COMMERCE ENERGY GROUP, INC., a Delaware corporation and a direct wholly-owned subsidiary of Commonwealth ("*Commerce Energy*"), and CEGI ACQUISITION CORP., a California corporation and a direct wholly-owned subsidiary of Commerce Energy ("*Merger Sub*").

WITNESSETH:

WHEREAS, Commonwealth is a publicly held California corporation with shares of common stock registered under Section 12(g) under the Securities Exchange Act of 1934, as amended;

WHEREAS, pursuant to Commonwealth's Articles of Incorporation, Commonwealth may issue up to fifty million (50,000,000) shares of common stock, no par value per share ("*Commonwealth Common Stock*"), and ten million (10,000,000) shares of preferred stock ("*Commonwealth Preferred Stock*");

WHEREAS, Commonwealth and Commerce Energy have caused Merger Sub to be organized for the sole purpose of effectuating the transactions contemplated hereby;

WHEREAS, the Boards of Directors of Commonwealth, Commerce Energy and Merger Sub each have approved the Merger (as defined in Section 1.1 below) in accordance with this Agreement and the California Corporations Code (the "*Corporations Code*");

WHEREAS, for federal income tax purposes, it is intended that the Merger shall qualify as a reorganization under Section 368 of the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, concurrently with the execution of this Agreement, to induce Commerce Energy to enter into this Agreement, the holders of Commonwealth's Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock"), are entering into the Conversion Agreement (the "*Conversion Agreement*"), pursuant to which holders of more than 66 2/3% of the outstanding shares of Series A Preferred Stock shall approve the conversion of the outstanding shares of Series A Preferred Stock into Commonwealth Common Stock immediately prior to the Merger;

NOW, THEREFORE, in consideration of the premises and the agreements herein contained, and intending to be legally bound hereby, Commonwealth, Commerce Energy and Merger Sub hereby agree as follows:

FILED AM
In the office of the Secretary of State
of the State of California

JUL 06 2004

Kevin Shelley

KEVIN SHELLEY, Secretary of State

ARTICLE 1.

THE MERGER

SECTION 1.1 *The Merger*. At the Effective Time and upon the terms and subject to the conditions of this Agreement and in accordance with the Corporations Code, Merger Sub shall be merged with and into Commonwealth (the "*Merger*"). Following the Merger, Commonwealth shall continue as the surviving corporation (the "*Surviving Corporation*") and the separate corporate existence of Merger Sub shall cease.

SECTION 1.2 *Effective Time*. Subject to the terms and conditions set forth in this Agreement, certificates of two officers of Commonwealth and Merger Sub satisfying the applicable requirements of the Corporations Code (the "*Certificates of Approval*") shall be duly executed and thereafter delivered, together with this Agreement, to the Secretary of State of the State of California for filing pursuant to the Corporations Code on or as soon as practicable following the Closing Date. The Merger shall become effective at such time as this Agreement, together with the Certificates of Approval, are duly filed with the Secretary of State of the State of California in accordance with the Corporations Code (the "*Effective Time*").

SECTION 1.3 *Closing*. The closing of the Merger (the "*Closing*") will take place at a time and on a date to be specified by the parties as soon as practicable after satisfaction or waiver of the conditions set forth in *Article 2* (the "*Closing Date*"), at the offices of Paul, Hastings, Janofsky & Walker LLP, 695 Town Center Drive, Seventeenth Floor, Costa Mesa, CA 92626 or at such other place agreed to by the parties.

SECTION 1.4 *Effects of the Merger*. The Merger shall have the effects set forth in this Agreement and the Corporations Code.

SECTION 1.5 *Charter and Bylaws*. The Articles of Incorporation of Commonwealth in effect at the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until amended in accordance with applicable law. The Bylaws of Commonwealth in effect at the Effective Time shall be the Bylaws of the Surviving Corporation until amended in accordance with applicable law.

SECTION 1.6 *Directors and Officers*.

(a) *Directors and Officers of Commerce Energy*. The directors and officers of Commerce Energy immediately prior to the Effective Time shall be the officers and directors of Commerce Energy as of the Effective Time until they are removed or resign in accordance with the provisions of the Certificate of Incorporation and Bylaws of Commerce Energy.

(b) *Directors and Officers of Surviving Corporation*. The directors of Commonwealth immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation as of the Effective Time and until their respective successors are elected and qualified or until they are removed or resign in accordance with the provisions of the Articles of Incorporation and Bylaws of the Surviving Corporation.

SECTION 1.7 *Conversion of Shares.*

(a) *Conversion of Commonwealth Common Stock.* At the Effective Time, each share of Commonwealth Common Stock issued and outstanding immediately prior to the Effective Time (individually a "*Share*" and collectively, the "*Shares*") (other than Company Dissenting Shares), including any shares of Commonwealth Common Stock issued prior to the Effective Time upon conversion of any Commonwealth Preferred Stock or exercise of Commonwealth Stock Options (as defined in *Section 1.9* below), by virtue of the Merger and without any action on the part of any Person, shall be converted into and become one fully paid and nonassessable share of common stock, $.001 par value per share, of Commerce Energy ("*Commerce Energy Common Stock*"), and any outstanding fractional shares of Commonwealth Common Stock shall be converted into equal fractional shares of Commerce Energy Common Stock. For purposes of this Section 1.7(a), shares of Commonwealth Common Stock issuable upon conversion of the Commonwealth Preferred Stock prior to the Effective Time shall be deemed to be issued and outstanding immediately prior to the Effective Time. The term "*Person*" means any individual, corporation, partnership, limited liability company, governmental entity or other entity or organization.

(b) *Non-Effect on Commonwealth Preferred Stock.* At the Effective Time, each share of Commonwealth Preferred Stock issued and outstanding immediately prior to the Effective Time and not converted to Commonwealth Common Stock prior to the Effective Time shall be unaffected by the Merger and shall remain Commonwealth Preferred Stock of Commonwealth and retain all the rights and preferences of such Commonwealth Preferred Stock as determined by Commonwealth's Articles of Incorporation, Bylaws, or other applicable law, as the case may be. Nothing herein shall be deemed to grant conversion rights to any shares of Commonwealth Preferred Stock not otherwise granted pursuant to Commonwealth's Articles of Incorporation or Bylaws, or other applicable law, as the case may be.

(c) *Conversion of Merger Sub Stock.* At the Effective Time, the shares of common stock, par value $.001, of Merger Sub issued and outstanding immediately prior to the Effective Time, all of which are owned of record by Commerce Energy, shall, by virtue of the Merger and without any action on the part of any Person, be converted into an aggregate number of the shares of common stock, no par value per share, of the Surviving Corporation equal to the number of shares of Commerce Energy Common Stock into which shares of Commonwealth Common Stock are convertible at the Effective Time pursuant to Section 1.7(a) above.

(d) *Cancellation of Commerce Energy Shares.* At the Effective Time, each share of capital stock of Commerce Energy issued and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of any Person, be cancelled, retired and cease to exist and no payment shall be made with respect thereto.

SECTION 1.8 *Shares of Dissenting Holders.* Notwithstanding anything to the contrary contained in this Agreement, any holder of Shares with respect to which dissenters' rights, are granted by reason of the Merger under the Corporations Code and who does not vote in favor of the Merger and who otherwise complies with Chapter 13 of the Corporations Code ("*Company Dissenting Shares*") shall not be entitled to receive shares of Commerce Energy Common Stock pursuant to Section 1.7(a), unless such holder fails to perfect, effectively withdraws or loses the right to dissent from the Merger under the Corporations Code. Such holder shall be entitled to receive only the payment provided for by Chapter 13 of the Corporations Code. If any such holder so fails to perfect, effectively withdraws or loses the dissenters' rights under the Corporations Code, such holder's Company Dissenting Shares shall thereupon be deemed to have been converted, as of the Effective Time, into the right to receive shares of Commerce Energy Common Stock pursuant to Section 1.7(a).

SECTION 1.9 *Stock Options*.

(a) *Conversion of Company Stock Options*. At the Effective Time, each outstanding option to purchase shares of Commonwealth Common Stock (a "*Company Stock Option*" or collectively, "*Company Stock Options*") that was (1) issued pursuant to the Plan, or (2) issued by Commonwealth's Board of Directors outside of the Plan, whether vested or unvested, shall be assumed by Commerce Energy in such a manner that it is converted into an option granted by Commerce Energy (each, a "*Commerce Energy Option*") to acquire, on substantially the same terms and subject to substantially the same conditions as were applicable under such Company Stock Option, the same number of shares of Commerce Energy Common Stock as the holder of such Company Stock Option would have been entitled to receive pursuant to the Merger had such holder exercised such option in full immediately prior to the Effective Time, at a price per share equal to (i) the aggregate exercise price for the shares of Commonwealth Common Stock otherwise purchasable pursuant to such Company Stock Option, divided by (ii) the number of shares of Commerce Energy Common Stock deemed purchasable pursuant to such Company Stock Option.

(b) *Registration Statement*. Commerce Energy shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Commerce Energy Common Stock for delivery upon exercise of Commerce Energy Options in accordance with this Section 1.9. As soon as practicable after the Effective Time, Commerce Energy shall file post-effective amendments to Commonwealth's registration statements on Form S-8, as the case may be (or any successor or other appropriate forms), with respect to the shares of Commerce Energy Common Stock subject to the Commerce Energy Options and shall use its best efforts to maintain the effectiveness of such registration statement(s) (and maintain the current status of the prospectus(es) contained therein) for so long as the Commerce Energy Options remain outstanding.

SECTION 1.10 *Stock Certificates*. From and after the Effective Time, subject to Section 1.7, all of the outstanding certificates that represented shares of Commonwealth Common Stock immediately prior to the Effective Time shall be deemed for all purposes to evidence ownership of, and to represent, shares of Commerce Energy Common Stock into which the shares of Commonwealth Common Stock formerly represented by such certificates have been converted as provided in this Agreement. The registered owner on the books and records of Commerce Energy or its transfer agent of any outstanding stock certificate shall, until such certificate shall have been surrendered for transfer or otherwise accounted for to Commerce Energy or its transfer agent, have and be entitled to exercise any voting and other rights with respect to, and to receive any dividends and other distributions upon, the shares of Commerce Energy Common Stock evidenced by such outstanding certificates which prior to the Merger represented shares of Commonwealth Common Stock.

ARTICLE 2.

CONDITIONS TO CONSUMMATION OF THE MERGER

SECTION 2.1 *Conditions to Each Party's Obligations to Effect the Merger*. The respective obligations of each party hereto to effect the Merger are subject to the satisfaction at or prior to the Effective Time of the following conditions, or the waiver of such condition by such party:

(a) *No Restraints*. No court or governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law or order (whether temporary, preliminary or permanent) that in effect, enjoins or otherwise prohibits consummation of the Merger contemplated by this Agreement and no judicial or administrative proceeding that seeks any such result shall continue to be pending.

(b) *Form S-4 Registration Statement*. The registration statement on Form S-4 to be filed with the U.S. Securities and Exchange Commission by Commerce Energy in connection with the issuance of shares of Commerce Energy Common Stock in the Merger shall have become effective under the Securities Act of 1933 and shall not be the subject of any stop order or proceedings seeking a stop order.

(c) *Required Approvals*. All required approvals, licenses and certifications from, and notifications and filings to, governmental entities and non-governmental third parties shall have been obtained or made, as applicable.

ARTICLE 3.

TERMINATION

SECTION 3.1 *Termination*. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval by the shareholders of Commonwealth, by the affirmative vote of a majority of the directors of each of Commonwealth and Commerce Energy. This Agreement shall also be terminated prior to the Effective Time unless (i) the conversion of 100% of the outstanding shares of Series A Preferred Stock into Commonwealth Common Stock shall have been consummated prior to the Closing Date, (ii) this Agreement shall have been approved by the requisite vote of the shareholders of Commonwealth, Commerce Energy and Merger Sub and (iii) the opinion of Paul, Hastings, Janofsky & Walker LLP, counsel to Commonwealth, addressed to Commonwealth and its shareholders to the effect that the Merger will be treated for Federal income tax purposes as a reorganization under Section 368 of the Code shall have been delivered and such opinion shall not have been withdrawn or modified in any material respect.

SECTION 3.2 *Effect of Termination*. In the event of the termination of this Agreement pursuant to Section 3.1, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its affiliates, directors, officers or shareholders.

ARTICLE 4.

MISCELLANEOUS

SECTION 4.1 *Notices.* All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by cable, telegram, facsimile or telex, or by registered or certified mail (postage prepaid, return receipt requested), to the other party as follows:

if to Commerce Energy or Merger Sub:	Commerce Energy Group, Inc. 15901 Red Hill Avenue, Suite 100 Tustin, California 92780 Attention: Ian B. Carter, Chief Executive Officer Facsimile: (714) 259-2538
if to Commonwealth to:	Commonwealth Energy Corporation 15901 Red Hill Avenue, Suite 100 Tustin, California 92780 Attention: Ian B. Carter, Chief Executive Officer Facsimile: (714) 259-2538
with a copy to:	Paul, Hastings, Janofsky & Walker LLP 695 Town Center Drive, Seventeenth Floor Costa Mesa, CA 92626-1924 Attention: John F. Della Grotta, Esq. Facsimile: (714) 668-6310

or to such other address as the person to whom notice is given may have previously furnished to the other in writing in the manner set forth above.

SECTION 4.2 *Number and Gender.* For purposes of this Agreement whenever the context requires, the singular number shall include the plural, and vice versa, and each gender shall include all genders.

SECTION 4.3 *Entire Agreement.* This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

SECTION 4.4 *Assignment.* This Agreement shall not be assigned by operation of law or otherwise; *provided, however*, that Merger Sub may assign any or all of its rights and obligations under this Agreement to any other subsidiary of Commerce Energy.

SECTION 4.5 *Amendment.* This Agreement may be amended by action taken by Commonwealth, Commerce Energy and Merger Sub at any time before or after approval of the Merger by the shareholders of Commonwealth (if required by applicable law) but, after any such approval, no amendment shall be made which requires the approval of such shareholders under applicable law without such approval. This Agreement may not be amended except by an instrument in writing signed on behalf of the parties hereto.

SECTION 4.6 *Waiver*. At any time prior to the Effective Time, each party hereto (for these purposes, Commerce Energy and Merger Sub shall together be deemed one party and Commonwealth shall be deemed the other party) may waive compliance by the other party with any of the agreements or conditions contained herein. Any agreement on the part of either party hereto to any such waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of either party hereto to assert any of its rights hereunder shall not constitute a waiver of such rights.

SECTION 4.7 *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the principles of conflicts of law thereof.

SECTION 4.8 *Headings*. The headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

SECTION 4.9 *Parties in Interest*. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns, and except as provided in Section 4.4, nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 4.10 *Severability*. If any term or other provision of this Agreement is invalid, illegal or unenforceable, all other provisions of this Agreement shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

SECTION 4.11 *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

COMMONWEALTH ENERGY CORPORATION

By: ______________________________
Name: Ian B. Carter
Title: Chairman and Chief Executive Officer

By: ______________________________
Name: John A. Barthrop
Title: Secretary

COMMERCE ENERGY GROUP, INC.

By: ______________________________
Name: Ian B. Carter
Title: Chairman and Chief Executive Officer

By: ______________________________
Name: John A. Barthrop
Title: Secretary

CEGI ACQUISITION CORP.

By: ______________________________
Name: Ian B. Carter
Title: President

By: ______________________________
Name: John A. Barthrop
Title: Secretary

CERTIFICATE OF APPROVAL
OF
AGREEMENT AND PLAN OF REORGANIZATION

Ian B. Carter and John A. Barthrop certify that:

1. They are the Chief Executive Officer and Secretary, respectively, of Commonwealth Energy Corporation, a California corporation (the "Commonwealth").

2. There total number of outstanding shares of each class of capital stock entitled to vote on the merger are as follows: 29,699,737 outstanding shares of common stock of Commonwealth and 1,001,000 outstanding shares of preferred stock of Commonwealth.

3. The principal terms of the Agreement and Plan of Reorganization in the form attached were duly approved by the board of directors of Commonwealth and by the vote of a number of shares of Commonwealth which equaled or exceeded the vote required.

4. The percentage vote required was (a) more than 50% of the outstanding shares of common stock of Commonwealth and (b) more than 50% of the voting power of the outstanding shares of common stock and preferred stock of Commonwealth voting together as a single class.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: July 6, 2004

Name: Ian B. Carter
Title: Chief Executive Officer

Name: John A. Barthrop
Title: Secretary

OC/345048.4

CERTIFICATE OF APPROVAL
OF
AGREEMENT AND PLAN OF REORGANIZATION

Ian B. Carter and John A. Barthrop certify that:

1. They are the President and Secretary, respectively, of CEGI Acquisition Corp., a California corporation ("CEGI Acquisition Corp.").

2. There total number of outstanding shares of each class of capital stock entitled to vote on the merger are as follows: 1,000 outstanding shares of common stock of CEGI Acquisition Corp.

3. The principal terms of the Agreement and Plan of Reorganization in the form attached were duly approved by the board of directors of CEGI Acquisition Corp. and by the vote of a number of shares of CEGI Acquisition Corp. which equaled or exceeded the vote required.

4. The required vote of the sole stockholder of the parent of CEGI Acquisition Corp. was obtained.

5. The percentage vote required was more than 50% of the outstanding shares of common stock of CEGI Acquisition Corp.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: July 6, 2004

Name: Ian B. Carter
Title: President

Name: John A. Barthrop
Title: Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
COMMONWEALTH ENERGY CORPORATION

Peter Weigand and Richard L. Boughrum hereby certify that:

1. They are the President and Secretary, respectively, of Commonwealth Energy Corporation, a California corporation (the "Corporation").

2. Article I of the Articles of Incorporation of [illegible] amended to read in its entirety as follows:

"The name of this corporation is Commerce [illegible]

3. The foregoing amendment o[illegible] [illegible] by the Board of Directors of [illegible]

4. The foregoing amendment [illegible] approved by the required vote of shareho[illegible] Corporations Code. The total number of outstanding shares of Common Stock of the Corporation is 30,553,540. The Corporation has no outstanding shares of preferred stock. The number of shares voting in favor of the foregoing amendment equaled or exceeded the vote required. The percentage vote required was more than fifty percent (50%) of the Common Stock.

We further declare under penalty of perjury under the laws of the State of California that the matters set out in this Certificate of Amendment are true and correct of our own knowledge.

Dated: March 21, 2005

Peter Weigand, President

Richard L. Boughrum, Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
COMMERCE ENERGY, INC.

Steven S. Boss and Lawrence L. Clayton hereby certify that:

1. They are the Chief Executive Officer and Secretary, respectively, of Commerce Energy, Inc., a California corporation (the "Corporation").

2. Article FOUR of the Articles of Incorporation of the Corporation is stricken in its entirety and replaced with the following:

   This Corporation is authorized to issue two classes of shares which shall be designated "common" shares and "preferred" shares. The total amount of common shares that may be issued is fifty million (50,000,000). The total number of preferred [illegible] this Corporation shall have the autho[illegible] million (10,000,000). The par value of the [illegible] preferred shares shall be $0.001 per share. Said [illegible] shares shall have such other rights, privileges and preferences as determined by the Board of Directors from time to time. Upon the amendment of this Article to read as herein set forth, each outstanding common share shall have a par value equal to $0.001 per share.

3. [illegible] foregoing amendment of the Articles of Incorporation has been duly [illegible] Board of Directors of the Corporation.

4. The foregoing amendment of the Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Sections 902 and 903 of the California General Corporation Law. The total number of outstanding shares of Common Stock of the Corporation is 30,553,540. The Corporation has no outstanding shares of preferred stock. The number of shares voting in favor of the foregoing amendment equaled or exceeded the vote required. The percentage vote required was more than fifty percent (50%) of the Common Stock.

We further declare under penalty of perjury under the laws of the State of California that the [illegible] matters set out in this Certificate of Amendment are true and correct of our own knowledge.

Dated: September 15, 2006

Steven S. Boss, Chief Executive Officer

Lawrence L. Clayton, Secretary

OFFICE OF THE SECRETARY OF STATE

EXHIBIT A-18
SECRETARY OF STATE

Commerce Energy d/b/a Just Energy is currently registered with the Secretary of State. Certificate attached.

200923900296

DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
08/27/2009	200923900296	TRADE NAME/ORIGINAL FILING (RNO)	50.00	100.00	.00	.00	.00

Receipt

This is not a bill. Please do not remit payment.

CT CORPORATION SYSTEM
4400 EASTON COMMONS WAY, SUITE 125
ATTN: TIMOTHY ROBERSON
COLUMBUS, OH 43219

STATE OF OHIO

CERTIFICATE

Ohio Secretary of State, Jennifer Brunner

1879162

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

JUST ENERGY

and, that said business records show the filing and recording of:

Document(s):		Document No(s):
TRADE NAME/ORIGINAL FILING		**200923900296**
Date of First Use:	08/25/2009	COMMERCE ENERGY, INC.
Expiration Date:	08/26/2014	6345 DIXIE RD
		MISSISSAUGA, ONTARIO, CD L5T 2E6

United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of the Secretary of State at Columbus, Ohio this 26th day of August, A.D. 2009.

Ohio Secretary of State

Entity #: 3898917
Date Filed: 07/23/2009
Pedro A. Cortés
Secretary of the Commonwealth

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Application for Registration of Fictitious Name
54 Pa.C.S. § 311

PENNCORP SERVICEGROUP, INC.
600 NORTH SECOND STREET 45760
PO BOX 1210
HARRISBURG, PA 17108-1210

Document will be returned to the name and address you enter to the left.

Commonwealth of Pennsylvania
FICTITIOUS NAME 3 Page(s)

T0920465015

Fee: $70

In compliance with the requirements of 54 Pa.C.S. § 311 (relating to registration), the undersigned entity(ies) desiring to register a fictitious name under 54 Pa.C.S. Ch. 3 (relating to fictitious names), hereby state(s) that:

1. The fictitious name is:
Just Energy

2. A brief statement of the character or nature of the business or other activity to be carried on under or through the fictitious name is:
energy supplier

3. The address, including number and street, if any, of the principal place of business (P.O. Box alone is not acceptable):

Number and street	City	State	Zip	County
100 King Street West, Suite 2630	Toronto	ON	M5X 1P1	Toronto

4. The name and address, including number and street, if any, of each individual interested in the business is:

Name	Number and Street	City	State

2009 JUL 14 PM 12:44

2009 JUL 23 AM 10:10

PA DEPT OF STATE

DSCB:54-311-2

5. Each entity, other than an individual, interested in such business is (are):

Just Energy Pennsylvania Corp.	Corporation	Delaware
Name	Form of Organization	Organizing Jurisdiction

100 King St. West, Suite 2630, Toronto, ON M5X 1E1
Principal Office Address

c/o National Registered Agents, Inc., Dauphin County
PA Registered Office, if any

Name	Form of Organization	Organizing Jurisdiction

Principal Office Address

PA Registered Office, if any

6. The applicant is familiar with the provisions of 54 Pa.C.S. § 332 (relating to effect of registration) and understands that filing under the Fictitious Names Act does not create any exclusive or other right in the fictitious name.

7. Optional): The name(s) of the agent(s), if any, any one of whom is authorized to execute amendments to, withdrawals from or cancellation of this registration in behalf of all then existing parties to the registration, is (are):

IN TESTIMONY WHEREOF, the undersigned have caused this Application for Registration of Fictitious Name to be executed this

23 day of June 2009

Individual Signature | Individual Signature

Individual Signature | Individual Signature

JUST ENERGY PENNSYLVANIA CORP.

By: Ken Hartwick
Entity Name | Entity Name

Ken Hartwick
Signature | Signature

President
Title | Title

GN

EXHIBIT B-1
JURISDICTIONS OF OPERATION
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

The applicant is licensed to provide retail electricity service in California, Illinois, Michigan, New Jersey, Delaware, New York, Pennsylvania, Ohio and Maryland. Please see further details below. The applicant is also licensed to provide retail gas service in California, Georgia, Nevada, New York, Michigan, Maryland, Ohio and Pennsylvania. Below is a list of licenses currently held by the applicant. See Exhibit A-15 for further information regarding affiliates.

Commerce Energy, Inc.

U.S.	
California	Registered October 7, 1997. License #1092
Illinois	Registered 1/17/07 (Electric) and 10/29/07 (Gas) Docket #06-0723 and 07-0501
Maryland	Registered 6/1/1999 (Gas) and July 7, 2004 (Electric) IR – 737 and IR-639
Michigan	Registered November 20, 2001. Case U-13203 (Electric) and June 2009, U-15980 (Gas)
New Jersey	Registered November 9, 2000. License #ESL-0046
Ohio	Registered June 10, 2001. Certificate #01-074(1)
Pennsylvania	Registered September 15, 1999 and 5/19/2005, License #A-110117 (Gas) and A-125138 (Electric)
Delaware	Registered 12/18/07 (Electric), Docket 07-275 Order No. 7330
Nevada	Registered 11/30/06, License #G-13
Georgia	Registered 7/6/05, License #GM-30

EXHIBIT B-2
EXPERIENCE & PLANS
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

OUR EXPERIENCE

The applicant has over ten years experience offering competitively priced gas and electric service. In those ten years it has provided varied offerings to residential and commercial customers. In addition, it has the ability to invoice its own customers and provide direct customer contact through its in-house customer service department. In many states, the applicant acts as the direct contact with the customer for switching service providers, customer complaints, billing, and other services. The applicant has been providing gas service to customers in Ohio since 2005.

OUR SERVICE

The applicant provides the following services in Ohio:

- Consolidated Billing through the utilities billing system using the bill ready format;
- Customer service representatives to respond to customer service questions, complaints, billing questions, and customer account transfers as well as general customer inquiries;
- Service offerings in Ohio include:
  - Month to month variable pricing and terms;
  - Fixed term, month to month variable pricing
- We make every effort to be the first point of contact in dealing with customer transfers to or from another supplier.

OUR PLANS

The applicant is looking forward to expand its customer base in Ohio further in the near future. The applicant expects to begin competitive service in the VEDO and DUKE market in the fall of 2010.

The applicant also intends to expand providing retail service in partnership with city aggregators throughout the indicated service areas.

COMPLAINT HANDLING

The applicant has an internal Customer Service Department that handles all incoming calls from our customers. They answer telephone calls Monday through Saturday. Most calls received are recorded digitally to ensure the accuracy of our records and calls are also monitored and reviewed by our internal Quality Assurance department. If a Customer Service representative is unable to resolve a customer issue, the issue is escalated to our Compliance Department. The Compliance Department is a team of Corporate & Consumer Relations ("CCR") specialists dedicated to responding to concerns or inquires made by consumers in Ohio. They are responsible for resolving all issues brought to their attention by Customer Service or any informal or formal complaint filed through regulatory bodies, utilities and other third party groups. The Compliance Department is also committed to:

- Regularly reviewing complaint activity in order to identify trends and problem areas;

- Ensure that compliance continues to remain as a compulsory component of contractor sales and orientation process;

- Continue to ensure that contractor marketing activity is conducted in accordance with company guidelines and regulatory rules; and

- Review marketing and training materials on a regular basis.

As in the past, the applicant will always comply with PUCO and OCC guide lines when handling complaints filed through their Consumer Services Division.

OUR PEOPLE

High levels of customer satisfaction are achieved through rapid and accurate responses to customer questions that come in via telephone or e-mail.

Our customer service representatives are supported by strong training in our product, and the energy market as well as by a robust database system.

EXHIBIT B-3
SUMMARY OF EXPERIENCE
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

The applicant is a retail marketer of natural gas and electricity licensed in 10 states and currently operating in seven states. In Ohio, the applicant solely serves the competitive gas market. It has been a competitive retail energy supplier since 1997 when it was originally founded as Commonwealth Energy Corporation.

In Ohio the applicant serves gas customers with competitive retail natural gas service in the Columbia of Ohio (COH) and Dominion East Ohio (DEO) service areas. In the COH service area, the applicant serves over 20,000 customers. In the DEO service area, it serves over 30,000 customers and is actively participating in energy auctions and the SCO and MVR program. The applicant focuses on residential and small commercial customers in each service area.

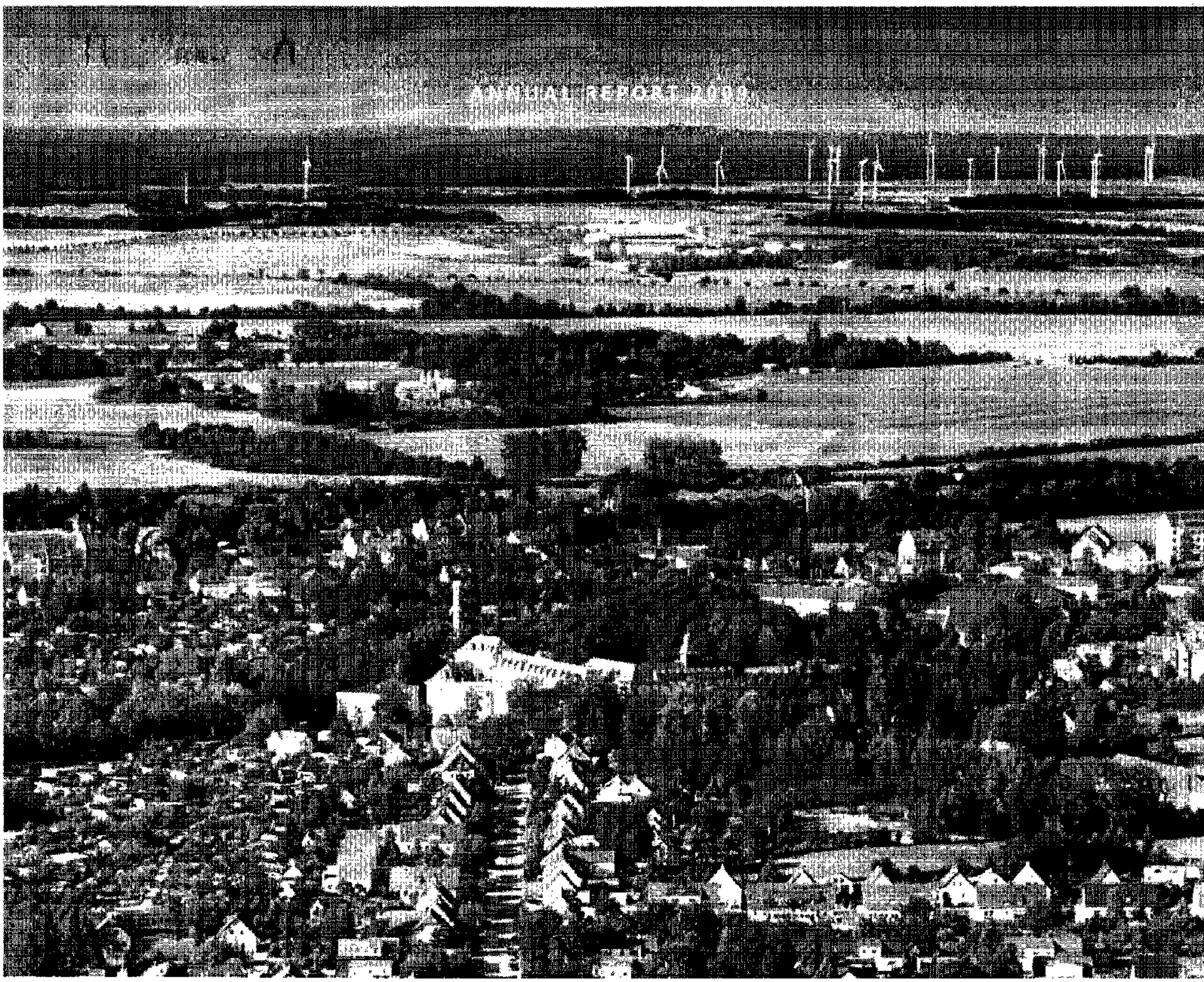
The applicant provides consolidated billing in a bill ready format through each utility, although it has its own billing system that it uses in other jurisdictions and could use in Ohio if necessary.

EXHIBIT B-4
DISCLOSURE OF LIABILITIES AND INVESTIGATIONS
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

The applicant or a predecessor of the applicant, or any principal officer of the applicant have never been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

EXHIBIT C-1
ANNUAL REPORTS
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Attached are Just Energy Income Fund's two most recent Annual Reports filed with the Canadian Securities and Exchange Commission. Financial data is maintained on a consolidated company basis and therefore cannot be produced to reflect Commerce Energy business only.



SELECTION SERVICE STABILITY

IT'S WHAT WE PROVIDE

just energy™

ENERGY MADE EASY

FORMERLY ENERGY SAVINGS INCOME FUND

ENERGY SAVINGS IS NOW JUST ENERGY!

When Energy Savings was founded in 1997, our name reflected an essential characteristic of our fixed-price offering. As we grew, a series of local brand identities helped facilitate entry into new markets. While this approach served us well, changes in our industry and our company have made this an excellent time to reconsider both our corporate identity and our value proposition. As a result, we are rebranding Energy Savings as Just Energy and moving forward with a single, consistent and distinctive brand identity across all markets.

As an organization, one of our competitive advantages is our relative size, strength and stability. The change to a single identity will support future growth by allowing us to more easily communicate, to all stakeholders, our collective financial strength and the positive impact we've had on consumers across North America.

The rebranding also enables us to clarify our evolving value proposition. Our increasing level of energy market expertise – combined with a continued commitment to fairness, integrity and customer service – has taken us beyond savings. Today, our focus is on providing both residential and commercial consumers with a straightforward, worry-free way of managing energy costs – one that provides price protection and the ability to budget more effectively as well as peace of mind. The name Just Energy and our new positioning statement "Energy Made Easy" embody this philosophy.

Equally as important, our new logo reflects our increased focus on green energy and other environmentally friendly products and services. We aim to be a leader in this area and want to convey our commitment.

The first step in our rebranding process was the renaming of Energy Savings Income Fund to Just Energy Income Fund. The next step is the conversion of our Canadian and U.S. operating subsidiaries. We expect to be operating as Just Energy in all markets by the fall of 2009.

just energy

ENERGY MADE EASY

Just Energy's business involves the sale of natural gas and electricity to residential, small to mid-size commercial and small industrial customers under long-term, irrevocable fixed-price contracts (price protected for electricity). Just Energy offers natural gas in Manitoba, Quebec, British Columbia, Illinois and Indiana and both gas and electricity in Ontario, Alberta and New York as well as electricity only in Texas. By securing the price for natural gas or electricity under such contracts for a period of up to five years, Just Energy's customers reduce or eliminate their exposure to changes in the price of these essential commodities. Just Energy also has environmentally friendly offerings of natural gas and electricity through its Green Energy Option program.

2009 HIGHLIGHTS

Customer base reached 1,790,000 residential customer equivalents, up 6% year over year. Gross additions were 418,000, up 22% from 342,000 in fiscal 2008.

—

Sales (seasonally adjusted) up 9% to $1.9 billion.

—

Gross margin (seasonally adjusted) of $315.2 million, up 16% year over year.

—

Distributable cash after gross margin replacement of $195.5 million ($1.75 per unit), up 15% year over year.

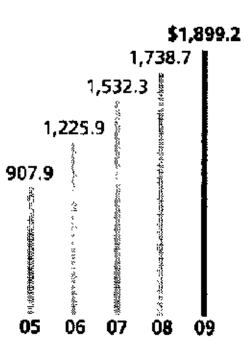
—

Earnings per unit of $1.52 in 2009, up from $1.44 in 2008.

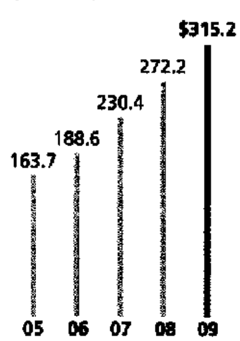
—

Announced accretive acquisition of Universal Energy Group.

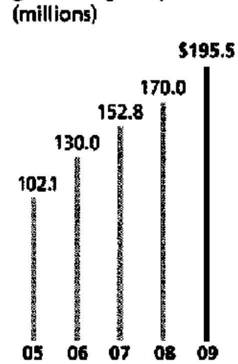
Sales
(seasonally adjusted)
(millions)



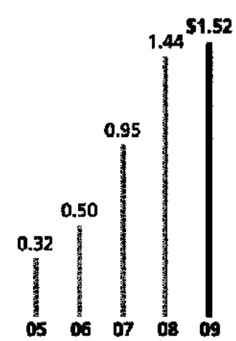
Gross margin
(seasonally adjusted)
(millions)



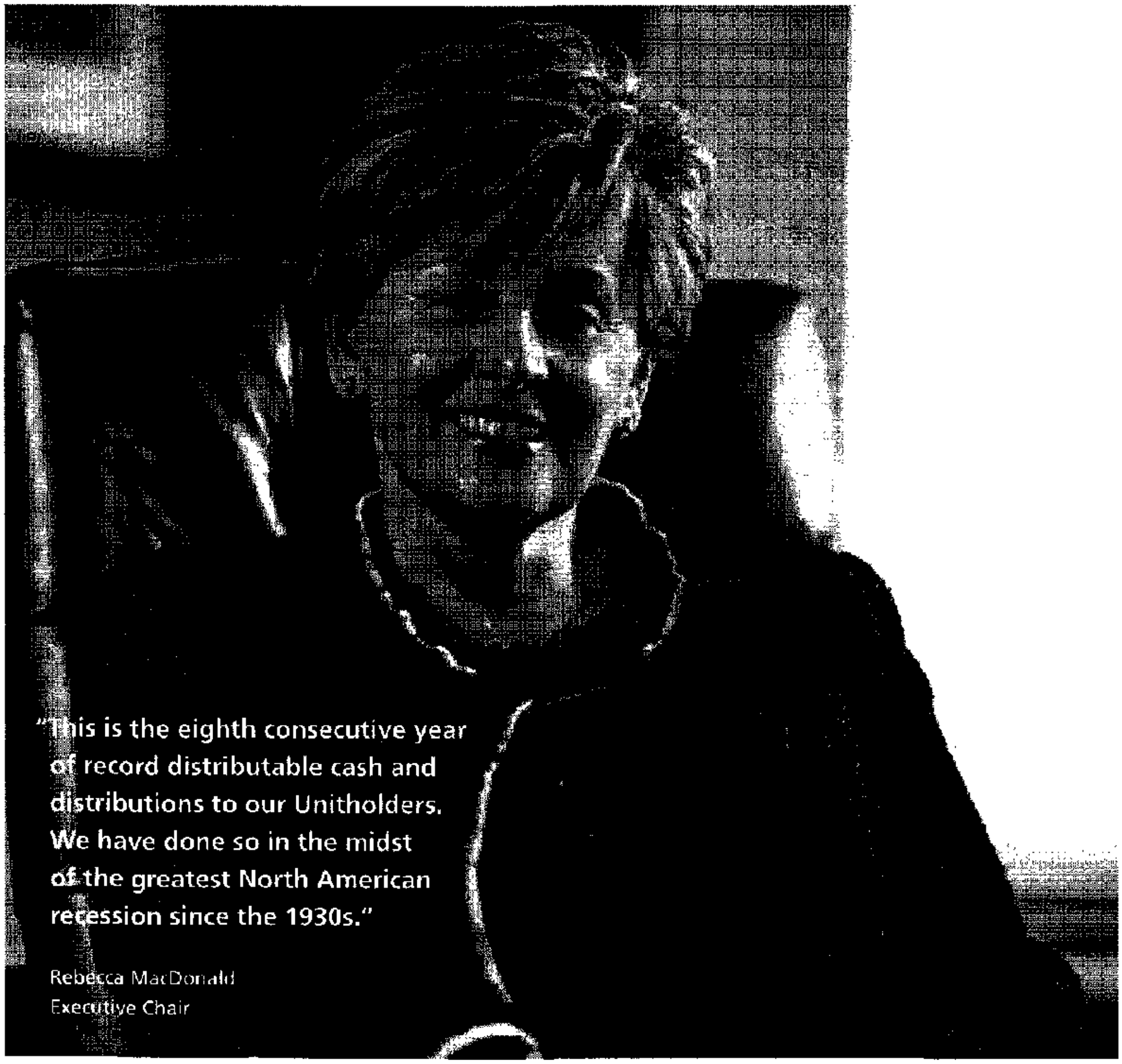
Distributable cash after gross margin replacement
(millions)



Adjusted net income per unit



MESSAGE FROM THE CHAIR



What we targeted for fiscal 2009	What we delivered in fiscal 2009
Exit the year with 1,022,000 natural gas customers and 820,000 electricity customers	Met 96% of our gas target and 99% of our electricity target. Both targets would have been realized save for record foreclosures in our U.S. markets
Grow gross margin by 10%	Gross margin up 16%
Grow distributable cash after margin replacement by 10%	Distributable cash after margin replacement up 15%
Search out accretive acquisitions	Acquired the accretive CEG Energy Options Inc. book from the SemCanada bankruptcy, and subsequent to year-end, agreed to acquire Universal Energy Group, another accretive acquisition
Be a reliable growth and income vehicle on the TSX	Generated a one-year total return to Unitholders of +1.0%, while the TSX total return was -28.3%. Just Energy has never cut or missed a distribution

DEAR FELLOW UNITHOLDERS:

"Each year we set our aggressive targets and each year we reach them."

It is with pleasure that I report our annual results for the year ended March 31, 2009. This is the eighth consecutive year of record distributable cash and distributions to our Unitholders. We have done so in the midst of the greatest North American recession since the 1930s. We are justifiably proud of the consistency and reliability of our growth and profitability.

Each year we set our aggressive targets and each year we reach them. With our sales approaching $2 billion, double-digit growth becomes more and more difficult. As in past years, we found a way to achieve this target.

Fiscal 2009 was a year of great success for Just Energy. In his letter, Ken Hartwick, our Chief Executive Officer and President, discusses our results and how they were achieved. I want to thank Ken and his team for a job well done.

Challenges we faced in fiscal 2009 and our responses

It will come as no surprise to anyone that the major challenge of the past year has been the impact of the recession on the North American economy. Poor economic conditions are not entirely negative for Just Energy. A high level of unemployment broadens the size and quality of available agents. Economic uncertainty forces families and small businesses to focus on the importance of budgeting. This improves receptivity to our product offerings.

The number of home foreclosures, particularly in our U.S. markets, highlights the negative impact of the recession on our business. This, combined with the loss of customers who could no longer pay their utility bills, led to U.S. natural gas attrition rates of 30% far above our target level of 20% per year.

Our efforts to cope with this customer loss began a year ago. After two quarters of very weak customer aggregation, we overhauled our sales and marketing department and refocused on the addition of quality customers. The result has been a growing sales force and higher sales productivity highlighted by a 57% year over year increase in gross customer additions in the fourth quarter. Increasing customer additions during fiscal 2009 was the largest single factor in delivering on our profit targets despite the recession.

Our second point of emphasis was credit. At a time when many customers are having difficulty paying bills, it is important that Just Energy ensures that customers signed have adequate credit quality. As the recession approached, our finance department tightened our credit policies and carefully managed our receivables. The result was a bad debt expense of 2.6% for the year, which was near the midpoint of our 2–3% target.

Finally, we had to carefully manage the matching of our supply book. As excess gas supply was created by higher than expected attrition, we were able to redeploy the supply to markets experiencing colder than expected weather. The result was minimal losses on sale of excess supply and the realization of higher than target margins on the remaining customer base.

Growth through acquisition

The year saw the completion of one small acquisition, the purchase of 46,000 residential customer equivalents ("RCEs") from SemCanada for $1.8 million. These customers were immediately accretive and, while currently low margin, provide an opportunity for renewals at Just Energy margins as they reach expiry.

The Universal Energy Group ("UEG") acquisition, announced on April 22, 2009, is going to be a major step forward. The deal requires the approval of 66⅔% of the UEG shareholders at a June meeting, but with 51% of the shares under a lock-up agreement, we are confident that the transaction will be approved.

UEG brings more than 580,000 RCEs in Ontario, British Columbia, Michigan, California, Ohio, Pennsylvania, Maryland and New Jersey. In addition, UEG owns a 66.7% interest in Terra Grain Fuels, a Saskatchewan ethanol plant, which has a successful water heater-based home services division.

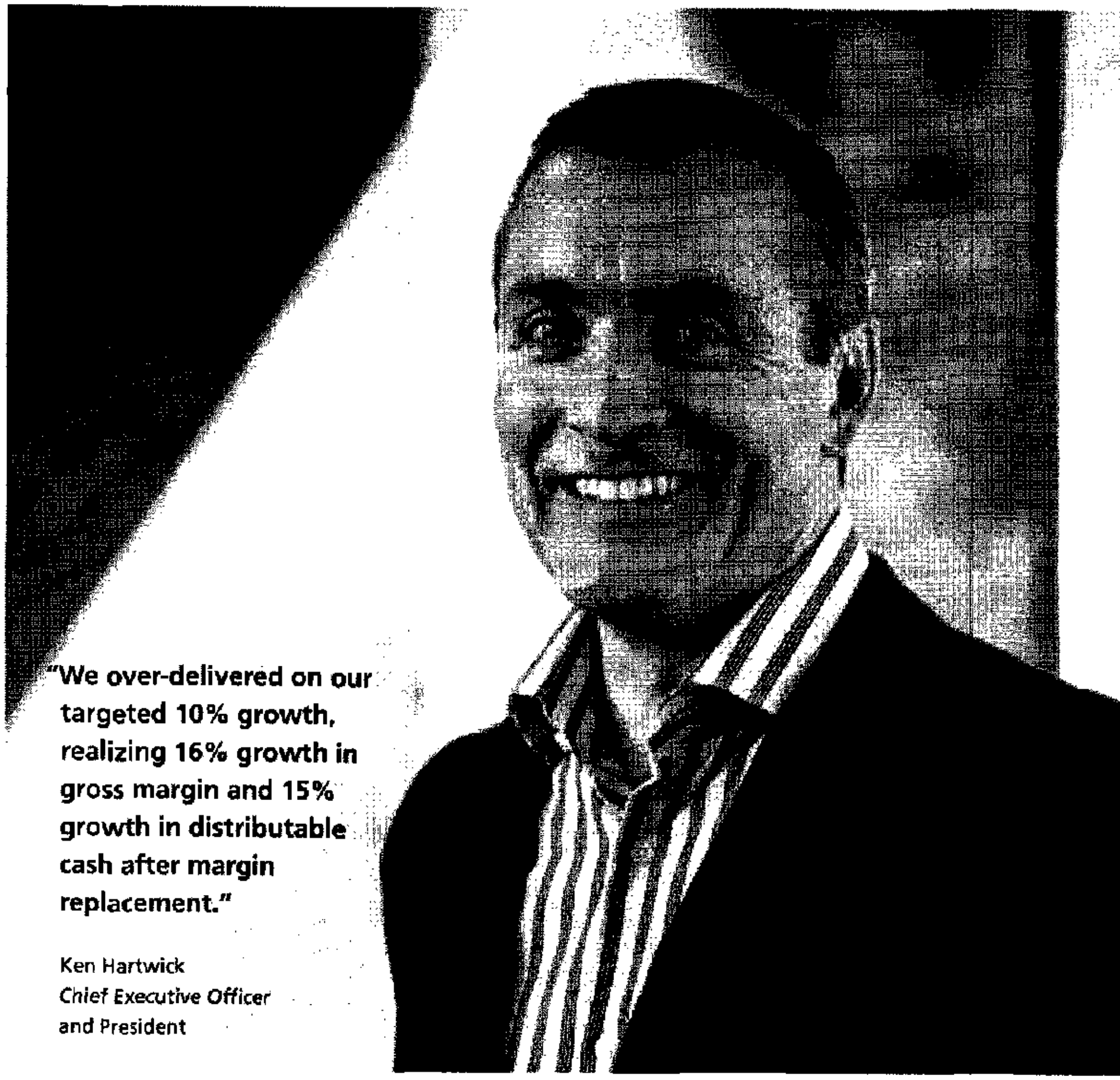
The transaction will be immediately accretive to our Unitholders after the realization of what we believe will be considerable administrative synergies coming from the overlap between the two businesses. We expect a smooth amalgamation of the two companies' independent sales contractors. Positive results should be seen in the coming months as the companies come together to be the North American market leader.

I look forward to meeting with my fellow Unitholders at our Annual Meeting on June 25, 2009, in Toronto.

(signed)

Rebecca MacDonald
Executive Chair

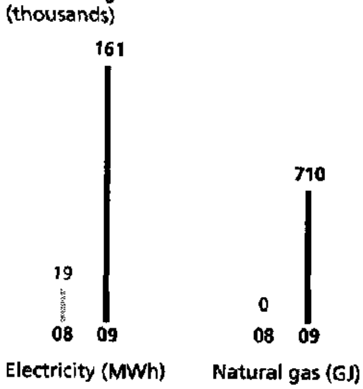
MESSAGE FROM THE CEO



"We over-delivered on our targeted 10% growth, realizing 16% growth in gross margin and 15% growth in distributable cash after margin replacement."

Ken Hartwick
Chief Executive Officer
and President

GEO sales growth
(thousands)



In fiscal 2009, 30% of new customers chose GEO supply for an average of 70% of their annual consumption.

DEAR FELLOW UNITHOLDERS:

"Despite the recession, consumers' minds are more and more focused on ways to sustain the environment."

In Executive Chair Rebecca MacDonald's letter, she discusses the challenges we faced in this difficult economy and how we achieved our targets in fiscal 2009. The operating results were strong across the board. We over-delivered on our targeted 10% growth, realizing 16% growth in gross margin and 15% growth in distributable cash after margin replacement. We once again exceeded our targeted margin per customer, locking in substantial Unitholder value for the coming five years.

We added 418,000 new customers in the year, up 22% from the number added in fiscal 2008. This strong performance by our sales team allowed us to offset high attrition in the U.S. and show a net increase in our customer base of 6% for the year.

We have built our team of independent sales contractors from 680 at the time of our last annual report to over 800 today. Amalgamation of the UEG sales force will increase this number further. The quality of our sales people has never been better, and recent weekly customer additions show that the strong upward trend of fiscal 2009 continues.

As Unitholders, you have a right to expect stable distributions based on a prudent payout policy. Our payout ratio for the year was at an all-time low, and we improved our balance sheet, bringing our cash balance from $27.3 million to $59.1 million over the year. We not only continued to pay our $1.24 annual distribution but also topped this up with a $0.165 Special Distribution declared in December. While we were disappointed with our 1% increase in total return to Unitholders over the past 12 months, it was far better than the 28.3% loss in the TSX Composite Total Return Index for the same period.

Green products

Despite the recession, consumers' minds are more and more focused on ways to sustain the environment and reduce their carbon footprint. Over a year ago, we brought out our Green Energy Option ("GEO") and have subsequently supplemented these electricity and gas offerings with high efficiency tankless water heaters and home energy audits.

Our green products make up the fastest-growing segment of our business. Our sales of green electricity grew from 19,000 MWh in fiscal 2008 to 161,000 MWh this year. Sales of our GEO gas product grew from zero last year to 710,000 GJ in fiscal 2009. Demand continues to grow in all markets and it is clear that the GEO is going to be a high growth and profitable product for years to come.

By year-end, we had installed 1,700 water heaters, and with the addition of UEG's water heater business and sales force, we expect to grow this number exponentially in the coming year.

Guidance for fiscal 2010

It will be very difficult to top our fiscal 2009 performance. Favourable weather, exchange rates and commodity prices allowed us to grow 15% while operating measures within our control were closer to 10%. Accordingly, we bring a high base into fiscal 2010. Assuming the UEG acquisition closes in early July, we would expect Just Energy to generate growth in gross margin and distributable cash after margin replacement in the range of 5–10%. The actual result will depend on the closing date, the time required to realize operating synergies and the ongoing status of the accompanying Terra Grain Fuels ethanol plant. Our view is that the acquisition will be accretive to distributable cash in fiscal 2010 and that it should be significantly accretive in future years once the operations are fully amalgamated. Similarly, the growth in our customer base will depend upon the eventual date of the merger of our two sales forces, but clearly the more than 580,000 RCEs that UEG brings will mean significant growth to our customer base in the coming year.

The end of the current tax treatment for trusts is approaching in 2011, and Just Energy is fully prepared to proceed to an immediate conversion should market conditions or trading values make this necessary. While the income trust structure was ideally suited to a predictable growth business with limited capital expenditure requirements like ours, we can and will be successful in a corporate form. We have reviewed all the conversion options and will proceed when it is in the best interest of our Unitholders.

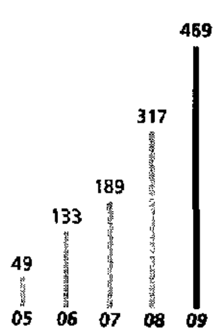
Fiscal 2009 was a tremendous year for Just Energy. Prospects for 2010 and beyond remain extremely bright.

(signed)

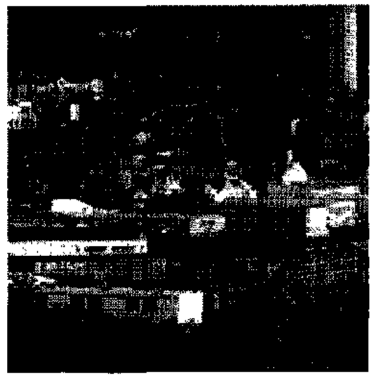
Ken Hartwick
Chief Executive Officer and President

SELECTION

U.S. customer base (thousands)



Just Energy aims to be the leader in bringing innovative energy options to the market. Our original innovation was our core product, long-term, fixed-priced energy contracts. Responding to our customers' needs, we have added our Green Energy Option, tailored solutions for businesses, and most recently, energy efficient home products and services. We provide the solutions people and businesses want, at prices they can afford.



Delivering peace of mind

We built our company on the strength of our core residential business. Consumers have long appreciated the peace of mind that comes with locking in their energy prices for up to five years – much like the stability and comfort provided by a long-term, fixed-rate mortgage.

We stay connected with our residential customers and constantly look for innovative new products that appeal to them. However, in recessionary times, it is the standard features of our core products that are most likely to strike a chord with prospective customers. Not surprisingly, predictable monthly bills and the ability to budget energy costs have proven to be more important than ever to homeowners as they work to stay on top of their finances.

Fiscal 2009 saw a powerful and refocused marketing effort from the Just Energy sales and marketing team. We saw particular success in our U.S. marketing where we added 258,000 new customers, the most we have ever added south of the border. We project that the vast majority of our future growth will come from the U.S., so a trend of growing additions is vital to our long-term success.

Overall, our gross additions were 418,000, an increase of 22% over fiscal 2008, reflecting our refocused marketing effort. Our net additions were 103,000 which showed that we were able to overcome the effects of record foreclosures and utility cut-offs in the U.S. driven by the worst recession seen in decades. Just Energy has shown the ability to grow in good times and in bad.

Growing commercial offerings

Just Energy's commercial business is focused on select small and mid-sized businesses that appreciate the ability to budget easily and plan their future cash flow.

Since our acquisition in Texas two years ago, we have pursued the commercial market more aggressively, recognizing it as an area in which there is tremendous opportunity for growth. Larger commercial customers have, regardless of their contract term, proven to have longer average lives than residential customers. These customers do not naturally fit with our core five-year fixed product but can generate significant profit from a more flexible offering.

In fiscal 2009, we introduced greater flexibility in our commercial product offering in response to customer demand. We began offering shorter-term contracts of one and two years in select markets. We also developed products for the commercial and small industrial customers who like the concept of fixed prices but need options such as locking in most, but not all, of their energy consumption.

Just Energy has created a specialized team to work with prospective commercial customers and tailor products to meet their unique needs. Our small and medium commercial customer additions in 2009 more than doubled from 2008, and we expect continued expansion in all regions in the coming year.

At the forefront of green

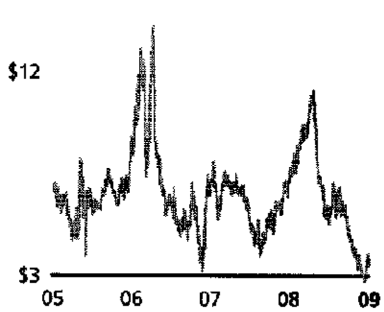
Just Energy offers customers practical ways to reduce their impact on the environment. Our Green Energy Option ("GEO") enables electricity customers to have all or a portion of their electricity sourced from renewable green sources such as wind, run-of-the-river hydro or biomass. With the gas GEO product, customers can purchase carbon offset credits to reduce or eliminate the carbon footprint of their homes or businesses.

In addition to GEO products, we have begun to lease and sell tankless and high efficiency hot water heaters in select regions. Tankless units save energy and reduce costs by heating water only when it is needed. We have also partnered with a licensed provider to give Canadians who rent or sell a tankless water heater a discounted energy evaluation audit. The audit provides access to a government grant and is the first step in increasing a home's overall energy efficiency.

GEO sales showed tremendous growth in fiscal 2009. Our electricity GEO sales were up 700% while we sold our new GEO gas product to more than 22,000 customers. Despite the fact that GEO was priced at a premium to our base five-year product, more than 30% of our new customers elected green supply for an average of 70% of their commodity requirements. This level of sales in a difficult economy is clear evidence that our customers are willing to make significant financial sacrifices toward a sustainable environment. Just Energy is well positioned to be a leader in the provision of green commodity supply as the economy recovers.

SERVICE

Volatility



Alberta spot natural gas price

In our business, top-notch service is just about as important to our customers as reliable energy and affordable prices – especially in recently deregulated markets, where skepticism may exist. We understand this fact, and invest heavily in people, processes and technologies to ensure that our customers understand what they are buying from Just Energy and feel good about their decision.

Personal touch

Exceptional service begins at the customer's door, during the sales process. We fully support government initiatives to protect consumers, and we take great care to explain our products and answer questions in easy-to-understand terms. The independent sales contractors carefully outline contract details in a conversation that normally takes about 15 minutes.

After the sale, a customer service representative makes a verification call to reaffirm the accuracy and completeness of the sales presentation. Once the sale is verified, we work to ensure a smooth, trouble-free transition from a customer's existing supplier and to provide a reliable ongoing energy supply.

Throughout the relationship, Just Energy customer service representatives are readily available to answer questions by telephone or email. We have a team of approximately 300 people who are supported by a full range of enabling technologies to ensure a consistent, personalized experience every time customers deal with us. Thanks to these efforts, customer service has always been an important part of Just Energy's success.

Talented people

Just Energy employees are a source of pride for our company and the force behind our superior customer service. We aim to be a great place to work, where people enjoy what they do, develop their careers, and are recognized and rewarded for their contributions.

Despite widespread layoffs at companies across North America, we have taken advantage of conditions to hire exceptional new talent. In fiscal 2009, we added top industry experts at our head office to manage the growth in our customer base. At year-end, our team of independent sales contractors had grown to 800, up from a low of just over 400 early in the year.

We also maintained our commitment to training. New independent sales contractors receive extensive instruction on topics such as energy market trends, regulatory obligations, competitive positioning, and most importantly, how to develop and close sales in accordance with regulations in every jurisdiction. Similarly, customer service representatives are regularly trained on the things that can truly differentiate our service, including telephone etiquette, product knowledge, and understanding and addressing customer needs and concerns quickly and efficiently.

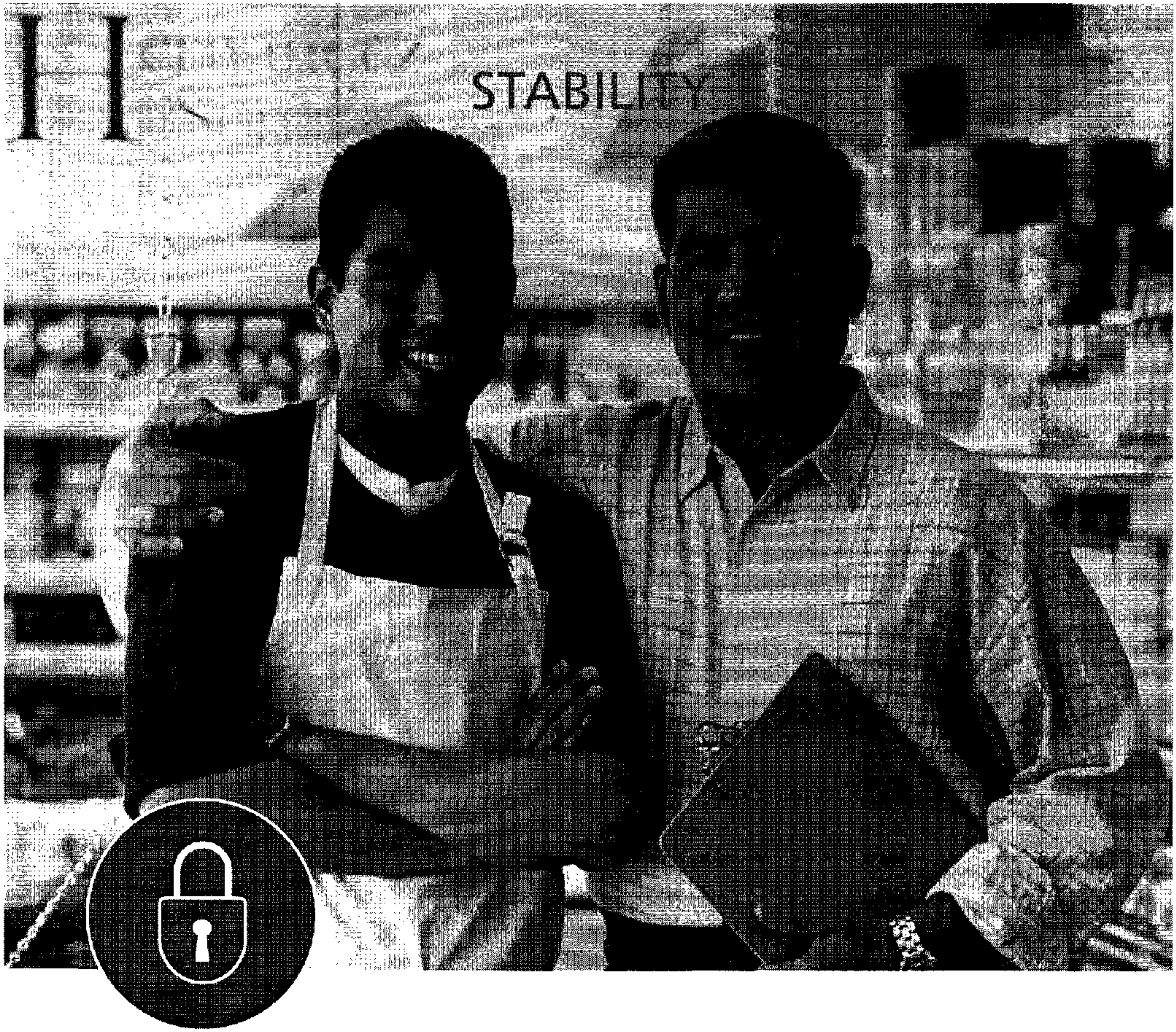
Lifelong customers

Our objective is to create lifelong customers who see the value and understand the peace of mind that comes with energy price protection. This means that we must work just as hard to keep existing customers as we do to sign new ones.

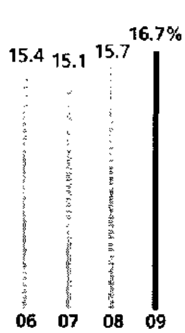
Approximately one-fifth of our customer book is up for renewal every year. The renewal process is initiated about 15 months before a contract matures by letters, telephone calls and face-to-face visits. Through these contacts, we remind customers of their contract, answer their questions and promote renewals.

In fiscal 2009, we created a dedicated team to spearhead our renewal efforts. Their work involved targeting the clarity and salability of our renewal message. While we do not guarantee cost savings from our fixed-rate products, some of the customers coming up for renewal had in fact saved money over the term of their contract and were more inclined to renew. At the same time, our renewal price is higher than the customer's former five-year price reflecting commodity price movements over the contract term. It is vital that we are able to clearly explain why our product still protects against volatility just as it did five years earlier. We are confident that our renewal team has the resources necessary to bring this message to our customers.

STABILITY



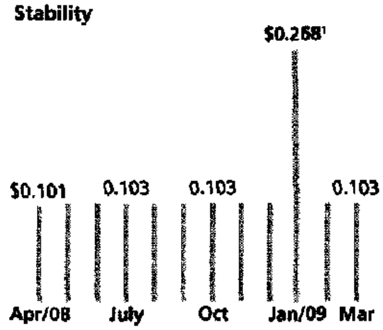
Stability



Gross margin percentage

Just Energy is focused on providing stability and peace of mind – to both our customers and our investors. Year after year, we meet these commitments by delivering a reliable energy supply, paying stable distributions and growing our business at double-digit rates.

Stability



Monthly distribution

[1]Includes $0.165/unit Special Distribution

Dependable energy supply

Customers count on Just Energy to meet their energy needs, day in and day out. In our 12 years of operation, we have never failed to deliver a single molecule of gas or electron of electricity.

Our track record is a testament to our low-risk business model which enables us to carefully match energy supply and demand, and lock in margins. At the beginning of each sales cycle, we purchase a five-year strip of commodity supply to match our expected marketing results. We then price our customer offering based on the known commodity price and the target margin. From there, the independent sales contractors go out and market until the supply is exhausted and the cycle begins again. Ongoing analysis of actual consumption patterns helps ensure that we always have enough contracted energy supply. Based on weather consumption variance, we go to the open market and make small purchases or sales of additional energy to maintain our matched position.

Strong commodity supplier relationships further ensure supply reliability. Just Energy spreads its contracts across a number of different high credit quality suppliers. We have longstanding relationships with large, stable organizations such as Shell, Bruce Power and BP, market leaders in gas and electricity supply in North America.

Reliable investment

Just Energy remains a predictable and reliable investment even in the midst of an economic downturn.

It begins with a stable business, selling an essential product. No matter how deep the recession, people need the natural gas and electricity we sell, and utility bills are the last to go unpaid. A low-risk business model, operational efficiency and superior customer service drive Just Energy's consistently solid performance – as does our demonstrated ability to grow.

In fiscal 2009, in the midst of a recession that challenged even the seemingly strongest companies, Just Energy showed the same growth it has since its inception. We grew our gross margin and distributable cash after margin replacement by 16% and 15%, respectively. This is the eighth consecutive year in which we have generated double-digit growth in our key financial measures. As always, our Unitholders again received reliable monthly distributions.

Since our initial public offering in 2001, Just Energy has raised the distribution rate 29 times. In 2009, we increased the distribution rate to $1.24 per unit and declared a Special Distribution of $0.165 per unit, reflecting strong profitability over the year. With locked-in margins on all our contracts, we remain confident in the sustainability of our distributions. And we take this commitment to our Unitholders seriously.

Consistent growth

Over the years, Just Energy's consistent growth has been enhanced through strategic acquisitions. We maintain a solid financial profile, with limited debt, putting us in a strong position to acquire the right companies at the right time.

In fiscal 2009, we purchased the western Canadian commercial and residential customer contracts of CEG Energy Options Inc., which was enmeshed in the SemCanada bankruptcy. The acquisition immediately added a commercial capability to our business in British Columbia. The CEG customers also fit the profile of the stable larger commercial customers we are targeting across our markets. While not large, the transaction was immediately accretive to our Unitholders.

Subsequent to year-end, we signed a definitive agreement to acquire Universal Energy Group. Universal is a competitor in Ontario and British Columbia and adds more than 580,000 customers to our book. We believe that our combined entity will be a market leader in the provision of deregulated natural gas and electricity to customers across North America. Universal Energy Group comes with 14 U.S. state licenses and has customers in six states where we do not currently operate. With the addition of key members of the Universal Energy Group team, we expect to accelerate growth in these new markets. We also anticipate that the overlap in back office operations will ultimately lead to significant operating synergies. The transaction is expected to close in early July 2009.

YOUR FUND'S GOVERNANCE

Officers (from left to right): Darren Pritchett, *Executive Vice President, Consumer Sales*; Ken Hartwick, *Chief Executive Officer and President*; Rebecca MacDonald, *Executive Chair*; Scott Gahn, *Executive Vice President – U.S. Energy Savings*; Beth Summers, *Chief Financial Officer*; and Gord Potter, *Senior Vice President and General Counsel*.

just energy

ENERGY MADE EASY

As an income fund and as an energy price protection company, Just Energy is committed to providing stability and peace of mind. To reach these goals – and remain worthy of the confidence of our Unitholders – we have established an active Board to guide our operations and make sure that they are transparent to investors. Our corporate governance meets the recommended standards established by the Canadian Securities Administrators.

We ensure transparency by clearly communicating our targets for growing our business, describing in detail how we intend to meet these goals and then reporting on our performance against the targets with equal clarity. Similarly, we build trust by ensuring that management's interests are aligned with those of Unitholders. To make sure that management acts in the best interests of Unitholders, we mandate high unit ownership for all senior managers and align bonuses with strict performance measurements determined by our Board. Our unit compensation consists of fully paid unit appreciation rights, which are paid for by employees out of what would have been cash compensation.

Your Board of Directors is made up of the Executive Chair and six outside directors and is monitored by our lead independent director, Hugh Segal. The Board committees are composed of external directors only.

Additional details of our governance can be found in the Just Energy 2009 Management Information Circular.

OFFICERS

Rebecca MacDonald
Executive Chair

Rebecca MacDonald was a founder of Just Energy (formerly Energy Savings) and has held the position of Chair of the Board and Executive Chair since the Fund's initial public offering ("IPO") in 2006. From the Fund's IPO in 2001 to March 2005, Ms. MacDonald also held the position of Chief Executive Officer.

Ken Hartwick, C.A.
Chief Executive Officer and President

Ken Hartwick joined the company in April 2004 as Chief Financial Officer, was promoted to President in 2006 and assumed the additional position of Chief Executive Officer in June 2008. Prior to this, Mr. Hartwick was Chief Financial Officer of Hydro One Inc.

Beth Summers, C.A.
Chief Financial Officer

Beth Summers joined Just Energy in February 2009 as Chief Financial Officer. Prior to this, Ms. Summers was Executive Vice President and Chief Financial Officer of Hydro One Inc.

Scott Gahn
Executive Vice President and Chief Operating Officer

Scott Gahn was appointed to his current role in February 2009, and prior to this, since May 2007, held the position of Executive Vice President, U.S. Energy Savings. Prior to this, Mr. Gahn was Chief Executive Officer of Just Energy Texas LP.

Darren Pritchett
Executive Vice President, Consumer Sales

Darren Pritchett joined Just Energy as Executive Vice President, Consumer Sales, in April 2008. Prior to this, Mr. Pritchett ran a successful direct marketing organization, contracted by Just Energy.

Gord Potter
Executive Vice President, Regulatory and Legal Affairs

Gord Potter joined the Company in June 2003 and currently holds the position of Executive Vice President, Regulatory and Legal Affairs. Prior to this, Mr. Potter held the positions of Director, Vice President and Senior Vice President within the Regulatory department within the time period of June 2003 to April 2009. Before joining Just Energy, Mr. Potter was Director, Utility Relations, at Direct Energy Marketing Limited.

OUTSIDE DIRECTORS

The Honourable Hugh D. Segal
Member of the Senate of Canada and Senior Fellow, School of Policy Studies, Queen's University

The Honourable Hugh Segal was appointed to the Senate of Canada in August 2005 and is a member of the Committees on Aboriginal Peoples, Agriculture and Forestry, and Foreign Affairs and International Trade. Mr. Segal served as President of the Institute for Research on Public Policy from July 1999 to May 2006. Mr. Segal was appointed Lead Director of the Fund's Board of Directors in January 2005.

John A. Brussa
Partner, Burnet, Duckworth & Palmer LLP

John Brussa is a Partner in the Calgary-based energy law firm of Burnet, Duckworth & Palmer, specializing in the area of energy and taxation. He is also a director of a number of energy and energy-related corporations and income funds.

The Honourable Gordon D. Giffin
Senior Partner, McKenna Long & Aldridge LLP

The Honourable Gordon Giffin is a Senior Partner in the Washington, D.C. and Atlanta, Georgia-based law firm of McKenna Long & Aldridge. From 1997 to April 2001, Mr. Giffin served as United States Ambassador to Canada.

Ronald V. Joyce
Corporate Director

Ron Joyce was appointed to the Board of Directors in June 2008. Mr. Joyce is best known as the co-founder of TDL Group Ltd., which licences Tim Hortons restaurants in Canada and the United States. He is also the founder of the Tim Hortons Children's Foundation. Mr. Joyce remains actively involved in his Hamilton-based executive charter-airline company, Jetport.

The Honourable Michael J.L. Kirby
Corporate Director

The Honourable Michael Kirby is a corporate director. Mr. Kirby was a member of the Senate of Canada from 1984 to 2006. From 1999 to 2006, Mr. Kirby was Chair of the Standing Committee on Social Affairs, Science and Technology.

The Honourable R. Roy McMurtry, Q.C.
Counsel, Gowling Lafleur Henderson LLP

The Honourable R. Roy McMurtry currently serves as counsel to the national law firm of Gowling Lafleur Henderson LLP. From February 1996 until May 2007, Mr. McMurtry was the Chief Justice of Ontario.

Brian R.D. Smith
Federal Chief Treaty Negotiator and Energy Consultant

Brian Smith is the Federal Chief Treaty Negotiator and Energy Consultant, a position he has held since June 2001. Prior to this, Mr. Smith was the Chair of British Columbia Hydro, a position he held from 1996 to June 2001.

MD&A AT-A-GLANCE

This MD&A at-a-glance highlights some of the more significant information found in the management's discussion and analysis, which follows on page 17. It is not intended to provide a complete summary of Just Energy's strategies, business environment or performance.

HIGHLIGHTS

- Achieved 16% growth in seasonally adjusted gross margin year over year, and a 15% increase in distributable cash after gross margin replacement, both exceeding our 10% growth targets
- Added 418,000 new customers, up 22% from the number added in fiscal 2008
- Adjusted net income per unit increased by 8% from $1.44/unit in fiscal 2008 to $1.52/unit
- Acquired the accretive CEG book from the SemCanada bankruptcy, and subsequent to year-end, agreed to acquire Universal Energy Group, another accretive transaction
- Sales of Green Energy Option ("GEO") electricity products increased by 700% year over year to 161,000 MWh delivered. GEO gas sales were off to a great start with 710,000 GJ delivered
- Began providing Ontario residential customers with a long-term water heater rental program, offering tankless water heaters, high efficiency conventional and power vented tanks

Customer aggregation

	April 1, 2008	Additions	Attrition	Failed to renew	March 31, 2009
Natural gas					
Canada	761,000	95,000	(77,000)	(36,000)	743,000
United States	213,000	90,000	(68,000)	–	235,000
Total gas	974,000	185,000	(145,000)	(36,000)	978,000
Electricity					
Canada	609,000	65,000	(68,000)	(28,000)	578,000
United States	104,000	168,000	(30,000)	(8,000)	234,000
Total electricity	713,000	233,000	(98,000)	(36,000)	812,000
Combined	1,687,000	418,000	(243,000)	(72,000)	1,790,000

Gross customer additions for the year were 418,000, up 22% from the number added in fiscal 2008. Excluding the CEG acquisition, gross customer additions of 372,000 were up 9% from the previous year, as a result of opening new sales offices and improved recruiting success. Total net customer additions for the year were 103,000 in fiscal 2009. In fiscal 2008, net customer additions were 28,000.

Customer margins

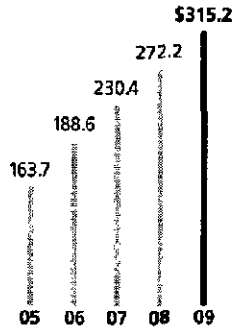
During fiscal 2009, we continued to see the positive impact of efforts to maintain strong margin per customer during challenging marketing periods. This table depicts the higher margins realized on customers signed in the year:

Annual gross margin per customer[1]	Fiscal 2009	Annual target fiscal 2009
Customers added in the year		
Canada – gas	$ 166	$ 170
Canada – electricity	147	143
United States – gas	208	170
United States – electricity	206	143

[1]Customer sales price less cost of associated supply and allowance for bad debt and U.S. working capital.

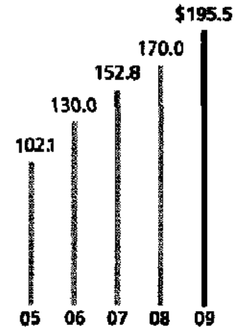
Just Energy intends to continue its geographic expansion into new markets in the United States through both organic growth and focused acquisitions. The licenses and customer bases acquired with UEG will accelerate this expansion.

Gross margin
(seasonally adjusted)
(millions)



Annual total gross margin per RCE for fiscal 2009 was $181, an increase of 15% over last year ($157 per RCE).

Distributable cash after gross margin/customer replacement
(millions)



Distributable cash grew 15%, again reaching a record level.

Attrition rates

Natural gas	
Canada	10%
United States	30
Electricity	
Canada	11%
United States	17

Natural gas attrition in Canada was 10% for the year, in line with management's target of 10%. In the U.S., gas attrition was 30%, well above management's annual target of 20%, due to record home foreclosures and utility shutoffs.

Electricity attrition in Canada for the year was 11%, slightly above management's 10% target. Electricity attrition in the U.S. was 17%, below the 20% target.

Renewal rates

In fiscal 2009, the only contracts eligible for renewal were Ontario, British Columbia and Manitoba gas customers and Ontario electricity customers.

Renewals for Canadian gas customers were 73%, below the 80% target. The renewal rate for Ontario electricity customers was 67%, exceeding management's target. In the Ontario electricity market, there is no opportunity to renew a residential or small volume customer for a one-year term should the customer fail to positively renew or terminate his or her contract. As a result, management targets a 60% renewal rate for electricity customers.

Outlook

Management's best estimation is that Just Energy will again grow its key operating measures during fiscal 2010, despite weak North American economic conditions and continued turmoil in credit and financial markets.

Gross margin and distributable cash after gross margin replacement per unit are expected to grow by approximately 5–10% during fiscal 2010, including the acquisition of Universal Energy Group Ltd. ("UEG"). Distributable cash after marketing expenses is expected to grow at a slightly lower rate due to increased marketing expenses associated with forecasted volume additions and GEO product growth.

Total residential customer equivalents ("RCEs") are expected to grow after all attrition and failure to renew. However, management is not in a position to provide guidance on the level of customer growth pending acquisition of the UEG sales force and its integration into Just Energy.

Just Energy intends to continue its geographic expansion into new markets in the United States through both organic growth and focused acquisitions. The licenses and customer bases acquired with UEG will accelerate this expansion. We are reviewing a number of further possible acquisitions, and continue to monitor the progress of the deregulated markets in various jurisdictions.

Changes made to the Income Tax Act require certain income trusts, including Just Energy, to pay taxes after 2010, similar to those paid by taxable Canadian corporations. We are analyzing potential restructuring options in preparation for conversion from a trust to a corporation on or before 2011.

FINANCIAL TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

May 13, 2009

Overview

The following discussion and analysis is a review of the financial condition and results of operations of Just Energy Income Fund ("Just Energy" or the "Fund"), formerly known as Energy Savings Income Fund, following its name change effective June 1, 2009, for the year ended March 31, 2009, and has been prepared with all information available up to and including May 13, 2009. This analysis should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2009. The financial information contained herein has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All dollar amounts are expressed in Canadian dollars. Quarterly reports, the annual report and supplementary information can be found under "Investor relations" on our corporate website at www.justenergy.com. Additional information can be found on SEDAR at www.sedar.com.

Just Energy is an open-ended, limited-purpose trust established under the laws of the Province of Ontario to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates: Ontario Energy Savings L.P. ("OESLP"), Energy Savings (Manitoba) L.P. ("ESMLP"), Energy Savings (Quebec) L.P. ("ESPQ"), ES (B.C.) Limited Partnership ("ESBC"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JE Illinois"), New York Energy Savings Corp. ("NYESC"), Just Energy Indiana ("JE Indiana"), Just Energy Texas L.P. ("JE Texas") and Newten Home Comfort L.P. ("NHCLP").

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price and price-protected contracts. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers. A new partnership was entered into on July 18, 2008, which involves the marketing, leasing, sale and installation of tankless and high efficiency water heaters.

Forward-looking information

This MD&A contains certain forward-looking information pertaining to customer additions and renewals, customer consumption levels, distributable cash and treatment under governmental regulatory regimes. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, customer attrition, fluctuations in natural gas and electricity prices, changes in regulatory regimes, decisions by regulatory authorities and competition and dependence on certain suppliers. Additional information on these and other factors that could affect the Fund's operations, financial results or distribution levels are included in the Fund's annual information form and other reports on file with Canadian security regulatory authorities which can be accessed on our corporate website at www.justenergy.com or through the SEDAR website at www.sedar.com.

Practice change

Effective July 1, 2008, the Fund changed its practice from treating future supply hedging positions as hedges for accounting purposes: all mark to market adjustments are now reflected in the consolidated statements of operations. In the view of management, the previous practice offered no greater clarity for the financial statement user and was very labour intensive and costly to produce. The new accounting practice consolidates all the unrealized, non-cash changes in value of future supply into a single line on the consolidated statements of operations. The Fund's MD&A reports the adjusted net income excluding all non-cash mark to market adjustments for all derivative instruments and the related tax effect. The expected future net margin from the supply and customer contracts is set based on the derivative instruments and is effectively unchanged with commodity market movements. Given commodity price volatility and the size of the Fund, the annual swings in mark to market on these positions can be in the hundreds of millions of dollars.

Just Energy believes that the result of this accounting change and the associated MD&A disclosure is that actual period operating results will be more transparent for investors.

Key terms

"LDC" means a local distribution company, the natural gas or electricity distributor for a regulatory or governmentally defined geographic area.

"RCE" means residential customer equivalent or the "customer", which is a unit of measurement equivalent to a customer using, as regards natural gas, 2,815 m^3 (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis and, as regards electricity, 10 MWh (or 10,000 kWh) of electricity on an annual basis, which represents the approximate amount of gas and electricity, respectively, used by a typical household in Ontario.

"Attrition" means customers whose contracts were terminated primarily due to relocation or death, or cancelled by Just Energy due to delinquent accounts.

"Failed to renew" means customers who did not renew expiring contracts at the end of their term.

"Delivered volume" represents the actual volume of gas and electricity provided on behalf of customers to the LDCs for the period.

"Annualized volume/Customers" represents the utility projection of the total volume of gas and/or electricity to be delivered for each 12-month period for customers in place at a point in time. The period growth in annualized volume equates to the growth in Just Energy's customers for the same period.

"Gross margin per RCE" represents the gross margin realized on Just Energy's customer base, including both low margin customers acquired through various acquisitions and gains/losses from sales of excess commodity supply.

Non-GAAP financial measures

All non-GAAP financial measures do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Seasonally adjusted sales and seasonally adjusted gross margin

Management believes the best basis for analyzing both the Fund's results and the amount available for distribution is to focus on amounts actually received ("seasonally adjusted") because this figure provides the margin earned on actual customer consumption. Seasonally adjusted sales and gross margin are not defined performance measures under Canadian GAAP. Seasonally adjusted analysis applies solely to the Canadian gas market and specifically to Ontario, Quebec and Manitoba. In those markets, Just Energy is paid based on deliveries made to the LDCs evenly throughout the year. The seasonal adjustment is made to more closely align the gross margin to reflect cash received during the period.

No seasonal adjustment is required for electricity as the supply is balanced daily. In the other gas markets, payments for supply by the LDCs are aligned with customer consumption.

Cash Available for Distribution

"Distributable cash after marketing expense" refers to the net Cash Available for Distribution to Unitholders. Seasonally adjusted gross margin is the principal contributor to Cash Available for Distribution. Distributable cash is calculated by the Fund as seasonally adjusted gross margin, adjusted for cash items including general and administrative expenses, marketing expenses, capital tax, bad debt expense, interest expense, corporate taxes and other adjustments. This non-GAAP measure may not be comparable to other income funds.

"Distributable cash after gross margin replacement" represents the net Cash Available for Distribution to Unitholders as defined above. However, only the marketing expenses associated with maintaining the Fund's gross margin at a stable level equal to that in place at the beginning of the year are deducted. Management believes that this is more representative of the ongoing operating performance of the Fund because it includes all expenditures necessary for the retention of existing customers and the addition of new margin to replace those of customers that have not been renewed. This non-GAAP measure may not be comparable to other income funds.

For reconciliation to cash from operating activities please refer to the "Cash Available for Distribution and distributions" analysis on page 21.

Adjusted net income

"Adjusted net income" represents the net income (loss) removing the impact of mark to market gains (losses) arising from derivative financial instruments on our future supply. Just Energy ensures that customer margins are protected by entering into fixed-price supply contracts. In accordance with GAAP, the associated customer contracts are not marked to market, but there is a requirement to mark to market the future supply contracts. This creates unrealized gains (losses) depending upon current supply pricing volatility.

Management believes that these short-term mark to market non-cash gains (losses) do not impact the long-term financial performance of the Fund. The related future supply has been sold under long-term customer contracts at fixed prices; therefore the annual movement in the theoretical value of this future supply is not an appropriate measure of current or future operating performance.

Standardized Distributable Cash

Standardized Distributable Cash is a non-GAAP measure developed to provide a consistent and comparable measurement of distributable cash across entities.

"Standardized Distributable Cash" is defined as cash flows from operating activities, as reported in accordance with GAAP, less an adjustment for total capital expenditures as reported in accordance with GAAP and restrictions on distributions arising from compliance with financial covenants restrictive at the date of the calculation of Standardized Distributable Cash.

For reconciliation to cash from operating activities please refer to the "Standardized Distributable Cash and Cash Available for Distribution" analysis on page 23.

Financial highlights

For the years ended March 31
(thousands of dollars, except where indicated and per unit amounts)

	Fiscal 2009			Fiscal 2008			Fiscal 2007	
	$	Per unit	Change	$	Per unit	Change	$	Per unit
Sales	**1,899,213**	**$ 17.03**	**9%**	1,738,690	$ 16.04	13%	1,532,317	$ 14.28
Net income (loss)[1]	**(1,107,473)**	**$ (9.93)**		152,761	$ 1.41		93,912	$ 0.88
Adjusted net income[2]	**169,929**	**$ 1.52**	**8%**	156,722	$ 1.44	54%	101,882	$ 0.95
Gross margin (seasonally adjusted)	**315,193**	**$ 2.83**	**16%**	272,180	$ 2.51	18%	230,368	$ 2.15
Distributable cash								
After gross margin replacement	**195,520**	**$ 1.75**	**15%**	169,997	$ 1.57	11%	152,788	$ 1.42
After marketing expense	**169,353**	**$ 1.52**	**11%**	152,834	$ 1.41	18%	129,984	$ 1.21
Distributions (including Special Distribution[3])	**156,604**	**$ 1.40**	**(10)%**	173,531	$ 1.60	60%	108,652	$ 1.01
Distributions (excluding Special Distribution)	**138,030**	**$ 1.24**	**7%**	128,840	$ 1.19	19%	108,652	$ 1.01
General and administrative	**59,586**	**$ 0.53**	**15%**	51,638	$ 0.48	23%	41,892	$ 0.39
Distributable cash payout ratio[3] (including Special Distribution)								
After gross margin replacement	**80%**			102%			71%	
After marketing expense	**92%**			114%			84%	
Distributable cash payout ratio[4] (excluding Special Distribution)								
After gross margin replacement	**71%**			76%			71%	
After marketing expense	**82%**			84%			84%	

[1] Net income (loss) includes the impact of unrealized gains (losses) which represents the mark to market of future commodity supply acquired to cover future customer demand. The supply has been sold to customers at fixed prices greatly diminishing the realization of year-end mark to market gains and losses.

[2] Adjusted net income is a more appropriate measure of the performance of the Fund since the underlying supply is held to its maturity, and therefore, mark to market gains and losses do not impact the long-term financial performance of the Fund.

[3] In calendar 2008 and 2007, the Fund under-distributed its taxable income and the Board of Directors of OESC concluded that a Special Distribution would be paid to ensure that all taxable income would be distributed. Refer to "Special Distribution" on page 35 for further information.

[4] Management targets an annual payout ratio after all marketing expenses, excluding the Special Distribution, of less than 100%.

Reconciliation of net income (loss) to adjusted net income

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net income (loss)	**$ (1,107,473)**	$ 152,761	$ 93,912
Change in fair value of derivative instruments	**1,336,976**	831	7,619
Tax impact on change in fair value of derivative instruments	**(59,574)**	3,130	351
Adjusted net income	**$ 169,929**	$ 156,722	$ 101,882

Operations

Gas

In each of the markets in which Just Energy operates, it is required to deliver gas to the LDCs for its customers throughout the year. Gas customers are charged a fixed price for the full term of their contract. Just Energy purchases gas supply in advance of marketing. The LDC provides historical customer usage to enable Just Energy to purchase an approximation of matched supply. Furthermore, in many markets, Just Energy mitigates exposure to customer usage by purchasing options that cover potential differences in customer consumption due to weather variations. The cost of this strategy is incorporated in the price to the customer. To the extent that balancing requirements are outside the options purchased, Just Energy bears the financial responsibility for fluctuations in customer usage. Volume variances may result in either excess or short supply. Excess supply is sold in the spot market resulting in either a gain or loss compared to the weighted average cost of supply. In the case of greater than expected gas consumption, Just Energy must purchase the short supply at the market price, which may reduce or increase the customer gross margin typically realized.

Ontario, Quebec and British Columbia

In Ontario, Quebec and British Columbia, the volumes delivered for a customer typically remain constant throughout the year. Just Energy does not recognize sales until the customer actually consumes the gas. During the winter months, gas is consumed at a rate which is greater than delivery and in the summer months, deliveries to LDCs exceed customer consumption. Just Energy receives cash from the LDCs as the gas is delivered, which is even throughout the year.

Manitoba and Alberta

In Manitoba and Alberta, the volume of gas delivered is based on the estimated consumption for each month. Therefore, the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash received from customers and LDCs will be higher in the winter months.

Alberta's regulatory environment is different from the other Canadian provincial markets. In Alberta, Just Energy is required to invoice and receive payments directly from customers. Just Energy entered into an agreement with EPCOR Utilities Inc. ("EPCOR") for the provision of billing and collection services in Alberta which was amended and extended in December 2008. Pursuant to the amended agreement, EPCOR will continue to provide billing and collection services for AESLP until November 30, 2011, with respect to AESLP's existing customers. In the late summer of 2009, Just Energy intends to begin billing and collection services directly for all new customers signed and renewed customers.

New York, Illinois and Indiana

In New York, Illinois and Indiana, the volume of gas delivered is based on the estimated consumption and storage requirements for each month. Therefore the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash flow from the New York, Illinois and Indiana operations is greatest during the third and fourth (winter) quarters, as normally, cash is received from the LDCs in the same period as customer consumption.

Electricity

Ontario, Alberta, New York and Texas

Just Energy does not bear the risk for variations in customer consumption in any of the electricity markets in which it operates other than the commercial customers acquired in Texas. In Ontario and New York, Just Energy provides customers with price protection for the majority of their electricity requirements. The customers experience either a small balancing charge or credit on each bill due to fluctuations in prices applicable to their volume requirements not covered by a fixed price. In Alberta, Just Energy offers a load-following product for which it has acquired load-following supply and therefore does not have exposure to variances in customer consumption. Effectively all future offerings for Texas customers will be a load balanced product, and Just Energy will not bear the risk for variations in customer consumption.

Cash flow from electricity operations is greatest during the second and fourth quarters (summer and winter), as electricity consumption is typically highest during these periods.

Water heaters

NHCLP ("Newten") commenced providing Ontario residential customers with a long-term water heater rental program in the summer of 2008, offering tankless water heaters, high efficiency conventional and power vented tanks. Newten continues to ramp up its operations and as at March 31, 2009, had installed over 1,700 water heaters in residential homes and has commenced earning revenue from its installed base of customers.

Cash Available for Distribution and distributions

For the years ended March 31
(thousands of dollars, except per unit amounts)

	Fiscal 2009	Per unit	Fiscal 2008	Per unit	Fiscal 2007	Per unit
Reconciliation to statements of cash flow						
Cash inflow from operations	**$ 172,767**		$ 136,007		$ 98,354	
Add:						
Increase (decrease) in non-cash working capital	**(6,181)**		11,879		28,311	
Tax impact on distributions to Class A preference shareholders	**2,767**		4,948		3,319	
Cash Available for Distribution	**$ 169,353**		$ 152,834		$ 129,984	
Cash Available for Distribution						
Gross margin per financial statements	**$ 322,816**	**$ 2.90**	$ 274,800	$ 2.53	$ 229,444	$ 2.14
Adjustments required to reflect net cash receipts from gas sales	**(7,623)**		(2,620)		924	
Seasonally adjusted gross margin	**$ 315,193**	**$ 2.83**	$ 272,180	$ 2.51	$ 230,368	$ 2.15
Less:						
General and administrative	**(59,586)**		(51,638)		(41,892)	
Capital tax expense	**(220)**		(827)		(850)	
Bad debt expense	**(13,887)**		(6,951)		(10,882)	
Income tax recovery (expense)	**(3,861)**		757		(539)	
Interest expense	**(3,857)**		(5,346)		(3,942)	
Other items	**3,664**		780		690	
	(77,747)		(63,225)		(57,415)	
Distributable cash before marketing expenses	**237,446**	**$ 2.13**	208,955	$ 1.93	172,953	$ 1.61
Marketing expenses to maintain gross margin	**(41,926)**		(38,958)		(20,165)	
Distributable cash after gross margin replacement	**195,520**	**$ 1.75**	169,997	$ 1.57	152,788	$ 1.42
Marketing expenses to add new gross margin	**(26,167)**		(17,163)		(22,804)	
Cash Available for Distribution	**$ 169,353**	**$ 1.52**	$ 152,834	$ 1.41	$ 129,984	$ 1.21
Distributions (includes Special Distribution)						
Unitholder distributions	**$ 147,399**		$ 158,511		$ 99,036	
Class A preference share distributions	**7,660**		13,699		9,188	
Unit appreciation rights and deferred unit grants distributions	**1,545**		1,321		428	
Total distributions	**$ 156,604**	**$ 1.40**	$ 173,531	$ 1.60	$ 108,652	$ 1.01
Distributions (excludes Special Distribution)						
Unitholder distributions	**$ 129,872**		$ 117,720		$ 99,036	
Class A preference share distributions	**6,791**		10,130		9,188	
Unit appreciation rights and deferred unit grants distributions	**1,367**		990		428	
Total distributions	**$ 138,030**	**$ 1.24**	$ 128,840	$ 1.19	$ 108,652	$ 1.01
Diluted average number of units outstanding		**111.5m**		108.4m		107.3m

Distributable cash

Distributable cash after gross margin replacement for the current year was $195.5 million ($1.75 per unit), up 15% from $170.0 million ($1.57 per unit) in fiscal 2008. The growth reflects a 16% increase in seasonally adjusted gross margin. Factors which aided margin growth included net customer additions, increased consumption due to the cold winter weather with lower supply costs to meet this demand and favourable U.S. exchange rates.

The higher gross margins in the year were offset by increased general and administration costs and bad debt expenses. Increased general and administrative costs of 15%, over the prior comparable year, were primarily staffing costs in our corporate office to support our current and future growth, U.S. exchange rate impact on U.S. dollar denominated costs, an increase in collection costs, full year rent for our new customer service call centre and legal fees with respect to business operations in the U.S. Bad debt expense increased in fiscal 2009 compared to 2008, due to the increased revenue in those markets where the Fund bears the credit risk and the weak economic conditions in the U.S. markets. In addition, during fiscal 2008, the Fund released excess bad debt reserve, reducing the comparable bad debt expense for the year.

Just Energy spent $41.9 million in marketing expenses to maintain its current level of gross margin, which represents 62% of the total marketing expense for the year. A further $26.2 million was spent to increase future gross margin reflecting the 103,000 net RCE additions for fiscal 2009. Management's estimate of the future contracted gross margin grew to $1,020.3 million, up from $915.3 million in the third quarter of fiscal 2009.

Distributable cash after all marketing expenses amounted to $169.4 million ($1.52 per unit) for fiscal 2009, an increase of 11% from $152.8 million ($1.41 per unit) in the prior comparable year. The increase is due to the higher gross margin offset by increased expenditures noted above. The lower rate of increase for distributable cash was due to the higher marketing costs associated with the significant increase in net customer additions year over year. Excluding Special Distributions, the payout ratio after deduction of all marketing expenses for the current year was 82%, versus 84% in fiscal 2008.

For further information on the changes in the gross margin, please refer to "Sales and gross margin – Seasonally adjusted" on page 25 and "General and administrative expenses", "Marketing expenses", "Bad debt expense" and "Interest expense" are further clarified on pages 33, 34 and 35.

Discussion of distributions

For the years ended March 31
(thousands of dollars)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Cash flow from operations[1] (A)	$ 172,767	$ 136,007	$ 98,354
Net income (loss) (B)	(1,107,473)	152,761	93,912
Total distributions[2] (C)	156,604	173,531	108,652
Excess (shortfall) of cash flows from operating activities over distributions paid (A–C)	16,163	(37,524)	(10,298)
Shortfall of net income (loss) over distributions paid (B–C)	(1,264,077)	(20,770)	(14,740)

[1] Includes non-cash working capital balances.

[2] Includes a one-time Special Distribution of $18.6 million in fiscal 2009 and $44.7 million in fiscal 2008.

Net income (loss) includes non-cash gains and losses associated with the changes in the current market value of Just Energy's derivative instruments. These instruments form part of the Fund's requirement to purchase commodity according to estimated demand and, as such, changes in value do not impact the distribution policy or the long-term financial performance of the Fund. Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting and all gains and losses on derivative instruments have been recorded in change in fair value of derivative instruments.

The change in fair value associated with these derivatives included in the net loss was $1.3 billion for the 12 months ended March 31, 2009. In fiscal 2008, Just Energy had elected to use hedge accounting and thus was able to book the changes in fair value predominantly to other comprehensive income. The change in fair value for the year in fiscal 2008 was $76.9 million.

As can be seen in the table above, the Fund has, in the past, paid out distributions that were higher than both financial statement net income (loss) and operating cash flow. In the view of management, the non-GAAP measure, distributable cash, is an appropriate measure of the Fund's ability to distribute funds, as the cost of carrying incremental working capital necessary for the growth of the business has been deducted in the distributable cash calculation. Further, investment in the addition of new customers intended to increase cash flow is expensed in the financial statements while the original customer base was capitalized. Management believes that the current level of distributions is sustainable in the foreseeable future.

The timing differences between distributions and cash flow from operations created by the cost of carrying incremental working capital due to business seasonality and expansion are funded by the operating credit facility.

Standardized Distributable Cash and Cash Available for Distribution

For the years ended March 31
(thousands of dollars, except per unit amounts)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Reconciliation to statements of cash flow			
Cash inflow from operations	$ 172,767	$ 136,007	$ 98,354
Capital expenditures[1]	(6,345)	(7,842)	(3,726)
Standardized Distributable Cash	$ 166,422	$ 128,165	$ 94,628
Adjustments to Standardized Distributable Cash			
Change in non-cash working capital[2]	$ (6,181)	$ 11,879	$ 28,311
Tax impact on distributions to Class A preference shareholders[3]	2,767	4,948	3,319
Capital expenditures[1]	6,345	7,842	3,726
Cash Available for Distribution	$ 169,353	$ 152,834	$ 129,984
Standardized Distributable Cash – per unit basic	1.51	1.19	0.89
Standardized Distributable Cash – per unit diluted	1.49	1.18	0.88
Payout ratio based on Standardized Distributable Cash[4] (includes Special Distribution)	94%	135%	115%
Payout ratio based on Standardized Distributable Cash (excludes Special Distribution)	83%	100%	115%

[1] Capital expenditures are funded out of the credit facility.

[2] Change in non-cash working capital is excluded from the calculation of Cash Available for Distribution as the Fund currently has a $170.0 million credit facility which is available for use to fund working capital requirements. This eliminates the potential impact of timing distortions relating to the respective items.

[3] Payments to the holders of Class A preference shares are equivalent to distributions. The number of Class A preference shares outstanding is included in the denominator of any per unit calculation.

[4] The Special Distribution relating to 2008 and 2007 has increased the payout ratios for both comparable periods. Refer to "Special Distribution" on page 35 for further details.

In accordance with the CICA July 2007 interpretive release "Standardized Distributable Cash in Income Trusts and other Flow-Through Entities", the Fund has presented the distributable cash calculation to conform to this guidance. In summary, for the purposes of the Fund, Standardized Distributable Cash is defined as the periodic cash flows from operating activities, including the effects of changes in non-cash working capital less total capital expenditures as reported in the GAAP financial statements.

Financing strategy

The Bank of Nova Scotia joined the lending syndicate on October 17, 2008, with funding totalling $20.0 million increasing the Fund's credit facility to $170.0 million. The credit facility will be sufficient to meet the Fund's short-term working capital and capital expenditure requirements. Working capital requirements can vary widely due to seasonal fluctuations and planned U.S.-related growth. In the long term, the Fund may be required to access the equity or debt markets in order to fund significant acquisitions.

Productive capacity

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term, fixed-price contracts. As such, the Fund's productive capacity is determined by the gross margin earned from the contract price and the related supply cost.

The productive capacity of Just Energy is achieved through the retention of existing customers and the addition of new customers to replace those that have not been renewed. The productive capacity also is maintained through independent contractors, call centre renewal efforts and various mail campaigns to achieve customer growth.

Effectively all of the marketing costs related to customer contracts are expensed immediately but fall into two categories. The first represents marketing expenses to maintain gross margin at pre-existing levels and therefore maintain productive capacity. The second category is marketing expenditures to add new margin which therefore expands productive capacity.

Financial statement analysis

Sales and gross margin – Per financial statements

For the years ended March 31
(thousands of dollars)

			Fiscal 2009			Fiscal 2008
Sales	**Canada**	**United States**	**Total**	Canada	United States	Total
Gas	**$ 814,275**	**$ 343,889**	**$ 1,158,164**	$ 785,788	$ 247,463	$ 1,033,251
Electricity	**518,388**	**222,661**	**741,049**	544,278	161,161	705,439
	$ 1,332,663	**$ 566,550**	**$ 1,899,213**	$ 1,330,066	$ 408,624	$ 1,738,690
Increase	**0%**	**39%**	**9%**			
Gross margin	**Canada**	**United States**	**Total**	Canada	United States	Total
Gas	**$ 154,171**	**$ 64,118**	**$ 218,289**	$ 140,443	$ 38,149	$ 178,592
Electricity	**77,549**	**26,978**	**104,527**	79,804	16,404	96,208
	$ 231,720	**$ 91,096**	**$ 322,816**	$ 220,247	$ 54,553	$ 274,800
Increase	**5%**	**67%**	**17%**			

Canada

Sales amounted to $1.3 billion for the year, effectively unchanged from the same period in fiscal 2008. Gross margin was $231.7 million for fiscal 2009, up 5% from $220.2 million in the prior comparable year.

United States

Sales and gross margin in the U.S. were $566.6 million and $91.1 million for the fiscal year ended March 31, 2009, an increase of 39% and 67%, respectively, from the same period last year.

For additional information, see "Sales and gross margin – Seasonally adjusted" on page 25.

Seasonally adjusted analysis

Sales and gross margin – Seasonally adjusted[1]

For the years ended March 31

(thousands of dollars)

	Fiscal 2009			Fiscal 2008		
Sales	**Canada**	**United States**	**Total**	**Canada**	**United States**	**Total**
Gas	$ 814,275	$ 343,889	$ 1,158,164	$ 785,788	$ 247,463	$ 1,033,251
Adjustments[1]	(10,480)	–	(10,480)	(8,085)	–	(8,085)
	$ 803,795	$ 343,889	$ 1,147,684	$ 777,703	$ 247,463	$ 1,025,166
Electricity	518,388	222,661	741,049	544,278	161,161	705,439
	$ 1,322,183	$ 566,550	$ 1,888,733	$ 1,321,981	$ 408,624	$ 1,730,605
Increase	0%	39%	9%			
Gross margin	**Canada**	**United States**	**Total**	**Canada**	**United States**	**Total**
Gas	$ 154,171	$ 64,118	$ 218,289	$ 140,443	$ 38,149	$ 178,592
Adjustments[1]	(7,623)	–	(7,623)	(2,620)	–	(2,620)
	$ 146,548	$ 64,118	$ 210,666	$ 137,823	$ 38,149	$ 175,972
Electricity	77,549	26,978	104,527	79,804	16,404	96,208
	$ 224,097	$ 91,096	$ 315,193	$ 217,627	$ 54,553	$ 272,180
Increase	3%	67%	16%			

[1] For Ontario, Manitoba and Quebec gas markets.

Gross margin analysis

For the years ended March 31

(thousands of dollars)

	Fiscal 2009			Fiscal 2008		
	Canada	**United States**	**Total**	**Canada**	**United States**	**Total**
Gas						
Customer margin	$ 146,798	$ 70,881	$ 217,679	$ 143,649	$ 40,179	$ 183,828
Loss from dispositions of excess supply and financial reconciliations[1]	(250)	(6,763)	(7,013)	(5,826)	(2,030)	(7,856)
Gas margin	$ 146,548	$ 64,118	$ 210,666	$ 137,823	$ 38,149	$ 175,972
Electricity						
Customer margin	$ 78,417	$ 26,981	$ 105,398	$ 84,087	$ 16,607	$ 100,694
Loss from dispositions of excess supply[2]	(868)	(3)	(871)	(4,283)	(203)	(4,486)
Electricity margin	$ 77,549	$ 26,978	$ 104,527	$ 79,804	$ 16,404	$ 96,208
Total	$ 224,097	$ 91,096	$ 315,193	$ 217,627	$ 54,553	$ 272,180
Increase	3%	67%	16%			

[1] Results from variances in customer demand and associated gas reconciliations.

[2] Results from excess supply purchased in advance of customer usage or fluctuations in customer usage attributable to remaining customers on load-following contracts.

On a seasonally adjusted basis, sales increased by 9% to $1.9 billion as compared to $1.7 billion in fiscal 2008. Gross margins were $315.2 million in fiscal 2009, up 16% from the comparable prior year.

Canada

Seasonally adjusted sales were $1.3 billion for the year, effectively unchanged from fiscal 2008. Seasonally adjusted gross margins were $224.1 million in fiscal 2009, an increase of 3% from $217.6 million in the prior fiscal year.

Gas

Canadian gas sales increased by 3% to $803.8 million from $777.7 million in the prior comparable year. In fiscal 2009, total customer delivered volumes were down 3% due to a 2% decline in the customer base. However, despite the drop in the customer base, customer revenue grew by 3% due to an increase in the contract price for new customers signed compared to those customers lost through attrition. Gross margin totalled $146.5 million, up 6% from fiscal 2008 due to significant increases in the margin per customer and lower losses on sale of excess gas to third parties. Excess volumes sold during the year created a loss of $0.3 million in fiscal 2009 versus a loss of $5.8 million in the 12 months of fiscal 2008.

After allowance for balancing and inclusive of acquisitions, average gross margin per customer ("GM/RCE") for the 12 months ended March 31, 2009, amounted to $210/RCE, compared to $193/RCE from the prior comparable year. The GM/RCE value includes an appropriate allowance for the bad debt expense in Alberta.

Electricity

Electricity sales were $518.4 million for the year, a decrease of 5% from fiscal 2008. The reduced sales are attributable to a 9% decrease in total consumption partially attributable to a 5% decline in the number of customers, year over year. Gross margin decreased by only 3% from the prior year to $77.5 million as improved supply management processes and increased Green Energy Option ("GEO") customers offset the decline in customer numbers and lower consumption.

During the year, a small amount of excess volume was sold due to improved commodity management. The balancing losses for the year totalled $0.9 million, greatly reduced from a $4.3 million loss in the prior comparable year.

Average gross margin per customer after all balancing and including acquisitions for the year ended March 31, 2009, in Canada amounted to $131/RCE, up 6% compared to $124/RCE from the prior comparable year. The GM/RCE value includes an appropriate allowance for the bad debt expense in Alberta.

United States

Sales for the 12 months of fiscal 2009 were $566.6 million, an increase of 39% from $408.6 million in the prior year. Seasonally adjusted gross margin was $91.1 million, up 67% from $54.6 million in fiscal 2008.

Gas

Gas sales and gross margin in the U.S. for fiscal 2009 totalled $343.9 million and $64.1 million, respectively, versus $247.5 million and $38.1 million last year. The sales increase of 39% relates primarily to higher average prices, a 13% increase in customer consumption reflecting a 10% increase in customers and the impact of colder weather. Sales and margins also benefited from an increase in the U.S. dollar exchange rate. The U.S. gas gross margin increased by 68% during the 12 months ended March 31, 2009. The increase in gross margin for the year resulted from increased customers and higher weather-related consumption offset by the sale of a regional long position resulting in the third party losses of $6.8 million.

Average gross margin after all balancing costs for the 12 months ended March 31, 2009, was $259/RCE, an increase of 48% over the prior year comparable period of $175/RCE. Strong customer consumption on an increased customer base as well as favourable exchange rates contributed to the increase. The GM/RCE value includes an appropriate allowance for bad debt expense in Illinois.

Electricity

Electricity sales and gross margin for the year were $222.7 million and $27.0 million, respectively, versus the prior comparable year of fiscal 2008 in which sales and gross margin amounted to $161.2 million and $16.4 million. Sales and gross margin increased by 38% and 64%, respectively, due to an increase in customers and contract prices, favourable exchange rates and higher per customer consumption due to colder weather in New York.

Average gross margin per customer for electricity during the current quarter increased by 30% to $133/RCE compared to $102/RCE in the prior year comparable period. U.S. electricity margins benefited from improved supply management and the strong U.S. dollar. The GM/RCE value for Texas includes an appropriate allowance for the bad debt expense.

Selected consolidated financial data

(thousands of dollars, except where indicated and per unit amounts)

The consolidated financial statements of the Fund are prepared in accordance with Canadian GAAP and are expressed in Canadian dollars. The following table provides selected financial information for the last three fiscal years.

Statements of Operations data

For the years ended March 31	**2009**	2008	2007
Sales per financial statements	**$ 1,899,213**	$ 1,738,690	$ 1,532,317
Gross margin (seasonally adjusted)	**315,193**	272,180	230,368
Net income (loss)	**(1,107,473)**	152,761	93,912
Adjusted net income	**169,929**	156,722	101,882
Net income per unit – basic	**(10.03)**	1.42	0.88
Net income per unit – diluted	**(9.93)**	1.41	0.88
Adjusted net income per unit – basic	**1.54**	1.46	0.95
Adjusted net income per unit – diluted	**1.52**	1.45	0.95

Balance sheet data

As at March 31	**2009**	2008	2007
Total assets	**$ 535,755**	$ 709,115	$ 357,227
Long-term liabilities	**480,602**	246,248	19,509

2009 compared with 2008

The increase in sales and gross margin is primarily a result of the increase in the customer base, mainly in Texas and New York and improved contract prices. In addition, on August 14, 2008, Just Energy purchased substantially all of the commercial and residential customer contracts (46,000 RCEs) of CEG Energy Options Inc. ("CEG") in British Columbia which contributed to Canadian sales and margin.

The change in net income from a gain of $152.8 million to a loss of $1.1 billion relates primarily to the $1.3 billion loss representing the change in fair value of the derivative instruments. These instruments reflect the Fund's requirement to purchase commodity according to estimated demand and, as such, changes in value do not impact the long-term financial performance of the Fund. Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting and all gains and losses on derivative instruments have been recorded in the "Change in fair value of derivative instruments" caption on the Statement of Operations. In fiscal 2008, Just Energy had elected to use hedge accounting and thus was able to book the changes in fair value predominantly to other comprehensive income.

Adjusted net income increased to $169.9 million in fiscal 2009 from $156.7 million last year. The increase is a result of improved gross margin figures, offset by increases in general and administrative costs, bad debt expenses and marketing expenses. General and administrative expenses increases were primarily staffing costs in our corporate office to support our current and future growth, U.S. exchange rates, impact on U.S. dollar denominated costs, an increase in collection costs, full year rent for our new customer service call centre and legal fees with respect to business operations in the U.S. Bad debt costs increased primarily due to the large increase in total revenues for the year in the markets where Just Energy assumes the risk for accounts receivable collections. In addition, the increase in the U.S. exchange rate and higher default rates noted in the U.S. markets due to the recessionary conditions led to higher bad debt expense this fiscal year. During fiscal 2008, improved collection procedures had resulted in a significant excess reserve for bad debt, which was released in that fiscal year lowering the bad debt expense. Marketing costs were up due to the impact of the growth in customer additions, higher U.S. exchange on our U.S.-based marketing costs and increased recruiting and corporate marketing overhead required to build our commercial sales team.

Total assets decreased by 24% primarily as a result of the change in the other asset – long term. There has been a significant drop in the forward gas and power prices related to our derivative instruments noted above. As a result, there were far more commodity contracts with counterparties that would have resulted in a gain in the prior year, if sold on the open market. In fiscal 2009, the situation is the opposite whereby there are far more contracts with counterparties that would result in a loss if sold on the open market. Therefore, the other asset – long term amount has decreased and the other liabilities – long term amount has increased. Long-term liabilities increased in fiscal 2009 primarily due to the change in mark to market valuation of our derivative instruments explained above.

2008 compared with 2007

The increase in sales and gross margin is primarily a result of the increase in the average sales price and customer base. The Fund acquired Just Energy Texas L.P. in Texas on May 24, 2007, which contributed to the sales increase. The Fund also had a full 12 months of results from National Fuel Gas ("NFG") in New York and Northern Indiana Public Service Company ("NIPSCO") in Indiana which were two new jurisdictions entered in 2007.

The increase in net income from $93.9 million to $152.8 million and in net income per unit is a result of an increase in gross margin per customer as well as a decrease in bad debt expense, offset by increases in general and administrative costs, marketing expenses and other expenses relating primarily to the change in market value of derivative financial instruments. Effective credit and collection processes implemented during fiscal 2008 reduced the bad debt expense. In addition, collections from the winter billings of fiscal 2007 were higher than anticipated which resulted in a reduction in the associated reserve. General and administrative expenses increased primarily as a result of the additional number of employees and infrastructure necessary to support the Fund's expansion into Texas. The increase in marketing expenses is due to higher overhead costs associated with opening additional offices and additional recruiting expenses.

Adjusted net income increased by 54% from $101.9 million in fiscal 2007 to $156.7 million in fiscal 2008. In fiscal 2008 and 2007, Just Energy had elected to use hedge accounting and thus was able to book the changes in fair value of the Fund's derivative instruments predominantly to other comprehensive income. Therefore, the differences between adjusted net income and net income are not large since most of the unrealized and realized gains and losses were not flowing through the consolidated statement of operations.

Total assets increased by 99% primarily as a result of the implementation of a new accounting standard for derivative financial instruments. Just Energy was required to record other assets and liabilities representing the estimated fair value on a mark to market basis of all derivative instruments effective fiscal 2008. In fiscal 2007, only certain derivative instruments were required to be fair valued and recorded in the consolidated financial statements.

Long-term liabilities increased in fiscal 2008 primarily due to the increase in other liabilities – long term as a result of the implementation of a new accounting standard for derivative financial instruments. In addition, there was a reclassification of the debt from current to long term on the change of the credit facility renewal period to three years from a previous annual renewal term.

Summary of quarterly results

(thousands of dollars, except per unit amounts)

Fiscal 2009	Q1	Q2	Q3	Q4	Total
Sales per financial statements	$ 377,910	$ 294,122	$ 513,608	$ 713,573	$ 1,899,213
Gross margin (seasonally adjusted)	59,703	61,793	87,554	106,143	315,193
General and administrative expense	13,447	13,236	14,753	18,150	59,586
Net income (loss)	34,232	(923,990)	(49,094)	(168,621)	(1,107,473)
Net income (loss) per unit – basic	0.31	(8.33)	(0.44)	(1.57)	(10.03)
Net income (loss) per unit – diluted	0.31	(8.31)	(0.44)	(1.49)	(9.93)
Adjusted net income	27,631	6,872	46,682	88,744	169,929
Adjusted net income per unit – basic	0.25	0.06	0.42	0.81	1.54
Adjusted net income per unit – diluted	0.25	0.06	0.42	0.79	1.52
Amount available for distribution					
After gross margin/customer replacement	31,046	34,755	57,475	72,244	195,520
After marketing expense	30,282	28,394	48,162	62,515	169,353
Payout ratio[1]					
After gross margin/customer replacement	108%	100%	93%	48%	80%
After marketing expense	111%	122%	111%	56%	92%

Fiscal 2008	Q1	Q2	Q3	Q4	Total
Sales per financial statements	$ 352,869	$ 283,531	$ 449,673	$ 652,617	$ 1,738,690
Gross margin (seasonally adjusted)	55,309	57,664	71,247	87,960	272,180
General and administrative expense	10,942	11,142	12,416	17,138	51,638
Net income	25,918	4,754	28,064	94,025	152,761
Net income per unit – basic	0.24	0.05	0.26	0.87	1.42
Net income per unit – diluted	0.24	0.04	0.26	0.87	1.41
Adjusted net income	25,777	8,393	34,890	87,663	156,722
Adjusted net income per unit – basic	0.24	0.08	0.32	0.81	1.46
Adjusted net income per unit – diluted	0.24	0.08	0.32	0.80	1.45
Amount available for distribution					
After gross margin replacement	30,832	37,589	47,242	54,334	169,997
After marketing expense	26,690	29,690	42,462	53,992	152,834
Payout ratio[1]					
After gross margin replacement	99%	86%	164%	61%	102%
After marketing expense	114%	109%	183%	61%	114%

[1] Includes a one-time Special Distribution of $18.6 million in fiscal 2009 and $44.7 million in fiscal 2008.

The Fund's results reflect seasonality as consumption is greatest during the third and fourth quarters (winter quarters). While year over year quarterly comparisons are relevant, sequential quarters will vary materially. The main impact of this will be higher distributable cash with a lower payout ratio in the third and fourth quarters and lower distributable cash with a higher payout ratio in the first and second quarters excluding any Special Distribution.

Analysis of the fourth quarter

Sales are typically higher in the third and fourth quarters because gas consumption is highest during the winter months and approximately 55% of the current customer base comprises gas customers. The 9% increase in sales compared to the prior comparable quarter is attributable to an increased customer base for the U.S., related consumption increases and favourable U.S. exchange rates during this time period. Adjusted net income which excludes the impact of the change in fair value of the Fund's derivative instruments increased by 1% to $88.7 million for the three months ended March 31, 2009.

Gross margin increased by 21% in the fourth quarter of fiscal 2009 to $106.1 million from $88.0 million in the same period last year. Increased customer additions, change in the U.S. exchange rate and higher per customer consumption accounted for this increase. General and administration costs were $18.2 million for the quarter, an increase of 6% over $17.1 million last year.

The distributable cash after customer gross margin replacement was $72.2 million, up 33% from $54.3 million in the prior comparable quarter. The increase in gross margin was due to an increased number of customers, favourable exchange rates and improved per unit margins quarter over quarter.

After the deduction of all marketing expenses, distributable cash totalled $62.5 million, up 16% from $54.0 million in the fourth quarter of fiscal 2008. Distributions for the quarter were $34.9 million, an increase of 5% over the same period last year. The payout ratio for the fourth quarter of fiscal 2009 was 56% versus 61% for the same period last year.

Customer volumes

The expansion of the business outside Ontario makes, in the view of management, the continued sole use of RCEs as a customer measurement inappropriate. With continued focus on commercial, small industrial customers and new markets where customer usage is materially different from Ontario, the Fund believes showing straight volumetric measurement of the customer base (annual GJ for natural gas and annual MWh for electricity) will provide meaningful information for analysis. The Fund therefore reported volumetric measures for gas and electricity in Canada and the United States effective this fiscal year. Based on requests by external analysts and Unitholders, the Fund will continue to report RCE data going forward as well.

There are two measures of volume which are being reported – "Annualized volumes/Customers" and "Delivered volumes in the year" in the following two tables on page 30 and 31. The first measure, "Annualized volumes/Customers" represents the utility projection of the total volume of gas or electricity to be delivered for each 12-month period for customers in place at a point in time. This is the best measure of the relative success of customer aggregation efforts and the long-term expectations for profitability of the customers. The second measure is "Delivered volumes in the year", which details the change in the actual growth of volumes delivered to customers for fiscal 2009 as compared to fiscal 2008. This measure tracks our actual financial results and reflects weather and other volume variances.

Just Energy's published targets for fiscal 2009 were to increase natural gas volumes by 5% and electricity volumes by 15%.

Annualized volumes/Customers

The following table identifies how the annualized volumes have changed from April 1, 2008 to March 31, 2009:

	Annualized volume at April 1, 2008	Annualized volume increase	Annualized volume attrition	Annualized volumes not renewed	Annualized volume as at Mar. 31, 2009	% increase (decrease)
Natural gas (GJ)						
Canada	80,666,000	10,070,000	(8,162,000)	(3,816,000)	78,758,000	(2)%
United States	22,578,000	9,540,000	(7,208,000)	–	24,910,000	10%
Total gas	103,244,000	19,610,000	(15,370,000)	(3,816,000)	103,668,000	0%
Electricity (MWh)						
Canada	6,090,000	650,000	(680,000)	(280,000)	5,780,000	(5)%
United States	1,040,000	1,680,000	(300,000)	(80,000)	2,340,000	125%
Total electricity	7,130,000	2,330,000	(980,000)	(360,000)	8,120,000	14%

For the 12-month period ended March 31, 2009, total gas customer numbers are flat as compared to last year which reflects customer additions above targeted levels in the U.S. offset by higher than expected attrition in Canada. U.S. gas annualized volume additions increased by 10% due to strong growth in New York and Indiana.

Total electricity annualized volumes were up 14% for the fiscal year. All customer growth was in the United States with Canada lagging due to high relative five-year prices in Ontario. All electricity contracts entered into by the Province of Ontario since deregulation have been at prices far higher than the current regulated rate and management believes that, over time, regulated prices should move toward that of our five-year offering. U.S. electricity volumes were up 125% with strong growth in both New York and Texas.

RCE comparison

In past periods, Just Energy has reported its customer volumes as RCEs. To allow continuity of comparison, the table below shows the growth of RCEs for the fiscal year ended March 31, 2009.

Customer aggregation

Long-term customers

	April 1, 2008	Additions	Attrition	Failed to renew	March 31, 2009
Natural gas					
Canada	761,000	95,000	(77,000)	(36,000)	743,000
United States	213,000	90,000	(68,000)	–	235,000
Total gas	974,000	185,000	(145,000)	(36,000)	978,000
Electricity					
Canada	609,000	65,000	(68,000)	(28,000)	578,000
United States	104,000	168,000	(30,000)	(8,000)	234,000
Total electricity	713,000	233,000	(98,000)	(36,000)	812,000
Combined	1,687,000	418,000	(243,000)	(72,000)	1,790,000

Gross customer additions for the year, excluding the CEG acquisition, were 372,000, up 9% from 342,000 in fiscal 2008. This was due to the opening of additional sales offices in fiscal 2009 and improved recruiting success. Total net customer additions for the year excluding acquisitions were 57,000 in fiscal 2009. In fiscal 2008 the net customer additions were 28,000.

The fourth quarter saw a substantial increase in customer additions compared to the prior year. On an RCE basis, 85,000 gross customers were added in the quarter, up 57% from the fourth quarter additions of 54,000 in fiscal 2008. Net customer additions in the fourth quarter of fiscal 2009 were 15,000 compared to the same period in fiscal 2008 in which the Fund reported negative customer growth.

Delivered volumes in the year

The following table shows the actual delivered volumes for the current and prior comparable year.

For the years ended March 31	Fiscal 2009	Fiscal 2008	% increase (decrease)
Natural gas (GJ)			
Canada	73,133,170	75,039,726	(3)%
United States	23,433,805	20,707,436	13%
Total gas[1]	96,566,975	95,747,162	1%
Electricity (MWh)			
Canada	5,802,096	6,366,741	(9)%
United States	1,729,086	667,540	159%
Total electricity[1]	7,531,182	7,034,281	7%

[1] Includes 709,736 GJ of GEO gas and 160,953 MWh of GEO electricity delivered in fiscal 2009.

Gas deliveries increased by 1% in the 12 months ended March 31, 2009, primarily due to colder weather conditions and increased U.S. customer base noted during the year. Electricity volumes increased by 7% over the prior comparable year due to strong customer additions in Texas and New York.

Green Energy Option

Sales of the GEO product continue to support and reaffirm the great demand for the GEO product in all markets. The GEO program allows customers to choose to purchase units of green energy in the form of renewable energy or carbon offsets, in an effort to reduce greenhouse gas emissions. When a customer purchases a unit of green energy, it creates a contractual obligation for Just Energy to purchase a supply of green energy at least equal to the demand created by the customer's purchase. A review was conducted by Grant Thornton LLP of Just Energy's *Renewable Energy and Carbon Offsets Sales and Purchases* report for the period from January 1, 2007 through December 31, 2008, validating the Fund's purchases of renewable energy and carbon offsets.

Attrition

Natural gas

Natural gas attrition in Canada was 10% for the year, in line with management's target of 10%. In the U.S., gas attrition for the trailing 12 months was 30%, above management's annual target of 20% but decreased from the 33% and 31% noted in the second and third quarters of fiscal 2009, respectively. Annualized attrition for the fourth quarter was 7% for Canada but increased to 34% for the United States.

Electricity

Electricity attrition in Canada for the year was 11%, slightly above management's target of 10%. However, annualized attrition for the fourth quarter was 9%, below our internal target. Electricity attrition in the United States was 17% over the last 12 months, below management's target of 20%. Annualized U.S. electricity attrition for the fourth quarter was 22%, slightly above target.

Failed to renew

The Just Energy renewal process is a multi-faceted program and aims to maximize the number of customers who choose to sign a new contract prior to the end of his or her existing contract term. Efforts begin up to 15 months in advance of contract expiry allowing a customer to re-contract for an additional four or five years. Presently, the only contracts under which the terms are completed, and therefore are eligible for renewal, are the Ontario, British Columbia and Manitoba gas and Ontario electricity customers.

During the year, renewals for Canadian gas customers in Ontario, British Columbia and Manitoba were 73%. In the Ontario gas market, customers who do not positively elect to renew or terminate their contract receive a one-year fixed price for the ensuing year. This renewal rate is a blend of one-year and five-year contracts and 45% of the 75% of Ontario customers renewed were for a one-year term.

In the Ontario electricity market, there is no opportunity to renew a residential or small volume customer for a one-year term should the customer fail to positively renew or terminate his or her contract. Management targets a renewal rate for electricity customers of 60%. For the fiscal year ended March 31, 2009, 67% of all expiring electricity customer volumes were successfully renewed.

In fiscal 2010, management expects to have the following annualized attrition and renewal rates:

	Attrition fiscal 2010	Renewals fiscal 2010
Natural gas		
Canada	10%	70%
United States	20	5
Electricity		
Canada	10%	65%
United States	20	60

Gas and electricity contract renewals

This table shows the percentage of customers up for renewal in each of the following years:

Fiscal period	Canada gas	Canada electricity	U.S. gas	U.S. electricity
2010	25%	7%	11%	14%
2011	25	22	15	8
2012	21	22	13	12
2013	15	30	30	15
Beyond 2013	14	19	31	51
Total	100%	100%	100%	100%

Just Energy continuously monitors its customer renewal rates and continues to modify its offering to existing customers in order to maximize the number of customers who renew their contracts.

Gross margin earned through new marketing efforts

Annual gross margin per customer for new and renewed customers

During fiscal 2009, the Fund continued to see the positive impact of continued efforts to maintain strong margin per customer during challenging marketing periods. The table below depicts the higher margins realized on customers signed in the year.

Annual gross margin per customer[1]

	Fiscal 2009	Annual target fiscal 2009
Customers added in the year		
Canada – gas	$ 166	$ 170
Canada – electricity	147	143
United States – gas	208	170
United States – electricity	206	143
Customers lost in the year		
Canada – gas	184	
Canada – electricity	105	
United States – gas	175	
United States – electricity	102	

[1] Customer sales price less cost of associated supply and allowance for bad debt and U.S. working capital.

General and administrative expenses

General and administrative costs were $59.6 million for the year, representing a 15% increase from $51.6 million in fiscal 2008. The increased expenses in fiscal 2009 were primarily staffing costs in our corporate office to support our current and future growth, U.S. exchange rate impact on U.S. dollar denominated costs, an increase in collection costs, full year rent for our new customer service call centre and legal fees with respect to business operations in the U.S. Corporate headcount increased by 25 to a total of 700 full-time employees primarily to enable operations to prepare for the new Alberta customers to be billed internally, for sales support for our commercial expansion, and for customer service and IT to service our expanding customer base. Collection costs were up in fiscal 2009 reflecting outsourced costs related to the Texas residential market expansion to address increased collection activities. In addition, the call centre was operational for only five months of fiscal 2008 versus a full year this year.

Marketing expenses

Marketing expenses, which consist of commissions paid to independent sales contractors for signing new customers as well as an allocation of corporate costs, were $68.1 million, an increase of 21% from $56.1 million for the 12-month period of fiscal 2008. The largest single component of the increase was the impact of the higher U.S. dollar on our U.S.-based marketing costs. The increase also reflects the growth in customer additions, offset by higher costs related to commissions, recruiting and corporate marketing overhead required to build our commercial sales team. During the current fiscal year, management undertook a sales and marketing reorganization to accelerate the customer additions. We are seeing the impact of this reorganization. Customers signed by our marketing sales force increased in fiscal 2009 to 372,000 compared to 342,000 additions in fiscal 2008, an increase of 9%.

Marketing expenses to maintain gross margin are allocated based on the ratio of gross margin lost from attrition as compared to the gross margin signed from new and renewed customers during the fiscal year. Marketing expenses to maintain gross margin were $41.9 million, an increase of 8% from $39.0 million from fiscal 2008.

Marketing expenses to add new gross margin are allocated based on the ratio of net new gross margin earned on the customers signed, less attrition, as compared to the gross margin signed from new and renewed customers during the period. Marketing expenses to add new gross margin totalled $26.2 million, an increase of 52% from $17.2 million in the prior year comparable period. The large increase is consistent with the net customer additions of 57,000 in fiscal 2009 (excluding acquired customers) versus 28,000 net additions fiscal 2008. All marketing costs related to the GEO product offerings are allocated against new margin and there has been a significant increase in our GEO product in the current year.

The actual aggregation costs per customer added compared to the fiscal 2009 target were as follows:

	Fiscal 2009	Target fiscal 2009
Natural gas		
Canada	$ 185/RCE	
United States	199/RCE	
Total gas	194/RCE	$ 170/RCE
Electricity		
Canada	$ 181/RCE	
United States	146/RCE	
Total electricity	156/RCE	$ 143/RCE

Actual total aggregation costs for gas and electricity customers to date for fiscal 2009 were $194 per customer for gas and $156 per customer for electricity.

In Canada, gas and electricity aggregation costs were $185 and $181 per customer, respectively. Gas and electricity costs were above target due to lower than expected Canadian customer additions for the current year and therefore, higher corporate, marketing and customer service costs were allocated to each unit of volume. Approximately 40% of the total marketing expense relates to the costs associated with corporate, marketing and customer service overhead.

In the U.S., gas aggregation costs and electricity aggregation costs were $199 and $146 per customer which is above target for the year. U.S. customer additions were above expectations but the cost per RCE was higher than our target reflecting the higher exchange rate noted during fiscal 2009. U.S. customers (the Fund's highest growth market) were signed with a less than one-year margin payback period.

Unit based compensation

Compensation in the form of units (non-cash) granted by the Fund to the directors, officers, full-time employees and service providers of its subsidiaries and affiliates pursuant to the 2001 unit option plan, the 2004 unit appreciation rights plan and the directors' deferred compensation plan amounted to $4.1 million, an increase of 33% from the $3.1 million paid in fiscal 2008. The increased expense in fiscal 2009 is a result of the increase in the number of fully paid unit appreciation rights awarded to employees in fiscal 2009.

Bad debt expense

In Illinois, Alberta and Texas, Just Energy assumes the credit risk associated with the collection of all customer accounts. In addition, for large direct-billed accounts in B.C. and Ontario, the Fund is responsible for the bad debt risk. Credit review processes have been established to manage the customer default rate. Management factors default from credit risk into its margin expectations for all of the above-noted markets.

Bad debt expense for fiscal 2009 was $13.9 million versus $7.0 million expensed in the prior comparable year. The bad debt expense increase of 100% was partially due to the 20% increase in total revenues for the year in the markets where Just Energy assumes the risk for accounts receivable collections. The increase in the U.S. exchange rate and increased default rates noted in the U.S. markets are due to the recessionary conditions. Also, during fiscal 2008, improved collection procedures had resulted in a significant excess reserve for bad debt, which was released lowering the 2008 bad debt expense. Management integrates its default rate for bad debts within its margin targets and continuously reviews and monitors the credit approval process to mitigate customer delinquency.

For the 12 months ended March 31, 2009, the bad debt expense represents 2.6% of $543.5 million in revenues, near the midpoint of the Fund's 2–3% target range. Higher credit losses should be expected with the current North American recession. Management continues to target bad debt expense of approximately 2–3% during fiscal 2010 and believes that the upper end of the range will be adequate even during a severe and extended recession.

For each of Just Energy's other markets, the LDCs provide collection services and assume the risk of any bad debt owing from Just Energy's customers for a regulated fee.

Interest expense

Total interest expense for the 12 months ended March 31, 2009, amounted to $3.9 million, a decrease from $5.3 million in fiscal 2008. The decrease is due to reduced U.S. direct borrowing costs under the credit facility agreement. The U.S. line was completely repaid at the end of fiscal 2009. Just Energy is required to meet a number of financial covenants under the credit facility agreement and as at March 31, 2009, all of these covenants were met.

Foreign exchange

Just Energy has an exposure to U.S. dollar exchange rates as a result of its U.S. operations, and any changes in the applicable exchange rate may result in a decrease or increase in other comprehensive income (loss). For the year, a foreign exchange unrealized loss of $1.9 million was reported in other comprehensive income (loss) versus an unrealized gain of $4.0 million reported in the same period last year. In fiscal 2009, all monies earned in the U.S. were redeployed in the U.S. to fund continued growth. Overall, the high U.S. dollar increases sales and gross margin but this is partially offset by higher operating costs denominated in U.S. dollars.

Class A preference share distributions

The remaining holder of the Ontario Energy Savings Corp. ("OESC") Class A preference shares (which are exchangeable into units on a 1:1 basis) is entitled to receive, on a quarterly basis, a payment equal to the amount paid or payable to a Unitholder on an equal number of units. The total amount paid for the 12 months ended March 31, 2009, including tax and the Special Distribution amounted to $7.7 million versus $13.7 million paid in fiscal 2008. The decrease in the preference share distributions resulted from the exchange of 1,442,484 shares into units over the past year and a lower Special Distribution paid in fiscal 2009. These distributions on the Class A preference shares are reflected in the Statement of Unitholders' Equity of the Fund's consolidated financial statements, net of tax.

Special Distribution

The Fund under-distributed its taxable income in calendar 2008 and would have been subject to tax at 46% for any undistributed taxable income. In order to ensure all of the taxable income is distributed to its Unitholders, the Board of Directors of OESC, as attorney and administrator of the Fund, concluded that it would be preferable to pay out a Special Distribution to effectively allocate all of the taxable income to the Unitholders. The Special Distribution of $18.6 million ($0.165 per unit) was funded by operating cash flow and the Fund's credit facility and was paid in cash on January 30, 2009. In fiscal 2008, a Special Distribution of $44.7 million ($0.41 per unit) was declared in the third quarter and included a combination of 50% cash and 50% units.

Normal course issuer bid

During the third quarter of fiscal 2009, the Fund obtained approval from its Board of Directors to make a normal course issuer bid to purchase up to 9,000,000 units, for the 12-month period commencing November 21, 2008, and ending November 20, 2009, with a maximum of 44,754 units that can be purchased during any trading day. In fiscal 2009, the Fund purchased and cancelled 909,700 units for cash consideration of $6.6 million (an average price of $7.26 per unit).

Recovery of income tax

For the years ended March 31
(thousands of dollars)

	Fiscal 2009	Fiscal 2008
Current income tax expense (recovery)	$ 3,861	$ (757)
Amount credited to Unitholders' equity	2,767	4,948
Future tax recovery	(64,088)	(18,692)
Recovery of income tax	$ (57,460)	$ (14,501)

The Fund recorded a current income tax expense of $3.9 million for the year versus a recovery of $0.8 million in the same period last year. The change is mainly attributable to state income taxes that our U.S. entities paid, Canadian income tax expense and a small portion of U.S. withholding tax remitted. Also included in the income tax provision is an amount relating to the tax impact of the distributions paid to the Class A preference shareholder of OESC. In accordance with EIC 151, "Exchangeable Securities Issued by Subsidiaries of Income Trusts", all Class A preference shares are included as part of Unitholders' equity and the distributions paid to the shareholder are included as distributions on the Statement of Unitholders' equity, net of tax. For the year ended March 31, 2009, the tax impact of these distributions, based on an estimated tax rate of 33%, amounted to $2.8 million as compared to $4.9 million in fiscal 2008. During the year, the Fund had significant temporary differences attributed to the mark to market losses from the financial derivatives. As a result, all of the future tax liability recorded during the year was offset by a portion of the mark to market losses. A future tax recovery of $64.1 million has been recorded for fiscal 2009.

Effective January 1, 2011, the Fund will be taxed as a Canadian income Specified Investment Flow-Through ("SIFT") trust that has not been subject to a Canadian corporate income tax in the Canadian operating entities. Therefore, the future tax asset or liability associated with Canadian assets recorded on the balance sheet as at that date will be realized over time as the temporary differences between the carrying value of assets in the consolidated financial statements and their respective tax bases are realized. Current Canadian income taxes will be accrued at that time to the extent that there is taxable income in the Fund or its underlying operating entities.

The U.S.-based corporate subsidiaries are subject to U.S. income taxes on their taxable income determined under U.S. income tax rules and regulations. As the U.S. subsidiaries had combined operating losses for tax purposes at March 31, 2009, no provision for current U.S. income tax has been made by those U.S. entities.

The Fund follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the consolidated financial statements and their respective tax bases, using substantively enacted income tax rates. A valuation allowance is recorded against a future income tax asset if it is not anticipated that the asset will be realized in the foreseeable future. The effect of a change in the income tax rates used in calculating future income tax liabilities and assets is recognized in income during the period that the change occurs.

Liquidity and capital resources

Summary of cash flows

For the years ended March 31
(thousands of dollars)

	Fiscal 2009	Fiscal 2008
Operating activities	$ 172,767	$ 136,007
Investing activities	(8,187)	(41,242)
Financing activities, excluding distributions	2,330	58,033
Gain on foreign exchange	2,691	707
Increase in cash before distributions	169,601	153,505
Distributions (cash payments)	(137,817)	(142,981)
Increase in cash	31,784	10,524
Cash – beginning of year	27,310	16,786
Cash – end of year	$ 59,094	$ 27,310

Operating activities

Cash flow from operating activities for the 12 months ended March 31, 2009, was $172.8 million, an increase from $136.0 million in the prior comparable year. The increase is primarily attributable to an increase in gross margin during fiscal 2009.

Investing activities

The Fund purchased capital assets totalling $6.3 million during the year, a decrease from $7.8 million in the prior year. In fiscal 2009, Just Energy's capital spending related to the water heater business and purchases of office equipment and IT software. Last year, purchases were primarily for IT systems associated with customer service operations supporting the Fund's expanding customer base. During the second quarter, Just Energy purchased substantially all of the commercial and residential customer contracts of CEG in British Columbia for $1.8 million. CEG was a western Canadian marketer of natural gas wholly owned by SemCanada Energy Company, both of which filed for creditor protection under the Companies' Creditors Arrangement Act on July 30, 2008. The customer contracts had annualized volumes of approximately 4.9 million GJ or 46,000 RCEs. The remaining term of the contracts at the time of acquisition was estimated to be 20 months. In fiscal 2008, the fund completed the acquisition of Just Energy Texas L.P., including all of its electricity contracts for a total, net of cash, of $33.4 million, of which $18.1 million involved the issuance of units of the Fund.

Financing activities

Financing activities excluding distributions relate primarily to an increase of the operating line for working capital requirements. During the current year, Just Energy had drawn a total of $87.7 million against the credit facility versus $97.3 million drawn last year. As Just Energy continues to expand in the U.S. markets, the need to fund working capital and security requirements will increase, driven primarily by the number of customers aggregated and to a lesser extent by the number of new markets. Based on the markets in which Just Energy currently operates and others that management expects to enter, funding requirements will be supported through the credit facility.

The Fund's liquidity requirements are driven by the delay from the time that a customer contract is signed until cash flow is generated. Approximately 50% of an independent sales contractor's commission payment is made following reaffirmation or verbal verification of the customer contract with most of the remaining 50% being paid after the energy commodity begins flowing to the customer.

The elapsed period between the times when a customer is signed to when the first payment is received from the customer varies with each market. The time delays per market are approximately two to nine months. These periods reflect the time required by the various LDCs to enroll, flow the commodity, bill the customer and remit the first payment to Just Energy. In Alberta and Texas, Just Energy receives payment directly from the customer.

Distributions (cash payments)

Investors should note that due to the institution of a distribution reinvestment program ("DRIP") on December 20, 2007, a portion of distributions declared is not paid in cash. This program was suspended on December 1, 2008, with the commencement of the normal course issuer bid and was re-instituted on March 31, 2009. Under the program, Unitholders can elect to receive their distributions in units at a 2% (formally 5%) discount to the prevailing market price rather than the cash equivalent. During the year, the Fund made cash distributions to its Unitholders and Class A preference shareholder in the amount of $137.8 million, compared to $143.0 million in fiscal 2008.

Just Energy will continue to utilize its cash resources for expansion into new markets, growth in its existing customer base, acquisitions like the CEG customers as well as distributions to its Unitholders.

At the end of the year, the annual rate for distributions per unit was $1.24. The Fund intends to make distributions to its Unitholders, based upon cash receipts of the Fund, excluding proceeds from the issuance of additional Fund units, adjusted for costs and expenses of the Fund. The Fund's intention is for Unitholders of record on the 15th day of each month to receive distributions at the end of the month.

In both fiscal 2009 and 2008, a Special Distribution was made to ensure that the Fund distributed all of its taxable income. See "Special Distribution" on page 35 for additional information.

Balance sheet as at March 31, 2009, compared to March 31, 2008

Cash increased from $27.3 million as at March 31, 2008, to $59.1 million. The utilization of the credit facility increased from $67.6 million to $76.5 million as a result of normal injection of gas into storage and various other working capital requirements. Working capital requirements in the U.S. and Alberta result from the timing difference between customer consumption and cash receipts. For electricity, working capital is required to fund the lag between settlements with the suppliers and settlement with the LDCs. Under the terms of the credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees of 1.5%, prime rate advances at Canadian and U.S. prime plus 0.5% and letters of credit at 1.5%.

The increase in accounts receivable from $207.8 million to $249.5 million is primarily attributable to the improved margin and increased customers for both gas and electricity. Accounts payable and accrued liabilities has also increased from $128.7 million to $165.4 million relating to increased customer consumption associated with the normal seasonality of the Fund.

Gas in storage has increased from $4.3 million to $6.7 million for the year ended March 31, 2009. The increased balance reflects injections into storage for the expanding U.S. customer base.

At the end of the year, customers in Ontario, Manitoba and Quebec had consumed more gas than was supplied to the LDCs for their use. Since Just Energy is paid for this gas when delivered yet recognizes revenue when the gas is consumed by the customer, the result on the balance sheet is the unbilled revenue amount of $57.8 million and accrued gas accounts payable of $41.4 million. At March 31, 2008, Just Energy had unbilled revenues amounting to $47.3 million and accrued gas accounts payable of $38.5 million.

Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting. Previously, the Fund had elected to use hedge accounting and thus was able to book the changes in fair value predominantly to other comprehensive income. The mark to market gains and losses can result in significant changes in net income and accordingly Unitholders' equity from quarter to quarter due to commodity price volatility. Given that the Fund has purchased this supply to cover future customer usage at fixed prices, management believes that these non-cash quarterly changes are not meaningful.

Contractual obligations

In the normal course of business, the Fund is obligated to make future payments for contracts and other commitments that are known and non-cancellable.

Payments due by period

(thousands of dollars)

	Total	Less than 1 year	1–3 years	4–5 years	After 5 years
Property and equipment lease agreements	$ 25,498	$ 5,499	$ 9,150	$ 5,034	$ 5,815
EPCOR billing and collections	31,205	10,111	21,094	–	–
Gas and electricity supply purchase commitments	3,549,055	1,343,509	1,661,520	531,174	12,852
	$ 3,605,758	$ 1,359,119	$ 1,691,764	$ 536,208	$ 18,667

Other obligations

In the opinion of management, the Fund has no material pending actions, claims or proceedings that have not been either included in its accrued liabilities or in the financial statements. In the normal course of business the Fund could be subject to certain contingent obligations that become payable only if certain events were to occur. The inherent uncertainty surrounding the timing and financial impact of any events prevents any meaningful measurement, which is necessary to assess any material impact on future liquidity. Such obligations include potential judgments, settlements, fines and other penalties resulting from actions, claims or proceedings.

Transactions with related parties

The Fund does not have any material transactions with any individuals or companies that are not considered independent to the Fund or any of its subsidiaries and/or affiliates.

Critical accounting estimates

The consolidated financial statements of the Fund have been prepared in accordance with Canadian GAAP. Certain accounting policies require management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, cost of sales, marketing and general and administrative expenses. Estimates are based on historical experience, current information and various other assumptions that are believed to be reasonable under the circumstances. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

The following assessment of critical accounting estimates is not meant to be exhaustive. The Fund might realize different results from the application of new accounting standards promulgated, from time to time, by various rule-making bodies.

Unbilled revenues/Accrued gas accounts payable

Unbilled revenues result when customers consume more gas than has been delivered by Just Energy to the LDCs. These estimates are stated at net realizable value. Accrued gas accounts payable represents Just Energy's obligation to the LDC with respect to gas consumed by customers in excess of that delivered. This obligation is also valued at net realizable value. This estimate is required for the gas business unit only, since electricity is consumed at the same time as delivery. Management uses the current average customer contract price and the current average supply cost as a basis for the valuation.

Gas delivered in excess of consumption/Deferred revenues

Gas delivered to LDCs in excess of consumption by customers is valued at the lower of cost and net realizable value. Collections from LDCs in advance of their consumption results in deferred revenues which are valued at net realizable value. This estimate is required for the gas business unit only since electricity is consumed at the same time as delivery. Management uses the current average customer contract price and the current average supply cost as a basis for the valuation.

Allowance for doubtful accounts

Just Energy assumes the credit risk associated with the collection of customers' accounts in Alberta, Illinois and Texas. In addition, for large direct billed accounts in B.C. and Ontario, the Fund is responsible for the bad debt risk. Management estimates the allowance for doubtful accounts in these markets based on the financial conditions of each jurisdiction, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience.

Goodwill

In assessing the value of goodwill for potential impairment, assumptions are made regarding Just Energy's future cash flow. If the estimates change in the future, the Fund may be required to record impairment charges related to goodwill. An impairment review of goodwill was performed during fiscal 2009 and as a result of the review, it was determined that no impairment of goodwill existed at March 31, 2009.

Fair value of derivative financial instruments and risk management

The Fund has entered into a variety of derivative financial instruments as part of the business of purchasing and selling gas, electricity and the GEO. Just Energy enters into contracts with customers to provide electricity and gas at fixed prices and provide comfort to certain customers that a specified amount of energy will be derived from green generation. These customer contracts expose Just Energy to changes in market prices to supply these commodities. To reduce the exposure to the commodity market price changes, Just Energy uses derivative financial and physical contracts to secure fixed-price commodity supply to cover its estimated delivery or green commitment obligations.

The Fund's business model objective is to minimize commodity risk other than consumption changes, usually attributable to weather. Accordingly, it is Just Energy's policy to hedge the estimated requirements of its customers with offsetting hedges of natural gas and electricity at fixed prices for terms equal to those of the customer contracts. The cash flow from these supply contracts is expected to be effective in offsetting Funds' price exposure and serves to fix acquisition costs of gas and electricity to be delivered under the fixed-price or price-protected customer contracts. Just Energy's policy is not to use derivative instruments for speculative purposes.

Just Energy's expansion in the U.S. has introduced foreign exchange-related risks. Just Energy has entered into foreign exchange forwards in order to hedge the exposure to fluctuations in cross border cash flows.

The financial statements are in compliance with Section 3855 of the CICA Handbook, which requires a determination of fair value for all derivative financial instruments. Up to June 30, 2008, the financial statements also applied Section 3865 of the

CICA Handbook, which permitted a further calculation for qualified and designated accounting hedges to determine the effective and ineffective portion of the hedge. This calculation permitted the majority of the change in fair value to be accounted for in the statement of other comprehensive income. As of July 1, 2008, management decided that the increasing complexity and costs of maintaining this accounting treatment outweighed the benefits. This fair value (and when it was applicable, the ineffectiveness) is determined using market information at the end of each quarter. Management believes the Fund remains economically hedged operationally across all jurisdictions.

Preference shares of OESC and trust units

As at May 13, 2009, there were 5,263,728 Class A preference shares of OESC outstanding and 106,170,109 units of the Fund outstanding.

Taxability of distributions

Cash and unit distributions received in calendar 2008 were allocated 100% to other income. Additional information can be found on our website at www.justenergy.com. Management estimates the distributions for calendar 2009 will be allocated in a similar manner to that of 2008.

Adoption of new accounting policies

On April 1, 2008, the Fund adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"); Handbook Section 1535, Capital Disclosures; Handbook Section 3862, Financial Instruments – Disclosures; Handbook Section 3863, Financial Instruments – Presentation. Just Energy adopted these standards prospectively as required by the standards.

Capital Disclosures

Section 1535 requires disclosure of information related to the objectives, policies and processes for managing capital. In addition, the disclosure includes whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there was no impact on the financial position of the Fund.

Financial Instruments – Disclosures and Financial Instruments – Presentation

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation replace Section 3861, Financial Instruments – Disclosure and Presentation. The new disclosure standards increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements. As these standards only address presentation and disclosure requirements, there was no impact on the financial position of the Fund.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issues Committee of the CICA approved an abstract (EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities), which clarifies that own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. Just Energy has adopted this standard retrospectively as required which resulted in a gain of $2,964 being recorded to its accumulated earnings.

Recently issued accounting standards

The following are new standards, not yet in effect, which are required to be adopted by the Fund on the effective date.

Goodwill and Intangible Assets – CICA Section 3064

As of April 1, 2009, the Fund will be required to adopt Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard is effective for fiscal years beginning on or after October 1, 2008. The Fund has not yet determined the impact of this standard on its financial statements.

Business Combinations

In October 2008, the CICA issued Handbook Section 1582, Business Combinations ("CICA 1582"), concurrently with CICA Handbook Section 1601, Consolidated Financial Statements ("CICA 1601"), and CICA Handbook Section 1602, Non-controlling Interest ("CICA 1602"). CICA 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for fiscal years beginning on or after January 1, 2011. The Fund has not yet determined the impact of these standards on its consolidated financial statements.

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises.

Just Energy will transition to IFRS effective April 1, 2011, and intends to issue its first interim financial statement under IFRS for the three-month period ending June 30, 2011, and a complete set of financial statements under IFRS for the year ending March 31, 2012.

Just Energy has identified differences between Canadian GAAP and IFRS relevant to the Fund and an initial assessment has been made of the impact of the required changes to accounting systems, business processes, and requirements for personnel training and development. Based on the initial assessment of the differences applicable to the Fund, a project team was assembled and a conversion plan was developed in March 2009 to manage the transition to IFRS. As part of the conversion plan, the Fund is in the process of analyzing the detailed impacts of these identified differences and developing solutions to bridge these differences. Just Energy is currently on target with its conversion plan.

Pursuant to the requirements of CSA Staff Notice 52-320, the following is the high level summary of the key elements of the IFRS conversion plan:

The Fund is currently analyzing various options available under IFRS including options available under IFRS 1 (First-time Adoption of International Financial Reporting Standards). Areas that may have a significant impact on the Fund's financial statements as a result of adopting IFRS are IFRS 1, financial instruments, impairment of assets, intangible assets, business combinations and income taxes.

Information technology and data systems will be assessed, documentation updated and system changes implemented as required. It is expected that, at a minimum some changes in systems may need to be enhanced. In addition, system options are under consideration to generate financial information under both Canadian GAAP and IFRS.

As part of the current solution development phase, changes in Internal Control over Financial Reporting ("ICFR") are being identified due to changes in the processes and systems. Concurrently with implementation of these changes, the ICFR documentation of internal controls will be updated as required, as will the test plans related to management's ongoing assessment of ICFR.

Disclosure Controls and Procedures ("DC&P"), including investor relations and external communications plans, will be assessed and documentation of DC&P will be updated as required, as will test plans related to management's ongoing assessment of DC&P (which includes investor relations and external communication processes).

Just Energy recognizes that training at all levels is essential to a successful conversion and integration. To date, finance staff, other relevant employees, including certain members of senior management, have attended initial IFRS training sessions. Additional training and communication programs will be developed for delivery to the Audit Committee, Board of Directors, senior management and other stakeholders, as required. Finance staff and other relevant employees will continue to receive ongoing training, as needed, throughout the conversion process.

While a detailed analysis of the impact of conversion on business activities is progressing, based on the diagnostic review, management does not anticipate any significant changes to the business activities. As part of its review, the Fund will assess the impact of adopting IFRS on various items such as debt covenants and capital requirements.

The above disclosure related to IFRS is based on management's current interpretation of requirements and may change as new information becomes available.

Risk factors

Described below are the principal risks and uncertainties that Just Energy can foresee. It is not an exhaustive list, some future risks may be as yet unknown and other risks, currently regarded as immaterial, could turn out to be material.

Credit, commodity and other market-related risks

Availability of supply and dependence on Shell Energy

The risk of supply default is mitigated through credit and supply diversity arrangements. Just Energy's business model is based on contracting for supply to lock in margin. While Just Energy has the ability to select alternative commodity suppliers, approximately 49% of its gas and 54% of its electricity supply contracts are currently with the Shell Entities. There is a risk that counterparties could not deliver due to business failure, supply shortage or be otherwise unable to perform their obligations under their agreements with Just Energy, or that Just Energy could not identify alternatives to Shell Entities. Just Energy continues to investigate opportunities to identify or secure additional gas suppliers and electricity suppliers. In addition to the Shell Entities, Just Energy has contracts with other commodity suppliers including the BP Entities, Bruce Power, Constellation and EPCOR. Other suppliers represent less than 1% and 2% of our gas and electricity supply, respectively.

Volatility of commodity prices – Enforcement

A key risk to Just Energy's business model is a sudden and significant drop in the market price of gas or electricity resulting in some customers renouncing their contracts. Just Energy may encounter difficulty or political resistance for enforcement of liquidated damages and/or enactment of force majeure provisions in such a situation and be exposed to spot prices with a material adverse impact to cash flow. Continual monitoring of margin and exposure allows management of Just Energy time to adjust strategies, pricing and communications to mitigate this risk.

Availability of credit

Just Energy operates in the Illinois, Texas, Indiana and Alberta markets, which provide for payment by LDCs only when the customer has paid for the consumed commodity (rather than when the commodity is delivered). Also, in the Illinois and Indiana markets, Just Energy must inject gas inventory into storage in advance of payment. These factors, along with the seasonality of customer consumption, create working capital requirements necessitating the use of Just Energy's available credit. In addition, some of Just Energy's subsidiaries and affiliates are required to provide credit assurance, by means of providing guarantees or posting collateral, in connection with commodity supply contracts, license obligations and obligations owed to certain LDCs. Cash flow and distributions could be impacted by the ability of Just Energy to fund such requirements or to provide other satisfactory credit assurance for such obligations. To mitigate credit availability risk and its potential impact to cash flows, Just Energy has security arrangements in place pursuant to which commodity suppliers and the lenders under the credit facility hold security over substantially all of the assets of Just Energy (other than AESLP and Newten). AESLP in turn has similar arrangements in place solely with EPCOR. Other commodity suppliers' security requirements are met through cash margining, guarantees and letters of credit. The most significant assets of Just Energy consist of its contracts with customers, which may not be suitable as security for some creditors and commodity suppliers. To date, the credit facility and related security agreements have met the collateral posting and operational requirements of the business. Just Energy continues to monitor its credit and security requirements. Just Energy's business may be adversely affected if it is unable to meet cash obligations for operational requirements or its collateral posting requirements.

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Although Just Energy manages its estimated customer requirements net of contracted commodity to zero, it is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements or where it has not been able to exactly purchase the estimated customer requirements. Just Energy is also exposed to interest rates associated with its credit facility and foreign currency exchange rates associated with the repatriation of U.S. denominated funds for Canadian denominated distributions. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets, and the absolute and relative levels of interest rates and foreign currency exchange rates. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices and foreign currency rates; current exposure to interest rates does not economically warrant the use of derivative instruments. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand in Canadian dollars and thereby fix margins such that Unitholder distributions can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of Just Energy.

Market risk governance

Just Energy has adopted a corporate-wide Risk Management Policy governing its market risk management and any derivative trading activities. An internal Risk Committee, consisting of senior officers of Just Energy monitors company-wide energy risk management activities as well as foreign exchange and interest rate activities. There is also a Risk Committee of the Board that oversees management. The Risk Office and the internal Risk Committee monitor the results and ensure compliance with the Risk Management Policy. The Risk Office is responsible for ensuring that Just Energy manages the market, credit and operational risks within limitations imposed by the Board of Directors in accordance with its Risk Management Policy. Market risks are monitored by the Risk Office and internal Risk Committee utilizing industry-accepted mark to market techniques and analytical methodologies in addition to company specific measures. The Risk Office operates and reports independently of the traders. The failure or inability of Just Energy to comply with and monitor its Risk Management Policy could have an adverse effect on the operations and cash flow of Just Energy.

Energy trading inherent risks

Energy trading subjects Just Energy to some inherent risks associated with future contractual commitments, including market and operational risks, counterparty credit risk, product location differences, market liquidity and volatility. There is continuous monitoring and reporting of the valuation of identified risks to the internal Risk Committee, Executive Committee and the Risk Committee of the Board of Directors. The failure or inability of Just Energy to monitor and address the energy trading inherent risks could have a material adverse effect on its operations and cash flow.

Customer credit risk

In Alberta, Texas and Illinois, credit review processes have been implemented to manage customer default as Just Energy has credit risk in these markets. The processes are also applied to commercial customers in other jurisdictions. In addition, there is a credit policy that has been established to govern these processes. If a significant number of residential customers or a collection of larger commercial customers for which Just Energy has the credit risk were to default on their payments, it could have a material adverse effect on the operations and cash flow of Just Energy. Management factors default from credit risk in its margin expectations for all customers in Illinois, Texas and Alberta and commercial customers where Just Energy has the credit risk.

For the remaining customers, the LDCs provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

Counterparty credit risk

Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates thus impacting the related customer margin or replacing contracted foreign exchange at prevailing market rates impacting the related Canadian dollar denominated distributions. Counterparty limits are established within the Risk Management Policy. Any exception to these limits requires approval from the Board of Directors of OESC. The Risk Office and internal Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. The failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flow of Just Energy.

Electricity supply – Balancing risk

It is Just Energy's policy to procure the estimated electricity requirements of its customers with offsetting electricity swaps in advance of obtaining customers. Depending on several factors, including weather, Just Energy's customers may use more or less electricity than the volume purchased by Just Energy for delivery to them. Just Energy is able to invoice some of its existing electricity customers for balancing charges or credits when the amount of energy used is greater than or less than the amount of energy that Just Energy has estimated. For certain Texas and commercial customers, Just Energy bears the risk of fluctuation in customer consumption. Just Energy monitors consumption and has a balancing and pricing strategy to accommodate the estimated associated costs. In certain circumstances, there can be balancing issues for which Just Energy is responsible when customer aggregation forecasts are not realized.

Natural gas supply – Balancing risk

It is Just Energy's policy to procure the estimated gas requirements of its customers with offsetting gas physical forwards in advance of obtaining customers. Depending on several factors, including weather, Just Energy's customers may use more or less gas than the volume purchased by Just Energy for delivery to them. Just Energy does not invoice its natural gas customers for balancing and, accordingly, bears the risk of fluctuation in customer consumption. Just Energy monitors gas consumption and has an options strategy that covers forecast differences in customer consumption due to weather variations as well as forecast LDC balancing requirements. The cost of this strategy is incorporated in the price to the customer. To the extent that forecast balancing requirements are outside the options purchased, Just Energy will bear financing responsibility, be exposed to market risk and, furthermore, may also be exposed to penalties by the LDCs. The inability or failure of Just Energy to manage and monitor these balancing risks could have a material adverse effect on its operations and cash flow. In addition, for certain commercial customers, Just Energy bears the risk of fluctuation in customer consumption. Just Energy monitors consumption and has a balancing and pricing strategy to accommodate for the estimated associated costs.

Operational risks

Information technology systems

Just Energy operates in a high-volume business with an extensive array of data interchanges and market requirements. Just Energy is dependent on its management information systems to track, monitor and correct or otherwise verify a high volume of data to ensure the reported financial results are accurate. Management also relies on its management information systems to provide its independent contractors with compensation information and to electronically record each customer telephone interaction. Just Energy's information systems also help management forecast new customer enrolments and their energy requirements, which help ensure that the Fund is able to supply its new customers' estimated average energy requirements without exposing the Fund to the spot market beyond the risk tolerances established by the Risk Management Policy. The failure of Just Energy to install and maintain these systems could have a material adverse effect on the operations and cash flow of Just Energy.

Reliance on third party service providers

In all jurisdictions in which Just Energy operates, the LDCs currently perform billing and collection services except as follows: in the Province of Alberta and State of Texas, where Just Energy is required to invoice and receive payments directly from its customers; in Illinois, where Just Energy is responsible for collection of defaulted amounts; in British Columbia, where Just Energy is required to invoice and receive payments from certain commercial customers and in Ontario, where Just Energy would be responsible for collection of defaulted amounts in respect of certain large volume users in one utility territory. To date, no defaults have been experienced in this last category. In 2005, Just Energy entered into a five-year agreement with EPCOR for the provision of billing and collection services for all of Just Energy's customers in Alberta which was amended and extended in December 2008. Pursuant to the amended agreement, EPCOR will continue to provide billing and collection services for AESLP until November 30, 2011, with respect to AESLP's existing customers. In the late summer of 2009, Just Energy intends to begin billing and collection services directly for all new customers signed and renewed customers. If the LDCs cease to perform these services, Just Energy would have to seek a third party billing provider or develop internal systems to perform these functions. There is no assurance that the LDCs will continue to provide these services in the future.

Outsourcing and offshoring arrangements

Just Energy has outsource arrangements, predominantly to support the call centre's requirements for business continuity plans and independence for regulatory purposes. Contract data input is also outsourced. Some of the outsourcing contracts are offshore. As with any contractual relationship, there are inherent risks to be mitigated and these are actively managed, predominantly through quality control measures and regular reporting.

Competition

A number of companies (Direct Energy, Superior Energy and MX Energy) and incumbent utility subsidiaries compete with Just Energy in the residential, commercial and small industrial market. It is possible that new entrants may enter the market as marketers and compete directly for the customer base that Just Energy targets, slowing or reducing its market share. If the LDCs are permitted by changes in the current regulatory framework to sell natural gas at prices other than cost, their existing customer bases could provide them with a significant competitive advantage. This may limit the number of customers available for marketers including Just Energy.

Dependence on independent sales contractors

Just Energy must retain qualified independent sales contractors despite competition among Just Energy's competitors. If Just Energy is unable to attract a sufficient number of independent sales contractors, Just Energy's customer additions and renewals may decrease and the Fund may not be able to execute its business strategy. The continued growth of Just Energy is reliant on distribution channels, including the services of its independent sales contractors. There can be no assurance that competitive conditions will allow these independent sales contractors, who are not employees of Just Energy or its affiliates, to achieve these customer additions. Lack of success in these marketing programs would limit future growth of the cash flow of Just Energy.

Just Energy has consistently taken the position that its independent sales contractors act independently pursuant to their contracts for service, which provide that Just Energy does not control how, where or when they provide their services. On occasion, an independent contractor may make a claim that they are entitled to a benefit pursuant to legislation even though they have entered into a contract with Just Energy that provides that they are not entitled to benefits normally available to employees, and Just Energy must respond to these claims. Just Energy's position has been confirmed by regulatory bodies in many instances, but Just Energy is currently appealing the findings of two regulatory bodies (one in Canada and one in the U.S.). Should Just Energy be unsuccessful in its appeals, Just Energy would be required to remit unpaid tax amounts plus interest and might be assessed a penalty. It could also mean that Just Energy would have to reassess its position in respect of other regulatory matters affecting its independent sales contractors such as income tax treatment. Such a decision could have a material adverse effect on the operations and cash flow of Just Energy.

Electricity contract renewals and attrition rates

As at March 31, 2009, Just Energy held long-term electricity contracts reflecting approximately 812,000 long-term electricity RCEs, of which 8% renew in 2010, 18% renew in 2011, 19% in 2012, 25% in 2013, and 30% beyond 2013. Although Just Energy has experienced electricity contract attrition rates of approximately 13% per year, there can be no assurance that this rate of annual attrition will not increase in the future or that Just Energy will be able to renew its existing electricity contracts at the expiry of their terms. Changes in customer behaviour, government regulation or increased competition may affect (potentially adversely) attrition and renewal rates in the future, and these changes could adversely impact the future cash flow of Just Energy. See discussion under "Failed to renew" on page 32. Just Energy's experience is that approximately 67% of its electricity customers have renewed at the expiry of the term of their contract.

Gas contract renewals and attrition rates

As at March 31, 2009, Just Energy had long-term gas contracts reflecting approximately 978,000 long-term gas RCEs, of which 21% renew in 2010, 22% renew in 2011, 18% in 2012, 19% in 2013, and 20% renew beyond 2013. The experience of Just Energy is that approximately 73% of gas customers renew at the expiry of the term of their contract. Although Just Energy has experienced gas contract attrition rates of approximately 15% per year, there can be no assurance that this rate of annual attrition will not increase in the future or that Just Energy will be able to renew its existing gas contracts at the expiration of their terms. Changes in customer behaviour, government regulation or increased competition may affect (potentially adversely) attrition and renewal rates in the future and these changes could adversely impact the future cash flow of Just Energy. See discussion under "Failed to renew" on page 32.

Cash distributions are not guaranteed and will fluctuate with the performance of Just Energy

Although Just Energy intends to distribute the interest and other income it earns less expenses and amounts, if any, paid by Just Energy in connection with the redemption of units, there can be no assurance regarding the amounts of income to be generated by the Fund's affiliates and paid, directly or indirectly, to the Fund. The ability to distribute and the actual amount distributed in respect of the units will depend upon numerous factors, including profitability; fluctuations in working capital; debt service requirements (including compliance with credit facility obligations); the sustainability of margins; the ability of Just Energy to procure, at favourable prices, its estimated commitment to supply natural gas and electricity to its customers; the ability of Just Energy to secure additional gas and electricity contracts and other factors beyond the control of Just Energy. Management of Just Energy cannot make any assurances that the Fund's affiliates will be able to pass any additional costs arising from legislative changes (or any amendments) on to customers. Cash distributions are not guaranteed and will fluctuate with the performance of the Fund's affiliates and other factors.

Earnings volatility

Just Energy's business is seasonal in nature. In addition to regular seasonal fluctuations in its earnings, there is significant volatility in its earnings associated with the requirement to mark its commodity contracts to market. The earnings volatility associated with seasonality and mark to market accounting may be misconstrued as instability, thereby impacting access to capital. Management ensures there is adequate disclosure for both the mark to market and seasonality to mitigate this risk.

Model risk

The approach to calculation of market value and customer forecasts requires data-intensive modelling used in conjunction with certain assumptions when independently verifiable information is not available. Although Just Energy uses industry standard approaches and validates its internally developed models, results could change significantly should underlying assumptions prove incorrect or an embedded modelling error go undetected in the vetting process.

Commodity alternatives

To the extent that natural gas and electricity enjoy a price advantage over other forms of energy, such price advantage may be transitory and consumers may switch to the use of another form of energy. The inherent volatility of natural gas and electricity prices could result in these other sources of energy providing more significant competition to Just Energy.

Capital asset and replacement risk

The Fund does not invest in a significant capital asset program and the vast majority of capital asset expenditures are with respect to information technology including telephony. The capital asset expenditure cash flow in fiscal 2009 represents 4% of operating cash flow and has been funded through operations. Replacement of capital assets is not considered significant.

Material debt arrangements

The Fund's credit facility is in the amount of $170.0 million. There are various covenants pursuant to the credit facility that govern most of the Fund's subsidiaries and affiliates. In addition, the Fund is required to submit monthly reporting covering, among other things, mark to market exposure, borrowing base certificate and a supply/demand projection. To date, the Fund has met the requirements of the credit facility. Should the credit facility be unavailable, there would be a significant material adverse effect as the likely result would be either a replacement facility with increased costs or an inability to operate.

Disruptions to infrastructure

Customers are reliant upon the LDCs to deliver their contracted commodity. LDCs are reliant upon the continuing availability of the distribution infrastructure. Any disruptions in this infrastructure would result in counterparties and thereafter Just Energy enacting the force majeure clauses of their contracts. Under such severe circumstances there would be no revenue or associated cost of sales to report for the affected areas.

Expansion strategy and future acquisitions

The Fund plans to grow its business by expansion into additional deregulated markets through organic growth and acquisitions. The expansion into additional markets is subject to a number of risks, any of which could prevent the Fund from realizing its business strategy.

Acquisitions involve numerous risks, any one of which could harm the Fund's business, including difficulties in integrating the operations, technologies, products, existing contracts, accounting processes and personnel of the target and realizing the anticipated synergies of the combined businesses; difficulties in supporting and transitioning customers, if any, or assets of the target company may exceed the value the Fund realizes, or the value it could have realized if it had allocated the purchase price or other resources to another opportunity; risks of entering new markets or areas in which Just Energy has limited or no experience or are outside its core competencies; potential loss of key employees, customers and strategic alliances from either Just Energy's current business or the business of the target; assumption of unanticipated problems or latent liabilities, such as problems with the quality of the products of the target; and inability to generate sufficient revenue to offset acquisition costs.

Future acquisitions or expansion could result in the incurrence of additional debt and related interest expense, as well as unforeseen liabilities, all of which could have a material adverse effect on the Fund's business, results of operations and financial condition. The failure to successfully evaluate and execute acquisitions or otherwise adequately address the risks associated with acquisitions could have a material adverse effect on Just Energy's business, results of operations and financial condition. Just Energy may require additional financing should an appropriate acquisition be identified and it may not have access to the funding required for the expansion of its business or such funding may not be available to Just Energy on acceptable terms. There is no assurance that Just Energy will determine to pursue any acquisition or that such an opportunity, if pursued, will be successful.

Legal, regulatory and securities risks

Legislative and regulatory environment

Just Energy operates in the highly regulated natural gas and electricity retail sales industry in the provinces of Ontario, Manitoba, Quebec, British Columbia and Alberta and in the states of Illinois, Indiana, New York and Texas. It must comply with the legislation and regulations in these jurisdictions in order to maintain its licensed status and to continue its operations. There is potential for change to this legislation and these regulatory measures that may, favourably or unfavourably, impact Just Energy's business model. As part of doing business as a door-to-door marketing company, Just Energy receives complaints from consumers which may involve sanctions from regulatory and legal authorities including those which issue marketing licences. Similarly, changes to consumer protection legislation in those provinces and states where Just Energy markets to non-commercial customers may, favourably or unfavourably, impact Just Energy's business model. Just Energy has a dedicated team of in-house regulatory advisors to ensure adequate knowledge of the legislation and regulations in order that operations may be advised of regulations pursuant to which procedures are required to be implemented and monitored to maintain license status. When new markets are entered, the team assesses the market and determines if additional expertise (internal or external) is required. There is also a team that monitors and addresses complaints with a view to mitigating underlying causes of complaints.

In addition to the complaints and class actions referenced herein and litigation in the ordinary course of business, Just Energy may in the future be subject to class actions, other litigation and other actions arising in relation to its consumer contracts and marketing practices. See the "Legal proceedings" section on page 48 of this report. This litigation is, and any such additional litigation could be, time consuming and expensive and could distract our executive team from the conduct of Just Energy's daily business. The adverse resolution of any specific lawsuit could have a material adverse effect on our ability to favourably resolve other lawsuits and on the Fund's financial condition and liquidity.

Investment eligibility

Just Energy will endeavour to ensure that the units continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments and there is no assurance that the conditions prescribed for such qualified or eligible investments will be adhered to at any particular time.

Nature of units

Securities such as the units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The units do not represent a direct investment in the natural gas or electricity wholesale business and should not be viewed by investors as shares or securities in any of the Fund's affiliates. As holders of units, subject to the Trust Beneficiaries' Liability Act, 2004, Unitholders do not have the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppressive" or "derivative" actions. The units represent a fractional interest in the Fund. The Fund's primary assets are its direct and indirect interests in the securities of its affiliates. The price per unit is, among other things, a function of anticipated distributable income.

Redemption right

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. OESC Notes, Notes of OESC Exchangeco II Inc. ("Exchangeco II"), a wholly owned subsidiary of the Fund, and the Fund Notes (of which none are outstanding), which may be distributed in specie to Unitholders in connection with a redemption, will not be listed on any stock exchange and no established market is expected to develop for such OESC Notes, Exchangeco II Notes and the Fund Notes. Cash redemptions are subject to limitations.

Unitholder limited liability

The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with the Fund or its assets or obligations, and in the event that a court determines that Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholders' shares of the Fund's assets.

The Declaration of Trust further provides that the trustee and the Fund shall make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Fund or the trustee on behalf of the Fund a contractual provision to the effect that neither the Unitholders nor the trustee have any personal liability or obligations in respect thereof. The Administration Agreement contains such provisions. Personal liability may also arise in respect of claims against the Fund that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. As the Fund's activities are generally limited to investing in securities issued by its affiliates, the possibility of any personal liability of this nature arising is considered remote.

On December 16, 2004, the Government of Ontario passed the Trust Beneficiaries' Liability Act, 2004, which limits the liability of holders of trust units, in a manner similar to that afforded to holders of shares of Ontario incorporated limited liability corporations. The legislation provides that the beneficiaries of a trust are not as beneficiaries, liable for any act, default, obligation or liability of the trust or any of its trustees that arises after the act became law if, when the act or default occurs or the obligation or liability arises: (a) the trust is a reporting issuer under the Securities Act (Ontario) and (b) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the Securities Act (Ontario) and is governed by the laws of Ontario. However, the courts have not yet had an opportunity to consider this legislation.

The operations of the Fund will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on the Unitholders for claims against the Fund.

Distribution of common shares and notes on termination of the Fund
Upon termination of the Fund, the trustee may distribute the common shares, Exchangeco common shares, OESC Notes, Exchangeco II Notes and the Fund Notes directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the common shares, Exchangeco common shares, Exchangeco II Notes, OESC Notes, or the Fund Notes. In addition, the common shares, Exchangeco common shares, Exchangeco II Notes, OESC Notes and the Fund Notes are not freely tradable and are not currently listed on any stock exchange.

The Fund may issue additional units diluting existing Unitholders' interests
The Declaration of Trust authorizes the OESC as administrator to cause the Fund to issue an unlimited number of units for such consideration and on such terms and conditions as shall be established by the Administrator without the approval of any Unitholders. Additional units have been and will be issued by the Fund on the exercise of the Exchangeco II Exchange Rights relating to the Class A preference shares.

Restrictions on potential growth
The payout by the Fund's affiliates of the vast majority of all of their operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of such funds could limit the future growth of Just Energy and its cash flow.

Changes in securities legislation
There can be no assurance that the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the units will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans.

Legal proceedings

On March 3, 2008, the Citizen's Utility Board ("CUB"), AARP and Citizen Action/Illinois filed a complaint before the Illinois Commerce Commission alleging claims very similar to those in the Illinois AG Complaint. Just Energy has commenced discussion with CUB to address and defend the allegations and intends to seek a constructive resolution to the matter.

On March 20, 2008, an Indiana resident filed a proposed consumer class action against JE Illinois in Illinois also based on allegations similar to those made by the Illinois Attorney General. The court dismissed the action and ordered the plaintiff to refile with proper jurisdiction cited (citizenship and quantum). The action has been restricted to Indiana plaintiffs on a limited basis. The plaintiff will now have to seek certification.

On April 4, 2008, NYESC was served with a complaint initiated by a commercial customer in New York that proposes a class action against NYESC, the Fund and the LDC (Consolidated Edison) on behalf of residents of New York City. On December 16, 2008, the court dismissed the complaint against the Fund and the complaint against NYESC was referred to arbitration. The plaintiff's representative filed an appeal but has yet, under state court rules, perfected it, which it has until July 15, 2009, to do so.

Just Energy will resolve or vigorously contest the claims in these matters. Management believes that the pending legal actions against JE Illinois, NYESC or the Fund are not expected to have a material impact on the financial condition and liquidity of the Fund at this time.

Controls and procedures

Just Energy maintains appropriate information systems, procedures and controls to ensure that information disclosed externally is complete, reliable and timely. Just Energy's Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision of, the design and operating effectiveness of the Fund's disclosure controls and procedures (as defined in National Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*) as at March 31, 2009, and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

Just Energy has also established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Fund's financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP. Just Energy's Chief Executive Officer and Chief Financial Officer assessed, or caused an assessment under their direct supervision of, the design and operating effectiveness of the Fund's internal controls over financial reporting (as defined in National Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*) as at March 31, 2009, using the Committee of Sponsoring Organizations Internal Control – Integrated Framework. Based on that assessment, it was determined that Just Energy's internal controls over financial reporting were appropriately designed and were operating effectively.

Just Energy did not make any changes to the design of its internal controls over financial reporting during the year ended March 31, 2009, that would have materially affected or would reasonably likely to materially affect the Fund's internal controls over financial reporting.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items, (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Corporate governance

Just Energy is committed to transparency in our operations and our approach to governance meets all recommended standards. Full disclosure of our compliance with existing corporate governance rules is available on our website at www.justenergy.com and will be included in the Fund's May 15, 2009 management information circular. Just Energy actively monitors the corporate governance and disclosure environment to ensure timely compliance with current and future requirements.

Outlook

On April 22, 2009 Just Energy announced that it entered into a definitive agreement to acquire by way of plan of arrangement (the "Arrangement") all of the outstanding common shares of the Universal Energy Group Ltd. ("UEG"), a TSX listed marketer of deregulated natural gas and electricity. The Arrangement will provide for a share exchange through which each outstanding share of UEG will be exchanged for 0.58 of a share (the "Exchangeable Shares") of a subsidiary of the Fund. Each Exchangeable Share will be exchangeable into one Just Energy trust unit at any time at the option of the holder for no additional consideration. The transaction is expected to close in early July and is subject to certain conditions including approval of UEG shareholders, compliance with the Competition Act, approval of Just Energy's lenders and satisfaction of other customary approvals. The transaction would require the issuance of approximately 21.1 million Exchangeable Shares increasing the diluted units of the Fund to 132.6 million.

The Fund has entered into support agreements (the "Support Agreements") with holders of 51% of the outstanding shares of UEG. These Support Agreements require these holders to, among other things, (i) vote or cause to be voted, the holder's UEG securities in favour of the proposed Arrangement at the UEG meeting; (ii) not to exercise any dissent rights or other rights available to delay, upset or challenge the Arrangement; (iii) not to sell or otherwise dispose of the holder's UEG securities; (iv) not to solicit or otherwise knowingly encourage any other acquisition proposal of UEG; (v) to refrain from taking or causing to be taken any actions that would reduce the likelihood of the Arrangement being successfully completed; and, with respect to certain holders, (vi) to enter into an escrow agreement at closing under which 60% of the holder's Exchangeable Shares shall be escrowed as of closing and released as to 50% on the first anniversary of the closing date and as to 50% on the second anniversary of the closing date.

Management believes that the acquisition of UEG will be immediately accretive to both gross margin and distributable cash per unit despite the transition costs of merging the operations. The full benefit of the acquisition will not be seen until fiscal 2011 when the savings from elimination of administrative overlap will be fully realized.

The UEG acquisition brings a total of 14 U.S. state marketing licenses which will provide an option for accelerated entry into attractive American markets. UEG currently supplies over 580,000 RCEs in Ontario, British Columbia, Michigan, California, Ohio, Pennsylvania, Maryland and New Jersey.

UEG operates a very successful home services business renting and selling water heaters and related products. This business will be merged with the Newten water heater business and management believes the growth of this business will accelerate significantly. UEG also owns a 66.7% interest in Terra Grain Fuels, a 150-million-litre-capacity ethanol plant located in Belle Plaine, Saskatchewan. The plant is currently making repairs to its facility to move to full capacity production. Management does not currently expect that ethanol will form a long-term segment of Just Energy's business.

On February 7, 2008, the Attorney General for Illinois filed a complaint against JE Illinois (the "Illinois AG Complaint"). The Illinois AG Complaint alleged that independent sales agents used deceptive practices in their sale of Just Energy contracts to Illinois customers. On May 12, 2009, a settlement of the action was reached subject to court approval. Under this settlement, JE Illinois will comply with several consumer safeguards, many of which JE Illinois has practiced for more than a year. In addition, $1.0 million will be paid to a limited number of customers in settlement of claims.

The financial positions of the Fund's commodity suppliers remain sound based on analysis by management as are those of the banks participating in the credit facility. Management does not believe that weakness in the global credit markets will have any near-term impact on either existing business or the Fund's ability to grow in the future.

Management's best estimation is that Just Energy will again grow its key operating measures during fiscal 2010. Gross margin and distributable cash after gross margin replacement per unit are expected to grow by approximately 5–10%, including the acquisition from UEG. Distributable cash after marketing expenses is expected to grow at a slightly lower rate due to increased marketing expenses associated with the forecasted volume additions and GEO product growth. Total RCEs are expected to grow after all attrition and failure to renew. However, management is not in a position to provide guidance on the level of customer growth pending acquisition of the UEG sales force and its integration into Just Energy. Investors will be updated in future quarters on the customer growth expectations.

The economies of Just Energy's markets are currently in the midst of a significant recession. These very weak North American economic conditions and the turmoil in the credit and financial markets have had a limited effect on Just Energy. In general, utility bills are among the last to go unpaid in times of financial hardship. Impact on the Fund to date has been limited to higher than expected attrition in the United States due to record foreclosures and utility shutoffs. Bad debt losses increased in the third and fourth quarter but remain comfortably in the mid range of the Fund's 2–3% long-term target range. There can be no assurance that bad debt losses will not increase further during an extended recession. The Fund does not bear bad debt risk in Ontario, Quebec, Manitoba, British Columbia (excluding large volume customers), New York and Indiana. These markets contain approximately 74% of Just Energy's customers.

In the past, times of financial stress have increased the importance of accurate budgeting for homeowners and small businesses. This has, to date, been positive for Just Energy and its insurance-type contracts, and strong marketing results for the past three quarters bear this out. Finally, tight credit and a weak economy should increase the number of competitors that fail or are forced to sell out. This will be favourable for a well-capitalized company like Just Energy.

The Fund intends to continue its geographic expansion into new markets in the United States both through organic growth and focused acquisitions. The Fund is actively reviewing a number of further possible acquisitions. Just Energy continues to actively monitor the progress of the deregulated markets in various jurisdictions.

Changes made to the Income Tax Act require certain income trusts, including Just Energy, to pay taxes after 2010, similar to those paid by taxable Canadian corporations. The payment of such taxes will, in the future, reduce the cash flow of the Fund, thereby reducing the amount available for distributions to unitholders. Just Energy is actively analyzing potential restructuring options in preparation for conversion from a trust to a corporation on or before 2011.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Just Energy Income Fund and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the consolidated financial statements.

Just Energy Income Fund maintains systems of internal accounting and administrative controls. These systems are designated to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Fund's assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is comprised entirely of non-management directors. The Audit Committee meets periodically with management and the external auditors, to discuss auditing, internal controls, accounting policy and financial reporting matters. The committee reviews the consolidated financial statements with both management and the external auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Unitholders. The external auditors have full and free access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

On behalf of Just Energy Income Fund by Ontario Energy Savings Corp., as administrator.

Ken Hartwick
Chief Executive Officer and President

Beth Summers
Chief Financial Officer

AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the consolidated balance sheets of Energy Savings Income Fund as at March 31, 2009 and 2008 and the consolidated statement of operations, unitholders' equity (deficit), comprehensive income (loss) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
May 13, 2009

CONSOLIDATED BALANCE SHEETS

As at March 31
(thousands of dollars)

	2009	2008
Assets		
Current		
Cash and cash equivalents	$ 59,094	$ 27,310
Restricted cash *(Note 5)*	7,609	4,749
Accounts receivable	249,480	207,793
Gas in storage	6,690	4,268
Inventory	257	–
Unbilled revenues	57,779	47,299
Prepaid expenses	2,020	2,343
Corporate taxes recoverable	–	2,665
Other assets – current *(Note 12a)*	5,544	193,398
	388,473	489,825
Gas contracts (less accumulated amortization – $710; 2008 – $nil)	1,513	–
Electricity contracts (less accumulated amortization – $37,216; 2008 – $32,401)	3,584	1,527
Goodwill	117,061	116,146
Capital assets *(Note 7)*	19,971	16,637
Other assets – long term *(Note 12a)*	5,153	75,560
Future income tax assets *(Note 9)*	–	9,420
	$ 535,755	$ 709,115
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 165,431	$ 128,682
Customer rebates payable *(Note 5)*	7,309	4,617
Management incentive program payable	1,093	2,235
Unit distribution payable	10,977	30,696
Corporate taxes payable	1,906	–
Accrued gas accounts payable	41,379	38,522
Other liabilities – current *(Note 12a)*	519,352	59,150
	747,447	263,902
Long-term debt *(Note 8)*	76,500	67,583
Deferred lease inducements	2,382	2,817
Other liabilities – long term *(Note 12a)*	401,720	156,390
Future income tax liabilities *(Note 9)*	–	19,458
	1,228,049	510,150
Non-controlling interest *(Note 6b)*	292	–
Equity (deficit)		
Deficit	$ (1,470,277)	$ (211,931)
Accumulated other comprehensive income	364,566	40,789
	(1,105,711)	(171,142)
Unitholders' capital	398,454	358,103
Contributed surplus	14,671	12,004
Unitholders' equity (deficit)	(692,586)	198,965
	$ 535,755	$ 709,115

Guarantees (Note 16), Commitments (Note 17), Contingencies (Note 18)

See accompanying notes to consolidated financial statements

Approved on behalf of Just Energy Income Fund by Ontario Energy Savings Corp., as administrator.

Rebecca MacDonald, Executive Chair

Michael Kirby, Corporate Director

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY (DEFICIT)

For the years ended March 31
(thousands of dollars)

	2009	2008
Accumulated earnings (deficit)		
Accumulated earnings, beginning of year	$ 392,082	$ 237,802
Adjustment for change in accounting policy (2008 – net of income taxes of $49) *(Note 3(l))*	2,964	1,519
Net income (loss)	(1,107,473)	152,761
Accumulated earnings (deficit), end of year	(712,427)	392,082
Distributions		
Distributions, beginning of year	(604,013)	(435,430)
Distributions	(148,944)	(159,832)
Class A preference share distributions – net of income taxes of $2,767 (2008 – $4,948)	(4,893)	(8,751)
Distributions, end of year	(757,850)	(604,013)
Deficit	(1,470,277)	(211,931)
Accumulated other comprehensive income		
Accumulated other comprehensive income, beginning of year	40,789	–
Transitional adjustment upon implementation – derivative instruments designated as cash flow hedges and derivative gains previously deferred (2008 – net of income taxes of $1,536)	–	113,865
Adjustment upon conversion – unrealized losses on translation of self-sustaining foreign operations	–	(87)
Other comprehensive income (loss)	323,777	(72,989)
Accumulated other comprehensive income, end of year	364,566	40,789
Unitholders' capital *(Note 10)*		
Unitholders' capital, beginning of year	358,103	328,153
Trust units exchanged	3,606	5,000
Trust units issued on exercise/exchange of unit compensation *(Note 11d)*	5,778	4,793
Trust units issued	41,176	25,157
Repurchase and cancellation of units	(6,603)	–
Class A preference shares exchanged	(3,606)	(5,000)
Unitholders' capital, end of year	398,454	358,103
Contributed surplus *(Note 11d)*	14,671	12,004
Unitholders' equity (deficit), end of year	$ (692,586)	$ 198,965

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31
(thousands of dollars, except per unit amounts)

	2009	2008
Sales	$ 1,899,213	$ 1,738,690
Cost of sales	1,576,397	1,463,890
Gross margin	322,816	274,800
Expenses		
General and administrative expenses	59,586	51,638
Capital tax	220	827
Marketing expenses	68,093	56,121
Unit based compensation *(Note 11d)*	4,098	3,076
Bad debt expense	13,887	6,951
Amortization of gas contracts	710	177
Amortization of electricity contracts	2,884	7,384
Amortization of capital assets	5,100	5,110
	154,578	131,284
Income before the undernoted	168,238	143,516
Interest expense *(Note 8)*	3,857	5,346
Change in fair value of derivative instruments *(Note 12a)*	1,336,976	831
Other income	(7,604)	(921)
Income (loss) before income tax	(1,164,991)	138,260
Recovery of income tax *(Note 9)*	(57,460)	(14,501)
Non-controlling interest *(Note 6b)*	(58)	–
Net income (loss)	$(1,107,473)	$ 152,761

See accompanying notes to consolidated financial statements

	2009	2008
Income per unit *(Note 14)*		
Basic	$ (10.03)	$ 1.42
Diluted	$ (9.93)	$ 1.41

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended March 31
(thousands of dollars, except per unit amount)

	2009	2008
Net income (loss)	$ (1,107,473)	$ 152,761
Unrealized gain (loss) on translation of self-sustaining operations	(1,906)	3,951
Unrealized and realized gain (loss) on derivative instruments designated as cash flow hedges prior to July 1, 2008, net of income taxes of $89,256 (2008 – $(15,266)) *(Note 12a)*	498,654	(76,940)
Amortization of deferred unrealized gain on discontinued hedges after July 1, 2008, net of income taxes of $38,805 *(Note 12a)*	(172,971)	–
Other comprehensive income (loss)	323,777	(72,989)
Comprehensive income (loss)	$ (783,696)	$ 79,772

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31
(thousands of dollars)

	2009	2008
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income (loss)	$(1,107,473)	$ 152,761
Items not affecting cash		
Amortization of gas contracts	710	177
Amortization of electricity contracts	2,884	7,384
Amortization of capital assets	5,100	5,110
Unit based compensation	4,098	3,076
Non-controlling interest	(58)	–
Future income taxes *(Note 9)*	(64,088)	(18,692)
Other	(3,940)	(141)
Change in fair value of derivative instruments	1,336,976	831
	1,281,682	(2,255)
Adjustments required to reflect net cash receipts from gas sales *(Note 19)*	(7,623)	(2,620)
Changes in non-cash working capital *(Note 20)*	6,181	(11,879)
Cash inflow from operations	172,767	136,007
Financing		
Exercise of trust unit options *(Note 11d)*	4,293	4,053
Issue of trust units	–	18,079
Distributions paid to Unitholders	(129,957)	(131,132)
Distributions on Class A preference shares	(8,460)	(11,849)
Tax impact on distributions to Class A preference shareholders	2,767	4,948
Units purchased for cancellation	(6,603)	–
Issuance of long-term debt and increase in bank indebtedness	87,726	97,294
Repayment of long-term debt and bank indebtedness	(85,731)	(68,303)
Restricted cash	(122)	1,962
	(135,487)	(84,948)
Investing		
Purchase of capital assets	(6,345)	(7,842)
Acquisitions *(Note 6)*	(1,842)	(33,400)
	(8,187)	(41,242)
Effect of foreign currency translation on cash balances	2,691	707
Net cash inflow	31,784	10,524
Cash, beginning of year	27,310	16,786
Cash, end of year	$ 59,094	$ 27,310
Supplemental information		
Interest paid	$ 4,009	$ 5,545
Income taxes paid	$ 1,153	$ 1,251
Supplemental disclosure relating to non-cash financing and investing activities		
Acquisition of capital assets through lease inducements	$ –	$ 2,817

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2009
(thousands of dollars, except where indicated and per unit amounts)

NOTE 1 ORGANIZATION

Just Energy Income Fund ("Just Energy" or the "Fund") which was formerly known as Energy Savings Income Fund changed its name effective June 1, 2009.

Just Energy is an open-ended, limited-purpose trust established under the laws of the Province of Ontario to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates: Ontario Energy Savings L.P. ("OESLP"), Energy Savings (Manitoba) L.P. ("ESMLP"), Energy Savings (Quebec) L.P. ("ESPQ"), ES (B.C.) Limited Partnership ("ESBC"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JE Illinois"), New York Energy Savings Corp. ("NYESC"), Just Energy Indiana Corp. ("JE Indiana"), Just Energy Texas L.P. ("JE Texas") and Newten Home Comfort L.P. ("NHCLP") (collectively the "Energy Savings Group").

NOTE 2 OPERATIONS

The Just Energy Group

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price and price-protected contracts. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers. Just Energy also has environmentally friendly offerings of natural gas and electricity through its Green Energy Option ("GEO") program.

NOTE 3 (I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), and include the accounts of Just Energy Income Fund and its directly or indirectly owned subsidiaries and affiliates.

(b) Cash and cash equivalents

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

(c) Unbilled revenues/accrued gas accounts payable or gas delivered in excess of consumption/deferred revenues

Unbilled revenues are stated at estimated realizable value and result when customers consume more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas accounts payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenues.

Due to the seasonality of our operations, during the winter months, customers will have consumed more than what was delivered resulting in the recognition of unbilled revenues/accrued gas accounts payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/deferred revenues.

These adjustments are applicable solely to the Ontario, Manitoba and Quebec gas markets.

(d) Gas in storage

Gas in storage primarily represents the gas delivered to the LDCs in the states of Illinois, Indiana and New York. The balance will fluctuate as gas is injected or withdrawn from storage. Injections typically occur from April through November and withdrawals occur from December through March.

In addition, a portion of the gas in storage relates to operations in the Province of Alberta. In Alberta, there is a month to month carryover, which represents the difference between the gas delivered to the LDC within a month and customer consumption. The delivery volumes in the following month are adjusted accordingly.

Gas in storage is stated at the lower of cost and net realizable value.

(e) Inventory

Inventory, comprising water heaters, is stated at the lower of cost and net realizable value.

(f) Capital assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful lives of the assets, with the half year rule applied to acquisitions, as follows.

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Computer software	Declining balance	100%
Commodity billing and settlement systems	Straight line	5 years
Water heaters	Straight line	15 years
Leasehold improvements	Straight line	Term of lease

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(g) Asset retirement obligations

Asset retirement obligations, including any restoration costs required in connection with leased assets or properties, are recognized at fair value in the period in which the obligations are incurred and a reasonable estimate of fair value can be made. Just Energy did not have any such obligations outstanding for the years ended March 31, 2009 and 2008.

(h) Goodwill

Goodwill, reflecting the excess of the acquisition and incremental costs over the fair value of assets purchased by the Fund, is not amortized. The carrying amount of goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps; in the first step the carrying amount of the reporting unit including goodwill is compared with its fair value. When the fair value of a reporting unit including goodwill exceeds its carrying amount, goodwill of the reporting unit is not considered impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination.

(i) Gas contracts

Gas contracts represent the original fair value of existing sales and supply contracts acquired by Just Energy on the acquisition of various gas contracts. These contracts are amortized over their average estimated remaining life. The Fund regularly evaluates existing gas contracts including the estimates of useful lives.

(j) Electricity contracts

Electricity contracts represent the original fair value of existing sales and supply contracts acquired by Just Energy on the acquisition of various electricity contracts. These contracts are amortized over their average estimated remaining life. The Fund regularly evaluates existing electricity contracts including the estimates of useful lives.

(k) Other assets (liabilities) – current/long term, change in fair value of derivative instruments and other comprehensive income (loss)

Just Energy's various derivative instruments have been accounted for using Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement. Effective July 1, 2008, the Fund ceased the utilization of hedge accounting. In accordance with CICA Handbook Section 3865, Hedges, the Fund is amortizing the accumulated gains and losses to June 30, 2008, from other comprehensive income in the same period in which the original hedged item affects the Statement of Operations. No retrospective restatement is required for this change. The derivatives are measured at fair value and booked to the consolidated balance sheets. Effective July 1, 2008, all changes in fair value between periods are booked to change in fair value of derivative instruments on the consolidated statements of operations.

Prior to July 1, 2008, financial instruments that met hedging requirements were accounted for under CICA Handbook Section 3865, Hedges. For derivative instruments accounted for under CICA Handbook Section 3865, Just Energy formally documented the relationship between hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process included linking all derivative financial instruments to anticipated transactions. Just Energy also formally assessed, both at the hedge's inception and on an ongoing basis, whether the derivative financial instruments that were used in hedging transactions were highly effective in offsetting changes in cash flows of the hedged items. The derivatives were measured at fair value and booked to the consolidated balance sheets. Changes in fair value between periods were booked to other comprehensive income for the effective portion of the hedge with the remaining change being booked to change in fair value of derivative instruments.

Just Energy enters into hedges of its cost of sales relating to its fixed-price electricity sales by entering into fixed for floating electricity swap contracts and physical forward contracts, heat rate swap contracts and financial and physical forward gas contracts (to fulfill obligations under the heat rate swaps) with electricity and natural gas suppliers. These swaps and forwards are accounted for in accordance with CICA Handbook Section 3855. Prior to July 1, 2008, they were accounted for in accordance with CICA Handbook Section 3865 and, in some limited circumstances, CICA Handbook Section 3855.

Just Energy enters into hedges of its cost of sales relating to its fixed-price gas contracts by entering into a combination of physical gas forwards, financial gas forwards, physical transportation forwards and option contracts. Physical gas forwards and transportation forwards are accounted for in accordance with CICA Handbook Section 3855. Prior to July 1, 2008, they were accounted for in accordance with CICA Handbook Section 3865. Option contracts and financial gas forwards are accounted for in accordance with CICA Handbook Section 3855. The premiums and settlements for these derivative instruments are recognized in cost of sales, when incurred.

Just Energy enters into hedges for its foreign exchange risk relating to its anticipated repatriation of U.S. denominated currency by entering into foreign exchange forward contracts with its lender. Since April 1, 2007, Just Energy has accounted for these forward contracts in accordance with CICA Handbook Section 3855 by recording them on the consolidated balance sheet as either other assets or other liabilities measured at fair value, with changes in fair value booked to change in fair value of derivative instruments.

(i) Derivative instruments

Electricity:

Just Energy has entered into contracts with customers to provide electricity at fixed prices ("customer electricity contracts"). Customer electricity contracts include requirements contracts and contracts with fixed or variable volumes at fixed prices. The customer electricity contracts expose Just Energy to changes in market prices of electricity and consumption. To reduce its exposure to movements in commodity prices arising from the acquisition of electricity at floating rates, Just Energy uses electricity derivative contracts ("electricity derivative contracts"). These electricity derivative contracts are fixed for floating swaps, physical electricity forward contracts or a combination of heat rate swaps and physical or financial forward gas contracts.

Just Energy agrees to exchange the difference between the variable or indexed price and the fixed price on a notional quantity of electricity for a specified time frame in the fixed-for-floating contract arrangement. Just Energy takes title to electricity at a fixed price for scheduling into the power grid under the forward contracts. Just Energy agrees to pay for certain quantities of power based on the floating price of natural gas under heat rate swaps. In order to cover the floating price of gas under these arrangements, prices for gas are fixed through either physical or financial forward gas contracts. These contracts are expected to be effective as economic hedges of the electricity price exposure. Just Energy continues to monitor its effective hedging relationship between retail consumption and its supply contracts and prior to July 1, 2008, after which the Fund ceased the utilization of hedge accounting, evaluated the effectiveness of this relationship on a quarterly basis to meet the criteria for hedge accounting.

The fair value of the electricity derivative contracts is recorded in the consolidated balance sheet with changes in the fair value being recorded in change in fair value of derivative instruments on the consolidated statements of operations. Prior to July 1, 2008, the changes in the fair value were recorded in other comprehensive income to the extent that the hedge measurement was effective with the remainder recorded in change in fair value of derivative instruments. Any electricity derivative contracts that did not qualify for hedge accounting or were de-designated as a hedge were recorded at fair market value with the changes in fair value recorded in current period income as a component of change in fair value of derivative instruments.

Any gains or losses accumulated up to the date that the electricity derivative contract was terminated or de-designated as a hedge were deferred in accumulated other comprehensive income ("AOCI") then recorded in cost of sales when the hedged customer electricity contract affected income.

Gas:
Just Energy has entered into contracts with customers to provide gas at fixed prices ("customer gas contracts"). The customer gas contracts expose Just Energy to changes in market prices of gas and consumption. To reduce its exposure to movements in commodity prices and usage, Just Energy uses gas physical and financial contracts ("gas supply contracts"). These gas supply contracts are expected to be effective as economic hedges of the gas price exposure.

Just Energy continues to monitor its effective hedging relationship between retail consumption and its supply contracts, and prior to July 1, 2008, after which the Fund ceased the utilization of hedge accounting, evaluated the effectiveness of this relationship on a quarterly basis to meet the criteria for hedge accounting.

Just Energy uses physical forwards, transportation forwards (together "physical gas supply contracts") and other gas financial instruments to fix the price of its gas supply. Under the physical gas supply contracts, Just Energy agrees to pay a specified price per volume of gas or transportation. Other financial instruments comprise financial puts and calls that fix the price of gas in jurisdictions where Just Energy has scheduling responsibilities and therefore is exposed to commodity price risk on volumes above or below its base supply.

The fair value of physical gas contracts is recorded in the consolidated balance sheet with changes in the fair value being recorded in change in fair value of derivative instruments on the consolidated statements of operations. Prior to July 1, 2008, the changes were recorded in other comprehensive income to the extent that the hedge measurement was effective with the remainder recorded in change in fair value of derivative instruments. Any physical gas contract that did not qualify for hedge accounting or was de-designated as an accounting hedge together with the gas financial instruments were valued at fair market value with the changes in fair value recorded in current period income as a component of change in fair value of derivative instruments. Any gains or losses accumulated up to the date that the physical gas supply contract was terminated or de-designated as a hedge were deferred in AOCI then recorded in cost of sales when the hedged customer gas contract affected income.

Foreign exchange:
To reduce its exposure to movements in foreign exchange rates, Just Energy uses foreign exchange forwards ("foreign exchange contracts"). These foreign exchange contracts were expected to be effective as hedges of the anticipated cross border cash flow but were found to not be effective under GAAP accounting requirements during fiscal 2007.

Up until September 30, 2006, unrealized gains on foreign exchange contracts up to the date of de-designation of the hedging relationship were deferred to be recognized over the term of the contract based on the timing of the underlying hedged transactions. As of December 31, 2006, these derivative financial instruments have been recorded on the balance sheet as either other assets or other liabilities measured at fair value, with changes in fair value recognized in income as other income (expense). The deferred gain was reclassified to AOCI as of April 1, 2007.

(m) Revenue recognition
Just Energy delivers gas and/or electricity to end-use customers who have entered into long-term fixed-price contracts. Revenue is recognized when the commodity is consumed by the end-use customer or sold to third parties. The Fund assumes credit risk in only three jurisdictions – Alberta, Illinois and Texas, where credit review processes are in place prior to commodity flowing to the customer.

Just Energy recognizes revenue from the monthly rental and sale of water heaters.

(n) Marketing expenses
Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred.

(o) Foreign currency translation

The operations of the Fund's U.S.-based subsidiaries are self-sustaining operations. Accordingly, the assets and liabilities of foreign subsidiaries are translated into Canadian dollars at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average rate of exchange for the period. The resulting gains and losses are accumulated as a component of Unitholders' equity within AOCI.

(p) Per unit amounts

The computation of income per unit is based on the weighted average number of units outstanding during the year. Diluted earnings per unit is computed in a similar way to basic earnings per unit except that the weighted average units outstanding are increased to include additional units assuming the exercise of unit options, unit appreciation rights and deferred unit grants, if dilutive.

(q) Unit based compensation plans

The Fund accounts for all of its unit based compensation awards using the fair value based method.

Awards are valued at grant date and are not subsequently adjusted for changes in the prices of the underlying unit and other measurement assumptions. Compensation for awards without performance conditions is recognized as an expense and a credit to contributed surplus over the related vesting period of the awards. Compensation for awards with performance conditions is recognized based on management's best estimate of whether the performance condition will be achieved.

When options and other unit based compensation awards are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to Unitholders' equity. The amount of cash, if any, received from participants is also credited to Unitholders' equity.

(r) Employee future benefits

Just Energy established a long-term incentive plan (the "Plan") for all permanent full-time and part-time Canadian employees (working more than 20 hours per week) for its affiliates and subsidiaries. The plan consists of two components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP"). For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of trust units of the Fund, on a matching one for one basis.

Participation in either plan is voluntary. The plan has a two-year vesting period beginning from the later of the plan's effective date and the employee's starting date. During the year, Just Energy contributed $739 (2008 – $647) to both plans, which was paid in full during the year.

(s) Exchangeable securities

Just Energy follows the recommendations of the Emerging Issues Committee ("EIC") relating to the presentation of exchangeable securities issued by subsidiaries of income funds. The recommendations require that the exchangeable securities issued by a subsidiary of an income fund be presented on the consolidated balance sheet of the income fund as a part of Unitholders' equity if the following criteria have been met:

- the holders of the exchangeable securities are entitled to receive distributions of earnings economically equivalent to distributions received on units of the income fund; and
- the exchangeable securities ultimately are required to be exchanged for units of the income fund as a result of the passage of fixed periods of time or the non-transferability to third parties of the exchangeable securities without first exchanging them for units of the income fund.

The Class A preference shares meet these criteria and have been classified as Unitholders' equity. In addition, all distributions paid to the Class A preference shareholders must be recorded in Unitholders' equity, net of tax. The management incentive program, which is a bonus equal to the distribution amount received by a Unitholder, is additional compensation to senior management of Ontario Energy Savings Corp. ("OESC"), a wholly owned subsidiary of the Fund.

(t) Use of estimates

The preparation of the financial statements, in conformity with Canadian Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. In particular, valuation techniques such as those used in the preparation of fair values are significantly affected by the assumptions used and the amount and timing of estimates. The aggregate fair value amounts represent point-in-time estimates only and should not be interpreted as being realizable in an immediate settlement of the supply contracts.

(u) Income taxes
The Fund is a taxable entity under the Income Tax Act (Canada) and is taxable on income that is not distributed or distributable to the Fund's Unitholders. Payments made between the Canadian operating entities and the Fund ultimately transfer both current and future income tax liabilities to the Unitholders. The future income tax liability associated with Canadian assets recorded on the balance sheet is recovered over time through these payments.

Effective January 1, 2011, the Fund will be subject to a Specified Investment Flow-Through ("SIFT") entities tax on distributions of Canadian taxable income that has not been subject to a Canadian corporate income tax in the Canadian operating entities. Therefore, the future tax asset or liability associated with Canadian assets recorded on the balance sheet as at that date will be realized over time as the temporary differences between the carrying value of assets in the consolidated financial statements and their respective tax bases are realized. Current Canadian income taxes will be accrued for at that time to the extent that there is taxable income in the Fund or its underlying operating entities.

The U.S.-based corporate subsidiaries are subject to U.S. income taxes on their taxable income determined under U.S. income tax rules and regulations. As the U.S. subsidiaries had combined operating losses for tax purposes at March 31, 2009, no provision for current U.S. income tax has been made by those U.S. entities.

The Fund follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the consolidated financial statements and their respective tax bases, using substantively enacted income tax rates. A valuation allowance is recorded against a future income tax asset if it is not anticipated that the asset will be realized in the foreseeable future. The effect of a change in the income tax rates used in calculating future income tax liabilities and assets is recognized in income during the period that the change occurs.

(II) Adoption of new accounting standards
On April 1, 2008, the Fund adopted three new accounting standards that were issued by CICA; Handbook Section 1535, Capital Disclosures; Handbook Section 3862, Financial Instruments – Disclosures; and Handbook Section 3863, Financial Instruments – Presentation. Just Energy adopted these standards prospectively as required by the standards.

Capital Disclosures
Section 1535 requires disclosure of information related to the objectives, policies and processes for managing capital. In addition, disclosures include whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there is no impact on the financial position of the Fund (Note 13).

Financial Instruments – Disclosures and Financial Instruments – Presentation
Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation, which replace Section 3861, Financial Instruments – Disclosure and Presentation, increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements. As this standard only addresses presentation and disclosure requirements, there is no impact on the financial position of the Fund (Note 12).

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
On January 20, 2009, the Emerging Issues Committee ("EIC") of the CICA approved an abstract (EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities), which clarifies that the company's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of this abstract. The Fund incorporated the provisions of EIC 173 in the current year on a retrospective basis without restatement of prior periods and recorded an adjustment to increase opening accumulated earnings of $2,964.

(iii) Recently issued accounting standards

The following are the new standards, not yet in effect, which are required to be adopted by the Fund on the effective date.

Goodwill and Intangible Assets

As of April 1, 2009, the Fund will be required to adopt CICA Handbook Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Fund has not yet determined the impact of this standard on its consolidated financial statements.

Business Combinations

In October 2008, the CICA issued Handbook Section 1582, Business Combinations ("CICA 1582"), concurrently with CICA Handbook Section 1601, Consolidated Financial Statements ("CICA 1601"), and CICA Handbook Section 1602, Non-controlling Interest ("CICA 1602"). CICA 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for fiscal years beginning on or after January 1, 2011. The Fund has not yet determined the impact of these standards on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, CICA announced that GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011.

Just Energy will transition to IFRS effective April 1, 2011, and intends to issue its first interim financial statement under IFRS for the three-month period ending June 30, 2011, and a complete set of financial statements under IFRS for the year ending March 31, 2012.

Just Energy has identified differences between Canadian GAAP and IFRS relevant to the Fund and an initial assessment has been made of the impact of the required changes to accounting systems, business processes, and requirements for personnel training and development. Based on the initial assessment of the differences applicable to the Fund, a project team was assembled and a conversion plan was developed in March 2009 to manage the transition to IFRS.

As part of the conversion plan, the Fund is in the process of analyzing the detailed impacts of these identified differences and developing solutions to bridge these differences. Just Energy is currently on target with its conversion plan.

NOTE 4 SEASONALITY OF OPERATIONS

Just Energy's operations are seasonal. Gas consumption by customers is typically highest in October through March and lowest in April through September. Electricity consumption is typically highest in January through March and July through September. Electricity consumption is lowest in October through December and April through June.

NOTE 5 RESTRICTED CASH/CUSTOMER REBATES PAYABLE

Restricted cash and customer rebates payable represent, (i) funds held as security for payment of certain monthly charges in Texas, and (ii) rebate monies received from LDCs in Ontario as provided by the Independent Electricity System Operator ("IESO").

(i) ESTC is required to post collateral to wire owners to secure payment of future expected charges under the Texas Electric Choice as required by the Public Utility Commission of Texas.

(ii) OESLP is obligated to disperse the monies to eligible end-use customers in accordance with the Ontario Power Generation Rebate as part of OESLP's Retailer License conditions.

NOTE 6 ACQUISITIONS

(a) Acquisition of CEG Energy Options Inc.'s ("CEG") natural gas customers

On August 14, 2008, Just Energy purchased substantially all of the commercial and residential customer contracts of CEG in British Columbia. CEG was a Western Canada marketer of natural gas wholly owned by SemCanada Energy Company, both of which filed for creditor protection under the Companies' Creditors Arrangement Act on July 30, 2008. The customer contracts had annualized volumes of approximately 4.9 million GJ.

The purchase price has been allocated as follows:

Net assets acquired	
Gas contracts	$ 1,842
Consideration	
Cash	$ 1,842

The gas contracts will be amortized over the average remaining life of the contracts, which at the time of the acquisition was 20 months.

(b) Partnership with Newten Home Comfort Inc.

On July 18, 2008, the Fund, through its affiliates, entered into a limited partnership to form Newten Home Comfort L.P., a business involving the marketing, leasing, sale, and installation of tankless and high efficiency water heaters. The Fund will hold approximately an 80% equity interest and will invest up to $1,400 as equity and up to $1,850 as convertible debt financing in Newten Home Comfort L.P. As at March 31, 2009, the Fund had invested $1,000 as equity.

(c) Acquisition of Just Energy Texas L.P.

During the prior fiscal year, the Fund completed the acquisition of Just Energy Texas L.P., including all of its electricity contracts. The aggregate cost of this transaction, including transaction costs, was US$34,165 including cash acquired in the amount of US$3,373. Pursuant to the agreement, the Fund acquired approximately 1.3 million megawatt hours (MWh) of contracted customer usage. The acquisition was funded through a credit facility drawdown, of which $18,079 (US$18,362) including interest of $356 (US$362) was returned to the Fund on October 9, 2007, in exchange for 1,169,399 units of the Fund issued from treasury. The units are subject to the terms of an escrow agreement for the benefit of the Just Energy Texas L.P. vendors and are being released to the vendors over a three-year period.

The purchase price was allocated as follows:

	US$	CAD$
Net assets acquired		
Working capital (including cash of US$3,373, CAD$3,659)	$ 7,236	$ 7,849
Electricity contracts	11,400	12,365
Goodwill	17,826	19,336
Capital assets	18	20
Long-term liabilities	(2,315)	(2,511)
	$ 34,165	$ 37,059
Consideration		
Cash	$ 34,165	$ 37,059

The acquisition of Just Energy Texas L.P. was accounted for using the purchase method of accounting. The Fund allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition.

The electricity contracts acquired are amortized over the average estimated remaining life of the contracts. During the first quarter of fiscal 2009, upon finalization of the purchase price allocation, there was an increase of $3,457 (US$3,187) in intangible assets relating to electricity contracts and a corresponding reduction in goodwill.

NOTE 7 CAPITAL ASSETS

2009		Cost		Accumulated amortization		Net book value
Furniture and fixtures	$	3,770	$	1,889	$	1,881
Office equipment		11,119		3,959		7,160
Computer equipment		5,387		2,543		2,844
Computer software		2,565		1,750		815
Commodity billing and settlement system		6,993		6,654		339
Water heaters		2,324		77		2,247
Leasehold improvements		7,603		2,918		4,685
	$	39,761	$	19,790	$	19,971

2008		Cost		Accumulated amortization		Net book value
Furniture and fixtures	$	3,345	$	1,444	$	1,901
Office equipment		9,051		2,433		6,618
Computer equipment		3,145		2,160		985
Computer software		1,196		603		593
Commodity billing and settlement system		6,563		5,477		1,086
Leasehold improvements		7,451		1,997		5,454
	$	30,751	$	14,114	$	16,637

NOTE 8 LONG-TERM DEBT

A credit facility in the amount of $170,000 is available to Just Energy to meet working capital requirements. Interest is payable on outstanding loans at rates that vary with Bankers' Acceptance, LIBOR, Canadian bank prime rate or U.S. prime rate. Under the terms of the operating credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees of 1.5%, prime rate advances at bank prime plus 0.5%, and letters of credit at 1.5%. As at March 31, 2009, the Canadian prime rate was 2.5% and the U.S. prime rate was 3.25%. As at March 31, 2009, Just Energy had drawn $76,500 (2008 – $67,583) against the facility and total letters of credit outstanding amounted to $8,459 (2008 – $8,149). Just Energy has $85,041 of the facility remaining for future working capital and security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a pledge of the assets of Just Energy and the majority of its operating subsidiaries and affiliates. Just Energy is required to meet a number of financial covenants under the credit facility agreement. As at March 31, 2009 and 2008, all of these covenants have been met. Interest expense for the year ended March 31, 2009, was $3,833 (2008 – $5,346). Interest is expensed at the effective interest rate.

NOTE 9 INCOME TAXES

The Fund is a mutual fund trust for income tax purposes and will be taxed as a SIFT for years commencing after 2010. As such, prior to January 1, 2011, the Fund is only subject to current income taxes on any taxable income not distributed to Unitholders. Subsequent to December 31, 2010, the Fund will be subject to current income taxes on any taxable income not distributed to Unitholders and on all taxable income earned from Canadian corporate and flow-through subsidiaries, other than dividends from Canadian corporate subsidiaries distributed to Unitholders. If the Fund's equity capital grows beyond certain dollar limits prior to January 1, 2011, the Fund would become a SIFT and would commence in that year being subject to tax on distributed income. The Fund expects that its distributed income will not be subject to tax prior to 2011 and intends to distribute all its taxable income earned prior to then. Accordingly, the Fund has not provided for future income taxes on its temporary differences and those of its flow-through subsidiary trust and partnerships expected to reverse prior to 2011 as it is considered tax-exempt for accounting purposes.

A valuation allowance has been provided against future tax assets of certain Canadian and foreign subsidiaries where the Fund has determined that it is more likely than not that those future tax assets will not be realized in the foreseeable future. The valuation allowance may be reduced in future periods if the Fund determines that it is more likely than not that all or a portion of those future tax assets will be realized.

Canadian-based corporate subsidiaries are subject to tax on their taxable income at a rate of 33% (2008 – 36%).

The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to the pre-tax income for Just Energy and the income tax provision in the financial statements.

	2009	2008
Income before income tax	$ (1,164,991)	$ 138,260
Income tax expense at the combined basic rate of 33% (2008 – 36%)	(384,448)	49,774
Taxes on income attributable to Unitholders	(49,294)	(49,883)
Unrecognized tax benefit on mark to market losses on derivative instruments	385,070	–
Tax impact of corporate reorganization	(3,729)	(7,021)
Benefit of U.S. tax losses and other tax assets not previously recognized	(5,199)	(7,371)
Non-deductible expenses	140	–
Recovery of income tax	$ (57,460)	$ (14,501)

Components of Just Energy's income tax recovery are as follows:

	2009	2008
Income tax provision (recovery)	$ 3,861	$ (757)
Amount credited to Unitholders' equity	2,767	4,948
Current income tax provision	6,628	4,191
Future tax recovery	(64,088)	(18,692)
Recovery of income tax	$ (57,460)	$ (14,501)

Components of the Fund's net future income tax liability are as follows:

	2009	2008
Partnership income deferred for tax purposes and book carrying amount of investments in partnerships in excess of tax cost	$ 598	$ 4,055
Excess of tax basis over book basis for U.S. operations	(13,037)	(8,767)
Mark to market gains (losses) on derivative instruments	(140,047)	14,750
	(152,486)	10,038
Less: valuation allowance	152,486	–
Future income tax liabilities (net)	$ –	$ 10,038

U.S.-based corporate subsidiaries are subject to tax on their taxable income at a rate of 40% (2008 – 40%).

At March 31, 2009, the U.S. subsidiaries of Just Energy had $3,147 (US$2,495) in combined operating losses for tax purposes, all of which will expire by 2026. The tax benefit of these losses has been recognized in earnings, reducing the future taxes related to other comprehensive income ("OCI") of the U.S. subsidiaries in these financial statements.

NOTE 10 UNITHOLDERS' CAPITAL

Trust units of the Fund

An unlimited number of units may be issued. Each unit is transferable, voting and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund.

The Fund intends to make distributions to its Unitholders based on the cash receipts of the Fund, excluding proceeds from the issuance of additional Fund units, adjusted for costs and expense of the Fund, the amount which may be paid by the Fund in connection with any cash redemptions or repurchases of units and any other amount that the Board of Directors considers necessary to provide for the payment of any costs which have been or will be incurred in the activities and operations of the Fund. The Fund's intention is for Unitholders of record on the 15th day of each month to receive distributions at the end of the month, excluding any Special Distributions.

Class A preference shares of OESC

The terms of the unlimited Class A preference shares of OESC are non-voting, non-cumulative and exchangeable into trust units in accordance with the OESC shareholders' agreement as restated and amended, with no priority on dissolution. Pursuant to the amended and restated Declaration of Trust which governs the Fund, the holders of Class A preference shares are entitled to vote in all votes of Unitholders as if they were the holders of the number of units that they would receive if they exercised their shareholder exchange rights. Class A preference shareholders have equal entitlement to distributions from the Fund as Unitholders.

	2009		2008	
Issued and outstanding	**Units/Shares**		Units/Shares	
Trust units				
Balance, beginning of year	**102,152,194**	**$ 341,337**	98,082,535	$ 306,387
Options exercised	**355,000**	**4,840**	345,833	4,556
Unit appreciation rights exchanged	**65,036**	**938**	17,868	237
Distribution reinvestment plan	**1,697,394**	**18,863**	536,559	7,078
Units issued	**1,336,115**	**22,313**	1,169,899	18,079
Units cancelled	**(909,700)**	**(6,603)**	–	–
Exchanged from Class A preference shares	**1,442,484**	**3,606**	2,000,000	5,000
Balance, end of year	**106,138,523**	**385,294**	102,152,194	341,337
Class A preference shares				
Balance, beginning of year	**6,706,212**	**16,766**	8,706,212	21,766
Exchanged into units	**(1,442,484)**	**(3,606)**	(2,000,000)	(5,000)
Balance, end of year	**5,263,728**	**13,160**	6,706,212	16,766
Unitholders' capital, end of year	**111,402,251**	**$ 398,454**	108,858,406	$ 358,103

Distribution reinvestment program

Under the Fund's distribution reinvestment program ("DRIP"), Unitholders holding a minimum of 100 units can elect to receive their distributions (both regular and special) in units rather than cash at a 2% discount to the simple average closing price of the units for five trading days preceding the applicable distribution payment date, providing the units are issued from treasury and not purchased on the open market.

Units cancelled

During the year, the Fund obtained approval from its Board of Directors to make a normal course issuer bid to purchase up to 9,000,000 units for the 12-month period commencing November 21, 2008 and ending November 20, 2009. A maximum of 44,754 units can be purchased during any trading day.

During the year, the Fund purchased and cancelled 909,700 units for a cash consideration of $6,603.

Units issued

During the year, the Fund issued 1,336,115 units for the 50% portion of the Special Distribution declared, to be paid in units, in the prior fiscal year.

NOTE 11 UNIT BASED COMPENSATION PLANS

(a) Unit option plan

The Fund grants awards under its 2001 unit option plan to directors, officers, full-time employees and service providers (non-employees) of Just Energy. In accordance with the unit option plan, the Fund may grant options to a maximum of 11,300,000 units. As at March 31, 2009, there were 758,666 options still available for grant under the plan. Of the options issued, 555,500 options remain outstanding at year-end. The exercise price of the unit options equals the closing market price of the Fund's units on the last business day preceding the grant date. The unit options will vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date.

A summary of the changes in the Fund's option plan during the year and status at March 31, 2009, is outlined below.

	Outstanding options	Range of exercise prices	Weighted average exercise price[1]	Weighted average grant date fair value[2]
Balance, beginning of year	970,500	$ 11.25 – $18.70	$ 14.64	
Granted	50,000	12.70	12.70	$ 0.91
Forfeited/cancelled	(110,000)	15.11 – 17.15	15.77	
Exercised	(355,000)	11.25 – 12.17	12.09	
Balance, end of year	555,500	$ 11.25 – $18.70	$ 15.88	

[1] The weighted average exercise price is calculated by dividing the exercise price of options granted by the number of options granted.

[2] The weighted average grant date fair value is calculated by dividing the fair value of options granted by the number of options granted.

2009

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$12.69 – $15.63	330,500	1.95	$ 15.05	158,700	$ 15.55
$15.90 – $18.70	225,000	1.76	17.10	154,000	17.08
Balance, end of year	555,500	1.88	$ 15.88	312,700	$ 16.30

2008

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$11.25 – $12.69	360,000	0.53	$ 12.10	356,000	$ 12.09
$15.09 – $15.63	335,500	2.72	15.46	112,600	15.61
$15.90 – $18.70	275,000	2.76	16.99	84,000	17.10
Balance, end of year	970,500	1.92	$ 14.64	552,600	$ 13.57

Options available for grant	2009	2008
Balance, beginning of year	698,666	812,666
Add: cancelled/forfeited during the year	110,000	44,000
Less: granted during the year	(50,000)	(158,000)
Balance, end of year	758,666	698,666

The Fund uses a binomial option pricing model to estimate the fair values. The binomial model was chosen because of the yield associated with the units. Fair values of employee unit options are estimated at grant date. Fair values of non-employee unit options are estimated and revalued each reporting period until a measurement date is achieved. The following weighted average assumptions have been used in the valuation for fiscal 2009:

Risk-free rate	3.13%
Expected volatility	27.31%
Expected life	5 years
Expected distributions	$1.24 per year

(b) Unit appreciation rights

The Fund grants awards under its 2004 unit appreciation rights ("UARs") plan to senior officers, employees and service providers of its subsidiaries and affiliates in the form of fully paid UARs. In accordance with the unit appreciation rights plan, the Fund may grant UARs to a maximum of 2,000,000. As at March 31, 2009, there were 374,668 UARs still available for grant under the plan. Of the UARs issued, 1,388,896 UARs remain outstanding at March 31, 2009. Except as otherwise provided (i) the UARs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the UAR grantee continues as a senior officer, employee or service provider of the Fund or any affiliate thereof; (ii) the UARs expire no later than ten years from the grant date; (iii) a holder of UARs is entitled to distributions as if a UAR were a unit; and (iv) when vested, the holder of a UAR may exchange one UAR for one unit.

UARs available for grant	2009	2008
Balance, beginning of year	804,170	78,277
Less: granted during the year	(455,215)	(284,704)
Add: increase in UARs available for grant	–	1,000,000
Add: cancelled/forfeited during the year	25,713	10,597
Balance, end of year	374,668	804,170

(c) Deferred unit grants

The Fund grants awards under its 2004 Directors' deferred compensation plan to all independent directors on the basis each director is required to annually receive $15 of his compensation entitlement in deferred unit grants ("DUGs") and may elect to receive all or any portion of the balance of his annual compensation in DUGs. In accordance with the deferred compensation plan, the Fund may grant DUGs to a maximum of 100,000. The DUGs vest on the earlier of the date of the Director's resignation or three years following the date of grant and expire ten years following the date of grant. As of March 31, 2009, there were 31,568 DUGs available for grant under the plan. Of the DUGs issued, 62,530 DUGs remain outstanding at March 31, 2009.

DUGs available for grant	2009	2008
Balance, beginning of year	56,537	71,143
Less: granted during the year	(24,969)	(14,606)
Balance, end of year	31,568	56,537

(d) Contributed surplus

Amounts credited to contributed surplus include unit based compensation awards, UARs and DUGs. Amounts charged to contributed surplus are awards exercised during the year.

Contributed surplus	2009	2008
Balance, beginning of year	$ 12,004	$ 9,633
Add: unit based compensation awards	4,098	3,076
non-cash deferred unit grants distributions	55	35
Less: unit based awards exercised	(1,486)	(740)
Balance, end of year	$ 14,671	$ 12,004

Total amounts credited to Unitholders' capital in respect of unit options and deferred unit grants exercised or exchanged during the year ended March 31, 2009, amounted to $5,778 (2008 – $4,793).

Cash received from options exercised for the year ended March 31, 2009, amounted to $4,293 (2008 – $4,053).

NOTE 12 FINANCIAL INSTRUMENTS

(a) Fair value

The Fund has a variety of gas and electricity supply contracts that are captured under CICA Handbook Section 3855, Financial Instruments – Measurement and Recognition. Fair value is the estimated amount that Just Energy would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity and gas swap and forward contracts using a discounted cash flow method which employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile, thus leading to volatility in the mark to market values, but there is no impact to cash flows. Gas options have been valued using the Black option value model using the applicable market forward curves and the implied volatility from other market-traded gas options.

Effective July 1, 2008, the Fund ceased the utilization of hedge accounting. Accordingly, all the mark to market changes on the Fund's derivative instruments are recorded on a single line on the consolidated statements of operations. Due to the commodity price volatility and size of the Fund, the quarterly swings in mark to market on these positions will increase the volatility in the Fund's earnings.

The following table illustrates the (gains)/losses related to the Fund's derivative financial instruments classified as held-for-trading, recorded against other assets and other liabilities with their offsetting values recorded in change in fair value of derivative instruments.

Change in fair value of derivative instruments

	For the year ended March 31, 2009	For the year ended March 31, 2009 (USD)	For the year ended March 31, 2008	For the year ended March 31, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	$ 223,191	$ n/a	$ 5,635	$ n/a
Renewable energy certificates (ii)	527	n/a	(854)	n/a
Options (iii)	(4,847)	n/a	530	n/a
Physical gas forward contracts (iv)	771,300	n/a	–	n/a
Transportation forward contracts (v)	(5,059)	n/a	–	n/a
United States				
Fixed-for-floating electricity swaps (vi)	96,031	84,666	–	–
Physical electricity forwards (vii)	130,911	116,116	–	–
Unforced capacity forward contracts (viii)	5,249	4,730	39	42
Renewable energy certificates (ix)	(104)	(68)	(75)	(75)
Verified emission-reduction certificates (x)	8	–	–	–
Options (xi)	790	1,068	(139)	(264)
Physical gas forward contracts (xii)	336,831	299,516	–	–
Transportation forward contracts (xiii)	(6,252)	(4,992)	–	–
Fixed financial swaps (xiv)	(242)	(191)	–	–
Heat rate swaps (xv)	(251)	(228)	–	–
Foreign exchange forward contracts (xvi)	978	n/a	(4,772)	n/a
Amortization of deferred unrealized gains of discontinued hedges	(211,776)		3,244	
Change in fair value of derivative instruments	$ 1,337,285		$ 3,508	

The following table illustrates the (gains)/losses representing the ineffective portion of the Fund's designated hedges prior to July 1, 2008, recorded against other assets and other liabilities with their offsetting values recorded in change in fair value of derivative instruments.

Change in fair value of derivative instruments

	For the year ended March 31, 2009	For the year ended March 31, 2009 (USD)	For the year ended March 31, 2008	For the year ended March 31, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	$ (476)	$ n/a	$ (3,116)	$ n/a
United States				
Fixed-for-floating electricity swaps (vi)	167	164	439	423
Change in fair value of derivative instruments	(309)		(2,677)	
Total change in fair value of derivative instruments	$ 1,336,976		$ 831	

The following table illustrates the (gains)/losses related to the Fund's designated hedges prior to July 1, 2008, recorded against other assets and other liabilities with their offsetting values recorded in other comprehensive income.

Other comprehensive income ("OCI")

		Fiscal 2009		Fiscal 2008
	OCI – For the year ended March 31, 2009	OCI – For the year ended March 31, 2009 (USD)	OCI – For the year ended March 31, 2008	OCI – For the year ended March 31, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	$ (75,354)	$ n/a	$ 103,531	$ n/a
Renewable energy certificates (ii)	–	n/a	–	n/a
Options (iii)	–	n/a	–	n/a
Physical gas forward contracts (iv)	(313,071)	n/a	40,317	n/a
Transportation forward contracts (v)	(5,958)	n/a	(3,164)	n/a
United States				
Fixed-for-floating electricity swaps (vi)	(40,473)	(39,808)	(18,822)	(18,745)
Physical electricity forwards (vii)	(30,573)	(30,071)	(13,811)	(14,344)
Unforced capacity forward contracts (viii)	(4,743)	(4,665)	–	–
Renewable energy certificates (ix)	–	–	–	–
Verified emission-reduction certificates (x)	–	–	–	–
Options (xi)	–	–	–	–
Physical gas forward contracts (xii)	(124,760)	(122,711)	(43,133)	(44,576)
Transportation forward contracts (xiii)	7,022	6,907	–	–
Fixed financial swap (xiv)	–	–	–	–
Heat rate swaps (xv)	–	–	–	–
Foreign exchange forward contracts (xvi)	–	n/a	–	n/a
Amortization of deferred unrealized gains of discounted hedges	(4,550)		(3,244)	
Other comprehensive income	$ (592,460)		$ 61,674	

The following table summarizes the nature of the financial assets and liabilities recorded in the financial statements as at March 31, 2009.

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ 149,476	$ 158,289
Renewable energy certificates (ii)	94	251	–	23
Options (iii)	792	23	237	997
Physical gas forward contracts (iv)	–	–	198,329	103,734
Transportation forward contracts (v)	787	2,160	927	163
United States				
Fixed-for-floating electricity swaps (vi)	–	–	34,997	24,577
Physical electricity forwards (vii)	–	–	48,242	41,456
Unforced capacity forward contracts (viii)	19	213	366	–
Renewable energy certificates (ix)	57	191	19	48
Verified emission-reduction certificates (x)	–	–	–	–
Options (xi)	395	–	204	1,349
Physical gas forward contracts (xii)	–	–	84,010	69,627
Transportation forward contracts (xiii)	4	–	961	1,457
Fixed financial swaps (xiv)	–	869	628	–
Heat rate swaps (xv)	72	1,171	956	–
Foreign exchange forward contracts (xvi)	3,324	275	–	–
As at March 31, 2009	**$ 5,544**	**$ 5,153**	**$ 519,352**	**$ 401,720**

The following tables summarize the nature of the financial assets and liabilities recorded in the financial statements as at March 31, 2008.

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ 13,344	$ 12,517	$ 49,965	$ 139,695
Renewable energy certificates (ii)	222	632	–	–
Options (iii)	–	–	1,937	3,442
Physical gas forward contracts (iv)	125,669	36,270	–	5,228
Transportation forward contracts (v)	520	–	6,915	2,903
United States				
Fixed-for-floating electricity swaps (vi)	1,117	232	–	3,939
Physical electricity forwards (vii)	12,637	2,715	–	–
Unforced capacity forward contracts (viii)	–	–	43	–
Renewable energy certificates (ix)	10	67	–	–
Verified emission-reduction certificates (x)	–	–	–	–
Options (xi)	1,610	–	290	1,183
Physical gas forward contracts (xii)	35,832	20,875	–	–
Transportation forward contracts (xiii)	–	–	–	–
Fixed financial swaps (xiv)	–	–	–	–
Heat rate swaps (xv)	–	–	–	–
Foreign exchange forward contracts (xvi)	2,325	2,252	–	–
As at March 31, 2008	$ 193,286	$ 75,560	$ 59,150	$ 156,390

The following table summarizes financial instruments classified as held for trading as at March 31, 2009, to which the Fund is committed:

	Contact type	Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
	Canada						
(i)	Fixed-for-floating electricity swaps*	0.0001–35 MWh	13,464,104 MWh	April 1, 2009 – August 1, 2015	$55.24–$128.13	($307,765)	$1,012,783
(ii)	Renewable energy certificates	10–26,100 MWh	499,322 MWh	Dec. 31, 2009 – Dec. 31, 2014	$3.00–$9.00	$322	$2,284
(iii)	Options	46–40,500 GJ/month	8,711,942 GJ	April 30, 2009 – Feb. 28, 2014	$5.50–$13.20	($419)	$15,145
(iv)	Physical gas forward contracts	0.14–4,809 GJ/day	155,443,652 GJ	April 30, 2009 – April 30, 2015	$3.56–$10.00	($302,063)	$1,240,440
(v)	Transportation forward contracts	33–15,500 GJ/day	85,858,757 GJ	April 1, 2009 – October 31, 2013	$0.01–$1.68	$1,857	$79,189
	United States						
(vi)	Fixed-for-floating electricity swaps	0.10–14.70 MWh	1,868,707 MWh	April 30, 2009 – March 31, 2014	$54.24–$172.48 (US$43.00–$136.75)	($59,574) (US ($47,232))	$219,344 (US$173,903)
(vii)	Physical electricity forwards	1.0–25.0 MWh	3,437,488 MWh	April 1, 2009 – May 31, 2014	$28.25–$139.06 (US$22.40–$110.25)	($89,698) (US ($71,116))	$300,023 (US$237,868)
(viii)	Unforced capacity fixed physical contract	1.1–112.4 MW Cap	214 MW Cap	April 30, 2009 – April 30, 2009	$378.39–$945.98 (US$300–$750)	($11) (US ($9))	$165 (US$131)
(viii)	Unforced capacity forward contracts	5–40 MW Cap	2,180 MW Cap	April 30, 2009 – Nov. 30, 2012	$3,784–$10,091 (US$3,000–$8,000)	($123) (US ($97))	$14,650 (US$11,165)
(ix)	Renewable energy certificates	2,000–40,000 MWh	474,400 MWh	Dec. 31, 2009 – Dec. 31, 2013	$5.80–$28.38 (US$4.60–$22.50)	$181 (US$143)	$4,626 (US$3,668)
(x)	Verified emission-reduction certificates	10,000 Tonnes	60,000 Tonnes	Dec. 31, 2009 – Dec. 31, 2012	$10.41 (US$8.25)	$ – (US$ –)	$624 (US$495)
(xi)	Options	5–73,000 mmBTU/month	7,598,033 mmBTU	April 30, 2009 – May 31, 2013	$6.94–$17.41 (US$5.50–$13.80)	($1,158) (US ($919))	$16,812 (US$13,329)
(xii)	Physical gas forward contracts	5–4,207 mmBTU/day	47,425,538 mmBTU	April 30, 2009 – April 30, 2014	$4.10–$14.98 (US$3.25–$11.88)	($153,637) (US ($121,808))	$509,151 (US$403,672)
(xiii)	Transportation forward contracts	380–10,500 mmBTU/day	33,370,625 mmBTU	April 1, 2009 – Jan. 31, 2013	$0.01–$0.76 (US$0.01–$0.60)	($2,414) (US ($1,914))	$6,997 (US$5,547)
(xiv)	Fixed financial swap	100–4,500 mmBTU/day	4,116,400 mmBTU	Nov. 30, 2009 – May 31, 2014	$7.62–$9.13 (US$6.04–$7.24)	($241) (US$191)	$33,871 (US$26,854)
(xv)	Heat rate swaps	1–15 MWh	1,414,213 MWh	July 31, 2009 – May 31, 2014	$30.63–$82.22 (US$30.63–$65.19)	$287 (US$228)	$90,149 (US$71,292)
(xvi)	Foreign exchange forward contracts**	$1,982–$2,276 (US$2,000)	n/a	April 7, 2009 – April 7, 2010	$0.99–$1.1381	$3,599	$55,126 (US$52,000)

* The electricity fixed-for-floating contracts related to the Province of Alberta are predominantly load-following, wherein the quantity of electricity contained in the supply contract "follows" the usage of customers designated by the supply contract. Notional volumes associated with these contracts are estimates and subject to change with customer usage requirements. There are also load-shaped fixed-for-floating contracts in Ontario wherein the quantity of electricity is established but varies throughout the term of the contracts.

** Hedge accounting was applied to most of these forwards up to September 30, 2006. However, the hedge was de-designated and a loss of $195 for the year ended March 31, 2007, was recorded in other liabilities. As the required hedge accounting effectiveness was achieved for certain quarters of fiscal 2007, a $1,933 gain was deferred and recorded in AOCI and is being recognized in the Statement of Operations over the remaining term of each hedging relationship.

The following table summarizes the nature of financial assets and liabilities recorded in the financial statements.

	Fiscal 2009		Fiscal 2008	
	Loss on cash flow hedges transferred from other comprehensive income to the Statement of Operations	Unrealized gain recorded in other comprehensive income	Loss on cash flow hedges transferred from other comprehensive income to the Statement of Operations	Unrealized gain recorded in other comprehensive income
Canada				
Fixed-for-floating electricity swaps (i)	$ (19,208)	$ 94,562	$ (93,999)	$ (9,490)
Physical gas forward contracts and transportation forward contracts (iv)	(135,808)	454,837	(523,116)	485,965
United States				
Fixed-for-floating electricity swaps (vi)	(13,826)	54,299	(53,562)	72,339
Physical electricity forwards (vii)	(30,659)	61,232	(87,416)	101,215
Unforced capacity forward contracts (viii)	–	4,743	–	–
Physical gas forward contracts and transportation forward contracts (xi)	(26,184)	143,922	(165,012)	208,158
Amortization of deferred unrealized gains of discontinued hedges	(211,776)	–	3,244	–
Total realized and unrealized gains/(losses)	$ (437,461)	$ 813,595	$ (919,861)	$ 858,187

The estimated amortization of deferred gains and losses reported in AOCI that is expected to be amortized to net income within the next 12 months is a gain of $218,052.

(b) Classification of financial assets and liabilities

The following table represents the fair values and carrying amounts of financial assets and liabilities measured at fair value or amortized cost.

As at March 31, 2009	Carrying amount	Fair value
Cash and cash equivalents and restricted cash	$ 66,703	$ 66,703
Accounts receivable	249,480	249,480
Accounts payable and accrued liabilities, customer rebates payable, management incentive program payable and unit distribution payable	184,809	184,809
Long-term debt	76,500	76,500

For the years ended	2009	2008
Interest expense on financial liabilities not held for trading	$ 3,833	$ 5,346

The carrying value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, management incentive program payable and unit distribution payable approximate their fair value due to their short-term liquidity.

The carrying value of the long-term debt approximates its fair value as the interest payable on outstanding amounts at rates that vary with Bankers' Acceptance, LIBOR, Canadian bank prime rate or U.S. prime rate.

(c) Management of risks arising from financial instruments

The risks associated with the Fund's financial instruments are as follows:

(i) Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Fund is exposed are discussed below.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in U.S. operations.

A portion of Just Energy's earnings is generated in U.S. dollars and is subject to currency fluctuations. The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's earnings. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure in the future to U.S. fluctuations than in prior years.

The Fund may, from time to time, experience losses resulting from fluctuations in the values of these foreign currencies, which could adversely affect operating results.

With respect to translation exposure, as at March 31, 2009, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar, assuming that all the other variables had remained constant, net income for the year ended March 31, 2009, would have been $20,295 higher/lower and other comprehensive income would have been $4,289 lower/higher.

Interest rate risk

Just Energy is also exposed to interest rate fluctuations associated with its floating rate credit facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments.

The Fund's exposure to interest rate risk is relatively immaterial and temporary in nature. As such, the Fund does not believe that this long-term debt exposes it to material financial risks and has determined that there is no need to set out parameters to actively manage this risk.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) in income before taxes for the year ended March 31, 2009, of approximately $270.

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of the estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand in Canadian dollars and thereby fix margins such that Unitholder distributions can be appropriately established. Derivative instruments are generally transacted over the counter. These derivative financial instruments create a credit risk for Just Energy since they have been transacted with a limited number of counterparties. Should any counterparty be unable to fulfill its obligations under the contracts, Just Energy may not be able to realize the other asset balance recognized in the financial statements. The inability or failure of Just Energy to manage and monitor the above market risks could have a material adverse effect on the operations and cash flows of Just Energy.

Other assets and other liabilities on the consolidated balance sheets represent the fair value of the derivative instruments. As a result of commodity volatility and the size of the Fund, annual swings in the mark to market on the Fund's positions could have a significant impact on these balances.

As at March 31, 2009, if the electricity prices had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2009, would have increased (decreased) by $90,661 ($90,366) primarily as a result of the change in the fair value of the Fund's derivative instruments.

As at March 31, 2009, if the natural gas prices had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2009, would have increased (decreased) by $121,149 ($120,219) primarily as a result of the change in the fair value of the Fund's derivative instruments.

Changes in gas and electricity prices will not significantly impact the Fund's gross margin percentage due to its fixed-price contracts with its customers.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Just Energy is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In Alberta, Texas and Illinois, Just Energy has customer credit risk, and therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flow of Just Energy. Management factors default from credit risk in its margin expectations for Illinois, Texas and Alberta.

As at March 31, 2009, accounts receivables from Alberta, Texas and Illinois with a carrying value of $17,022 (March 31, 2008 – $14,285) were past due but not doubtful. As at March 31, 2009, the aging of the accounts receivables from Alberta, Texas and Illinois was as follows.

Current	$ 44,745
1–30 days	13,590
31–60 days	6,591
61–90 days	2,276
Over 90 days	1,221
	$ 68,423

For the year ended March 31, 2009, changes in the allowance for doubtful accounts were as follows:

Balance, beginning of period	$ 9,162
Provision for doubtful accounts	13,887
Bad debts written off	(15,075)
Others	683
Balance, end of period	$ 8,657

For the remaining markets, the LDCs provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

Counterparty credit risk

Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates thus impacting the related customer margin or replacing contracted foreign exchange at prevailing market rates impacting the related Canadian dollar denominated distributions. Counterparty limits are established within the Risk Management Policy. Any exception to these limits requires approval from the Board of Directors of OESC. The Risk Office and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of Just Energy.

As at March 31, 2009, the maximum credit risk exposure amounted to $3,617,478, representing the notional value of its derivative financial instruments and accounts receivable.

(iii) Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Fund manages this risk by monitoring detailed weekly cash flow forecasts covering a rolling six-week period, monthly cash forecasts for the next 12 months, and quarterly forecasts for the following two-year period to ensure adequate and efficient use of cash resources and credit facilities.

(iv) Supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. Just Energy has discounted the fair value of its financial assets by $2,065 to accommodate for its counterparties' risk of default. A significant portion of these gas and electricity purchases is from Shell Energy North America and its affiliates.

NOTE 13 CAPITAL DISCLOSURES

Just Energy defines capital as Unitholders' equity (excluding accumulated other comprehensive income) and long-term debt. The Fund's objectives when managing capital are to maintain flexibility between:

(i) enabling it to operate efficiently;
(ii) providing liquidity and access to capital for growth opportunities; and
(iii) providing returns and generating predictable cash flow for distribution to Unitholders.

The Fund manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable profitable growth. The Fund's capital management objectives have remained unchanged from the prior year. The Fund is not subject to any externally imposed capital requirements other than financial covenants in its credit facility, and as at March 31, 2009, all of these covenants have been met.

NOTE 14 INCOME (LOSS) PER UNIT

	2009	2008
Basic income (loss) per unit		
Net income (loss) available to Unitholders	**$ (1,107,473)**	$ 152,761
Weighted average number of units outstanding	**104,841,000**	98,830,000
Weighted average number of Class A preference shares	**5,623,000**	8,701,000
Basic units and shares outstanding	**110,464,000**	107,531,000
Basic income (loss) per unit	**$ (10.03)**	$ 1.42
Diluted income (loss) per unit		
Net income (loss) available to Unitholders	**$ (1,107,473)**	$ 152,761
Basic units and shares outstanding	**110,464,000**	107,531,000
Dilutive effect of:		
Unit options	**16,000**	115,000
Unit appreciation rights	**1,021,000**	766,000
Deferred unit grants	**45,000**	28,000
Units outstanding on a diluted basis	**111,546,000**	108,440,000
Diluted income (loss) per unit	**$ (9.93)**	$ 1.41

NOTE 15 REPORTABLE BUSINESS SEGMENTS

Just Energy operates in two reportable geographic segments, Canada and the United States. Reporting by geographic region is in line with Just Energy's performance measurement parameters. Both the Canadian and the U.S. operations have gas and electricity business segments.

Just Energy evaluates segment performance based on gross margin.

The following tables present Just Energy's results by geographic segment:

2009	Canada	United States	Consolidated
Sales gas	$ 814,275	$ 343,889	$ 1,158,164
Sales electricity	518,388	222,661	741,049
Sales	$ 1,332,663	$ 566,550	$ 1,899,213
Gross margin	$ 231,720	$ 91,096	$ 322,816
Amortization of gas contracts	710	–	710
Amortization of electricity contracts	178	2,706	2,884
Amortization of capital assets	4,660	440	5,100
Other operating expenses	89,889	55,995	145,884
Income before the undernoted	136,283	31,955	168,238
Interest expense	2,479	1,378	3,857
Change in fair value of derivative instruments	872,402	464,574	1,336,976
Other income	(7,574)	(30)	(7,604)
Non-controlling interest	(58)	–	(58)
Recovery of income tax	(1,971)	(55,489)	(57,460)
Net loss	$ (728,995)	$ (378,478)	$ (1,107,473)
Additions to capital assets	$ 6,169	$ 176	$ 6,345
Total goodwill	$ 94,576	$ 22,485	$ 117,061
Total assets	$ 368,873	$ 166,882	$ 535,755

2008	Canada	United States	Consolidated
Sales gas	$ 785,788	$ 247,463	$ 1,033,251
Sales electricity	544,278	161,161	705,439
Sales	$ 1,330,066	$ 408,624	$ 1,738,690
Gross margin	$ 220,247	$ 54,553	$ 274,800
Amortization of gas contracts	177	–	177
Amortization of electricity contracts	1,284	6,100	7,384
Amortization of capital assets	3,647	1,463	5,110
Other operating expenses	66,438	52,175	118,613
Income (loss) before the undernoted	148,701	(5,185)	143,516
Interest expense	2,174	3,172	5,346
Change in fair value of derivative instruments	(566)	1,397	831
Other income	(680)	(241)	(921)
Recovery of income tax	(3,353)	(11,148)	(14,501)
Net income	$ 151,126	$ 1,635	$ 152,761
Additions to capital assets	$ 7,143	$ 699	$ 7,842
Total goodwill	$ 94,576	$ 21,570	$ 116,146
Total assets	$ 520,384	$ 188,731	$ 709,115

NOTE 16 GUARANTEES

(a) Officers and directors

Corporate indemnities have been provided by the Fund to all directors and certain officers of its subsidiaries and affiliates for various items including, but not limited to, all costs to settle suits or actions due to their association with the Fund and its subsidiaries and/or affiliates, subject to certain restrictions. The Fund has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Each indemnity, subject to certain exceptions, applies for so long as the indemnified person is a director or officer of one of the Fund's subsidiaries and/or affiliates. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Operations

In the normal course of business, the Fund and/or the Fund's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require the Fund and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these guarantees is estimated to be $77,000.

NOTE 17 COMMITMENTS

Commitments for each of the next five years and thereafter are as follows:

	Premises and equipment leasing	Master Services Agreement with EPCOR	Long-term gas & electricity contracts with various suppliers
2010	$ 5,499	$ 10,111	$ 1,343,509
2011	4,877	13,233	1,014,596
2012	4,273	7,861	646,924
2013	2,937	–	376,666
2014	2,097	–	154,508
Thereafter	5,815	–	12,852
	$ 25,498	$ 31,205	$ 3,549,055

Just Energy is also committed under long-term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

NOTE 18 CONTINGENCIES

During the prior year, the Citizen's Utility Board, AARP and Citizen Action/Illinois filed a complaint before the Illinois Commerce Commission alleging claims that independent sales agents used deceptive practices in their sale of Just Energy contracts to Illinois customers. Just Energy has commenced discussions with the various parties to address and defend the allegations and intends to seek a constructive resolution to the matter.

At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation is not determinable; however, an estimated amount has been recorded in these consolidated financial statements as at March 31, 2009.

NOTE 19 ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2009	2008
Changes in:		
Accrued gas accounts payable	$ 2,857	$ 5,465
Unbilled revenues	(10,480)	(8,085)
	$ (7,623)	$ (2,620)

NOTE 20 CHANGES IN NON-CASH WORKING CAPITAL

	2009	2008
Accounts receivable	$ (17,251)	$ (14,887)
Gas in storage	(1,288)	1,609
Prepaid expenses	381	(134)
Corporate taxes recoverable	4,447	1,661
Accounts payable and accrued liabilities	20,131	(694)
Management incentive program payable	(1,142)	981
Inventory	(229)	–
Other	1,132	(415)
	$ 6,181	$ (11,879)

NOTE 21 COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain figures from the comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

NOTE 22 SUBSEQUENT EVENT

On April 22, 2009, Just Energy and Universal Energy Group Ltd. ("UEG") jointly announced that they have entered into a definitive agreement pursuant to which Just Energy will propose to acquire all of the outstanding common shares of UEG. The plan of arrangement provides for a share exchange through which each outstanding share of UEG will be exchanged for 0.58 of a share of a subsidiary of Just Energy, which will be exchangeable into one Just Energy trust unit at any time at the option of the holder, for no additional consideration. The transaction will result in a corresponding adjustment to the conversion feature of UEG's outstanding 6% convertible unsecured subordinated debentures (TSX: UEG.DB) in accordance with their terms.

The transaction is expected to close in early July and is subject to certain conditions including approval of UEG shareholders, compliance with the Competition Act, approval of Just Energy's lenders, and satisfaction of other customary approvals including regulatory, stock exchange and court approvals.

During the prior year, the Attorney General for Illinois filed a complaint against JE Illinois (the "Illinois AG Complaint"). The Illinois AG Complaint alleged that independent sales agents used deceptive practices in their sale of Just Energy contracts to Illinois customers. On May 12, 2009, a settlement of the action was reached subject to court approval. Under this settlement, JE Illinois will comply with several consumer safeguards, many of which JE Illinois has practiced for more than a year. In addition, $1,000 will be made available to a limited number of customers in settlement of claims.

CORPORATE INFORMATION

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Shares listed

Toronto Stock Exchange
Trading symbol: JE.UN
(Formerly SIF.UN)

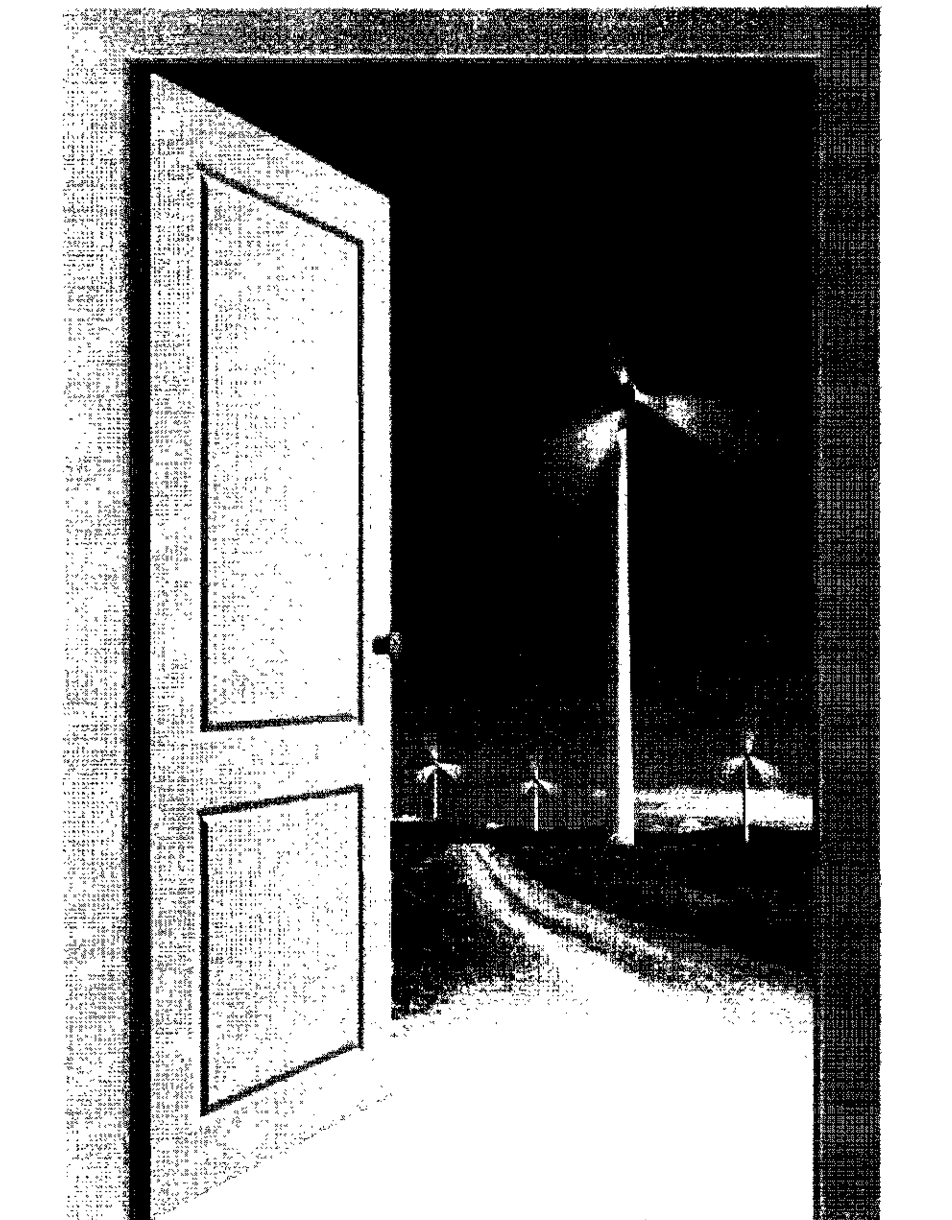
Annual General Meeting

Thursday, June 25, 2009
4:00 p.m.
TSX Broadcast Centre
130 King Street West, Toronto, ON

www.justenergy.com

Concept and Design: THE WORKS www.worksdesign.com Executive Photography: Matthew Plexman

LEADING THE WAY » ANNUAL REPORT 2010



just energy™

How do you become a Leader?

In fiscal 2010, Just Energy showed why it continues to be the leading company in its industry. We have –

Revitalized

the independent sales force resulting in the aggregation of a record 505,000 customers in the United States and Canada

Integrated

Universal Energy with its 430,000 customers, saving more than $10 million in annual combined general and administrative ("G&A") costs

Expanded

into new markets and new sales channels

Became

one of the largest competitive retailers of green energy in North America

Embraced

innovative new products

Delivered

on our commitments to customers and investors

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price and price-protected contracts. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers.

The Fund also offers green products through its JustGreen program. The electricity JustGreen product offers the customer the option of having all or a portion of his or her electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits which will allow the customer to reduce or eliminate the carbon footprint for their home or business. Management believes that these products will not only add to profits but will also increase sales receptivity and improve renewal rates.

In addition, through National Home Services, the Fund sells and rents high efficiency and tankless water heaters. NHS began offering the rental of air conditioners and furnaces to Ontario residents in the fourth quarter of fiscal 2010. Through its subsidiary Terra Grain Fuels, the Fund produces and sells wheat-based ethanol.

2010 HIGHLIGHTS

Customer base reached 2,293,000 residential customer equivalents ("RCEs"), up 28% year over year. Gross additions through marketing (excluding acquired customers) were 505,000, up 36% from 372,000 in fiscal 2009, and up 61% from 313,000 in fiscal 2008.

Net customer additions through marketing were 73,000 for the year, up from 57,000 last year. The continued weak U.S. economy resulted in U.S. natural gas attrition of 30%, far higher than the Fund's target of 20%.

Sales (seasonally adjusted) up 24% to $2.3 billion. Gross margin (seasonally adjusted) of $425.9 million, up 35% year over year (16% per unit).

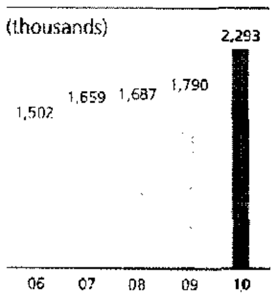
Distributable cash after gross margin replacement of $230.0 million ($1.78 per unit), up 18% year over year (2% per unit). Distributable cash after all marketing of $197.0 million, up 16%.

Continued success of JustGreen, with 39% of new customers taking an average of 81% green supply under the program.

Acquired Hudson Energy Services, a New York-based natural gas and electricity marketer to commercial customers with approximately 680,000 customers in four states effective May 1, 2010. The acquisition was funded through the issuance of $330 million 6% convertible debentures.

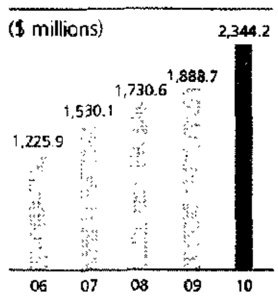
TOTAL CUSTOMERS

2,293,000



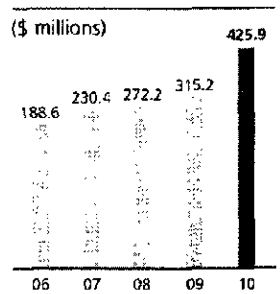
SEASONALLY ADJUSTED SALES

$2,344.2 million



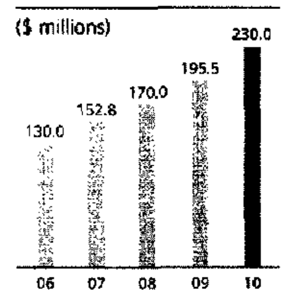
SEASONALLY ADJUSTED GROSS MARGIN

$425.9 million

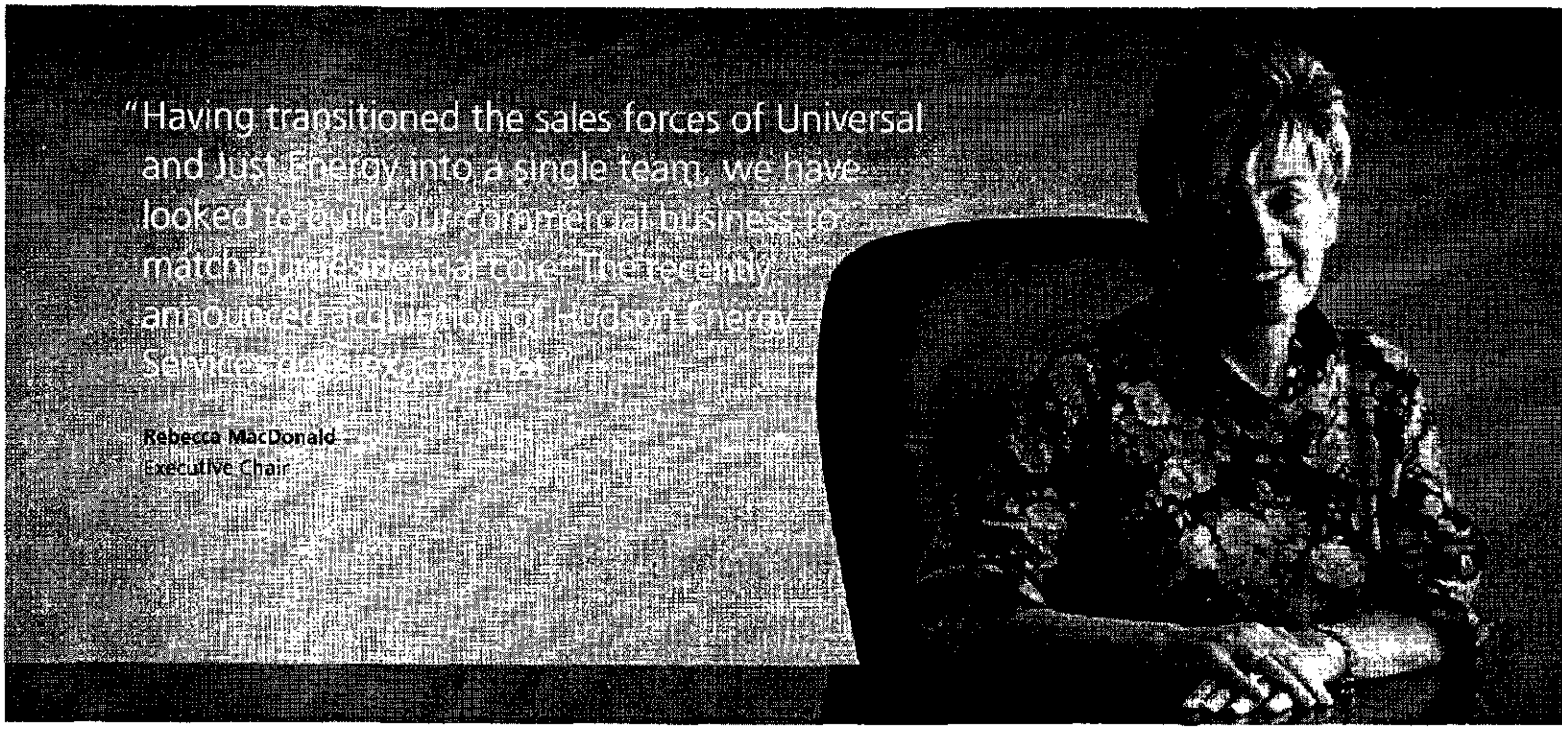


DISTRIBUTABLE CASH AFTER GROSS MARGIN REPLACEMENT

$230.0 million



MESSAGE FROM THE EXECUTIVE CHAIR



Dear fellow Unitholders:
It is with great pride that we report our results for the year ended March 31, 2010. For the ninth consecutive annual report, Just Energy has generated growing distributable cash and distributions to our Unitholders. Our theme this year is Leadership, a goal Just Energy pursues in every market we enter.

The year had a number of highlights. The acquisition of Universal Energy Group was the largest in the history of Just Energy. Universal had been our most aggressive competitor in our key markets and was the prime alternative for prospective sales contractors. Universal also had a start-up water heater sales and rental business and a new ethanol business.

When we made the acquisition, we said it would be accretive to Unitholders and it is accretive. We said we would reduce our combined general and administrative cost base by $10 million per year through the elimination of overlap expenses. We have reduced costs by more than $10 million.

We said we would bring production at the ethanol plant toward full capacity, up from 60%. The plant now is operating at over 73% of total production capacity with further improvements to come. We said the water heater business would be a profitable new product line. Now self-financing, National Home Services is well on its way to being a $100 million business.

Having transitioned the sales forces of Universal and Just Energy into a single team, we have looked to build our commercial business to match our residential core. The recently announced acquisition of Hudson Energy Services does exactly that. Hudson specialized in the aggregation of commercial customers through the broker sales channel in four U.S. states, a marketing channel not utilized much by Just Energy. Hudson grew rapidly building a base of 680,000 customers, 85% of which are commercial.

Hudson brings advanced systems and a strong broker network, which will enable the Just Energy sales force to improve its penetration of commercial customers in Canada as well as in new U.S. markets, which will be ready for entry in fiscal 2011 and beyond. With the acquisition, we have established ourselves as leaders both in residential and commercial marketing in every jurisdiction in which we operate.

Not only does Hudson bring strategic value and customers, but with the US$304 million price we paid, the acquisition will be immediately accretive to Unitholders.

EXPANDED COMMERCIAL CUSTOMER BASE
(thousands of total customers)

	Just Energy	Hudson
Canada – Commercial	581	
Canada – Residential	913	
U.S. – Commercial	192	590
U.S. – Residential	607	90
Total	2,293	680

WHAT WE PROMISED FOR FISCAL 2010	WHAT WE DELIVERED IN FISCAL 2010
A larger, stronger sales force	**Added a record 505,000 new customers**
Increase per unit seasonally adjusted gross margin and distributable cash after gross margin replacement by 5% to 10%	**Increased per unit seasonally adjusted gross margin by 16% and distributable cash after gross margin replacement by 2%**
Combine operations with Universal and generate $10 million in annual general and administrative ("G&A") savings	**Smooth amalgamation of Universal's 480,000 customer base with annual G&A savings in excess of $10 million**
Increase penetration of the commercial market	**Acquired Hudson Energy Services effective May 1, 2010 and its 680,000 customers, 85% of which are commercial**

Conversion to a corporation

As you are aware, Unitholders will be asked to approve the conversion of Just Energy from an income trust to a high-dividend-paying corporation at the Fund's Annual and Special Meeting of Unitholders scheduled for June 29, 2010.

This is a major step forward for Just Energy. We have advised our Unitholders of our intention to convert to a corporate structure for several quarters and stated that we hoped to be able to do so without the need to reduce the pre-tax monthly cash payout whether it is in the current form of distribution or the future form of monthly dividends. I am pleased to say we should be able to do so.

Upon completion of the reorganization, the Board intends to implement a dividend policy where monthly dividends will be initially set at $0.1033 per share ($1.24 annually), equal to the current distributions paid to Just Energy Unitholders.

In anticipation of the need for conversion, the Fund has not increased its rate of distribution since early 2008, despite substantial growth in its business. The decision not to continue distribution increases and the continued growth of Just Energy have given your Fund the flexibility to pay a dividend equal to the current monthly distributions following the reorganization.

As I write this letter, our unit price fails to reflect Just Energy's real value. While our Unitholders have received predictable and growing distributions throughout the history of your Fund, the unit price has seldom reflected the growth and income inherent in Just Energy. It is my hope that the conversion from an income trust to a high-yielding corporation will result in a broader potential investor base and more careful scrutiny of the value of Just Energy.

In the past year, we paid out over $187 million in distributions. At the same time, we continued to build long-term value. The future value of our contracted margins contained within our customer book grew by 18% year over year to $1.2 billion, despite a sharp decline in the U.S. dollar, and the resulting reduction in the value of our fast-growing U.S. customer book. Consistent with our track record, Just Energy has again paid out a substantial yield and, again, built value in our business.

This value should be recognized by equity investors, and the conversion of your Fund should be the catalyst for a fairer valuation of your unit/share interests.

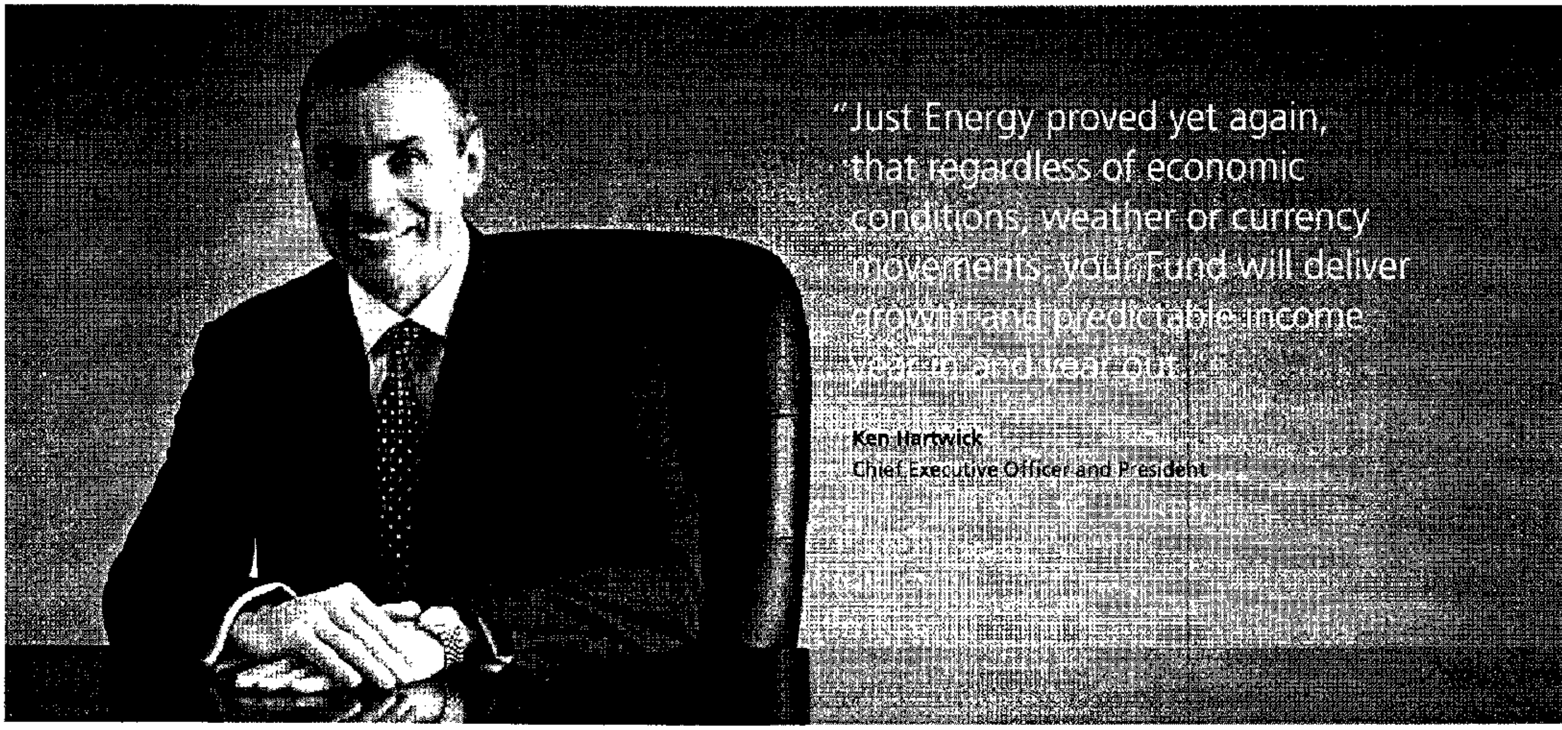
Thank you for your support.

Yours truly,

(signed)

Rebecca MacDonald
Executive Chair

MESSAGE FROM THE CEO



Dear fellow Unitholders:

As Rebecca MacDonald has noted, fiscal 2010 was a year in which Just Energy proved yet again, that regardless of economic conditions, weather or currency movements, your Fund will deliver growth and predictable income year in and year out.

The most important factor in our success was the rejuvenation of our sales force. As noted in past messages, a tight labour market had seen our force of independent contractors fall to a low of 400 from almost 580 in 2008. We have renewed our efforts in recruiting and have successfully amalgamated the Universal sales force with ours, leading to a year-end contractor count of over 1,100, an increase from 800 at the start of fiscal 2010.

The result was a record 505,000 customer additions through our independent sales contractors, up 36% from fiscal 2009 and 61% from fiscal 2008. The chart on the following page shows how Just Energy has turned around its marketing.

While adding customers is a vital aspect of our business, retaining existing customers is every bit as important. Fiscal 2010 was very challenging for the Fund. Weak economic conditions were in place throughout the year in our key northern U.S. markets. Levels of home foreclosures remained at record levels, and we chose to return many customers to utility system supply because they were unable to pay their utility bills, often because of lost employment. The result was a 30% attrition rate for our U.S. gas customer base, far above our target of 20%.

Along with our growth in customer aggregation, came growth in our sale of JustGreen electricity and gas products. A total of 39% of our new customers elected green supply for an average of 81% of their commodity consumption. While JustGreen remains a small portion of our overall book, it is more than doubling each year. JustGreen contracts are significantly more profitable than "brown" contracts and reflect the strong desire of consumers to do their part to support renewable generation.

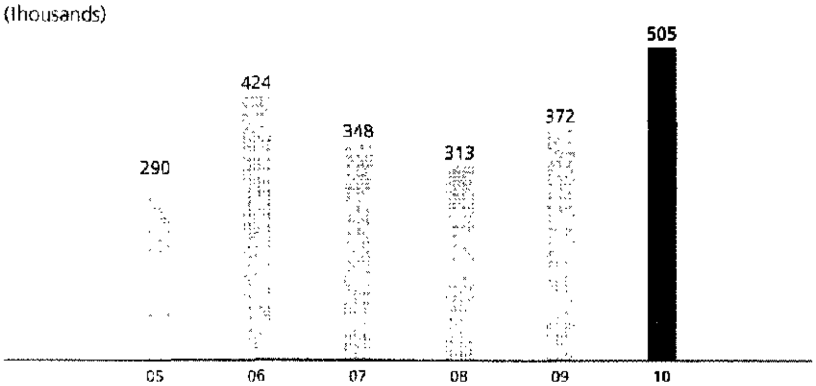
Here are some other examples of what our team delivered in fiscal 2010:

- **Increased margin per new customer.** Our fiscal 2010 new customer margin averaged $208 per year. That is an increase of 11% over the fiscal 2009 margin of $187 per year and 22% over the fiscal 2008 margin of $171 per year. Driving this improvement was the tremendous success and acceptance of our JustGreen products.
- **Managed bad debt expense.** With the recession taking its toll on customers in those markets where we bear credit risk, our bad debt losses crept up above our 2% to 3% target in the third quarter of fiscal 2010. I am happy to report that careful screening of our existing customer base and prudent review of potential new customers have brought losses back down to an average of 2.8% for the year.

CUSTOMERS ADDED THROUGH MARKETING

505,000, up 36% from 2009

(thousands)



Excluding acquired customers (2008 – 29,000; 2009 – 46,000; 2010 – 430,000).

- **Built a substantial water heater business.** Just Energy purchased a newly founded, yet successful, water heater sale and rental business called National Home Services ("NHS"). While still in its early stages, we have gone from an installed base of 1,700 water heaters at year-end last year to 77,000 installed at the end of fiscal 2010. Combined with a non-recourse financing program entered in January, NHS is a self-funding second-growth engine for Just Energy. We believe tremendous value is being built in this business.

Despite these positive outcomes, our distributable cash after gross margin replacement growth at 2% per unit was not at the level we expected. While this growth comfortably supported our $1.24 annual distribution, it was below our initial growth expectations. The lower distributable cash growth resulted from a combination of economy-driven high attrition, a record warm winter, start-up costs at NHS and Terra Grain Fuels, taxes paid in the U.S. and for Universal entities, as well as the decline of the U.S. dollar.

As we approach fiscal 2011, our last year as an income trust, we are at a key point in the history of Just Energy. We have built a solid base in the U.S. and expect sales and cash flow from that market will exceed the Canadian market next year. Our sound base and diverse footprint has allowed us to smoothly integrate Universal. The same is expected with Hudson Energy. We expect other opportunities to add customers will be available in years to come.

What Just Energy will deliver in fiscal 2011

The acquisition of Hudson is the largest yet taken on by Just Energy. It is too early to say what the exact impact will be in the first year of joint operation, but we are confident that the result will be accretion both in the first and subsequent years as we accelerate our growth in the commercial market.

Overall, we are confident that 5% to 10% growth in distributable cash after margin replacement on a fully diluted basis is a reasonable expectation for the coming year. As always, Just Energy remains a growth company.

I look forward to seeing as many of you as possible at our Annual Meeting on June 29, 2010.

Yours truly,

(signed)

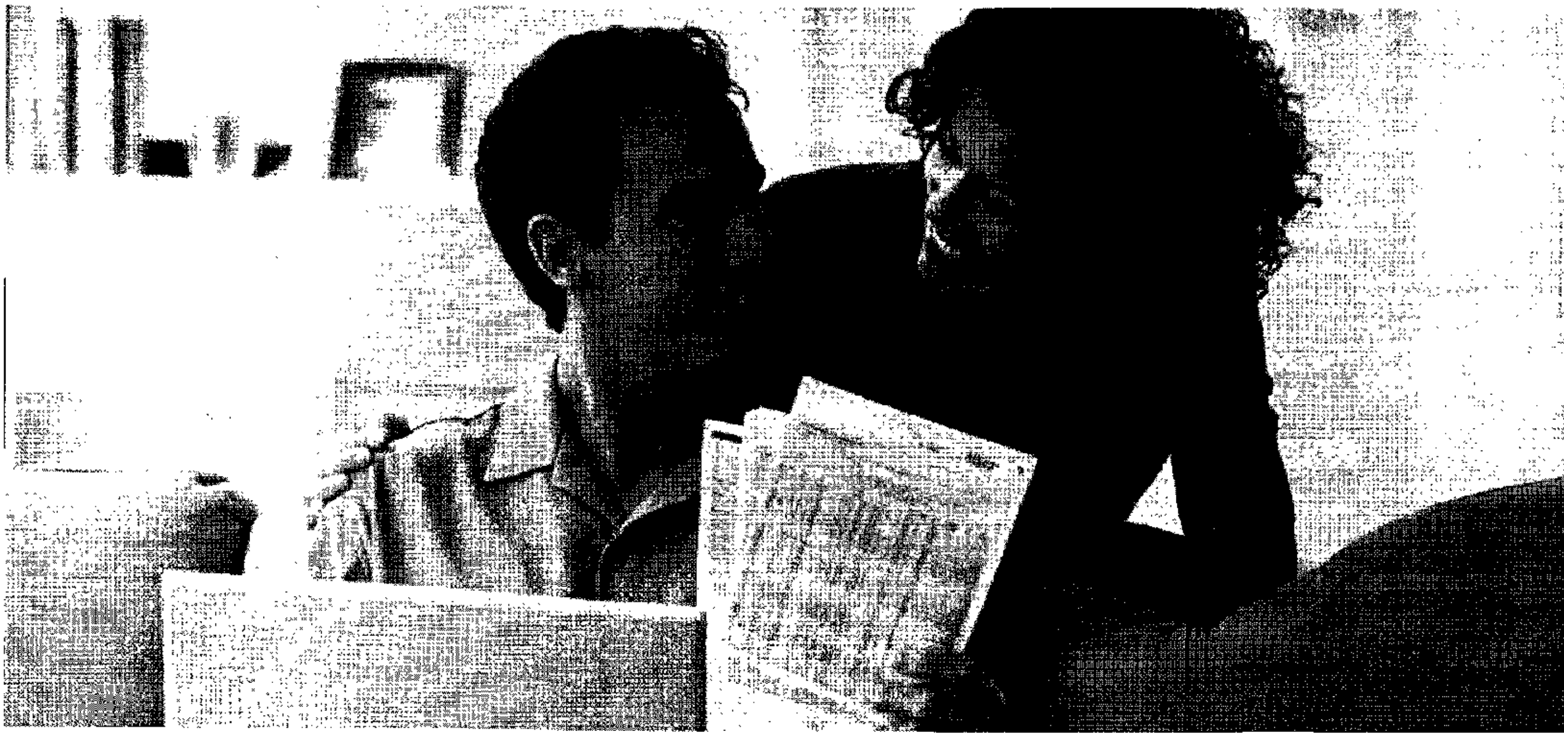
Ken Hartwick
Chief Executive Officer

BEING A LEADER

Since its inception in 1997, Just Energy has built itself into a multi-billion dollar company and emerged as a leader in the deregulated utility services market.

Deregulation opened natural gas and electricity markets and as competitors have come and gone, Just Energy has prospered and grown. We have regularly expanded into new markets, increased our customer base, improved gross margins, built up our sales force and added new product lines – while providing our investors with stable and growing returns. Today, we are the dominant energy supplier in every region in which we compete. We are one of the largest competitive retailers of green energy in North America. We have consolidated Universal Energy as an accretive acquisition and have just completed a second purchase, Hudson Energy Services. We are poised for accelerated growth.

GENERATING GROWTH



Strong operating performance

We have always considered Just Energy a unique growth company and have the track record to prove it. Consistent expansion has been achieved by building our customer base and making strategic acquisitions.

In 2010, we added a record 505,000 new customers, a 36% increase over the number added through marketing in fiscal 2009. A further 430,000 customers came through the Universal acquisition bringing our net customer increase to 28% year over year. Customer additions remain at record levels and we are looking at further geographic expansion in fiscal 2011.

Strong sales performance in the year was in part offset by continued high attrition in the U.S., where the number of home foreclosures and customers who could no longer pay their utility bills remained at unprecedented levels. Higher than targeted attrition has reduced what would have been otherwise strong customer growth for the year.

Seasonally adjusted gross margin increased by 35% (16% per unit), with an 11% increase in average margin per new customer over fiscal 2009 and a 22% increase over fiscal 2008. This was largely due to growing sales of our profitable JustGreen electricity and gas products.

Distributable cash after gross margin replacement was up 18% (2% per unit) due to our continued growth, offset by higher taxes, a record warm winter reducing gas consumption, start-up costs at National Home Services ("NHS") and Terra Grain Fuels ("TGF") as well as the decline of the U.S. dollar.

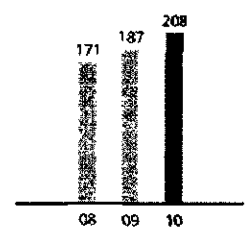
Stable investor returns

In fiscal 2010, Just Energy proved once again to be a resilient engine of growth and income despite weak economic conditions. We declared a Special Distribution of $0.20 per unit, over and above our regular $0.1033 monthly distribution. We also announced our intent to maintain our current annual payout of $1.24 per unit as a dividend following conversion of the income fund to a corporation in fiscal 2011. Just Energy is one of the very few trusts in a position to do so.

AVERAGE GROSS MARGIN PER NEW CUSTOMER ADDED

$208

(in dollars per year)



BECOMING GREENER

Leading green retailer

Just Energy has become one of the largest competitive retailers of green electricity in North America, selling more than 564,000 megawatt hours ("MWh") in fiscal 2010 alone. To date, our JustGreen carbon offset program offset more than 136,000 tonnes of carbon emissions.

While our green energy customers are still a small proportion of our overall customer base, JustGreen products make up the fastest-growing segment of our business. JustGreen electricity delivered volumes rose 250% over 2009 and JustGreen gas delivered volumes were up 285%. For the year, 39% of new customers elected green supply, taking on average 81% of their consumption through JustGreen products.

JustGreen products drive environmentally responsible energy consumption. The electricity product gives customers the option to have all or a portion of their electricity sourced from renewable sources such as wind, run of the river hydro or biomass. With the gas product, customers can purchase carbon offset credits to reduce or eliminate their carbon footprint.

For Just Energy, the JustGreen product line helps build strong relationships with customers who have willingly paid a premium for their commodity to benefit the environment. JustGreen also generates higher per customer margins. As well, it opens new doors, allowing our agents to approach homes and businesses that would not otherwise purchase from a door-to-door salesperson.

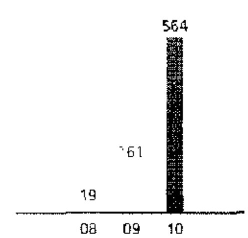
Green supply

Quality supplier relationships are critical to the success of our green energy business. In fiscal 2010, we signed a five-year agreement with Iberdrola Renewables, a world leader in wind power development, to purchase wind power produced by state-of-the-art wind farms in New York. We also established a partnership with Integrated Gas Recovery Services ("IGRS") to offer consumers in Ontario another way to reduce their carbon footprint by applying verified emission offsets from the IGRS landfill gas collection project. Just Energy will buy 50,000 metric tonnes of emissions offset per year through 2013 from the IGRS landfill.

JUSTGREEN ELECTRICITY

564,000 MWh

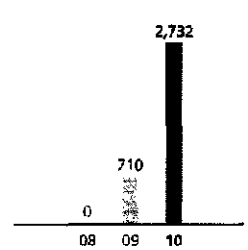
(thousands)



JUSTGREEN NATURAL GAS

2,732,000 GJ

(thousands)



OFFERING NEW PRODUCTS

Water heater sales and rentals

Just Energy aims to be the leader in bringing innovative energy options to the market. In addition to green energy products, we recently added energy-efficient home products and services, offered by our National Home Services division in Ontario.

National Home Services specializes in leasing high-efficiency natural gas water heaters. By renting a water heater, customers get a new water heater that is *usually more* energy efficient than their existing unit and they pay one monthly charge for rental and service. Similar to our core electricity and natural gas offerings, the water heater program offers peace of mind and superior service.

A growing part of the business is in tankless water heaters which save energy and reduce costs by heating water only when it is needed. Unlike a traditional tank-style heater, when the demand for water ceases, the unit shuts down and uses no energy. Tankless heaters have been the standard in Europe and Asia for decades and are becoming more common in North America with rising consumer interest in energy conservation. In addition, National Home Services recently began offering the rental of air conditioners and furnaces to Ontario residents.

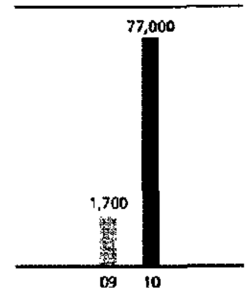
Promising start

Just Energy's water heater business was launched in fiscal 2009. By year-end 2010, we had already installed 77,000 units, bolstered by the addition of Universal's water heater business and sales force. While Canadian sales of our core electricity and natural gas products were slow for the year, independent contractors were redeployed into the National Home Services division.

Recognizing National Home Services as a stable and profitable long-term addition to our product portfolio, we entered into a long-term financing agreement with Home Trust Company in fiscal 2010. The agreement positions the business for rapid growth, as a self-financing, freestanding unit.

INSTALLED WATER HEATERS

77,000



EXPANDING REACH

Revitalized sales force

Maintaining and growing quality sales and customer service people is key to the long-term growth of the company.

Our team of independent sales contractors has proven that door to door remains at the core of signing up customers. Our sales people educate consumers on the benefits of energy deregulation, inform them of the various energy options available to them, and ensure that they understand and feel good about what they are buying from us. Over the past three years, we increased the number of sales agents from a low of 400 in 2008 to more than 1,100 today. We also invested heavily in training, supporting and rewarding our independent contractors.

In fiscal 2010, we expanded our customer service operations, adding over 100 people and opening a new call centre in Texas, our fastest-growing market. In addition to supporting new customers as they transition to Just Energy, customer service representatives meet ongoing customer needs and promote contract renewals. Approximately one-fifth of our customers are up for renewal every year. Faced with challenging economic conditions, we stepped up our efforts to promote renewals in fiscal 2010, increasing the number of agents making outbound customer calls and providing innovative renewal options in light of high five-year prices.

Momentis

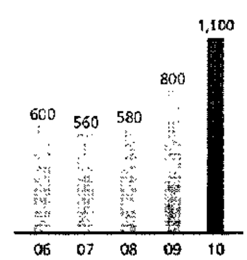
In fiscal 2010, Just Energy took the important step of establishing Momentis. We believe that this vital, dynamic business channel is well suited for our industry.

Under the network marketing model, Momentis' independent representatives earn an initial commission for enrolling customers with Just Energy and recurring monthly income for customers who continue to use our products and services. Representatives can earn additional money for mentoring others, and through building and leading a team.

Management believes that Momentis will be a key new marketing channel which will not overlap our existing efforts. While it will take time to build, our network marketing team is going to be a valued engine for growth in the future.

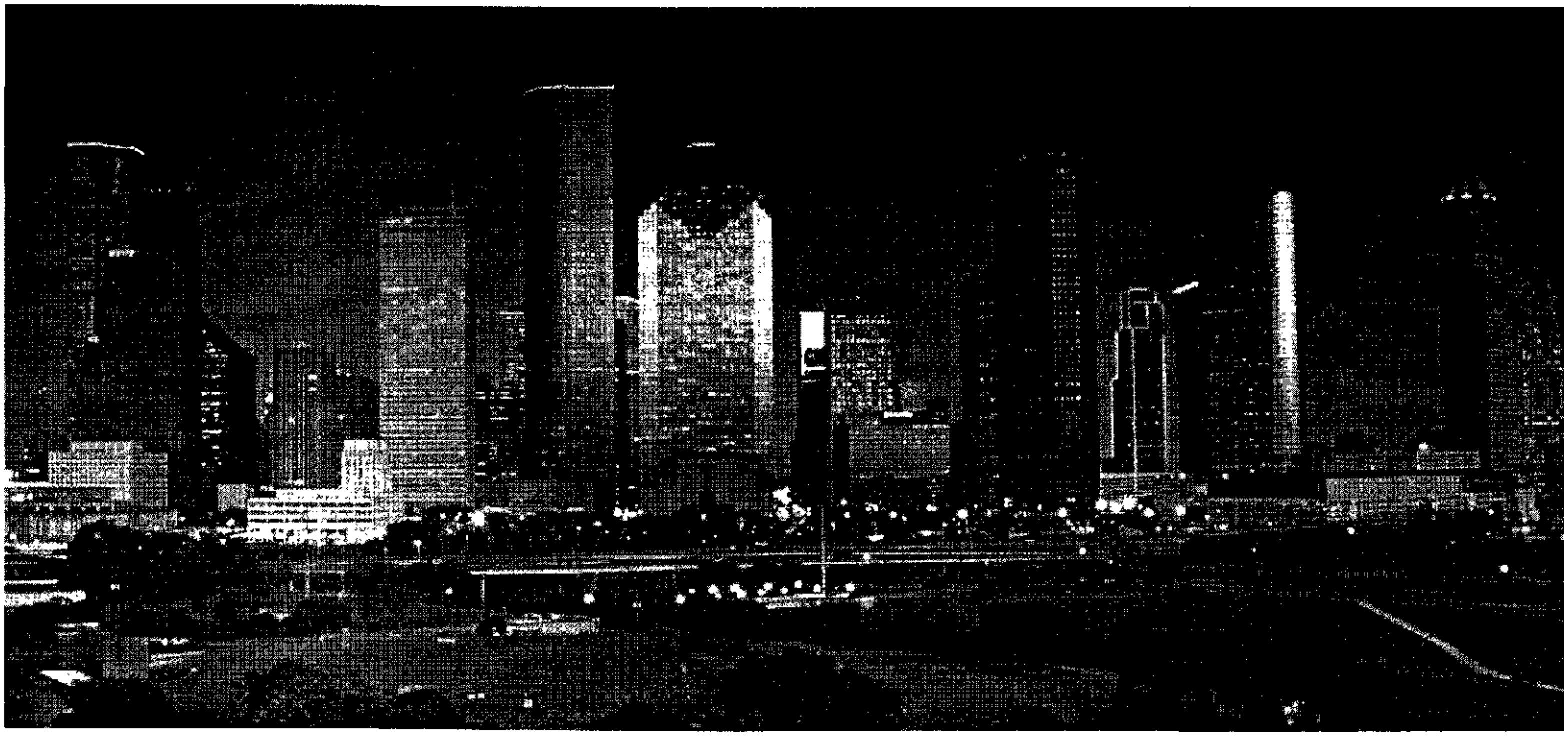
INDEPENDENT SALES CONTRACTOR GROWTH

1,100



Chris Domhoff
Chief Executive Officer, Momentis

CAPITALIZING ON OPPORTUNITY



Commercial offering

Recognizing the growth potential of the commercial market, Just Energy has made a push in this area in the past few years. We focus on select small and mid-sized businesses who appreciate the ability to budget easily and plan their future cash flow.

We offer these businesses competitive pricing options, the potential for savings when market prices rise above their contracted price, and flexible terms so that they can choose the short- or long-term contract that best meets their needs. We have also introduced a blend and extend option. If Just Energy's prices fall below a customer's current contracted rate, the customer can blend the current contract rate with the new, lower rate and extend it out for a longer term, to take advantage of temporary reductions in the market price.

COMMERCIAL CUSTOMER BASE AS OF MARCH 31, 2010

773,000

Hudson Energy Services acquisition

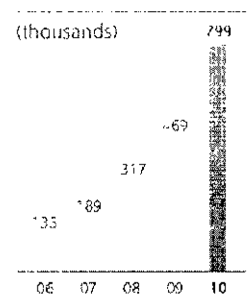
Subsequent to year-end, we acquired Hudson Energy Services as a means of accelerating Just Energy's growth in the small to mid-size commercial market segment.

Hudson operates in New York, New Jersey, Illinois and Texas, and is a leader in sales to small and mid-size commercial customers. The company is a strong strategic fit, and will bring Just Energy a new segment of the U.S. commercial market that we do not currently serve – that is, customers who do not typically purchase energy contracts through direct sales, but rather through the independent broker marketing channel. Hudson also brings leading-edge technology that will enable more efficient selling to commercial customers through both direct sales and the broker channel.

Hudson has had compound customer growth of 47% per year since 2004. With 680,000 RCEs, Hudson almost doubles Just Energy's commercial customer base and brings total customers close to three million. Just Energy surpassed one million customers in fiscal 2006 and two million in fiscal 2010.

U.S. CUSTOMER BASE

799,000



YOUR FUND'S GOVERNANCE

Officers (from left to right): Darren Pritchett, *Executive Vice President, Consumer Sales*; Ken Hartwick, *Chief Executive Officer and President*; Rebecca MacDonald, *Executive Chair*; Scott Gahn, *President of Just Energy Group and Chief Operating Officer and Executive Vice President of Just Energy Corp.*, Beth Summers, *Chief Financial Officer*; and Gord Potter, *Executive Vice President, Regulatory and Legal.*

OFFICERS

Rebecca MacDonald
Executive Chair
Rebecca MacDonald was a founder of Just Energy (formerly Energy Savings) and has held the position of Chair of the Board since 2001 ("IPO") and Executive Chair since 2006. From the Fund's IPO in 2001 to March 2005, Ms. MacDonald also held the position of Chief Executive Officer.

Ken Hartwick, C.A.
Chief Executive Officer and President
Ken Hartwick joined the company in April 2004 as Chief Financial Officer, was promoted to President in 2006 and assumed the additional position of Chief Executive Officer in June 2008. Prior to this, Mr. Hartwick was Chief Financial Officer of Hydro One Inc.

Beth Summers, C.A.
Chief Financial Officer
Beth Summers joined Just Energy in February 2009 as Chief Financial Officer. Prior to this, Ms. Summers was Executive Vice President and Chief Financial Officer of Hydro One Inc.

Scott Gahn
President of Just Energy Group and Chief Operating Officer and Executive Vice President of Just Energy Corp.
Scott Gahn was appointed to his current role in April 2010, and prior to this, held the position of Executive Vice President and Chief Operating Officer of Just Energy as well as Executive Vice President of U.S. Energy Savings. Prior to this, Mr. Gahn was Chief Executive Officer of Just Energy Texas LP.

Darren Pritchett
Executive Vice President, Consumer Sales
Darren Pritchett joined Just Energy as Executive Vice President, Consumer Sales, in April 2008. Prior to this, Mr. Pritchett ran a successful direct marketing organization, contracted by Just Energy.

Gord Potter
Executive Vice President, Regulatory and Legal
Gord Potter joined the Company in June 2003 and currently holds the position of Executive Vice President, Regulatory and Legal. Prior to this, Mr. Potter held the positions of Director, Vice President and Senior Vice President within the Regulatory department within the time period of June 2003 to April 2009. Before joining Just Energy, Mr. Potter was Director, Utility Relations, at Direct Energy Marketing Limited.

As an income fund and as an energy price protection company, Just Energy is committed to providing stability and peace of mind. To reach these goals – and remain worthy of the confidence of our Unitholders – we have established an active Board to guide our operations and make sure that they are transparent to investors. Our corporate governance meets the recommended standards established by the Canadian Securities Administrators.

We ensure transparency by clearly communicating our targets for growing our business, describing in detail how we intend to meet these goals and then reporting on our performance against the targets with equal clarity. Similarly, we build trust by ensuring that management's interests are aligned with those of Unitholders. To make sure that management acts in the best interests of Unitholders, we mandate high unit ownership for all senior managers and align bonuses with strict performance measurements determined by our Board. Our unit compensation consists of fully paid unit appreciation rights, which are paid for by employees out of what would have been cash compensation.

Your Board of Directors is made up of the Executive Chair, the Chief Executive Officer and President and seven outside directors and is monitored by our lead independent director and Vice Chair, Hugh Segal. The Board committees are composed of external directors only.

Additional details of our governance can be found in the Just Energy 2010 Management Information Circular.

OUTSIDE DIRECTORS

Senator Hugh D. Segal
Member of the Senate of Canada and Senior Fellow, School of Policy Studies, Queen's University
The Honourable Hugh Segal was appointed to the Senate of Canada in August 2005 and is a Senior Research Fellow at McMillan LLP, a director of SNC Lavalin Inc., Sun Life Financial Inc. and a member of the Atlantic Council. He serves as Lead Director and Vice Chairman and has been a director of Just Energy since 2001.

John A. Brussa
Partner, Burnet, Duckworth & Palmer LLP
John Brussa is a Partner in the Calgary-based energy law firm of Burnet, Duckworth & Palmer, specializing in the area of energy and taxation. Mr. Brussa has been a director of Just Energy since 2001. He is also a director of a number of energy and energy-related corporations and income funds.

Ambassador Gordon D. Giffin
Senior Partner, McKenna Long & Aldridge LLP
The Honourable Gordon Giffin is a Senior Partner in the Washington, D.C. and Atlanta, Georgia-based law firm of McKenna Long & Aldridge. He has been a director of Just Energy since 2006. From 1997 to April 2001, Mr. Giffin served as United States Ambassador to Canada.

Senator Michael J.L. Kirby
Corporate Director
The Honourable Michael Kirby is a corporate director and Chairman of The Mental Health Commission of Canada. Mr. Kirby was a member of the Senate of Canada from 1984 to 2006. From 1999 to 2006, Mr. Kirby was Chair of the Standing Committee on Social Affairs, Science and Technology. Mr. Kirby has been a director of Just Energy since 2001.

The Honourable R. Roy McMurtry, Q.C.
Counsel, Gowling Lafleur Henderson LLP
The Honourable R. Roy McMurtry currently serves as counsel to the national law firm of Gowling Lafleur Henderson LLP. Mr. McMurtry has been a director of Just Energy since 2007. From February 1996 until May 2007, Mr. McMurtry was the Chief Justice of Ontario.

Brian R.D. Smith
Federal Chief Treaty Negotiator and Energy Consultant
Brian Smith is the Federal Chief Treaty Negotiator and Energy Consultant associated with the law firm of Gowling Lafleur Henderson LLP. Prior to this, Mr. Smith was the Chair of British Columbia Hydro, a position he held from 1996 to June 2001. Mr. Smith has been a director of Just Energy since 2001.

B. Bruce Gibson
Principal, Ryan Inc.
Bruce Gibson was appointed a director of Just Energy effective January 1, 2010. Mr. Gibson currently serves as a Principal of Ryan Inc. and Practice Leader for Ryan, Public Affairs. Previously, Mr. Gibson served as Chief of Staff of the Lieutenant Governor of Texas as well as Senior Vice President of Reliant Energy. He was also a member of Texas' House of Representatives (1981–1991).

MD&A AT-A-GLANCE

This MD&A at-a-glance highlights some of the most significant information found in the management's discussion and analysis, which follows on page 17. It is not intended to provide a complete summary of Just Energy's strategies, business environment or performance.

HIGHLIGHTS

Added a record 505,000 new customers, a 36% increase over the number added through marketing in fiscal 2009

Integrated Universal Energy with its more than 430,000 customers, saving more than $10 million in annual combined general and administrative costs

Increased seasonally adjusted gross margin by 35% (16% per unit), with an 11% increase in average margin per new customer over fiscal 2009

Of all new customers contracted in the year, 39% took JustGreen for some or all of their energy needs, electing on average to purchase 81% of their consumption as green supply

Grew the number of installed water heaters from 1,700 at fiscal year-end 2009 to 77,000 at year-end 2010

Subsequent to year-end, acquired Hudson Energy Services and its 680,000 customers, 85% of which are commercial

Customer aggregation

Long-term customers

	April 1, 2009	Additions	Acquired	Attrition	Failed to renew	March 31, 2010	% Increase (decrease)
Natural gas							
Canada	743,000	46,000	93,000	(81,000)	(67,000)	734,000	(1)%
United States	235,000	171,000	120,000	(110,000)	(8,000)	408,000	74%
Total gas	978,000	217,000	213,000	(191,000)	(75,000)	1,142,000	17%
Electricity							
Canada	578,000	72,000	215,000	(94,000)	(11,000)	760,000	31%
United States	234,000	216,000	2,000	(52,000)	(9,000)	391,000	67%
Total electricity	812,000	288,000	217,000	(146,000)	(20,000)	1,151,000	42%
Combined	1,790,000	505,000	430,000	(337,000)	(95,000)	2,293,000	28%

Gross customer additions through marketing for the year were 505,000, up 36% from the 372,000 customers (excluding 46,000 acquired customers) added in fiscal 2009. Total net customer additions for the year ended March 31, 2010, were 503,000, up from the 103,000 net customer additions of the previous year. Record additions through marketing were offset by the continuing effects of the weak U.S. economy resulting in high customer attrition.

Customer margins

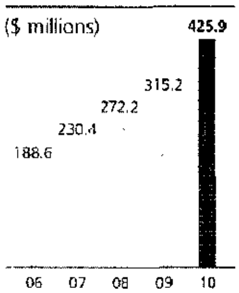
During fiscal 2010, we continued to see the positive impact of ongoing efforts to maintain strong margin per customer during challenging marketing periods. This table depicts the higher margins realized on customers signed in the year.

Annual gross margin per customer[1]	Fiscal 2010	Annual target fiscal 2010
Customers added in the year		
Canada – gas	$ 175	$ 170
Canada – electricity	136	143
United States – gas	208	170
United States – electricity	229	143

[1] Customer sales price less cost of associated supply and allowance for bad debt and U.S. working capital.

GROSS MARGIN
(SEASONALLY ADJUSTED)

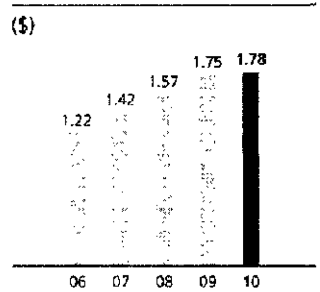
$425.9 million



New customer margins averaged $208 per year, a 7% increase over the fiscal 2009 margin of $187 per year.

DISTRIBUTABLE CASH AFTER GROSS MARGIN REPLACEMENT (PER UNIT)

$1.78



Distributable cash growth of 2% per unit reflects margin growth, offset by higher taxes, a record warm winter, start-up costs at National Home Services and Terra Grain Fuels, and the decline of the U.S. dollar.

Just Energy intends to continue its geographic expansion into new markets in the U.S. through organic growth and focused acquisitions. In addition, Just Energy is pursuing alternative sales channels to enhance growth in customer additions.

Attrition rates

Natural gas	
Canada	10%
United States	30%
Electricity	
Canada	13%
United States	16%

Natural gas attrition in Canada was 10% for the year, in line with management's target. In the U.S., gas attrition was 30%, above management's annual target of 20%, due to high home foreclosure rates and the necessary aggressive customer cut-off or forced return to default services policies utilized by Just Energy.

Electricity attrition in Canada for the year was 13%, above management's 10% target. Higher than targeted attrition was a function of the clean-up of the acquired Universal book of customers which resulted in a stronger, higher-margin book of customers going forward. Electricity attrition in the U.S. was 16%, below the 20% target.

Renewal rates

Renewals for Canadian gas customers were 61%. In the Ontario gas market, customers who do not positively elect to renew or terminate their contract receive a one-year fixed price for the ensuing year. Of the total Canadian gas customers renewed in fiscal 2010, 16% were renewed for a one-year term. Canadian gas was the only market in which renewals lagged the 2010 target of 70%. This was a result of the high spread between the Just Energy five-year price and the utility spot price.

The electricity renewal rate for Canadian customers was 73%. In the Ontario electricity market, there is no opportunity to renew a residential or small volume customer for a one-year term should the customer fail to positively renew or terminate his or her contract. There has been solid take-up of JustGreen products within Canadian electricity renewals leading to higher-than-target renewal rates.

Outlook

Management believes that Just Energy will again grow its key operating measures during fiscal 2011. Growth expectations are predicated on some recovery in the U.S. economy, although not to pre-recession levels. The addition of Hudson Energy Services, which closed on May 7, 2010, will be accretive to Just Energy's growth on a fully diluted per unit basis, although this growth will be offset to a degree by one-time transition costs.

Distributable cash after gross margin replacement on a fully diluted basis is expected to grow by approximately 5% to 10%, including the acquisition of Hudson.

Although currently a small component of the overall customer book, continued strong sales of JustGreen products will improve the economics of Just Energy as green customers generate higher per customer margins than past five-year fixed-rate customers.

Just Energy intends to continue its geographic expansion into new markets in the U.S. through organic growth and focused acquisitions. In addition, Just Energy is pursuing alternative sales channels to enhance growth in customer additions.

Just Energy Income Fund has announced plans to reorganize its income trust structure into a high-dividend-paying corporation. Upon completion, the Board intends to implement a policy where the annual dividend will initially be set at $1.24 per unit, equal to the current distributions paid to Just Energy Unitholders.

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