

Customer credit risk

In Alberta, Texas, Illinois, British Columbia, New York, Massachusetts, California, Michigan and Georgia, 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 flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

The aging of the accounts receivable from the above markets was as follows:

	2013	2012
Current	\$ 86,604	\$ 69,738
1–30 days	33,944	15,530
31–60 days	7,893	5,681
61–90 days	4,340	2,905
Over 91 days	31,853	19,947
	\$ 164,634	\$ 113,801

Changes in the allowance for doubtful accounts were as follows:

	2013	2012
Balance, beginning of year	\$ 34,926	\$ 25,115
Allowance on acquired receivables	–	6,940
Provision for doubtful accounts	30,850	28,514
Bad debts written off	(23,120)	(29,215)
Other	(2,466)	3,572
Balance, end of year	\$ 40,190	\$ 34,926

In the remaining markets, the local distribution companies ("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. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors of JEGI. The Risk Department 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, 2013, the maximum counterparty credit risk exposure amounted to \$228,944, representing the risk relating to the Company's derivative financial assets and accounts receivable.

(iii) Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. Just Energy 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.

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of Just Energy's financial liabilities as at March 31, 2013:

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	\$ 301,820	\$ 301,820	\$ 301,820	\$ –	\$ –	\$ –
Long-term debt*	957,698	1,014,227	162,474	189,801	403,946	258,006
Derivative instruments	245,199	2,549,866	1,372,855	993,719	182,020	1,272
	\$ 1,504,717	\$ 3,865,913	\$ 1,837,149	\$ 1,183,520	\$ 585,966	\$ 259,278

As at March 31, 2012

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	\$ 287,145	\$ 287,145	\$ 287,145	\$ –	\$ –	\$ –
Bank indebtedness	1,060	1,060	1,060	–	–	–
Long-term debt*	776,683	833,962	97,611	252,570	26,433	457,348
Derivative instruments	945,661	2,596,314	1,363,421	1,057,222	175,049	622
	\$ 2,010,549	\$ 3,718,481	\$ 1,749,237	\$ 1,309,792	\$ 201,482	\$ 457,970

* Included in long-term debt are the \$330,000, \$100,000 and \$90,000 relating to convertible debentures, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

In addition to the amounts noted above, at March 31, 2013, the contractual net interest payments over the term of the long-term debt with scheduled repayment terms are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years
Interest payments	\$ 60,452	\$ 102,084	\$ 71,148	\$ 12,771

(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 \$1,967 to accommodate for its counterparties' risk of default.

13 ACCUMULATED OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2013

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	\$ 31,419	\$ 38,874	\$ 70,293
Unrealized foreign currency translation adjustment	3,307	–	3,307
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of \$5,550	–	(26,445)	(26,445)
Balance, end of year	\$ 34,726	\$ 12,429	\$ 47,155

For the year ended March 31, 2012

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	\$ 29,033	\$ 94,886	\$ 123,919
Unrealized foreign currency translation adjustment	2,386	–	2,386
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of \$13,348	–	(56,012)	(56,012)
Balance, end of year	\$ 31,419	\$ 38,874	\$ 70,293

14 SHAREHOLDERS' CAPITAL

Details of issued and outstanding shareholders' capital as at March 31, 2013, with comparatives as at March 31, 2012, are as follows:

	2013		2012	
	Shares	Amount	Shares	Amount
Issued and outstanding				
Balance, beginning of year	139,348,926	\$ 993,181	136,963,726	\$ 963,982
Share-based awards exercised	235,301	3,320	91,684	1,385
Dividend reinvestment plan (i)	2,444,284	21,574	2,377,616	28,413
Repurchase and cancellation of shares (ii)	–	–	(84,100)	(599)
Shares issued for cash	829	7	–	–
Balance, end of year	142,029,340	\$ 1,018,082	139,348,926	\$ 993,181

(i) Dividend reinvestment plan

Under Just Energy's dividend reinvestment plan ("DRIP"), Canadian shareholders holding a minimum of 100 common shares can elect to receive their dividends in common shares rather than cash at a 2% discount to the simple average closing price of the common shares for the five trading days preceding the applicable dividend payment date, providing that the common shares are issued from treasury and not purchased on the open market. The DRIP was suspended as of February 1, 2012, but reinstated as of September 30, 2012. Effective May 1, 2013, U.S. shareholders can also participate in the DRIP.

(ii) Repurchase and cancellation of shares

During the 12-month period of December 16, 2011 to December 15, 2012, Just Energy had approval to make a normal course issuer bid ("NCIB") to purchase up to 13,200,917 common shares. Just Energy purchased and cancelled 84,100 common shares for cash consideration of \$955. The average book value of \$599 was recorded as a reduction to share capital and the remaining loss of \$356 was allocated to accumulated deficit. No additional shares were purchased for cancellation during the current fiscal year.

During the 12-month period commencing February 14, 2013 and ending February 13, 2014, Just Energy has approval to make an NCIB to purchase up to 10,000,000 common shares. Just Energy commenced another NCIB on February 22, 2013 with an expiration of February 21, 2014 for the 6% convertible extendible unsecured subordinated debentures due June 30, 2017 (the "6% \$330 million debentures"); and the 5.75% convertible unsecured subordinated debentures due September 30, 2018 (the "5.75% \$100 million debentures"). Under the NCIB, Just Energy may purchase up to \$33,000 of the 6% convertible extendible unsecured subordinated debentures and \$10,000 of the 5.75% \$100 million debentures.

15 SHARE-BASED COMPENSATION PLANS

(a) Stock option plan

Just Energy may grant awards under its 2010 share option plan (formerly the 2001 Unit Option Plan) to directors, officers, full-time employees and service providers (non-employees) of Just Energy and its subsidiaries and affiliates. In accordance with the share option plan, Just Energy may grant options to a maximum of 11,300,000 shares. As at March 31, 2013, there were 814,166 options still available for grant under the plan. Of the options issued, 500,000 options remain outstanding at year-end. The exercise price of the share options equals the closing market price of the Company's shares on the last business day preceding the grant date. The share options 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 Just Energy's option plan during the year and status as at March 31, 2013, is outlined below.

	Outstanding options	Range of exercise prices	Weighted average exercise price ¹
Balance, beginning of year	50,000	\$ 15.09	\$ 15.09
Forfeited/cancelled	(50,000)	15.09	15.09
Granted	500,000	7.88	7.88
Balance, end of year	500,000	\$ 7.88	\$ 7.88

¹ The weighted average exercise price is calculated by dividing the exercise price of options granted by the number of options granted.

	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable	Weighted average exercise price
Exercise price \$7.88	500,000	10	\$ 7.88	100,000	\$ 7.88

	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable	Weighted average exercise price
Exercise price \$15.09	50,000	0.25	\$ 15.09	50,000	\$ 15.09

Options available for grant

	Year ended March 31, 2013	Year ended March 31, 2012
Balance, beginning of year	1,264,166	1,179,166
Add: Cancelled/forfeited during the year	50,000	85,000
Less: Granted	(500,000)	—
Balance, end of year	814,166	1,264,166

The Company uses a binomial option pricing model to estimate the fair value of options granted. The binomial model was chosen because of the fair value of options granted. The binomial model was chosen because of the yield associated with the Company's shares.

The fair value of options issued during the year was determined using the following weighted average assumptions: (i) risk-free interest rate of 18%; expected volatility of 30%; expected life of ten years and an expected dividend yield of 13%. The weighted average grant date fair value of options was \$0.67.

(b) Restricted share grants

Just Energy grants awards under the 2010 Restricted Share Grants Plan (formerly the 2004 unit appreciation rights, "UARs") in the form of fully paid restricted share grants ("RSGs") to senior officers, employees and service providers of its subsidiaries and affiliates. As at March 31, 2013, there were 708,676 RSGs (2012 – 1,454,181) still available for grant under the plan. Of the RSGs issued, 3,561,681 remain outstanding at March 31, 2013 (2012 – 3,024,023). Except as otherwise provided, (i) the RSGs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the RSG grantee continues as a senior officer, employee or service provider of Just Energy or any affiliate thereof; (ii) the RSGs expire no later than ten years from the grant date; (iii) a holder of RSGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, the holder of an RSG may exchange one RSG for one common share.

RSGs available for grant

	2013	2012
Balance, beginning of year	1,454,181	1,858,394
Less: Granted during the year	(763,604)	(823,536)
Add: Cancelled/forfeited during the year	18,099	419,323
Balance, end of year	708,676	1,454,181

On May 16, 2013, the Board of Directors approved 554,413 RSGs for grant with an effective date of March 31, 2013.

(c) Deferred share grants

Just Energy grants awards under its 2010 Directors' Compensation Plan (formerly the 2004 Directors' deferred unit grants, "DUGs") to all independent directors on the basis that each director is required to annually receive \$15 of their compensation entitlement in deferred share grants ("DSGs") and/or common shares and may elect to receive all or any portion of the balance of their annual compensation in DSGs and/or common shares. The holders of DSGs and/or common shares are also granted additional DSGs/common shares on a monthly basis equal to the monthly dividends paid to the shareholders of Just Energy. The DSGs 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 at March 31, 2013, there were 25,006 DSGs (2012 – 54,638) available for grant under the plan. Of the DSGs issued, 160,661 DSGs remain outstanding at March 31, 2013.

DSGs available for grant

	March 31, 2013	March 31, 2012
Balance, beginning of year	54,638	84,118
Less: Granted during the year	(29,632)	(29,480)
Balance, end of year	25,006	54,638

16 LONG-TERM DEBT AND FINANCING

	March 31, 2013	March 31, 2012
Credit facility (a)	\$ 110,121	\$ 98,455
Less: debt issue costs (a)	(427)	(1,196)
\$105 million senior unsecured note (b)	105,000	—
Less: debt issue costs (b)	(7,335)	—
TGF credit facility (c)(i)	28,571	32,046
TGF debentures (c)(ii)	37,645	35,818
NHS financing (d)	257,427	147,220
\$90 million convertible debentures (e)	87,610	86,101
\$330 million convertible debentures (f)	297,928	291,937
\$100 million convertible debentures (g)	87,579	85,879
HES financing (h)		
Credit facility	11,431	—
Construction loan	9,776	—
Less: debt issue costs	(1,884)	—
Capital leases (i)	472	423
	1,023,914	776,683
Less: transfer of discontinued operations	(66,216)	—
Less: current portion	(162,474)	(97,611)
	\$ 795,224	\$ 679,072

Future annual minimum repayments are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Credit facility (a)	\$ 110,121	\$ —	\$ —	\$ —	\$ 110,121
\$105 million senior unsecured note (b)	—	—	—	105,000	105,000
NHS financing (d)	42,282	88,193	73,946	53,006	257,427
\$90 million convertible debentures (e)	—	90,000	—	—	90,000
\$330 million convertible debentures (f)	—	—	330,000	—	330,000
\$100 million convertible debentures (g)	—	—	—	100,000	100,000
HES financing – Credit facility (h)	—	11,431	—	—	11,431
HES financing – Construction loan (h)	9,776	—	—	—	9,776
Capital leases (i)	295	177	—	—	472
	\$ 162,474	\$ 189,801	\$ 403,946	\$ 258,006	\$ 1,014,227

The following table details the finance costs for the years ended March 31. Interest is expensed at the effective interest rate.

	2013	2012
Credit facility (a)	\$ 14,725	\$ 8,749
\$105 million senior unsecured note (b)	2,950	—
NHS financing (d)	15,846	10,011
\$90 million convertible debentures (e)	6,910	6,795
\$330 million convertible debentures (f)	25,792	25,298
\$100 million convertible debentures (g)	7,450	3,832
HES financing (h)	1,134	—
Capital lease interest (i)	43	32
Unwinding of discount on provisions	301	(267)
	\$ 75,151	\$ 54,450

- (a) As at March 31, 2013, Just Energy has a \$370 million credit facility to meet working capital requirements. The syndicate of lenders includes Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada, Société Générale, The Bank of Nova Scotia, The Toronto-Dominion Bank and Alberta Treasury Branches. The term of the facility expires on December 31, 2013.

Interest is payable on outstanding loans at rates that vary with Bankers' Acceptances, 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 that vary between 2.88% and 4.00%. Prime rate advances are at rates of interest that vary between bank prime plus 1.88% and 3.00% and letters of credit are at rates that vary between 2.88% and 4.00%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2013, the Canadian prime rate was 3.0% and the U.S. prime rate was 3.25%. As at March 31, 2013, Just Energy had drawn \$110,121 (March 31, 2012 – \$98,455) against the facility and total letters of credit outstanding amounted to \$115,466 (March 31, 2012 – \$121,054). As at March 31, 2013, unamortized debt issue costs relating to the facility are \$427 (March 31, 2012 – \$1,196). As at March 31, 2013, Just Energy has \$144,413 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 general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, among others, NHS, HES and TGF. Just Energy is required to meet a number of financial covenants under the credit facility agreement. During the first and second quarters of this fiscal year, the credit facility agreement was amended pursuant to which certain financial and other covenants were renegotiated to accommodate the growth of the business. As at March 31, 2013, all of these covenants had been met.

- (b) On December 12, 2012, the Company issued \$105,000 in senior unsecured notes ("105,000 senior unsecured note") bearing interest at 9.75% and maturing in June 2018. Just Energy incurred costs of approximately \$7,428 and has recorded these as a debt issuance cost. These costs will be charged to operations as finance costs over the term of the debt. The \$105,000 senior unsecured note is subject to certain financial and other covenants. As at March 31, 2013, all of these covenants have been met.

In conjunction with the covenant requirements associated with the issuance of the senior unsecured note, the following represents select financial disclosure for the "Restricted Subsidiaries" as defined within the Note Indenture, which generally excludes NHS, TGF, HES, Momentis and the U.K. operations.

	Fiscal 2013	Three months ended March 31, 2013
Sales	\$ 2,783,258	\$ 847,178
Gross margin	465,684	140,959
Finance costs	168,054	51,408
Profit for the period	543,800	173,329
Non-cash financing costs	10,519	3,116
Intercompany interest charges	109,900	35,506
Share-based compensation	10,041	2,494
Income tax paid	3,241	5,138
Dividends paid from unrestricted subsidiaries	17,852	8,400

- (c) The debt obligations of TGF have been reclassified to liabilities relating to assets held for sale and currently comprise the following separate facilities:

(i) TGF credit facility

A credit facility of up to \$50,000 was established with a syndicate of Canadian lenders led by Conexus Credit Union and was arranged to finance the construction of the ethanol plant in 2007. The facility represents a fixed repayment term of ten years, commencing March 1, 2009, which includes interest costs at a rate of prime plus 3% with principal repayments commencing on March 1, 2010. The credit facility is secured by a demand debenture agreement, a first priority security interest on all assets and undertakings of TGF, a mortgage on title to the land owned by TGF and a general security interest on all other current and acquired assets of TGF. The credit facility includes certain financial covenants, the most significant of which relate to current ratio, debt to equity ratio, debt service coverage and minimum shareholders' capital. As at March 31, 2013, the amount owing under this facility amounted to \$28,571. Pursuant to a forbearance agreement dated as of December 31, 2012, the lenders have agreed that TGF shall not be required to make any principal payments until May 31, 2013. The lenders have no recourse to the Company or any other Just Energy entity.

(ii) TGF debentures

A debenture purchase agreement with a number of private parties providing for the issuance of up to \$40,000 aggregate principal amount of debentures was entered into in 2006. On April 1, 2011, the interest rate was increased to 12%. The agreement includes certain financial covenants, the more significant of which relate to current ratio, debt to capitalization ratio, debt service coverage, debt to EBITDA and minimum shareholders' equity. The maturity date has been extended to May 15, 2014, with a call right any time after April 1, 2013. TGF also agreed to make an additional debt repayment after March 31, 2013 if the cash flow from operations exceeds \$500 for fiscal 2013, provided that this type of payment will not create a non-compliance issue for the Company under the TGF credit facility. The debenture holders have no recourse to the Company or any other Just Energy entity. Pursuant to a waiver and forbearance agreement made as of December 31, 2012, the debenture holders have agreed to waive any principal and interest payments to and including July 1, 2013. As at March 31, 2013, the amount owing under this debenture agreement amounted to \$37,645.

(iii) TGF has a working capital operating line of \$7,000 bearing interest at a rate of prime plus 2%. In addition to the amount shown on the consolidated statements of financial position as bank indebtedness, TGF has total letters of credit issued of \$250.

- (d) NHS entered into a long-term financing agreement for the funding of new and existing rental water heater and HVAC contracts. Pursuant to the agreement, NHS receives financing of an amount equal to the present value of the five, seven or ten years of monthly rental income, discounted at the agreed upon financing rate of 7.25% to 7.99%, and as settlement, is required to remit an amount equivalent to the rental stream from customers on the water heater, furnace and air conditioner contracts for the five, seven or ten years. As security for performance of the obligation, NHS has provided security over the water heaters, HVAC equipment and rental contracts, subject to the financing rental agreement, as collateral.

The financing agreement is subject to a holdback provision of 3–5%. Once all obligations of NHS are satisfied or expired, the remaining funds in the holdback will immediately be released to NHS.

With the acquisition of the customer contracts disclosed in Note 9, NHS also assumed debt related to the original funding of contracts. The agreement states customer payments flow directly to a restricted bank account which is swept monthly in order to pay the current outstanding debt of \$30,757. The debt bears interest of 7.5% to 10%, is secured by the underlying assets and will be satisfied in August 2022.

NHS has \$257,427 owing under this agreement, including \$10,635 relating to the holdback provision, recorded in non-current receivables and \$2,186 in restricted cash as at March 31, 2013. NHS is required to meet a number of non-financial covenants under the agreement. As at March 31, 2013, all of these covenants had been met.

- (e) In conjunction with an acquisition, the Company also acquired the obligations of the convertible unsecured subordinated debentures (the "\$90 million convertible debentures") issued in October 2007. The fair value of the \$90 million convertible debentures was estimated by discounting the remaining contractual payments at the time of acquisition. This discount will be accreted using an effective interest rate of 8%. These instruments have a face value of \$90,000 and mature on September 30, 2014, unless converted prior to that date, and bear interest at an annual rate of 6% payable semi-annually on March 31 and September 30 of each year. Each \$1,000 principal amount of the \$90 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 38.64 common shares, representing a conversion price of \$25.88 per common share as at March 31, 2013. Pursuant to the \$90 million convertible debentures, if the Company fixes a record date for the payment of a dividend, the conversion price shall be adjusted in accordance therewith. During the year ended March 31, 2013, interest expense amounted to \$6,910.

On and after September 30, 2012, but prior to the maturity date, the \$90 million convertible debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Just Energy's sole option on not more than 60 days' and not less than 30 days' prior notice.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the \$90 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the \$90 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

- (f) In order to fund an acquisition in May 2010, Just Energy issued \$330 million of convertible extendible unsecured subordinated debentures (the "\$330 million convertible debentures"). The \$330 million convertible debentures bear interest at a rate of 6.0% per annum payable semi-annually in arrears on June 30 and December 31, with a maturity date of June 30, 2017. Each \$1,000 principal amount of the \$330 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 common shares of the Company, representing a conversion price of \$18 per share. During the year ended March 31, 2013, interest expense amounted to \$25,792. The \$330 million convertible debentures are not redeemable prior to June 30, 2013, except under certain conditions after a change of control has occurred. On or after June 30, 2013, but prior to June 30, 2015, the \$330 million convertible debentures may be redeemed by the Company, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined herein) on the date on which notice of redemption is given is not less than 125% of the conversion price (\$22.50). On and after June 30, 2015, and prior to maturity, the \$330 million convertible debentures may be redeemed by Just Energy, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

The Company may, at its own option, on not more than 60 days' and not less than 40 days' prior notice, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the \$330 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the \$330 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the \$330 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of \$33,914. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of \$15,728 and reduced the value of the equity component of convertible debentures by this amount. The remainder of the net proceeds of the \$330 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of \$330,000 over the term of the \$330 million convertible debentures using an effective interest rate of 8.8%. If the \$330 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted.

- (g) On September 22, 2011, Just Energy issued \$100 million of convertible unsecured subordinated debentures (the "\$100 million convertible debentures") which was used to purchase Fulcrum. The \$100 million convertible debentures bear interest at an annual rate of 5.75%, payable semi-annually on March 31 and September 30 in each year commencing March 31, 2012, and have a maturity date of September 30, 2018. Each \$1,000 principal amount of the \$100 million convertible debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 56.0 common shares of Just Energy, representing a conversion price of \$17.85. The \$100 million convertible debentures are not redeemable at the option of the Company on or before September 30, 2014. After September 30, 2014, and prior to September 30, 2016, the \$100 million convertible debentures may be redeemed by the Company, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the common shares is at least 125% of the conversion price. On or after September 30, 2016, the \$100 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the \$100 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the \$100 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the \$100 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of \$10,188. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of \$2,579 and reduced the equity component of the convertible debenture by this amount. The remainder of the net proceeds of the \$100 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of \$100,000 over the term of the \$100 million convertible debentures using an effective interest rate of 8.6%. If the \$100 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted. During the year ended March 31, 2013, interest expense amounted to \$7,450.

- (h) Effective August 1, 2012, HES, through a subsidiary, entered into a US\$30 million financing agreement to assist with the construction of certain solar projects. The credit facility matures August 1, 2014 with no prepayment permitted, bearing interest, and payable quarterly, at U.S. prime plus 6.9% or Eurodollar rate plus 7.9%. As at March 31, 2013, HES had drawn \$11,431 on this facility. HES is required to meet a number of financial and other covenants under this facility. As at March 31, 2013, all of these covenants had been met.

HES, through a subsidiary, has entered into an arrangement providing access to a construction loan for up to approximately \$12,000 to fund certain specified projects. As at March 31, 2013, \$9,776 has been advanced under this loan and had unamortized debt issue costs of \$1,884. The construction loan bears interest at 10% and is due upon completion of certain solar projects. Upon completion of the solar projects, the construction loan will be settled from the proceeds of a term loan to be received from the same counterparty and an investment from an institutional investor. The term loan for approximately \$6,500 will bear interest at 8% and mature in six years. The investment will be for approximately \$7,000 and will provide the institutional investor with a significant portion of the tax incentives generated by the projects funded. This arrangement is subject to certain financial covenants and warranties, all of which have been met as at March 31, 2013. As at March 31, 2013, approximately \$1,115 net of costs has been received and is included in non-controlling interest as an investment from the minority shareholder.

- (i) The Company, through its subsidiaries, leases certain computer and office equipment and software. These financing arrangements bear interest at rates ranging from 0% to 29% and mature between April 20, 2013 and January 31, 2015.

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Summary: Application Renewal Certification Application Competitive Retail Natural Gas Suppliers - PART VI electronically filed by Mr. Stephen M Howard on behalf of Hudson Energy Services, LLC