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Operator: Good morning ladies and gentlemen and welcome to the Just Energy Group conference call to discuss the second quarter results for the period ended September 30, 2013. At the end of today's presentation, there will be a formal Q&A session at which time if you have a question, you simply press zero then one on your touchtone keypad. And I would now like to turn the call over to Miss Rebecca McDonald. Go ahead Miss McDonald.

Rebecca McDonald: Good morning. I'd like to welcome you to our fiscal 2014 second quarter conference call. With me this morning is Ken Hartwick, our CEO and Beth Summers, our CFO. Ken and I will make a short presentation and then we will open the call to questions. Before we get going, let me preface the call by telling you that our earnings release and potentially our answers to your questions will contain forward-looking financial information. This information may eventually prove to be inaccurate, so please read the disclaimer regarding such information at the bottom of our press releases. Let me open briefly with the highlights, then turn it to Ken for the quarterly details. I will then talk briefly about the future before we open for questions. Second quarter showed the continued customer growth and the cash flow turnaround forecasted when we guided the market to base EBITDA of $220 million for fiscal 2014. The highlights included the eighth straight quarter of customer additions over 300,000. We generated 341,000 new ads between commercial, residential and home services. Prior to entering the commercial market in 2011, we had never had a quarter even approaching 300,000. Ken will talk about how we translated these and past customer additions into margin growth and cash flow. The bottom line impact is that we paid an 84 cent dividend a year and we have committed to funding continued growth of our business and to maintaining this payment going forward. This requires free cash flow, something that over the past two years we have utilized to fund our expansion into 10 new geographic territories. We did this because it benefits the company long-term. We diversified and broadened our customer base and in turn, we built in future growth. This is what Just Energy has done since its inception. We recognize that this growth phase has to rapidly pay for itself. And what you are starting to see this year is that it has. In the first quarter last year, we generated one million funds from operation. This was our slowest seasonal quarter in the peak of our expansion period. The second quarter saw 13 million; an improvement, but still less than half of our current quarterly dividend. That was a total of 40 million FSO over 6 months. Compare that to this year to date. This quarter we generated 29 million funds from operations, more than double what we generated in six months last year. For the first six months of fiscal 2014, we have generated 42 million, more than triple the total of a year ago. Our dividend payout ratio of 146 percent through our seasonally slow six months compares to 649 percent last year. We are comfortably on track to reducing our payout on the hundred percent for the year as we promised at the last year end. We need two more solid quarters to finish our year, but we are off to a very strong start. Let me turn things over to Ken.

Ken Hartwick: Thanks Rebecca. In the first quarter earnings call, I spoke about the four factors which would be key in allowing us to meet the EBITDA growth we had forecast. To concentrate on this cash flow measure because it reflects our ability to fund future growth, support our debt and pay our dividend. Our goal is to reach a sustainable EBITDA level where all of these objectives are funded and we have the flexibility to adjust to changing market parameters. The 26 percent growth we have forecasted for this year is a major step to this end. Let me update you on our progress on each of these four factors. First, we had to maintain customer aggregation at levels seen in the past two years. Both the first two quarters had new customer additions in line with the 300,000 plus seen over the past two years. The 341,000 customers added in the quarter left us with a 9 percent year over year growth in our customer base. More customers mean more margins. In the case of this quarter, 12 percent more margin. It not only adds current margin, but also future embedded margin. Our future margin was up 9 percent over the past year, in line with the 9 percent growth in customers. Second, we require continuation of the trend of steady improvement in attrition rates with renewals at target levels. Attrition was at 13 percent, down from 14 percent a year earlier. We still have challenges in the US residential market, but we believe the general trend of attrition is positive. Commercial attrition was very low at 4 percent and this contributes to what we see as a steady growth in the value of our commercial book. Our renewals were 72 percent for the quarter. Our objective is a long-term 70 percent renewal rate. This quarter is the first time renewal rates have exceeded target levels in the past six years. Third, we need to reduce our administrative costs per customer as we grow. Again this quarter, we saw net costs down from Q1 and Q4, despite the increase in our customer base. We have worked very hard to reduce costs and we think we have established a run rate which both supports our business and reflects economies of scale. We remain very focused on driving further cost efficiencies. Finally, we knew we would have to significantly lower our selling and marketing expense. This is the single largest line item expense we have. It is a key to our continued growth, but is also the key to cost control. We were aware that to both maintain customer growth and maintain cost competitiveness, we would have to broaden our use of lower cost channels to aggregate customers. We have committed investments to the building of our network marketing arm and have similarly worked to build our internet sales presence. Combined with our first steps into telemarketing, we have new lower cost channels which are only now contributing significant customer additions. In the quarter, our traditional door to door channel generated 31 percent of our new customers, with commercial brokers and some of the non-traditional channels like internet generating the vast majority of new sales. The result has been that in the second quarter we saw selling and marketing costs decline five percent year over year. For six they are down eight percent from last year, despite record additions. This operating leverage is key to our profitable growth going forward. You'll see us aggressively pursue the sale of new products to our existing customer base, further reducing our average cost of sale. Anyone who has followed Just Energy over the years has seen that we have constantly been adjusting to changing market realities. Remember when we went public, we only sold natural gas and only door to door to households and only in Ontario. Today we are in 19 different jurisdictions, marketing gas, electricity, smart thermostats, water heaters and HVAC equipment. We sell more to commercial customers than residential. We are a North American leader in green supply. When we went public, few on this call were even contemplating investing in green. We have adjusted our business model and these adjustments have been successful. Let me provide you with some relevant data on the key numbers within our results. Our margin was up 12 percent, although our customer base was only up nine percent. Our natural gas book benefitted from a weak comparable quarter last year as we faced little in reconciliation cost against last year's normal weather. Our realized margin from the residential customers was an annual $170 up from $163 a year earlier. On the commercial side, we saw continued effective competition driving margin compression with realized annual margins of $70 per RCE, down from $103 a year ago. Our new customer margins in commercial strengthened a bit, rising to $72 from $66 in the first quarter. It is our belief that the commercial margins will stabilize in and around current levels. We have built our planning for fiscal 2014 and the future based on these current levels of margin. Administrative costs were up five percent from a year ago. But our run rate is down from both Q1 and Q4 last year. We believe that we can continue current growth rates without a material increase in our GNA base. Bad debt was well controlled at 2.1 percent of our relative sales, comfortably within our two to three percent target range. Our expense was up 54 percent year over year, reflecting higher growth, particularly in Texas where we have to bill and collect from our customers. We would not like to see bad debt fall below two percent because this would indicate that our credit screening has denied too many good customers. Selling and marketing was down five percent against the second quarter of fiscal 13. This was a function of two factors; our customer additions of 341 was slightly down from 354,000 a year ago. And lower cost per customer added with residential customers costing on average of one time $160, down from $163 a year ago. And commercial customers flat at an annual $32 per RCE. The result was 37 percent EBITDA growth for the quarter, in line with the 26 percent required to meet our guidance. Our financing costs were 22 million for the quarter and we would expect them to remain very close to this figure in coming quarters. Funds from operations were 29 million for the quarter, up 129 percent from a year earlier. As I read through the numbers, you can clearly see how adding margin growth with relatively flat costs below that line results in highly leveraged growth in FFO. This is as we anticipated when we set our guidance for both EBITDA and payout ratios. Rebecca will comment on how this leverage will impact fiscal 15 and beyond. Before I turn it back to Rebecca, let me finish with two key areas. The past years caused us to carefully analyze all of our products to assess their contribution towards profitability. We have commercial attrition decline to the point where a lifetime margin from a commercial customer is almost that of a resident. We look, however, at some very large low margin commercial accounts which are won through competitive bids. While on the surface these customers appear to be meaningfully profitable, we have seen that some significant changes in the market, whether it be increased capacity charges in the Northeast or heat spikes in Texas can eliminate foreseen profit. As we have always done, discipline will be applied to the quality and profitability of this market site. This will have the short-term effect of reducing our renewal rates slightly, but this will increase profits in the medium and long-term. Just Energy is traditionally focused on the areas where our market strengths bring most value, usually to higher margin segments of the market. One of these high margin segments is green. Our Just Green product continues to be in high demand from our customer division. This quarter, 20 percent of new sign ups to green supply, today nine percent of our gas book and 18 percent of our electricity supply are part of green bundles. This bundling has been key to maintaining our margins at a time of competition and falling commodity prices. As we move forward, we are looking for more bundling opportunities. We want to increase the number of points of contact with the residential customer, hoping over time to own the basement through commodity sales, water heaters, furnaces, air conditioners and smart thermostats. I'll talk more in future calls about our bundling opportunities, in particular, our plans for demand response through thermostats. It is very early going with only 19,000 thermostats installed but we're working hard to make this another profit center for the business. Let me turn things back to Rebecca to talk about the future.

Rebecca McDonald: Thank you Ken. Yes, I would like to talk to you about near future and long-term prospects. For the remainder of fiscal 2014, we remain intent to delivering operating performance consistent with our guidance. As most of you would be aware, the customers we signed after New Year's will generate little or no cash flow in fiscal 2014. Accordingly, we are quite confident that we can accurately forecast common margins. The numbers in our book tell us we should not expect 25 percent plus EBITDA growth for the next two quarters, but we do not need that growth to meet guidance. The margins we see coming, they're in line with our expectations. That said, our guidance always comes with one major caveat, the weather. The vast majority of our gas sales take place between now and March 31. Even though gash only makes up 24 percent of our business today, the total absence of winter across our markets will impact our margin by approximately five percent. Even after the weather options we have purchased against this event. This is why we qualify our continued confidence in our guidance with the fact that we cannot guess the weather anymore, that we can guess gas or electricity prices. As we stand today, we feel very good about fiscal 2014. We will spend the next two quarters building our base for next year and years to come. We are adding customers and building value every day. To look out to 2015 and beyond for our prospects, investors need to look at our embedded margin. As Ken detailed, we expect our major cost lines, administration, finance, cost and selling and marketing to be relatively flat going forward. Combine that with the growth we have built into our book and you have the story of coming EBITDA growth. With our additions over the past eight quarters we see that embedded margin is up nine percent year over year. Given that, we have added 43 percent to EBITDA over our first six months, with nine percent margin growth. Translating embedded margin growth into annual margin will be the driver in our goal of reducing our FFO payout ratio to 65 percent by the end of fiscal 2016. We believe that if we generate this cash flow growth and continue to build for the future, we will bring our debt to EBITDA ratio down to a reasonable level over these two fiscal years. This will be done in two ways: first, by growing our annual EBITDA and second, by using excess cash to pay down our operating line and repurchase existing debt maturities. I would also briefly mention that two shareholder groups have filed their ownership of Just Energy Group in the past two month; the Round Choice Group with 8.9 percent and the Patterson Group with 10.2 percent. We welcome them as shareholders. I want to thank all the employees and salespeople of Just Energy for an excellent start to the year. Jay Lewis, our COO, Deb Merrill, leader of our Hudson business and Darren Pritchett, who runs sales, have each lead their teams to the strong results we have seen these past two quarters. Just Energy has a deep, solid management team that goes well beyond Ken, Beth and myself. Our shareholder returns have been volatile in the past two years. It is our hope that solid growth and improved cash flow will reduce that volatility in the future. Just Energy is and remains a growth company paying a significant dividend. We are in a high growth industry and have taken the necessary steps to be a major player. We believe that positions us very well for the future. On that note, I will open up for questions.

Operator: Thank you. We'll now begin the question and answer session. If you do have a question, press zero then one on your telephone keypad. Once again, to ask a question, that is zero then one on your telephone keypad. And please wait as the questions register. Our first question is from Laurence Schreiber from Gemstone Holdings. Please go ahead.

Laurence Schreiber: Hello, my name is Laurence Schreiber. I am an investor in the company. I appreciate the discussion about EBTIDA and margin, but I'm surprised or confused that there was no discussion about the net income and net loss that you've shown. If I read the numbers correctly, you've shown a net loss of $111 million for the quarter and a net loss of $42 million for the previous quarter, so net losses of $153 million in the past six months. Where is that loss coming from and how do we think about that as investors? Thank you.

Ken Hartwick: Thanks Laurence. The reason we do not talk about the net income gap number, net loss or net gain, is that it is directly impacted by our requirement to market our supply contracts, our natural gas, our electricity contracts, which is a non-cash item for us. We've sold all of that supply to a customer, whether it's a residential customer or a commercial customer. And we'll liquidate the supply contracts and collect revenue from the customer based on the customer contract price. So we will have periods of time where we have a massive net income gain, which we did in Q4 or a net income loss, which we do in this quarter, both of which are meaningless because that's supply we've already sold to a customer. So our focus is very much on FFO and EBITDA and we recognize that there's a lot of earnings volatility because of the mark to market requirement. But it doesn't reflect in any way on the actual economic performance of the business whether it's positive or negative.

Rebecca McDonald: And I would just like to add, I think your question is a very, very valid question because it does, when that line shows up, it confuses particularly a retail investor that doesn't get an opportunity to sit across from us on a one to one presentation. The unfortunate thing for us is that we are not allowed to book the revenue against the mark to market. And as Ken pointed out, that revenue is locked in over the length of the contract that we have with the customer because just to repeat myself one more time, we do have purchased contracts that are sold to the customer for the locked in margin or with the length of debt contract. So that mark to market, we have to show quarter to quarter, but to the other side we are not allowed because of the gap rules.

Laurence Schreiber: Sure, if I'm still on the line, can I just make a suggestion then? Could you add an additional line or two about the mark, you should define at least in the statements that you're releasing in your press release where that's coming from because I think that would avoid some confusion in the market place. I would at least have a line that would say mark to market gains or losses on existing contracts and show the number. I don't believe that shows in the statements you've released, at least on the web site or on your press releases, and perhaps have a footnote at the bottom describing the mark to market process, the average life of your contracts, a little more detail so that investors understand what is going on, who may not participate on this call.

Beth Summers: Yeah, this is Beth. We do in spots flag that. And we do have it on our reconciliation charts for our base EBITDA etc., but we take your point and as we go forward, we will consider that and try to make it a little more clear for investors that may not be as familiar with the company.

Laurence Schreiber: Thank you.

Rebecca McDonald: Thank you for your point.

Operator: Our next question is from Damir Gunja from TD Securities.

Damir Gunja: Thanks, good morning. Can you comment on how the weather may have shaped up so far in October and November across all your jurisdictions?

Ken Hartwick: Sure. You know I think October in general was just marginally warmer in the sort of Northeast side and into Canada it was marginally colder in Alberta and marginally warmer, which is good for us, in Texas. So if you looked across all the jurisdictions, we'd say probably for October there's nothing that really concerns us one way or the other. I think when Rebecca mentioned the impact on whether the real months that where the heavier potential exposure exists is really January, February and March. So we haven't seen anything so far in the first five weeks of the quarter that is problematic.

Damir Gunja: Okay. And maybe tying into that, I was just looking at the contribution of Q3 and Q4 in previous years. And it looks like, based on historical numbers anyway, Q3 is typically 40 percent of the second half results and Q4 is 60 percent. I'm just trying to make sure we have appropriate seasonal expectations for the upcoming quarters. Does that make sense?

Ken Hartwick: Yeah, maybe a couple of points lower on Q3 historically. But you're within range that's reasonable.

Damir Gunja: Okay. And just one more and I'll get back in the queue. I guess the margins coming in the door versus the margins leaving, you're still a little bit underwater there, I guess about $10 on the consumer guide, $5 on the commercial. Do you see that flipping over at some point in the coming quarters?

Ken Hartwick: Well, I think you have two things to me, I think your characterization is right, that there's been a closing of that gap. We sort of look and say we have stability now in margins across both of the big segments, which is the important part. So if anything, we've seen a little bit of a move back up, which is good. And it's really the tail end on some of the higher margins that are dropping off are sort of almost the last group of customers that are coming off a very gas, you know, gas prices and maybe corresponding electricity prices from five years ago. So yes, I think you've seen that gap close because the number of high priced customers is less. And then as importantly, the trend in moving forward is something that we like.

Rebecca McDonald: By and large, I can tell you we are extremely happy with the margins that we are generating right now, particularly in the last couple of years over relatively, not even relatively, flat price environment, stable price environment, is still giving us the margin that we target in our budgets. So that is giving us a lot of confidence on going forward basis. By and large, I can tell you we are very, very happy how customer behavior is around those margins.

Damir Gunja: Okay. Thanks

Ken Hartwick: Thanks Damir.

Rebecca McDonald: Thanks Damir.

Operator: And once again if you do have a question, press zero then one on your touchtone phone. We do have a few questions coming up. We have one from Kevin Chiang from CIBC. Please go ahead.

Kevin Chiang: Hi, I guess congratulations on the work there on the selling and marketing expenses, nice sequential decline. Just a question on it looks like your net additions in your core energy marketing business was down to roughly 20,000 RCs if I've got my math correct here. And it seems to be one of the lower levels over the past few years. Is that just a function of some of the stuff you were talking about earlier in terms of being more focused on the profitable customer, not necessarily buying market share or is that an anomaly within the quarter or how should we be thinking about net additions coming out of that segment?

Ken Hartwick: Yeah, I'd look at it with two specific items on it. First it was we did look across the book and really on the attrition side, within the residential sector, and say there are some customers that we don't think supported the profitability level that we would want and therefore, effectively let them a trip out of the book. And then secondly, I think this will be, I referenced towards the end of my conversation, which is we can start to look to bundle more of our products together. And a good example is the thermostat program which again, we're up to 19,000 installed thermostats. The economic profile of a customer changes, as does the duration of time it takes our salesperson to make the sale; now that's a good thing, so we might have a little bit of a lower customer addition. But the overall value of the customer will be higher. And we believe the attrition profile of that customer then is very different. So like I say, you're just going to see more as we move forward around the profitability of the customer being a greater focus than just adding customers at the pace we've been doing, which we think is better long-term economics for the company.

Rebecca McDonald: Well, I would say what you mentioned, Ken and I definitely agree with your comment. I think that we should become much more critical of what group of customers we want to keep and we have made that decision consciously and we prefer to have one very, very profitable customer with number of products from us, than three customers that don't give us high profitability. So it is a conscious decision on our part.

Kevin Chiang: Okay. And I think that makes total sense strategically. Just on the bundling side of things, how should we be thinking about margins evolving I guess as you add this bundling feature? I guess my question is if the margin on an RCE is 168, if someone chooses one of your traditional energy products and then also chooses a thermostat, assuming that's also 168 per RCE, is that 300 plus margin your earning on that customer or should we be thinking margins potentially accelerating here because as you bundle, I would imagine the cost base doesn't move as significantly. If you could speak to that, I guess, longer term.

Ken Hartwick: Sure, and again, there's a couple of elements that we'll want to address. And I think over time what we'll begin to do is as we've done with the dollars per RCE, we'll start to equate the value created by that customer addition with whatever the bundle might be. But I think margins are better. I wouldn't say they're double, that might be stretching. We might hope for that, but that's not what we'll achieve. But as importantly on the margin side is the attrition profile because again, if you look across our attrition rates in our residential business, moving those down by a few percentage points is actually more economically advantageous than just adding another 10 or 20 dollars to the margin profile. So it will be a combination of the two, higher margins for sure, which we'll guide as we get further down the road on this. But that changes in what we start to talk about as far as our expected attrition on those bundled customers, which again, we think will be a meaningful change from what you've seen in the past.

Rebecca McDonald: And you remember we said time and time again on these calls that bundling strategy is the future and retailers will only stay relevant if they're bundling. And this is not a new conversation we are having. We started thinking about it over a year ago and talking to you about it. Now we are starting to execute on it.

Kevin Chiang: And I know you have a toe hold in one of those smart thermostat companies. Is that an eventual acquisition target or are you happy with the current relationship you have or do you need to expand it further as you grow this bundling offering you have here?

Ken Hartwick: I think our ownership position in Ecovie is the name of the company; our ownership position is where we want to be. And really what it's allowed us to do in conjunction with the company and the management team there is help drive product innovation and features that we think customers are going to find valuable, both in terms of their own home and as well as in markets where there are demand response capabilities as that develops. So it's really been a very collaborative effort with the company on like say, product innovation and the things that we want to be able to do.

Kevin Chiang: Okay. And just a last one from me here; it looks like you were still inactive on your NCIB for your converts. I know the back half as you pointed out is a seasonally stronger part of the year for you. How should we be looking at the buyback? As you generate more cash flow in the back half of your fiscal year, would you look to buy back some of these converts or is there a better use of this cash elsewhere from your perspective?

Ken Hartwick: I think we'll balance the couple of items. It's certainly the growth that we're seeing tempered as Rebecca and I mentioned as far as the profitability of the customer profile. So that remains there. We have a very strong commitment to the deleveraging process, so we've given out the guidance as to where we want to get to over the next three years. But you're right on your timing. As we've had the dividend change in place for a while now, we head into our two bigger quarters. And I think as we go through that, we'll look to see about the use of proceeds to de-lever with whatever piece of the capital structure we choose to reduce. And again, but that's something where it's more into the bigger quarters for us.

Kevin Chiang: Okay. Thank you for the caller.

Ken Hartwick: Thanks Kevin.

Operator: Our next question is from Nelson Ng from RBC Capital Markets.

Nelson Ng: Great, thanks, just a quick question on the UK business. I think there has been some talks about capping the energy prices in terms of like I think the government was talking about implementing energy caps. But I also notice that some companies have announced price increases anyways. So I'm just wondering whether you can comment on the UK energy environment in terms of price changes and competition.

Ken Hartwick: Sure. I think as we mentioned, we're primarily right now working on the commercial side in our commercial segment in the UK. And that's really not subject to the price cap discussions that are going on between the two parties over there. So it doesn't directly impact our business and our segments. That part of the business, from a market standpoint, is going very well. We're achieving all of our internal objectives there as far as type of customer's aggregation, building our relationship with brokers over there. So the price cap this is really not something of direct issue to us. We have started to accumulate small numbers of residential customers strictly online, so all those ones that are coming to us and wanting to enroll. But what we see even within the price caps, and this is where I think we've been able to differentiate ourselves in North America as well as what we will do in the UK, is really offering the customer something that is a bit more innovative than what they have gotten from the traditional big six over there. But residential right now is something we're doing, but we want to continue to build out our commercial platform, so we have a good base to then compete on the residential side as we move forward. But we like the market. We like the decision. The team over there is doing well, the sales channels are doing well. We like what we see so far.

Nelson Ng: Okay. Thanks.

Rebecca McDonald: And I would just like add Nelson, we are very, very happy with all our teams in North American, but particularly with the team in UK. And Nelson, we are incredibly happy with our quarterly results.

Nelson Ng: Okay. Thanks, and then just on you mentioned that a smaller portion of your customer additions are coming from door to door. Is Momentis becoming a larger part of the growth driver? And I was just wondering, I think in the past you had reported how many reps you have in Momentis. I was just wondering whether you have an update on the number of active reps for the Momentis sales channel.

Ken Hartwick: Sure. I think first going back to just your comment about the relative percentage of door to door. And one very important point is that is a great sales channel. So the fact that the percentage is down, I don't want anyone on the call to think that the company is in any way moving away from it. It is a great channel for us and really the decline percentage-wise is just simply a function of the performance of the other sales channels that we've been building. And Nelson, it is Momentis, it is online. It is some telemarketing, which we will continue to do. And I think as you look forward, I do believe that the door to door side will be in that 30 percent range almost on a permanent basis because we have the other channels growing. But door to door has also grown over the last year, so that's an important clarification. On Momentis, again, we've continued to add reps to it. And the exact number I don't have, but we would be in the 20-ish thousand reps within the base. And again, like our other sales channels, they tend to come and go. But again, it is a contributor along with the other sales channels that we have and each of these channels will, we think, grow in absolute terms as we look forward.

Rebecca McDonald: Nelson, just a reminder, we always said that the Momentis will be a fill in to customers that traditionally do not buy from a door to door sales rep. But the most cost-effective way of selling our customer is door to door and we love that model. We have executed on it for all these years. And Ken emphasized and I want to reemphasize how strongly we feel that that is the primary sales channel for our residential additions. Obviously where the numbers get skewed is because of the success of our commercial channel. So the commercial business is growing through the brokerage network a great deal and that might confuse you somewhat.

Nelson Ng: Okay. Thanks for the clarification Rebecca. So just one last question, I think that this might be more for Rebecca, but in terms of the two largest shareholders that you mentioned, they built their position kind of right in the past six months. I was just wondering whether you know what prompted them to invest at this time. And also whether they've been supportive of the strategy or whether they've been advocating for any changes in the strategy.

Rebecca McDonald: First of all, I do believe that Round Choice has been a shareholder over a longer period of time than six months, but he just filed recently. On Mr. Patterson's group, I think you're much better off asking him directly. I do believe that they invested because they like our business model. They like how we execute on it. They like the returns. They look at the numbers. They look at the financial parameters around those numbers. And I'm sure nobody invests because they do not like the companies, so there was no indication by either one of them that they would like us to change anything. The only indication that I got from them, like I get from every single shareholder including myself as a shareholder, is that they want us to execute on our plan and stay focused and disciplined and we run 220 which we intend to do.

Nelson Ng: Okay. Thanks for that.

Ken Hartwick: Thanks Nelson.

Operator: Our next question is from Kevin Charlebois from Brookfield.

Kevin Charlebois: Hi, good morning. My question is just on your debt structure. I think you gave clear guidance on terms of where you want to be on a debt EBITDA basis. On an absolute basis, as of the end of the quarter just for clarity, what's the total number and do you expect that to change materially over the next few quarters before you have the ability to pay it down in a bigger way going forward?

Beth Summers: Yeah, at the end of the quarter we would have been sitting on a billion and 24 million. You know as you look at it, the one thing to recall from the cyclical nature of our business, that the largest draw of our revolver occurs in the third and the fourth quarters; so as you look at it going further, as you hit that sort of the end of the year and into Q1, the expectation would be that would be decreasing. And in addition, the one thing that I do want to flag is the number that I quoted excludes our discontinued operation of peregrine fuel.

Kevin Charlebois: Okay.

Rebecca McDonald: And I would just like to add one thing that when we look at our debt regarding NHS Water Heater Business, that is securitization around water heaters, but does not have the recourse to the company. It's only around the specific product that we securitize.

Kevin Charlebois: Right, and what's the breakdown between the non-recourse and the recourse? I think that [INDISCERNIBLE 0:43:40.8] maybe at like 270 million

Ken Hartwick: That's exactly right.

Rebecca McDonald: Your optimistic by 270 is non-recourse.

Beth Summers: Yes, it's outlined specifically, but the way to split it is when you look in the notes to financial statements, the non-recourse portions of the business is the source, financing, is national home services financing as well as the discontinued operation of peregrine fuels financing; so those three pieces of debt which we do specifically isolate, when you look at the notes to the financials and the non-recourse pieces.

Kevin Charlebois: Great, and lastly, has there been any progress with the peregrine sale?

Ken Hartwick: Yeah, I think we, like I said, we made a commitment that we would look to exit that business in this fiscal year. And I think that we are heading towards a path to be able to accomplish that. So it's progressing and we think in a constructive manner for company and the facility.

Kevin Charlebois: Great, thanks very much.

Ken Hartwick: Thanks Kevin.

Operator: Our next question is from Damir Gunja from TD Securities.

Damir Gunja: Thanks, just wanted to follow up on the thermostats. Are you offering that in multiple jurisdictions or only in specific markets at the moment?

Ken Hartwick: Yes, so right now we are actively installing in Ontario and Texas and it is our intention to bring that into the PJM zone probably early in the new calendar year. And again, it's something where we will go at a very measured pace on it to fit it in to what the product offerings that we're trying to accomplish. But like I said, we like the results in the two jurisdictions that we have been actively installing them in right now. And just for those that don't know, PJM is just basically Pennsylvania, Jersey, Maryland and a big chunk of Illinois. Sorry about that.

Damir Gunja: So what are the mechanics of doing that? Are you calling, I guess, your existing customers by phone and offering the installation?

Ken Hartwick: So there's two approaches; one is the sale to our existing customer base, which is very cost-effective from a sales aggregation standpoint. The second process is our door to door sales channel which is now selling it as a bundle with your commodity contract, with a smart staff, at the same time. So like I say, very consistent with what Rebecca's been describing and we've been talking about for a year is the integration of products into the house. And customers are receptive to it and it's allowing the customer now to deal with both fixing their price as well as perhaps using energy at different times of the day that might be economically advantageous to the customer and to Just Energy.

Rebecca McDonald: You know what is interesting Damir? We are finding out with the second group that Ken just mentioned, door to door, there is a group of customers that originally did not want to have a conversation around commodity. But when they're approached with the thermostat, it's a completely different conversation. And so what our sales people are finding out is that they're able to reach customers that traditionally would not be interested in just a commodity, but like this bundle product.

Damir Gunja: And are you comfortable giving any long-term targets at this time, maybe absolute numbers or even percentage of residential customers that you see eventually buying into the thermostat offering?

Ken Hartwick: I think what we think is probably better for us to do is, like I say, we indicated how many we have installed now, which is in a very short period of time, the 19,000. As we expand it in the markets, we'll get more clarity on both two things; the pace of sales and installation as well as the economic performance of both the margins around it, the demand response benefits that would be associated with it and the attrition rates. So 19,000 won't tip anybody's model one way or the other, but this is something we are very, very confident that it's going to become a material part of our business over the upcoming years.

Rebecca McDonald: I think that maybe a year from now we would feel a little more comfortable talking numbers. But we just want to let this get stabilized and launched in a couple of other states and then we can talk to you more about our projections. We have it in our mind; we just don't want to share them with you.

Damir Gunja: Okay. That's great. And just a final one for me, I guess Ken, you alluded to weeding out some lower margin commercial contracts. And if I understood correctly, I think at one point you mentioned on the residential side too. What percentage of your existing books do you think would represent sort of lower economic deals that you would, over time, sort of want to weed out? Is it 5 percent, 10 percent?

Ken Hartwick: Yeah, it's sub-5 percent. So if you combine the two segments, you know, we just want to be, what customers can we have multiple products into their house and/or business to some degree and you'll just see us do more around maximizing the customer benefit and/or benefit from a smaller base. So it's sub-5 percent, so it's not a big number, but it's an important one to call out because they probably could be the most expensive to serve as well.

Damir Gunja: Okay. Thanks for your time.

Ken Hartwick: Thanks Damir.

Operator: We have a question from Adam Mitchell from Scotiabank.

Adam Mitchell: Hi guys, just a couple of quick questions. First one, how do you guys intend to refinance the 2014 convertible debenture maturity? And are you able to draw under the new credit facility to refinance that particular instrument? Thanks.

Beth Summers: With respect to that maturing 90 million, I mean we've made a commitment to the market that over time we're going to deleverage. How we address that, it'll be factored into that longer term method by which we're going to do it. With respect to the new credit facility, it is structured such that we have the ability to use and to draw that credit facility subject to certain debt to EBITDA ratios.

Adam Mitchell: So do you think you'll end up using that or do you think you'll end up potentially issuing another convert or unsecured debt or when do you think you'll make your decision on that particular maturity, because I guess it's callable now at par, right?

Ken Hartwick: Yeah, so like I said, it's due in September and I think we'll do something that will be able to add a bit of clarity to the exact mechanism and how much of it we are going to deal with via cash versus other options in there. But we want to do it also looking at the other converts that exist there as well heading towards what the target payout ratio is. So we have in mind how we will refinance and/or pay off the 90. But it will be done in conjunction with some of the other pieces of convert i.e., debt that we have on the balance sheet as well.

Adam Mitchell: Okay. Thanks.

Ken Hartwick: Thanks Adam.

Operator: And we have no further questions at this time.

Rebecca McDonald: Well, thank you very much for attending our conference call. In case you have any additional questions, please feel free to contact Ken, Beth or myself and look forward having you at our third quarter conference call in three months. Thanks very much.

Operator: Thank you ladies and gentlemen. That concludes today's webcast. Thank you for joining. You may disconnect at this time.