EnerCare Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Third Quarter Ended September 30, 2011

Dated November 7, 2011

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The interim consolidated financial statements of EnerCare are prepared in accordance with IFRS which became effective on January 1, 2011 with retroactive application to January 1, 2010. EnerCare's significant accounting policies are summarized in detail in note 3 of the interim consolidated financial statements for the period ended September 30, 2011. Unless otherwise specified, amounts are reported in this MD&A in thousands, except customers, units, Shares and "per Share" amounts and percentages (except as otherwise noted). Dollar amounts are expressed in Canadian currency.

EnerCare operates its businesses in two segments: Rentals – rentals of water heaters and other equipment and Sub-metering – provision of sub-metering equipment and billing services.

Certain definitions of key financial and operating terms used in this MD&A are located at the end of this MD&A under "Glossary of Terms".

On January 1, 2011, pursuant to a plan of arrangement, the Fund converted to a dividend paying corporation, EnerCare Inc. and the Trust converted to EnerCare Solutions Inc. The Conversion was accounted for on a continuity of interest basis. Reporting prior to January 1, 2011 refers to units, unitholders and distributions, whereas from January 1, 2011 references are to shares, shareholders and dividends. References in this MD&A are in respect of EnerCare and EnerCare Solutions and shall be deemed to be such prior to January 1, 2011 when these entities were The Consumers' Waterheater Income Fund and The Consumers' Waterheater Operating Trust, respectively.

FORWARD-LOOKING INFORMATION

This MD&A, dated November 7, 2011, contains certain forward-looking statements that involve various risks and uncertainties and should be read in conjunction with EnerCare's 2010 audited consolidated financial statements. Additional information in respect to the Fund and EnerCare, including the AIF can be found on SEDAR at www.sedar.com.

When used herein, the words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information in this MD&A includes statements that reflect management's expectation regarding EnerCare's growth, results of operations, performance, business prospects and opportunities. Such forward-looking information reflects management's current beliefs and is based on information available to them and/or assumptions management believes are reasonable. Many factors could cause results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information is based on what management believes to be reasonable assumptions, EnerCare cannot assure investors that actual results will be consistent with this forward-looking information. All forward-looking information in this MD&A is made as of the date of this MD&A. Except as required by applicable securities laws, EnerCare does not intend and does not assume any obligations to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

Except as discussed under "Update to Risk Factors", a thorough discussion in respect of the material risks relating to the business and structure of EnerCare can be found in the AIF which is available on SEDAR at www.sedar.com.

OVERVIEW

EnerCare is the successor to the Fund, following the conversion of the Fund from an income trust to a corporate structure pursuant to a plan of arrangement on January 1, 2011.

EnerCare Solutions, a wholly-owned subsidiary of EnerCare owns a portfolio of approximately 1.2 million water heaters and other assets, rented primarily to residential customers in Ontario.

EnerCare also owns Stratacon and ECI. These companies provide sub-metering services for electricity, heat and water to condominiums and apartments in Ontario, Alberta and elsewhere in Canada. The two businesses are complementary, as ECI's customer base is predominantly in the new and retro-fit condominium market segments, while Stratacon's core market focus is in the retro-fit rental apartment sector.

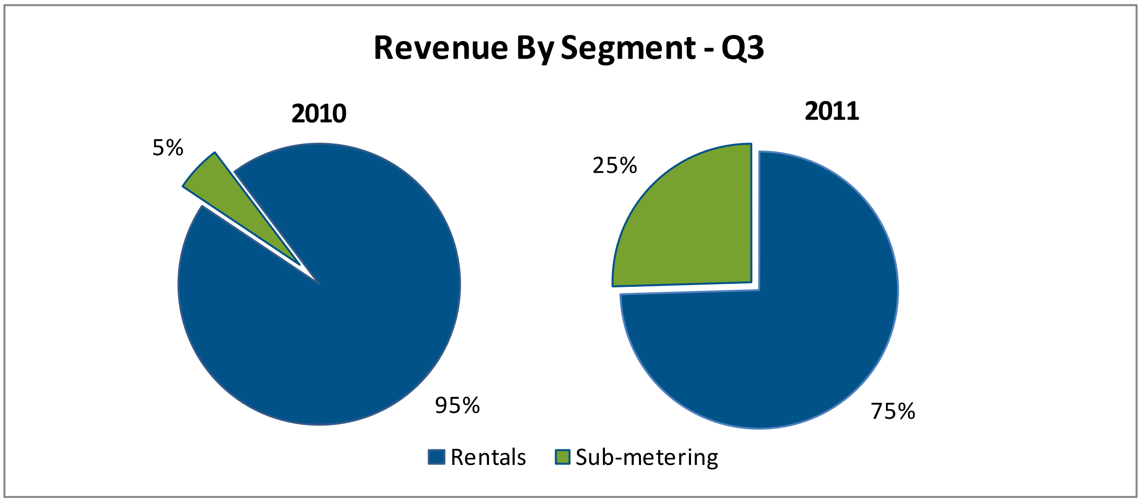
EnerCare has grown revenues every year since the Fund's inception (2002), generated stable cash flow and consistently maintained a high dividend yield. EnerCare has earned a strong A-/stable and A (low)/ stable rating from S&P and DBRS, respectively.

EnerCare's Shares trade under the symbol ECI and its Convertible Debentures trade under the symbol ECI.DB on the Toronto Stock Exchange. EnerCare is a member of the S&P/TSX Small Cap Index.

PORTFOLIO SUMMARY

EnerCare has two primary businesses, its Rentals portfolio and its Sub-metering business. As seen by the graph below, the Rentals business accounted for 75% of the overall revenue of EnerCare for the third quarter of 2011.

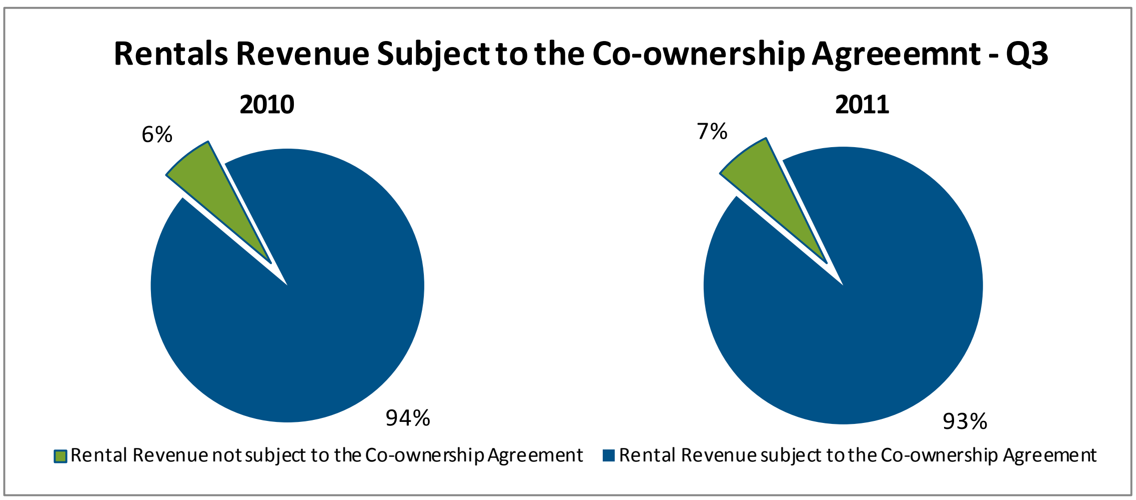
The increase in Sub-metering revenue shown below is as a result of the purchase of Enbridge Electric Connections Inc. (now ECI) in the fourth quarter of 2010, which almost doubled EnerCare's Sub-metering business and increased organic sales.



Rentals Business

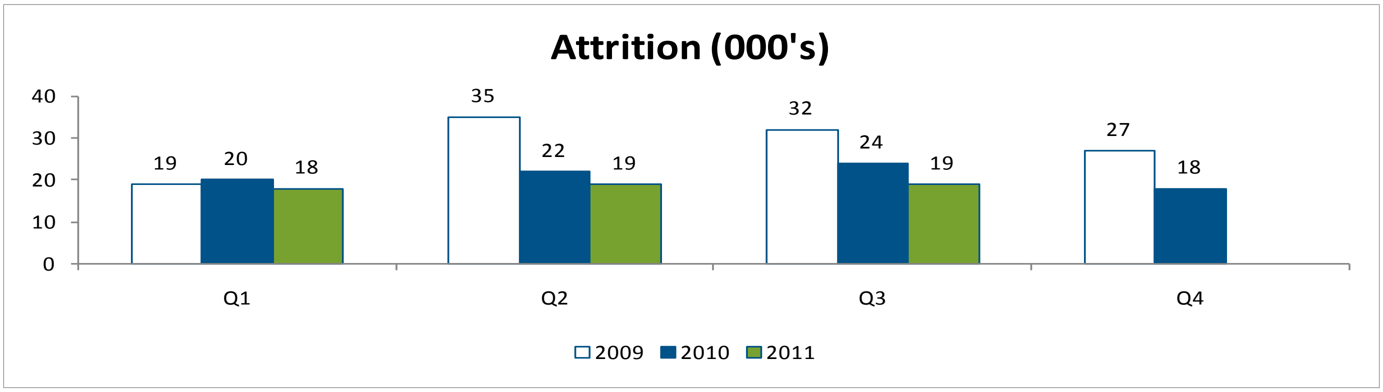
Dissecting the Rentals business further, the business is comprised of a variety of water heater rentals and a variety of HVAC rentals primarily to single family residential homes.

EnerCare originally had 100% of its Rentals business subject to a co-ownership agreement with DE. Through four acquisitions, which occurred over the last five years, EnerCare has successfully expanded its Rentals business. EnerCare now has 7% of its revenue coming from portfolios which are not subject to the co-ownership agreement.



For the portfolios under the co-ownership agreement with DE, EnerCare is entitled to 65% of the revenue and other payments and DE is entitled to 35% of the revenue. For DE's portion of the revenue, they are responsible for servicing and maintaining the assets. This ensures that EnerCare is effectively insulated from any operating risks from this portfolio. Through its origination agreement with DE, EnerCare essentially incurs the capital expenditures in respect of the portfolio.

Over the last several years, EnerCare has experienced higher than normal Attrition on their water heater rental portfolios. This was largely a result of greater competition through aggressive door to door campaigns. EnerCare and DE have continued to educate their consumers through direct mail and radio campaigns and DE has instituted a loyalty program for our customers. Such initiatives have helped to significantly reduce Attrition over the last six quarters. Our most recent quarterly Attrition figures are particularly gratifying in that the third quarter historically has been the worst season for Attrition. In addition, we believe that the expiry in February 2012 of the Consent Order issued by the Competition Bureau, which restricts EnerCare's and DE's business practices, will enhance our ability to compete.

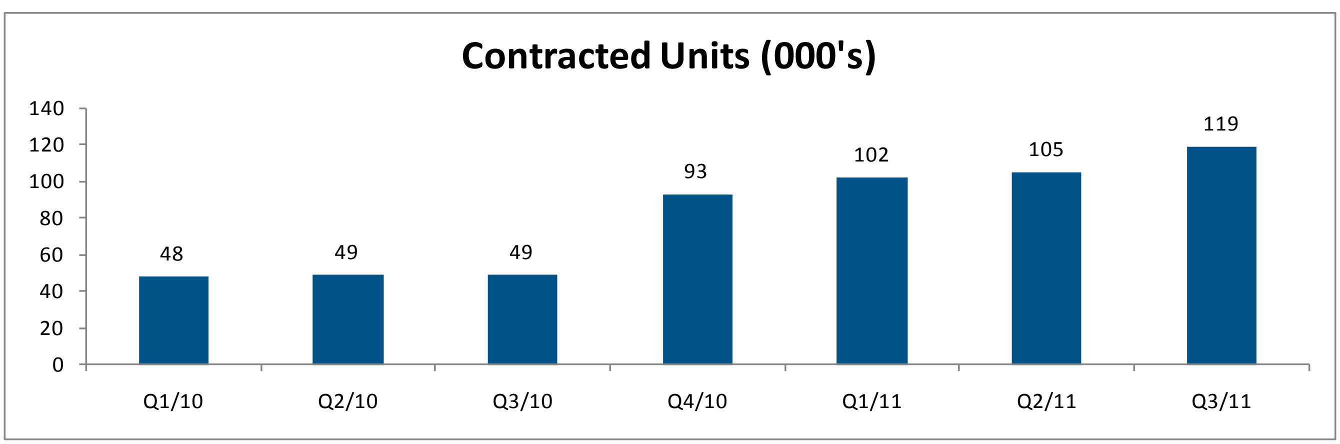


Sub-metering Business

EnerCare entered the multi-residential sub-metering business through two acquisitions in the last three years. There are essentially two types of sub-metering in the multi-residential market: retro fit sub-metering and new build construction. Within each market, apartments and condos have significantly different revenue streams.

Within the retro-fit revenue stream, after a contract is signed, the meters are typically installed within 6 weeks of signing. However, typically for a retro-fit installed unit to become billable, EnerCare must wait for tenant turnover to occur. As a result, it can take many years for all units in a retro-fit building to become billable. In the new build sub-metering market, after a contract is signed, the meters are usually not installed for several years as installation occurs when the building is in its final construction stages. In this revenue stream, however, once the meters are installed, they become billable relatively quickly and revenue is at 100% penetration from that point onwards.

Through our Stratacon and ECI acquisitions and our subsequent growth in contracted units, many of these up-front investments have been made. As seen in the graph below, currently we have 119,000 contracted units. Out of our contracted units, 93,000 have meters installed and 54,000 units are billing. We expect to experience continued revenue growth as these contracted units are turned into installed units and subsequently billable units.



HIGHLIGHTS - THIRD QUARTER 2011

The following highlights compare results for the third quarter of 2011 with the third quarter of 2010.

- Total revenues of $63,032 increased by 27% over 2010. Revenues in the Rentals business were essentially unchanged at $46,853, primarily as a result of the changes in installed assets partially offset by rental rate increases. Sub-metering revenues increased to $16,011 from $2,638, primarily due to the acquisition of ECI in late 2010.
- EBITDA[1] increased by 13% to $37,567 in 2011 driven principally by improved total revenues and reduced loss on disposal of equipment partially offset by greater expenses. Adjusted EBITDA[1] of $42,285 increased by 8% after removing the impact of a reduced loss on disposal of equipment in 2011.
- Net earnings were $5,618 in 2011, $3,402 higher than in 2010 despite higher current taxes in 2011 of $1,478 and other income of $1,461, partially offset by higher income tax recoveries of $494.
- Attrition in Rentals decreased by 5,000 units or 21% in 2011. Portfolio additions remain strong while unit exchanges declined by 2,000 to 11,000, resulting in both lower loss on disposal expenses and capital expenditures for the third quarter of 2011.
- The Payout Ratio[2] decreased to 49% in 2011 from 55% in 2010 due to an increase in Distributable Cash[2] which includes current taxes of $1,478, partially offset by higher dividend payouts caused by an increase in the number of Shares outstanding as a result of the Share offering in June 2010 and partial conversion of the Convertible Debentures.

RECENT DEVELOPMENTS

Launch of New Sub-metering Program

On September 19, 2011 EnerCare announced that its wholly-owned subsidiaries, Sub-metering providers ECI and Stratacon, launched a new water sub-metering program in the multi-residential new construction market.

While EnerCare has sub-metered water on a limited basis for several years, it has experienced significant levels of new client interest in water sub-metering for multi-residential new construction developments over the last several quarters as public awareness of the issues surrounding water conservation has grown. In response, EnerCare launched its new water sub-metering offering in late May with a focus on providing affordable and standardized water sub-metering solutions in the new construction multi-residential market.

RESULTS OF OPERATIONS

Overview

The following results of operations include ECI Sub-metering from the date of acquisition on October 1, 2010. Accordingly, EnerCare's consolidated financial results include partial year Sub-metering results in 2010.

During the quarter, in response to client interest, EnerCare launched a new bundled water and electricity sub-metering solution for the new construction market segment. As a result, new agreements representing in excess of 1,000 units for the offering were signed in the third quarter.

EnerCare also experienced increased sub-metering sales momentum in the quarter partly as a result of investments made in the sales force earlier in 2011, with new sub-metering agreements representing in excess of 14,000 units signed. This is a new sub-metering sales record breaking the previous record of approximately 9,000 units set in the first quarter of 2011.

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[1] EBITDA and Adjusted EBITDA are Non-IFRS financial measures. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.
[2] Payout Ratio and Distributable Cash are Non-IFRS financial measures. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.

Customer Attrition in the Rentals business fell by 5,000 units or 21% in the quarter versus the same period in 2010.

Consistent with our previously disclosed intentions, EnerCare and DE executed a number of initiatives during the quarter aimed at reducing Attrition. These initiatives were designed to raise customer awareness by highlighting the questionable sales tactics of some door to door sales agents. DE deployed a door to door awareness campaign supported by a radio spot, free standing newspaper inserts, ethnic print and outbound tele-messaging to customers. EnerCare deployed street teams to provide information directly to consumers in the most active door to door sales areas.

Efforts during the third quarter of 2011 were part of our full year integrated plan to reduce Attrition. Additional initiatives are scheduled for deployment in the fourth quarter.

Earnings Statement

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2011	2010	**2011**	2010
Revenues				
Rentals	**$46,853**	$46,951	**$140,493**	$142,530
Sub-metering	**16,011**	2,638	**43,600**	7,625
Investment income	**168**	87	**420**	94
Total revenues	**63,032**	49,676	**184,513**	150,249
Commodity charges	**11,689**	1,631	**32,007**	4,555
SG&A expenses:				
Rentals	**3,730**	5,835	**11,848**	16,116
Sub-metering	**2,648**	1,610	**7,720**	5,117
Corporate	**2,512**	1,535	**8,400**	3,779
Total SG&A expenses	**8,890**	8,980	**27,968**	25,012
Amortization expense	**26,126**	27,287	**78,469**	82,453
Loss on disposal of equipment	**4,718**	5,756	**14,219**	16,667
Interest expense	**10,433**	10,693	**31,690**	33,131
Total operating expenses	**61,856**	54,347	**184,353**	161,818
Other income	**254**	1,715	**2,383**	1,715
Earnings/(Loss) before income taxes	**1,430**	(2,956)	**2,543**	(9,854)
Current tax (expense)	**(1,478)**	-	**(4,943)**	-
Deferred income tax recovery	**5,666**	5,172	**8,639**	14,789
Net earnings	**$ 5,618**	$ 2,216	**$ 6,239**	$ 4,935
Adjusted EBITDA	**$42,285**	$38,978	**$124,118**	$120,588
EBITDA	**$37,567**	$33,222	**$109,899**	$103,921

Revenues

Total revenues of $63,032 for the third quarter of 2011 increased by $13,356 or 27% and by $34,264 or 23% to $184,513 year to date, compared to the same periods in 2010. Rentals revenues decreased by $98 to $46,853 in the third quarter of 2011 and by $2,037 or 1% to $140,493 year to date compared to the same periods in 2010, primarily due to changes in installed assets partially offset by rental rate increases implemented in January 2011. Sub-metering revenues in the third quarter of 2011 were $16,011, an increase of $13,373 or 507%, and $43,600 year to date, an increase of $35,975 or 472% over the same periods in 2010. The revenue growth resulted from an increase in the number of billing units in our legacy Sub-metering business, Stratacon, combined with the inclusion of ECI's unit portfolio. Revenue increases include pass through commodity charges of $11,689 in the third quarter and $32,007 year to date.

Investment income increased by $81 in the third quarter of 2011 to $168 and by $326 to $420 year to date, primarily as a result of larger investment balances during 2011.

Selling, General & Administrative Expenses

Total SG&A expenses were $8,890 in the third quarter of 2011, compared to $8,980, a decrease of $90 or 1% over the same period in 2010. The expense decrease is the result of a decrease in office expenses, compensation and professional fees of $583, bad debt and claims of $774 and billing, servicing and inventory management charges of $54, partially offset by the inclusion of the ECI business of approximately $1,248 and an increase in selling expenses of $73.

Total SG&A expenses were $27,968 year to date in 2011, an increase of $2,956 or 12% over the same period in 2010. The inclusion of the ECI business, which accounted for $4,043 of the amount, was the primary driver of the increase. Increases of $1,975 in selling expenses and $837 for office expenses, compensation and professional fees, were offset by reductions in bad debt and claims of $3,162 and billing, servicing and inventory management charges of $737.

Amortization Expense

Amortization expense decreased by $1,161 or 4% to $26,126 in the third of quarter of 2011 and by $3,984 or 5% to $78,469 year to date, primarily due to the expiration of the intangible assets related to the acquisition of Stratacon, a smaller installed asset base and a change in the estimated useful lives of sub-meters that occurred in the fourth quarter of 2010.

Interest Expense

Interest Expense	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2011	2010	**2011**	2010
Interest expense payable in cash	**$ 9,124**	$ 9,347	**$27,743**	$27,951
Non-cash items:				
Amortization of bridge fees	**-**	-	**-**	1,440
Amortization of OCI and financing costs	**1,309**	1,346	**3,947**	3,740
Interest expense	**$10,433**	$10,693	**$31,690**	$33,131

Interest expense payable in cash decreased nominally to $9,124 in the third quarter of 2011 and to $27,743 year to date over the same periods in 2010. The decrease in the third quarter of 2011 is primarily related to the redemption of Convertible Debentures during the period. Year to date 2011 interest expense is consistent with amounts through September 2010. The amortization of bridge fees related to the 2009 Bridge that was repaid when the 2010 Notes were issued in March 2010. Amortization of OCI and financing costs for the third quarter of 2011 are consistent with 2010, however, the 2011 year to date is higher than the same period in 2010 as a result of the full year impact of the 2010 Notes and the Convertible Debentures in 2011.

Loss on Disposal of Equipment

In the third quarter of 2011, EnerCare reported a loss on disposal of equipment of $4,718, representing a decrease of $1,038 or 18%. For the nine months ended September 30, 2011, loss on disposal of equipment was $14,219 compared to $16,667, representing a decrease of $2,448 or 15% during the same period in 2010. The loss on disposal amount is influenced by the number of assets retired, changes in the retirement asset mix and the age of the assets retired. The primary reason for the decreased expenses relates to the lower unit Attrition and exchange activity in the Rentals business in 2011 when compared to 2010.

Income Taxes

EnerCare reported a current tax expense of $1,478 and $4,943 for the three and nine months ended September 30, 2011, respectively, related to the taxable status of the corporation effective January 1, 2011. The deferred income tax recovery of $5,666 for the third quarter of 2011 and $8,639 for year to date 2011 increased by $494 and decreased by $6,150, respectively, primarily as a result of temporary difference reversals in the Rentals and Sub-metering businesses.

Adjusted EBITDA and EBITDA

The following table summarizes comparative quarterly results for the last eight quarters, and reconciles net earnings, an IFRS measure, to EBITDA and Adjusted EBITDA.

Quarterly Earnings Before Interest, Taxes and Amortization (EBITDA)

	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09
Net earnings/(loss)	**$ 5,618**	$ 1,682	$(1,061)	$(3,214)	$ 2,216	$ 2,566	$ 153	$15,784
Deferred tax (recovery)	**(5,666)**	(1,858)	(1,115)	(3,419)	(5,172)	(4,745)	(4,872)	(28,065)
Current tax expense	**1,478**	1,881	1,584	-	-	-	-	-
Amortization expense	**26,126**	26,103	26,240	26,620	27,287	27,560	27,606	28,414
Interest expense	**10,433**	10,566	10,691	10,666	10,693	10,325	12,113	10,107
Other (income)/expense	**(254)**	(2,129)	-	211	(1,715)	-	-	-
Investment (income)	**(168)**	(140)	(112)	(107)	(87)	(5)	(2)	(14)
EBITDA	**37,567**	36,105	36,227	30,757	33,222	35,701	34,998	26,226
Add: Loss on disposal of equipment	**4,718**	4,861	4,640	4,673	5,756	5,918	4,993	6,086
Add: Impaired assets	**-**	-	-	-	-	-	-	4,106
Adjusted EBITDA	**$42,285**	$40,966	$40,867	$35,430	$38,978	$41,619	$39,991	$36,418
Accounting basis	**IFRS**	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP

The variances over the last eight quarters are primarily due to the following:

1. The acquisition of EECI (now ECI) in the fourth quarter of 2010.
2. Net earnings are impacted by rate increases in the Rentals business, generally implemented in January of each year, and accruals related to billing and servicing matters.
3. In 2011, current taxes as a result of Conversion.
4. Amortization and loss on disposal of equipment are primarily driven by unit continuity activity such as Attrition, exchanges and outstanding units.
5. Interest expense in the first quarter of 2010 was impacted by fees in respect of the 2009 Bridge incurred prior to the issuance of the 2010 Notes.
6. As part of the conversion to IFRS, effective January 1, 2010, EnerCare estimated the obligation payable to the former Stratacon shareholders in respect of the final earn out payment. Amounts taken back into income in 2011 reflect reductions in the amounts payable. The 2010 amount is comprised of a settlement in respect of various claims for indemnification made by EnerCare pursuant to the share purchase agreement.

Billing and Servicing Matters

Earnings Items

DE, through EGD, provides billing and collection services for substantially all of EnerCare's water heaters and other assets. Following the September 2009 billing system conversion implemented by DE, which coincided with a billing system conversion by EGD, EnerCare's ICFR identified issues principally associated with DE's system conversion impacting EnerCare's customers, including issues in respect of the allocation of customer payments, customer collections, and billing issues, including completeness of billing, billing in respect of new customers and implementation of new rental rates. EnerCare continues to work closely with

DE to resolve billing issues as well as billing completeness.

EnerCare has estimated and recorded revenues of $1,700 in respect of billings and adjustments expected to be recovered from customers, but does not include any amounts EnerCare may recover from DE for lost revenues arising from the billing system conversion. At December 31, 2010, the accrual was $1,700, consequently, in 2011, there has been no cumulative earnings impact. At September 30, 2010, the accrual of $2,100 included pricing changes for a number of customers that had not been completed. The pricing changes were completed and resolved by December 31, 2010.

During 2010, EnerCare provided for bad debt regarding the collectability of revenues recorded related to customers where the EGD revenue guarantee did not apply and where DE was responsible for collection activities. As reported in the second quarter of 2011, EnerCare reached an agreement in principal with DE to receive a payment of approximately $2,200 representing EnerCare's entitlement to unremitted customer payments for rentals outside of the EGD territory. The settlement amount had an earnings impact of $1,300 recorded as a recovery of previous bad debts written off during 2010, with the remainder reflected as a change in financial position between outstanding customer receivables and an account receivable from DE. Payment and executed legal settlement of this component of the DE billing issues should be completed for the fourth quarter of 2011.

Buyout processing and other miscellaneous items from 2010 remain outstanding. EnerCare has recorded amounts expected to be charged to customers by DE and continues to work with DE to resolve issues relating to buyout processing.

Settlement with DE for an amount in excess of revenues recorded and recovery of any expenses accrued would result in an increase to previously stated EBITDA amounts.

Capital Items

EnerCare continues to be in discussion with DE regarding certain amounts DE has billed EnerCare for water heater installations that are reflected as capital additions. The amounts at issue totalled $3,400 ($2,500 in the third quarter of 2010) at September 30, 2011. Settlement with DE for a lower amount than billed would result in a reduction to previously stated capital expenditure amounts.

DISTRIBUTABLE CASH AND PAYOUT RATIO

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2011	2010	**2011**	2010
Cash provided by operating activities	**$32,313**	$37,351	**$92,279**	$93,812
Net change in non-cash working capital	**(208)**	(5,918)	**1,956**	634
Operating Cash Flow[3]	**32,105**	31,433	**94,235**	94,446
Capital expenditures – excluding growth capital	**(14,633)**	(16,532)	**(45,203)**	(51,911)
Proceeds on disposal of equipment	**1,007**	1,168	**3,088**	2,929
Distributable Cash	**18,479**	16,069	**52,120**	45,464
Dividends declared	**(9,047)**	(8,867)	**(26,923)**	(25,194)
Net cash retained/(distributed) by EnerCare	**$9,432**	$7,202	**$25,197**	$20,270
Payout Ratio	**49%**	55%	**52%**	55%

The Payout Ratio, after capital expenditures (excluding growth capital) was 49% for the third quarter of 2011 compared to 55% for the same period in 2010, primarily due to an increase in Distributable Cash, which includes current taxes of $1,478, partially offset by higher dividend payouts resulting from an increase in the number of Shares outstanding as a result of the Share offering in June 2010 and conversion of some of the Convertible Debentures. The year to date Payout Ratio of 52% for 2011 was slightly lower than 2010 due mainly as a result of the capital expenditure reductions driven by lower exchange activity.

[3] Operating Cash Flow is a Non-IFRS financial measure. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.

EnerCare intends to finance its recurring capital expenditures with cash flows from operations and cash on hand.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2011	2010	**2011**	2010
Cash flow from operating activities	**$32,313**	$37,351	**$92,279**	$93,812
Net change in non-cash working capital	**(208)**	(5,918)	**1,956**	634
Operating Cash Flow	**32,105**	31,433	**94,235**	94,446
Net capital expenditures	**(13,626)**	(15,364)	**(42,115)**	(48,982)
Growth capital	**(3,424)**	(999)	**(9,495)**	(2,184)
Cash used in investing activities	**(17,050)**	(16,363)	**(51,610)**	(51,166)
Dividends paid	**(9,024)**	(8,867)	**(23,907)**	(24,912)
Net financing	**(228)**	(10,182)	**37**	35,371
Cash (used in)/provided by financing activities	**(9,252)**	(19,049)	**(23,870)**	10,459
Cash and equivalents – end of period	**$69,294**	$78,444	**$69,294**	$78,444

Operating Cash Flow of $32,105 and $94,235 increased by $672 and decreased by $211 for the three and nine months ended September 30, 2011, respectively, compared to the same quarters in 2010. Cash flow from operating activities is an IFRS measure which is impacted by the timing of net changes in non-cash working capital. In the third quarter of 2011 non-cash working capital changed by $5,710 to $208 primarily as a result of a decrease in accounts receivable and accounts payable and other liabilities. For the nine months ended September 30, 2011, the increase of $1,322 was primarily due to an increase in interest payable.

Capital investments in the third quarter of 2011 and year to date were higher primarily due to installation activity in the Sub-metering businesses partially offset by reductions in asset exchanges and additions in the Rentals business. Net financing activity for 2011 primarily reflects principal repayments and the first quarter receipt of cash collateral in respect of the Stratacon Debt.

EnerCare Solutions is subject to a number of covenants and has the ability to incur additional senior debt as described in Liquidity and Capital Resources – Cash from Financing.

EnerCare is examining opportunities to refinance its 2010 Notes (maturing in 2013) and 2009-2 Notes (maturing in 2014) in order to take advantage of the current low interest environment. In respect of the $60,000 2009-1 Notes (maturing in 2012), EnerCare expects to refinance or repay from cash on hand, in whole or part, these notes on or before April 30, 2012. EnerCare continues to generate considerable cash flow from operations as a result cash and cash equivalents increased by approximately $16,800 so far this year to $69,294 as of September 30, 2011. In addition, EnerCare has an unused line of credit of $35,000 available.

Management believes that EnerCare has sufficient cash flow, cash on hand and credit available to meet its 2011 obligations, including both capital expenditures and working capital requirements for the Rentals and Sub-metering businesses.

Capital Expenditures

Capital expenditures typically have a significant impact on liquidity and are best understood with reference to the unit continuity analysis below.

Installed Asset Unit Continuity	Three months ended September 30,					
(in thousands)		**2011**			2010	
Segment	Rentals	Sub-metering	Total	Rentals	Sub-metering	Total
Units – start of period	**1,242**	**88**	**1,330**	1,293	43	1,336
Portfolio additions	**6**	**5**	**11**	8	2	10
Attrition	**(19)**	**-**	**(19)**	(24)	-	(24)
Units – end of period	**1,229**	**93**	**1,322**	1,277	45	1,322
Asset exchanges – units retired and replaced	**11**	**-**	**11**	13	-	13
% change in units during the period			**(0.6%)**			(1.0%)
% of units from start of period:						
Portfolio additions (net of acquisitions)			**0.8%**			0.7%
Attrition			**(1.4%)**			(1.8%)
Units retired and replaced			**0.8%**			1.0%

Installed Asset Unit Continuity	Nine months ended September 30,					
(in thousands)		**2011**			2010	
Segment	Rentals	Sub-metering	Total	Rentals	Sub-metering	Total
Units – start of period	**1,267**	**77**	**1,344**	1,322	35	1,357
Portfolio additions	**18**	**16**	**34**	21	10	31
Attrition	**(56)**	**-**	**(56)**	(66)	-	(66)
Units – end of period	**1,229**	**93**	**1,322**	1,277	45	1,322
Asset exchanges – units retired and replaced	**38**	**-**	**38**	45	-	45
% change in units during the period			**(1.6%)**			(2.6%)
% of units from start of period:						
Portfolio additions (net of acquisitions)			**2.5%**			2.3%
Attrition			**(4.2%)**			(4.9%)
Units retired and replaced			**2.8%**			3.3%
Billable units	**1,229**	**54**	**1,283**	1,277	23	1,300
Contracted units		**119**			49	

Net capital expenditures in the Rentals business include portfolio additions and asset exchanges, net of proceeds on disposal. In the third quarter of 2011 and year to date, net capital expenditures (excluding acquisitions) in the Rentals business were $13,626 and $42,115, respectively, decreasing by $1,738 and $6,867 when compared to the same periods in 2010. Capital expenditures decreased primarily due to reductions in Rentals asset exchanges and additions of 4,000 and 10,000 units for the three and nine months ended September 30, 2011, respectively, when compared to the same periods in 2010.

Installations in the Sub-metering business improved during the third quarter and year to date in 2011 following increased sales activity as a result of the new sub-metering regulatory regime coming into effect.

Attrition in the Rentals business fell to 19,000 units during the third quarter of 2011 and 56,000 units year to date; a decrease of 21% and 15%, respectively, from the same periods in 2010. Attrition units and percentages on a year over year basis decreased in each of the past 6 quarters in part due to customer communications and marketing programs delivered by EnerCare and DE.

Cash from Financing

Financing activities for EnerCare reflect mainly dividends, periodic financing of EnerCare Solutions' indebtedness, the Fund's offering of Units and Convertible Debentures, and to a much lesser extent financing of the Sub-metering business. During the three and nine months ended September 30, 2011, EnerCare recorded financing net of dividends of $228 and $37, respectively, related to on-going principal payments on Stratacon Debt and receipt of cash collateral in the first quarter also related to the Stratacon Debt. During the same period in 2010, financing activity net of dividends of $10,182 and $35,371, respectively, was primarily related to the issuance of Shares and Convertible Debentures in the second quarter of 2010 and payments made towards the Revolver.

Capitalization	Nine months ended Sept. 30, **2011**	2010
Cash and cash equivalents	**$ 69,294**	$ 78,444
Net investment in working capital	**(11,955)**	(12,807)
Cash, net of working capital	**57,339**	65,637
Total debt	**593,538**	600,258
Shareholder's equity	**131,749**	152,461
Total capitalization – book value	**$725,287**	$752,719

Typically, EnerCare maintains cash balances to provide sufficient cash reserves to satisfy short-term requirements, including interest payments, dividends and certain capital expenditures and acquisitions. EnerCare held $69,294 of cash and cash equivalents at September 30, 2011, a decrease of $9,150 from the prior year, comprised of positive cash flows offset by the repayment of the Revolver and the purchase of EECI in October 2010.

At September 30, 2011, total debt was comprised of the 2009 Notes and 2010 Notes, Convertible Debentures and the Stratacon Debt.

EnerCare Solutions is subject to a number of covenant requirements as described in the AIF. The following discussion outlines the principal covenants.

Revolver

Under the Revolver, EnerCare Solutions is subject to three principal financial covenants as described in the AIF. The covenants address interest and debt coverage. EnerCare Solutions complied with these covenants on September 30, 2011. No amounts were drawn on the Revolver at September 30, 2011.

2009 Notes and 2010 Notes – Incurrence Test

The covenants under the 2009 Notes and 2010 Notes are contained in a master trust indenture and supplemental indentures effective January 29, 2010 and February 19, 2010, respectively. Under the terms of these indentures, EnerCare Solutions may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the Incurrence Test (as described in the AIF) is less than 3.8 to 1. On September 30, 2011, EnerCare Solutions exceeded this minimum and has the capacity under the covenant to raise approximately $30,000 to $40,000 additional senior debt should it elect to do so.

Summary of Quarterly Results

	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09
Total revenues	**$63,032**	$60,069	$61,412	$57,169	$49,676	$51,450	$49,123	$44,727
Net earnings/(loss)	**5,618**	1,682	(1,061)	(3,214)	2,216	2,566	153	15,784
Dividends declared	**9,047**	8,958	8,918	8,867	8,867	8,304	8,023	8,023
Average Shares outstanding	**55,728**	55,206	54,952	54,734	54,734	50,841	49,524	49,524
Per Share								
Basic/diluted net (loss)/earnings	**$0.10**	$0.03	($0.02)	($0.06)	$0.04	$0.05	$0.00	$0.32
Dividends declared	**$0.162**	$0.162	$0.162	$0.162	$0.162	$0.163	$0.162	$0.162
Accounting basis	**IFRS**	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP

In addition to quarterly comments found under "Results of Operations – Adjusted EBITDA and EBITDA", differences in net earnings between quarters reflect the timing of expenses and the temporary difference reversals of future income tax recoveries. Dividends declared reflect the change in outstanding Shares over time.

The average number of Shares outstanding and the related per Share data reflect EnerCare's Share offering of June 2010. Commencing in 2011, Shares outstanding have increased with the Conversion of Convertible Debentures.

SUMMARY OF CONTRACTUAL DEBT AND LEASE OBLIGATIONS

The following schedule summarizes the contractual debt and lease obligations of EnerCare at September 30, 2011:

Period	Principal Payments	Interest Payments	Leases
Within the next 12 months	$ 61,120	$36,363	$ 451
1 to 2 years	241,184	26,251	348
2 to 3 years	271,234	19,853	248
3 to 4 years	1,292	1,526	328
4 to 5 years	1,106	1,423	386
Thereafter	21,695	1,372	161
Total	$597,631	$86,788	$1,922

Long-term senior contractual obligations of EnerCare include debt service on the 2009-1 Notes, 2009-2 Notes and 2010 Notes bearing interest at 6.20%, 6.75% and 5.25%, respectively. Interest on the 2009 Notes is payable semi-annually on April 30 and October 30 and on March 15 and September 15, in respect of the 2010 Notes. The Stratacon Debt of $6,980 was issued in 14 series with maturity dates ranging from 4 to 14 years, ending in 2022. The interest rate on the Stratacon Debt ranges from 7.50% to 8.75% and is paid monthly.

The Convertible Debentures bear interest at 6.25% with interest payable semi-annually on June 30 and December 31 until maturity in June 2017.

At September 30, 2011, $35,000 of the Revolver was available to be drawn. The Revolver bore a standby fee of 0.31% which has not been included in the above schedule until maturity in January 2014.

Lease obligations include premises and office equipment. Substantially all of the future expense obligations are the result of leased premises.

ENERCARE SHARES ISSUED AND OUTSTANDING

EnerCare's articles of incorporation provide for the issuance of an unlimited number of Shares and 10,000,000 preferred shares.

At September 30, 2011, there were 55,850,131 Shares issued and outstanding, and no preferred shares were outstanding.

UPDATE TO RISK FACTORS

The risks related to the business and structure of EnerCare discussed in the AIF remain unchanged except as discussed under IFRS (see *"IFRS" in this MD&A*).

IFRS

Effective January 1, 2011, EnerCare and EnerCare Solutions adopted IFRS for publicly traded enterprises. IFRS accounting principles and financial data has been applied retroactively to 2010. The significant accounting policy choices and financial statement impacts are discussed below.

Business Combinations and Contingent Consideration

EnerCare acquired Stratacon in August 2008. The Stratacon purchase included contingent consideration for the 3 year period ending July 31, 2011. As at January 1, 2010, management's estimate of this obligation was $5,000. This obligation was reflected on the balance sheet effective January 1, 2010 as a liability payable and charged through equity. Any difference between this estimate and the amount ultimately paid in 2011 will be reflected in the statement of earnings. During 2011, $2,383 has been reflected in other income to reflect a lower estimated payable.

The October 1, 2010 EECI acquisition was originally reported according to standards which were in accordance with IFRS and as such no adjustments related to the business combination are required.

Intangibles and Amortization

As at January 1, 2010, under CGAAP the carrying value of intangible assets was evaluated on an undiscounted cost recovery methodology. Under IFRS the value in use of these assets is assessed on a discounted basis resulting in an impairment charge of $18,565. Equity was reduced by $14,035 net of a reduction in deferred tax liabilities of $4,530. Under CGAAP amortization was based on greater intangible asset values in 2010, as such, amortization and deferred tax recoveries for 2010 have been reduced under IFRS to give effect to the impairment recorded January 1, 2010.

Convertible Debentures

The Convertible Debentures issued in June and July 2010, were recorded as a liability with the value of the debentures being reduced to reflect the fair value of the conversion feature of these debentures. The reduction will be accreted to earnings over the term of the debentures using the effective interest method. For the period from the date of issue through to Conversion, the value of the conversion feature was reflected in other liabilities and revalued to fair value each reporting period. Changes in the fair value have been reflected through earnings. On January 1, 2011, the fair value of the conversion feature of $1,749 was transferred to equity of EnerCare and will no longer be subject to fair value adjustments each reporting period.

Accounting Polices

Under IFRS, after initial recognition, it is possible to measure property and equipment using the cost model or the revaluation model. EnerCare will continue to use the cost model.

The following table outlines the principal changes under IFRS for 2010. A detailed analysis can be found in note 4 of the interim consolidated financial statements of EnerCare for the third quarter ended September 30, 2011.

Changes in Accounts	Jan. 1/10	Q1/10	Q2/10	Q3/10	Q4/10	YTD/10
Assets						
Intangible assets – Opening balance	$(18,565)	$ -	$ -	$ -	$ -	$(18,565)
Intangible assets	-	297	331	314	314	1,256
Total Assets	(18,565)	297	331	314	314	(17,309)
Liabilities						
Other liabilities payable	-	-	-	4,300	-	4,300
Other long-term liabilities payable	5,000	-	-	(5,000)	-	-
Long-term debt	-	-	-	1,538	211	1,749
Deferred income liability	(4,530)	77	111	94	94	(4,154)
Equity						
Opening shareholders' equity	(19,035)	-	-	-	-	(19,035)
Convertible Debentures – Equity allocation	-	-	-	(1,538)	-	(1,538)
Retained earnings	-	220	220	920	9	1,369
Total Liabilities and Equity	(18,565)	297	331	314	314	(17,309)
Earnings						
Other Income/(loss)	-	-	-	700	(211)	489
Amortization- recovery	-	297	331	314	314	1,256
Deferred income tax expense	-	(77)	(111)	(94)	(94)	(376)
Total Earnings	$ -	$220	$220	$920	$ 9	$ 1,369

NON-IFRS FINANCIAL AND PERFORMANCE MEASURES

The interim consolidated financial statements of EnerCare are prepared in accordance with IFRS. EnerCare's accounting policies are summarized in detail in note 2 of the interim consolidated financial statements.

EnerCare reports on certain Non-IFRS measures that are used by management to evaluate performance of EnerCare and meet certain covenant requirements relating to its debt financing. Since Non-IFRS measures do not have standardized meanings prescribed by IFRS, securities regulations require that Non-IFRS measures be clearly defined, qualified, and reconciled with their nearest IFRS measure. These measures do not have standardized meanings or interpretations, and may not be comparable to similar terms and measures provided by other issuers.

Non-IFRS financial indicators used by EnerCare and reported in this MD&A include:

Measures of Asset Portfolio Performance

Capital Expenditures and Acquisitions

EnerCare makes two principal types of investments to grow its installed base of water heaters, sub-meters and other assets: capital expenditures and acquisitions.

Measures of Financial Performance

Adjusted EBITDA

This measure is comprised of net earnings plus income taxes, interest expense, amortization expense, impairment losses and loss on disposal of equipment, less investment and other income. It is one metric that can be used to determine EnerCare's ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders. Adjusted EBITDA is reconciled with net earnings, an IFRS measure, in the section "*Results of Operations - Adjusted EBITDA and EBITDA*" in this MD&A.

Billable

Billable units in respect of Sub-metering represent assets in respect of which an invoice has been issued to a customer in the past. From time to time there may be periods where no invoicing occurs in respect of such asset due to, for example, vacancy or delinquency. Billable Sub-metering assets are no longer billable upon termination of the contractual agreement with the landlord or condominium corporation, as applicable. The Rentals portfolio is deemed to be fully billable upon origination and removed from Billable upon asset termination.

Distributable Cash

Distributable Cash is the amount of cash generated during a period and available to service debt, finance capital expenditures and provide for the payment of dividends to shareholders. It comprises net earnings of EnerCare, plus non-cash items such as future income taxes and amortization, less capital expenditures. Capital expenditures outside of EnerCare's traditional Rentals asset purchases, such as Sub-metering equipment, acquisitions and infrastructure assets are considered by management to be growth expenditures. Distributable Cash is reconciled with cash flow from operating activities, a IFRS measure, in the section "*Distributable Cash and Payout Ratio*" in this MD&A.

Distributions and Payout Ratio

Dividends are declared and paid monthly to shareholders at the discretion of the board of directors of EnerCare. Among other things, the directors consider the level of Distributable Cash, the level of previous dividends, and the amount of cash they wish to retain in the company for contingencies and future growth. The Payout Ratio is the percentage of Distributable Cash to dividends declared to shareholders during a period. The Payout Ratio indicates the ability of EnerCare to pay dividends, finance capital expenditures and add to its cash reserves.

EBITDA

This measure is comprised of net earnings plus income taxes, interest expense and amortization expense, less investment and other income. It is one metric that can be used to determine EnerCare's ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders. EBITDA is reconciled with net earnings, an IFRS measure, in the section "*Results of Operations*" in this MD&A.

Operating Cash Flow

Operating Cash Flow is the cash flow from operating activities excluding changes in non-cash working capital. It represents the net cash generated in earnings, excluding non-cash items. It is one indicator of financial strength of EnerCare. Operating Cash Flow is reconciled with cash flow from operating activities, an IFRS measure, in the section "*Liquidity and Capital Resources*" in this MD&A.

Measures Regarding Debt Covenants

As at September 30, 2011, EnerCare was in compliance with all covenants under the 2009 Notes, 2010 Notes and Revolver. A summary of the current covenants as described in the AIF is discussed below.

Revolver

Under the Revolver, EnerCare Solutions is subject to three principal financial covenants as described in the AIF. The covenants address interest and debt coverage. EnerCare Solutions complied with these covenants and has the ability to draw on the Revolver.

2009 Notes and 2010 Notes – Incurrence Test

The covenants under the 2009 Notes and 2010 Notes are contained in a master trust indenture and supplemental indentures effective January 29, 2010 and February 19, 2010, as applicable. Under the terms of these indentures, EnerCare Solutions may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the Incurrence Test (as described in the AIF) is less than 3.8 to 1.

CRITICAL ACCOUNTING ESTIMATES

The preparation of interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts in the interim consolidated financial statements and accompanying notes. These estimates are based on EnerCare's historical experience, probability analysis and various other assumptions that management considered under the circumstances, the results of which form the basis for making judgments about the reported amounts in the interim consolidated financial statements that are not readily apparent from other sources. The critical accounting estimates for EnerCare are the estimated useful lives of equipment, intangible assets and provisions. During 2010 and 2011, additional accruals were recorded (see *"Billing and Servicing Matters" in this MD&A*).

Equipment

Equipment is stated at cost, adjusted to fair market value where cost exceeds the net recoverable amount. For the Rentals business, costs include the purchase price of the water heaters and other assets, and installation allowances. There exists measurement uncertainty with respect to the useful life of the installed rental assets; accordingly, EnerCare periodically reviews the estimated useful lives of water heaters and believes it is currently appropriate to amortize the cost on a straight-line basis over 16 years.

Sub-metering equipment is comprised of sub-meters, installation costs, labour and direct materials. Sub-meters are amortized over their estimated useful lives of 10 years on a straight-line basis. Additional costs incurred as part of each executed contract are amortized on a straight-line basis over the term of the contract which varies from 10 to 25 years.

In the fourth quarter of 2010, the Fund changed an accounting estimate in respect of the useful lives of Stratacon's sub-metering equipment. The useful lives changed from 6 years to 10 years based upon management's belief that the recertification of meters may be accomplished less expensively than previously thought and may not result in new equipment replacement in every circumstance. The impact of reduced amortization in 2010 was approximately $270 with an estimated impact of $1,080 over 12 months.

Intangible Assets

Intangible assets represent the right to rental cash flows. The intangible assets are stated at cost, adjusted to fair market value where cost exceeds the net recoverable amount. Rentals intangible assets are amortized over 16 years on a straight-line basis in conjunction with the related equipment.

Sub-metering intangible assets are comprised of cash flows related to customer contracts and relationships, and the benefits from certain contractual arrangements. Stratacon related customer contracts and relationships were initially amortized on a straight-line basis over the average estimated contract life of 16 years while other contractual arrangements are amortized on a straight-line basis between 2 and 5 years. On transition to IFRS a full provision against the carrying value of Stratacon customer relationships of $18,565 was recorded. A policy related to ECI intangibles has not been established until such time as the purchase price allocation has been completed. Additional details may be found in the notes to the financial statements.

EnerCare reviews the intangible assets on an annual basis or at any other time when events or changes have occurred that would suggest an impairment of carrying amount.

DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES

EnerCare's certifying officers have designed, and assessed the design of, a system of DC&P to provide reasonable assurance that (i) material information relating to EnerCare, including its consolidated subsidiaries, is made known to them by others; and (ii) information required to be disclosed by EnerCare in its annual filings, interim filings and other reports filed or submitted by EnerCare under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. As well, EnerCare's certifying officers have designed, and assessed the design of, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There are no material weaknesses relating to the design of either DC&P or ICFR at September 30, 2011. There have been no changes to our ICFR during the quarter ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, EnerCare's ICFR, including as a result of the implementation of IFRS, as any changes were either immaterial or implemented in prior periods.

Management does recognize that any controls and procedures no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. In the unforeseen event that lapses in the disclosure or internal controls and procedures occur and/or mistakes happen, EnerCare intends to take whatever steps are necessary to minimize the consequences thereof.

CHANGES IN ACCOUNTING POLICIES

The interim consolidated financial statements of EnerCare are prepared in accordance with IFRS, which became effective on January 1, 2011 with retroactive application to January 1, 2010. Transition elections and adjustments are summarized further in the IFRS section of this MD&A.

Accounting standard IFRS 9, Financial Instruments, was issued in November 2009. It addressed classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return on investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. EnerCare has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

OUTLOOK

EnerCare is very encouraged with the reduction in Attrition in the third quarter of 2011, the sixth successive quarter of year over year reduction in Attrition. We believe that our strategies to counter Attrition have been successful and consequently we will continue to invest in such programs.

We believe that the expiry in February 2012 of the Consent Order issued by the Competition Bureau, which restricts EnerCare's and DE's business practices, will enhance our ability to compete.

EnerCare has made significant progress in integrating its Sub-metering businesses. Office space and data centers were consolidated in the third quarter of 2011; this helped improve Sub-metering EBITDA in the quarter. In the fourth quarter of 2011 and the first quarter of 2012, EnerCare is upgrading and consolidating the billing and customer care systems of Stratacon and ECI. This initiative is expected to provide greater control and further operational cost reductions. In order to reduce cost, reduce potential customer confusion and consolidate brand identities, EnerCare intends to amalgamate its two sub-metering businesses, ECI and Stratacon, on January 1, 2012. The amalgamated company will retain the EnerCare Connections Inc. name.

EnerCare plans to increase efforts to grow its business organically, including through wider product offerings and geographic expansion, as it did recently with the introduction of a Rentals program in New Brunswick. In addition, we continue to seek acquisition opportunities in our current or adjacent markets. Investments will focus on those which have long asset life and long-term customer relationships and that will generate positive growth in revenues, earnings and/or cash flows within an appropriate horizon depending on the stage of the development of the business.

EnerCare is examining opportunities to refinance its 2010 Notes (maturing in 2013) and 2009-2 Notes (maturing in 2014) in order to take advantage of the current low interest environment. In respect of the $60,000 2009-1 Notes (maturing in 2012), EnerCare expects to refinance or repay from cash on hand, in whole or part, these notes on or before April 30, 2012. EnerCare continues to generate considerable cash flow from operations as a result cash and cash equivalents increased by approximately $16,799 so far this year to $69,294 as of September 30, 2011. In addition, EnerCare has an unused line of credit of $35,000 available.

EnerCare is very pleased with the substantial progress it has made in strengthening its business in 2011 and the resulting improvement in the payout ratio. Based on these and other factors, EnerCare intends to increase its monthly dividend to $0.055 per Share, an increase of 2%, effective in respect of the dividend payable to shareholders of record on the applicable date in December 2011, which dividend will be paid in January 2012.

GLOSSARY OF TERMS

Defined Term	Definition
AIF	Annual Information Form of EnerCare dated March 29, 2011.
Attrition	Termination of customer relationships, including buyouts.
Billable	EnerCare property that is deemed to be billing (see – “Measures of Financial Performance”).
CGAAP	Generally Accepted Accounting Principles under part V of the Canadian Institute of Chartered Accountants handbook.
Conversion	The conversion of the Fund and the Trust, income trusts, to EnerCare and EnerCare Solutions, respectively.
Convertible Debentures	$27,883 principal amount of 6.25% convertible unsecured subordinated debentures of EnerCare (formerly the Fund), which mature on June 30, 2017. Each Debenture is convertible into Shares at the option of the holder at a conversion price of $6.48 (or 154.3210 Shares per $1,000 principal amount of Convertible Debentures).
DBRS	DBRS Limited.
DC&P	Disclosure Controls and Procedures as defined under National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings.
DE	Direct Energy Marketing Limited.
ECI	EnerCare Connections Inc. (formerly EECI).
EECI	Enbridge Electric Connections Inc. (now ECI).
EGD	Enbridge Gas Distribution Inc.
EnerCare	EnerCare Inc., formerly the Fund.
EnerCare Solutions	EnerCare Solutions Inc., formerly the Trust.
Fund	The Consumers’ Waterheater Income Fund.
Incurrence Test	2009 Notes and 2010 Notes Incurrence EBITDA to Net Interest Expense.
ICFR	Internal Control Over Financial Reporting as defined under National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings.
IFRS	International Financial Reporting Standards as adopted by the Canadian Institute of Chartered Accountants under part I of the handbook.
MD&A	Management’s Discussion and Analysis.
OEB	Ontario Energy Board.
OCI	Other Comprehensive Income.
OEB Order	OEB decision and order issued August 13, 2009.
Rentals	Business division that rents water heaters and other equipment.
Revolver	$35,000 line of credit, with a maturity date of January 28, 2014 as amended and restated as of July 6, 2011.
SG&A	Selling, general and administrative expenses.
S&P	Standard and Poor’s Rating Services.
Shares	Common shares of EnerCare.
Stratacon	Stratacon Inc., which was acquired by the Fund in August 2008.
Stratacon Debt	Secured debt assumed with the acquisition of Stratacon.
Sub-metering	Business division (Stratacon and ECI) that provides sub-metering equipment and billing services.
Trust	The Consumers’ Waterheater Operating Trust.
Units	Trust Units of the Fund.
2009 Bridge	$240,000 bridge credit facility, with a maturity date of January 28, 2011.
2009-1 Notes	$60,000 of 6.20% Series 2009 -1 Senior Notes of the Trust, which mature on April 30, 2012.
2009-2 Notes	$270,000 of 6.75% Series 2009 -2 Senior Notes of the Trust, which mature on April 30, 2014.
2009 Notes	Collectively, the 2009-1 Notes and 2009-2 Notes.
2010 Notes	$240,000 of 5.25% Series 2010 -1 Senior Unsecured Notes of the Trust, which mature on March 15, 2013.