

For immediate release

**THE CONSUMERS' WATERHEATER INCOME FUND AND
THE CONSUMERS' WATERHEATER OPERATING TRUST
PROVIDE A BUSINESS UPDATE**

ANNOUNCE REDUCTION IN DISTRIBUTIONS TO FUND SUB-METERING AND RENTALS CAPITAL INVESTMENTS, NEW MARKETING PROGRAMS AND STRENGTHEN FINANCIAL POSITION

TORONTO, September 21, 2009 – The Consumers' Waterheater Income Fund ("Fund") (TSX: CWI.UN) and The Consumers' Waterheater Operating Trust ("Trust") are providing this business update in order to outline developments in their operations and distributions.

Although the Fund's EBITDA⁽¹⁾ and cash flows from its water heater rentals business ("Rentals") have been relatively stable over time, a number of factors, including higher interest costs, increased cash operating losses in the Fund's Sub-metering business, increased capital expenditures on exchanges of water heaters and other factors have resulted in the Fund's Payout Ratio⁽¹⁾ being above 100% for the past three quarters. As a result, the Fund's Board of Trustees has decided to reduce distributions. This will allow the Fund to finance capital investments to grow its sub-metering business ("Sub-metering") and Rentals business, support marketing programs to defend its customer base and strengthen its financial position.

Sub-metering business restarted

The Sub-metering business has been essentially on hold in the Ontario apartment market since March 2009 pending resolution of issues relating to the deployment of sub-metering in apartments in Ontario. The Ontario Energy Board ("OEB") issued a decision on August 13, 2009 that authorized "exempt distributors" (i.e. landlords) and their licensed service providers (including the Fund's subsidiary, Stratacon Inc.) to conduct sub-metering activities under the Electricity Act (Ontario) in respect of apartment complexes and commercial buildings, subject to, among other things, obtaining the written consent of tenants prior to billing. The Fund understands that legislation on this matter is expected to be introduced in the fall session of the Ontario legislature. Stratacon has restarted activities in the Ontario apartment market segment, reflecting the requirements of the OEB decision, and is working diligently with its existing customers to determine the specific steps to be taken in each case. The Fund will assess the impact on its third quarter financial results (including the carrying values of the related assets) based on the information available at the time the Fund's third quarter financial statements are finalized. At June 30, 2009, Ontario apartments represented approximately half of the Fund's Sub-metering business. As a result of the restart of the Sub-metering business, the Fund is planning to invest increasing amounts of capital to grow this business.

Favourable trend in exchanges

Exchanges of rental assets, which is the replacement of water heaters and other equipment for customers, amounted to 21 thousand units in the first quarter of 2009, and dropped to 17 thousand units in the second quarter of 2009, more in line with historical experience and thereby reducing capital expenditures. The trend of exchanges thus far in the third quarter is essentially in line with the better second quarter results.

Attrition increases

Attrition, comprising assets that are bought out by customers and assets that are replaced by competitors, was high by historical norms in the second quarter of 2009. The increased competitive activity in June of this year reported in our management's discussion and analysis ("MD&A") for the second quarter of 2009 has continued in July and August. As a consequence, the Fund and Trust expect the level of attrition will increase significantly in the full third quarter. Management is estimating an attrition rate of approximately 3.5% of the Rentals portfolio for the third quarter, which includes approximately 18 thousand terminations that occurred prior to the third quarter but were processed in the third quarter due to the implementation by Direct Energy Marketing Limited ("DE") of a new operating system. Excluding such backlog, the attrition rate is estimated to be approximately 2.4% for the third quarter and approximately 3.5% for the first half of 2009 (as opposed to the 2.5% reported in the Fund's and Trust's second quarter MD&As). The Fund and the Trust believe that the present and future initiatives to combat attrition, some of which are noted below, will result in a decrease in attrition in future quarters, although no assurance can be given in that regard.

Commitment of significant spending to reduce attrition

In response to the increase in attrition, DE and the Fund have launched a series of sales and marketing programs, including call centre activities, direct mailing, door-to-door response teams, on-site customer support through DE's team of service technicians, a water heater inspection program and other actions. The Fund will also supplement the financial resources dedicated by DE in their marketing efforts in coming quarters.

Discussions seeking relief from the 2002 Consent Order

The Fund and DE have also been in discussions with the Competition Bureau to request relief from a number of the restrictions imposed on us prior to the expiry of the Consent Order in February 2012. Although the Fund and Trust believe that the circumstances existing at the time the Consent Order was implemented in 2002 have changed fundamentally, no assurance can be given that such relief will be obtained.

New billing arrangements nearing completion

On billing arrangements, the Fund and other billers and interested parties have made substantial progress with Enbridge Gas Distribution Inc. (“EGD”) in finalizing billing arrangements under a new open bill access agreement (“OBA”) and proceeds transfer and trust agreement (“PTTA”), preserving the major financial terms and protections of the current billing arrangements with EGD. Upon settlement with the consultative group, EGD will be filing the OBA and PTTA agreements with the OEB for their approval. The term of the new agreements is expected to be approximately 3 years, and OEB approval is currently expected in the fourth quarter of 2009, although no assurance can be given that such approval will be obtained.

Reduction of Distributions

In light of the higher interest expenses, the implications of higher attrition and other factors, the Board of Trustees of the Fund has decided, as part of its continuous review of its distribution policy and financial and operating performance, to reduce monthly distributions to Unitholders by approximately 50% from \$0.1075 per Unit to \$0.054 per Unit (or from \$1.29 per Unit to \$0.648 per Unit on an annualized basis) effective with the distribution to be declared payable on October 30, 2009 to Unitholders of record on September 30, 2009. Based on the closing Unit price of \$4.96 on the Toronto Stock Exchange on September 18, 2009, this will represent a yield to Unitholders of 13.1% before compounding. The Trustees believe that this reduction in monthly distributions is in the best interests of the Fund and its Unitholders.

The cash retained by the Fund from this reduced level of distributions will amount to approximately \$31.8 million annually before tax. This cash will be deployed to invest in both the Rentals and Sub-metering businesses, to fight attrition and to strengthen the Fund’s financial position.

Sustainability of Distributions

The Fund expects that this reduced level of distributions will be sustainable after the imposition of the Federal government’s “SIFT tax” in 2011 assuming current levels of exchanges and investments, relief from, or termination of, the Consent Order, a positive regulatory environment for Sub-metering, improvement in attrition to more traditional levels and a continued improvement in general economic conditions in the markets in which the Fund operates. Although the Fund expects this reduced level of distributions will be sustainable after the imposition of the SIFT tax, as many of the factors on which this expectation is based are beyond the control of the Fund, no assurance can be given that the Fund will, in fact, maintain this level of distributions.

Conference Call and Webcast

Management will host a conference call and live audio webcast to discuss this business update on Monday, September 21, 2009 at 10:00 a.m. (ET). John Macdonald, President & CEO and Steve Bower, CFO, will be on the call.

The call can be accessed as follows:

| | |
|---------------------|--|
| Toll free: | +1.800.814.4859 |
| Local: | +1.416.644.3414 |
| Joining by webcast: | www.consumerswaterheaters.com |

The audio webcast will be archived at www.consumerswaterheaters.com. A taped rebroadcast will be available until midnight on September 28, 2009. The rebroadcast can be accessed by dialing **+1.877.289.8525** or **+1.416.640.1917** and entering the pass code **4163122#**.

About The Consumers' Waterheater Income Fund

The Fund owns a portfolio of approximately 1.4 million installed water heaters and other assets, rented primarily to residential customers in Ontario. The Fund also owns Stratacon Inc., a leading "smart" sub-metering company, with metering contracts for condominium and apartment suites in Alberta, Ontario and elsewhere in Canada.

Additional information regarding the Fund, including its current Annual Information Form is available on SEDAR at www.sedar.com. Additional information on the sub-metering business is available at www.stratacon.ca.

Forward-looking Information

Certain statements in this news release are forward-looking statements, which reflect management's expectation regarding the Fund's and Trust'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, neither the Fund nor the Trust can assure investors that actual results will be consistent with this forward-looking information. Except as required by applicable securities laws, neither the Fund nor the Trust intend or assume any obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise. These forward-looking statements are made as of the date of this press release.

For further information please contact:

R. Stephen Bower, FCA
CFO
The Consumers' Waterheater Income Fund and
The Consumers' Waterheater Operating Trust
905.943.6292 or

1.877.877.0142

- (1) EBITDA, Payout Ratio and Distributable Cash are non-GAAP (Generally Accepted Accounting Principles) measures, do not have standardized meanings prescribed by GAAP and may not be comparable to similar terms and measures presented by other issuers. EBITDA comprises net earnings plus income taxes, interest expense taxes and amortization expense less interest income. Payout Ratio is the percentage of Distributable Cash that is declared as distributions to Unitholders. Distributable Cash comprises: net earnings of the Fund, plus non-cash items such as future income taxes and amortization, less maintenance capital expenditures. The Fund believes that EBITDA, Payout Ratio and Distributable Cash as cash flow measures are useful supplemental measures that help readers evaluate the ability of the Fund and Trust to generate cash that could be, and is, used for distributions, and provides an indication of the amount of cash available for distribution and paid to Unitholders. Investors are cautioned, however, that these measures are not meant to be an alternative to using GAAP measures of cash flows from operating, investing and financing activity measures of the Fund's liquidity and cash flows.