

### 2.2.1 Administrative

This section must include the formal signed application, which must incorporate the following:

- Legal name of the other party or parties to the transaction, if not an applicant

**Other Party:** Kashechewan First Nation ("KFN")  
13B Riverside Rd.  
P.O. Box 240  
Kashechewan, ON P0L 1S0

- Details of the authorized representative of the other party or parties to the transaction, including the name, phone and fax numbers, and email and delivery addresses

**Authorized Representative:** Chief Gaius Wesley  
Phone: 705-275-4440  
Fax: 705-275-1023  
Email: gaius.wesley@kfnation.ca

**Delivery Address:** Kashechewan First Nation  
13B Riverside Rd.  
P.O. Box 240  
Kashechewan, ON P0L 1S0

- Legal name of the applicant or applicants

**Applicant:** Kashechewan Power Corporation ("KPC")  
13 Riverside Road  
Box 229  
Kashechewan, ON P0L 1S0

- Details of the authorized representative of the applicant/s, including the name, phone and fax numbers, and email and delivery addresses

**Authorized Representative:** Kayla Wesley, General Manager  
Phone: 705-275-4127  
Fax: 705-275-4129  
Email: generalmanager@kashpowercorp.ca

**Delivery Address:** Kashechewan Power Corporation  
13 Riverside Drive  
P.O. Box 229  
Kashechewan, ON P0L 1S0

- Brief description of the nature of the transaction for which approval of the OEB is sought by the applicant or applicants

**To normalize the regulatory situation in Kashechewan, KFN and KPC have entered into an agreement to transfer ownership of the Kashechewan Distribution System from KFN to KPC for nominal**

consideration. Pursuant to section 86(1)(a) of the Ontario Energy Board Act, 1998, and to satisfy a condition precedent of the transfer agreement, KFN and KPC are requesting an order from the Ontario Energy Board:

- (i) granting leave for KFN to transfer ownership of the Kashechewan Distribution System in its entirety to KPC;
- (ii) cancelling KFN's electricity distribution licence (ED-2003-0080); and,
- (iii) renewing KPC's electricity distribution licence (ED-2003-0081), which expires on June 2, 2024.

## 2.2.2 Description of the Business of the Parties to the Transaction

This section of the application requires the applicant to provide the following information on the parties to the proposed transaction:

- Describe the business of each of the parties to the proposed transaction, including each of their electricity sector affiliates engaged in, or providing goods or services to anyone engaged in, the generation, transmission, distribution or retailing of electricity.

**KFN:** KFN is the First Nation government responsible for, *inter alia*, providing municipal services to the First Nation community of Kashechewan. KFN has no involvement in the electricity sector other than being the current owner of the Kashechewan Distribution System, as authorized by OEB licence ED-2003-0080.

**KPC:** KPC is a not-for-profit corporation controlled by KFN with directors appointed by KFN. KPC operates the Kashechewan distribution system, as authorized by OEB licence ED-2003-0081. KPC has no other affiliates and is not involved in any other area of the electricity sector other than local distribution. The Kashechewan Distribution System is connected to the Ontario electricity grid via a transmission line owned and operated by Five Nations Energy Inc.

- Describe the geographic territory served by each of the parties to the proposed transaction, including each of their affiliates, if applicable, noting whether service area boundaries are contiguous or if not the relative distance between service boundaries.

**KPC and KFN serve the same territory - the remote, air access only, First Nation community of Kashechewan.** Kashechewan is located a few miles inland from James Bay on the North shore of the Albany River. The Kashechewan Distribution System does not have any connections to other distribution systems.



- Describe the customers, including the number of customers in each class, served by each of the parties to the proposed transaction.

**KFN has no electricity customers. It merely owns the distribution system assets that KPC operates.**

**KPC, as operator of the Kashechewan Distribution System, has the following customer base:**

**Residential: 371**

**General Service (<50kW): 86**

- Describe the proposed geographic service area of each of the parties after completion of the proposed transaction.

**No change from the current service area.**

- Provide a corporate chart describing the relationship between each of the parties to the proposed transaction and each of their respective affiliates.

**Kashechewan Power Corporation Organizational Chart**



- If the proposed transaction involves the consolidation of two or more distributors, please indicate the current net metering thresholds of the utilities involved in the proposed transaction. The OEB will, in the absence of exceptional circumstances, add together the kW threshold amounts allocated to the individual utilities and assign the sum to the new or remaining utility. Applicants

must indicate if there are any special circumstances that may warrant the OEB using a different methodology to determine the net metering threshold for the new or remaining utility.

**Not applicable.**

### 2.2.3 Description of the Proposed Transaction

This section of the application requires the applicant to provide the following:

- Provide a detailed description of the proposed transaction.

KFN holds electricity distribution licence ED-2003-0080 and owns the electricity distribution assets located in the community of Kashechewan (the “Kashechewan Distribution System”). KPC holds electricity distribution licence ED-2003-0081 and operates the Kashechewan Distribution System. KPC is a non-profit, non-share capital corporation, the members of which are the Chief and Council of KFN as they exist from time-to-time (i.e., KPC is fully owned and controlled by KFN).

Approximately 20 years ago, ownership of the Kashechewan Distribution System was transferred from Hydro One Remote Communities Inc. (“HORCI”) to KFN. The Kashechewan Distribution System was not transferred to KPC at the time because it was believed that transferring the Kashechewan Distribution System to KPC would require an extensive survey of all lands used by the Kashechewan Distribution System. It has now been determined that an extensive survey is not required. Since ownership was transferred from HORCI to KFN, KPC has been fully responsible for the operation of the electricity distribution system in Kashechewan.

KFN and KPC are jointly seeking OEB approval to transfer the ownership of the distribution system from KFN to KPC. The transfer is for nominal consideration, and being done to “normalize” the regulatory situation by having one entity (“KPC”) licensed with respect to the Kashechewan Distribution System. Other than being the nominal owner of the Kashechewan Distribution System, KFN has nothing to do with the delivery of electricity to Kashechewan electricity customers. The proposed transaction would result in a single licensed entity with responsibility for the Kashechewan Distribution System – as is the case everywhere else in the province.

- Provide a clear statement on the leave being sought by the applicant, referencing the particular section or sections of the *Ontario Energy Board Act, 1998*.

Pursuant to section 86(1)(a) of the Ontario Energy Board Act, 1998 KFN is requesting an order from the Ontario Energy Board:

- (i) granting leave for KFN to transfer ownership of the Kashechewan Distribution System in its entirety to KPC; and
- (ii) cancelling KFN’s electricity distribution licence (ED-2003-0080). Commensurate with the above relief, KPC is requesting the Board to renew KPC’s electricity distribution licence (ED-2003-0081), which will expire on June 2, 2024.

- Provide details of the consideration (e.g. cash, assets, shares) to be given and received by each of the parties to the proposed transaction.

**The distribution system assets were originally transferred from HORCI to KFN for nominal consideration. This transaction will also be completed for nominal consideration.**

- Provide all final legal documents to be used to implement the proposed transaction.

**The transaction will be completed pursuant to the attached Asset Transfer Agreement, dated August 4th, 2023, between KFN and KPC.**

- Provide a copy of appropriate resolutions by parties such as parent companies, municipal council/s, or any other entities that are required to approve a proposed transaction confirming that all these parties have approved the proposed transaction.

**Attached is the First Nation Council Resolution by KFN, dated August 4, 2023. The KPC board of directors is appointed by KFN chief and counsel, so a separate resolution from the KPC board of directors was not required.**

## **2.2.4 Impact of the Proposed Transaction**

In reviewing an application, the OEB will apply the no harm test as outlined in the Handbook.

Applicants are required to provide the following evidence to demonstrate the impact of the proposed transaction with respect to the OEB's first two statutory objectives.

### ***Objective 1 – Protect consumers with respect to prices and the adequacy, reliability and quality of electricity service***

- Indicate the impact the proposed transaction will have on consumers with respect to prices and the adequacy, reliability and quality of electricity service.

**This transaction will have no impact to consumers with respect to prices and the adequacy, reliability, and quality of electricity service. KPC has, since it began operations, acted as the 'owner' of the distribution system. This transaction is of an administrative nature.**

- Provide a year over year comparative cost structure analysis for the proposed transaction, comparing the costs of the utilities post transaction and in the absence of the transaction.

**Provide a comparison of the OM&A cost per customer per year between the consolidating distributors.**

**Not applicable.**

- Confirm whether the proposed transaction will cause a change of control of any of the transmission or distribution system assets, at any time, during or by the end of the transaction.

**Due to the relationship between KFN and KPC (described above), there will effectively be no change of control of the distribution system assets at any time, during or by the end of the transaction.**

- Describe how the distribution or transmission systems within the service areas will be operated.

KPC will continue operating the distribution as it has for the past 20 years. No change in operations is anticipated.

***Objective 2 – Promote economic efficiency and cost effectiveness and to facilitate the maintenance of a financially viable electricity industry***

- Indicate the impact that the proposed transaction will have on economic efficiency and cost effectiveness (in the distribution or transmission of electricity), identifying the various aspects of utility operations where the applicant expects sustained operational efficiencies (both quantitative and qualitative).

**The transaction will eliminate the need for KFN to renew its OEB licence, which represents a very modest cost savings. Other than that, there will be no change to day to day operations or costs.**

- Identify all incremental costs that the parties to the proposed transaction expect to incur which may include incremental transaction costs (e.g. legal, regulatory), incremental merged costs (e.g. employee severances), and incremental on-going costs (e.g. purchase and maintenance of new IT systems). Explain how the consolidated entity intends to finance these costs.

**Not applicable.**

- Provide a valuation of any assets or shares that will be transferred in the proposed transaction. Describe how this value was determined.

**No valuation has been done. The original distribution system assets were transferred from HORCI to KFN for a nominal sum.**

- If the price paid as part of the proposed transaction is more than the book value of the assets of the selling utility, provide details as to why this price will not have an adverse effect on the financial viability of the acquiring utility.

**Not applicable. This transaction is of an administrative nature and will involve payment of a nominal sum.**

- Provide details of the financing of the proposed transaction.

**Not applicable. The transaction will involve only nominal consideration.**

- Provide financial statements (including balance sheet, income statement, and cash flow statement) of the parties to the proposed transaction for the past two most recent years.

**Not applicable.**

- Provide pro forma financial statements for each of the parties (or if an amalgamation, the consolidated entity) for the first full year following the completion of the proposed transaction.

**Not applicable.**

### 2.2.5 Rate considerations for consolidation applications

Applicants are required to provide the information with respect to the following rate making considerations relating to consolidation:

- Indicate a specific deferred rate rebasing period that has been chosen.

**Not applicable. KPC is not proposing any deferred rate rebasing period.**

- For deferred rebasing periods greater than five years:
  - Confirm that the ESM will be as required by the 2015 Report and the Handbook
  - If the applicant's proposed ESM is different from the ESM set out in the 2015 Report, the applicant must provide evidence to demonstrate the benefit to the customers of the acquired distributor

**Not applicable.**

### 2.2.6 Other Related Matters

Applicants have, in previous consolidation applications, made the following additional requests to the OEB which have formed part of the OEB's determination of a consolidation application:

- a) Implementation of new or the extension of existing rate riders
- b) Transfer of rate order and licence
- c) Licence amendment and cancellation
- d) Approval to continue to track costs to the deferral and variance accounts currently approved by the OEB
- e) Approval to use different accounting standards for financial reporting following the closing of the proposed transaction

Applicants are required to provide justification for these types of requests and for any other requests for which a determination is being sought from the OEB as part of a consolidation application.

**The only additional requests are:**

- KFN's request to cancel KFN's electricity distribution licence (ED-2003-0080).
- KPC's request to renew KPC's electricity distribution licence (ED-2003-0081), which expires on June 2, 2024.