



**ORDER NUMBER
G-178-25**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Sitka Power Inc. and Synex Renewable Energy Corporation
Application for Approval to Acquire a Reviewable Interest in Kyuquot Power Ltd.

BEFORE:

B. A. Magnan, Commissioner

on July 17, 2025

ORDER

WHEREAS:

- A. On April 24, 2025, Sitka Power Inc. (Sitka) and Synex Renewable Energy Corporation (Synex) (collectively, the Applicants) jointly filed an application with the British Columbia Utilities Commission (BCUC), pursuant to section 54 of the *Utilities Commission Act*, seeking approval for Sitka to acquire a reviewable interest in Kyuquot Power Ltd. (KPL) (Application) as part of Sitka's purchase of all issued and outstanding common shares of Synex (Share Transaction);
- B. KPL is a public utility regulated by the BCUC and operates a 14.4 kilovolt single-phase electrical distribution system that interconnects Kyuquot, British Columbia, a settlement and First Nations community located on Kyuquot Sound on Vancouver Island (Kyuquot), with the British Columbia Hydro and Power Authority transmission grid. The Kyuquot community includes members of the Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations (KCFN);
- C. KPL is a direct and wholly owned subsidiary of Synex Energy Resources Ltd. (SERL), which in turn is a wholly owned subsidiary of Synex;
- D. In the Application, Sitka and Synex state that, on March 27, 2025, both entities entered into an arrangement agreement, as amended on April 23, 2025 (Arrangement Agreement), pursuant to which Sitka will acquire all of the issued and outstanding common shares of Synex traded on the Toronto Stock Exchange through the Share Transaction. Upon closing of the Share Transaction, KPL will become an indirectly wholly owned subsidiary of Sitka through each of Synex and SERL;
- E. By Order G-125-25, the BCUC established a regulatory timetable for the review of the Application, which included public notice, one round of information requests, letters of comment, and final argument and reply to letters of comment;

- F. The BCUC received one letter of comment for this proceeding, from KCFN; and
- G. The BCUC has reviewed the Application and submissions filed in this proceeding and makes the following determination.

NOW THEREFORE for the reasons outlined in the decision accompanying this order, the BCUC approves, pursuant to section 54 of the *Utilities Commission Act*, Sitka's acquisition of all issued and outstanding common shares of Synex and the resulting acquisition of a reviewable interest in KPL.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of July 2025.

BY ORDER

Electronically signed by Bernard Magnan

B. A. Magnan
Commissioner

Sitka Power Inc. and Synex Renewable Energy Corporation
Application for Approval to Acquire a Reviewable Interest in Kyuquot Power Ltd.

DECISION

1.0 Introduction

On April 24, 2025, Sitka Power Inc. (Sitka) and Synex Renewable Energy Corporation (Synex) (collectively, the Applicants) jointly filed an application with the British Columbia Utilities Commission (BCUC), pursuant to section 54 of the *Utilities Commission Act* (UCA), seeking approval for Sitka to acquire a reviewable interest in Kyuquot Power Ltd. (KPL) (Application) as part of Sitka's purchase of all issued and outstanding common shares of Synex (Share Transaction).

On May 15, 2025, by Order G-125-25, the BCUC established a regulatory timetable for the review of the Application, which included public notice, one round of information requests, letters of comment, and final argument and reply to letters of comment.

The BCUC received one letter of comment from Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations (KCFN) on June 20, 2025, to which the Applicants replied as part of their final argument on June 27, 2025. This decision addresses the issues raised in KCFN's letter of comment and sets out the Panel's determination on the Application.

2.0 Background and Application

KPL is a public utility regulated by the BCUC and operates a 14.4 kilovolt single-phase electrical distribution system that interconnects Kyuquot, British Columbia, a settlement and First Nations community located on Kyuquot Sound on Vancouver Island (Kyuquot), with the British Columbia Hydro and Power Authority transmission grid. The Kyuquot community includes members of KCFN.¹

KPL is a direct and wholly owned subsidiary of Synex Energy Resources Ltd. (SERL), which in turn is a wholly owned subsidiary of Synex, a publicly traded company listed on the Toronto Stock Exchange.² Synex and SERL are not public utilities under the UCA and are not regulated by the BCUC.³

On March 27, 2025, Sitka, a privately held Canadian renewable energy company, entered into an arrangement agreement with Synex, as amended on April 23, 2025 (Arrangement Agreement). Pursuant to the Arrangement Agreement, Sitka will acquire all issued and outstanding common shares of Synex.⁴ As a result, the Applicants state that Sitka will acquire an indirect ownership interest in KPL and thereby obtaining a "reviewable interest" under section 54 of the UCA.⁵ Sitka is owned by Long Life Capital Management – Canadian Infrastructure Fund I LP (Fund), which in turn is managed by Long Life Capital Holdings Inc. (LLCH). The Fund's sole limited partner is a Canadian public pension fund.⁶

¹ Exhibit B-1, Section A, p. 1; Section E, p. 4.

² Exhibit B-1, p. 1.

³ Exhibit B-1, Section A, p. 2.

⁴ Exhibit B-1, p. 1; Section A, p. 1; Section F, p. 5.

⁵ Exhibit B-1, p. 1.

⁶ Exhibit B-1, Section C, p. 2.

The purchase price is \$2.40 per share, representing a total transaction value of \$12,017,474.⁷ The Applicants have confirmed that no portion of the acquisition premium or associated transaction costs will be recovered from KPL or its customers, either directly or indirectly.⁸

Following completion of the Share Transaction, KPL is expected to continue operating as a standalone utility.⁹ The Applicants state that there will be no changes to the administrative or operations personnel, utility services, or regulatory oversight by the BCUC. Compliance with applicable statutes and regulations will be maintained, the structural integrity of KPL's assets will be preserved, and KPL and its customers will not be detrimentally affected.¹⁰

The Applicants further note that the Share Transaction will not impact any existing financial, commercial or other covenants,¹¹ and that utility operations and service levels will remain consistent post transaction.¹² No change is proposed to the ownership, operation or maintenance of KPL's regulated assets.¹³

The Applicants state that the Share Transaction will increase KPL's access to debt and equity capital¹⁴ by eliminating its historical reliance on director and officer financing previously used by Synex.¹⁵ Initially, capital will be provided from committed funds already available to Sitka through the Fund. Thereafter, any additional capital requirements would be met through a capital call issued by Sitka to the Fund, resulting in an equity investment into Sitka, which would then be allocated to KPL through an additional equity investment.¹⁶ The Applicants confirm that Sitka will not pledge, either directly or indirectly, any security in KPL or in the shares of KPL, and therefore state that ring-fencing or other similar safeguards are not required to protect KPL from financial risk associated with Sitka's other investments.¹⁷

3.0 Legislative Framework and Criteria for Review

Section 54 of the UCA addresses reviewable interests in public utilities. Synex currently holds a reviewable interest in KPL.

Section 54(4) states that a person has a "reviewable interest" in a public utility if (a) the person owns or controls or (b) the person and the person's associates own or control, in aggregate more than 20 percent of the voting shares outstanding of any class of shares of the utility.

Section 54(7) of the UCA states that a person must not acquire, or acquire control of, any class of shares of a public utility if that acquisition, either alone or together with shares already owned or controlled by the person and the person's associates, would result in the person having a reviewable interest in a public utility, unless the person has obtained the BCUC's approval.

⁷ Exhibit B-1, Section B, p. 2.

⁸ Exhibit B-3, BCUC IR 1.1.

⁹ Exhibit B-1, Section G, pp. 6–7; Exhibit B-3, BCUC IR 1.4.

¹⁰ Exhibit B-1, Section G, p. 7; Section I, p. 9,10; Section J, pp. 12–13.

¹¹ Exhibit B-1, Section I, p. 10.

¹² Exhibit B-1, Section I, p. 11.

¹³ Exhibit B-1, Section I, pp. 9 and 12.

¹⁴ Exhibit B-1, Section I, p. 10.

¹⁵ Exhibit B-1, Section I, pp. 9–10.

¹⁶ Exhibit B-3, BCUC IR 1.2.

¹⁷ Exhibit B-3, BCUC IR 1.4.

Section 54(9) of the UCA states that the BCUC may give approval under section 54 of the UCA subject to conditions and requirements it considers necessary or desirable in the public interest. However, the BCUC must not give approval unless it considers that the public utility and the users of the service of the public utility will not be detrimentally affected.

In Decision and Order G-279-23, the BCUC applied six evaluation criteria for section 54 applications, which are consistent with those applied in previous BCUC decisions related to an acquisition of a reviewable interest:¹⁸

- (a) the utility's current and future ability to raise equity and debt financing is not reduced or impaired;
- (b) there be no violation of existing covenants that will be detrimental to the ratepayers;
- (c) the conduct of the utility's business, including the level of service, either now or in the future, will be maintained or enhanced;
- (d) the application is in compliance with all applicable legislation;
- (e) the structural integrity of the assets will be maintained in such a manner as to not impair utility service; and
- (f) the public interest will be preserved.

4.0 Letter of Comment and Applicants' Response to Letter of Comment

As noted above, KCFN filed a letter of comment in this proceeding.¹⁹ KCFN raises several concerns regarding the proposed Share Transaction and Sitka's acquisition of a reviewable interest in KPL.

KCFN submits that there are ongoing jurisdictional matters involving KPL's use of KCFN-owned land and equipment. KCFN notes the BCUC's previous direction to KPL to "provide a plan setting out how KPL intends to access lands and KPL equipment as necessary to perform maintenance activities and ensure the ongoing safe and reliable operations of its system no later than January 31, 2023, should KPL be unable to negotiate an agreement with KCFN regarding the use of KCFN facilities with the Crown Corridor or otherwise on KCFN-owned structure or land." KCFN adds that "[n]o such agreement or plan has been finalized to date."²⁰ KCFN also notes that KPL has indicated it may relocate its powerline to avoid traversing or placing structures within Houpsitas.²¹ KCFN anticipates further clarity on the potential relocation of the powerline may be gained through the KPL 2026 Revenue Requirement Application (RRA) proceeding, and recommends that the BCUC defer determination on this Application until the outstanding matters regarding the use of KCFN facilities, structures or land and the relocation of the powerline are addressed in the KPL 2026 RRA proceeding.²²

KCFN also seeks confirmation from KPL regarding whether key personnel at KPL will remain in place following the proposed Share Transaction, including KPL's primary contact for BCUC matters and the external consultant currently responsible for regulatory filings. KCFN requests the names of the other management, administrative, operational, as well as local and field contract personnel who are expected to remain unaffected by the Share Transaction.²³

¹⁸ Decision accompanying Order G-279-23, Section 4.0, pp. 10–11. These criteria were also referenced in the Application (Exhibit B-1, Section 8, p. 8).

¹⁹ Exhibit D-1, p. 1.

²⁰ Exhibit D-1, p. 2.

²¹ The community of Kyuquot, includes the Village of Houpsitas (Exhibit B-1, Section A, p. 4, Footnote 4).

²² Exhibit D-1, p. 3.

²³ Exhibit D-1, p. 4.

Additionally, KCFN disputes the Applicants' reference to collaboration discussions with Tiičma Enterprises (Tiičma), a wholly owned economic development corporation of KCFN. KCFN states it is unaware of any discussions having taken place between Sitka, KPL, and KCFN administration or government. KCFN seeks clarification on whether the named professional engineer of record for the Houpsitas distribution system was involved in any such discussions.²⁴

In response to KCFN's request that determination on the Application be deferred pending the outcome of the KPL 2026 RRA proceeding, the Applicants submit that KCFN has provided no grounds for adjourning this proceeding. They submit that the need to confirm the extent to which the KPL system currently uses KCFN-owned structures and land, which KCFN cites as the basis for adjournment, was previously determined by the BCUC in 2022 by Order G-302-22. The Applicants add that KPL has already outlined the status of its efforts to address the issue of accessing certain lands and equipment, and its consultation efforts with KCFN, within the KPL 2026 RRA proceeding. The Applicants argue that the Application and the KPL 2026 RRA proceeding are separate and distinct and that KPL, as a regulated utility, is bound by any future BCUC directives regardless of the outcome of this Application.²⁵

With respect to collaboration, the Applicants state that discussions were held with Tiičma which focussed on the potential future collaboration opportunities involving Sitka, KPL and Tiičma. The Applicants also state that the Application and Order G-125-25 were provided to KCFN in May 2025, along with an offer to address any questions. However, the Applicants indicate that KCFN did not contact any of Sitka, Synex or KPL, with respect to the Application.²⁶

In relation to KPL personnel, the Applicants state that the current president of KPL will not continue with the company following the close of the Share Transaction.²⁷ The consultant to KPL will serve as the primary contact for KCFN as it relates to KPL. Additionally, a list of the other KPL personnel and contractors expected to remain in place were provided.²⁸

5.0 Panel Determination

Pursuant to section 54 of the UCA, **the Panel approves Sitka's acquisition of all issued and outstanding common shares of Synex and the resulting acquisition of a reviewable interest in KPL.**

The Panel has reviewed the evidence and submissions in this proceeding, as well as the criteria noted in Section 3.0 above, and is satisfied that KPL and the users of the service of KPL will not be detrimentally affected by the Share Transaction.

The Panel accepts the Applicants' submission that the Share Transaction will not adversely affect KPL's ability to access capital and that equity financing will be available through Sitka's ownership, supported by capital from the Fund. The Panel acknowledges that no portion of the acquisition premium or transaction costs will be recovered from KPL customers. There is no evidence to suggest that any degradation of service quality, regulatory compliance or operational integrity will result from the Share Transaction. Although the current president of KPL will not be continuing with KPL following the Share Transaction, the Applicants have confirmed the continuation of numerous other operational and administrative staff and contractors at KPL. The Panel is

²⁴ Exhibit D-1, p. 4.

²⁵ Applicants Final Argument, p. 3.

²⁶ Applicants Final Argument, p. 2.

²⁷ Applicants Final Argument, p. 2.

²⁸ Applicants Final Argument, p. 3.

satisfied that KPL will preserve its ability to maintain its current level of service to customers. KPL will continue to operate as a standalone utility and under the BCUC's regulatory oversight. Given the foregoing, the Panel considers that the public interest will be preserved. Thus, the Panel is satisfied that KPL and its customers will not be detrimentally affected as a result of the proposed change in ownership.

The Panel notes that KCFN has raised several concerns in its letter of comment, including:

- Ongoing jurisdictional matters between KPL and KCFN involving the use of KCFN-owned land and structures;
- A request for confirmation of staffing continuity at KPL;
- Concerns about the accuracy of claims regarding collaboration with Tiičma; and
- A recommendation to defer approval of the Application pending the outcome of KPL's 2026 RRA proceeding.

The Panel finds that the Applicants have provided sufficient responses to the concerns raised by KCFN and notes that these matters primarily relate to the ongoing operational relationship between KPL and KCFN. Similarly, the Panel is also satisfied that the Applicants made reasonable efforts to inform and engage KCFN on the Application, including providing formal notice and copies of the Application. The Panel expects that KPL will appropriately manage relationships with its customers both before and after the Share Transaction.

With respect to KCFN's request to defer the BCUC's determination in this matter pending the outcome of the KPL 2026 RRA proceeding, the Panel is not persuaded that any adjournment of this proceeding is warranted. KPL's use of KCFN-owned land has been the subject of a prior proceeding. Further, KPL is a separate entity from the Applicants, and any future obligations that may arise from the KPL 2026 RRA proceeding will continue to apply to KPL, irrespective of the proposed change in ownership.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of July 2025.

Electronically signed by Bernard Magnan

B. A. Magnan
Commissioner