



ESTATE FILE NO.: 31-2943175

**IN THE MATTER OF THE BANKRUPTCY OF
PLANET ENERGY (ONTARIO) CORP.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacity as Licensed Insolvency Trustee (the "Trustee") of Planet Energy (Ontario) Corp. (the "Company").
2. On May 11, 2023, the Company filed a Notice of Intention to Make a Proposal ("NOI") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the "BIA"). Richter Inc. ("Richter") was appointed as the proposal trustee in the NOI proceedings.
3. Pursuant to an application filed by the Company's most significant unsecured creditor, All Communications Network of Canada Co. ("ACN"), the Ontario Superior Court of Justice (Commercial List) (the "Court") issued an order appointing KSV as the interim receiver (the "Interim Receiver"), under section 47.1 of the BIA, of all of the Company's property, assets and undertaking.
4. Pursuant to a Court order made on September 26, 2023, the NOI proceedings were terminated and KSV was appointed as Trustee of the Company's estate, subject to affirmation at the first meeting of creditors on October 18, 2023.

1.1 Currency

1. All currency references in this Report are to Canadian dollars unless otherwise noted.

1.2 Restrictions

1. The Trustee has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied upon in this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information presented in this Report should perform its own diligence.

2. The Trustee accepts no responsibility for any reliance placed by any third party on the Company's financial information presented herein, nor for any information concerning potential recoveries.

2.0 Background

1. The Company is a privately owned entity established in 2006. The Company's shareholders are Triplum Holdings Inc. ("Triplum") and Fulcrum Capital Partners Inc. The Company's former Chief Executive Officer and sole director, Nino Silvestri, is a shareholder of Triplum.
2. The Company's wholly owned Canadian subsidiary, Planet Energy (BC) Corp. ("PEBC"), has been subject to bankruptcy proceedings since July 5, 2023. Richter is the Trustee of PEBC's estate. The Company is also the ultimate sole shareholder of several US subsidiaries, including Planet Energy (Pennsylvania) Corp. ("PEPC"). As at the date of this Report, all of the US subsidiaries were inactive.
3. Prior to these bankruptcy proceedings, the Company was a natural gas and electricity retailer that offered fixed-price electricity and gas supply contracts to residential and commercial customers largely located in Ontario. Electricity supply comprised the majority of the Company's business. The Company's operations were regulated in Ontario by the Ontario Energy Board ("OEB").
4. The Company operated from leased office space located at 5775 Yonge Street, Suite 1202, Toronto, Ontario.
5. ACN is the Company's principal unsecured creditor. ACN and the Company were parties to a sales agency agreement pursuant to which ACN marketed and referred potential customers to the Company, which agency agreement expired in 2016. In April 2018, ACN commenced an arbitration against the Company, alleging that the Company failed to make certain commission payments to ACN. In February 2021, the arbitrator issued a judgement awarding ACN approximately \$29.3 million against the Company. The Company commenced an application with the Court to set aside the arbitration award; however, in April 2022, the Court granted ACN's motion to enforce the arbitration award. The Company appealed the Court's decision, which appeal was dismissed by the Court of Appeal for Ontario in May 2023. On October 17, 2023, ACN filed a proof of claim in the amount of approximately \$31.95 million, including the amount of the judgement, costs and interest May 11, 2023.
6. In the context of the interim receivership proceedings, the Interim Receiver conducted a Court-approved sale process (the "Sale Process"), which resulted in no viable offers for the Company's business and assets. Given the results of the Sale Process, the Interim Receiver took steps in late August 2023 to wind-down the Company's business and operations on an orderly but expeditious basis. Since its appointment, the Trustee has continued the wind-down process, which is expected to be completed by early December, 2023. At that time, all electricity and gas customers will have been transitioned back to the applicable utility service provider.

3.0 Assets

1. As at the date of this Report, there is approximately \$8.7 million in the Trustee's estate account.
2. The only other known asset of the Company is approximately \$933,000 being held by Scotiabank in respect of a letter of credit (the "LC") in favor of the Pennsylvania Public Utilities Commission ("PPUC") in respect of PEPC's tax and other obligations under the Pennsylvania Public Utilities Code (the "Code"). In or around August 2022, PEPC terminated all of its customer contracts. PPUC takes the position that PEPC improperly terminated these contracts, contrary to the provisions of the Code and the customer contracts themselves. PEPC disputes the complaint filed by PPUC. The Trustee is working with US legal counsel to resolve the PEPC litigation so that some or all of the funds standing as security for the LC can be made available for distribution to the Company's creditors.

4.0 Creditors

1. There are no known secured creditors of the Company other than Scotiabank in respect of the LC, which is cash collateralized with the funds being held by Scotiabank.
2. ACN is the Company's largest unsecured creditor. Based on the Company's books and records, including the creditors list filed with the Company's NOI proceedings, ACN's claim represents virtually all of the Company's known liabilities.

4.1 Property of the Bankrupt Not Divisible Amongst Creditors

1. The Trustee is not aware of any property that would not be divisible among the Company's creditors by virtue of Section 67(1) of the BIA or otherwise.

5.0 Books and Records

1. By virtue of its prior role as Interim Receiver, the Trustee has access to all of the books and records necessary to complete its administration of these bankruptcy proceedings.

6.0 Preferences and Transfers Undervalue

1. As part of its statutory duties, the Trustee will be conducting a preliminary review for preferences and transfers undervalue by reviewing the Company's bank statements and accounting records for the year preceding the date of the initial bankruptcy event, being May 11, 2023 (the date of the NOI filing).
2. Based on the Company's audited financial statements, the Company paid dividends during its fiscal years ended September 30, 2017 and 2018 in the amounts of \$4.5 million and \$3 million, respectively. The Trustee will be discussing with the Inspectors whether these dividends, or any other transactions identified by the Trustee, require further investigation.

7.0 Anticipated Realization and Projected Distribution

1. The Trustee anticipates making distributions to creditors in the near term. In this regard, the Trustee issued 30-day notices pursuant to Section 149 of the BIA on October 5, 2023.
2. Subject to Inspector approval, the Trustee intends to pay an initial interim dividend to creditors with proven claims following the expiry of the 30-day notice period. Further dividends will be paid in due course, following the filing and assessment of the Company's final tax return.

8.0 Other Matters

1. There are no other matters to discuss at this time.

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DATED at Toronto, Ontario, this 17th day of October, 2023.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE
OF PLANET ENERGY (ONTARIO) CORP.
AND NOT IN ITS PERSONAL CAPACITY**