

**THE ISLAND REGULATORY AND
APPEALS COMMISSION**
Prince Edward Island
Île-du-Prince-Édouard
CANADA

Docket UE21315
Order UE16-05

IN THE MATTER of an
application by Maritime Electric Company,
Limited, under Section 12(1) of the Electric Power
Act (R.S.P.E.I. 1988, Cap. E-4), for approval of
the issuance of first mortgage bonds.

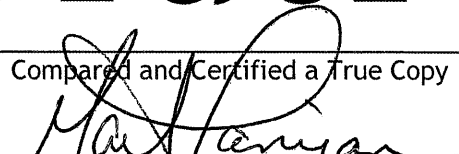
**BEFORE THE
COMMISSION**

on Tuesday, the 28th day of June, 2016.

J. Scott MacKenzie Q.C., Chair
Douglas Clow, CPA, CA, Vice-Chair
John Broderick, Commissioner
Michael Campbell, Commissioner

Order

Compared and Certified a True Copy


Director, Corporate Services

IN THE MATTER of an
application by Maritime Electric Company,
Limited, under Section 12(1) of the Electric Power
Act (R.S.P.E.I. 1988, Cap. E-4), for approval of
the issuance of first mortgage bonds.

Order

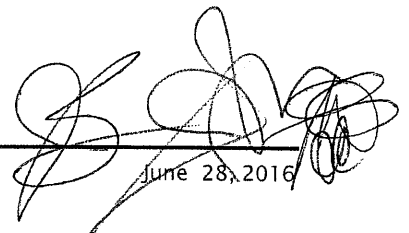
WHEREAS, Maritime Electric Company Limited
("Maritime Electric" or the "Company") is a public utility under the
Electric Power Act ("EPA" or the "Act") engaged in the production,
purchase, transmission and distribution and sale of electricity
within Prince Edward Island;

AND WHEREAS, on June 14, 2016 the Company
filed an application with this Commission for the issuance of up
to \$40 million in long term first mortgage bonds;

AND WHEREAS, Section 12(1) of the Act reads
as follows: *no public utility shall issue stocks or shares or bonds,
debentures, securities, or other evidence of indebtedness,
payable in more than one year from the date thereof, unless it
has first obtained approval by the Commission of the proposed
issue;*

AND WHEREAS, the Company states in its
application it requires the funds to refinance approximately \$12
million of bonds maturing in August 2016 and to convert
approximately \$28 million of short term indebtedness incurred
by the Company to finance normal business activities and the
Company's capital program previously approved by the
Commission;

AND WHEREAS, the Company's most recent
rate application approved by Commission Order UE16-04 took
into consideration the anticipated interest rate for this bond
issuance;



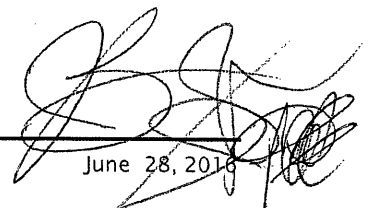
June 28, 2016

AND WHEREAS, the Commission has reviewed the application and supporting material and finds the issuance of \$40 million first mortgage bonds is a just and reasonable approach to present long term financing requirements of the Company at this time;

NOW THEREFORE, pursuant to the *Island Regulatory and Appeals Commission Act* and the *Electric Power Act*,

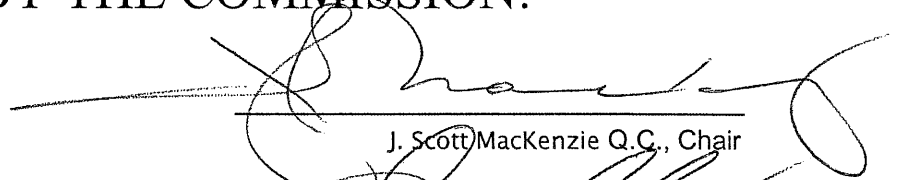
IT IS ORDERED THAT

1. Approval is hereby granted for the Company to proceed with negotiations for issuance of first mortgage bonds provided that:
 - a. the principal amount of this issue is not to exceed \$40.0 million,
 - b. the debt issue is not to mature later than 40 years; and
 - c. the coupon interest rate must be established through a competitive market pricing process.
2. Upon completion of negotiations with potential bond holders, the Company shall file with the Commission the Private Placement Summary Term Sheet as approved by the Company's Board of Directors.
3. The Company shall file an opinion from its legal counsel that the issue is made in accordance with every Act or regulation relating to the issue of securities.
4. Upon receipt of the information set out above, the Commission will issue its final decision on this matter.

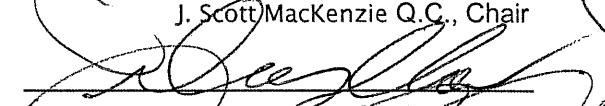


DATED at Charlottetown, Prince Edward Island, this 28th day of June, 2016.

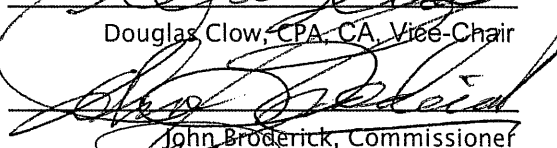
BY THE COMMISSION:



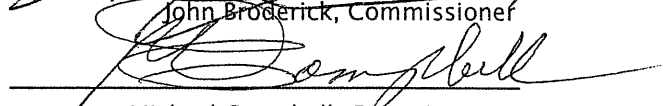
J. Scott MacKenzie Q.C., Chair



Douglas Clow, CPA, CA, Vice-Chair



John Broderick, Commissioner



Michael Campbell, Commissioner

NOTICE

Section 12 of the Island Regulatory and Appeals Commission Act reads as follows:

12. The Commission may, in its absolute discretion, review, rescind or vary any order or decision made by it or rehear any application before deciding it.

Parties to this proceeding seeking a review of the Commission's decision or order in this matter may do so by filing with the Commission, at the earliest date, a written Request for Review, which clearly states the reasons for the review and the nature of the relief sought.

Sections 13.(1), 13(2), 13(3), and 13(4) of the Act provide as follows:

13.(1) An appeal lies from a decision or order of the Commission to the Court of Appeal upon a question of law or jurisdiction.

(2) The appeal shall be made by filing a notice of appeal in the Court of Appeal within twenty days after the decision or order appealed from and the rules of court respecting appeals apply with the necessary changes.

(3) The Commission shall be deemed to be a party to the appeal.

(4) No costs shall be payable by any party to an appeal under this section unless the Court of Appeal, in its discretion, for special reasons, so orders.

IRAC140A(04/07)

