



PRINCE EDWARD ISLAND  
Regulatory & Appeals Commission  
Commission de réglementation et d'appels  
ÎLE-DU-PRINCE-ÉDOUARD

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## Interrogatories of Commission Staff

**TO:** Maritime Electric Company, Limited  
**FROM:** Cheryl Bradley, Senior Financial Advisor  
**DATE:** June 2, 2025  
**RE:** 2025 Debt Issuance Application  
**DOCKET:** UE21319

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**The Island Regulatory and Appeals Commission (the “Commission”), in assessing the reasonableness of the 2025 Debt Issuance (the “Application”) submitted by Maritime Electric Company, Limited (“Maritime Electric” or “MECL”), requests responses to the following interrogatories:**

1. The application has indicated funds from the issuance of \$120 million bond will be used to repay the short term unsecured revolving credit facility of \$62.9 million, \$15 million will be used to repay the first mortgage bond series that matures in November 2025 and cover the debt issuance costs of \$765,000. What will the remaining \$41.34 million be used for?
2. On page 6 of the application, MECL indicates the proceeds net of the debt issuance costs of approximately \$765,000 (or 0.85 per cent of principal), will be used to repay outstanding short-term borrowings. The estimation of debt issuance costs of \$765,000 is actually 0.64 per cent of the proposed principal. Please explain the variance.
3. According to MECL’s December 31, 2025 financial statements, MECL’s debt accounted for 63.53% of total debt and equity; where equity accounted for 36.47%. According to the Electric Power act:

*Section 12.1 Common Equity – Maritime Electric Company, Limited shall, as determined in accordance with generally accepted accounting principles,*

- (a) Maintain at all times not less than 35 per cent of its capital invested in the power system in the form of common equity; and*
- (b) Ensure that, for the year, not more than 40 percent of its capital is invested in the power system in the form of common equity.*

How will the issuance of \$120 million in asset backed, or secured, long-term first mortgage bonds affect MECL’s ratios and ensure the Company is in compliance with the Electric Power Act? Please provide calculations.

4. Appendix B – Standard & Poor’s (“S&P”) Corporate Credit Rating Report – The report dated July 10, 2024 discusses the various risks associated with the Company including reviewing the Funds from operating (FFO) to debt ratios. The report notes that if the ratio falls below 16% this could have a negative effect on MECL’s ratings; however, the report also indicates S&P forecasts MECL will maintain FFO to debt of about 16% to 18% during their two-year outlook period.

Will the debt issuance of \$120 million in asset backed, or secured, long-term first mortgage bonds affect MECL’s FFO to debt ratios? Please provide calculations.

5. Appendix C – Net Earnings Certificate – The principle amount indicated in the Net Earnings Certificate is \$90 million. Please explain this variance from the body of the application which states principle amount of \$120 million.

Additional interrogatories may follow. Please provide responses to the Commission by June 6, 2025.

**Additional interrogatories may follow.**



Cheryl Bradley, CA, CPA  
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Prince Edward Island Regulatory & Appeals Commission