



Cheryl Bradley
Senior Financial Advisor
Email: cbradley@irac.pe.ca

June 25, 2025

VIA EMAIL

Maritime Electric Company, Limited
c/o Spencer Campbell, K.C.
Stewart McKelvey
65 Grafton Street
Charlottetown, PE C1A 1K8

Prince Edward Island Energy Corporation
c/o Gordon MacFadyen
16 Fitzroy Street
P.O. Box 2000
Charlottetown, PE C1A 7N8

Energy Democracy Now! Co-operative Limited
c/o Barbara Dylla
40 Enman Crescent, Suite A338
Charlottetown, PE C1E 1E6

Peter Bevan-Baker
259 Bonshaw Road
Bonshaw, PE C0A 1C0

**RE: Application for On-Island Capacity for Security of Supply Project
Commission Docket UE20742**

On June 3, 2025, the Prince Edward Island Regulatory and Appeals Commission (the "Commission") received a request from the Applicant, Maritime Electric Company, Limited ("MECL"), to enter into settlement negotiations with the intervener, Prince Edward Island Energy Corporation ("PEIEC"). A copy of MECL's request is enclosed.

The request is made in accordance with the Commission's *Rules of Procedure for Negotiated Settlements in Matters of Utility Regulation* (the "Rules"). In accordance with the Rules, settlement negotiations may only be commenced with the approval of the Commission.

In previous Orders, the Commission has endorsed the use of negotiated settlements in the context of utility regulation.¹ Negotiated settlements allow the applicant and intervener(s) an opportunity to determine what matters are agreed upon and what matters are in contention. This, in turn, can streamline applications and allow for the efficient adjudication of matters before the Commission.

However, a negotiated settlement in a regulatory proceeding is much different than a negotiated settlement in a court proceeding. In a court proceeding, it is often the case that a settlement reached by the parties becomes the final determination of the matter. This is not the case in matters of utility regulation.

Instead, when the Commission is presented with a negotiated settlement, it is subject to review and evaluation by the Commission and is considered in the Commission's complete review of the entire Application. The Commission has explained its approach to negotiated settlements as follows:

The Commission notes at the outset that it is not a party to the Agreement and does not consider itself to be, in any way, bound by the terms of the Agreement. The Commission's jurisdiction to regulate public utilities, including Maritime Electric, is founded in the EPA [Electric Power Act]. Although the Agreement is evidence that certain matters are supported by the Government, the Commission must still exercise its jurisdiction to set rates, tolls and charges for electric service that it determines to be reasonable, publicly justifiable, and non-discriminatory.

[...]

Once the interested parties reach a negotiated settlement, the agreement is not simply approved by "rubber stamp" of the regulator. Instead, a regulator presented with a negotiated settlement is required to determine if the agreement is in the public interest (see Nova Scotia Power Inc. (Re), 2012 NSUARB 227 at para. 24). A settlement agreement does not replace an "appropriate and informed review by the Board as to what is in the overall public interest" (see ATCO Electric Ltd. v. Alberta (Energy and Utilities Board), 2004 ABCA 215 [ATCO] at para. 139).²

If a settlement agreement is reached between the parties, it must be filed with the Commission, together with all information required by the *Rules*.³ Once filed, the Commission is required to give public notice of the agreement and invite public input.⁴

At this time, PEIEC has not advised of its position with respect to MECL's request to enter into settlement negotiations. As MECL has specifically requested approval to enter into settlement negotiations with PEIEC, the Commission is unable to make a determination on the request to negotiate until PEIEC advises of its position. **PEIEC must advise of its position no later than 4:00 p.m. on July 3, 2025.**

¹ Order UE16-04R

² Order UE16-04R at paras. 28, 32; Order UE23-04 at para. 27

³ Rule 9(a)

⁴ Rule 9(b)

The Commission is reviewing MECL's requests for confidentiality. Once all matters of confidentiality have been resolved, the Commission will schedule a technical session without delay.

As previously advised, the Commission has prioritized this Application. To minimize any potential delay caused by these procedural matters, the Commission and its independent expert have continued their review of the Application as filed.

Yours very truly,

A handwritten signature in blue ink that reads "Cheryl Bradley". The signature is written in a cursive, flowing style.

Cheryl Bradley, CPA
Senior Financial Advisor

Enclosure: Correspondence re Request to Enter Negotiated Settlement (June 3, 2025)