



Docket: UE21318
Order: UE23-08

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Cheryl Mosher

Cheryl Mosher,
Senior Financial Advisor
Island Regulatory & Appeals Commission

IN THE MATTER of an application by Maritime Electric Company, Limited for an order of the Island Regulatory and Appeals Commission approving the issuance of first mortgage bonds, pursuant to section 12 of the *Electric Power Act*, RSPEI 1988, Cap. E-4.

Order

BEFORE THE COMMISSION ON Friday, the 11th day of September, 2023.

J. Scott MacKenzie, K.C., Chair
M. Douglas Clow, Vice-Chair

BACKGROUND:

1. On August 22, 2023, Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) filed an application with the Island Regulatory and Appeals Commission (the “Commission”) seeking approval of an issuance of \$60.0 million in first mortgage bonds (the “Application”).
2. In accordance with section 12(1) of the *Electric Power Act* (the “Act”), Maritime Electric requires Commission approval for any proposed issue of bonds that are payable more than one year from the date thereof.
3. The Company stated in the Application that the bond issuance is required to convert approximately \$59.5 million of short-term indebtedness incurred to finance normal business activities and the Company’s capital program.
4. On August 30, 2023, the Commission issued Order UE23-07 granting approval for Maritime Electric to proceed with the issuance and sale of first mortgage bonds, provided that:
 - a. the principal amount is not to exceed \$60.0 million;
 - b. The debt is not to mature later than 30 years; and
 - c. the coupon interest rate must be established through a competitive market pricing process.
5. In addition, Maritime Electric was ordered to file a copy of all documents delivered at the closing of the transaction, including an opinion from its legal counsel that the issue is made in accordance with every Act or regulation relating to the issue of securities.
6. On September 8, 2023, Maritime Electric filed a Summary Term Sheet with the Commission. The Company also filed a copy of the resolution of the Company’s Board of Directors approving the terms of the issue, as well as a legal opinion from the Company’s solicitors that the issue complies with applicable securities laws.

DECISION:

7. The Commission has reviewed the Summary Term Sheet dated September 8, 2023 and is satisfied that the issue is in compliance with Order UE23-07. In particular, the principal amount is \$60.0 million, the debt will mature in 30 years, and the rate was established through a competitive bidding process.
8. The Commission also accepts the legal opinion provided by the Company’s solicitors, which states that the issue complies with applicable securities laws.

ORDER:

The Commission orders as follows:

1. Approval is hereby granted for the issuance of first mortgage secured bonds in accordance with the Summary Term Sheet dated September 8, 2023, which includes the following details:
 - a) the principal amount is \$60.0 million;
 - b) the issue is for a term of thirty (30) years, maturing September 12, 2053; and
 - c) the yield rate is 5.203 percent, subject only to adjustments set out in the Summary Term Sheet.
2. Upon completion of the bond issue, Maritime Electric shall file a copy of the closing documents with the Commission.
3. Maritime Electric shall file a report with the Commission on the disposition of the bond issue proceeds within six (6) months from the date of the bond issue.

DATED at Charlottetown, Prince Edward Island, this 11th day of September, 2023.

BY THE COMMISSION:

(sgd) J. Scott MacKenzie

J. Scott MacKenzie, K.C., Chair

(sgd) M. Douglas Clow

M. Douglas Clow, Vice-Chair