



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

Docket
UE20000
Order UE12-01

IN THE MATTER of an
application by Maritime Electric Company,
Limited for direction concerning tax refund
assessments.

**BEFORE THE
COMMISSION**

on Thursday, the 29th day of March, 2012.

Maurice Rodgerson, Chair
Michael Campbell, Commissioner

Order

Compared and Certified a True Copy

(Sgd) *Allison MacEwen*

Director, Technical and Regulatory
Services

IN THE MATTER of an

application by Maritime Electric Company,
Limited for direction concerning tax refund
assessments.

Order

UPON an application by Maritime Electric Company, Limited (the “Company”) for approval to temporarily set aside potential tax refunds associated with revised tax filings for the years 2007 through 2010 until approved by Canada Revenue Agency, after which customer rates will be adjusted for the new tax treatment;

AND UPON reviewing the application and noting the Company’s request is consistent with previous accounting, rate and/or revenue requirement directions regarding past income tax adjustments awaiting Canada Revenue Agency approval;

AND UPON considering the *Electric Power Act* and (*Electricity–Rate Reduction*) *Amendment Act* which sets out authority regarding setting of rates;

AND UPON reviewing the application which indicates, as a result of amended tax filings for the years 2007 through 2010, the Company will potentially receive additional tax refunds of approximately \$12.5 million;

AND UPON noting the revised tax filings and tax refund are subject to approval from Canada Revenue Agency, which has not occurred as of this date;

AND UPON also noting the revised tax filings relate to a change in the timing of deductions with expenditures classified as operating expenditures as opposed to capital items, which can be written off for tax purposes in the year incurred, as opposed to over time as depreciation;

AND UPON considering that this tax refund and interpretation of tax recognition of certain expenditures will affect future tax filings and will have an impact on customer rates;

AND UPON further considering a change in rates or rebate to customers at this time would be premature until final approval by Canada Revenue Agency;

NOW THEREFORE, pursuant to the *Electric Power Act*,

IT IS ORDERED THAT

1. The Company shall defer recognition of the potential tax refunds until approved by Canada Revenue Agency and shall include the approved tax treatment in the next rate application; and
2. The Company shall file with the Commission updates to this matter on a timely basis.

DATED at Charlottetown, Prince Edward Island, this 29th day of March, 2012.

BY THE COMMISSION:

(Sgd) *Maurice Rodgerson*

Maurice Rodgerson, Chair

(Sgd) *Michael Campbell*

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)

NOTE: In accordance with IRAC's *Records Retention and Disposition Schedule*, the material contained in the official file regarding this matter will be retained by the Commission for a period of 5 years.