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#### PRINCE EDWARD ISLAND

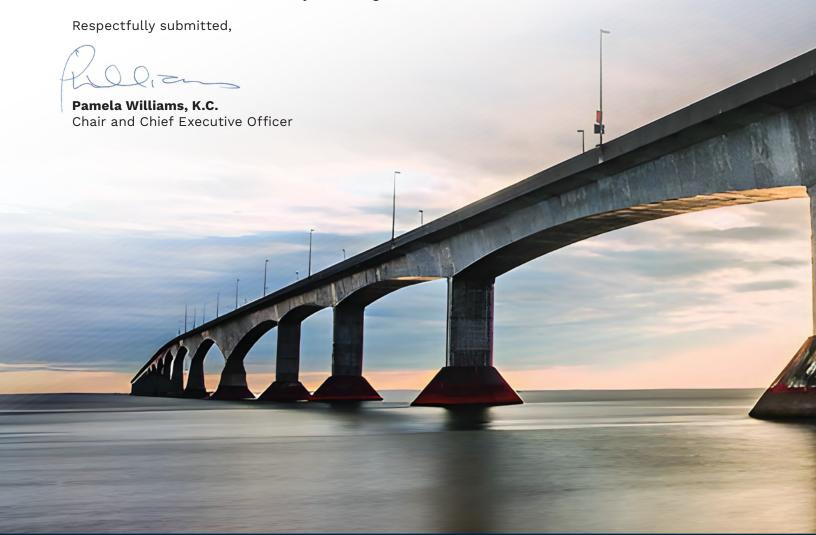
#### Regulatory & Appeals Commission Commission de réglementation et d'appels

ÎLE-DU-PRINCE-ÉDOUARD

**Hon. Robin Croucher**Minister of Education and Early Years
P.O. Box 2000
Charlottetown, PE C1A 7N8

#### Dear Minister Croucher:

I am pleased to submit the 2024-2025 Annual Report for the Prince Edward Island Regulatory and Appeals Commission. The report presents an overview of the Commission's activities and the audited financial statements for the fiscal year ending March 31, 2025.





## COMMENTS FROM THE CHAIR

I am pleased to present the Annual Report of the Prince Edward Island Regulatory and Appeals Commission for the period April 1, 2024 to March 31, 2025. This year, the Commission processed a total of 883 files, resulting in a total of 686 issued decisions, orders, approvals, and recommendations.

In 2024-25, the Commission received several filings from Maritime Electric including applications related to the 2025 Capital Budget, a Supplemental Capital Budget Request for the Advanced Metering for Sustainable Electrification project, a Supplement Capital Budget Request for an On-Island Capacity for Security of Supply project, and the 2024 Open Access Transmissions Tariff Schedule Update.

With the assistance of the Petroleum Division, the Commission issued 52 regularly scheduled pricing updates and 1 interruption. The Commission also issued a total of 307 petroleum licenses and processed 3 applications for new licenses.

As landlords and tenants have become more acquainted with the *Residential Tenancy Act*, which was proclaimed in April 2023, the Rental Appeal division saw a small decrease in the number of rental appeals filed with the Commission. In 2024-25, there were 84 rental appeals filed with the Commission and 76 Orders issued.

In 2024-25, the Commission received 18 new planning appeals and issued 5 Orders. Twenty-three applications were carried over from the previous fiscal year. Five appeals were withdrawn by the appellant after receiving assistance from the Commission. The remaining 31 appeals are in various stages.



The past fiscal year was a period of transition for the Commission, as various changes of leadership have taken place. As the incoming Chair and CEO, I wish to extend special thanks to outgoing Interim Chair/CEO and former Vice-Chair, Doug Clow for his many years of service to the Commission. We wish him the best in his future endeavours. I'd like to warmly welcome our new full-time Commissioner, Gordon MacFarlane, who was appointed to the Commission in February 2025. I'd also like to extend congratulations to our new Vice-Chair, Kerri Carpenter, who was first appointed to the Commission as a full-time Commissioner in August 2023, served as interim Chair/CEO in February 2025 and appointed to the Vice-Chair position at the end of February 2025.

As an independent quasi-judicial administrative tribunal with appellate, regulatory and administrative responsibilities, the Commission must operate with integrity and full independence. This means that it must operate at arm's length from government and be free from the influence of any source. The Commission must uphold

a duty of fairness; for the people that engage with the Commission and the general public. The Commission's independence is essential to upholding the duty of fairness and ensures that there can be confidence in the Commission's ability to render decisions that are fair, impartial, and free from influence.

The duty of fairness requires that the Commission not speak about topics that have been, or may become, a matter before it. This includes commenting on pending cases, deliberations, legal proceedings, and political matters. The Commission and its Commissioners have an obligation to uphold this duty to protect its independence and impartiality.

I would like to commend Commission staff for demonstrating dedication and integrity through their work over the past year, which speaks to the high standards of the Commission in executing the important role it plays in Prince Edward Island. The high degree of professionalism demonstrated in their service to Islanders makes me proud to join the Commission's leadership team and I look forward to continuing our work. I would also like to extend a thank you to our parttime Commissioners: Murray MacPherson, Cynthia McCardle, and Terry McKenna. Through the various panels they serve on, they have consistently provided thoughtful analysis and expertise.

Pamela J. Williams, K.C. Chair and Chief Executive Officer





## MESSAGE DE LA PRÉSIDENTE

J'ai le plaisir de présenter le rapport annuel de la Commission de réglementation et d'appels de l'Île pour la période du 1er avril 2024 au 31 mars 2025. Cette année, la Commission a rendu 686 décisions, ordonnances, approbations et recommandations en traitant 883 dossiers.

En 2024-2025, la Commission a reçu plusieurs soumissions de Maritime Electric, y compris des demandes liées au budget d'immobilisations 2025; des demandes de budget d'immobilisations supplémentaires pour une infrastructure de compteurs intelligents dans le cadre du projet d'électrification durable et pour une proposition de projet de capacité à l'île dans le contexte de la sécurité de l'approvisionnement; ainsi que la mise à jour du barème tarifaire 2024 pour le libre accès au réseau de transport d'électricité.

Avec l'aide de la Division du pétrole, la Commission a publié 52 mises à jour tarifaires régulières ainsi qu'une interruption, en plus de délivrer un total de 307 permis pétroliers et de traiter trois nouvelles demandes de permis.

Au fur et à mesure que les propriétaires et les locataires se familiarisent avec la Residential Tenancy Act (loi sur la location de locaux d'habitation) promulguée en avril 2023, la Division des appels en matière de location constate une légère diminution du nombre d'appels déposés auprès de la Commission. En 2024-2025, la Commission a reçu 84 appels en matière de location et rendu 76 ordonnances.

En 2024-2025, la Commission a reçu 18 nouveaux appels ayant trait à l'aménagement du territoire et rendu cinq ordonnances en la matière. En outre, 23 demandes avaient



été reportées de l'exercice précédent. Cinq appels ont été retirés par l'appelant après avoir reçu l'aide de la Commission, et les 31 appels restants en sont à différents stades.

Le dernier exercice financier a servi de transition pour la direction de la Commission. En tant que nouvelle présidente directrice générale, je tiens à remercier tout particulièrement le PDG par intérim sortant et ancien vice-président, Doug Clow, pour ses nombreuses années au service de la Commission. Je lui souhaite beaucoup de succès dans ses projets d'avenir. J'aimerais aussi souhaiter la bienvenue à notre nouveau commissaire à temps plein, Gordon MacFarlane, qui a été nommé à la Commission en février 2025. J'en profite pour féliciter notre nouvelle vice-présidente, Kerri Carpenter, qui a été nommée d'abord à titre de commissaire à temps plein en août 2023, puis à titre de PDG par intérim en février 2025, avant d'assumer les fonctions de la vice-présidence à la fin de février 2025.

À titre de tribunal administratif quasi judiciaire indépendant ayant des responsabilités en matière d'appel, de réglementation et d'administration, la Commission doit exercer ses activités avec intégrité et pleine autonomie. Cela signifie qu'elle doit fonctionner de manière autonome par rapport au gouvernement et être libre de toute influence. La Commission a le devoir d'agir équitablement, pour les personnes

avec qui elle interagit et pour le grand public. L'autonomie de la Commission est essentielle au maintien de son devoir d'équité et permet de veiller à ce qu'on puisse avoir confiance dans la capacité de la Commission à rendre des décisions justes, impartiales et libres de toute influence.

Le devoir d'agir équitablement nécessite que la Commission ne parle pas de sujets qui ont été ou qui pourrait être présentés devant elle. Cela comprend les commentaires sur des affaires en cours, des délibérations, des procédures judiciaires et des sujets politiques. La Commission et ses commissaires ont l'obligation de respecter ce devoir de protection de son autonomie et de son impartialité.

Je tiens à féliciter le personnel de la Commission pour le dévouement et l'intégrité dont il a fait preuve dans son travail au cours de l'année écoulée : vous témoignez des normes élevées que la Commission applique dans l'exercice de son rôle important à l'Île-du-Prince-Édouard. Compte tenu du grand professionnalisme du personnel à l'endroit des Insulaires qu'il sert, je suis fière de rejoindre l'équipe de direction de la Commission pour poursuivre cet excellent travail. J'en profite aussi pour remercier nos commissaires à temps plein et à temps partiel, notamment Murray MacPherson, Cynthia McCardle, et Terry McKenna. Nos commissaires apportent toujours une grande expertise et une analyse réfléchie au sein des différents comités auxquels ils siègent.

Pamela J. Williams, C.R. Présidente et directrice générale

## **OVERVIEW**

The Prince Edward Island Regulatory and Appeals Commission was established in 1991 as an independent quasi-judicial tribunal with appellate, regulatory, and administrative responsibilities defined in the *Island Regulatory and Appeals Commission Act* and in a number of provincial statutes.

The Commission operates at arm's length from government, free of influence from any source. As the Commission has appellate oversight of decisions made by Government and sets the prices charged to consumers by utilities, upholding the Commission's independence is fundamental to ensuring public confidence in its objectivity, expertise, and impartiality in decision making.

The Commission reports to the Legislative Assembly of Prince Edward Island through the Minister of Education and Early Years.

#### **COMMISSIONERS AND STAFF**

The Commission Chair and Chief Executive Officer is Pamela Williams, K.C., the Commission Vice-Chair is Kerri Carpenter, and Gordon MacFarlane is a full-time Commissioner. Parttime Commissioners are Murray MacPherson, Cynthia McCardle, and Terry McKenna.

In 2024-25, the Commission employed 23 people.

#### MISSION

To ensure the public of Prince Edward Island is provided with unbiased, well-reasoned, clear, and timely decisions in all matters brought before the Commission for its consideration.

#### VISION

To be respected for independence, professionalism, competence, and leadership in the matters the Commission regulates, adjudicates, and administers.



#### LEGISLATIVE ROLES AND RESPONSIBILITIES

The Commission operates as an independent quasi-judicial tribunal under the authority of the Island Regulatory and Appeals Commission Act.

## The Commission's appellate responsibilities are defined in the following Acts:

Residential Tenancy Act
Planning Act
Real Property Assessment Act
Roads Act
Unsightly Premises Act
Heritage Places Protection Act
Environmental Protection Act
Real Property Tax Act
Archaeology Act
Emergency 911 Act (911 Cost Recovery Fees Regulations)
Renewable Energy Act
Climate Leadership Act
Revenue Administration Act
Water Act

## The Commission's regulatory responsibilities fall under the following Acts:

Petroleum Products Act Electric Power Act Water and Sewerage Act Insurance Act Environmental Protection Act

## The Commission has administrative responsibilities under the following Acts:

Prince Edward Island Lands Protection Act Municipal Government Act Residential Tenancy Act

# FINANCIAL HIGHLIGHTS

FISCAL YEAR 2024-25

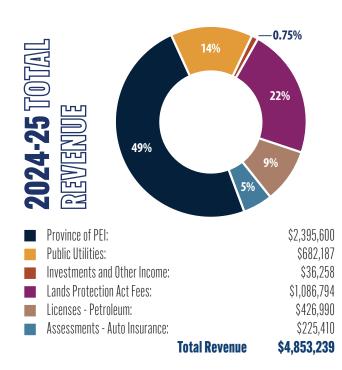
The Commission is funded through annual assessments, levies, application, and license fees on the utilities, industries and parties who are subject to supervision, regulation, or control of the Commission, including the province of Prince Edward Island.

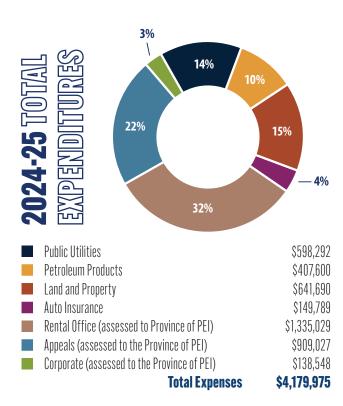
The Commission's revenue sources include non-resident fees collected through the *Prince Edward Island Lands Protection Act*; license fees for retail and wholesale petroleum outlets; assessment fees on automobile insurers, water & sewer utilities, Maritime Electric Company Ltd., Summerside Electric; and the province of Prince Edward Island for the costs of the operation of the Office of the Director of Residential Rental Property, planning appeals, property tax appeals, environmental appeals, and rental appeals.

In 2024-25, total revenue amounted to \$4,853,239, an increase of \$689,232 from the previous year's revenues. The assessment on the Province was \$2,395,600 or 49% of the Commission's total revenue.

The Commission incurred expenses of \$4,179,975 during 2024-25, allocated as shown aside.

The Commission's audited financial statements for the fiscal year ending March 31, 2025 can be found on page 18. Please note that the tables and audited financial statements in this report reflect the overall operation of the Commission, including the Office of the Director of Residential Tenancy.





# COMMISSION ACTIVITIES

FISCAL YEAR 2024-25

The Commission processed a total of 883 files, resulting in a total of 686 decisions, orders, approvals, and recommendations issued. The following is a breakdown by area:

#### LANDS PROTECTION

1	Non-Resident applications	87
(	Corporate applications	393
(	Global lease applications	11
A	Amendment applications	18
A	Amended permit applications	6
-	Annual disclosure statements	150

#### **PETROLEUM**

Regular petroleum price settings	52
Unscheduled price settings	1
Applications for new licenses	3
Regulatory administrative approvals	16

#### **ELECTRICITY**

Capital budget and	regulatory approvals	6

#### **WATER - SEWER**

Utility rate applications	3
Construction permits	7

#### **PLANNING ACT**

New appeals	18
Orders issued	5
Resolved by mediation	0
Withdrawn by appellant	5
Carried over from 23-24	23
Ongoing	31



#### **ENVIRONMENTAL PROTECTION ACT**

Appeals	0
Withdrawn	0
Ongoing	1
Orders Issued	0

#### **REAL PROPERTY ASSESSMENT ACT**

New Appeals	2
Orders issued	1
Ongoing	2
Withdrawn	1
Carried Over	1

#### **RESIDENTIAL TENANCY ACT**

Appeals	84	
Withdrawn by appellant	11	
Orders issued	76	
Orders to be issued - carried over to 2024-25	13	

#### **WASTE MANAGEMENT**

Applications	1
Orders issued	1

## **APPELLATE ACTIVITIES**

While most appeals to the Commission arise out of decisions under the *Planning Act* and the *Residential Tenancy Act*, the Commission has appellate responsibilities under several Acts:

Residential Tenancy Act
Planning Act
Real Property Assessment Act
Roads Act
Unsightly Premises Act
Heritage Places Protection Act
Environmental Protection Act
Real Property Tax Act
Archaeology Act
Emergency 911 Act (911 Cost Recovery Fees
Regulations)
Renewable Energy Act
Climate Leadership Act
Revenue Administration Act
Water Act

#### **PLANNING ACT**

Under the *Planning Act*, parties dissatisfied with decisions made by municipal councils or by the minister responsible for the *Planning Act* may appeal to the Commission.

In 2024-25, the Commission had 18 new planning appeals filed and 23 files carried over from the previous fiscal year. Five appeals were withdrawn by the appellant after receiving assistance from the Commission. The remaining 31 appeals are in various stages, including ongoing mediation, on hold at the request of the parties, awaiting information from the parties, in the hearing scheduling process, or a final decision was issued after the end of the reporting period. Two of these files are Orders under requested review and one Order is in abeyance. The Commission issued a final decision on five appeals.

The Commission uses active adjudication on all planning appeal matters. When filed, appeals are triaged by Commission staff and legal counsel. When a municipality files its record, it is thoroughly reviewed by the Commission. Staff and legal counsel contact the parties and discuss the grounds of the appeal and record to determine the issues in dispute and see if any settlement is possible.

To further assist, the Commission offers mediation services to the parties on appeal at no cost to the parties. This resolves a number of appeals without the appeal having to go to a full hearing. Many parties to planning appeals choose to have the Commission try to mediate their issues.

Below is a summary of the appeals filed with the Commission for the past three fiscal years:

20	22-23	2023-24	2024-25
Total active appeals	40	53	42
Appeal heard - allowed	0	4	1
Appeal heard - denied	3	4	3 <sup>1</sup>
Withdrawn by appellant	8	18	6
Resolved by mediation	3	4	1
Appeal abandoned	0	0	1
Ongoing	26	22	31

**1** - The Commission determined it did not have jurisdiction in one of these appeals

Below is a summary of ongoing appeals at the Commission for the year 2024-25:

TOTAL	31
Final decision issued after reporting period	1
Commission considering preliminary issue	4
Hearing to be scheduled	6
Awaiting information from the parties	4
On hold at the request of the parties	14
Ongoing mediation	2

#### **ENVIRONMENTAL PROTECTION ACT**

The Environmental Protection Act, along with the Environmental Protection Act – Watercourse and Wetland Protection Regulations, provides a limited right of appeal of certain decisions of the Minister responsible for the Environmental Protection Act.

In 2024-25, the Commission had one ongoing environmental appeal.

#### **RESIDENTIAL TENANCY ACT APPEALS**

Under the *Residential Tenancy Act*, parties dissatisfied with decisions from the Office of the Director of Residential Tenancy may appeal to the Commission. In 2024-25, the Commission received 84 appeals and issued 76 rental appeal Orders. This represents a decrease both in the number of rental appeals filed with the Commission and the number of rental appeal Orders issued by the Commission.

## Below is a summary of appeals filed under the *Residential Tenancy Act* for 2024-25:

	2023-24	2024-25
Appeals	125	84
Appeals withdrawn by applicant	15	11
Orders issued	91	76
Orders to be issued	25	13

#### **REAL PROPERTY ASSESSMENT ACT**

The Commission hears appeals on property tax assessments under the *Real Property Assessment Act*. In 2024-25, two appeals were filed with the Commission, with one ongoing appeal from the previous year. One Order was issued, 1 appeal was withdrawn and 1 appeal is ongoing.



## **REGULATORY ACTIVITIES**

The Commission has regulatory responsibilities under the following Acts:

Petroleum Products Act Electric Power Act Water and Sewerage Act Insurance Act Environmental Protection Act

Under the Acts listed above, the Commission has regulatory responsibilities in the following areas: the distribution and sale of petroleum products; regulatory authority over Maritime Electric; regulatory authority over municipal and private water and sewer utilities, excluding the larger municipalities of Charlottetown, Summerside, Stratford and Cornwall; regulatory authority over rate changes for the Island Waste Management Corporation, and automobile insurance rates offered on Prince Edward Island.

#### PETROLEUM

Under the *Petroleum Products Act*, the Commission has responsibility for all matters related to petroleum including:

- Setting minimum and maximum prices for petroleum products;
- Determining the minimum and maximum markups for retailers;
- Issuing annual retail and wholesale petroleum product licenses.

#### PETROLEUM PRICING

Under the Act, the Commission's role is to "ensure at all times a just and reasonable price for heating fuel and motor fuel to consumers and licensees within the province."

In 2024-2025, the Petroleum Panel met for 52 regularly scheduled price adjustments and 1 unscheduled price adjustment, for a total of 53 price adjustments. The methodology used for petroleum pricing can be found on the Commission's website.

The Commission determines the minimum and maximum markup for retailers. The current minimum retail margin for self-serve gasoline and diesel fuel is 7.0 cpl, and the maximum retail margin for self-serve gasoline and diesel fuel 8.0 cpl. Retail outlets may price anywhere within the minimum and maximum prices.

Current and archived pricing information on all products is available on the Commission's website.

The following table shows the volume of each petroleum product sold for the last three years:

PRODUCTS SOLD (IN LITERS)						
Product	2022	2023	2024			
Propane	34,028,177	37,060,115	35,857,214			
Diesel	91,385,968	91,913,512	89,968,588			
Furnace Oil	112,684,437	98,363,309	98,989,440			
Gasoline	226,909,699	227,699,864	231,436,232			

#### PETROLEUM LICENSING

The jurisdiction of the Commission extends to all types of outlets involved in the distribution and sale of petroleum products. The Commission regulates licensees and the operation of their outlets. This includes wholesalers, retailers, and wholesaler-retailer operated outlets such as retail gasoline stations, tank trucks, retail propane outlets, and furnace oil delivery.

In 2024-25, the Commission issued 307 petroleum licenses.

YEARS	2022-23	2023-24	2024-25
Retail Distributors	16	16	16
Wholesalers	22	22	22
Tank Trucks	88	88	89
Retail Outlets	183	180	180
TOTAL LICENSES	309	306	307

The number of petroleum retail outlets in the province did not change in 2024-25:

YEARS	2022-23	2023-24	2024-25
Garages	4	4	4
Stations	11	10	10
Propane Only	52	51	51
Marine	46	44	44
Merchants	70	71	71
TOTAL LICENSES	183	180	180

The average gasoline volume sold per outlet increased to 2,722,779 litres. This is an increase of approximately 43,957 litres from the previous year.

#### **ELECTRICITY**

#### REGULATION OF ELECTRIC UTILITIES

The *Electric Power Act* gives the Commission the authority to regulate public utilities, including Maritime Electric Company, Limited and PEI Energy Corporation's Efficiency PEI. The Commission's role with Maritime Electric is to ensure that its customers receive safe and reliable service, and that the rates for electric service are reasonable, publicly justifiable and non-discriminatory. The Commission's role with Efficiency PEI is to review and approve expenditures on demand-side management programs that are charged to customers through Maritime Electric and Summerside Electric.

Public utility regulation in Canada originated in 1938 in Alberta. Boards were established based on an independent commission administrative model established in Texas and Oklahoma where decisions are made by a "respected arms-length regulator free from undo political interference".

The foundation of the economic regulation of electrical and other public utilities was confirmed by the Supreme Court of Canada in 2006:

"Regulated utilities are given the exclusive rights to sell their services within a specific area at rates that will provide companies with the opportunity to earn a fair return for their investors. In return for this right of exclusivity, utilities assume a duty to adequately and reliably serve all customers in their determined territories, and are required to have their rates and certain operations regulated."

In setting electric rates, the Commission must balance the interests of Maritime Electric and the interests of its customers. This means that the rates for electric service must be fair to customers on the one hand, and also allow Maritime Electric the opportunity to earn a fair return on its investment.

Typically, Maritime Electric determines when a change in electric rates is necessary. Maritime Electric then files a General Rate Application with the Commission, requesting a change in the electric rates and explaining why the change in rates is required.

In recent years, Maritime Electric has filed General Rate Applications seeking approval for rates for more than one year. This is called multiyear rate setting. In multi-year rate setting, electric rates are set for a period of two or three years. This benefits customers by ensuring that electric rates remain stable and predictable.

The Commission considers many factors in setting electric rates. As part of its General Rate Application, Maritime Electric files its forecast annual revenue requirement. The annual revenue requirement is the amount required for Maritime Electric to recover its forecast annual costs of providing electric service, and to earn a fair rate of return.

The annual revenue requirement is determined by looking at a number of forecasts, including Maritime Electric's forecast energy sales for the year, the forecast cost of generating or purchasing the energy, and the forecast cost of delivering that energy to customers.

The Commission analyzes each element of the revenue requirement to determine whether Maritime Electric's forecasts are reasonable. This is called cost of service regulation as the electric rates are intended to allow Maritime Electric to recover its cost of providing service to customers, plus a reasonable rate of return. The Commission will often engage the services of expert consultants to assist with its analysis.

Each year, Maritime Electric is required to submit its annual capital budget to the Commission for review and approval. The capital budget includes any proposed expenditures for capital improvements or additions that are anticipated for the next year. On a monthly basis, the Commission reviews Maritime Electric's monthly financial statements.

The Commission invites public input throughout the rate setting process. The public has the opportunity to submit questions to Maritime Electric, make comments to the Commission, and participate in the public hearing as an intervener.

#### FISCAL YEAR 2024-25

In 2024-2025, the Commission issued 4 Orders in response to filings by Maritime Electric. Maritime Electric applications included the 2024 Capital Budget, 2023 Capital Budget Variance Report, Supplemental Capital Budget Request for the Advanced Metering for Sustainable Electrification project, and approval to place the Comprehensive Report on the Weather Normalization Reserve Mechanism in abeyance.

The Commission issued 2 Orders in response to filings by Efficiency PEI. Efficiency PEI's application related to their Demand Side Management plan.

In November 2022, Maritime Electric filed their Advance Metering for Sustainable Electrification Project. There were no applications to intervene on this file. On February 14, 2024 the Commission requested Maritime Electric to submit an amended and re-stated application on February 14, 2024 to identify and explain material changes from the date of filing the application. The Commission held a technical session on the matter on March 14, 2025.

The Commission engaged Synapse Energy to review the Rate Design application submitted by Maritime Electric in June 2021. The rate design application is ongoing and there have been two intervenors approved on this file.

Maritime Electric filed their 2024 Capital Budget in August 2023. The 2024 Capital Budget application was approved April 23, 2024.

Maritime Electric filed their 2025 Capital Budget application in August 2024. The 2025 Capital Budget application was partially approved on January 31, 2025. There are 3 outstanding projects under review and in progress.

Maritime Electric filed their application to Collect Operating and Capital Costs related to Hurricane Fiona in November 2023. The Commission engaged EA Technologies to review the application as submitted. The application is ongoing at this time.

Maritime Electric requested Commission approval to place the Comprehensive Report

on Weather Normalization Reserve Mechanism in Abeyance on May 28, 2025. The Commission denied this request. Maritime Electric filed their Comprehensive Report on September 27, 2024. This application is ongoing at the time of reporting.

Efficiency PEI requested a number of extensions during the year on filing its Demand Side Management (DSM) Application. Efficiency PEI filed their DSM plan in December of 2021. The Commission approved the Demand Side Management application with modifications on April 24, 2024.

#### **WATER AND SEWER**

Under the *Water and Sewerage Act*, the Commission regulates all water and wastewater utilities in Prince Edward Island, excluding municipal utilities operating in Charlottetown, Summerside, Stratford, and Cornwall. For more information, visit the Commission website.

In 2024-25, the Commission's Water and Sewer Panel issued 7 permits for utility construction projects. The projects included the Montague Sewer & Water Corporation's water and sanitary system, including a new lift station, piping and electrical to the existing pumping station in Montague, extending sanitary gravity main in Miscouche, extending watermain and sanitary gravity main in Kensington, construction of new sewer main to be connected to the existing sanitary main in O'Leary and construction of new sewer main to be connected to the existing sanitary main in Wellington.

Funding through various federal-provincial development initiatives offset overall project costs, which substantially reduces the impact on utility rates.

There were 3 rate-related applications reviewed by the Commission's Water and Sewer Panel in 2024-25, resulting in the approval of new water and sewer rates for Borden-Carleton, Wellington, and Victoria.

#### **AUTOMOBILE INSURANCE**

The Insurance Act provides for the supervision of automobile insurance rates by the Commission. All insurers providing automobile insurance in Prince Edward Island must file their rates annually with the Commission.

Insurance premiums for private passenger vehicles on Prince Edward Island average approximately \$1,018.00 per year and remain the lowest in Canada, with the exception of Quebec, which operates a public program.

2024 Average Annual Premiums for Private Passenger Vehicles	
Prince Edward Island	\$1,018.00
New Brunswick	\$1,208.00
Nova Scotia	\$1,302.00
Newfoundland and Labrador	\$1,359.00
Ontario	\$1,929.00
Alberta	\$1,706.00

\*Information taken from General Insurance Statistical Agency Auto 1010, indicating overall average premiums. Premium information on public insurance provinces (BC, SK, MB, QC) is not provided by the General Insurance Statistical Agency.

#### **ISLAND WASTE MANAGEMENT**

The Environmental Protection Act gives the Commission the authority to regulate fees associated with waste management and collection by the Island Waste Management Corporation (IWMC). The Commission received 1 application to increase the annual waste management fees in December 2024. IWMC provided detailed forecasts and a cost allocation analysis to support the rate increase. The Commission approved the rate increase with modifications in February 2025.



# ADMINISTRATIVE ACTIVITIES

The Commission has administrative responsibilities under the following Acts:

Lands Protection Act Municipal Government Act Residential Tenancy Act

#### LANDS PROTECTION ACT

The Commission is responsible for the administration of the Lands Protection Act. The Commission does not make decisions on land applications; it is a recommending body for Executive Council which holds the authority to approve or deny applications for land purchases or leases. The Commission's Lands Protection Panel meets bi-weekly to review land applications.

The Commission is also responsible for monitoring the land holdings of large land owners and carrying out investigations to enforce the Act. To learn more about the Lands Protection Act, visit our website.

#### **APPLICATIONS**

In 2024-25, the Commission processed 515 applications under the Lands Protection Act. Of these, 491 applications were for the acquisition of land involving 28,809 acres.

The following charts summarize the land applications reviewed by the Commission over the past three years:

LANDS PROTECTION ACT APPLICATIONS PROCESSED						
YEARS	2022-23	2023-24	2024-25			
Corporate Non-Residen	t 59	45	47			
Non-Resident	118	92	87			
Corporate	322	340	346			
Global Lease	19	13	11			
Amended Permits	6	6	6			
Amendments	20	21	18			
TOTALS	544	517	515			

#### NON-RESIDENT APPLICATIONS

The Commission considered 87 applications from non-residents totaling approximately 1,686 acres. This includes 42 applications with shore frontage, totaling approximately 21,744 feet of shore frontage.

Prince County Acreage	427
Kings County Acreage	958
Queens County Acreage	301

#### RESIDENT CORPORATE APPLICATIONS

The Commission considered 346 applications totaling approximately 16,369 acres of land from resident corporations. Sixty-nine applications with shore frontage, totaling approximately 95,334 feet, were included in the resident corporate applications.

Prince County Acreage	3,575
Kings County Acreage	5,231
Queens County Acreage	7,563

#### NON-RESIDENT CORPORATE APPLICATIONS

The Commission considered 47 applications totaling approximately 2,554 acres of land from non-resident corporations. Ten applications with shore frontage, totaling approximately 25,445 feet, were included in the non-resident corporate applications.

Prince County Acreage	924
Kings County Acreage	646
Queens County Acreage	984

#### **GLOBAL LEASING APPLICATIONS**

A Global Lease Permit enables a corporation or non-resident person to apply for permission to acquire land by way of lease and to continue to hold a permitted number of acres of land as part of their aggregate land holdings. This permit is especially useful for farm corporations that use different parcels of land each year in their crop rotations. Eleven applications, totaling 8,200 acres of land, were considered under section 5.3 of the Act.

#### APPLICATIONS FOR AMENDED PERMIT

A requirement for amended permits was introduced effective April 1, 2022 where a

corporation proposes to make a material change in its shareholder structure that would result in the aggregate land holdings of its resident shareholders to exceed 400 acres. In 2024-25, 6 amended permit applications were processed by the Commission.

## APPLICATIONS TO CANCEL, SUSPEND OR AMEND CONDITIONS

The Commission is responsible for receiving applications to cancel, suspend, or amend any condition imposed on land, including the condition that land be identified for non-development use. The Commission does not make recommendations on these applications. Its role is to review the applications to ensure they are complete before being submitted to the Minister of Housing, Land and Communities for consideration. Upon receipt, the Minister makes recommendations to Executive Council.

In 2024-25, 18 applications were processed by the Commission and forwarded to the Department of Housing, Land and Communities.

#### ANNUAL DECLARATION STATEMENT

Under the LPA, a person having an aggregate land holding in excess of 750 acres, or a corporation having an aggregate land holding in excess of 2,250 acres, must file an annual land holding declaration statement with the Commission.

For the year ending December 31, 2024, the Commission received and processed 150 land holding declaration statements. Of these, 122 were filed by persons, and 28 were filed by corporations.

#### MUNICIPAL GOVERNMENT ACT

Under the *Municipal Government Act*, the Commission receives applications and provides a report and recommendations to the Minister of Housing, Land, and Communities on proposals to establish, restructure or dissolve municipalities. In 2024-25, the Commission did not receive any applications under the *Municipal Government Act*.

# FINANCIAL STATEMENTS

FISCAL YEAR 2024-25

Section 17 of the *Island Regulatory and Appeals Commission Act* states:

"The Executive Committee shall appoint an auditor to audit the accounts and financial transactions of the Commission."

The Commission has appointed Fitzpatrick & Company, an independent company, to audit its financial statements for the year ended March 31, 2025. Please note that these statements reflect the overall operation of the Commission, including the Office of the Director of Residential Tenancy.





#### Independent Auditor's Report

To the Commissioners of Prince Edward Island Regulatory and Appeals Commission

#### Opinion

We have audited the accompanying financial statements of Prince Edward Island Regulatory and Appeals Commission ("the Commission") which comprise the statement of financial position as at March 31, 2025, and the statements of operations, net financial assets, and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2025, and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Commission or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Charte ed Professional Accountants

Charlottetown, PE June 24, 2025

Statement of Financial Position

As at March 31, 2025, with comparative figures for 2024

	2025		2024
Financial Assets		7.97.00	
Cash (Note 2)	\$ 1,020,331	\$	180,070
Accounts receivable (Note 3)	555,689		566,670
Investments (Note 4)	696,487		892,871
	2,272,507		1,639,611
Liabilities			
Accounts payable and accrued liabilities (Note 5)	1,516,955		1,519,750
Employee future benefits (Note 6)	247,325		315,585
	1,764,280		1,835,335
Net financial assets (debt)	508,227		(195,724)
Non-Financial Assets			
Prepaid expenses	8,562		44,503
Tangible capital assets (Note 7)	171,245		165,991
	179,807		210,494
Commitments (Note 8)			
Pension costs and obligations (Note 9)			
Accumulated surplus (Note 10)	\$ 688,034	\$	14,770

Approved on Behalf of the Commission;

, Commissioner

Commissioner

## Prince Edward Island Regulatory and Appeals Commission Statement of Operations and Accumulated Surplus

For the Year Ended March 31, 2025, with comparative figures for 2024

	Bud	lget (Note 12)		2025		2024
Revenue;						
Assessment - Province of PEI	\$	2,395,000	\$	2,395,600	\$	2,230,600
Assessments - Public utilities		672,000		682,187		680,650
Assessments - Petroleum products		462,900		426,990		457,250
Assessments - Land and property		400,000		1,086,794		528,105
Assessments - Auto insurance		225,000		225,410		225,537
Investment and other income (Note 13)		12,500		36,258		41,865
		4,167,400	=	4,853,239		4,164,007
Direct expenses:		S. Grand Davis				
Public utilities		651,153		598,292		582,784
Petroleum products		419,789		407,600		418,113
Land and property		709,103		641,690		656,949
Auto insurance		184,255		149,789		168,680
Rental		1,378,182		1,335,029		1,149,588
Appeals		977,423		909,027		786,355
		4,319,905		4,041,427		3,762,469
Net revenue before operating expenses		(152,505)		811,812		401,538
Operating expenses:						
Amortization		165,200		138,548		127,337
Annual surplus		(317,705)		673,264		274,201
Accumulated surplus (deficit), beginning of year		14,770		14,770		(259,431)
Accumulated surplus (deficit), end of year	\$	(302,935)	\$	688,034	\$	14,770

Statement of Net Financial Assets

As at March 31, 2025, with comparative figures for 2024

	Budg	get (Note 12)	2025	2024
Annual surplus	\$	(317,705) \$	673,264 \$	274,201
Acquisition of tangible capital assets Amortization of tangible capital assets		(88,000) 165,200	(147,516) 138,548	(157,477) 127,337 860
Proceeds on the sale of capital assets Gain on sale of capital assets Decrease (increase) of prepaid expenses		- 1	4,914 (1,199) 35,940	(42,476)
Net debt, beginning of year		(240,505) (195,724)	703,951 (195,724)	202,445 (398,169)
Net financial assets (debt), end of year	\$	(436,229) \$	508,227 \$	(195,724)

Statement of Cash Flows

For the Year Ended March 31, 2025, with comparative figures for 2024

	2025	2024
Cash flows from operating activities:		
Cash receipts from assessments	\$ 4,829,226 \$	3,969,813
Cash paid to suppliers and employees	(4,076,541)	(3,891,279)
Gain on sale of capital assets	(1,199)	-
Interest received	34,994	40,656
	786,480	119,190
Cash flows from capital activities:		
Purchase of tangible capital assets	(147,516)	(157,477)
Cash flows from investing activities:		
Proceeds from sale of capital assets	4,914	860
Decrease (increase) in investments	196,383	(143,997)
	201,297	(143,137)
Net increase (decrease) in cash	840,261	(181,424)
Cash, beginning of year	180,070	361,494
Cash, end of year	\$ 1,020,331 \$	180,070

Notes to the Financial Statements

For the Year Ended March 31, 2025, with comparative figures for 2024

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, Office of the Director of Residential Rental Property, auto insurance rate regulation, and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act. The Commission is a non-taxable entity under the provisions of the Income Tax Act.

#### 1. Significant accounting policies:

#### a) Basis of accounting:

The financial statements of the Commission are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards.

#### b) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to acquisition or construction of the tangible capital assets. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
Computer equipment	3 years
Furnishings and equipment	5 years
Leasehold improvements	5 years

#### c) Vacation pay, retirement allowance, and sick time:

Vacation pay is recorded as a liability when earned.

The Commission records an annual expense based on the change in the actuarially determined obligation for retirement allowance benefits, net of payments during the year.

The Commission records an annual expense based on the change in the actuarially determined obligation for sick time, net of sick time taken in excess of sick time earned during the year.

#### d) Government transfers:

Government transfers are transfers of monetary assets or tangible capital assets from a government for which the government making the transfer does not receive any goods or services directly; in return expect to be repaid in the future; or expect a direct financial return. Government transfers are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue when stipulations are met.

Notes to the Financial Statements

For the Year Ended March 31, 2025, with comparative figures for 2024

#### 1. Significant accounting policies: (continued)

#### e) Pension costs:

Employees of the Commission belong to the Civil Service Superannuation Plan which is a multi-employer contributory defined benefit pension plan and is accounted for as a defined contribution plan. Employees' contributions and matching employer's contributions are transferred to the Civil Service Superannuation Fund. These contributions are expensed as incurred. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

#### f) Investments:

Investments consist of Guaranteed Investment Certificates and are recorded at cost plus accrued interest.

#### g) Leasehold improvements and inducements:

Costs incurred or paid by landlords to renovate the Commission's premises are recorded as leasehold improvements and amortized over the life of the lease.

#### h) Revenue recognition:

All revenues other than investment income are recorded in the period in which the transactions or events that give rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Commission discharges the obligations that led to the collection of funds. Investment income is recorded in the period in which the interest is earned.

#### i) Use of estimates:

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### 2. Cash:

	2025	2024
Cash	\$ 783,651	\$ 174,768
Cash - held in investment account	231,378	
Cash held in trust for deposit guarantees	5,302	5,302
	\$ 1,020,331	\$ 180,070

Notes to the Financial Statements

For the Year Ended March 31, 2025, with comparative figures for 2024

#### 3. Accounts receivable:

	2025	2024
Trade receivables	\$ 517,606	\$ 529,561
HST receivables	36,252	32,741
Employee advances	1,831	4,368
	\$ 555,689	\$ 566,670

#### 4. Investments:

Investments consist of Guaranteed Investment Certificates invested at the Bank of Nova Scotia with interest rates ranging from 2.25% to 2.75%, maturing between December 2025 and March 2026.

#### 5. Accounts payable and accrued liabilities:

	2025	2024
Province of Prince Edward Island - accumulated surplus	\$ 1,072,630	\$ 1,072,630
Trade	249,632	155,398
Vacation pay	105,105	212,310
Accrued sick leave	84,286	74,110
Deposit guarantees - Director of Residential Rental Property (Note 2)	5,302	5,302
	\$ 1,516,955	\$ 1,519,750

#### Accumulated surplus:

On April 1, 2013, an agreement was signed with the Province of Prince Edward Island effective until March 31, 2016. Under this agreement, the Commission has agreed to refund the accumulated surplus to the Province, at the discretion of the Province, for any fiscal year by March 31 of the year following the end of the fiscal year for which the accumulated surplus is calculated. On January 26, 2015, the Commission received a legal opinion from independent counsel which raises concerns about the obligations of the Commission to the Province of Prince Edward Island regarding the transfer of accumulated surplus as recognized in these financial statements. In addition, legal counsel provided an opinion that it is not necessary for the Commission to have a new agreement with the Province. As a result, it is unknown at the time of this report whether the accumulated surplus will be paid to the Province.

#### 6. Employee future benefits:

Certain employees are eligible for retiring pay as defined by the Collective Bargaining Agreement with the Government of Prince Edward Island. This plan provides retiring pay to employees who meet the eligibility requirements outlined in the Agreement. The retiring pay entitlement is equal to either one week or two weeks of pay for each year of service and the maximum will vary depending on the particular employee group. These benefits are unfunded. An analysis of the components of, and changes in, employee future benefits is as follows:

Notes to the Financial Statements

For the Year Ended March 31, 2025, with comparative figures for 2024

#### 6. Employee future benefits: (continued)

Retirement allowance	2025 2	024
Balance, beginning of year	\$ 315,585 \$ 277,	422
Current service cost	27,194 25,	165
Accrued interest	11,680 12,	236
Retirement pay	(106,125)	259)
(Gain) loss on valuation		021
	\$ 247,325 \$ 315,	585

The 2025 retirement allowance balances are based on an independent actuarial valuation estimate dated June 15, 2024. The Commission projects the total liability in the years between the tri-annual actuarial valuations.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to the expected long-term market conditions. Significant actuarial assumptions used in the valuations and projections on the actuarial report which was completed on June 15, 2024, are primarily the same with exception of the discount rate. The discount rate has been updated to reflect market rate changes which is consistent with the Province's cost of borrowing. The remaining assumptions are below:

	2025	2024
Discount rate	4.23%	4.31%
Expected inflation rate	2.00%	2.00%
Expected average remaining service life	14 years	14 years

Employees that become ineligible for retiring benefits may become entitled to severance benefits calculated under similar methods. During the 2025 fiscal period, three employees retired, resulting in a decrease in the obligation of \$ 106,125 (2024 - \$ nil). In the prior year, a \$ 259 decrease occurred because of a retrospective adjustment of employees' salaries and wages paid in the year.

#### 7. Tangible capital assets:

	Cost	100	ccumulated mortization	-	2025 Net Book Value	2024 Net Book Value
Computer equipment	\$ 1,558,533	\$	1,421,435	\$	137,098	\$ 117,994
Furnishings and equipment	157,797		137,925		19,872	28,963
Leasehold improvements	199,040		184,765		14,275	19,034
	\$ 1,915,370	\$	1,744,125	\$	171,245	\$ 165,991

#### 8. Commitments:

The Commission has an operating lease for its premises at \$ 16,469 per month plus common area charges, under a lease expiring March 31, 2027.

The minimum annual lease payment to the expiry date is \$ 197,628.

Notes to the Financial Statements

For the Year Ended March 31, 2025, with comparative figures for 2024

#### 9. Pension costs and obligations:

The Commission participates in the multi-employer contributory defined benefit pension plan as defined by the Civil Service Superannuation Act. This plan provides a pension on retirement based on 2% of the average salary for the highest three years times the number of years of pensionable service for service to December 31, 2013, and 2% of the career average salary indexed with cost of living adjustments for service after 2013. Indexing is subject to the funded level of the plan after December 31, 2016. The plan is administered by the Province of Prince Edward Island and the responsibility for any unfunded liability is that of the Province.

During the year, the Commission contributed \$ 423,105 (2024 - \$ 408,115) to the defined benefit pension plan on behalf of employees. These amounts are included in salaries and employee benefits in the Statement of Operations.

#### 10. Accumulated surplus:

The Commission segregates its accumulated surplus (deficit) in the following categories:

	2025	2024
Capital fund	\$ 171,245	\$ 165,991
Operating fund	316,789	(351,221)
Reserve	200,000	200,000
	\$ 688,034	\$ 14,770

#### Capital fund:

The capital fund represents amounts already spent and invested in tangible capital assets.

#### Reserve:

Under the agreement signed April 1, 2013 with the Province of Prince Edward Island, the Commission was allowed to retain a one time \$ 200,000 reserve of its accumulated surplus to cover net costs exceeding the annual assessments agreed to under this agreement. Although a new agreement is not in place, the reserve fund will be unchanged.

#### 11. Financial instruments risk:

#### Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk arising from its accounts receivable.

#### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is exposed to interest rate risk arising from its pension and sick leave liability.

Notes to the Financial Statements

For the Year Ended March 31, 2025, with comparative figures for 2024

#### 12. Budget:

A reconciliation of the 2025 fiscal operating budget prepared by the Commission to the budget figures disclosed in the financial statements is as follows:

	2025
Commission budgeted annual surplus	\$ 317,705
Add:	
Capital expenditures	88,000
	\$ 405,705

#### 13. Investment and other income:

	2025	2024
Investment income	\$ 34,994	\$ 40,656
nvestment income Other	1,264	1,209
	\$ 36,258	\$ 41,865



# 2024-25 REPORT FROM THE OFFICE OF THE DIRECTOR OF RESIDENTIAL TENANCY



## LETTER FROM THE DIRECTOR OF RESIDENTIAL TENANCY

I am pleased to present the 2024-25 Annual Report from the Office of the Director of Residential Tenancy. This is the second report since the *Residential Tenancy Act* was proclaimed on April 8, 2023. I am able to report that we adjudicated all files this fiscal year under the *Residential Tenancy Act* as compared to last year, a year of transition, where we adjudicated and reported separately under both the old and new rental legislation.

In 2024-25, the Rental Office responded to 12,150 inquires, up slightly from last year. Our inquiries continued to be split almost evenly amongst tenants and landlords seeking information. Our Intake Officers field a high volume of inquiries every year, however, the legislative changes continue to result in more complex and more time consuming inquiries than under the previous legislation. Intake Officers also processed a total of 915 applications which is comparable to last year's 909 applications processed.

Under the new legislation, issues continue to be identified and expressed to the Rental Office by landlords and tenants. Key challenges identified by landlords involve the new security deposit process and penalties for non-compliance including the double recovery of the security deposit; the 3 % cap on rent increases above the maximum annual allowable amount; the inability to change the rent on a unit between tenants; and the inability to change services in a tenancy agreement. Key challenges identified by tenants include the shortened window of time to appeal an Order if a rental agreement is terminated for cause; the increase in landlords applying every year for rent increases above the maximum annual allowable amount; and the



possibility of eviction due to apartments being sold as condos and mobile home lots being sold and/or decommissioned.

In 2024-25, the Residential Tenancy Officers dealt with a high volume of applications to adjudicate and issued 455 Orders, with 184 of the Orders involving two or more applications heard together. Hearings were largely held by telephone.

The staff at the Rental Office continues to provide information and guidance to tenants, landlords, and the general public during a time of transition in the rental landscape in Prince Edward Island. I am grateful to work alongside such skilled individuals and thank them profusely for their professionalism and their expertise as we continue to ensure that the Rental Office fulfills its mandate of adjudicating rental matters with fairness.

Thank you,

**Jennifer L. Perry**Director, Residential Tenancy



## DIRECTRICE DES LOCAUX D'HABITATION À LOUER

J'ai le plaisir de présenter le rapport annuel 2024-2025 du Bureau de direction des locaux d'habitation à louer. Il s'agit du deuxième rapport préparé depuis la promulgation de la Residential Tenancy Act (loi sur la location de locaux d'habitation) le 8 avril 2023. Contrairement à l'exercice financier précédent, où nous avions dû statuer et rendre compte séparément selon l'ancienne et la nouvelle législation, nous avons pu statuer sur tous les dossiers de l'exercice visé par le présent rapport en vertu de la Residential Tenancy Act.

En 2024-2025, le Bureau des locations a répondu à 12 150 demandes de renseignements, soit un peu plus que l'exercice précédent. Comme toujours, celles-ci étaient réparties à peu près équitablement entre les propriétaires et les locataires à la recherche d'informations. Nos agents d'accueil reçoivent un volume élevé de requêtes chaque année, mais les modifications législatives continuent de donner lieu à des questions plus complexes que celles reçues avant la nouvelle loi. En outre, nos agents ont traité un total de 915 demandes soumises, ce qui est comparable aux 909 demandes traitées l'année dernière.

Les propriétaires et les locataires continuent de faire part de certains défis dans le cadre de la nouvelle loi. Les principaux défis relevés par les propriétaires concernent la nouvelle procédure de dépôt de garantie et les sanctions en cas de non-respect, notamment le double recouvrement du dépôt; le plafonnement à 3 % des augmentations de loyer au-delà du montant annuel maximum autorisé; l'impossibilité de modifier le loyer d'un

logement entre deux locataires; et l'impossibilité de modifier les services dans un contrat de location. Les principaux défis rapportés par les locataires sont le raccourcissement du délai pour faire appel d'une ordonnance en cas de résiliation motivée d'un contrat de location; l'augmentation du nombre de propriétaires demandant chaque année des augmentations de loyer supérieures au montant annuel maximum autorisé, et la possibilité d'expulsion lorsque des appartements sont vendus en tant que condominiums et lorsque les terrains pour maisons mobiles sont vendus ou mis hors service.

Les agents chargés de la location résidentielle ont traité un volume élevé d'affaires à juger et ont rendu 455 ordonnances en 2024-2025. De ce nombre, 184 concernaient deux demandes ou plus entendues conjointement. Les audiences se sont déroulées en grande partie par téléphone.

Le personnel du Bureau des locations continue de fournir informations et conseils aux locataires, aux propriétaires et au grand public pendant une période de transition dans le paysage locatif de l'Île-du-Prince-Édouard. Je suis reconnaissante de travailler aux côtés de personnes aussi compétentes et je les remercie chaleureusement pour leur professionnalisme et leur expertise. Ensemble, nous veillons à ce que le Bureau des locations remplisse son mandat d'arbitrage équitable des litiges en matière de location.

Merci,

Jennifer L. Perry

Directrice des locaux d'habitation à louer

# OVERVIEW RENTAL OFFICE

#### FISCAL YEAR 2024-25

The Office of the Director of Residential Tenancy, known as the Rental Office is responsible for the administration, interpretation and adjudication of residential rental legislation in Prince Edward Island. On April 8, 2023 the *Residential Tenancy Act*, "RTA" was proclaimed replacing the former legislation, the *Rental of Residential Property Act* "RRPA" which had been in place for over 30 years. Last fiscal provided a year of transition with applications adjudicated under both the *RRPA* and the *RTA*. This fiscal year all applications were adjudicated under the *RTA*.



In 2024-25, the Rental Office issued 455 Orders and received 915 applications for dispute resolution from tenants and landlords. Please note that, 184 of the Orders issued dealt with multiple applications in the same Order.

The *RTA* creates a forum, outside of the traditional court system, for the interpretation of the new legislation and the adjudication of disputes between tenants and landlords. It also establishes the rights and obligations of tenants and landlords, and defines processes and procedures to deal with violations and enforcement of the legislation and residential tenancy agreements.

Under the *RTA*, the Director is responsible for:

- Providing information to landlords, tenants and other persons respecting rights and obligations under the Act;
- Establishing and publishing Rules of Procedure for the conduct of proceedings;
- Publishing Decisions/Orders issued and status of penalties;
- Creating and approving Forms for the purposes of the Act;

- Receiving and investigating allegations of violations of the RTA and its Regulations;
- Holding hearings, making decisions, and issuing orders on matters relating to the rights of tenants and landlords; and
- Establishing the Annual Allowable Rent Increase for the province in accordance with the legislation and publishing it in the Gazette.

The statutory conditions referenced in the *RTA* and other provisions governing the rental of residential property, rental units, and mobile home sites include:

- Rent and Fees
- Terminating or Restricting Services
- · Privacy and Quiet Enjoyment
- Access and Doors
- Repair and Maintenance
- Assigning or Subletting
- Additional Provisions for Mobile Homes
- Notice Requirements for both Tenants and Landlords
- Storing and Disposal of a Tenant's Personal Property
- Security Deposits
- Rent Increases, Annual and Additional
- Other Obligations of Tenants and Landlords

The Rental Office is comprised of a Director, a Senior Residential Tenancy Officer and Investigator, two Residential Tenancy Officers, three Intake Officers, and an Office Administrator. Rental Officers hear disputes and issue decisions. Intake Officers handle inquiries from tenants, landlords, the public and receive applications for hearings. Both Rental Officers and Intake Officers attempt to resolve rental disputes prior to the hearings if at all possible. More information is available at peirentaloffice.ca.

### YEAR IN REVIEW

#### **INQUIRIES**

In 2024-25, the Rental Office responded to 12,150 inquiries, an increase of 7% from 11,334 inquiries the previous fiscal year. It is interesting to note that 47% of the inquires came from tenants, 49% came from landlords and 4% did not identify as either. Rental Intake Officers responded to approximately 1000 inquiries a month and provided information mainly by telephone, email, letter, and in person meetings with clients.

#### APPLICATIONS FILED

In 2024-25, the Rental Office received 915 applications for adjudication of rental disputes, a slight increase from 909 applications the previous fiscal year. Of those applications, 47 were withdrawn by the applicant prior to the hearing and 149 were resolved by the parties, with the assistance of rental staff prior to the hearing.

#### NATURE OF APPLICATIONS

This graph provides a breakdown of the applications received by the Rental Office during 2024-25 under the *RTA*.

#### **FORMAL APPLICATIONS RECEIVED: 915**

Abandoned Personal Property – Applications Received: **20** 

Breach of Statutory Conditions – Applications Received: **390** 

Security Deposits -

Applications Received: 300

Termination -

Applications Received: 142

Rent Increases Above the Maximum Annual Allowable Amount

Applications Received: 63



## ENFORCEMENT OF STATUTORY OR OTHER CONDITIONS OF RENTAL AGREEMENT

In 2024-25, the Rental Office received 390 applications related to breach of statutory conditions, compared with 403 applications the previous year (22 applications were withdrawn and 68 were resolved without a formal hearing.)

#### SECURITY DEPOSITS

The RTA sets out the requirements for a landlord to retain the security deposit or any portion of the security deposit. Note, that the Landlord has new strict timelines to follow if they wish to retain all or a portion of the security deposit. The Landlord must make application to the Rental Office within 15 days after the date the tenancy ends or face consequences of non-compliance, which include paying the tenant double the amount of the security deposit and forfeiting the right to file for the security deposit.

In 2024-25, the Rental Office received 300 applications for a determination of the security deposit, compared with 200 applications the previous year and 56 in the year before that (7 applications were withdrawn and 43 were resolved without a formal hearing.) This represents a 50% increase of this type of application from last fiscal year.

#### TERMINATION OF THE TENANCY AGREEMENT

Termination of the tenancy agreement requires proper notice and is allowed only for the reasons (otherwise known as "cause") defined in the legislation. A tenant may dispute an eviction notice and a landlord may apply to have the tenant evicted by the Sheriff if they don't move out following the eviction notice. In either case, when an application regarding termination is received, the Rental Office holds a hearing and issues a decision. In 2024-25 the Rental Office received 142 applications for termination, compared to 174 applications the previous year. (13 applications were withdrawn and 30 were resolved without a formal hearing.)

#### RENT

The 2025 Annual Allowable Rent Increase was 2.3% with a 3% per year cap for Above Allowable Rent Increases

The *RTA* sets out a legislated formula and process to determine the Annual Allowable rent increase up to a maximum of 3% per year. The 2025 Annual Allowable Rent Increase was 2.3%. This was the second Annual Allowable Rent Increase issued by the Director instead of the Commission. In accordance with the legislation, the Director gave public notice inviting written comments from tenants and landlords. The Director received a total of 57 submissions by the deadline of August 14, 2024; 21 from landlords, 35 from tenants, and 1 from other sources not identifying as either a landlord or a tenant.

The Director also requested the Commission provide the "percentage change from year to year in the All-Items Consumer Price Index for Prince Edward Island as reported monthly by Statistics Canada, averaged by the Commission over the 12-month period that ends at the end of June of the previous calendar year and rounded to the first decimal point". The Commission provided the requested data to the Director and the average percentage change from July 2023 to June 2024 was 2.3%, which is below the maximum annual allowable rent increase of 3%.

#### RENT INCREASES ABOVE THE ALLOWABLE

Like the previous Act, the *RTA* allows landlords to make application for a rent increase above

the annual allowable amount. This additional amount is capped at 3% per year. This means for the year 2025, the most a landlord can raise the rent, if their application is successful, is 5.3% (2.3% annual allowable increase plus a maximum of 3% above the annual allowable amount).

In 2024-25, the Rental Office received 63 applications, compared to 116 applications that were filed in the previous year for rent increases above the annual allowable amount.

#### ABANDONED PERSONAL PROPERTY

The legislation provides a process for landlords to deal with the abandoned personal property left behind by tenants after they vacate. In 2024-25, the Rental Office received 20 applications regarding abandoned personal property, compared to 16 the previous year.

#### RENTAL ORDERS ISSUED

The Rental Office strives to deliver well-reasoned decisions in a timely manner. The number of Orders issued depends upon the number and complexity of the applications received by the Rental Office. In 2024-25, the Rental Office issued 455 Orders, compared with 618 Orders the previous year. This is a decrease of 26% in Orders issued from last fiscal year, however, 184 of the Orders included two or more applications heard together. While the Rent Increase Above Allowable Orders declined, a record number of orders involving security deposits, 212 Orders, were issued. The following table shows the number of Rental Orders issued for the past five years.

YEARS	2020-21	21-22	22-23	23-24	24-25
Security Deposits	57	46	52	132	212
Termination	103	152	136	147	93
Breach of Statutory Conditions	212	202	265	280	275
Rent Increases Above the Allowable	27	87	88	184	59
TOTAL	399	487	541	618*	455**

- \* 618 Orders were issued, however, 743 applications were decided within the 618 Orders
- \*\* 455 Orders were issued, however, 639 applications were decided within the 455 Orders



