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

Docket: **UE21114**
Order: **UE26-06**

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Cheryl Bradley
Cheryl Bradley,
Director of Finance & Regulatory Affairs
Island Regulatory & Appeals Commission

IN THE MATTER of the Application of Maritime Electric Company, Limited to exchange certain lands with Cassdmurph Properties Ltd., pursuant to sections 10 and 17(1) of the *Electric Power Act*, RSPEI 1988, c. E-4;

Order

BEFORE THE COMMISSION ON July 17, 2026.

Pamela Williams, K.C., Chair
Kerri Carpenter, Vice-Chair
Gordon MacFarlane, Commissioner

Background:

1. This Order considers an application from Maritime Electric Company, Limited ("MECL") seeking approval to acquire a 3.0-acre parcel of land located at 223 Mason Road, Stratford, PE (being PID 577486) from Cassdmurph Properties Ltd. in exchange for MECL's lands located at 103 Longworth Avenue, Charlottetown, PE (being PID 279364), comprising approximately 1.7 acres.

2. On February 27, 2026, MECL filed its application with the Commission for the proposed land exchange ("Land Exchange"). On April 30, 2026, Commission staff issued one set of interrogatories to MECL to better understand the details of the proposed transaction, how MECL intended to use the Stratford property, and some details around disposing of MECL's Charlottetown property. MECL responded to the Commission's interrogatories on May 22, 2026. The Commission issued a further interrogatory to MECL on June 30, 2026, seeking further explanation about the basis upon which MECL sought to include the Stratford property in rate base upon completion of the Land Exchange.

3. MECL's application states that the Land Exchange represents a just and reasonable balance of the interests of MECL and those of its customers and will, if approved, allow the Company to acquire a larger, higher value property in close proximity to MECL's other facility located at 238 Mason Road, Stratford, PE.

4. MECL's Charlottetown property is currently used by the Company for equipment storage and PCB[1] handling activities and storage. MECL explains that the Charlottetown property has little strategic importance to the Company. The Application explains that the Charlottetown property does not have direct road access and is only accessible via a right of way over a neighboring property. The Charlottetown property has an appraised value of approximately $890,000.

5. MECL's Application says that Cassdmurph Properties Ltd. is interested in acquiring the Charlottetown property due to its close proximity to their main bus terminal and operations centre. The President of Coach Atlantic/T3 Transit, Matthew Cassidy, filed a letter of support with the Commission. His letter describes that their current facility, located at 7 Mount Edward Road, no longer meets the capacity requirements of Coach Atlantic/T3 Transit. They submit that the additional space on the Charlottetown property is essential to support the business's services and will allow their operation to be set up for success.

6. In exchange, MECL's application states that it is interested in acquiring the Stratford property for use as a future powerline technician training school, fleet vehicle maintenance facility and for storage of equipment (such as transformers and associated equipment). The Application explains that the Stratford property is larger, has a paved laneway and access, and is accessible directly via public road. It is also strategically located in close proximity to MECL's current facilities at 238 Mason Road. The Stratford property has an appraised value of approximately $1,250,000.

[1] "PCB" refers to polychlorinated biphenyls.

7. The proposed transaction is structured as a land exchange with no cash consideration between the parties, with both parties contributing 50% of the total cost to prepare appraisals for both the Charlottetown property and the Stratford property. Both parties are each responsible for their own costs relating to the transfer.

8. The Application explains that the parties have entered into a “Transfer Agreement” with a closing scheduled within ten (10) business days or satisfaction of certain conditions, including the Commission’s approval and MECL receiving an Environmental Impact Report and being satisfied with the results. The transaction is also conditional upon the parties entering into a lease in respect of the warehouse located on the Charlottetown property, which will be in effect until such time as MECL has successfully de-registered the property as a PCB storage site.

Decision:

9. The *Electric Power Act* gives the Commission broad regulatory oversight over public utilities, including MECL. In particular, section 10 of the *Electric Power Act* states:

> **10. Sale or transfer of property without approval prohibited**
> Notwithstanding the provisions of any statute of this province, no public utility, except in the ordinary course of business, shall sell, assign, transfer, lease, mortgage or otherwise dispose of the whole or part of its property used in connection with its operations without first having obtained the approval of the Commission, and no person owning any public utility shall sell, assign, transfer, lease, mortgage or otherwise dispose of the public utility without that approval.

10. For the reasons that follow, the Commission approves MECL’s Land Exchange Application. The Commission is satisfied that the land exchange is reasonable, justified and in the public interest. The Commission further accepts MECL’s submission that the Stratford property will form part of the Company’s property to support utility operations and can be included in rate base.

11. First, the Commission is satisfied that the Land Exchange provides fair value to MECL and ratepayers. MECL has confirmed that, despite the difference in appraised value of the two properties, there is no payment or consideration required beyond the exchange itself.

12. The Commission is further satisfied that MECL has demonstrated a need for the Stratford property, despite it not being acquired to address an immediate operational requirement. MECL has explained that the future uses of the property are utility-related and appear to be consistent with supporting future system growth and operational flexibility.

13. The Commission is satisfied that this Land Exchange will not impact MECL’s ability to continue operating the PCB storage facility as the Company will retain access to and operational control of the facility until federal de-registration requirements have been satisfied.

14. With respect to the accounting treatment of the Land Exchange, MECL has explained that Since the transaction is an exchange for a similar asset and the expected future cash

flows from the property is the same, the transaction will be recorded at the carrying amount or book value of the asset given up (e.g. the Charlottetown land). MECL proposes that the associated costs (e.g. development costs, lease costs, environmental costs) will be added to the cost of the new parcel of land when the Land Exchange is completed. The Commission has not identified any concerns with this approach.

15. MECL has proposed that the Charlottetown Property will be removed from rate base and the acquired Stratford property will be included in rate base at the time the Land Exchange transaction is complete. MECL has identified a number of potential future uses for the Stratford property, including equipment storage, fleet operations, training facilities, and possible substation expansion.

16. Assets included in rate base are generally expected to be "used and useful" in providing electrical service. In other words, assets that are actively providing service (used) and are actually necessary to meet customer demand (useful). Subsection 21(2) of the *Electric Power Act* says:

> **Assets, method of determining**
>
> (2) <u>In establishing a rate base, the Commission shall determine the value of the assets, used and useful</u>, of the public utility in the production, transmission, distribution and furnishing of electric energy, on the basis of the prudent original cost thereof, deducting therefrom the amount of the accrued depreciation of such property and assets as determined by the Commission.
>
> [emphasis added]

17. On July, 9, 2026, MECL responded to the Commission's interrogatory explaining that the Stratford property will support the Company's ongoing and future operational requirements, including transformer and equipment storage. MECL explains that the Stratford property will replace (in rate base) the lands being exchanged and will support current and future utility operations. MECL also explains the Stratford property may support the future expansion of the Crossroads substation and other activities associated with the provision of electric service.

18. On the basis of the above, the Commission is satisfied that it is reasonable to include the Stratford property in rate base upon completion of the Land Exchange as MECL has indicated it will continue to be in service as used and useful. However, in the event MECL's expected immediate use of the Stratford property changes and it is no longer used and useful, the Commission directs MECL to advise the Commission, at which time the decision on the property's continued inclusion in rate base will be re-examined.

ORDER:

In accordance with the reasons outlined above the Commission Orders as follows:

1. MECL is authorized to convey to Cassdmurph Properties Ltd. lands located at 103 Longworth Avenue, Charlottetown, PE (being PID 279364) and comprising approximately 1.7 acres, in exchange for an approximately 3.0-acre parcel of land located at 223 Mason Road, Stratford, PE (being PID 577486).

2. Lands located at 223 Mason Road, Stratford, PE (being PID 577486) may be included in rate base upon completion of the Land Exchange.

3. MECL shall file with the Commission the conveyance documentation with respect to the conveyance of PID 279364 and acquisition of PID 577486 immediately upon completion, together with the final land sale closing statement of the breakdown of the associated costs.

DATED at Charlottetown, Prince Edward Island, July 17, 2026.

BY THE COMMISSION:

(sgd) Pamela Williams

Pamela Williams, K.C., Chair

(sgd) Kerri Carpenter

Kerri Carpenter, Vice-Chair

(sgd) Gordon MacFarlane

Gordon MacFarlane, Commissioner