



February 14, 2011

Mr. Mark Lanigan
Island Regulatory and Appeals Commission
PO Box 577
134 Kent Street Suite 501
Charlottetown PE C1A 7L1

Dear Mr. Lanigan:

Re: Maritime Electric Rate Base

Under the terms of the Electric Power (Electricity Rate Reduction) Amendment Act, Section 48(12), Maritime Electric is required to file with the Commission, no later than January 15 of each year, its calculation of its average rate base and return on average rate base for the previous year.

On January 13, 2011, this information was filed with the Commission based on the draft financial statements at the time. The audit of our 2010 financial statements is now complete and we wish to advise that there has been no change to the average rate base and return on average rate base calculations previously filed. A copy has been enclosed for your reference.

If you have any questions please do not hesitate to contact me at 629-3679.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in blue ink, appearing to read "J. W. Geldert". The signature is stylized and includes a horizontal line extending to the right.

J. W. Geldert
Vice President, Finance and Administration
& Chief Financial Officer

JWG10
Encl. as noted

**Electric Power (Electricity-Rate Reduction) Amendment Act
Section 48(12) - Schedule 3
Rate Base**

	2009	2010
Fixed Assets	\$ 446,618,499	\$ 466,803,891
Less Work in progress	(320,167)	0
Less Accumulated amortization	(140,109,479)	(148,629,447)
Net Fixed Assets	306,188,853	318,174,444
Less Contributions - net	(29,014,219)	(28,431,340)
Less Future income taxes	(38,751,186)	(37,266,450)
Add Deferred Financing Costs	209,160	206,200
Add Unrecovered pre-2004 costs recoverable from customers	9,983,600	7,983,600
Add Unrecovered post-2003 costs recoverable from customers	44,258,391	38,355,962
Add Intangible assets	5,698,503	5,636,848
Add Deferred Charge	3,346,822	3,615,587
	(4,268,929)	(9,899,593)
Add Working Capital		
Inventory	3,004,281	3,080,719
Gross operating expenses * 3.6%	5,126,854	4,710,170
Income taxes paid * 3.6%	(79,841)	(238,282)
	\$ 8,051,294	\$ 7,552,607
Rate Base (unaveraged)	\$ 309,971,218	\$ 315,827,458
Average Rate Base		\$ 312,899,338

**Electric Power (Electricity-Rate Reduction) Amendment Act
Section 48(12) - Schedule 3
Return on Average Rate Base**

	2010
Total revenue	\$ 163,105,969
Operating expenses (net of ECAM)	(118,889,604)
Financing costs	(2,960)
	44,213,405
Amortization - Costs Recoverable From Customers (Pre-2004)	(2,000,000)
Amortization - Fixed Assets	(12,696,131)
Amortization - Deferred Charges	(299,705)
	(14,995,836)
Earnings Before Income Taxes	29,217,569
Income taxes	(5,973,231)
Earnings on Average Rate Base (interest expense excluded)	\$ 23,244,338
Rate Base - Year End Average	\$ 312,899,338
Return on Average Rate Base (%)	7.43%