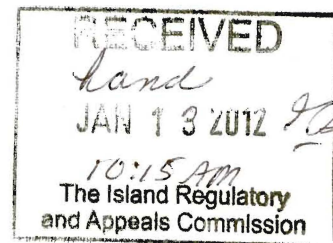




January 13, 2012



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

Dear Mr. Lanigan:

Return on Rate Base


Section 48(12) of the Electric Power (Electricity Rate Reduction) Amendment Act states "No later than January 15 of each year, Maritime Electric Company, Limited shall file with the Commission its calculation of its average rate base and return on average rate base for the previous year based upon its audited financial statements using the formulas set out in Schedule 3."

Attached is the Company's filing of the required information. An electronic version will follow.

If you have any questions please do not hesitate to contact me.

Yours truly,

MARITIME ELECTRIC



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

JWG02
Enclosure

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

	2010	2011
Fixed Assets	\$ 466,803,891	\$ 488,650,548
Less Work in progress	0	0
Less Accumulated amortization	(147,862,236)	(156,811,229)
Net Fixed Assets	318,941,655	331,839,319
Less Contributions - net	(28,431,340)	(28,254,896)
Less Future income taxes	(37,266,450)	(35,126,571)
Add Deferred Financing Costs	206,200	440,756
Add Unrecovered pre-2004 costs recoverable from customers	7,983,600	5,983,600
Add Unrecovered post-2003 costs recoverable from customers	38,355,962	26,808,247
Less Rebate Payable To Customers	0	(1,874,268)
Add Intangible assets	4,869,637	4,669,454
Add Deferred Charge	3,615,587	3,202,277
	(10,666,804)	(24,151,401)
Add Working Capital		
Inventory	3,080,719	3,094,206
Gross operating expenses * 3.6%	4,710,170	3,632,997
Income taxes paid * 3.6%	(238,282)	383,360
	\$ 7,552,607	\$ 7,110,562
Rate Base (unaveraged)	\$ 315,827,458	\$ 314,798,480
Average Rate Base		\$ 315,312,969

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

	2011
Total revenue	\$ 165,378,033
Operating expenses (net of ECAM)	(120,131,856)
Financing costs	(3,232)
	45,242,945
Amortization - Costs Recoverable From Customers (Pre-2004)	(2,000,000)
Amortization - Fixed Assets	(13,337,249)
Amortization - Deferred Charges	(413,399)
	(15,750,648)
Earnings Before Income Taxes and Financing	29,492,297
Income taxes	(6,058,421)
Earnings on Average Rate Base (interest expense excluded)	\$ 23,433,876
Rate Base - Year End Average	\$ 315,312,969
Return on Average Rate Base (%)	7.43%