

January 15, 2013

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 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



Jason Roberts
Director, Regulatory & Financial Planning

JCR03
Enclosure

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

		2011	2012
	Fixed Assets	\$ 488,650,548	\$ 507,259,580
Less	Work in progress	0	(1,939,534)
Less	Accumulated amortization	(156,811,229)	(165,027,490)
	Net Fixed Assets	331,839,319	340,292,556
Less	Contributions - net	(28,254,896)	(27,713,042)
Less	Future income taxes - net of Long-Term Receivable	(35,126,571)	(19,164,733)
Add	Deferred Financing Costs	440,756	437,798
Add	Unrecovered pre-2004 costs recoverable from customers	5,983,600	3,983,600
Add	Unrecovered post-2003 costs recoverable from customers	26,808,247	19,141,472
Less	Regulatory Liabilities - Other	(1,874,268)	(7,070,281)
Add	Intangible assets	4,669,454	4,457,062
Add	Deferred Charge	3,202,277	2,788,905
		(24,151,401)	(23,139,219)
Add	Working Capital		
	Inventory	3,094,206	4,540,566
	Gross operating expenses * 3.6%	3,632,997	3,637,947
	Income taxes paid * 3.6%	383,360	737,207
		\$ 7,110,562	\$ 8,915,720
	Rate Base (unaveraged)	\$ 314,798,480	\$ 326,069,057
	Average Rate Base		\$ 320,433,768

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

		2012
	Total revenue	\$ 172,949,574
	Operating expenses (net of ECAM)	(125,002,107)
	Financing costs	(4,483)
		47,942,984
	Amortization - Costs Recoverable From Customers (Pre-2004)	(2,000,000)
	Amortization - Fixed Assets	(13,965,125)
	Amortization - Deferred Charges	(413,372)
		(16,378,497)
	Earnings Before Income Taxes and Financing	31,564,487
	Income taxes	(5,990,836)
	Earnings on Average Rate Base (interest expense excluded)	\$ 25,573,651
	Rate Base - Year End Average	\$ 320,433,768
	Return on Average Rate Base (%)	7.98%