



January 15, 2015

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

A handwritten signature in blue ink, appearing to read "J. Roberts".

Jason Roberts
Director, Regulatory & Financial Planning

JCR03
Enclosure

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

| | | 2013 | 2014 |
|------|---|----------------|----------------|
| | Fixed Assets | \$ 524,829,218 | \$ 549,747,577 |
| Less | Work in progress | (599,014) | (2,502,588) |
| Less | Accumulated amortization | (173,479,218) | (184,784,475) |
| | Net Fixed Assets | 350,750,986 | 362,460,514 |
| Less | Contributions - net | (27,022,044) | (26,254,677) |
| Less | Future income taxes - net of Long-Term Receivable | (15,619,818) | (17,297,723) |
| Add | Deferred Financing Costs | 433,025 | 427,996 |
| Add | Unrecovered pre-2004 costs recoverable from customers | 1,983,600 | 0 |
| Less | Post-2003 costs due to from customers | (14,138,019) | (5,061,928) |
| Less | Regulatory Liabilities - Other | (10,285,412) | (13,465,192) |
| Add | Regulatory Asset - Other | 0 | 3,660,423 |
| Add | Intangible assets | 4,397,456 | 4,270,784 |
| Add | Deferred Charge | 2,403,705 | 2,074,705 |
| | | (57,847,507) | (51,645,612) |
| Add | Working Capital | | |
| | Inventory | 5,362,967 | 5,709,926 |
| | Gross operating expenses * 3.6% | 4,603,812 | 4,708,780 |
| | Income taxes paid * 3.6% | 306,000 | 127,512 |
| | | \$ 10,272,779 | \$ 10,546,218 |
| | Rate Base (unaveraged) | \$ 303,176,258 | \$ 321,361,120 |
| | Average Rate Base | \$ | \$ 312,268,689 |

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

| | | 2014 |
|--|--|----------------|
| | Total revenue | \$ 191,136,042 |
| | Operating expenses (net of ECAM) | (143,157,076) |
| | Financing costs | (5,029) |
| | | 47,973,937 |
| | Amortization - Costs Recoverable From Customers (Pre-2004) | (1,983,601) |
| | Amortization - Fixed Assets | (15,120,635) |
| | Amortization - Deferred Charges | (329,000) |
| | | (17,433,236) |
| | Earnings Before Income Taxes and Financing | 30,540,701 |
| | Income taxes | (5,822,890) |
| | Earnings on Average Rate Base (interest expense excluded) | \$ 24,717,811 |
| | Rate Base - Year End Average | \$ 312,268,689 |
| | Return on Average Rate Base (%) | 7.92% |