

MARITIME
ELECTRIC
A FORTIS COMPANY

February 28, 2017



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

Dear Commissioners:

Return on Rate Base

Pursuant to Section 16(d) of IRAC Order UE16-04, the Company is required to file with the Commission, on or before February 28, 2017, the audited rate of return on average rate base for the previous year.

Attached is the Company's filing of the required information for the fiscal year ending December 31, 2016. 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 black ink, appearing to read "Jason Roberts", written over a horizontal line.

Jason Roberts
Director, Regulatory & Financial Planning

JCR07
Enclosure

Electric Power Act
Commission Order UE16-04, Section 16(d)
Rate Base

		2015 *	2016
	Fixed Assets	\$ 573,109,433	\$ 598,981,146
Less	Work in progress	(5,098,313)	(3,801,206)
Less	Accumulated amortization	(194,466,955)	(209,469,947)
	Net Fixed Assets	373,544,165	385,709,993
Less	Contributions - net	(25,439,503)	(25,238,846)
Less	Future income taxes - net of Long-Term Receivable	(13,750,370)	(15,576,140)
Add	Deferred Financing Costs	422,675	656,212
Less	Post-2003 costs due from (to) customers	2,467,325	2,158,214
Less	Regulatory Liabilities - Other	(23,486,720)	(20,020,584)
Less	Employee Future Benefits Liability	(7,339,721)	(7,427,828)
Add	Regulatory Asset - Other	0	126,031
Add	Intangible assets	4,105,909	4,039,342
Add	Deferred Charge	1,868,817	1,917,565
		(61,151,588)	(59,366,034)
Add	Working Capital		
	Inventory	5,163,885	4,367,367
	Gross operating expenses * 3.6%	4,887,951	4,837,074
	Income taxes paid * 3.6%	304,488	126,000
		\$ 10,356,324	\$ 9,330,441
	Rate Base (unaveraged)	\$ 322,748,901	\$ 335,674,399
	Average Rate Base	\$	\$ 329,211,650

Electric Power Act
Commission Order UE16-04, Section 16(d)
Return on Average Rate Base

		2016
	Total revenue	\$ 186,337,404
	Operating expenses (net of ECAM)	(134,018,882)
	Financing costs	(6,535)
		52,311,987
	Amortization - Fixed Assets	(20,945,434)
	Amortization - Deferred Charges	(94,000)
		(21,039,434)
	Earnings Before Income Taxes and Financing	31,272,553
	Income taxes	(5,959,260)
	Earnings on Average Rate Base (interest expense excluded)	\$ 25,313,293
	Rate Base - Year End Average	\$ 329,211,650
	Return on Average Rate Base (%)	7.69%

* 2015 Rate Base calculation has been restated from the January 15, 2016 filing to deduct the Employee Future Benefits Liability.