

MARITIME
ELECTRIC
A FORTIS COMPANY

February 28, 2018

Island Regulatory and Appeals Commission
PO Box 577
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, 2018, 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, 2017. An electronic version will follow.

If you have any questions please do not hesitate to contact me at 902-629-3763.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in cursive script, appearing to read "Enrique Riveroll".

Enrique Riveroll
Manager, Regulatory & Financial Planning

ER07
Enclosure

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

		2016	2017
	Fixed Assets	\$ 598,981,146	\$ 625,843,473
Less	Work in progress	(3,801,206)	(2,082,358)
Less	Accumulated amortization	(209,469,947)	(222,985,416)
	Net Fixed Assets	385,709,993	400,775,698
Less	Contributions - net	(25,238,846)	(24,752,434)
Less	Future income taxes - net of Long-Term Receivable	(15,576,140)	(5,433,164)
Add	Deferred Financing Costs	656,212	647,504
Less	Post-2003 costs due from (to) customers	2,158,214	2,876,603
Less	Regulatory Liabilities - Other	(20,020,584)	(14,638,700)
Less	Employee Future Benefits Liability	(7,427,828)	(8,160,630)
Add	Regulatory Asset - Other	126,031	178,187
Add	Intangible assets	4,039,342	3,915,322
Add	Deferred Charge	1,917,565	1,841,445
		(59,366,034)	(43,525,867)
Add	Working Capital		
	Inventory	4,367,367	3,669,499
	Gross operating expenses * 3.6%	4,837,074	5,073,759
	Income taxes paid * 3.6%	126,000	528,192
		\$ 9,330,441	\$ 9,271,450
	Rate Base (unaveraged)	\$ 335,674,399	\$ 366,521,282
	Average Rate Base	\$ 335,674,399	\$ 351,097,841

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

		2017
	Total revenue	\$ 192,535,281
	Operating expenses (net of ECAM)	(138,579,065)
	Financing costs	(8,708)
		53,947,508
	Amortization - Fixed Assets	(21,802,450)
	Amortization - Deferred Charges	(421,076)
		(22,223,526)
	Earnings Before Income Taxes and Financing	31,723,982
	Income taxes	(6,130,460)
	Earnings on Average Rate Base (interest expense excluded)	\$ 25,593,522
	Rate Base - Year End Average	\$ 351,097,841
	Return on Average Rate Base (%)	7.29%