

February 28, 2019



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, 2019 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, 2018. An electronic version will follow.

If you have any questions please do not hesitate to contact me at 902-629-3641.

Yours truly,

MARITIME ELECTRIC



Gloria Crockett, CPA, CA
Manager, Regulatory & Financial Planning

GCC05
Attachment

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

		2017	2018
	Fixed Assets	\$ 625,843,473	\$ 654,055,793
Less	Work in progress	(2,082,358)	(1,688,342)
Less	Accumulated amortization	(222,985,416)	(236,162,822)
	Net Fixed Assets	400,775,698	416,204,629
Less	Contributions - net	(24,752,434)	(24,185,307)
Less	Future income taxes - net of Long-Term Receivable	(5,433,164)	(7,496,013)
Add	Deferred Financing Costs	647,504	859,810
Add	ECAM costs due from (to) customers	2,876,603	3,976,694
Less	Regulatory Liabilities - Other	(14,638,700)	(16,016,008)
Less	Employee Future Benefits Liability	(8,160,630)	(7,837,014)
Add	Regulatory Asset - Other	178,187	1,168,904
Add	Intangible assets	3,915,322	3,913,067
Add	Deferred Charge	1,841,445	1,743,341
		(43,525,867)	(43,872,526)
Add	Working Capital		
	Inventory	3,669,499	2,793,911
	Gross operating expenses * 3.6%	5,073,759	5,376,947
	Income taxes paid * 3.6%	528,192	126,000
		\$ 9,271,450	\$ 8,296,858
	Rate Base (unaveraged)	\$ 366,521,281	\$ 380,628,961
	Average Rate Base		\$ 373,575,121

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

		2018
	Total revenue	\$ 203,265,498
	Operating expenses (net of ECAM)	(147,386,371)
	Financing costs	(9,155)
		55,869,972
	Amortization - Fixed Assets	(22,583,378)
	Amortization - Deferred Charges	(617,450)
		(23,200,828)
	Earnings Before Income Taxes and Financing	32,669,144
	Income taxes	(6,266,588)
	Earnings on Average Rate Base (interest expense excluded)	\$ 26,402,556
	Rate Base - Year End Average	\$ 373,575,121
	Return on Average Rate Base (%)	7.07%