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All the time.



May 19, 2021

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12:56 pm
MLA



Island Regulatory & Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1

Dear Commissioners:

2019 Return on Rate Base

Please find attached the Company's Average Rate Base and Return on Average Rate Base for the fiscal year ended December 31, 2019.

Please note, this was not provided previously as Order UE16-04, Sections 16(d) specifically requested that:

Maritime Electric shall file with the Commission on or before February 28 in each of 2017, 2018, 2019... return on average rate base for the previous fiscal year.

In Order UE19-08, the Commission was silent on a requirement to file the Company's Average Rate Base and Return on Average Rate Base. However, in a letter of direction dated January 20, 2021, the Commission directed the Company to file annual average rate base and return on rate base by February 28 of the following year. Hence, 2019 has been identified as a gap year and this is filed to address this.

The 2019 Average Rate Base and Return on Average Rate Base were provided to the Commission's expert, Grant Thornton as part of its review of the 2020 and 2021 Rate Application and provided in Section 6 of their report dated October 14, 2020.

An electronic copy 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

GCC16
Enclosure

Electric Power Act Rate Base		
	2018	2019
Fixed Assets	\$ 654,055,793	\$ 679,767,856
Less Work in progress	(1,688,342)	(3,750,888)
Less Accumulated amortization	(236,162,822)	(245,078,293)
Net Fixed Assets	416,204,629	430,938,675
Less Contributions - net	(24,185,307)	(23,691,857)
Less Future income taxes - net of Long-Term Receivable	(7,496,013)	(13,522,753)
Add Deferred Financing Costs	859,810	961,283
Add ECAM costs due from (to) customers	3,976,694	2,772,690
Less Regulatory Liabilities - Other	(16,016,008)	(16,510,856)
Less Employee Future Benefits Liability	(7,837,014)	(7,631,568)
Add Regulatory Asset - Other	1,168,904	2,536,000
Add Storm Deferral		3,002,882
Add Intangible assets	3,913,067	4,002,494
Add Deferred Charge	1,743,341	1,620,190
	(43,872,526)	(46,461,495)
Add Working Capital		
Inventory	2,793,911	3,240,398
Gross operating expenses * 3.6%	5,376,947	5,508,778
Income taxes paid * 3.6%	126,000	21,000
	\$ 8,296,858	\$ 8,770,176
Rate Base (unaveraged)	\$ 380,628,961	\$ 393,247,356
Average Rate Base		\$ 386,938,158

Electric Power Act Return on Average Rate Base	
	2019
Total revenue	\$ 210,720,773
Operating expenses (net of ECAM)	(153,485,663)
Financing costs	(13,004)
	57,222,106
Amortization - Fixed Assets	(23,337,238)
Amortization - Deferred Charges	(250,598)
	(23,587,836)
Earnings Before Income Taxes and Financing	33,634,270
Income taxes	(6,483,242)
Earnings on Average Rate Base (interest expense excluded)	\$ 27,151,028
Rate Base - Year End Average	\$ 386,938,158
Return on Average Rate Base (%)	7.02%