

January 13, 2011

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

Dear Mr. Lanigan:

***Re: Maritime Electric Rate Base***

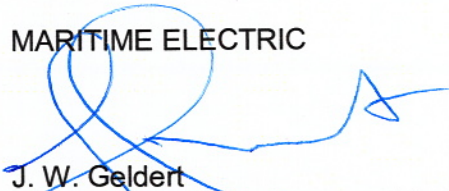
Under the terms of the Electric Power (Electricity Rate Reduction) Amendment Act, Section 48(12), Maritime Electric is required to file with the Commission, no later than January 15 of each year, its calculation of its average rate base and return on average rate base for the previous year.

Please find attached a schedule outlining the required information. Maritime Electric is currently being audited by Ernst & Young LLP to complete its 2010 results. We file this information based on current results. If there is a change we will update the filing.

If you have any questions please do not hesitate to contact me at 629-3679.

Yours truly,

MARITIME ELECTRIC

  
J. W. Geldert  
Vice President, Finance and Administration  
& Chief Financial Officer

JWG05



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

	2009	2010
Fixed Assets	\$ 446,618,499	\$ 466,803,891
Less Work in progress	(320,167)	0
Less Accumulated amortization	(140,109,479)	(148,629,447)
Net Fixed Assets	306,188,853	318,174,444
Less Contributions - net	(29,014,219)	(28,431,340)
Less Future income taxes	(38,751,186)	(37,266,450)
Add Deferred Financing Costs	209,160	206,200
Add Unrecovered pre-2004 costs recoverable from customers	9,983,600	7,983,600
Add Unrecovered post-2003 costs recoverable from customers	44,258,391	38,355,962
Add Intangible assets	5,698,503	5,636,848
Add Deferred Charge	3,346,822	3,615,587
	(4,268,929)	(9,899,593)
Add Working Capital		
Inventory	3,004,281	3,080,719
Gross operating expenses * 3.6%	5,126,854	4,710,170
Income taxes paid * 3.6%	(79,841)	(238,282)
	\$ 8,051,294	\$ 7,552,607
Rate Base (unaveraged)	\$ 309,971,218	\$ 315,827,458
Average Rate Base		\$ 312,899,338

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

	2010
Total revenue	\$ 163,105,969
Operating expenses (net of ECAM)	(118,889,604)
Financing costs	(2,960)
	44,213,405
Amortization - Costs Recoverable From Customers (Pre-2004)	(2,000,000)
Amortization - Fixed Assets	(12,696,131)
Amortization - Deferred Charges	(299,705)
	(14,995,836)
Earnings Before Income Taxes	29,217,569
Income taxes	(5,973,231)
Earnings on Average Rate Base (interest expense excluded)	\$ 23,244,338
Rate Base - Year End Average	\$ 312,899,338
Return on Average Rate Base (%)	7.43%