



January 02, 2020

21 Bangor Street  
 PO Box 726  
 Houlton, Me 04730

Dear Customer:

Historically and into the foreseeable future, power supplied to Houlton Water Company (“HWC”) electric customers has come from Canada. Unfortunately, power is delivered over facilities owned by Emera Maine, and the rates to use those facilities have continued to increase with time. Consequently, HWC began investigations in 2015 regarding a direct interconnection with New Brunswick Power in order to bypass the Emera rates. Those investigations looked favorable, and HWC then went to the Maine Public Utilities Commission to seek approval of constructing and financing this interconnection. The Commission agreed and approved HWC’s request in November 2016.

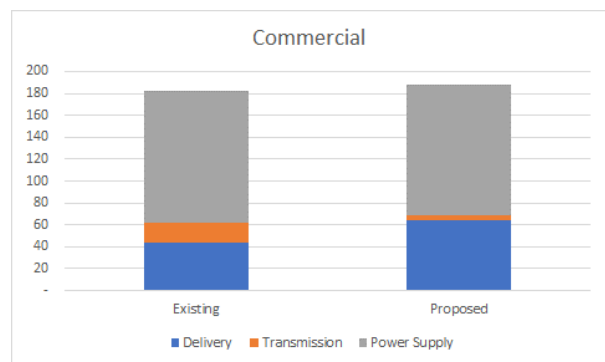
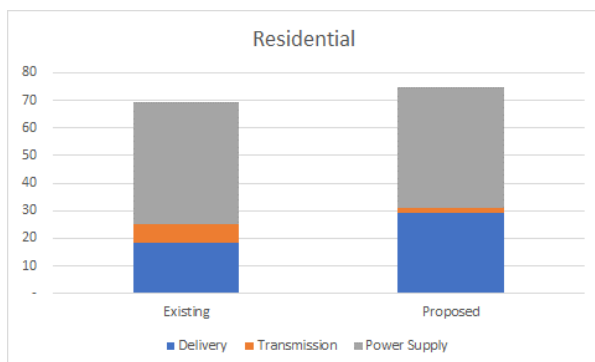
HWC’s rate structure is set up such that all Emera charges and certain other transmission charges are collected through HWC’s Rate 14 (Transmission Charge). All other costs of the utility (except for power supply) are collected through base rates. Thus, with the implementation of the new interconnection, Rate 14 will decrease while the costs of constructing and operating the new facility will require increasing the base rates.

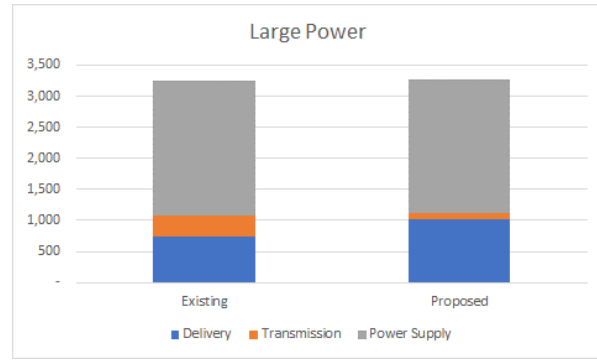
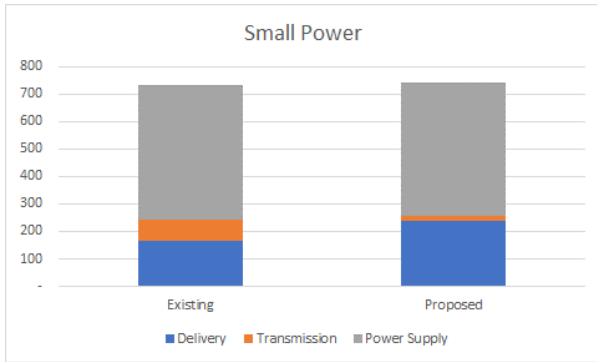
Construction of the HWC / New Brunswick Power project is now nearing completion, and the net effect of the project is to decrease HWC’s costs by approximately \$32,200/year. This cost decrease is based on Emera’s 2019 rates, and if Emera’s 2020 rates were used in the comparison, the net effect would be a decrease of approximately \$500,000 per year.

HWC’s last adjustment in base rates was in 2013, and inflationary effects on its operating costs have created net margins to be relatively small and jeopardizes the financial health of the utility. Thus, base rates must be increased regardless of the transmission interconnection now being completed.

At the same time, HWC’s minimum charge of \$4.55/month is significantly less than the actual cost of reading the meter and preparing and sending bills. These costs are incurred by the utility regardless of how much energy a customer uses. To correct this inequity, HWC proposes to increase its minimum charge to \$10/month for the Residential, Commercial, and Small Power customers and to \$40/month for the Large Power customers..

The proposed rate changes will affect each customer’s monthly bill differently depending on energy usage. For each of the rate classes (except Street and Outdoor Lights), the following charts will show how an average customer’s bill will change from existing rates. Power supply costs for the proposed rates are based on the new standard offer rate of \$0.06625/kWh that will go into effect April 1, 2020 (as compared to the existing rate of \$0.067/kWh) and will continue for five years.





We hope to initiate the new rates effective March 17. The proposed percentage delivery service rate increase for each class of customers is as follows:

	Delivery Only		Delivery Plus Standard Offer	
	% Increase	\$ Per Month	% Increase Delivery & Energy	\$ Increase Per Month Total Bill
Residential	20.4%	\$ 5.30	6.8%	\$ 4.80
Commercial	9.0%	\$ 5.80	2.4%	\$ 4.45
Small Power	3.3%	\$ 8.23	0.4%	\$ 2.74
Large Power	4.4%	\$49.37	0.8%	\$24.89
Street lights	0.5%	\$ 5.61	-0.1%	(\$ 1.65)
Outdoor Light	11.8%	\$ 1.40	7.3%	\$ 1.32

The HWC will hold a public hearing at the HWC 21 Bangor street office on February 5<sup>th</sup>, 2020 at 6 pm. At the hearing, customers will have the opportunity to receive information, ask questions, make comments and suggestions concerning the proposed rate increase. After December 31, 2019, HWC will have full supporting information available at our office for review. Each customer has a right to request information concerning the present and proposed rates, the right to an open and fair hearing, to further hearings before the Maine Public Utilities Commission (“MPUC”), and to request assistance from the Maine Public Advocate.

After the public hearing, as a customer, you have the right to petition the MPUC to investigate the proposed rate change pursuant to 35-A, Section 3502, of the Maine Statutes. All signatures on a petition must be accompanied by the signer’s printed name and address in order to be valid. At your request, HWC will provide you the proper petition form. At any time, you may seek the assistance of the Maine Public Advocate. If you need more information or have questions regarding this proceeding, contact the Administrative Director of the MPUC (287-3831), the Public Advocate (287-2445), or HWC (532-2350).

If you have additional questions or concerns, please call or visit us at your convenience.

Sincerely,

Greg Sherman  
General Manager