

July 2, 2020



Dear Customers:

Good news for Houlton Water Company electric customers, your rates will soon decrease. We are pleased to inform you that the new direct transmission line and associated substation additions connecting the HWC electric system to the New Brunswick Power (NBP) electric system have been completed. The new connection went on line during the early morning of May 15th. The transfer from the existing Versant Power (previously Emera Maine & Maine Public Service) transmission system to the NBP system will result in an annual savings of over one and a half million dollars (\$1.5 million) for HWC customers and also enhance the reliability of the HWC system. These cost savings are avoided transmission costs associated with the Versant System.

The project required obtaining numerous permits on both sides of the border from the State of Maine, USA Federal Government, Province of New Brunswick and Canadian Federal Government. Once fully permitted the construction of transmission lines and associated substation equipment began on both sides of the border.

The project was an eight year effort that included many key governmental institutions, regulatory authorities, organizations and companies. We are appreciative of all the expert assistance received from both sides of the border on banking, legal, consulting, engineering, and the unwavering support of the HWC employees and Board of Directors past and present. In addition, without NBP management and the staff's enthusiasm, cooperation and expertise the project would have not have been fully permitted and completed.

Not only will the new line benefit HWC customers but also the remainder of Aroostook County (Versant, Van Buren Light & Power and Eastern Maine Electric Coop) customers. Their transmission reliability will improve and the need for added capital investment will decrease.

This direct line will save HWC customers money but will also enhance HWC system reliability. The new line is a shorter distance than the previous Emera line and a new substation and transformer will replace older equipment. In addition, HWC has entered into backup arrangement with Versant Power (formerly Emera Maine) to continue to have the old Emera line for back up. We will now have two sources of transmission feed to HWC versus one single source. This configuration with two transmission paths should lessen the risk that HWC customers will experience extended outages.

We estimate the yearly savings for the average residential customers should be approximately \$100 dollars per year. This direct line to NBP will stabilize the transmission portion of the customer's electric bill which has been increasing dramatically for the past several years and should also be an added tool for economic development in the area.

Also for 2020, HWC entered into a new Standard Offer Agreement for energy supply for our customers lowering the rate from .067 to .06625 cents per kWh. Not a dramatic decrease, but the term of the deal is for five year stabilizing rates during that period. The resulting savings is about \$5.50 per year for the average residential customer.

Saving money and improving reliability for our customers is primary for our mission and existence. The project completion is a win / win for Aroostook County, our community and all of our customers. We are pleased to bring you this good news of decreased cost and improved reliability.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gregory F. Sherman', is positioned below the word 'Sincerely,'.

Gregory F. Sherman
General Manager, HWC