

EXHIBIT E

PROPOSED NOTICE TO CUSTOMERS

Isle au Haut Electric Power Company **Notice of Change in Monthly Meter Rate and Solar Project Special Assessment Charge**

The Isle au Haut Electric Power Company, a consumer owned power company (the "Cooperative"), hereby notifies its members/ratepayers that it intends to modify its rates as described below. There are two proposed rate changes: (1) A \$9.00 per month service charge to support the Cooperative's normal (non-solar) power distribution costs, and (2) a special assessment of up to \$6,800 (payable upfront at the members election or payable by a monthly special assessment charge of \$39 per month until repaid) to pay for the solar array and super capacitors that will replace our 37 year old cable. The reasons for each rate change are explained in the paragraphs below; additional background information is available on the website of the Town of Isle au Haut under the tab labeled 'Boards and Committees'. The Cooperative's proposal to adjust its rates is made pursuant to the Cooperatives bylaws and Title 35-A M.R.S. §§ 3503 and 310, and other applicable Maine utility statute and regulation, and is subject to approval of the Maine Public Utilities Commission.

The proposed rate increase for the operation of normal power distribution is \$9.00 and will be applied to the monthly meter fee. This will raise the fee from the current \$16 to \$25 per month. The increase is approximately 14% of the Cooperative's annual revenue. The proposed rate increase is due to increased costs. The Cooperative has new expenses because of long deferred maintenance; a new general manager, Bryan Carroll, has been hired; the cost of power from the mainland has increased by 27% this year, and new costs preparing for the conversion to solar are anticipated. The Cooperative's reserves have declined and the board is anxious to avoid costly debt. The Cooperative has not raised rates since 1983. The board decided to raise the monthly meter fee rather than the kWh rate because most of the cost increases, except energy purchases from Emera (which will end when the solar project is operational), are for basic equipment and services and are not related to how much energy individual members use. The board knows this is a remarkable record that strongly attests to the good work of our managers and crew.

The proposed member assessment to pay for the solar array, super capacitors and other equipment needed to replace the cable will depend on certain hard to predict costs. In the worst case with project cost overruns of 10%, we expect the assessment will not exceed \$6,800. We believe the most likely amount will be about \$6,100. However, we have applied for two substantial grants; if they are awarded, the amount will fall to about \$3,000. The assessment will be payable in one lump sum, or in monthly installments over a time that corresponds with the life of the loan the coop will take out to help finance the project.

As you know from many previous communications, the Board of the Cooperative has embarked on this project in order to protect the community from a possibly calamitous and a very costly failure of the cable. We want to have an alternative in place before the cable fails. We have considered a variety of alternatives; in addition to the solar array and storage, they include a new cable, wind turbines, fuel cells, diesel turbines, individual household solar units and tidal generators. We found the solar array with supercapacitor energy storage to be the most cost effective, most predictable and likely the most reliable of these alternatives. A new cable is the next best alternative, but an optimistic estimate of the member assessment to pay for a cable is approximately \$10,500 or 70% more than the solar array. There are two substantial cost advantages the solar project enjoys when compared with a cable alternative: (1) the present value of the avoided cost of power purchases from the mainland is about \$550,000, and (2) the Federal tax credit for renewable energy reduces the cost by nearly \$400,000.

The total cost of the project, including the cost of financing, is estimated at a little over \$1,900,000. There are three major sources of funds: (1) A contribution of \$700,000 by a tax equity investor, SunRaise. By investing in the project, Sunraise will be able to capture significant tax benefits that are not available to the Cooperative because we don't pay taxes. Nevertheless, the arrangement with SunRaise leads to a net benefit to the Cooperative of

approximately \$400,000. This is explained in detail in the on-line materials noted above. (2) a contribution of \$310,000 by the Cooperative. This consists of a \$100,000 cash contribution by the Cooperative, the solar panels that were purchased over a year ago, the concrete pad installed at Coombs Mt. and the land clearing and preparation also at Coombs Mt. (3) A loan of approximately \$900,000 from either USDA (20 years at 1.5%) or Camden National Bank (ten years at 3.75%). The member assessment will be used to pay these sources of financing the solar project.

We have posted detailed estimates of these costs estimates, narrative explanations of their content and a number of other background documents on the Power Company's page on the Town website – Boards and committees->power company. The documents include:

- A comparison of the costs of the solar and cable alternatives
- Our application to the PUC for these rate increases
- A large Excel workbook with a very detailed 20 year projection of costs and revenues. This was prepared for our USDA loan application.
- A narrative explaining the spreadsheet, including details of the financial arrangements, and
- A short overview of the project.

There are a number of other documents that are available to those who might be interested. They include two grant applications to USDA, a variety of other documents such as an environmental impact review, a draft engineering and production cost study, an engineering schematic of the solar array, storage and distribution system, and a variety of other materials prepared for our own use and for loan and other purposes.

The Cooperative filed a request for Maine Public Utilities Commission approval of the rates. Because you are affected by the rate increase as a customer, you have the right to participate as a party in the Maine Public Utilities Commission proceeding fully or as an interested party in Docket No. 2020-00198. To intervene, you may file a request to intervene in Docket No. 2020-00198 in accordance with Section 8 of the Commission's Rules of Practice and Procedure on or before July 31, 2020. Please see the attached Notice of Proceeding.

In addition, the Cooperative intends that any Commission approval of the rates will be subject to approval of the solar project and change in rates at the Cooperative's annual meeting scheduled for August __ 2020 at [location]_____

If any members/ratepayers of the Cooperative have questions regarding this proceeding, they can call Jim Wilson, President of the Board of Directors of the Cooperative, at 207-335-2581, Nick Filler, Vice President of the Board at 207-335-2101, or Bryan Carroll, General Manager, at 207 466-7442.