

July 8, 2020

ISLE AU HAUT ELECTRIC POWER
COMPANY, Request for Approval of Rate
Change, sec. 310

NOTICE OF PROCEEDING

I. DESCRIPTION

On July 2, 2020, The Isle Au Haut Electric Power Company, a Maine consumer owned cooperative utility providing electric service to its members located on Isle au Haut (the Cooperative) filed a request pursuant to 35-A M.R.S. § 310 to increase its rates. There are two parts to the proposed increase: a \$9 increase in the monthly customer charge (from the current \$16/month to \$25/month) and a one-time assessment of up to \$6,800 which can be paid in a lump sum or in monthly installments of \$39 at the election of the customer.

These increases cover two categories of costs. First, the Cooperative states that it has not had a rate increase since 1984 and that its operational costs have increased. In particular, the Cooperative cites the cost of long-deferred maintenance, the costs associated with a new general manager and likely costs associated with preparing for the solar initiative described next. Also cited are a decline in reserves and the desire to avoid costly debt.

Second, the Cooperative has proposed to construct a solar microgrid on the island as a way of providing the power supply for its members. The Cooperative states that this investment is necessitated by the advanced age of an existing cable that brings power from the mainland. This cable has been in service for 37 years, far outliving its projected life. The Cooperative states that remaining dependent on this cable for power supply has become too risky and that the consequences of a failure of this cable would be substantial.

The Cooperative describes the solar microgrid as consisting of 300kW of solar panels, 1000 kWh of energy storage in the form of supercapacitors, a new diesel back-up generator and thermal storage in the form of air-to-hot-water heat pumps. The Cooperative states that the microgrid is designed to work off-grid but that it would remain connected to the mainland as long as the cable remains viable.

The estimated \$1.9 million cost of the microgrid will be covered in part by tax equity investors and in part by reserves. The remaining balance of \$990,000 would be funded through the requested one-time assessment of up to \$6,800 per customer. The

Cooperative states that this assessment is the maximum it might cost but indicates that a “more likely” estimate is about \$6,100 per customer.

The Cooperative indicates that it has had extensive communications with its customer/members about the project over the last five years and that it knows of no significant opposition from members.

The Cooperative seeks expedited treatment of this filing, noting its declining confidence in the viability of the existing cable and its need to secure financing so it can build the microgrid before the onset of winter.

II. INTERVENTION and INITIAL DATA REQUESTS

Interested persons wishing to intervene in this matter should file petitions to intervene in accordance with Section 8 of the Commission’s Rules of Practice and Procedure on or before **July 31, 2020**. Petitions to intervene, and any corresponding objections, will be addressed at the conference discussed below. Any person interested in intervening in this case must sign up as a “registered user” in the Commission’s Case Management System (CMS). When registering, persons should remember to indicate the entity or entities that you represent and may be making filings on behalf of. Such persons should also place themselves on the notification list for the above referenced docket. Registered persons whose petitions to intervene are granted will be placed on the active party list and will receive notice of filings through the Commission’s CMS.¹

The Examiners expect to issue an initial set of data requests to the Cooperative in the next few days. Responses to these requests will be due **July 31, 2020**.

III. CONFERENCE

An initial case and technical conference is scheduled for **August 5, 2020 at 1:00 p.m.** Due to restrictions required by the COVID-19 pandemic, this conference will be conducted by telephone. The Telebridge for this conference is **(877) 455-0244, PIN 466-262-5766#**.

The purpose of this conference is to:

1. Address petitions to intervene and any related objections;
2. Allow the Staff and parties to question representatives of the Cooperative on the filing and the responses to the initial data requests;

¹ To register, go to the Commission’s website at www.maine.gov/mpuc and click on “Online Filing, Docketed Case, Forms, and RFP’s” on the left-hand side of the home page. Then click on the large “Registered Users” link in the large gray box. Then click on the “New User Registration” link at the bottom of the “Account Login” area. Further detailed instructions are available on the Commission’s website at www.maine.gov/tools/whatsnew/index.php?topic=pucpressreleases&id=414946&v=article08.

3. Develop a schedule for processing the case.

IV. SERVICE

The Cooperative filed a Proposed Notice to Customers (Ex. E to it filing). The Cooperative is requested to change the statutory citation in the first paragraph, and to complete the sections at the end by filling in the blanks and is directed to send this Notice along with a copy of this Notice of Proceeding on or before **July 15, 2020** to each of its members.

Dated at Hallowell, Maine, this 8th day of July, 2020.

BY ORDER OF THE HEARING EXAMINERS



Eric J. Bryant
Hearing Examiner

/s/ Mitchell Tannenbaum
Hearing Examiner