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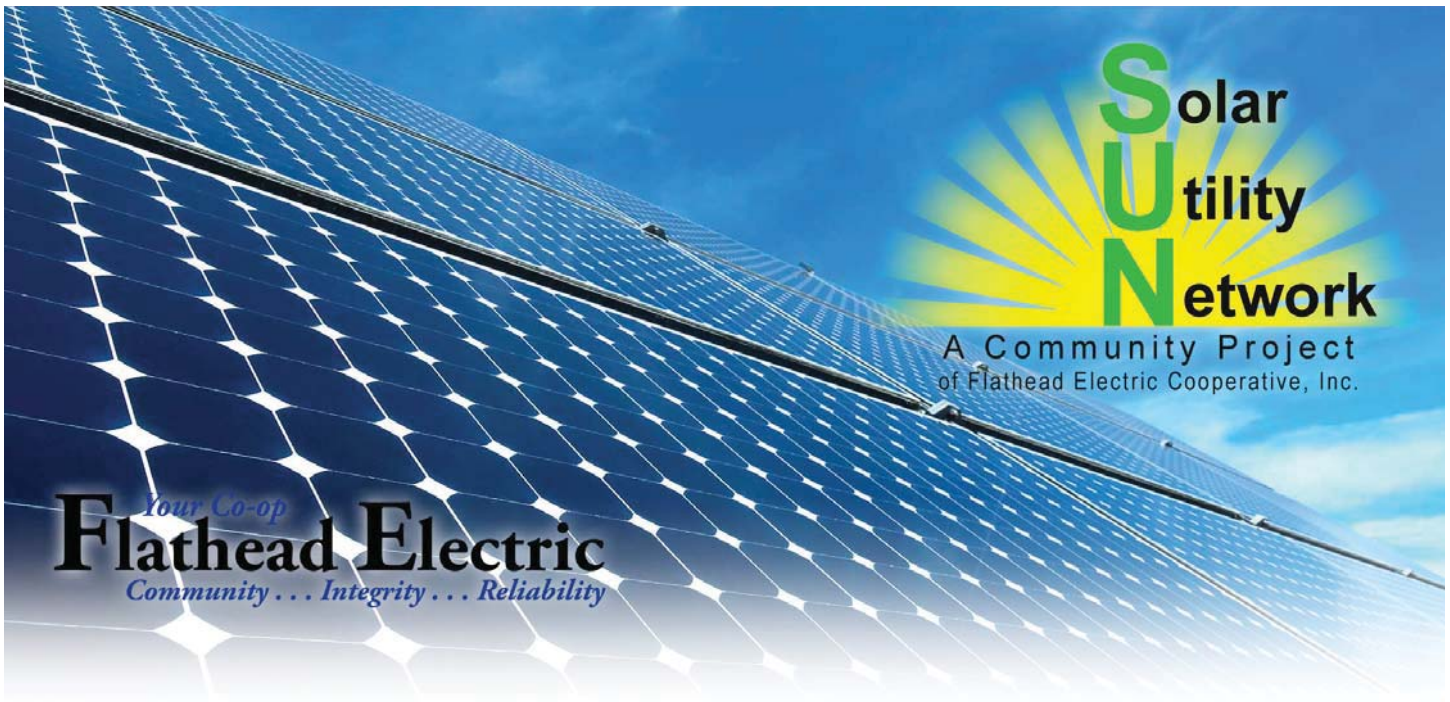
Solar Utility Network

A Community Project
of Flathead Electric Cooperative, Inc.



Your Co-op
Flathead Electric
Community . . . Integrity . . . Reliability

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Solar Utility Network, Station One

Frequently Asked Questions

What is Flathead Electric's SUN Program?

Flathead Electric's **SUN** program, which stands for Solar Utility Network, is Montana's first community solar project! Instead of putting a complete solar system on your own home (which requires home ownership, the right sunny location and a fairly large upfront investment), the SUN program lets many people come together to build one larger solar array. Flathead Electric Cooperative is building Station One of the SUN program on behalf of our members. We chose a location that is a good fit for solar. The panels are in a sunny location, visible to the public and on property owned by FEC. Participants benefit through economies of scale, better siting and the opportunity to take part at a much lower entry cost level. Instead of paying thousands of dollars for your own solar electric system, FEC members can get financial benefits and support solar in our community for as little as a one-time payment of \$900.

How does the SUN Program work?

Flathead Electric Co-op builds a solar array and then allows members to enroll in the project by purchasing a panel. Each month participating members will receive a credit, for the life of the project, which FEC expects to be through 2040, for the amount of electricity generated by their panel. At the end of the contract time period the ownership of the panel reverts back to Flathead Electric Cooperative.

Can solar power work in Kalispell?

Yes. FEC's members are adding solar power each year. Despite being as far north as we are, our area receives similar solar exposure to Germany, the world's leader in solar energy.

Is the SUN Program available to all FEC members?

The vast majority of our members can participate. Whether you are a business, irrigator, nonprofit group, or household (rented or owned); living in a single family home, apartment or condo- you qualify to participate.

Does this mean I don't have to own my house or building to participate?

That's right! One of the many benefits of Flathead's **SUN** Program is that anyone who is an active member is eligible to purchase a panel.

Why would I elect to sign up?

Flathead's **SUN** Program provides an easy and affordable way to participate in a solar energy project and support renewable energy development. You will receive a monthly credit on your electric bill for the electricity generated by your portion of the project.

How much does it cost?

Each solar panel has a rated output of 285 watts and costs \$900. Station One of Flathead Electric's **SUN** Program costs just over \$3.00 per watt to construct.

Where is Station One located?

It is located at our substation at 1840 Whitefish Stage Road in Kalispell. We have had a small residential size solar array at our headquarters since 2009 demonstrating that solar works in our service territory.

How much electricity will each panel produce?

Each \$900 panel purchased equates to 285 watts of installed solar power which is projected to produce 359 kilowatt hours (kWh) of electricity annually. This projection is calculated based on our experience with our existing solar demonstration array and others in our service territory, but will vary slightly year to year. At FEC's current mid-tier residential energy rate of \$0.0749 the annual total of the monthly bill credits should equal about \$26.97. This value will change if our rates change over time. We will apply the energy credit based on actual production of the whole system each month. On an ongoing basis you will be able to see how the project is doing by going to our website to view live solar production data.

Why does the project end in November 2040?

The project ends in November 2040, in conjunction with the warranted life of the panels.

How do I enroll?

Participants will be enrolled on a first come first served basis beginning August 1, 2015. Members having an interest in participating can sign up in the office, at our website, or by phone.

How many units can I buy?

Each participant can initially buy one panel but may be able to buy additional panels later if they are available.

How do customers pay for their SUN Program panels?

Each \$900 panel can be paid for in advance or we can add it to your monthly bill. We accept cash, checks, and or debit/credit cards.

Is my payment for solar unit(s) eligible for a tax credit?

Based on language contained in the Internal Revenue Service's Notice 2013-70 dated November 18, 2013 it appears that participation in a community solar program may be an expense that is eligible for a federal tax deduction if there is a tax obligation. However federal and state tax law is very complex and often changes. You should consult with a tax accountant to determine if your payment for Flathead Electric's SUN Program will be deductible for you or if you are eligible for any credits.

Can I take the solar electricity benefits with me if I move?

Yes, but only if you move within FEC's service territory and continue to receive an electric bill from us; you may transfer all the solar benefits to your new account. If you move out of FEC's service area, you can designate another FEC member to receive the benefits.

Will I have to pay additional fees in the future?

No. All of the insurance, warranty, management and maintenance for the system are included in the initial price. As a member, you will not have to pay any additional out-of-pocket fees.

How is the credit to my utility bill determined?

Due to the fact that your solar panel is part of a 100,000 watt array that shares one production meter, your bill will be credited back at a pro-rata portion of the entire array's production. For example, each unit in the Community Solar project represents a 285 watt piece of the entire system. If you are able to utilize the individual income tax credit the financial scenario would look like this:

Initial investment	\$900 - \$270 tax credit = basis of \$630
Initial Annual Energy Credit	\$26.97 (at mid-tier rate, then projected to escalate at 2% per year)

Simple Payback: \$630 net investment divided by \$26.97 annual billing credit = 23.4 years which is very representative of solar energy systems. However, the value of the annual credit will increase along with our rates. Using a 2% rate escalator reduces this to approximately 21 years.

Another way to look at it is that you are locking in today's rates by prepaying for power for 25 years, so you get your investment back in 21 years and then receive the power for free after that.

Why wouldn't I just purchase a panel on my own?

To install a system of your own you would need to purchase the panels, racking system, inverter, and connecting equipment. In addition, you would have the installation expense and ongoing maintenance. Also, you would need an unshaded south-facing roof or a suitable location for a pole mounted system. And, it usually is not feasible to take it with you if you move. A system of your own would likely cost several thousand dollars even for a small system. We encourage our members to install their own but this is a great way to invest in solar in a small way that is portable!

Please note that all financial projections set forth herein are merely Flathead's best estimate, under current law, of the financial consequences of a member's purchase of solar units. Many things could cause the financial results to differ from, and to be materially less than, those described herein, including but not limited to a change in either federal or state law, a failure of the technology, FEC's decision, in its discretion, to terminate the project prior to the end of its anticipated life, or other factors. FEC is providing this information so that each member may make a more informed decision with respect to participation in the project, but FEC does not warrant that the financial results of participation will be as described herein, and expressly disclaims any such warranty.