

Peak Shaving Generation Feasibility Study  
Income Statement - 8 Diesel Exhibits

pdk 2-20-2009

**Exhibit A - Purchase**

**CASE: Retrofit 8 Generators      4,945 kW total prime capacity      5,434 kW Stand By capacity**  
**\$1,652,880 Installed cost**

**Income Statement**

	Year One Totals	Year Two Totals	Year Three Totals	Year Four Totals	Year Five Totals	Year Six Totals	Year Seven Totals	Year Eight Totals	Year Nine Totals	Year Ten Totals	Consolidated Ten Year Totals
<b>Revenues</b>											
FMPA Capacity \$/kW											
FMPA Trans \$/kW											
Max peak shaving demand - kW	59,340	59,340	59,340	59,340	59,340	59,340	59,340	59,340	59,340	59,340	
\$ per kW of avoided demand	\$18.27	\$19.82	\$21.23	\$21.54	\$21.69	\$22.06	\$22.76	\$23.25	\$24.75	\$25.26	
Avoided Demand Purchases	\$1,084,142	\$1,176,119	\$1,259,788	\$1,278,184	\$1,287,085	\$1,309,040	\$1,350,578	\$1,379,655	\$1,468,665	\$1,498,928	\$13,092,184
Number of hours of operation per year	120	120	120	120	120	120	120	120	120	120	
Number of kWh generated per year	593,400	593,400	593,400	593,400	593,400	593,400	593,400	593,400	593,400	593,400	
\$ per kWh of avoided energy	\$0.05537	\$0.06161	\$0.06669	\$0.07004	\$0.07466	\$0.07696	\$0.07664	\$0.07880	\$0.07869	\$0.07952	
Avoided Energy Purchases	\$32,857	\$36,559	\$39,574	\$41,562	\$44,303	\$45,668	\$45,478	\$46,760	\$46,695	\$47,187	\$426,643
<b>Avoided Power Supply Exp (Revenue)</b>	\$1,116,998	\$1,212,678	\$1,299,362	\$1,319,745	\$1,331,388	\$1,354,708	\$1,396,057	\$1,426,415	\$1,515,360	\$1,546,116	\$13,518,827
<b>Costs</b>											
Fuel	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$1,104,007
Switch Maintenance (3)	\$19,500	\$19,500	\$20,085	\$20,688	\$21,308	\$21,947	\$22,606	\$23,284	\$23,983	\$24,702	\$217,603
Depreciation (2)	\$82,644	\$82,644	\$82,644	\$82,644	\$82,644	\$82,644	\$82,644	\$82,644	\$82,644	\$82,644	\$826,440
Loan Interest (1)	\$79,676	\$72,989	\$65,960	\$58,571	\$50,805	\$42,641	\$34,059	\$25,038	\$15,556	\$5,589	\$450,883
Remote Monitoring & Dispatch (3)	\$30,000	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$36,896	\$38,003	\$334,773
5 Year Extended Warranty	\$61,200	-	-	-	-	-	-	-	-	-	\$61,200
Insurance (3)	\$16,529	\$17,025	\$17,535	\$18,061	\$18,603	\$19,161	\$19,736	\$20,328	\$20,938	\$21,566	\$189,484
<b>Total Costs</b>	\$399,949	\$332,558	\$327,525	\$322,192	\$316,543	\$310,559	\$304,224	\$297,517	\$290,418	\$282,905	\$3,184,390
<b>PROFIT (LOSS)</b>	\$717,049	\$880,120	\$971,837	\$997,553	\$1,014,845	\$1,044,149	\$1,091,833	\$1,128,898	\$1,224,942	\$1,263,211	\$10,334,437
<b>Cumulative PROFIT (LOSS)</b>		\$1,597,169	\$2,569,006	\$3,566,559	\$4,581,405	\$5,625,554	\$6,717,386	\$7,846,284	\$9,071,226	\$10,334,437	

**Assumptions:**

\$2.50 \$/gal fuel cost  
\$1.405 \$/Therm fuel cost

**Notes:**

- (1) 5.0 Percent interest on loan
- (1) 120 Term of loan in months (120 max.)
- (2) 20 Number of years to depreciate NexGear Equipment
- (3) 3% Inflation

Unit	Nominal Output (kW)	Fuel Gal/Hour	Fuel Cost/Hour	Fuel (\$/kW/Hr)	Standby (kW)	Generator Maint/Year
2. WWT OPS2	1500	103.6	\$259.00	\$0.173	1648	\$2,100
3. WWT INF	682	51.9	\$129.75	\$0.190	750	\$2,100
4. Police	546	41.4	\$103.50	\$0.190	600	\$1,620
6. WWT TPK	933	70.4	\$176.00	\$0.189	1025	\$2,100
5. City Hall	215	26.95	\$37.86	\$0.176	236	\$900
7. Water	464	68.42	\$96.13	\$0.207	510	\$1,620
1. MOC	150	22.25	\$31.26	\$0.208	165	\$720
8. Public Works 8 Diesel Exhibits	455	34.6	\$86.50	\$0.190	500	

4,945

\$920.01

**Exhibit B - Lease**

**CASE: Retrofit 8 Generators**

**4,945 kW total prime capacity**

**5,434 kW Stand By capacity**

**\$1,652,880 Installed cost**

**Income Statement**

	Year One Totals	Year Two Totals	Year Three Totals	Year Four Totals	Year Five Totals	Year Six Totals	Year Seven Totals	Year Eight Totals	Year Nine Totals	Year Ten Totals	Consolidated Ten Year Totals
<b>Revenues</b>											
FMPA Capacity \$/kW											
FMPA Trans \$/kW											
Max peak shaving demand - kW	59,340	59,340	59,340	59,340	59,340	59,340	59,340	59,340	59,340	59,340	
\$ per kW of avoided demand	\$18.27	\$19.82	\$21.23	\$21.54	\$21.69	\$22.06	\$22.76	\$23.25	\$24.75	\$25.26	
Avoided Demand Purchases	\$1,084,142	\$1,176,119	\$1,259,788	\$1,278,184	\$1,287,085	\$1,309,040	\$1,350,578	\$1,379,655	\$1,468,665	\$1,498,928	\$13,092,184
Number of hours of operation per year	120	120	120	120	120	120	120	120	120	120	
Number of kWh generated per year	593,400	593,400	593,400	593,400	593,400	593,400	593,400	593,400	593,400	593,400	
\$ per kWh of avoided energy	\$0.05537	\$0.06161	\$0.06669	\$0.07004	\$0.07466	\$0.07696	\$0.07664	\$0.07880	\$0.07869	\$0.07952	
Avoided Energy Purchases	\$32,857	\$36,559	\$39,574	\$41,562	\$44,303	\$45,668	\$45,478	\$46,760	\$46,695	\$47,187	\$426,643
<b>Avoided Power Supply Exp (Revenue)</b>	\$1,116,998	\$1,212,678	\$1,299,362	\$1,319,745	\$1,331,388	\$1,354,708	\$1,396,057	\$1,426,415	\$1,515,360	\$1,546,116	\$13,518,827
<b>10 Year Contract</b>	\$6.33	Per kW/Month									
<b>15 Year Contract</b>	\$5.87	Per kW/Month									
<b>Costs</b>											
Fuel	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$110,401	\$1,104,007
Switch Maintenance											\$0
Depreciation											\$0
Loan Interest											\$0
Remote Monitoring & Dispatch	\$375,622	\$375,622	\$375,622	\$375,622	\$375,622	\$375,622	\$375,622	\$375,622	\$375,622	\$375,622	\$3,756,222
5 Year Extended Warranty											\$0
Insurance											\$0
<b>Total Costs</b>	\$486,023	\$486,023	\$486,023	\$486,023	\$486,023	\$486,023	\$486,023	\$486,023	\$486,023	\$486,023	\$4,860,229
<b>PROFIT (LOSS)</b>	\$630,975	\$726,655	\$813,339	\$833,722	\$845,365	\$868,686	\$910,034	\$940,392	\$1,029,337	\$1,060,093	\$8,658,598
<b>Cumulative PROFIT (LOSS)</b>		\$1,357,631	\$2,170,970	\$3,004,692	\$3,850,057	\$4,718,743	\$5,628,776	\$6,569,168	\$7,598,505	\$8,658,598	

**Assumptions:**

\$2.50 \$/gal fuel cost  
\$1.405 \$/Therm fuel cost

**Notes:**

- (1) 5.0 Percent interest on loan
- (1) 120 Term of loan in months (120 max.)
- (2) 20 Number of years to depreciate NexGear Equipment
- (3) 3% Inflation

Purchase @ 75% (\$1,239,660)

Unit	Nominal Output (kW)	Fuel Gal/Hour	Fuel Cost/Hour	Fuel (\$/kW/Hr)	Standby (kW)	Generator Maint/Year
2. WWT OPS2	1500	103.6	\$259.00	\$0.173	1648	\$2,100
3. WWT INF	682	51.9	\$129.75	\$0.190	750	\$2,100
4. Police	546	41.4	\$103.50	\$0.190	600	\$1,620
6. WWT TPK	933	70.4	\$176.00	\$0.189	1025	\$2,100

5. City Hall	215	26.95	\$37.86	\$0.176	236	\$900
7. Water	464	68.42	\$96.13	\$0.200	236	\$1,620
1. MOC	150	22.25	\$31.26	\$0.208	165	\$720
8. Public Works	455	34.6	\$86.50	\$0.190	500	
	4,945		\$920.01		5,434	\$11,160

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### Exhibit C - Cash Flow Proforma

<b>Purchase</b>	Year One	Year Two	Year Three	Year Four	Year Five	Year Six	Year Seven	Year Eight	Year Nine	Year Ten	Net Cash Flow Ten Year Total
Retrofit 8 Generators											
Net Income - Depreciation Excluded	\$799,693	\$962,764	\$1,054,481	\$1,080,197	\$1,097,489	\$1,126,793	\$1,174,477	\$1,211,542	\$1,307,586	\$1,345,855	\$11,160,877
Less Loan Principle	\$130,701	\$137,387	\$144,416	\$151,805	\$159,572	\$167,736	\$176,317	\$185,338	\$194,820	\$204,788	\$1,652,880
Net Cash Flow	\$668,993	\$825,376	\$910,065	\$928,392	\$937,918	\$959,057	\$998,159	\$1,026,204	\$1,112,766	\$1,141,067	\$9,507,997
Cumulative Cash Flow	\$668,993	\$1,494,369	\$2,404,434	\$3,332,826	\$4,270,744	\$5,229,801	\$6,227,960	\$7,254,164	\$8,366,930	\$9,507,997	

<b>10 Year Lease*</b>	Year One	Year Two	Year Three	Year Four	Year Five	Year Six	Year Seven	Year Eight	Year Nine	Year Ten	Net Cash Flow Ten Year Total
Retrofit 8 Generators											
Net Income - Depreciation Excluded											
Less Loan Principle											
Net Cash Flow	\$630,975	\$726,655	\$813,339	\$833,722	\$845,365	\$868,686	\$910,034	\$940,392	\$1,029,337	\$1,060,093	\$8,658,598
Cumulative Cash Flow	\$630,975	\$1,357,631	\$2,170,970	\$3,004,692	\$3,850,057	\$4,718,743	\$5,628,776	\$6,569,168	\$7,598,505	\$8,658,598	

\*Purchase options every 2 years with price depreciated 2.5% per year

Purchase Equipment (\$1,239,660)  
\$7,418,938

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