

Shared Savings – getting paid

Payment options?

When you sign a Shared Savings agreement with MGE, you have our commitment to fund your approved project. Payment timing and the form of payment are the primary choices on how to be paid.

Timing counts

Interest accrues on funds drawn to pay contractors, vendors or suppliers. So, don't rush to pay these folks too early because there will be an interest cost to do so. There may be occasions when contractors require partial payment of project costs up-front before beginning their work. In these cases, we will coordinate payments with you to assure contractors get needed start-up dollars so they can begin work without delay.

What's the usual form of payment?

The traditional form of payment is a two-party check that names you and the ultimate payee—usually a contractor. The two-party check is delivered to you. After endorsing the check, you give it to your contractor when you decide they should be paid. This way, you remain in control of when payments are made. This typically occurs when the contractor's work (or portion of work) is performed to your satisfaction. The two-party check approach is intended to preserve your leverage over work providers, which can help you to better manage the project. The two-party approach also assures the contractor gets paid for the work performed.

Other ways to pay?

Possibly. Two-party checks are preferred because they allow you to manage payments, and they also protect MGE's security interest against contractor liens. However, circumstances can arise where different payment methods are needed. Single-party payments made directly to you are possible, but these single-party payments introduce the risk of liens. To protect against this, MGE requires lien waivers

from contractors for the work completed. Waivers acknowledge that the contractor has been paid for the work performed. Alternatively, single-party payments can be made directly to the contractor, but that may compromise the control that we prefer stay in your hands.

Payment turnaround

Normal processing requires a few business days to approve, create and deliver a check. You may arrange for expedited payment preparation with your account manager, if needed.

Payment delivery

Normally we send checks via regular U.S. mail. You may arrange for a pickup of your check by sending an agent or representative to MGE's main office visitors' desk during regular business hours (M-F 8 a.m. to 5 p.m.). Our office location is 133 S. Blair St. in Madison, and our visitors' lot is accessible from the adjacent Railroad Street. For map detail, see: mge.com/careers/Directions.htm.

When are disbursements complete?

Payments are complete when all of the project costs are paid, up to the level of committed Shared Savings funds. Over the course of project construction, you may find that all of the budgeted Shared Savings dollars are not needed. At this point, you would tell us that you don't need the remaining funds and we would transition from funding the project to billing you for repayment of the loan.

Sunset

The Shared Savings agreement defines how long the committed funds remain available for a particular project proposal. The sunset date is set to occur many months after the expected project completion date. The end date exists to protect MGE from committing funds to a project that never happens or is shelved for

(continued on reverse)

years. We want to avoid tying up funds that otherwise could be used by other customers. The sunset date may be amended if extenuating circumstances arise.

MGE oversight?

Expect your MGE account manager to verify that the installation is the same work that was approved. This

serves to help ensure that you're getting what you paid for, efficiency-wise. MGE will not manage your project or in any way guarantee contractor performance. Ultimately, it is your responsibility to manage your own project and assure the installation is consistent with the approved scope of work.