

# Shared Savings – repaying your loan

## What happens when my project is complete?

When your project is finished and all of the needed Shared Savings funds have been disbursed, MGE begins billing you for repayment of the project funds. Because repayment begins after completion of your project, the expected energy-saving benefits help support the loan repayments.

## How does MGE bill me?

To simplify your payment process, your monthly repayment billings appear as line items on your regular utility bill. One line item reads Shared Savings Interest and the other reads Shared Savings Principal. They appear similar to the sample bill excerpt below:

		Madison Gas and Electric PO Box 1231 Madison, WI 53701-1231		Please return top portion with payment.	
Service Address		Customer		Next Reading Date 08/26	Account Number
Number of Days	Reading Dates Present Previous	Readings Present - Previous x	Constant =	Use x Therm Factor =	Therms AMOUNT
<b>YOUR BILL AT A GLANCE</b>					
BALANCE FORWARD	NO. OF GAS METERS	GAS BILL	NO. OF ELEC METERS	ELEC BILL	ACCOUNT BALANCE
\$156.92	1	\$673.49	1	\$1,830.48	\$2,660.89
*****					*****
PREVIOUS ACCOUNT BALANCE					\$ 2,173.61
07/10/09 SHARED SAVINGS PRINCIPAL					\$ 127.48
07/10/09 SHARED SAVINGS INTEREST					\$ 29.44
07/15/09 PAYMENT RECEIVED - THANK YOU					\$ 2,173.61CR
BALANCE FORWARD					\$ 156.92
GAS: COMMERCIAL AND INDUSTRIAL SERVICES 33 07/27 06/24 81756 80631 1.000 1125 CCF 1.009 1135 THERMS Commercial & Industrial Distribution Service (GSD-1)					

## Any other billing methods?

Yes. Sometimes customers own properties where projects are undertaken but they do not actually pay the property’s utility bill (the tenants pay). In these cases, we use our non-utility billing (NUB) system. A separate monthly bill is sent to the address of the

property owner’s choosing. Sometimes property owners that pay for utilities still prefer a separate NUB system bill. You select your preferred billing method.

## Do billings change?

Yes. From month-to-month your repayment dollars gradually shift from interest to principal as your balance is reduced, much like a home mortgage. Also, your Shared Savings interest rate is tied to LIBOR<sup>1</sup> and is reset from time-to-time. Depending on where LIBOR moves, your payment may increase or decrease.

## Interest rate reset

Shared Savings loan interest rates are not fixed. Rates are reset based upon movements in LIBOR. Your rate can improve or not depending on the direction of rates over time. For your loan, rate movements can be structured in two ways: either continuously or annually. Continuous rate

resets mean that every time LIBOR moves, so too does your Shared Savings rate. Annual resets are done every year during April/May. Generally, the size of your loan will dictate which reset method you will be subject to. Larger loans of over \$100,000 are continuous, whereas smaller loans are annual.

*(continued on reverse)*

<sup>1</sup>The **London Interbank Offered Rate** (or **LIBOR**) is a daily reference interest rate based on the rates at which banks borrow unsecured funds from other banks in the London wholesale money market. LIBOR is calculated by Thomson Reuters and published by the British Bankers’ Association (BBA) after 11 a.m. each day (London time). It is a trimmed average of interbank deposit rates offered by designated contributor banks, for maturities ranging from overnight to one year. For the specific purposes of MGE’s Shared Savings program, the “LIBO Rate” means, for any month, the interest rate determined by J.P.Morgan Chase by reference to page 3750 of the Moneyline Telerate Service (“MTS”) at approximately 11 a.m. (London time) two Business Days prior to the first day of such month.

## **Early payoff**

You may pay off your Shared Savings loan at any time without penalty. Just contact us and give us the exact date that you would like to deliver your payment, and we will calculate the payoff amount for that date. Per diem values will be provided if you need some flexibility on your payoff date.

## **Can I modify my billing?**

Yes. We can accommodate most needed changes to your Shared Savings billings at no cost: address changes, loan assumptions, restructured billings, billing method, etc. Just contact us to discuss and coordinate changes.

## **Partial payment is prioritized**

If for any reason your payment does not cover the entire monthly billing (utilities plus Shared Savings), then the dollars received will always be directed to the utility charges first, then the Shared Savings loan. If you want to pay extra on a monthly bill in

order to pay down your loan balance, you must let us know. Otherwise, any extra dollars will reside in your account as a credit and then be applied to your next utility billing instead.

## **Keep us informed**

Please let us know if you are making any changes that may cause billings to go unpaid. Change examples include:

- Selling your business
- Moving your business
- Consolidating your utility accounts
- Altering business name, principals or legal structure
- Financial reorganization

It is usually simpler and easier to correct for changes up-front versus cleaning up late payment notices or other automated notices that may get triggered from changes in your business.