

**SAMPLE 10 KW SYSTEM: BUSINESS USE
SOLAR SYSTEM WITH GOOD SITING GRAND JUNCTION, CO
SOLAR PHOTOVOLTAIC SYSTEM CASH FLOW PROJECTION
SHOWING EFFECTS OF XCEL, TAX CREDITS, & DEPREC. TAX DEDUCTIONS
WITH 50% BONUS DEPRECIATION APPLICABLE IN YEAR 1**

Assumptions

Cost of System Installed =	\$75,000
Minus: Xcel Energy Funding - Direct to Installer =	<u>(\$35,000)</u>
Equals: Amount You Pay for System (AND have to find financing to fund)	<u>\$40,000</u>
Minus: Federal BUSINESS Investment Tax Credit -or GRANT (30% of Entire System Cost)	<u>(\$22,500)</u>
Net Cost of System After Xcel and 30% Tax Credit but BEFORE other Tax & Energy Savings	\$17,500
System Produces: (based on Avg. 50 KWH/Day x 365 days) =	17,000 KWH/Yr
Retail Value of Each KWH (Electric Bill Savings) Year 1 =	\$0.11 per KWH
Value of Electric Bills Savings in Year 1 =	\$1,870
"Amount You Pay for System" FINANCED =	\$40,000
Loan Fees & Appraisal Etc.	<u>\$2,000</u>
Total Amount of Loan Financed (Solar Portion):	\$42,000
MONTHLY SOLAR LOAN PMTS at	7.00% Interest
	25 Yr Amortization =
	\$297
Your Marginal Federal (25%) + CO (-5%) Income Tax Rate (for Value of Interest & Deprec. Deductions) =	30.00% FED + CO
Electric Rates Will Go Up By :	10.00% Per Year

THE KEY IS THE CASH FLOW TO YOU VS. FROM YOU:

PERIOD (12 mo periods not cal. Yrs):	<u>YR 1</u>	<u>YR 2</u>	<u>YR 3</u>	<u>YR 4</u>	<u>YR 5</u>	<u>YR 6</u>	<u>YR 7</u>	<u>YR 8</u>	<u>YR 9</u>	<u>YR 10</u>
<u>Amount You GET</u>										
Electric Savings	\$1,870	\$2,057	\$2,263	\$2,489	\$2,738	\$3,012	\$3,313	\$3,644	\$4,009	\$4,409
30% Tax Credit or GRANT	\$22,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Tax Savings from Loan Interest Ded.	\$876	\$862	\$847	\$831	\$814	\$795	\$776	\$754	\$732	\$707
Additional Tax Savings from Deprec. Deduction	<u>\$11,475</u>	<u>\$3,060</u>	<u>\$1,836</u>	<u>\$1,102</u>	<u>\$1,102</u>	<u>\$551</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
SUBTOTAL: AMOUNT YOU GET	\$36,721	\$5,979	\$4,946	\$4,422	\$4,653	\$4,358	\$4,088	\$4,399	\$4,740	\$5,117
<u>Minus: Amount You PAY</u>										
Taxes on Xcel Rebate Income	(\$10,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes On Utility Bill Savings	(\$561)	(\$617)	(\$679)	(\$747)	(\$821)	(\$903)	(\$994)	(\$1,093)	(\$1,203)	(\$1,323)
Solar Loan Payments	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>	<u>(\$3,562)</u>
SUBTOTAL: Amount You PAY	(\$14,623)	(\$4,179)	(\$4,241)	(\$4,309)	(\$4,384)	(\$4,466)	(\$4,556)	(\$4,655)	(\$4,765)	(\$4,885)
NET CASH FLOW TO YOU:	\$22,098	\$1,800	\$705	\$113	\$270	(\$108)	(\$468)	(\$257)	(\$24)	\$232
ACCUM. NET CASH TO YOU:	\$22,098	\$23,897	\$24,602	\$24,715	\$24,985	\$24,877	\$24,409	\$24,152	\$24,128	\$24,360

IN OTHER WORDS -- DID YOU EVER PUT OUT ANY MONEY??

THIS WORKSHEET ASSUMES YOU CAN USE ALL ELECTRIC & TAX SAVINGS WITHOUT LOWERING MARGINAL TAX BRACKET BASIS AND PASSIVE INCOME LIMITATIONS MAY SEVERELY REDUCE YOUR TAX SAVINGS IT IS EXTREMELY IMPORTANT HOW YOU STRUCTURE DEAL TO AVOID THESE LIMITATIONS

FOR SPECIFIC HELP PLEASE CONTACT YOUR TAX ADVISOR
THIS WORKSHEET PREPARED AS AN EXAMPLE ONLY BY:
ACCOUNTING & BENEFITS SOLUTIONS CPA, P.C.
CRAIG A. SEVERANCE, CPA, (970) 242-9079, 2139 N. 12TH ST, UNIT 8, GRAND JCT, CO 81501