

Solar Project Fund 2012

In order to reduce costs Richland Township and the Richland Township Water Authority (RTWA) have joined together to construct a solar energy system that is expected to provide over 25% of the electricity needs of both organizations. The construction of the project was completed in 2011 but was placed into service at the end of 2010. Over a period of time the savings from the reduced electricity purchases are expected to more than pay for the system. The project is being aided by a \$500,000 Conservation Works! Grant funded by Federal Recovery Funds that were allocated to Pennsylvania for distribution to local governments. In 2011 revenues were under what was anticipated for several reasons. The amount of electricity produced was less than anticipated because of an increase in cloud cover. Rainfall in 2011 was greatly above normal. Some of the solar panels were out of service for a period of time due to vandalism damage and the delay in completing the project work. In addition, the price for the sale of alternative energy credits has dropped substantially below the amounts being paid in 2010, but the price is expected to recover in 2012.

Income

Electric Sales to Twp. & RTWA - \$43,000

The system is expected to provide 426,275 kWh of the electricity needs for both the Township and the RTWA. Currently the average cost of that electricity is running about 10 cents per kWh. The Township and the Authority will be paying into the fund what they would have been paying to PPL for electricity. This electric purchase is expected to initially run about \$43,000 per year, but increase in future years.

Sales of Alternative Energy Credits (AEC's) - \$70,000

Pennsylvania requires that public electric utilities derive a portion of the electricity they sell from renewable energy sources, such as solar energy. In order to encourage the private development of private renewable energy sources, Pennsylvania has allowed the utilities to meet this requirement by purchasing AEC's. Based on the current market, the sale of AEC's for 426,275 kWh produced from solar generation is expected to bring in about \$70,000 per year. The indications are that this amount can be expected to increase over time.

Interest - \$700

It is expected that a small amount of interest will be earned on the money passing through this account.

Expenditures

Debt Service - \$165,240

The Township received \$2,234,657 in March of 2010 for the funding of the solar project construction costs. In 2012, \$95,000 principal and \$70,238 interest will be paid on this bond issue.