

**STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF INDIANA MICHIGAN
POWER COMPANY FOR APPROVAL OF A
TARIFF RATE AND ACCOMPANYING
TARIFF TERMS AND CONDITIONS FOR
THE PROCUREMENT OF EXCESS
DISTRIBUTED GENERATION PURSUANT
TO IND. CODE CH. 8-1-40**

CAUSE NO. 45506

DIRECT TESTIMONY OF JIM STRAETER

**ON BEHALF OF
INDIANA DISTRIBUTED ENERGY ALLIANCE**

JULY 13, 2021

I. INTRODUCTION

1 **Q. Please state your name and business address.**

2 A. My name is Jim Straeter, and I am the President and Owner of Ag Technologies
3 Inc. My business address is 1268 E. 100 S., Rochester, Indiana 46975.

4 **Q. Please describe your business activity.**

5 A. Ag Technologies Inc. markets and installs solar energy systems. We also market
6 agricultural equipment. I have been in the renewable energy business since 2012.

7 **Q. Please describe your educational background, training and experience.**

8 A. I have a Bachelor of Science Degree in Education from University of Southern
9 Illinois – certified to teach Mathematics, Physics, Biology, Chemistry and Data
10 Processing at the High School level. I am a licensed solar installer. I currently
11 serve on the local hospital board, as well as the Duke Energy Indiana Advisory
12 Counsel. I hold membership in the Indiana Distributed Energy Alliance
13 (“IndianaDG”) and Illinois Solar Energy organizations. I have also attended
14 numerous business leadership and training programs. My experience includes
15 about 10 years in the solar business and 50 years in farm equipment. I hold 20 solo
16 utility patents.

17 **Q. Please describe your professional background.**

18 A. I worked for a farm equipment manufacturer, New Holland, after graduating from
19 college in 1973 for 14 years. I managed a New Holland retail store in Rochester
20 for four of those years, bought it from New Holland in 1989, and grew that business
21 to 7 stores by 2014. I left that business to two sons to run in 2016, and I
22 concentrated on my solar business. Currently the solar business has grown to

1 employ 13 full-time employees and is responsible for another 15 full-time jobs with
2 sub-contractors/suppliers. I hope the regulatory environment in Indiana will allow
3 the continued growth of our solar business and employees.

4 **Q. What are your duties, responsibilities, and goals with AG Technologies?**

5 A. I oversee the solar business operation and engage in sales full-time with oversight
6 of material supply, installation schedule, and after-install support. I intend to
7 continue to grow the business if possible.

8 **Q. Have you previously testified before the Indiana Utility Regulatory
9 Commission (“IURC”)?**

10 A. No.

II. SUMMARY

11 **Q. What is the purpose of your testimony in this Cause?**

12 A. My testimony will explain the adverse impacts that I&M’s excess distributed
13 generation (“EDG”) proposals would have on my business, other Indiana solar
14 companies, our prospective customers, ratepayers served by I&M, and Indiana’s
15 economy. I describe that I&M’s estimated value of EDG customer solar export
16 electricity is unreasonably low. I explain that I&M’s EDG proposals will
17 unreasonably lengthen the customer “payback” period for the cost of a new solar
18 energy system. This will deter customers from installing solar energy systems at
19 their homes and businesses and have serious negative impacts on Indiana solar
20 installation businesses and in turn on Indiana’s economy.

III. NEGATIVE IMPACTS OF I&M'S PROPOSAL

1 **Q. Please describe the Hoosiers that express interest in solar installation and**
2 **those who own solar generation.**

3 A. Those who own and those who are interested in owning solar generation units
4 represent a cross section of Indiana. They include small residential customers,
5 farms, municipal governments, schools, commercial business customers, and
6 industrial customers. The vast majority of our customers purchase a solar energy
7 system to provide a long term, cost-effective, fuel-less energy supply that, over a
8 reasonable time, generates savings that offset the system's cost, i.e. investment
9 payback period. Without a reasonable investment payback period, there would be
10 very little demand for solar energy systems.

11 **Q. What are the common critical considerations for prospective solar installation**
12 **customers?**

13 A. The most critical consideration generally is system cost and the period over which
14 the solar equipment and installation costs will be recovered. Most customers want
15 a maximum 7-10 year payback period.

16 **Q. How would I&M's "no netting" and approximate 2.6 cents per kWh EDG**
17 **proposal impact customer payback periods?**

18 A. I&M's proposals would increase the customer payback period to over 20 years.
19 Currently, residential customer solar investment payback is typically estimated to
20 be 7-10 years. This is using a projected 3% future inflation rate. I&M's proposal
21 would more than double this payback period.

22 **Q. What is the current status of the federal tax credit for solar installations?**

23 A. The federal Investment Tax Credit ("ITC") currently is 26%. The 26% credit would
24 have expired but was briefly extended with the December 2020 Covid Stimulus

1 Bill. In 2023, or only six months after I&M's EDG Rider is scheduled to go into
2 effect, the ITC will step down to a 22% tax credit. Beginning in 2024, the
3 commercial ITC drops down to 10%, and the residential ITC will be eliminated for
4 new systems. As ITC steps down and later ends, customer payback periods
5 increase.

IV. HARM TO INDIANA'S ECONOMY

6 **Q. What would be the impact of I&M's proposals on customers' interest in**
7 **investing in solar generation?**

8 A. The resulting lengthening of customer investment payback period would make
9 I&M customers extremely reluctant or unwilling to make the investment in solar.
10 This will be devastating to Indiana's solar industry, resulting in job losses and
11 market contraction to an industry that was just beginning to blossom. This will
12 push Indiana solar jobs and new job opportunities backwards instead of moving
13 forward.

14 **Q. What would be the impact of I&M's current EDG proposal on your company**
15 **and other Indiana solar installation companies?**

16 A. It will be very detrimental to our business. My company alone currently employs
17 13 people, and we hope to hire more. We also engage many subcontract workers.
18 I&M's proposal could force us to lay off workers and possibly no longer install
19 solar energy systems in I&M's service area. Instead of focusing on investing our
20 time and resources in Indiana, we and other Indiana solar companies would have to
21 shift focus to neighboring states that treat solar installations reasonably, rather than
22 punishing solar participants. For example, not far from us in Michigan, new
23 residential DG customers receive substantially higher export credits. Ironically, the

1 credit rate for I&M's Michigan new customers' exports is \$0.10024/kWh, about
2 four times as much as I&M's proposed compensation rate right across the state line
3 in Indiana. Similarly, Consumers Energy new residential customers' credit is
4 \$0.119655/kWh for summer on-peak, \$0.080485/kWh for summer off-peak, and
5 \$0.084785/kWh for all exports in non-summer months. If after July 1, 2022, the
6 Indiana regulatory framework for EDG will be like that proposed by I&M, we will
7 likely shift our business focus out of Indiana. We will cut our Indiana work force
8 and replace them with out of state workers.

9 Other Indiana solar installation companies will suffer the same financial harm from
10 EDG proposals like I&M's and will logically shift their solar business focus,
11 employment opportunities, and financial stimulus to neighboring states that treat
12 solar customers reasonably.

13 **Q. What economic contribution does your solar business alone make to the**
14 **wellbeing of I&M's service area and Indiana as a whole?**

15 A. Last year, our solar business did \$3,498,664.00 of projects in Indiana as a whole
16 and \$768,258.00 of projects in I&M's service area alone. We paid approximately
17 \$1,150,000.00 in Indiana wages with benefits estimated at an additional 30%. We
18 also regularly hire union electricians. When possible, we purchase materials and
19 supplies locally. The money we inject into Indiana's economy gets re-spent and
20 invested by the Hoosier recipients several times before those dollars leave Indiana.
21 I believe Ag Technologies solar business makes a substantial contribution to the
22 economic well-being of Indiana and Hoosiers in I&M's service area.

1 The Indiana operations of other Indiana solar installation companies provide the
2 same types of economic benefits. Some have business operations larger than mine.
3 EDG proposals like I&M's will financially harm Indiana solar businesses and the
4 jobs, economic development, and stimulus they currently create.

5 **Q. Does Indiana and local government benefit from your solar business activity?**

6 A. Yes. Our company, employees, and contract workers pay local and state income
7 taxes and sales taxes. The economic stimulus we create spurs more tax revenues
8 from ripple effect beneficiaries as wages and profits get spent in local economies.

9 **Q. Is I&M's service area the only area of Indiana in which Ag Technologies does**
10 **business?**

11 A. No, it is not. But all the other Indiana investor-owned utilities have filed EDG cases
12 proposing instantaneous netting and low EDG rates that would also dramatically
13 lengthen customer investment payback periods. Approval of these punitive EDG
14 proposals would force our company and others to focus business efforts in nearby
15 states that do not discourage customer investment in solar energy generation and
16 offer substantially higher EDG rates, e.g. 9 to 11 cents / kWh.

V. **BENEFITS OF CUSTOMER OWNED SOLAR GENERATION**

17 **Q. Please describe the benefits that distributed customer owned solar generation**
18 **bring to I&M and all I&M customers.**

19 A. Distributed solar generation has many benefits. First is improvement to the
20 environment by displacing the need to burn carbon emitting coal, diesel, or natural
21 gas to generate electricity. Second is reduced load on the transmission system.
22 Third is reduced demand for electricity in daylight hours resulting in decreased

1 purchased power. Customer owned solar is an extraordinary form of customer
2 financed demand side management reducing or eliminating solar customer peak
3 period demand and shaving the utility's total peak demand. But instead of solar
4 customers receiving additional compensation for this customer financed demand
5 side management, I&M treats customer solar as punitively as possible with no
6 netting and low EDG rates. Fourth is reduced transmission line loss by having the
7 solar energy output used in the proximity of the customer demand. The reduced
8 transmission load and line loss can be particularly financially beneficial in
9 reliability during periods of peak customer demand, often encountered on very hot,
10 sunny, humid summer days. Fifth is avoided carbon-based fuel use and costs,
11 among many other benefits not listed here.

12 **Q. What direct economic benefits have customer-owned solar brought to all**
13 **Hoosiers and to state and local Indiana governments?**

14 A. Customer-owned solar brings jobs and the economic stimulus they create. The
15 Indiana solar industry has grown substantially over the past ten years. The number
16 of solar jobs has increased to approximately 3,400 in 2020. The solar industry also
17 engages in substantial contract work, often with union electrical workers. It buys
18 local goods and materials. All those economic benefits are multiplied by the ripple
19 effect of solar employees' contractors and merchants spending their solar industry
20 earnings locally in Indiana. State, county and municipal governments all thereby
21 benefit from the various tax revenues that the solar economic stimulus creates. The
22 full Solar Foundation 2020 Report describing the growth in solar jobs is available
23 at <https://www.thesolarfoundation.org/national/>.

VI. OTHER REASONS WHY I&M'S EDG PROPOSALS ARE UNJUST, UNREASONABLE AND INEQUITABLE

1 **Q. You have described EDG's harm to I&M customers, to I&M solar installers,**
2 **and to the Indiana and I&M service area economies. Are there other aspects**
3 **of I&M's EDG proposals that in your opinion are unjust and should be**
4 **discussed?**

5 A. Yes, there are. Solar installation companies like mine endured the cost and struggle
6 of starting new Indiana businesses. We overcame all the challenges and created
7 successful solar installation businesses. At the same time, investor-owned electric
8 utilities were promoting high cost, rate increasing rate base additions for coal fired
9 pollution control and huge gas fired generation. Now their focus is on customers
10 paying for remaining net investments in old coal fired generation and shifting to
11 large scale solar and wind farms. But as they make the transition to renewable
12 energy, I&M and others ask to deploy an EDG regime that clearly serves to
13 financially constrict or end new customer solar DG and the businesses that install
14 customer solar. It is one thing to have a monopoly service area for retail sales of
15 electricity. But it's completely inequitable and unfair to then seek regulatory
16 treatments that serve to prevent customers from using the sun to illuminate, cool,
17 and heat their homes with their own solar generation. The sun shines to sustain all
18 our lives, not to become the monopoly tool of I&M and other utilities. So severely
19 restricting the value of customers' monthly solar generation exports moves I&M
20 into monopolizing solar energy generation in its service area. Moreover, I&M has
21 done nothing in its EDG proposal to offer customers value for DG's environmental
22 benefits, operational benefits like reduced line losses and peak shaving. I believe
23 I&M's EDG proposals and results are unjust and unreasonable.

1 **Q. What are your recommendations to the Commission?**

2 A. The Commission should reject I&M's "no netting" and overall EDG proposal.

3 **Q. Does this conclude your testimony?**

4 A. Yes, it does at this time.

VERIFICATION

I, Jim Straeter, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Ag Technologies Inc
Jim Straeter Pres

Jim Straeter

July 13, 2021