

Marcellus money becomes solar 'shelters'

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On a cloudy day in early December, the disk in [Duane Miller's](#) electric meter was spinning clockwise, meaning his solar panels were generating more energy than was being used by his 160-acre beef farm in Clinton.

Seventy-two years ago, Miller was born on that farm, in a house now powered entirely by solar energy. He helped his family produce milk, eventually taking over the business. His job grew more and more difficult — both physically and financially — as he got older. When he “retired,” he quit producing milk and switched to raising cows for beef. He doesn't farm because it's the best way to make a living, but because it's the only place he's ever lived and the only thing he's ever done. And he likes doing it.

Now, he has the freedom to just like doing something because, in April 2011, Miller and his wife signed a gas lease with Range Resources. All of a sudden, like almost all the farms visible from his property, the Millers had money on their hands. And he didn't immediately know what to do with it.

“I never had it, and I didn't know where to invest it,” Miller said. Range's signing bonus came July 26, 2011. On July 28, Miller bought an electric blue Harley Davidson trike and printed a message on its rear: “Growing old is mandatory, growing up is optional.” The Millers used the rest of the money to pay off their mortgage, clear their debts and, in September, they installed a \$125,000 solar array on a piece of land up the hill from the cow pasture.

The 24.5-kilowatt system was the best investment he could think of, Miller said.

Miller got a federal grant for 25 percent, or about \$31,500. He obtained another state grant for \$14,000, plus a federal income tax credit for 30 percent the cost of the project, which he's already reinvested in a geothermal system to heat and cool his home. Plus, he's eliminated his electric bill.

"I like having a Duquesne Light bill come in zeros," Miller said. "I haven't paid for any electric since 14 months ago."

Miller is just one of several farmers who are using money from the Marcellus to pay for renewable energy including solar.

[Joe Morinville](#), president of Energy Independent Solutions, which installed Miller's solar panels, knows of at least 15 to 20 jobs paid for with "shale-related money."

"When people are signing their shale gas rights, they have hundreds of thousands of dollars in tax consequences," he said. "They're using that solar as kind of a tax shelter."

About a mile down the road from Miller's beef farm is the Shared Acres community-supported agriculture farm. By the standards of the area, it's a small piece of land — 40 acres — where the Bauknights grow fruit and vegetables.

[Dwayne Bauknight](#), a former financial adviser, founded Shared Acres five years ago as an organic, shareholder-owned farm with a focus on sustainability. A solar-powered electric club car serves as transportation between the property's two homes, a barn and three gardening areas, which are fertilized with composted materials. Bauknight was hesitant about natural gas drilling, but this month he is negotiating his second gas lease renewal with Range Resources. "Definitely, it was a tough decision, but there was no way around it," he said.

Like many landowners, Bauknight owns a chunk of land bordered by gas leases on all sides and was worried the gas company would suck up the fuel below him even without his permission. So he signed. A few months ago, anticipating a bonus from the upcoming renewal, he bought a 160-panel, ground-mounted solar array expected to

produce at least 43,000 kilowatt hours a year.

Bauknight is doing what the federal government should be doing, he said — using the wealth from fossil fuels to incentivize renewable energy.

“Solar is just one leg of the stool,” he said. In the future, he hopes to have wind and geothermal sources supplying the farm as well. The solar option makes sense for people trying to turn shale money into something more sustainable, said [Malcolm Polley](#), executive vice president and managing director with S&T Wealth Management. But, “it’s not a very attractive investment,” he cautioned.

“It’s kind of a case where you’re going to invest in a technology where the cost to produce continues to decline and, therefore, the cost to install will continue to decline,” he said.

That’s not how [Tom Frederick](#) sees it. For him, the environmental benefit was a bonus on top of a solid financial case for going solar. “What it came down to was taxes,” he said.

Frederick is a postal worker who lives on a 31-acre parcel in Burgettstown. He’s had a gas lease on his property for 10 years with three different companies.

Two years ago, Frederick signed a lease with Range Resources, his property being the smallest in a unit with neighbors. “To us, it was an unfathomable amount of money,” he said. “We didn’t know what to do with all this money.” Like others, Frederick first paid off debts and then shelled out \$40,000 for an 8-kilowatt array that supplies enough power to have slashed his West Penn Power bill in half.

“If I would not have put up solar panels, I would have paid between \$18,000 and \$20,000 in taxes. Since I put up (the) panels, I paid \$6,000,” he said.

He also received a \$6,000 rebate from the state. “I basically got my solar panels for half the price,” he said. “That’s why we took our fossil fuels and went green.”