



## **Midwest Energy, Inc.**

Chairperson Hedke, distinguished committee members, good morning. I'm Mike Morley, Corporate Communications Manager for Midwest Energy, and I thank you for the opportunity to appear here today on behalf of our company.

Headquartered in Hays, Midwest Energy is a customer-owned electric and natural gas cooperative. Our roots in Kansas run deep, and just last year we celebrated our 75<sup>th</sup> anniversary. Founded in 1939 to electrify 20 farms near Great Bend, our co-op has grown through mergers and acquisitions of other co-ops, investor-owned utilities and municipal systems. Today, we serve 50,000 electric and 42,000 natural gas customers, located in 41 central and western Kansas counties. Our service area includes, in whole or part, 15 Kansas House districts, and 7 Senate districts.

Midwest Energy is a vertically-integrated company, meaning we have electric generation, transmission, and distribution assets – we are the only cooperative in Kansas that operates its own generation facilities, and delivers power directly to retail customers. We have a customer density of 4.5 meters per mile on 11,000 miles of electric wire. Additionally, we are one of a handful of co-ops in America that serves both electric and natural gas customers. We have and 14 meters per mile on 3,000 miles of gas pipelines

Midwest Energy has three electric power plants in service; the Goodman Energy Center at Hays, a natural gas-fueled plant that provides a 75-megawatt dispatchable backstop to wind resources in the area, and which is being expanded to 104-megawatts by 2016; a 13-megawatt natural gas-fueled peaking facility in Colby, and a 2-megawatt diesel facility in Bird City. Midwest Energy purchases roughly 75% of the energy it delivers from Westar Energy; half of that comes from the coal-fueled Jeffrey Energy Center, and the other half from “unit most likely” contracts where power is supplied from various Westar plants, either coal or natural gas-fueled.

Midwest Energy buys 49 megawatts of wind power from the Smoky Hill Wind Farm (the one North of I-70 driving West from Salina), and 3 megawatts of Hydro-electric power from the Western Area Power Administration. These combined enable Midwest Energy to meet Kansas renewable portfolio standards through the year 2020. By Feb. 1st, we expect to commission the largest solar array in Kansas – a 1-megawatt community solar garden just north of Colby. Each of the nearly 4,000 panels will be owned by Midwest Energy customers, who will receive the full benefits of panel ownership through monthly bill credits. We are planning a grand opening for this facility in April, when the weather is a bit more accommodating.

Midwest Energy faces many future challenges. The EPA's Clean Power Plan, as proposed, poses a known threat to reliability, and unknown but certainly significant costs associated with compliance. Midwest Energy joined other Kansas utilities voicing our concerns to the EPA in November. We're also concerned with the shrinking options for future dispatchable power supplies, due to restrictive federal policies. New Nuclear power facilities are unviable due to the federal government ignoring its legal responsibility for high-level radioactive waste. Coal appears economically impractical because of proposed emissions standards for new coal-fired plants. Natural Gas is all that remains, and that invites significant risk given the historical volatility of natural gas prices.

Aggressive federal action on threatened species like the Lesser Prairie Chicken has added both significant cost and complexity to siting and building power lines, which was already a costly endeavor. And finally, we share the concerns of all Kansans on the future of water in our state. The sustainability of irrigation for crops underpins much of the economy of our service area, and is the foundation of our natural gas business.

Chairperson Hedke, committee members, I thank you for your invitation and am available for any questions. Thank you.