



**Midwest
Energy, Inc.**

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Tuesday, March 19, 2013
House Committee on Energy and Environment
Representative Dennis Hedke, Chair

Re: Comments concerning proposed amended HB 2241

Midwest Energy joined most other Kansas electric utilities back in 2007 in agreeing to voluntary targets for the addition of renewable energy to its power supply. We knew then, like today, that wind energy presented a great economic development opportunity for Kansas.

Midwest Energy supported the compromise legislation of 2009 that mandated and strengthened the renewable energy targets voluntarily agreed to earlier. We already had enough wind energy (and a little hydro) under contract to meet the standards through 2016.

My customer-elected Board of Directors directed us to add renewable energy up to the point where it would raise costs for our customers. We met this standard in 2007 and 2009.

The world has changed since 2009. Natural gas is much cheaper and the recession (we surmise) has made it easier for Midwest Energy to secure reasonably priced wholesale power, principally from Westar. As a result wind energy now adds about 1.5% to our customer-owners' electric bills. This is about \$1.50 per month for an average residential customer.

Wind energy costs are much more predictable than fossil fuel costs. I still believe the wind energy we have bought so far will benefit our customers over the remaining 14-15 years of our current contracts.

Without a production tax credit, adding more wind energy would further increase costs for our customers. Natural gas costs are likely to remain low for a number of years. Accordingly, Midwest Energy appreciates the flexibility provided by HB 2241 to delay the deadlines and provide an economic out for adding more wind energy to our system. We WILL add

wind energy even if NOT mandated where it is at least a break-even proposition for our customers.

Midwest Energy remains supportive of the wind industry and has expended tremendous efforts to accommodate the wind rush as developers try to beat the deadlines for the expiration of the production tax credit.

I would be happy to answer your questions.