

**Testimony of Larry Berg**  
**Substitute for HB 2278**  
**March 7, 2007**  
**Senate Utilities Committee**

Chairman Emler and members of the committee, my name is Larry Berg and I'm Vice President of Corporate Relations for Midwest Energy, a customer-owned electric and natural gas utility headquartered in Hays, Kansas serving 88,000 customers in 41 central and western Kansas counties. I stand before you in support of Substitute for HB 2278.

This bill was carried to the House floor by Representative Light and supported by Representative Kuether. Substitute for HB 2278 passed out of the House by a vote of 120-0.

The newly revived Kansas Energy Council (KEC) is charged with the development of a comprehensive State Energy Plan. In the 2007 Kansas Energy Plan, the KEC encourages utility implementation of a Pay-As-You-Save (PAYS)<sup>®</sup> type program, and Midwest Energy has volunteered to step up to the plate to implement such a plan. There is currently an open docket at the KCC in which we have requested approval of our pilot project that we have named How\$mart<sup>(SM)</sup>. We hope to implement our pilot program sometime this spring.

The How\$mart<sup>(SM)</sup> program would provide money for energy efficiency improvements to customers who would repay the funds through energy savings on their monthly bill. Under the plan, participating customers will see a lower net bill, including the repayment. If the tenant moves or if a property owner changes, the repayment obligation transfers to the next customer who also receives the benefit of the energy savings. We believe the Pay-As-You-Save<sup>®</sup> concept lowers barriers to efficiency investments that now exist, especially in low income and rental markets.

We have held preliminary meetings with landlords, contractors and social service agencies. These have indicated interest in and support of our proposal. We are already receiving calls from customers who want to participate.

We believe that electric and natural gas utilities that enter into agreements with customers for the financing of energy conservation equipment, which costs will be recovered through tariffs approved by the Kansas Corporation Commission, should not assume liability for the installation, operation or maintenance of such measures. Substitute for HB 2278 gives us that protection.

I urge your support of Substitute for HB 2278.

Mr. Chairman, I'll stand for questions at the appropriate time.