

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Midwest)
Energy, Inc. for Authority to Cease Transacting the)
Business of a Natural Gas Public Utility in Certain) Docket No. 15-MDWG-_____-CCS
Portions of Reno County, Kansas.)
)

APPLICATION FOR AUTHORITY TO CEASE SERVICE

Midwest Energy, Inc. ("Midwest" or "Applicant"), hereby requests the State Corporation Commission of the State of Kansas ("Commission") grant it authorization to cease operating as a natural gas public utility in certain portions of Reno County, Kansas, specifically described as follows:

Northwest Quarter (NW/4)
Section 31, Township 24 South, Range 4 West

West Half (W/2)
Section 30, Township 24 South, Range 4 West

Southwest Quarter (SW/4)
Section 19, Township 24 South, Range 4 West

All of Section 12
Township 24 South, Range 5 West

Southeast (SE/4)
Section 24, Township 23 South, Range 5 West

East Half (E/2)
Section 25, Township 23 South, Range 5 West

Southeast Quarter (SE/4)
Section 1, Township 24 South, Range 5 West

All in Reno County, Kansas

In support of its Application, Midwest states:

1. Midwest Energy is a customer-owned Kansas corporation, in good standing, that operates on a not-for-profit cooperative basis. Prior to June 5, 2013, Midwest Energy was a Kansas natural gas public utility regulated under the provisions of K.S.A. 66-104 and 66-1,200 *et seq.* On June 5, 2013, Midwest Energy's natural gas operations were deregulated by the Commission pursuant to K.S.A. 2012 Supp. 66-104g.

2. Midwest Energy and Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills") have mutually agreed, subject to approval by the Commission, that as a matter of public convenience and necessity to better serve a natural gas customer, Black Hills should serve as the natural gas public utility in the following territory:

Northwest Quarter (NW/4)
Section 31, Township 24 South, Range 4 West

West Half (W/2)
Section 30, Township 24 South, Range 4 West

Southwest Quarter (SW/4)
Section 19, Township 24 South, Range 4 West

All of Section 12
Township 24 South, Range 5 West

Southeast (SE/4)
Section 24, Township 23 South, Range 5 West

East Half (E/2)
Section 25, Township 23 South, Range 5 West

Southeast Quarter (SE/4)
Section 1, Township 24 South, Range 5 West

All in Reno County, Kansas

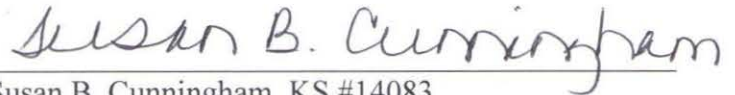
3. The territory described is currently within Midwest's service territory. "Exhibit A" provides a map of the territory identifying the areas Midwest Energy will transfer to Black Hills.

4. Black Hills will submit a corresponding Application for Certificate of Public Convenience and Authority to Transact the Business of a Natural Gas Public Utility for the territory described in paragraph 2.

5. This transfer of territory is pursuant to an agreement between Black Hills and Midwest Energy and will include approximately 18 miles of pipeline. A Memo of Understanding regarding this transfer of territory and assets has been signed and is included as "Exhibit B." The assets would transfer at zero cost to Black Hills. Black Hills would invest approximately \$20,000 on regulating stations at the time of transfer. As part of the proposed transaction, Midwest Energy is transferring 12 customer accounts to Black Hills Energy. A list of those customers is attached to this application as "Exhibit C" and incorporated herein by reference. A copy of this application, along with a comparison of Midwest Energy and Black Hills Energy rates will be mailed to each customer, along with a letter explaining the proposed transaction and informing the customer of the application filed with the Commission and that they can contact Black Hills Energy or the Commission if they have any questions. A sample of that correspondence is attached hereto as "Exhibit D" and incorporated herein by reference.

WHEREFORE, Applicant respectfully requests the Commission authorize Midwest Energy to cease transacting the business of a natural gas public utility in the territory described in paragraph 2 of this Application.

Respectfully submitted,

A handwritten signature in dark ink, reading "Susan B. Cunningham". The signature is fluid and cursive, with the first name "Susan" and last name "Cunningham" clearly legible.

Susan B. Cunningham, KS #14083

Dentons US LLP

7028 SW 69th Street

Auburn, Kansas 66402

Direct: (816) 460-2441

Cell: (785) 817-1864

Fax: (816) 531-7545

Email: susan.cunningham@dentons.com


Attorney for Midwest Energy, Inc.

July 17, 2015

VERIFICATION
K.S.A. 53-601

STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss:

I, Susan B. Cunningham, verify under penalty of perjury that I have caused the foregoing Application for Authority to Cease Service to be prepared on behalf of Midwest Energy, Inc., and that the contents thereof are true and correct to the best of my knowledge, information and belief.




Susan B. Cunningham

July 17, 2015

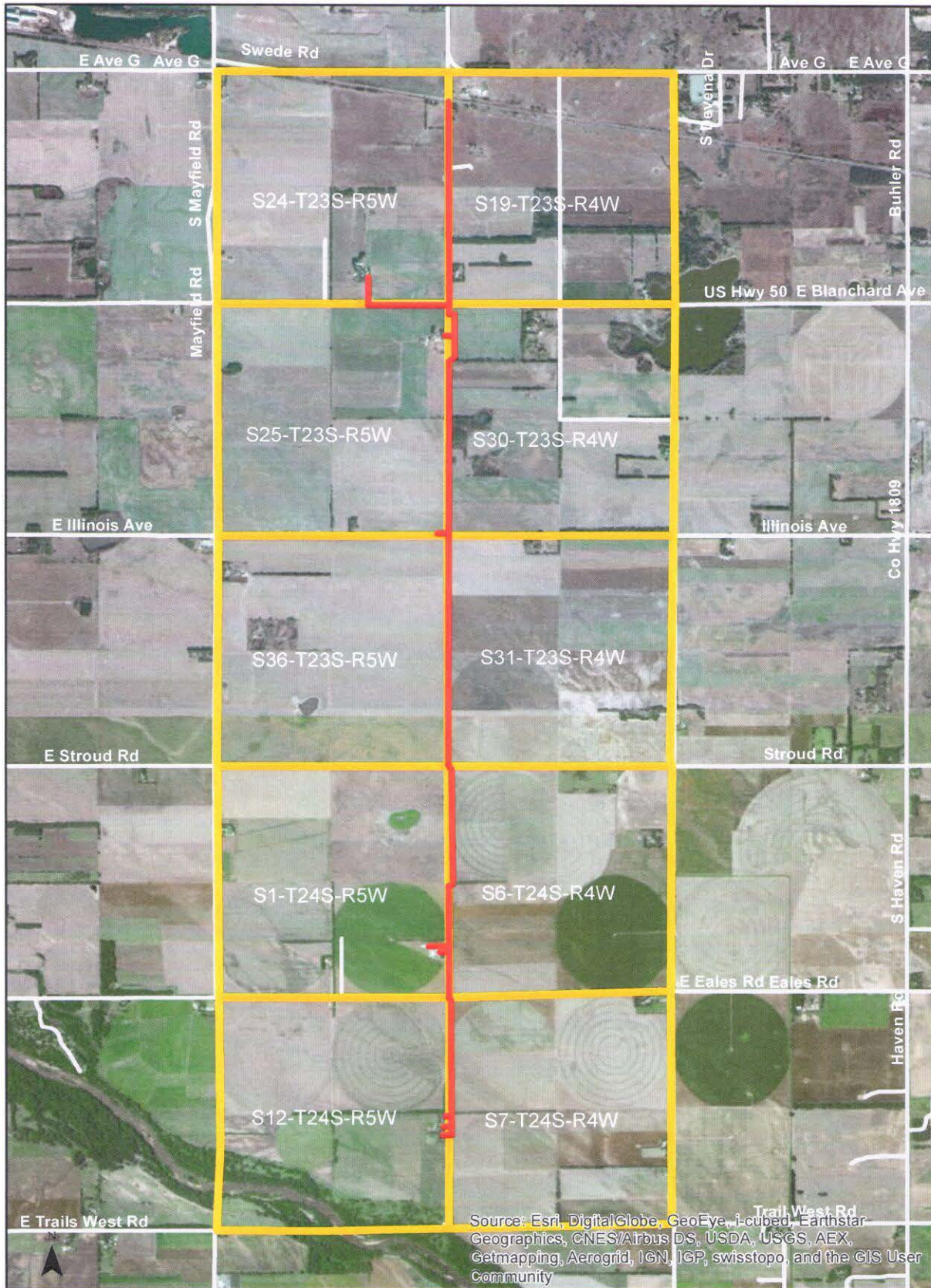
CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing Application for Authority to Cease Service was sent via electronic mail this 17th day of July, 2015, addressed to the following named persons:

James G. Flaherty
ANDERSON & BYRD, LLP
216 S. Hickory
P.O. Box 17
Ottawa, Kansas 66067
jflaherty@andersonbyrd.com

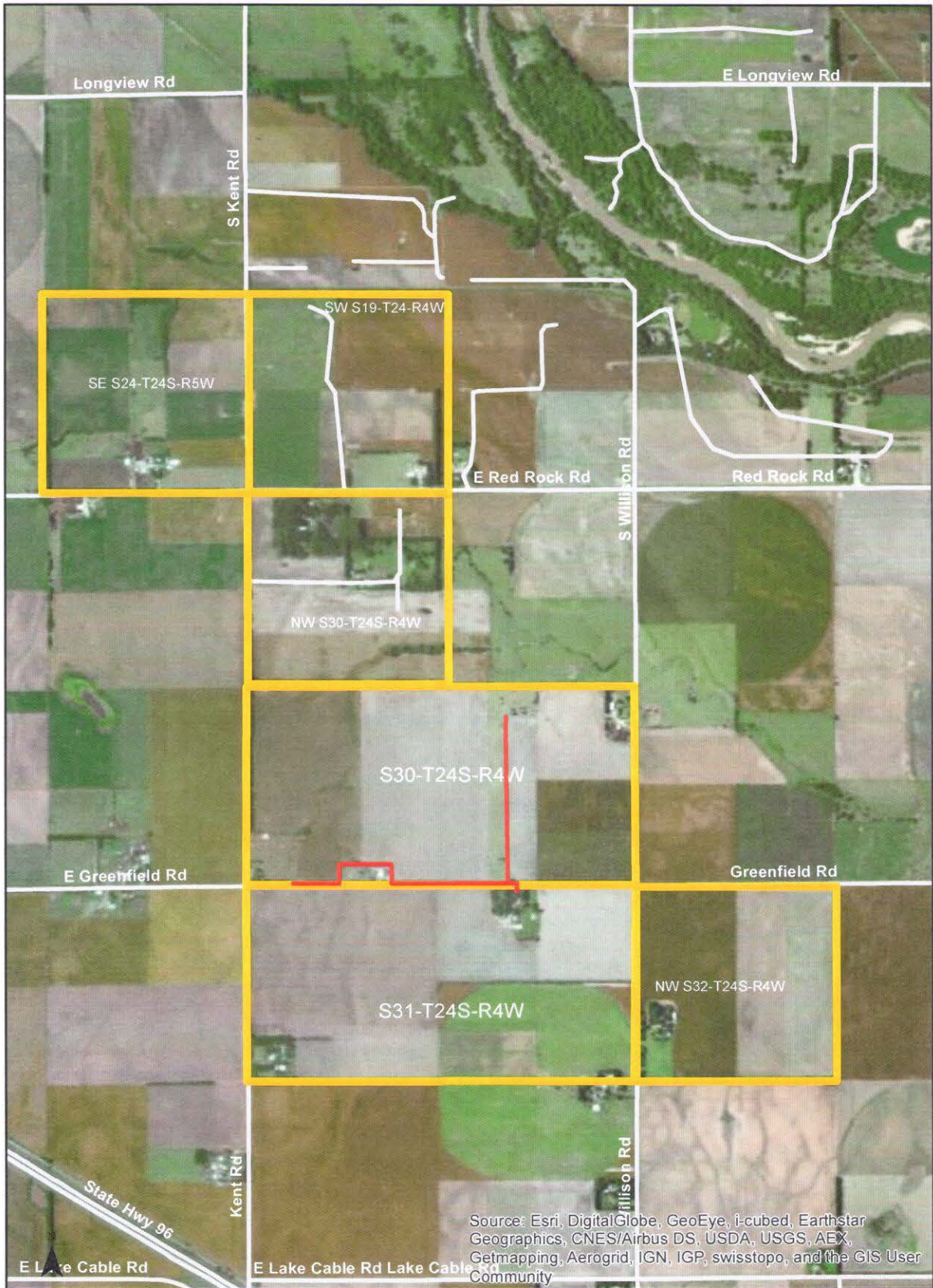


Susan B. Cunningham



Reno County, Kansas

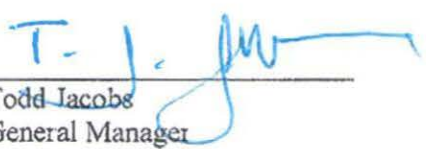
Exhibit A
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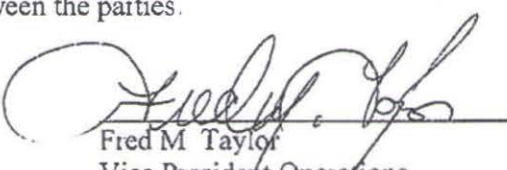
**Memorandum of Understanding
Between
Midwest Energy, Inc.
and
Black Hills Energy
Dated May 8, 2015**

Midwest Energy, Inc (Midwest) and Black Hills Energy (Black Hills) agree to cooperate in the following manner to allow Midwest Energy customers to be transferred to Black Hills in the area between Haven and Hutchison, Kansas

1. Midwest will seek Kansas Corporation Commission (KCC) approval to abandon its certificate to provide natural gas service in the territory associated with said customers. Black Hills will file for a certificate to serve the territory concurrent with Midwest's application to cease certification.
2. Subject to KCC approval of the certificate transfer, Midwest will install a new plastic pipeline to serve customers shown on Attachment A. Upon project completion, the pipeline and associated facilities will be owned and operated by Black Hills. Black Hills will provide Midwest with all needed line markers to be installed by Midwest. The expected date of completion is July 31, 2015, but meeting this target shall not be a requirement of this agreement.
3. Black Hills will install a district regulator station at each of two (2) take off points and install its meters and regulators at each customer's tap on the pipeline referenced in Paragraph 2.
4. Midwest will secure all permits and Right Of Way necessary for project completion.
5. Midwest will seek KCC approval to abandon its certificate to provide natural gas service in Stevens and Seward Counties. Black Hills will file for a certificate to serve the territory concurrent with Midwest's application to cease certification.
6. The foregoing is conditioned upon the receipt of all regulatory approvals and orders regarding this Memorandum including but not limited to state regulatory agencies in a form and manner satisfactory to each party in its sole discretion.
7. Notwithstanding anything to the contrary, this Memorandum is not intended by either of the parties to constitute a definitive agreement with respect to the foregoing nor to give rise to any binding obligations between the parties.



Todd Jacobs
General Manager
Black Hills Energy
Lawrence, Kansas



Fred M. Taylor
Vice President Operations
Midwest Energy, Inc
Hays, Kansas

Exhibit C

Address	Legal Location
2119 S Kent Rd, Hutchinson, Ks	NE 25-23-5
6809 E Illinois Ave, Hutchinson, Ks	SE 25-23-5
6614 E Eales Rd, Hutchinson, Ks	SE 1-24-5
5605 S Kent Rd, Hutchinson, Ks	SE 1-24-5
7407 E Greenfield Rd, Haven, Ks	SW 30-24-4
7718 E Greenfield Rd, Haven, Ks	SW 30-24-4
6818 E Blanchard Ave, Hutchinson, Ks	SE 24-23-5
6806 E Blanchard Ave, Hutchinson, Ks	SE 24-23-5
6607 S Kent Rd, Hutchinson, Ks	SE 12-24-5
6615 S Kent Rd, Hutchinson, Ks	SE 12-24-5
6613 S Kent Rd, Hutchinson, Ks	SE 12-24-5

All in Reno County, Kansas



Lon Meyer
Operations Manager
lon.meyer@blackhillscorp.com

Exhibit D
Page 1 of 2

2330 N. Hoover
Wichita, KS 67205
P: 316.941.1641
F: 316-941-1680

July XX, 2015

<First_Name> <Last_Name>
<Address>
<City>, KS <ZIP>

Re: Black Hills Energy Files Application with Kansas Corporation Commission

Dear <First_Name> <Last_Name>

At Black Hills Energy (BHE), we view communicating with our customers as a valued component of our service to you. We regard this letter correspondence as an example of a communications opportunity to share with you.

On July XX, Black Hills Energy filed an application with the Kansas Corporation Commission (KCC or Commission) requesting a certificate of convenience and authority to serve natural gas customers located near South Kent Road in Reno County, Kansas. With Commission approval, Black Hills Energy will operate the gas system and begin serving the twelve gas customers currently served by Midwest Energy.

As a Black Hills Energy customer, you can be assured you will receive the same dedication, integrity and support we provide to our entire family of Kansas gas customers. With KCC approval and completion of the transfer, Black Hills Energy will take ownership of the system, and your rates for service, for all your natural gas needs. For your convenience, we have enclosed a 12-month comparison of current residential rates for Midwest Energy and Black Hills Energy.

The KCC will accept written comments from customers currently served by Midwest Energy and affected by the transfer that are submitted no later than Aug XX, 2015. Please reference Docket No. 15-BHCG-XXX-COC and send either by e-mail to public.affairs@kcc.ks.gov, or by standard mail to:

Kansas Corporation Commission
Office of Public Affairs and Consumer Protection
1500 SW Arrowhead Road
Topeka, KS 66604.

Thank you for your consideration. We look forward to putting our team of experts to work for you, providing safe, reliable natural gas service. Please do not hesitate to contact me with any questions you may have.

Sincerely,

Residential Rate Comparison - Midwest Energy & Black Hills Energy

Residential Rates - Midwest Energy

	Avg Usage (Dth)	Gas Cost \$/Dth	Delivery Charge \$/Dth	Volumetric Ad Valorem Rate \$/Dth	Monthly GSRS Charge \$/Month	Monthly Customer Charge \$/Month	Total
Jan-14	14.1	\$ 5.389	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 117.32
Feb-14	11.9	\$ 5.976	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 108.34
Mar-14	10.9	\$ 7.298	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 114.91
Apr-14	7.1	\$ 7.033	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 78.20
May-14	4.0	\$ 6.079	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 46.79
Jun-14	1.8	\$ 6.181	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 29.49
Jul-14	1.5	\$ 6.114	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 26.97
Aug-14	1.4	\$ 5.902	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 25.88
Sep-14	1.6	\$ 5.242	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 26.38
Oct-14	2.0	\$ 5.389	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 29.51
Nov-14	4.1	\$ 5.305	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 44.41
Dec-14	10.5	\$ 5.191	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 89.12
TOTAL	70.9						\$ 737.32

Residential Rates - Black Hills Energy*

	Avg Usage (Dth)	MONTHLY RATES							BILL CALCULATION		
		Monthly Customer Charge \$/Month	Monthly GSRS Charge \$/Month	Volumetric Delivery Charge \$/Dth	Volumetric PGA Rate \$/Dth	Volumetric Hedge Factor \$/Dth	Volumetric WNA Rate \$/Dth	Volumetric Ad Valorem Rate \$/Dth	Total Volumetric Rate \$/Dth	Total Monthly Charge \$/Month	Total Bill
Jan-14	14.1	\$ 17.25	\$ -	\$ 1.6833	\$ 5.3848	\$ -	\$ (0.0694)	\$ 0.2311	7.2298	17.25	119.19
Feb-14	11.9	\$ 17.25	\$ -	\$ 1.6833	\$ 5.6489	\$ -	\$ (0.0694)	\$ 0.1374	7.4002	17.25	105.31
Mar-14	10.9	\$ 17.25	\$ -	\$ 1.6833	\$ 5.8850	\$ -	\$ (0.0694)	\$ 0.1374	7.6363	17.25	100.49
Apr-14	7.1	\$ 17.25	\$ -	\$ 1.6833	\$ 5.4206	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.9536	17.25	73.72
May-14	4.0	\$ 17.25	\$ -	\$ 1.6833	\$ 5.6379	\$ 0.7817	\$ (0.0694)	\$ 0.1374	8.1709	17.25	49.93
Jun-14	1.8	\$ 17.25	\$ -	\$ 1.6833	\$ 5.5688	\$ 0.7817	\$ (0.0694)	\$ 0.1374	8.1018	17.25	31.83
Jul-14	1.5	\$ 17.25	\$ -	\$ 1.6833	\$ 5.6282	\$ 0.7817	\$ (0.0694)	\$ 0.1374	8.1612	17.25	29.49
Aug-14	1.4	\$ 17.25	\$ -	\$ 1.6833	\$ 4.8965	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.4295	17.25	27.65
Sep-14	1.6	\$ 17.25	\$ -	\$ 1.6833	\$ 5.0332	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.5662	17.25	29.36
Oct-14	2.0	\$ 17.25	\$ -	\$ 1.6833	\$ 4.9755	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.5085	17.25	32.27
Nov-14	4.1	\$ 17.25	\$ -	\$ 1.6833	\$ 5.7111	\$ -	\$ -	\$ 0.1374	7.5318	17.25	48.13
Dec-14	10.5	\$ 17.25	\$ -	\$ 1.6833	\$ 6.3436	\$ -	\$ -	\$ 0.1374	8.1643	17.25	102.98
TOTAL	70.9										\$ 750.35

*Black Hills Energy's rates have been adjusted for a rate increase effective 1/1/2015, plus other known and estimated variables effective in 2015