

MIDWEST ENERGY, INC.  
(Name of Issuing Utility)  
Company Wide  
(Territory to which schedule is applicable)

Index No: 70  
Schedule: HGS  
Replacing Schedule: HGS  
Sheet: 1  
which was filed: September 5, 2008

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 5 Sheets

### How\$mart® RIDER

#### AVAILABLE

The How\$mart® Rider is available to Customers for the purposes of improving resource efficiency and reducing net Customer bills, irrespective of supplier. The Rider is only available to Customers taking service under Natural Gas Rate Schedules RS, COMS, and COMT.

#### How\$mart INVESTMENT AND REPAYMENT TERMS

1. No up-front investment is required by participating Customers. The initial cost of approved efficiency measures will be paid by the Company.
2. The How\$mart® repayment obligation shall be assigned to the premises and will survive changes in ownership and/or tenancy.
3. How\$mart® program costs shall be recovered through a monthly line item How\$mart® Project Charge on the utility bill.
4. The How\$mart® Project Charge shall be treated the same as Company's charges for electric and/or natural gas service for purposes of billing, payment and discontinuance of service. Failure to make payment may result in disconnection in accordance with the Company's approved Terms and Conditions.
5. The How\$mart® Project Charge must be less than ninety (90) percent of the estimated monthly average savings associated with the investment.
6. Company will be responsible for estimating resource savings and developing a Conservation Plan upon which the How\$mart® Project Charge will be based.

Effective: October 1 2016  
Month Day Year  
By: *Earnest A. Lehman* President  
Earnest Lehman - Signature of Officer Title

APPROVED BY  
MIDWEST ENERGY, INC.  
BOARD OF DIRECTORS  
September 19, 2016

MIDWEST ENERGY, INC.  
(Name of Issuing Utility)  
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Index No: 71  
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Sheet: 2  
which was filed: December 30, 1982

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Sheet 2 of 5 Sheets

**How\$mart® RIDER (Continued)**

**CONSERVATION PLAN**

The Conservation Plan will be developed by the Company and specify measures recommended by the Company to the prospective How\$mart® Customer. The Conservation Plan includes:

- Estimated Resource Savings – The modeled change(s) in costs of resources consumed at the premise attributable to the efficiency measure(s) recommended. The Company will be solely responsible for savings estimates and will utilize generally accepted modeling software and techniques.
- How\$mart® Project Charge – The charge to be included on the Customer’s utility bill based on the cost of the proposed measure(s) and the resulting savings. The Company will be solely responsible for calculating the How\$mart® Project Charge utilizing its standard economic model of discounted cash flows. To the extent available, Company will incorporate grants and low-interest funds into calculation of the How\$mart® Project Charge for the benefit of Customers who meet qualifying guidelines of such funding sources.
- In calculating the Project Charge, the Company may add up to five (5) percent of the cost of proposed projects as bid by contractors or vendors to offset How\$mart® program costs. If the Company is able to utilize a low-cost alternative financing source (such as the Efficiency Kansas Loan Program and others), the Company may instead mark-up the interest rate associated with the financing source up to three (3) percent to recover program costs. However, in all cases, the embedded interest rate used in Conservation Plans may not be greater than the allowed rate of return from the Company’s most recent rate proceeding.
- How\$mart® Audit Fee – Building owners (Customers or Landlords) may be charged a \$200.00 Audit Fee for completed Conservation Plans. The charge will be waived for program participants.
- Number of payments – The number of periods for which the How\$mart® Project Charge will apply at the premises. In no case shall the duration of the How\$mart® Project Charge exceed seventy-five (75) percent of the estimated life of the measure or fifteen (15) years, whichever is less.
- In the event that multiple measures are being completed as part of a Conservation Plan, the Project Charge will not appear on the Customer’s bill until all measures have been complete.

Customer’s and Landlord’s (if applicable) signature of the How\$mart® Agreement shall indicate acceptance of the Conservation Plan.

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**How\$mart<sup>®</sup> RIDER (Continued)**

**UNECONOMIC MEASURES**

A Customer or Landlord may elect to “buy down” the cost of implementing an efficiency measure so that the How\$mart<sup>®</sup> Project Charge will be less than average estimated monthly savings. In this way, measures that might otherwise not yield sufficient economic savings to pay for themselves may still be approved. Prior to Company approval of a Conservation Plan that includes one or more uneconomic measures, the Customer or Landlord must agree to pay the amount required to buy down said measure(s) such that the How\$mart<sup>®</sup> charge is no greater than ninety (90) percent of the estimated savings.

**NEW STRUCTURES**

A Customer or Landlord may utilize this Rider to install high efficiency equipment or measures in new structures. The Company will only invest at a maximum the difference in cost between the lowest allowable or “standard” efficiency equipment or measure required in the structure and the higher efficiency equipment or measures chosen by the Customer or Landlord. Under any circumstances, the How\$mart<sup>®</sup> Project Charge to appear on the utility bill must be less than the average estimated cost of resources saved by purchase of the higher efficiency equipment or measures.

**RESPONSIBILITIES**

Responsibilities, understandings and authorizations of Customer, Company, Landlord (if applicable) and Participating Contractor shall be evidenced by written agreements, notifications and disclosures/consents, the forms of which are made a part of this Rider.

**TRANSITION IN ROLES**

Unless otherwise specifically set forth in a standard How\$mart<sup>®</sup> agreement made part of this Rider, responsibility for outstanding How\$mart<sup>®</sup> obligations falls on the successor party when the roles of Customer, Landlord or Tenant change, provided the required disclosure is made and consent to assume the obligation is obtained. For example: If a Tenant purchases an apartment complex, that individual assumes the obligations of Landlord if disclosure is made and consent is obtained.

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**How\$mart<sup>®</sup> RIDER (Continued)**

**OTHER**

- 1) This Rider only applies to How\$mart<sup>®</sup> measures permanently installed as fixtures at the premises. Portable efficiency products such as compact fluorescent lights do not qualify under this Rider. The Company will solely determine permanence of measures or products.
- 2) Premises in which How\$mart<sup>®</sup> measures will be installed must be permanently anchored to a foundation.
- 3) Commercial/Industrial interior lighting applications are considered permanently installed fixtures under a separate How\$mart<sup>®</sup> option.
- 4) At its sole discretion, Company may withhold application of this Rider if:
  - a. The structure has an expected life shorter than the payback period, or
  - b. The structure does not meet applicable public safety or health codes.
  - c. Customer's account has a past due balance.
- 5) At its sole discretion, Company will determine the maximum How\$mart<sup>®</sup> program investment in any year.
- 6) For non-residential How\$mart<sup>®</sup> projects exceeding \$20,000, the Company, at its sole discretion, may require a security instrument such as a lien, bank letter of credit, or security bond.
- 7) Alternative financing programs (such as the Efficiency Kansas Loan Program and others) utilized through the How\$mart<sup>®</sup> program may add additional requirements for the customers and/or the Company. The Company and customers will abide by all such requirements if alternative financing programs are utilized.

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**How\$mart<sup>®</sup> RIDER (Continued)**

**How\$mart Light Option**

The Company will pay for lighting efficiency upgrades under provisions consistent with How\$mart<sup>®</sup> program. The How\$mart<sup>®</sup> Light option only applies to commercial and industrial Customers under Gas Rate Schedules COMS, COMT, INDS, and INDT.

1. Under the How\$mart<sup>®</sup> Light option, the Company will conduct a separate lighting audit to determine the lighting end-use energy consumption. The lighting audit will serve as input to a Lighting Efficiency Plan that will make recommendations to the Customer for cost-effective lighting upgrades.
2. The Company will pay for the lighting upgrades. The Customer will repay the Company through a separate How\$mart<sup>®</sup> Light charge on the bill.
3. The How\$mart<sup>®</sup> Light charge will have a term of no more than seven (7) years, consistent with rapid changes in lighting technologies. With the exception of the shorter term, the How\$mart<sup>®</sup> Light charge will be calculated using the same economic model of discounted cash flows as is used in calculating standard How\$mart<sup>®</sup> charges.
4. There may be separate How\$mart<sup>®</sup> and How\$mart<sup>®</sup> Light charges on a Customer's bill, but the sum of those charges must be less than ninety (90) percent of the estimated monthly average savings associated with the measures installed.
5. Contractors installing lighting measures must be licensed electrical contractors and on the Company's Master Contractor list.
6. Other than provisions specifically provided for in this section, all provisions of the How\$mart<sup>®</sup> apply to this How\$mart<sup>®</sup> Light option.

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