Testimony offered to the House Committee on Energy, Utilities and Telecommunications
In Opposition to SB 167
Mike Morley, Director of Government Affairs
Midwest Energy, Inc.
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Chairman Fagg and members of the Committee:

I am Mike Morley, Director of Communications and Government Affairs at Midwest Energy, a customer-owned electric and natural gas cooperative based in Hays serving 50,000 electric customers in 28 central and western Kansas counties. Thank you for the opportunity to provide opponent testimony to Senate Bill 167.

Midwest Energy opposes Senate Bill 167 because it presents a fundamental threat to equitable rate design and cost recovery principles. The bill mandates a departure from demand-based rate structures for electric vehicle (EV) charging services, requiring rate schedules that exclude demand charges and prohibiting utilities from fairly recovering costs associated with EV charging stations from those who caused the costs. This policy shift contradicts past Kansas Corporation Commission (KCC) practice, disrupts cost-causation principles, and imposes unfair burdens on both utilities and ratepayers.

I. SB 167 Breaks From KCC Precedent. In 2017, the KCC ruled in Docket 16-GIME-403-GIE that three-part rates, which include a demand charge, are a reasonable alternative for customers with unusual load profiles. While that docket focused on distributed generation customers, the order emphasized the necessity of cost-based rates that reflect the unique characteristics of different customer classes. Given that EV fast chargers exhibit highly variable and intensive demand patterns, the application of a demand charge aligns with the Commission's established principles. Disregarding this precedent by prohibiting demand-based pricing undermines the regulatory framework that ensures just and reasonable rates.

II. EV Fast Chargers Have Unusual Load Profiles Requiring Demand Charges Direct-current (DC) fast chargers impose highly concentrated and unpredictable demands on the electrical grid. A single EV connected to a fast charger can draw 150-350 kW, the same level of power as 20-50 residential homes, but only for a brief period. When charging is complete, this load drops back to zero. This sharp variability makes serving these loads challenging without demand-based pricing. Demand charges provide a necessary mechanism for utilities to recover the costs of maintaining capacity to serve highly intermittent loads. Without this component, utilities would struggle to allocate costs equitably, leading to cross-subsidization among ratepayers.

III. SB 167 Forces Unfair Tariffs and Cost Shifting The bill's requirement that utilities implement rate schedules based solely on kilowatt-hour (kWh) consumption ignores the reality that infrastructure and capacity costs are driven by peak demand. By eliminating demand-based pricing, SB 167 forces a substantial cost shift from EV fast charging station owners to other ratepayers. This either results in increased utility rates for all consumers or necessitates extreme volumetric rates for EV users to recover costs. The latter scenario would create prohibitively high per-kWh prices, potentially changing customer behavior and putting fair cost recovery at risk.

IV. SB 167 Violates Cost-Causation Principles A core tenet of sound rate design is that the cost causer should be cost payer. SB 167 disregards this principle by mandating rate structures that fail to align with cost drivers. Utilities must invest in infrastructure to accommodate high demand loads like EV fast chargers, yet this bill prevents utilities from recovering those costs from the entities responsible. Instead, the financial burden is unfairly distributed to the broader customer base. This distortion in cost allocation undermines the efficiency and fairness of the electric grid.

In sum, SB 167 represents a flawed approach to EV rate design that contradicts established rate-setting principles, fails to account for the unique challenges utilities face in serving EV fast chargers, and forces inequitable cost burdens on other ratepayers. The exclusion of demand-based pricing disregards the economic principles necessary for grid reliability and cost recovery. For these reasons, we strongly oppose SB 167 and urge lawmakers to reject this bill in favor of a rate structure that adheres to cost-causation principles and regulatory precedent.

Sincerely,

Mike Morley

Director, Corporate Communications and Government Affairs
Midwest Energy, Inc.