

Direct Testimony of Robin Cooper

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS

2 A. Robin Cooper, 100 East Vine St., Ste. 800, Lexington, KY 40507

3 Q. WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

4 A. I am the Chief Member Services Officer for the Kentucky League of Cities.

5 Q. PLEASE STATE YOUR BACKGROUND AND EXPERIENCE

6 A. I have been in my position with KLC since 2005. Before coming to KLC I served
7 as the Director of Government Affairs for the City of Covington from 2003 to 2005 and
8 before that I was the Mayor of Paintsville from 1994 to 2002. Prior to 1994, I worked in
9 the private sector.

10 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

11 A. I am testifying on behalf of the Kentucky League of Cities (KLC). KLC is a
12 nonprofit organization representing the interest of its member cities. A substantial majority,
13 if not all, of cities in the Kentucky Power service area are KLC members.

14 Q. WHAT ISSUES ARE YOU ADDRESSING?

15 A. I am addressing the potential impact of the proposed rate increases on cities that
16 purchase power from Kentucky Power.

17 Q. HOW DID YOU DEVELOP YOUR KNOWLEDGE OF THIS TOPIC?

18 A. I grew up in Eastern Kentucky and am familiar with the 29 cities effected by this
19 proposed rate increase. For over twenty years I have dedicated my career to working for
20 municipalities in various capacities. As former Mayor of Paintsville, I was responsible for
21 developing an annual city budget that included the power bill for the city for almost a
22 decade. In so doing, I reviewed the city's power bills. Paintsville purchases its power from
23 Kentucky Power. As the Chief Member Services Officer, I work with cities on a wide

1 variety of issues and have reviewed correspondence from these cities that are concerned
2 about the impact of the proposed rate increases on city budgets.

3 Q. PLEASE DESCRIBE THE CITIES IN THE KENTUCKY POWER SERVICE
4 AREA.

5 A. These mountain cities are small. Varying in population from 144 in the City of
6 Buckhorn to 21,684 in the City of Ashland. Ashland is the only city in the effected region
7 with a population over 10,000 residents. So, it is fair to say that these are very small cities
8 with similarly small budgets. These budgets will range from tens of millions of dollars to
9 a few hundred thousand. Any increase in a budget item will greatly impact these cities.

10 Q. KENTUCKY POWER HAS PROPOSED ESTABLISHING A FLUCTUATING
11 RATE FOR STREET LIGHTING INSTEAD OF THE CURRENT FLAT RATE
12 STRUCTURE. HOW WILL THE FLUCTUATING RATE IMPACT CITY BUDGETS?

13 A. If the fluctuating rate lowers the electricity rate that would be great. If it increases
14 the level of fluctuations in the power bill then the city will have to absorb increases and if
15 it is sizeable the city will have to amend its budget. This will cause some budgeting
16 difficulties as cities will have to estimate an additional unknown fee.

17 Q. CAN YOU EXPLAIN HOW THE PROPOSED INCREASES ALTOGETHER
18 WILL IMPACT THESE CITIES?

19 A. Cities are required by the Constitution and state statute to adhere to their budget.
20 Any expenditures over what is budgeted require a budget amendment. In these smaller
21 cities, budgets are very tight and every cent may be allocated to a city need. As with most
22 governments, employee salaries comprise a majority of city budgets. If a city experiences
23 a shortfall during the year, the city must cut expenses. Depending upon how big the

1 shortfall, it is likely to cause lay-offs and/or a reduction in services to the citizens. The
2 reason that changes impact cities so substantially is that cities are limited in how they can
3 generate revenue. Property taxes, occupational taxes and a few other taxes authorized by
4 statute are the only means by which cities can raise revenue. Revenue generating
5 mechanisms like these do not provide an immediate revenue stream but instead can only
6 be implemented through careful deliberation and must be adopted by ordinance. In many
7 cases, cities must hold public hearings before any tax increase can be considered. So, any
8 fluctuations in expected costs can significantly impact cities in the services that they can
9 provide to citizens and the number of employees the city can maintain.

10 Q. AS A FORMER MAYOR, WHAT IS YOUR UNDERSTANDING OF HOW
11 ELECTRICITY RATES ARE CHARGED TO CITIES?

12 A. In my conversations with other city officials particularly in Paintsville, I have
13 learned that most city officials are as confused about how electricity rates are calculated as
14 I am. As Mayor of Paintsville I quickly learned that street lights are not metered. What
15 most cities get in their bill is the number of street lights that the power company tells the
16 city they have, then a multiplier that consists of the calculation based upon the size of the
17 bulb or illumination by kilowatt. The rates are then fixed by the power company. It appears
18 that the power company determines how many hours of dark there are in a given day and
19 multiplies the rate by that amount. A city with maybe two or three office staff cannot go
20 out and count the number of street lights then figure out how many hours of dark there are
21 each day to make sure that the bill is correct. In Paintsville, I had very experienced, skilled
22 staff and no one had the expertise to perform that calculation with any accuracy. I discussed
23 the street lighting situation with city officials in Paintsville recently to verify that my


1 knowledge of billing and the rates were current. In those conversations, I asked about the
2 street lighting bills. Although street lighting costs are supposed to be fixed, the charges
3 fluctuate every month. I spoke to the people in charge of the electricity rates in Paintsville.
4 No one understands why the rates fluctuate when they are supposed to be flat rates.

5 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

6 A. Yes.

Verification


The undersigned, Robin Cooper, being duly sworn, deposes and says that he is the Chief Member Services Officer for the Kentucky League of Cities, and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.


(name)

STATE OF KENTUCKY)
)
COUNTY OF Fayette)

SUBSCRIBED AND SWORN to before me by (name) in the aforesaid state and county
on the 3 day of October 2017.

My commission expires 12.29.18


Notary Public
#524724