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COMMISSION

TO: Public Service Commission

From: Randy P. Dean

Subject: Inter-County Rate Increase Request, Case#2006-00415

This letter is to request that the Public Service Commission deny Inter-County Energy's rate increase request. There are several things that Inter-County could and should do internally before they request a rate increase.

- We are currently getting hit with fuel adjustments, environmental surcharges, and minimum bill fees.
- Inter-County's management has personal use of company vehicles. Use of company vehicle for Energy Company should only be allowed for employees that are on call to respond to outages. Not a perk for management.
- They need to look at their retirement and medical cost. Their employees should be paying the same for their medical insurance and retirement as other utility employees are paying for their benefits (Kentucky Utilities, Duke Power, Louisville Gas and Electric). What are their retiree's paying for medical insurance? Should we as members be paying for most of their benefits, or should their employees pay their share?
- It is my understanding that Inter-County purchases most of their electricity from Eastern Kentucky Power. Is Eastern Kentucky Power utilizing the cheapest form of energy to produce its power at for example the Trapp power plant? I have heard that the gas they receive from Tennessee Gas Pipeline at the Trapp power plant at times is higher than the gas they could get from Texas Eastern Gas Transmission.
- As we all know Inter-County built a new office complex here in Danville. This complex is an example of over-building a complex for what is needed for their day to day operations. This complex in my opinion was not needed for their daily operations.
- Other utility companies are required to be cost effective, efficient, and look for ways to streamline their operations. They should be looking for ways to be the lowest cost power provider for their members. It seems like they have the attitude that since we are a co-op, they don't have to be efficient, just pass on the cost to the members.
- They do not have the incentive to be cost effective because they do not have competition. The PSC has mapped out their territories back in the 1970's or late 60's. This mapped out what territory Inter-County and Kentucky Utilities has. Open up the market (territory) and let Kentucky Utilities give them direct competition. Inter-County's first move would be to look for ways to cut cost and

be competitive with them. With the current structure of the system Inter-County doesn't have to monitor cost and be efficient.

- **Annual membership meetings at Boyle County High School.** I know they are required to have an annual membership meeting. They are not required to have food, music, giving away items, etc. The membership should wise up and realize that we pay for this meeting. All the extras at this meeting are a waste of money and time.
- **They send out a monthly Kentucky Living Magazine.** What is the cost for this? This is not a benefit for me as a member. This is another cost in my opinion that should be cut to save money to put back into their operations.
- **Annual conventions that their management attends.** Who should attend? Is this a necessity?
- **If so make sure they are attending the sessions at the conventions and not take a tour of the city they are having the convention in.**

As you can see from the items that I have mentioned above, the PSC needs to look into this proposed rate hike from Inter-County Energy. The PSC needs thoroughly research all the operating cost and expenses for Inter-County.

If a rate increase is warranted after a detailed review that is fine, but let's make sure that Inter-County is being efficient as possible in their day to day operations and activities.

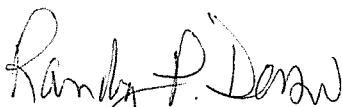
Thank you for your time to review my concerns.

PSC

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Case#2006-00415

  
Randy P. Dean

Concerned Citizen

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