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Elizabeth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

E.ON U.S. LLC

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May 2, 2006

Re: *In the Matters of:*

John Yuen v. Louisville Gas and Electric Company,
Case No. 2004-00450;

Norman Dennison v. Louisville Gas and Electric Company,
Case No. 2005-00099;

Curtis E. White v. Louisville Gas and Electric Company,
Case No. 2004-00497;

Ada Mae Clem v. Kentucky Utilities Company, Case No. 2004-00499;

J. and R. Wade v. Kentucky Utilities Company, Case No. 2005-00118;

R. and G. Walton v. Kentucky Utilities Company, Case No. 2005-00136;

Robert H. Noe and Dan L. Barnett d/b/a B & D Rentals,
Case No. 2005-00423;

Donald Marshall v. Louisville Gas and Electric Company,
Case No. 2005-00137; and

Maria L. Wilson v. Louisville Gas and Electric Company,
Case No. 2005-00182

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of the Testimony of Sidney L. "Butch" Cockerill Answer on behalf of Louisville Gas and Electric Company and Kentucky Utilities Company in the above-referenced dockets.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Kent Blake".

Kent Blake

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADA MAE CLEM)	
COMPLAINANT)	
v.)	CASE NO. 2004-00499
KENTUCKY UTILITIES COMPANY)	
DEFENDANT)	
JILL AND ROBERT WADE)	
COMPLAINANT)	
v.)	CASE NO. 2005-00118
KENTUCKY UTILITIES COMPANY)	
DEFENDANT)	
ROY GAINES WALTON AND GERALD WALTON)	
COMPLAINANTS)	
v.)	CASE NO. 2005-00136
KENTUCKY UTILITIES COMPANY)	
DEFENDANT)	
ROBERT H. NOE AND DAN L. BARNETT D/B/A B & D RENTALS)	
COMPLAINANTS)	
v.)	CASE NO. 2005-00423
KENTUCKY UTILITIES COMPANY)	
DEFENDANT)	
JOHN YUEN)	
COMPLAINANT)	
v.)	CASE NO. 2004-00450
LOUISVILLE GAS AND ELECTRIC COMPANY)	
DEFENDANT)	
CURTIS E. WHITE)	
COMPLAINANT)	
v.)	CASE NO. 2004-00497
LOUISVILLE GAS AND ELECTRIC COMPANY)	
DEFENDANT)	

NORMAN L. DENNISON)
COMPLAINANT)
v.) CASE NO. 2005-00099
LOUISVILLE GAS & ELECTRIC COMPANY)
DEFENDANT)

DONALD MARSHALL)
COMPLAINANT)
v.) CASE NO. 2005-00137
LOUISVILLE GAS AND ELECTRIC COMPANY)
DEFENDANT)

MARIA L. WILSON)
COMPLAINANT)
v.) CASE NO. 2005-00182
LOUISVILLE GAS AND ELECTRIC COMPANY)
DEFENDANT)

TESTIMONY OF

**SIDNEY L. "BUTCH" COCKERILL
DIRECTOR – REVENUE COLLECTION
LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITY COMPANY**

May 2, 2006

Filed: May 2, 2006

1 **Q. Please state your name, position and business address.**

2 A. My name is Sidney L. "Butch" Cockerill. I am employed by E.ON U.S. Services, Inc. as
3 Director of Revenue Collection for Louisville Gas and Electric Company ("LG&E") and
4 Kentucky Utilities Company ("KU") (collectively the "Companies"). My business
5 address is 820 West Broadway, Louisville, Kentucky 40202. A statement of my
6 qualifications is included in the Appendix attached hereto.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to explain why the Companies revised their tariffs
9 effective July 1, 2004 to protect against theft of service in the absence of an active
10 account at a given location. In addition, I will discuss proposed changes to the absence of
11 an active account language that is contained in the Companies' tariffs which are
12 acceptable to the Companies, the Attorney General, and four of the above-referenced
13 Complainants (Ada Mae Clem, Robert H. Noe and Dan L. Barnett d/b/a B & D Rentals,
14 Curtis E. White, and Donald Marshall).

15 **Q. Please identify the language in the Companies' tariffs that is the subject of these**
16 **complaints.**

17 A. The language at issue can be found in the Terms and Conditions Sections of the
18 Companies' tariffs describing Customer Responsibilities at Original Sheet No. 82.1,
19 P.S.C. No. 13 of KU's electric tariff, at Original Sheet No. 82.1, P.S.C. of Ky. Electric
20 No. 6 of LG&E's electric tariff, and at Original Sheet No. 82.1, P.S.C. of Ky. Gas No. 6
21 of LG&E's gas tariff, under the heading "Protection of Company's Property." This
22 language provides that "[u]pon the absence of an active account, the property owner
23 assumes responsibility for any consumption and the Company's property and service."

1 The Companies proposed this new language in connection with their rate case filings on
2 December 29, 2003 in Case Nos. 2003-00433 and 2003-00434. The proposed changes to
3 portions of the Terms and Conditions contained in the Companies' tariffs were approved
4 by the Kentucky Public Service Commission ("Commission") in its Orders of June 30,
5 2004.

6 **Q. Why did the Companies propose adding this language to its tariffs?**

7 A. At the time the Companies proposed this language, they wanted to address an increasing
8 problem with meter tampering, particularly in those instances in which no one would take
9 responsibility. In addition to serious risks of injury or death to the person who tampers
10 with an electric or gas meter, there are also shock and fire hazards to innocent family
11 members, friends, neighbors, and utility employees. Even if an injury does not occur at
12 the time of the tampering, the meter is often left in an unsafe condition that is potentially
13 dangerous to others. During 2004 and 2005, more than 7,000 meter tampering cases
14 were investigated each year by LG&E and KU. The reality is that all of our residential
15 customers end up paying for uncollected meter tampering costs through increased rates.

16 Existing tariff language provided that "Customers will be responsible for
17 tampering, interfering with, breaking of seals of meters, or other equipment of the
18 Company [...] and will be held liable for same according to law." The Companies
19 believed that this verbiage and the benefit-of-service logic reasonably implied that the
20 property owner should be the responsible party in the absence of an active account, since
21 the property owner is the one receiving the benefit of the service either for maintenance
22 or in enhancing the value of his or her property. Rather than attempting to enforce this

1 concept from the existing tariff, the Companies added the language at issue for
2 clarification prior to application.

3 Thus, the purpose of the July 1, 2004 changes to these portions of the Companies'
4 tariffs was to try to discourage meter tampering which may have dangerous and
5 potentially lethal consequences and to protect the Companies' other customers from
6 assuming a cost of service burden for which they receive no benefit. This statement is
7 not to imply that all property owners are dishonest, but rather that they reap the benefit of
8 any income derived from the property and should bear the risk. Because the Companies
9 are entitled to recovery of these costs, the language in the tariff was an attempt to
10 minimize the costs which will be assumed by other customers.

11 **Q. Why did LG&E and KU charge each of the Complainants in these cases for meter**
12 **tampering on their property?**

13 A. The Companies must strictly adhere to their tariffs on file with the Commission. Since
14 July 1, 2004, the Companies' tariffs provide that a property owner assumes responsibility
15 for any energy consumption and for the Companies' property and service in the absence
16 of an active account. Because there was no active account in each of these cases, the
17 Complainants were charged for meter tampering and consumption as owners of the
18 properties in question, as required under the Companies' tariffs.

19 **Q. Why have the Companies proposed revisions to these portions of their tariffs?**

20 A. Based on the Companies' experience to date enforcing this tariff and discussions with
21 customers, the Attorney General's Office and Commission staff, the Companies believe
22 that the revisions provide better notice to property owners of a tampering occurrence and
23 the consequences of such action. In addition, the proposed revisions provide the

1 Companies with the ability to determine whether or not to charge the property owner
2 when there is not an active account based on whether the specific facts and circumstances
3 of a given occurrence indicate that someone else likely performed the meter tampering.
4 After the filing of these Complaints, an informal conference was held on March 22, 2005,
5 where the meter tampering issue was discussed. Representatives of the Companies also
6 met with representatives of the Attorney General's Office to consider changes to the
7 tariffs that would provide some flexibility to allow recovery of these costs against
8 someone other than the property owner, while continuing to avoid dangerous and
9 potentially lethal situations and to lessen the cost of service burden on all of the
10 Companies' customers. The Companies participated in another informal conference on
11 October 25, 2005, and later provided each of the Complainants with copies of the
12 proposed revisions.

13 Through the proposed tariff revisions that were developed in conjunction with the
14 Attorney General's office and expressly accepted by four of the Complainants, the
15 Companies hope to encourage property owners to partner with them in order to deter
16 tampering and aid in identifying the responsible parties. A copy of the proposed tariff
17 revisions are attached hereto as Exhibit A.

18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, Sidney L. "Butch" Cockerill, being duly sworn, deposes and says he is Director of Revenue Collection for E.ON US Services, Inc., that he has personal knowledge of the matters set forth in the foregoing testimony and exhibit, and the information contained therein is true and correct to the best of his information, knowledge and belief.

Sidney L. "Butch" Cockerill

SIDNEY L. "BUTCH" COCKERILL

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 1 day of May, 2006.

Kimberly M. Walters (SEAL)

Notary Public

My Commission Expires:

9/11/2008

APPENDIX

Sidney L. (Butch) Cockerill

With a background in product support, supervision and service management at Whayne Supply Company, Butch Cockerill joined LG&E's Transportation Department in December 1986 as senior mechanic supervisor. During the next four years at LG&E, he progressed through several senior supervisory positions leading the fleet administration group and also the gas construction and maintenance groups.

Promoted to manager of the Transportation Department in 1990, Butch managed fleet procurement, administration and maintenance of 1,000 fleet vehicles and equipment. He developed policy and procedures to ensure maximum utilization of the fleet assets and developed and implemented fleet maintenance programs to reduce annual operating and maintenance budgets and to extend the economic life of department assets. While in this position, Butch monitored all government regulations affecting department activity, including the company's commercial driver license program, and developed comprehensive compliance guidelines.

A promotion in March 1995 brought Butch to the distribution organization as service center manager. In this position, he lead 47 management and union employees in construction and maintenance activities, regulatory compliance, engineering, and the design and construction of gas main infrastructure projects. Utilizing continuous improvement practices, Butch managed capital and O&M budgets and also developed and implemented a detailed career path development program for employees. He contributed to the successful negotiation of a favorable three-year contract with the local IBEW using a mutual gains bargaining approach.

Starting in 1997 Butch broadened his knowledge of the gas business as manager of gas storage operations and was responsible for the storage, processing and delivery of natural gas throughout LG&E's service territory. Utilizing a team-based approach, he developed and implemented long-range strategic goals and practical operating plans and also strengthened the company's community image through liaison activities and community involvement. Supervision of additional management and union employees at three multi-shift locations resulted in the lowest OSHA recordable rates in the gas line of business.

In September 2000, he moved to the position as director-gas control and storage where he was charged with matching LG&E's natural gas system load demands with supply from natural gas providers. This includes the strategic direction of LG&E's gas control area, instrumentation and measurement of city gate stations, regulation of the gas system, and underground storage operations. In 2002, he acquired the additional responsibilities of electric distribution for portions of the KU service territory.

March 2003 began a new role for Butch as director-revenue collections. In this position, Butch has responsibility for all meter assets, meter reading, customer accounting which include utility billing, revenue protection, remittance processing, and revenue collections for both LG&E and

KU. In addition, he has responsibility for all fleet procurement and maintenance for both companies.

Butch received a Bachelor of Science in Business Administration degree from Spalding University and has continued his corporate education by participating in senior management courses through the *Center for Creative Leadership* and the *American Management Association*. He has served on the boards of several professional organizations and is currently a member of the American Gas Association and other regional and state natural gas associations.

A supporter of community organizations promoting the arts, children's initiatives, and community development and was formerly on the Board of Directors for the Kentucky Derby Festival. Butch and his wife Patti are the parents of two grown children.

TERMS AND CONDITIONS
Customer Responsibilities

All piping, appliances, and other gas equipment and apparatus, except the meter and regulator, located on and within the customer's premises beyond point of connection with the Company's Service Commission at the property line shall be furnished and installed by and at the expense of the customer, and shall be maintained by the customer in good and safe condition. The Company assumes no responsibility whatsoever for the condition of the customer's piping, apparatus or appliances, nor for the maintenance or renewal of any portion thereof.

OWNER'S CONSENT TO OCCUPY

The Customer shall grant easements and rights-of-way on and across Customer's property at no cost to the Company.

ACCESS TO PREMISES AND EQUIPMENT

The Company shall have the right of access to the customer's premises at all reasonable times for the purpose of installing, meter reading, inspecting, repairing, or removing its equipment used in connection with its supply of gas service or for the purpose of turning on and shutting off the gas supply when necessary and for all other proper purposes. The customer shall not construct or permit the construction of any structure or device which will restrict the access of the Company to its equipment for any of the above purposes.

PROTECTION OF COMPANY'S PROPERTY

Customers will be held responsible for tampering, interfering, or breaking of seals on meters, or other Company equipment installed on the Customer's premises, and will be held liable for same according to law. The Customer hereby agrees that no one except the employees of the Company shall be allowed to make any internal or external adjustments of any meter or any other piece of apparatus which shall be the property of the Company.

Upon the absence of an active account should tampering, interfering, or breaking of seals on meters or other Company equipment occur, the Company shall notify the property owner of such. The property owner shall have seven (7) business days from the date of notification to take corrective action acceptable to the Company in its sole discretion and, if applicable, have the responsible party apply for service with the Company and/or reimburse the Company for all costs associated with the incident. This action shall relieve the landlord from financial responsibility resulting from such tampering. If notification is made via a letter sent by regular mail, notification shall be deemed to have been made three (3) days after the date such letter is mailed. Should the property owner fail to take these corrective measures within seven (7) business days after notification, the property owner will assume financial responsibility for such tampering.

EXCLUSIVE SERVICE ON INSTALLATION CONNECTED

Gas service shall not be used for purposes other than as set forth in customer's application or contract.

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**TERMS AND CONDITIONS
Customer Responsibilities**

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LIABILITY

The Customer assumes all responsibility for the gas service upon the Customer's premises at and from the point of delivery of gas and for the pipes and equipment used in connection therewith, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the Customer's premises or at and from the point of delivery of gas, occasioned by such gas or said pipes and equipment, except where said injury or damage will be shown to have been occasioned solely by the negligence of the Company.,

NOTICE TO COMPANY OF CHANGES IN CUSTOMER'S LOAD

The service pipes, meters, and appurtenances supplied by the Company for the rendition of gas service to its customers have a definite capacity. In the event that the customer contemplates any material increase in his connected load, whether in a single increment or over an extended period, he shall immediately give the Company written notice of this fact so as to enable it to enlarge the capacity of such equipment. In case of failure to give such notice the customer may be held liable for any damage done to meters, regulators, or other equipment of the Company caused by such material increase in the customer's connected load.

PERMITS

The customer shall obtain or cause to be obtained all permits, easements, or certificates, except street permits, necessary to give the Company or its agents access to the customer's premises and equipment and to enable its service to be connected therewith. In case the customer is not the owner of the premises or of intervening property between the premises and the Company's distribution mains, the customer shall obtain from the proper owner or owners the necessary consent to the installation and maintenance in said premises and across such intervening property of the customer's piping and facilities required for the supply of gas service to the customer. Provided, however, to the extent permits, easements, or certificates are necessary for the installation and maintenance of Company-owned facilities, the Company shall obtain the aforementioned consent.

The Company shall make or cause to be made application for any necessary street permits, and shall not be required to supply service under the customer's application until a reasonable time after such permits are granted.

**Date of Issue: October 25, 2005
Canceling Original Sheet No. 82.2
Issued July 20, 2004**

Issued By

Date Effective: November 24, 2005

**John R. McCall, Executive Vice President,
General Counsel, and Corporate Secretary
Louisville, Kentucky**

**TERMS AND CONDITIONS
Customer Responsibilities**

installed and maintained in conformity with applicable statutes, laws or ordinances and with the rules and regulations of the constituted authorities having jurisdiction. The customer shall not install wiring or connect and use any motor or other electricity-using device which in the opinion of the Company is detrimental to its electric system or to the service of other customers of the Company. The Company assumes no responsibility whatsoever for the condition of the customer's electrical wiring, apparatus, or appliances, nor for the maintenance or removal of any portion thereof.

OWNER'S CONSENT TO OCCUPY

The Customer shall grant easements and rights-of-way on and across Customer's property at no cost to the Company.

ACCESS TO PREMISES AND EQUIPMENT

The Company shall have the right of access to the customer's premises at all reasonable times for the purpose of installing, meter reading, inspecting, repairing, or removing its equipment used in connection with its supply of electric service or for the purpose of turning on and shutting off the supply of electricity when necessary and for all other proper purposes. The customer shall not construct or permit the construction of any structure or device which will restrict the access of the Company to its equipment for any of the above purposes.

PROTECTION OF COMPANY'S PROPERTY

Customers will be held responsible for tampering, interfering, or breaking of seals on meters, or other Company equipment installed on the Customer's premises, and will be held liable for same according to law. The Customer hereby agrees that no one except the employees of the Company shall be allowed to make any internal or external adjustments of any meter or any other piece of apparatus which shall be the property of the Company.

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POWER FACTOR

The Company installs facilities to supply power to the Customer at or near unity power factor.

The Company expects Customer to use apparatus which shall result in a power factor near unity. However, the Company will permit the use of apparatus which shall result, during normal operation, in a power factor not lower than 90 percent either lagging or leading.

Date of Issue: July 20, 2004

Issued By

**Date Effective: With Service Rendered
On and After
July 1, 2004**

**Michael S. Beer, Vice President
Lexington, Kentucky**

Issued By Authority of an Order of the KPSC in Case No. 2003-00434 dated June 30, 2004

Where the Customer's power factor is less than 90 percent, the Company reserves the right to require the Customer to furnish, at his own expense, suitable corrective equipment to maintain a power factor of 90 percent or higher.

EXCLUSIVE SERVICE ON INSTALLATION CONNECTED

Electric service shall not be used for purposes other than as set forth in customer's application or contract.

Date of Issue: July 20, 2004

Issued By

**Date Effective: With Service Rendered
On and After
July 1, 2004**

**Michael S. Beer, Vice President
Lexington, Kentucky**

Issued By Authority of an Order of the KPSC in Case No. 2003-00434 dated June 30, 2004

TERMS AND CONDITIONS
Customer Responsibilities

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On and After
July 1, 2004**

**Michael S. Beer, Vice President
Louisville, Kentucky**

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