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PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

November 15, 2007

**RE: CASE NO. 2007-00410: IN THE MATTER OF APPLICATION OF
LOUISVILLE GAS AND ELECTRIC COMPANY FOR APPROVAL OF A
REVISED COLLECTION CYCLE FOR PAYMENT OF BILLS**

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of the Comments of AARP in the above-referenced proceeding.

Should you have any questions concerning the enclosed, please feel free to contact Ms. Cathy Allgood Murphy at 502-394-3427.

Sincerely,

A handwritten signature in black ink that reads "Phil Peters".

Phil Peters
State Director
AARP Kentucky State Office

Enclosures

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

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COMMISSION**

In the Matter of:

APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR) CASE NO. 2007-00410
APPROVAL OF A REVISED COLLECTION)
CYCLE FOR PAYMENT OF BILLS)

AARP COMMENTS

AARP submits these comments in response to the September 14, 2007, application of Louisville Gas and Electric Company (LG&E) to change the due date for payment of natural gas and/or electric bills from 15 days to 10 days from the date of rendition. For the reasons expressed below, AARP strongly urges the Commission to reject LG&E's application. The likely adverse customer impact of a shortened payment cycle must be weighed against any potential benefits to be gained by LG&E in its efforts to align its billing process with that of KU.

INTRODUCTION

AARP is a nonprofit, nonpartisan membership organization dedicated to making life better for people 50 and older. AARP has more than 483,000 members in Kentucky, with members residing throughout the state and representing all segments of the socio-economic scale. AARP members are a meaningful cross-section of the consumers that are served by LG&E. Moreover, a substantial percentage of AARP's members in Kentucky live on fixed or limited incomes and have a direct interest in the time allotted

for payment of bills for essential energy services. We appreciate this opportunity to present our views regarding this matter.

DISCUSSION

The LG&E application in this proceeding seeks Commission approval to change the payment due date for electric and/or gas bills from 15 days to 10 days from the date of rendition. While such a change would allow LG&E to more align its billing process with that of KU, the benefit to LG&E should not be allowed to outweigh the interests of residential customers, especially those living on fixed and low incomes. Many are older customers who still use the United States Postal Service to pay their utility bills.

AARP urges the Commission to consider the fact that home energy costs make up a considerable portion of household budgets, especially for the low income, and require many customers to juggle payments for other necessities to make ends meet each month. According to research performed by the Applied Public Policy Research Institute for Study and Evaluation (APPRISE), statistics indicate that low-income households with an older individual face serious challenges in paying their energy bills. However, they also show that, for households with an older individual, the problem is much less likely to manifest itself in terms of unpaid utility bills. Rather, other factors such as going without medicine or food to pay their bills or keeping their homes too cold in the winter or too hot in the summer are likely to result.

Moreover, many working households are only paid once or twice a month. When these

customers receive their electric and/or gas bill, they likely will have already spent half of their monthly income on other expenses and must wait two weeks for the next paycheck. This problem is compounded for low income households receiving government assistance or other customers on fixed incomes such as the elderly. If interest charges and/or other penalties are added to the bill after the 10th day, this would in effect raise rates for many hard working, honest Kentucky customers that can not meet the shortened payment scheduled due to cash flow problems. Notably, cash flow obstacles are not limited to the low income population. Many consumers, including state employees, are paid on a monthly basis. Difficulties are created when short due dates are combined with such a payroll schedule.

For these reasons, AARP is concerned about the true customer impact of LG&E's application. While the proposed change may benefit LG&E, approval will likely adversely impact residential consumers. Accordingly, AARP raises the following concerns:

- While the proposed revision to LG&E's tariff would require payment of "the gross bill including forfeited discount or delayed payment charge" if payment is made after the 15th day from the date of rendition, it is unclear as to whether LG&E's request would allow interest charges and/or other penalties to be added to the bill after the 10th day. It is also unclear as to how the company defines the term "rendition." This could refer to any number of points in time, including the date the bill is generated or the date the bill is postmarked.

- The potential impact to low income customers, including those receiving LIHEAP assistance, must be considered. At a minimum, if interest and/or penalties are added to the customer bill after the 10th day, then low income customers should be exempted from such fees.
- If the mailing address for LG&E payments has changed to a post office box in Atlanta, GA, the Commission must consider how long it will typically take for payments to be received by the assigned out of state third party processing center.
- With a shortened payment cycle, it is critical to educate customers as to how payment timing is determined. For example, the company could use the postmark date as the date of payment, as opposed to the date the payment is received and processed. This simple approach could significantly benefit Kentucky customers.
- Instead of allowing LG&E to shorten its billing cycle to align with that of KU, we urge the Commission to consider eliminating LG&E's ability to collect any late payment fee as KU does not currently impose such a fee.
- Customers should not be penalized by delays in receipt of payment when those consumers have no control over events, such as delays in postal deliveries or delays in the utility company processing of payments. Otherwise, the proposed billing cycle could very well provide LG&E with an incentive to maintain an inefficient payment processing system because the company is able to profit from late fees, interest charges and other penalties.
- While LG&E indicates that the proposed collection cycle change is to be implemented in 2009 along with a new customer care system (CCS), LG&E provides no details as to how approval of the new billing cycle and the new CCS

will benefit residential Kentucky consumers.

CONCLUSION

AARP appreciates this opportunity to comment on this critical matter. For the reasons stated above, AARP urges the Idaho Public Utilities Commission to reject LG&E's application to change the due date for payment of natural gas and/or electric bills from 15 days to 10 days from the date of rendition.

Respectfully submitted,

A handwritten signature in cursive script that reads "Phil Peters". The signature is written in black ink and is positioned above a horizontal line.

Phil Peters
State Director
AARP Kentucky State Office

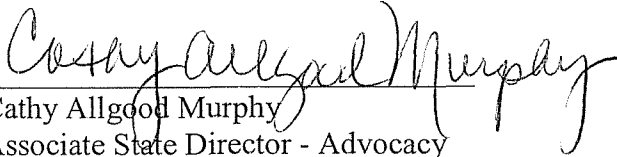
CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this is the 15th day of November, 2007, I have filed the original and ten (10) copies of the foregoing Comments of AARP with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, KY, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

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