

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 15 2007

PUBLIC SERVICE
COMMISSION

In the Matter of:

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

ATTORNEY GENERAL'S COMMENTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and tenders the following comments in the above-styled matter.

I. Summary of Plan

The Petitioner, Louisville Gas and Electric Company ("LG&E") proposes to modify its tariff regarding the timing for the rendition of payments for its bills for its gas and electric customers. Currently, the company's tariff provides that customers have fifteen (15) days from the bill issue date to render payment using one of the company's payment options. However, the company proposes to reduce this time to provide that customers will have only ten (10) days from the bill issue date to render payment. The company states that the application will only affect the "due date" of the bill in this filing and the company's policy of assessing a late charge only if a bill is unpaid after fifteen (15) days will remain the same.

The company states that the reasons for the change are to more closely align LG&E's billing process to that of its sister company, Kentucky Utilities, and to avoid customer confusion. In support of the application, the company states that it is in the process of designing a new customer care system that will serve both LG&E and its sister company, Kentucky Utilities, and that it expects to implement the new system during the first quarter of 2009. The testimony of Sidney L. "Butch" Cockerill, Director of Revenue Collection for the company, was submitted in support of the application. In his testimony, Mr. Cockerill notes that since the merger of the companies in 1998, significant efforts to synchronize processes and policies of the companies have been undertaken and that while each company operates under a separate customer care system currently, the proposed modification will allow the companies to operate under the same system. Mr. Cockerill also states that significant customer confusion results from LG&E's current tariff in regard to the rendition of payment. Specifically, under the current tariff, it is possible for customers to receive a brown bill for the previous month while shortly thereafter receiving a new bill for the current month. Should this happen, the customer will have two billing documents from the company indicating two different payment amounts and two different due dates. Mr. Cockerill states this situation creates confusion for the customer and difficulty for the LG&E Customer Service Representative in clarifying when the bill for the previous month is due and subject to termination and when the current bill is due. Mr. Cockerill states that the proposed

change will allow the company to synchronize the billing procedures across the companies and avoid this confusing situation for its customers.

II. Attorney General's Comments

First, the Attorney General acknowledges and agrees that the synchronization of the processes and procedures of the company with those of its sister company, Kentucky Utilities, is a desirable goal which offers many benefits to its customers. However, the Attorney General does wish to express a few reservations with the proposed program which he believes should be addressed by the commission prior to the approval of the application.

Second, while the company proposes to reduce the time for rendering any payments due from fifteen (15) days to ten (10) days to match its sister company, Kentucky Utilities, unlike the policy of its sister company, LG&E proposes to retain its late fee policy. Such policy states that a late payment penalty is assessed by the company after the fifteenth (15th) day from the issuance date of a bill if it remains unpaid. Its sister company, Kentucky Utilities, does not assess such a late payment fee. The Attorney General notes that while the proposed change may reduce some of the confusion of a customer over receiving multiple bills, the possibility, if not likelihood, of significant customer confusion will remain concerning the assessment of a late payment penalty. Therefore, the Attorney General would recommend that the Commission require that the company also match the late payment penalty policy of its sister company, Kentucky Utilities, and eliminate any late payment penalty for all its customers.

Next, the Attorney General notes that in Case No. 2007-00337 and Case No. 2007-00338, the Home Energy Assistance Program applications submitted by the LG&E and Kentucky

Utilities, it was noted by the Attorney General that these two programs were administered by two different community action organizations. Although he recommended that the two programs be combined to achieve economies of operation and administration, the companies stated that, although they did not possess an estimate of the cost of unifying the programs, it was reasonable to assume these costs to be significant since each agency's software was designed to work within the constraints of the companies' existing Customer Care System software.^{1,2} Since the company intends to overhaul its entire Customer Care System software, significant changes to each agency's software program will be required and, therefore, a combination of these programs should now be possible and the resulting economies realized in those programs. Therefore, the Attorney General recommends that the Commission review its Orders in the referenced cases for a possible revision requiring that the Home Energy Assistance Programs of the companies be combined as a result of the changes to the Customer Care System software of the companies proposed herein.

¹ See 2007-00337, Response of the Company to the Data Requests of the Attorney General, Question No. 1 and 2007-00338, Response of the Company to the Data Requests of the Attorney General, Question No. 1.

² The Attorney General points out, incidentally, that the comments of the Kentucky Association for Community Action (KACA) in Case No. 2007-00319 indicate that the software constraints of these agencies may not be as significant or as difficult as originally stated. Specifically, KACA stated that it was able to program its software changes and get its programs up and running within twenty-four (24) hours of the Governor's authorization concerning a LIHEAP program. See comments of Kentucky Association for Community Action, Case No. 2007-00319.

Subject to the above comments, the Attorney General would recommend the Commission approve the Application of Petitioner.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL OF KENTUCKY

A handwritten signature in black ink, appearing to read "Dennis Howard II", written over a horizontal line.

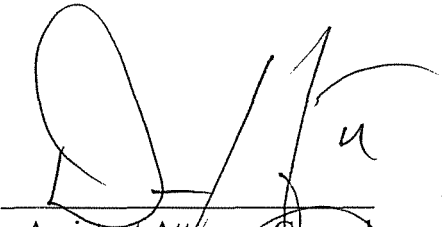
DENNIS HOWARD II
PAUL D. ADAMS
ASSISTANT ATTORNEYS GENERAL
FRANKFORT KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315
dennis.howard@ag.ky.gov

CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 15th day of November, 2007, I have filed the original and ten copies of the foregoing Attorney General's Comments with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 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.

Honorable Allyson K. Sturgeon
Corporate Counsel
E.ON U.S. Services, Inc.
220 West Main Street
Louisville, Kentucky 40202

Lonnie E. Bellar
Vice President State Regulation and Rates
E.ON U.S. Services, Inc.
220 West Main Street
Louisville, Kentucky 40202



Assistant Attorney General