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January 10, 2008

RECEIVED

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PUBLIC SERVICE
COMMISSION

HAND DELIVERED

Robert A. Amato
Acting Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: Application of Louisville Gas and Electric Company for Approval of a Revised
Collection Cycle for Payment of Bills**
Case No. 2007-00410

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's Motions to Reconsider Order, to Modify Order, and for Informal Conference in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Sincerely,

W. Duncan Crosby III

WDC:ec

cc: Parties of Record

400001.129031/505627.1

for a customer's bill to reach Atlanta, Georgia.² LG&E presents information on that issue below, which information LG&E respectfully submits was not part of the record in this proceeding to date and should cause the Commission to reconsider the Order and to issue a new order granting the relief LG&E seeks in its Application in this proceeding.

Second, LG&E respectfully moves the Commission to modify the Order to remove the requirement that the Companies file within ninety days "a new plan for a fully unified CCS."³ As explained further herein, having a single CCS that synchronizes many of the policies and processes of LG&E and KU and harmonizing the Companies' tariffs are distinct undertakings. The new CCS is a comprehensive business system for the Companies that will operate as the foundation for all of the Companies' wide-ranging interactions with customers. It is far more than a billing system. The major functional categories of the CCS include customer interaction, billing, reporting, customer self-serve, finance, and service orders. The CCS project addresses approximately 200 business processes and will require approximately 100 interfaces to existing software systems used by the Companies. The output of this effort will drive certain common processes to be used for both LG&E and KU in the future. Indeed, some of the Companies' policies and processes have revenue requirement implications – in other words, the policies and practices are coupled with the Companies' cost of service as it was most recently established during the 2004 general rate cases – and cannot be changed outside of a general rate proceeding. The Companies expect to propose additional tariff-driven synchronization in their next general rate proceedings, which they anticipate initiating later this year. Although the Companies expect to continue to have some separate policies or processes even after the next general rate case, they will have a "fully unified" CCS, to the extent that "unified" is understood to mean "operating on

² Order at 5.

³ Order at 6.

one information technology common platform and with similarly structured software applications” upon CCS roll-out in 2009. Therefore, LG&E moves the Commission to remove the CCS plan requirement from the Order.

Third, LG&E moves the Commission to schedule an informal conference in this proceeding at the earliest mutually agreeable date to discuss the matters addressed herein.

In support of its motions, LG&E states as follows:

I. Motion to Reconsider Order

The Commission’s December 18, 2007 Order in this proceeding denies LG&E’s request to synchronize its bill due date with KU’s, largely out of concern that the proposed reduction in time when a payment is considered to be late taken together with the suggestion that it may take meaningfully longer for customers’ payments to reach Atlanta, Georgia, than it would for such payments to reach Louisville, Kentucky, may expose customers to increased likelihood of late payment charges.⁴ Before contracting with an Atlanta-based payment processor, LG&E evaluated the mailing times of customers sending their payments to Atlanta. According to Phoenix-Hecht, a nationally recognized organization that conducts mail-float studies, the mailing time from Louisville to Louisville is an average of 1.96 days, whereas the average mailing time from Louisville to Atlanta is 2.79 days – less than a day’s difference on average.⁵ LG&E concluded that such a small difference in mailing times would not harm its customers under LG&E’s billing synchronization proposal. LG&E therefore respectfully moves the Commission to reconsider its Order and to issue a new order granting the relief requested in its Application.

⁴ See Order at 5.

⁵ See attached Phoenix-Hecht mail float study excerpts, attached hereto as Exhibit 1. When the Companies first transitioned from using their payment processing facilities to those of their contractor, some delay was caused by payments arriving at the Companies’ facilities rather than those of their contractor. That issue appears to be resolved, and only minor mail service delays persist, though not in greater numbers than was the case when customers mailed their payments to the Companies’ former payment processing facilities. The same occasional delays in the mail existed when the Companies processed their payments in Louisville and Lexington, Kentucky.

Moreover, the Companies' payment processing contractor has more mail pick-ups and processes payments more hours during the week than did LG&E when it processed customer payments, which should reduce the impact of the small difference in mailing times between sending payments to Louisville versus sending them to Atlanta. The Companies' new payment processor has six mail pick-ups daily from the U.S. Postal Service in Atlanta, as compared to the one daily mail pick-up that LG&E had when it processed payments internally. Also, the Companies' contractor processes payments twenty-four hours a day, seven days a week, whereas LG&E processed payments only during normal working hours (8:00 a.m. – 5:00 p.m.) on Monday through Friday. These factors should increase the contractor's speed and efficiency relative to LG&E's past payment processing, minimizing the impact of marginally longer mailing times.

As shown in Exhibit 2 attached hereto, the Companies' customers are choosing in ever-greater numbers to submit their payments electronically rather than by traditional mail, and it appears the trend will continue, if not accelerate. Because the Companies received only about 43% of bill payments by mail in 2007, with an annual decline in mailed payments since 2003, the Companies determined it would be a poor investment to replace their own remittance processing system, including hardware and software.⁶ The prudent decision for the Companies and their customers, especially given the customer trend toward increased amounts of electronic payments, therefore, was to contract for this service with a proven dedicated remittance vendor, who can process customers payments more efficiently than LG&E's now out-of-date system.

Furthermore, synchronizing LG&E's and KU's bill due dates will not affect either (1) when LG&E assesses late payment fees or (2) when LG&E may disconnect a customer for non-

⁶ See Exhibit 2. Customers who electronically pay their bills are not subject to the mailing times and deliveries of the US Postal Service.

payment. LG&E has stated in this proceeding that nothing about its synchronization proposal will alter the date on which LG&E will impose a late payment fee on a customer, which will still occur fifteen days after the customer's billing date.⁷ Similarly, LG&E's synchronization proposal will not shorten the time LG&E must afford a customer before disconnecting the customer for non-payment, which, by regulation, is at least twenty-seven days after the billing date.⁸

Moreover, by shortening the bill due date to 10 days, LG&E will normally be able to complete the collection process, including the issuance of any written notice of intent to terminate service (also known as a "brown bill"), before the next regularly scheduled billing date. In contrast, under the existing LG&E collection cycle, the next regular bill is issued prior to the final pay date of any brown bill which may have been issued. The regular monthly billing indicates the due date for the current bill and also displays any past due amount. This bill is received by the customer prior to the final pay date on the brown bill.

Example of Current Collection Process:

- Day 1 - Meter read for Month 1
- Day 3 - Bill for Month 1 mailed
- Day 20 - Bill for Month 1 due
- Day 24 - Brown bill for Month 1 issued
- Day 31 - Meter read for Month 2
- Day 36 - Bill for Month 2 mailed
- Day 38 - Brown bill due date for Month 1
- Day 41 - Eligible for disconnect for nonpayment of Month 1
- Day 51 - Bill for Month 2 due

In this scenario, the customer now has two different documents (the brown bill and the current month's bill) showing different amounts and different due dates. Receipt of these two

⁷ See, e.g., Testimony of Sidney L. "Butch" Cockerill at 5 (Sept. 14, 2007), Response of LG&E to AG's Comments at 2 (Dec. 4, 2007).

⁸ Louisville Gas and Electric Company, First Revision of Original Sheet No. 90, P.S.C. of Ky. Electric No. 6 (eff. Feb. 13, 2007).

documents creates significant confusion for the customer and difficulty for LG&E Customer Service Representatives in clarifying the final payment date for the past due amount, the current bill due date, and payment action (amount and timing) required to avoid termination of service.

For these reasons, the Companies believe that the alignment of collection cycles will have a positive impact on customers by alleviating the customer confusion that often arises under the current collection cycle.

II. Motion to Modify Order

The Order further states that, “rather than implementing a CCS which continues to allow for differences between the two companies, LG&E and KU should have filed a plan for a fully unified system[,]” and goes on to require the Companies to file such a plan within ninety days.⁹ There are several reasons the Companies respectfully move the Commission to modify the Order to remove this requirement.

First, implementing one CCS and harmonizing the Companies’ processes and policies as they are presented in the Companies’ tariffs for customer-related matters are two different and distinct endeavors; though they are interrelated, they are not one and the same, as the Order seems to indicate.

The Companies are currently working toward the implementation of one CCS, and anticipate fully implementing it by the first quarter of 2009. It is important to note exactly what the CCS is and what the scope of this hardware and software system entails so that the difference between CCS and the Companies’ policies and practices is clear.

The CCS is the hardware and software system that supports all of LG&E and KU’s wide array of customer-interfacing activities. The major functional categories include customer interaction, billing, reporting, customer self-serve, finance, and service orders. Each of these

⁹ Order at 5-6.

categories includes numerous functions and processes which are listed in Exhibit 3. The review of these functions and processes will allow the Companies to establish more common processes than today and provide better interfaces with the customers. This comprehensive system will provide the foundation for the continued provision of high-quality customer service to LG&E and KU customers for 2009 and beyond.

This single hardware and software system will support LG&E's and KU's different rates, terms, and conditions, as well as processes and policies, some of which are tariff-driven and cannot change without explicit Commission approval. One such change is the one LG&E seeks in this proceeding, namely the synchronization of the Companies' bill due dates. Even so, implementing one CCS and synchronizing the Companies' bill due dates are distinctly different issues; the Companies are only seeking to address the latter in this proceeding.

Second, because certain of the Companies' processes and policies are tariff-driven and have revenue requirement impacts – in other words, they impact the overall revenue requirement that was part of the cost of service established during the last general rate case in 2004 – such processes and policies can be addressed only in general rate proceedings. Therefore, to the extent the objective of “unifying” the CCS is taken to mean synchronizing all of the Companies' tariff-related policies and processes, rates, terms, and conditions, this simply cannot occur outside of general rate proceedings. The Companies continually evaluate opportunities to optimize customer service and satisfaction. As always, the Companies will continue to synchronize the processes and policies of LG&E and KU that are appropriate and may be harmonized absent a general rate case or a tariff filing. In addition, the Companies plan to address additional tariff-driven synchronization measures, many of which affect the overall cost of service and require Commission review and approval in their next general rate proceedings.

Finally, it is important to note that the Companies expect to address these synchronization issues in an open, transparent fashion and fully anticipate collaborating with the Commission, Commission staff, and other stakeholders as appropriate at various stages of this ongoing process.

III. Motion for Informal Conference

Finally, LG&E moves the Commission to schedule an informal conference to discuss all these issues at the earliest mutually agreeable time. LG&E believes that a discussion with the Commission Staff and the Attorney General's representatives is likely to assist in clarifying the additional information provided herein, will facilitate resolution of any misunderstandings in this proceeding in the most efficient fashion, and will facilitate the Commission's ultimate disposition of this matter. An informal conference for the discussion of the issues may also lead to a compromise to better satisfy the concerns raised in the Commission's Order.

WHEREFORE, LG&E respectfully moves the Commission: (1) to reconsider its December 18, 2007 Order in this proceeding and to issue a new order approving the relief LG&E seeks in its Application; (2) to modify its Order to remove the requirement that the Companies file with the Commission within ninety days a plan to implement a unified CCS; and (3) to schedule an informal conference in this proceeding at the earliest mutually agreeable time.

Dated: January 10, 2008

Respectfully submitted,

A handwritten signature in black ink, appearing to read "K. Riggs", with a horizontal line drawn underneath it.

Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
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500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000

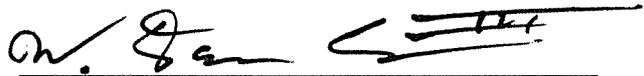
Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Louisville Gas and Electric Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Motions to Reconsider Order, to Modify Order, and for an Informal Conference was served on the following persons on the 10th day of January 2008, United States mail, postage prepaid:

Dennis G. Howard II
Assistant Attorney General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

A handwritten signature in black ink, appearing to read "W. Dan Smith", written over a horizontal line.

Counsel for Louisville Gas and Electric Company

Exhibit 1

Phoenix-Hecht Postal Survey™
Louisville, KY

Sending Area	Mail Float	+	Availability Float	=	Total Float	Change From Prev Survey*	Increase w/o Weekend Deposits
Alabama	3.08		1.06		4.14	0.01	0.12
352 Birmingham	2.84		0.84		3.68	0.06	0.00
366 Mobile	3.46		1.41		4.87	-0.03	0.30
Alaska	3.78		1.73		5.51	-0.28	0.30
995 Anchorage	3.78		1.73		5.51	-0.28	0.30
Arizona	3.53		1.73		5.26	0.20	0.30
850 Phoenix	3.51		1.73		5.24	0.19	0.30
857 Tucson	3.60		1.73		5.33	0.24	0.30
Arkansas	3.03		0.84		3.87	-0.10	0.00
722 Little Rock	3.03		0.84		3.87	-0.10	0.00
California	3.57		1.02		4.59	-0.20	0.06
900 Los Angeles	3.76		0.84		4.60	-0.16	0.00
908 Long Beach	3.63		1.04		4.67	-0.23	0.07
914 Van Nuys	3.63		1.04		4.67	-0.26	0.07
918 Alhambra	3.66		1.04		4.70	-0.14	0.07
921 San Diego	3.58		1.04		4.62	-0.18	0.07
923 S Bernardino	3.61		1.04		4.65	-0.15	0.07
927 Santa Ana	3.70		1.04		4.74	-0.28	0.07
930 Oxnard	3.60		1.04		4.64	-0.22	0.07
933 Bakersfield	3.63		1.04		4.67	-0.24	0.07
937 Fresno	3.52		1.10		4.62	-0.23	0.09
941 San Francisco	3.37		0.84		4.21	-0.18	0.00
945 Oakland	3.32		1.10		4.42	-0.28	0.09
951 San Jose	3.35		1.10		4.45	-0.27	0.09
952 Stockton	3.39		1.10		4.49	-0.22	0.09
954 Santa Rosa	3.50		1.10		4.60	-0.20	0.09
958 Sacramento	3.57		1.10		4.67	-0.09	0.09
Colorado	3.46		0.99		4.45	-0.21	0.08
802 Denver	3.47		0.84		4.31	-0.19	0.00
809 Colo Springs	3.43		1.41		4.84	-0.27	0.30
Connecticut	3.52		1.01		4.53	-0.10	0.20
61 Hartford	3.53		0.98		4.51	-0.04	0.14
65 New Haven	3.50		1.02		4.52	-0.04	0.21
69 Stamford	3.55		1.06		4.61	-0.40	0.28
Delaware	3.67		0.98		4.65	-0.04	0.16
198 Wilmington	3.67		0.98		4.65	-0.04	0.16
Dist of Columbia	2.84		1.00		3.84	-0.25	0.18
200 Washington	2.84		1.00		3.84	-0.25	0.18
Florida	3.43		0.96		4.39	-0.29	0.15
322 Jacksonville	3.56		0.84		4.40	-0.46	0.00
323 Tallahassee	3.44		1.03		4.47	-0.45	0.23
325 Pensacola	3.38		1.06		4.44	-0.39	0.30
328 Orlando	3.43		1.03		4.46	-0.38	0.23
331 Miami	3.47		0.84		4.31	0.01	0.00
334 W. Palm Beach	3.47		1.06		4.53	-0.02	0.28
336 Tampa	3.34		1.03		4.37	-0.42	0.23
338 Lakeland	3.30		1.03		4.33	-0.39	0.23
Georgia	2.89		0.89		3.78	-0.05	0.06
303 Atlanta	2.79		0.84		3.63	-0.04	0.00
309 Augusta	2.93		1.01		3.94	-0.10	0.19

* Negative change indicates lower float, i.e. better performance.

**Phoenix-Hecht Postal Survey™
Louisville, KY**

Sending Area	Mail Float	+	Availability Float	=	Total Float	Change From Prev Survey*	Increase w/o Weekend Deposits
314 Savannah	3.30		1.02		4.32	-0.10	0.22
319 Columbus	2.93		1.01		3.94	0.00	0.19
Hawaii	4.04		1.73		5.77	-0.21	0.30
968 Honolulu	4.04		1.73		5.77	-0.21	0.30
Idaho	3.59		1.56		5.15	-0.19	0.23
837 Boise	3.59		1.56		5.15	-0.19	0.23
Illinois	2.82		0.95		3.77	-0.13	0.14
601 Carol Stream	2.83		1.05		3.88	-0.13	0.26
606 Chicago	2.78		0.84		3.62	-0.10	0.00
611 Rockford	2.85		1.05		3.90	-0.12	0.26
616 Peoria	3.01		1.05		4.06	-0.23	0.28
627 Springfield	2.84		1.05		3.89	-0.18	0.28
Indiana	2.70		0.86		3.56	-0.15	0.17
462 Indianapolis	2.72		0.60		3.32	-0.15	0.00
464 Gary	2.75		1.05		3.80	-0.21	0.26
466 South Bend	2.74		1.07		3.81	-0.12	0.30
468 Fort Wayne	2.73		1.05		3.78	-0.05	0.29
477 Evansville	2.39		0.92		3.31	-0.14	0.14
478 Terre Haute	2.70		0.99		3.69	-0.17	0.34
Iowa	3.40		1.00		4.40	-0.09	0.21
503 Des Moines	3.26		0.84		4.10	0.01	0.00
505 Fort Dodge	3.22		1.07		4.29	-0.24	0.30
507 Waterloo	3.47		1.07		4.54	-0.13	0.30
524 Cedar Rapids	3.54		1.07		4.61	-0.08	0.30
Kansas	3.20		1.37		4.57	-0.05	0.00
666 Topeka	2.98		1.37		4.35	-0.06	0.00
672 Wichita	3.45		1.37		4.82	-0.03	0.00
Kentucky	2.05		0.83		2.88	-0.08	0.14
402 Louisville	1.96		0.70		2.66	-0.01	0.00
405 Lexington	2.18		1.00		3.18	-0.19	0.35
Louisiana	3.62		1.07		4.69	0.05	0.16
701 New Orleans	3.63		0.84		4.47	0.18	0.00
708 Baton Rouge	3.60		1.39		4.99	-0.06	0.29
711 Shreveport	3.62		1.00		4.62	0.01	0.24
Maine	3.38		1.47		4.85	-0.30	0.34
41 Portland	3.38		1.47		4.85	-0.30	0.34
Maryland	3.11		0.84		3.95	-0.10	0.00
212 Baltimore	3.11		0.84		3.95	-0.10	0.00
Massachusetts	3.56		0.96		4.52	-0.22	0.15
10 Springfield	3.62		1.03		4.65	-0.14	0.24
16 Worcester	3.56		1.02		4.58	-0.20	0.22
18 Middlesx-Essx	3.59		1.02		4.61	-0.27	0.22
21 Boston	3.56		0.84		4.40	-0.20	0.00
23 Brockton	3.50		1.02		4.52	-0.28	0.22
Michigan	2.73		0.93		3.66	-0.05	0.11
482 Detroit	2.69		0.84		3.53	-0.03	0.00
485 Flint	2.72		1.02		3.74	-0.08	0.22
486 Saginaw	2.73		1.02		3.75	-0.10	0.22

* Negative change indicates lower float, i.e. better performance.

Phoenix-Hecht Postal Survey™
Louisville, KY

Sending Area	Mail Float	+	Availability Float	=	Total Float	Change From Prev Survey*	Increase w/o Weekend Deposits
489 Lansing	2.74		1.02		3.76	-0.08	0.22
490 Kalamazoo	2.79		1.02		3.81	-0.04	0.22
495 Grand Rapids	2.82		1.02		3.84	-0.05	0.22
Minnesota	3.55		0.90		4.45	0.02	0.07
554 Minneapolis	3.54		0.84		4.38	0.05	0.00
558 Duluth	3.57		1.04		4.61	-0.10	0.26
559 Rochester	3.59		1.04		4.63	-0.06	0.26
Mississippi	3.34		1.35		4.69	-0.05	0.25
392 Jackson	3.34		1.35		4.69	-0.05	0.25
Missouri	2.80		0.93		3.73	0.02	0.00
631 Saint Louis	2.74		0.84		3.58	0.00	0.00
641 Kansas City	2.81		0.84		3.65	-0.01	0.00
658 Springfield	2.97		1.37		4.34	0.11	0.00
Montana	3.45		1.73		5.18	-0.24	0.30
591 Billings	3.45		1.73		5.18	-0.24	0.30
Nebraska	3.42		0.92		4.34	-0.07	0.10
681 Omaha	3.42		0.84		4.26	-0.01	0.00
685 Lincoln	3.42		1.07		4.49	-0.18	0.30
Nevada	3.50		1.63		5.13	-0.22	0.27
891 Las Vegas	3.47		1.63		5.10	-0.23	0.26
895 Reno	3.57		1.64		5.21	-0.20	0.28
New Hampshire	3.45		1.07		4.52	-0.28	0.30
31 Manchester	3.45		1.07		4.52	-0.28	0.30
New Jersey	3.55		1.02		4.57	-0.08	0.22
71 Newark	3.53		1.02		4.55	-0.11	0.20
76 Hackensack	3.48		1.02		4.50	-0.11	0.20
81 Camden	3.63		1.03		4.66	-0.02	0.24
86 Trenton	3.60		1.03		4.63	-0.04	0.24
89 New Brunswick	3.48		1.02		4.50	-0.11	0.20
New Mexico	3.39		1.41		4.80	-0.23	0.30
871 Albuquerque	3.39		1.41		4.80	-0.23	0.30
New York	3.52		0.93		4.45	-0.13	0.10
100 New York	3.51		0.84		4.35	0.01	0.00
106 White Plains	3.51		1.01		4.52	-0.10	0.19
110 Queens	3.51		0.84		4.35	0.04	0.00
117 Hicksville	3.53		1.05		4.58	-0.01	0.26
121 Albany	3.69		1.01		4.70	-0.57	0.20
126 Poughkeepsie	3.58		1.01		4.59	-0.12	0.19
132 Syracuse	3.53		1.01		4.54	-0.53	0.20
135 Utica	3.57		1.01		4.58	-0.53	0.20
139 Binghamton	3.60		1.01		4.61	-0.56	0.20
142 Buffalo	3.35		0.84		4.19	-0.02	0.00
146 Rochester	3.51		1.00		4.51	-0.48	0.18
North Carolina	2.77		0.96		3.73	-0.14	0.14
274 Greensboro	2.78		1.01		3.79	-0.15	0.20
276 Raleigh	2.75		1.01		3.76	-0.19	0.20
282 Charlotte	2.79		0.84		3.63	-0.07	0.00

* Negative change indicates lower float, i.e. better performance.

**Phoenix-Hecht Postal Survey™
Louisville, KY**

Sending Area	Mail Float	+	Availability Float	=	Total Float	Change From Prev Survey*	Increase w/o Weekend Deposits
North Dakota	3.61		2.19		5.80	-0.08	0.00
581 Fargo	3.61		2.19		5.80	-0.08	0.00
Ohio	2.65		0.88		3.53	-0.10	0.12
432 Columbus	2.71		0.69		3.40	-0.10	0.01
436 Toledo	2.71		1.04		3.75	-0.13	0.26
437 Zanesville	2.76		1.03		3.79	-0.06	0.23
441 Cleveland	2.82		0.84		3.66	-0.05	0.00
443 Akron	2.80		1.04		3.84	-0.17	0.26
445 Youngstown	2.84		1.04		3.88	-0.20	0.26
452 Cincinnati	2.23		0.78		3.01	-0.04	0.00
454 Dayton	2.61		0.98		3.59	-0.08	0.31
Oklahoma	3.58		0.89		4.47	0.02	0.08
731 Oklahoma City	3.55		0.84		4.39	0.05	0.00
741 Tulsa	3.60		0.94		4.54	-0.04	0.14
Oregon	3.31		0.88		4.19	-0.44	0.01
972 Portland	3.29		0.84		4.13	-0.44	0.00
974 Eugene	3.37		0.98		4.35	-0.46	0.05
Pennsylvania	3.21		0.95		4.16	-0.06	0.13
152 Pittsburgh	2.73		0.84		3.57	-0.09	0.00
159 Johnstown	2.81		1.04		3.85	-0.11	0.27
165 Erie	2.96		1.00		3.96	-0.07	0.17
171 Harrisburg	3.10		1.04		4.14	-0.13	0.27
176 Lancaster	3.28		1.04		4.32	-0.08	0.27
181 Allentown	3.28		1.04		4.32	-0.11	0.27
185 Scranton	3.51		1.04		4.55	-0.06	0.27
189 Southeastern	3.52		1.04		4.56	-0.01	0.27
191 Philadelphia	3.63		0.84		4.47	0.03	0.00
196 Reading	3.20		1.04		4.24	-0.09	0.27
Rhode Island	3.47		0.99		4.46	-0.21	0.17
29 Providence	3.47		0.99		4.46	-0.21	0.17
South Carolina	2.81		0.97		3.78	-0.10	0.16
292 Columbia	2.78		0.92		3.70	-0.04	0.14
294 Charleston	3.02		1.01		4.03	-0.17	0.18
296 Greenville	2.76		1.01		3.77	-0.13	0.18
South Dakota	3.50		2.19		5.69	-0.11	0.00
571 Sioux Falls	3.50		2.19		5.69	-0.11	0.00
Tennessee	2.76		0.85		3.61	-0.12	0.12
372 Nashville	2.73		0.84		3.57	-0.07	0.00
374 Chattanooga	2.71		1.03		3.74	-0.21	0.27
376 Johnson City	2.78		1.07		3.85	-0.17	0.30
379 Knoxville	2.76		1.07		3.83	-0.28	0.30
381 Memphis	2.82		0.56		3.38	-0.01	0.00
Texas	3.59		1.05		4.64	0.03	0.12
752 Dallas	3.60		0.84		4.44	0.23	0.00
761 Fort Worth	3.54		1.04		4.58	-0.02	0.27
770 Houston	3.50		0.84		4.34	0.08	0.00
777 Beaumont	3.57		1.37		4.94	-0.09	0.29
782 San Antonio	3.62		0.84		4.46	0.03	0.00
784 Corp Christi	3.75		1.38		5.13	-0.08	0.29
785 McAllen	4.08		1.38		5.46	-0.07	0.29
787 Austin	3.57		1.38		4.95	-0.09	0.29

* Negative change indicates lower float, i.e. better performance.

**Phoenix-Hecht Postal Survey™
Louisville, KY**

Sending Area	Mail Float	+	Availability Float	=	Total Float	Change From Prev Survey*	Increase w/o Weekend Deposits
794 Lubbock	3.61		1.87		5.48	-0.02	0.00
797 MidInd/Odessa	3.59		1.41		5.00	-0.17	0.30
799 El Paso	3.53		1.05		4.58	-0.11	0.08
Utah	3.67		0.84		4.51	-0.14	0.00
841 Salt Lake Cty	3.67		0.84		4.51	-0.14	0.00
Vermont	3.53		1.39		4.92	-0.34	0.31
54 Burlington	3.53		1.39		4.92	-0.34	0.31
Virginia	2.80		0.95		3.75	-0.13	0.14
223 Alexandria	2.84		1.04		3.88	-0.19	0.24
232 Richmond	2.76		0.84		3.60	-0.04	0.00
235 Norfolk	2.81		1.01		3.82	-0.15	0.19
Washington	3.42		0.91		4.33	-0.13	0.02
981 Seattle	3.33		0.84		4.17	-0.15	0.00
984 Tacoma	3.42		0.97		4.39	-0.08	0.04
992 Spokane	3.59		0.97		4.56	-0.13	0.04
West Virginia	2.88		0.96		3.84	-0.01	0.19
253 Charleston	2.88		0.93		3.81	-0.04	0.18
257 Huntington	2.87		1.07		3.94	0.09	0.30
Wisconsin	2.89		0.98		3.87	-0.12	0.18
532 Milwaukee	2.89		0.84		3.73	-0.02	0.00
537 Madison	2.86		1.07		3.93	-0.22	0.30
543 Green Bay	2.94		1.07		4.01	-0.14	0.30
544 Wausau	2.87		1.07		3.94	-0.21	0.30
Wyoming	3.65		2.19		5.84	-0.19	0.00
826 Casper	3.65		2.19		5.84	-0.19	0.00

* Negative change indicates lower float, i.e. better performance.

Exhibit 2

EXHIBIT 2

LG&E and KU Customer Payment Methods by Volume and Percentage

	2003		2004		2005		2006		1/2007 thru 11/2007	
	Volume	% of Total	Volume	% of Total						
Mail	6,040,200	56%	5,896,503	53%	5,757,905	50%	5,433,731	47%	4,741,226	43%
Walk-in	2,447,793	23%	2,475,561	22%	2,601,838	23%	2,648,295	23%	2,639,657	24%
APS	666,614	6%	678,750	6%	687,713	6%	660,534	6%	573,969	5%
ABC	1,291,247	12%	1,335,765	12%	1,374,290	12%	1,408,803	12%	1,322,428	12%
Bill Matrix	77,311	1%	157,245	1%	217,928	2%	288,404	2%	370,386	3%
Web e-check	60,550	1%	195,220	2%	315,513	3%	400,977	3%	431,034	4%
Lockbox	165,642	2%	322,654	3%	500,507	4%	715,069	6%	825,255	8%
Totals	10,751,360	100%	11,063,702	100%	11,455,694	100%	11,555,813	100%	10,903,955	100%

Notes:

1. APS (Automated Payment Services): a third party contractor who accepts cash and check payments from customers.
2. ABC (Automatic Bank Club): customers elect to have their payment automatically deducted from their checking accounts.
3. Bill Matrix: a third party contractor who accepts payments by e-check, debit and credit cards over the IVR (Interactive Voice Response). They also accept debit and credit cards over our Company website.
4. Web e-check: payments by e-checks received over LG&E's website.
5. Lockbox: electronic payments received from personal finance transactions such as Quicken or Microsoft Money, or from bank websites.

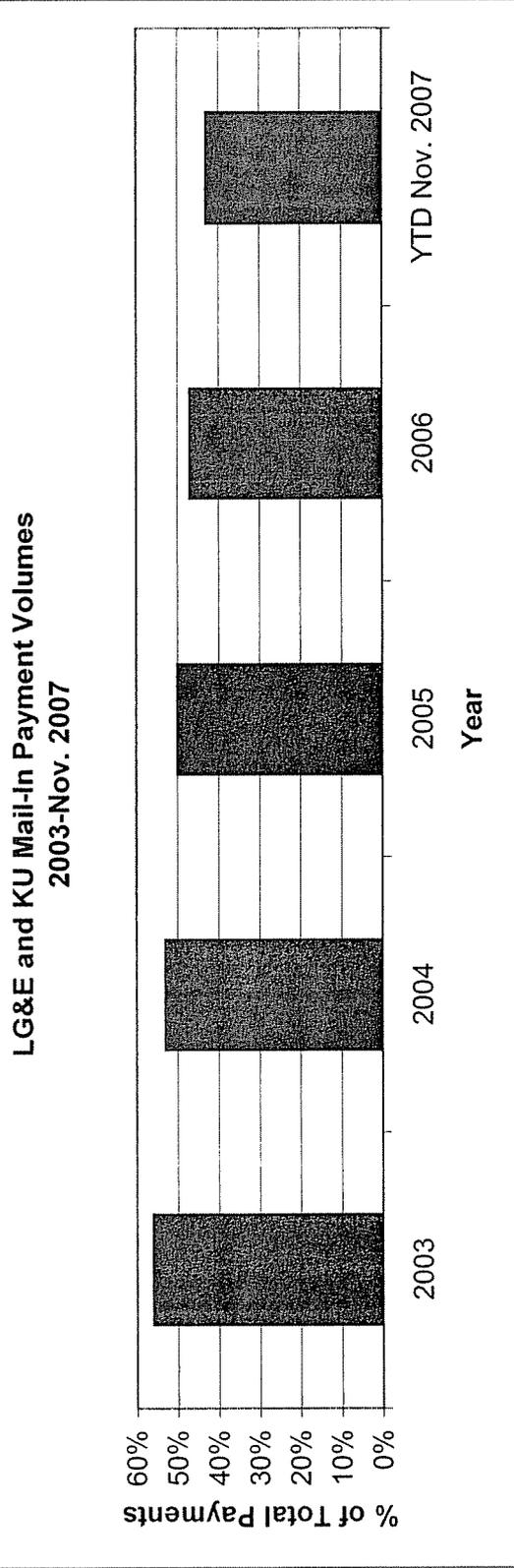


Exhibit 3

Exhibit 3

Customer Interaction

- Customer inquiries
- New customer setup
- Move in, out, force out
- Landlord processing
- Customer analytics
- Marketing campaigns

Billing

- Scheduling
- Meter reading orders down- & uploads
- Consumption estimation
- Meter read corrections
- Rates
- Billing
- Budget billing
- Street lighting, unmetered supply
- Invoicing
- Taxes
- Billing and invoicing simulations
- Billing and invoicing exceptions
- Collective invoicing
- Bill inserts / messages
- Reversals
- Non-energy billing

Self Service

- Self service eBill
- Self service ePayment
- Self service web account display
- Self service web service requests
- Self service IVR – interfacing

Finance

- Process payments
- Dunning
- Credit score
- Late payment fees
- Payment deferrals
- Installment plans
- Automatic bank draft enrollment / de-enrollment
- Collection agencies, bankruptcy, write-offs
- Payment errors
- Returned payment items
- Refunds
- Social programs
- Unclaimed monies
- Deposits
- GL posting
- Month-end, year-end processing
- Unbilled revenues

Service Orders

- Device lifecycle
- Device inspections / certification
- Service order dispatch, monitor, completion
- Appointment scheduling
- New connections
- Temporary supply / builders
- Trouble / outage (with TOE)