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December 4, 2007

HAND DELIVERED

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

DEC 04 2007

PUBLIC SERVICE
COMMISSION

**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 Response to Attorney General's Comments 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

400001.129031/501352.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

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

**RESPONSE OF LOUISVILLE GAS AND ELECTRIC COMPANY
TO ATTORNEY GENERAL'S COMMENTS**

Louisville Gas and Electric Company ("LG&E"), by counsel, hereby responds to the November 15, 2007 Attorney General's Comments (submitted by the Office of the Attorney General of Kentucky, Office of Rate Intervention ["Attorney General" or "AG"]). In response to the AG's Comments, LG&E states as follows:

LG&E strongly opposes the AG's recommendation that LG&E eliminate its late payment penalty policy.¹ LG&E's current rates are based in part upon a certain amount of annual revenue from late payments; the rates of LG&E's sister company, Kentucky Utilities Company ("KU"), are not. Contrary to the AG's assertion, therefore, LG&E cannot simply do away with its late payment penalty policy as part of reducing the time for rendering payments due from fifteen to ten days without increasing base rates to compensate for the revenue loss. Therefore, eliminating LG&E's late payment penalty policy should be considered only in LG&E's next base rate proceeding.

In the same vein, the AG states, "while the proposed change [reducing the time for rendering payments] 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

¹ AG's Comments at 3.

the assessment of a late payment penalty.”² LG&E has expressly stated that its late payment policy will not change as a result of reducing the time for rendering payments from fifteen to ten days from the bill issue date; LG&E will assess a late payment penalty on the fifteenth day after a customer’s bill issue date, just as LG&E does today. Because LG&E’s late payment penalty policy is well-known and long-standing, it should not create any customer confusion to keep it in place once the change is made.

LG&E opposes also the AG’s recommendation that the Commission reopen LG&E’s and KU’s (collectively, the “Companies”) Home Energy Assistance (“HEA”) Program proceedings, Case Nos. 2007-00337 and 2007-00338.³ Though the Companies are in the process of updating and improving their Customer Care System to create more uniformity between LG&E and KU, the agencies that administer LG&E’s and KU’s separate HEA Programs are different, and it would require significant investment to make them uniform. Moreover, rather than reopening closed proceedings for each change in circumstance, the appropriate time to consider the effects of the Companies’ new and updated Customer Care System upon the Companies’ HEA Programs will be during the Companies’ next HEA Program proceedings.

² AG’s Comments at 3.

³ AG’s Comments at 3-4.

Dated: December 4, 2007

Respectfully submitted,

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

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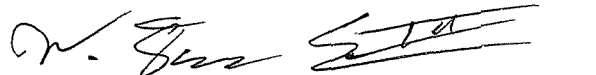
Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Louisville Gas and Electric Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Response was served on the following persons on the 4th day of December 2007, 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. G. Howard II", is written over a horizontal line.

Counsel for Louisville Gas and
Electric Company