

*Norman L. Dennison*

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COMMISSION

*June 29, 2006*

*Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
P O Box 615  
Frankfort, KY 40601*

*Re: Case No. 2005-00099  
Norman L. Dennison  
vs.  
Louisville Gas & Electric Co.*

*Dear Ms. O'Donnell:*

*Enclosed please find an original and 5 copies of my written closing argument regarding the above mentioned Case No.*

*Please contact me if you have any questions.*

*Sincerely,*

  
*Norman L. Dennison*

CLOSING ARGUMENT

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RE: Norman L. Dennison )  
vs. ) Case No. 2005-00099  
Louisville Gas & Electric Co.)

The findings are per testimony of Sidney L. "Butch Cockerill that prior to July 1, 2004, LG&E was generally accepting their "diversion costs" as cost of doing business which was then passed on to all customers. Effective July 1, 2004, LG&E's original tariff, and the now proposed language changes were and are meant to make it possible for them to recoup stolen gas and electric cost of between \$350,000 and \$500,000 annually. LG&E has approximately 1,000,000 customers. LG&E has a specific group of people referred to as "back office personnel" who are hourly paid and employed for the sole purpose of investigating suspected diversion of stolen goods. The estimated cost of a diversion case is \$76.50 per incident. There is an estimated total of 14,000 diversion cases investigated annually. LG&E does not pursue legal actions, neither criminal nor small claims court, because it would cost more than the diversion costs. LG&E contents that if everyone thought they would not be held responsible for theft of gas and electric, the number of diversion incidents would increase.

The conclusions are that at \$76.50 per diversion case times 14,000 annual investigated cases, LG&E's "back office personnel" are paid \$1,071,000 annually to investigate diversion cases that only amount to \$350,000 to \$500,000 annually. In my considered opinion, I conclude that does not make good business sense. LG&E could pass on the cost of the stolen goods or services as they did prior to July 1, 2004, to all customers as a cost of doing business. By dividing even the highest amount of \$500,000 by 1,000,000 customers, each customer would only pay 50 cents annually or just 4.167 cents per month. The lower amount of \$350,000 would only amount to 35 cents per year or just 2.917 cents per month. Since LG&E offered no numbers as to the decrease of diversion cases that has transpired since July 1, 2004, I would conclude that the number did not noticeably decline.

The result should be that the proposed language be found unacceptable, because the property owner is being set up to fail, because it is impossible for the property owner to make the responsible party apply for service with LG&E and/or reimburse LG&E for all costs associated with the incident. Further, since LG&E wants the property owner to take corrective action acceptable to the Company in its sole discretion, the property owner is always going to be responsible, because if LG&E is not paid, they will at their discretion determine that corrective action was not taken, leaving the property owner liable. The original tariff statement, *"Upon the absence of an active account, the property owner assumes the responsibility for any consumption and the Company's property and service"*, must also be rescinded. LG&E should consider the \$350,000 to \$500,000 as a cost of doing business and pass it along to their 1,000,000 customers, thereby, making the "back office personnel" obsolete or at least greatly reduced. Doing so would lower LG&E's cost and then they could pass that saving on to their 1,000,000 customers in the form of a reduction in their utility bill.

Signed:   
Norman L. Dennison

Date: 6-29-06

Mr. Norman L. Dennison  
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Louisville, KY 40272

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COMMISSION

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