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SEP 14 2007

PUBLIC SERVICE
COMMISSION

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

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

September 14, 2007

Case No. 2007-00410

Lonnie E. Bellar
Vice President
T 502-627-4830
F 502-217-2109
lonnie.bellar@eon-us.com

**RE: 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 Application and supporting testimony of Louisville Gas and Electric Company for Approval of a Revised Collection Cycle for Payment of Bills.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

Lonnie E. Bellar

Enclosures

cc: Dennis Howard, II
Michael L. Kurtz

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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SEP 14 2007

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR APPROVAL OF A)
REVISED COLLECTION CYCLE FOR PAYMENT)
OF BILLS)

CASE NO. 2007-00 410

APPLICATION

Louisville Gas and Electric Company (“LG&E” or the “Company”) hereby petitions the Kentucky Public Service Commission (“Commission”) to issue an Order approving the proposed revisions to the “Billing” sections of the Companies’ Terms and Conditions contained in their tariffs, which are attached hereto. This application is made pursuant to 807 KAR 5:011, Section 6(3)(a), of the Commission’s regulations. In support of this Application, LG&E respectfully states:

1. The full name and mailing address of LG&E is: Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. LG&E is a Kentucky corporation authorized to do business in the Commonwealth of Kentucky.

2. LG&E is a utility engaged in the electric and gas business. LG&E generates and purchases electricity, and distributes and sells electricity at retail in Jefferson County and portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer and Trimble Counties. LG&E also purchases, stores and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble and Washington Counties.

3. A certified copy of LG&E's Articles of Incorporation, as amended, is on file with the Commission in Case No. 2005-00471, In the Matter of: Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Authority to Transfer Functional Control of their Transmission System, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

4. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

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

Lonnie E. Bellar
Vice President, State Regulation and Rates
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-4830

5. The following change is proposed for LG&E's electric tariff at Original Sheet No. 86, P.S.C. of Ky. Electric No. 6 and for its gas tariff at Original Sheet No. 85, P.S.C. of Ky. Gas No. 6:

a. In the seventh paragraph on the page, the time period for payment of bills would be changed from 15 days from date of rendition of the bill to 10 days. As such, the first two sentences would read as follows:

Bills are due and payable in their net amount at the office of the Company during business hours, or at other locations designated by the Company, within 10 days from date of rendition thereof. In the event a bill is not paid on or before the final day of the 15th day from the date of rendition, the gross bill including forfeited discount or delayed payment charge shall become due and payable at the office of the Company.

Copies of the proposed revised electric and gas tariff sheets are attached to this Application respectively as Exhibits 1 and 2.

6. LG&E is proposing this change predominantly for two reasons: (1) to more closely align LG&E's billing process to KU's, and (2) to avoid unnecessary customer confusion.

7. LG&E is in the process of designing a new customer care system ("CCS") and is expected to implement the new system during the first quarter of 2009. As a result, LG&E requests approval to implement this change in collection cycle coincident with the new CCS. In order to develop the new CCS in the most cost-effective manner, LG&E needs to complete design specifications within the next few months and therefore requests a decision from the Commission on this Application by November 21, 2007.

8. The testimony of Sidney L. "Butch" Cockerill is submitted in support of this application.

WHEREFORE, Louisville Gas and Electric Company respectfully requests that the Kentucky Public Service Commission issue an order approving the attached tariff revisions by November 21, 2007 to become effective upon implementation of LG&E's new CCS system anticipated to be first quarter, 2009.

Dated at Louisville, Kentucky, this 14th day of September, 2007.

LOUISVILLE GAS AND ELECTRIC COMPANY

A handwritten signature in cursive script, reading "Allyson K. Sturgeon", written over a horizontal line.

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

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Application was served via U.S. mail, first-class, postage prepaid, this 14th day of September, 2007 upon the following persons:

Dennis Howard II
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

Michael L. Kurtz
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, OH 45202

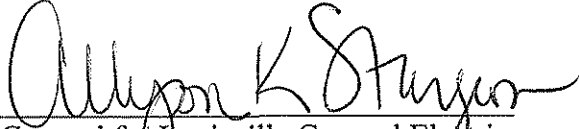

Counsel for Louisville Gas and Electric
Company

Exhibit 1

**TERMS AND CONDITIONS
BILLING**

METER READINGS AND BILLS

Each bill for utility service shall be issued in compliance with 807 KAR 5:006, Section 6.

All bills will be based upon meter readings made in accordance with the Company's meter reading schedule. The Company, except if prevented by reasons beyond its control, shall read customers meters at least quarterly, except that customer-read meters shall be read at least once during the calendar year.

In the case of opening and closing bills when the total period between regular and special meter readings is less than thirty days, the minimum charges of the applicable rate schedules will be prorated on the basis of the ratio of the actual number of days in such period to thirty days.

When Company is unable to read customer's meter after reasonable effort, or when Company experiences circumstances which make actual meter readings impossible or impracticable, customer may be billed on an estimated basis and the billing will be adjusted as necessary when the meter is read.

In the event Company's electric or gas meter fails to register properly by reason of damage, accident, etc., the Company shall have the right to estimate the customer's consumption during the period of failure on the basis of such factors as the customer's connected load, heating degree days, and consumption during a previous corresponding period and during a test period immediately following replacement of the defective meter.

Where the Company serves a customer with both electric and gas service at the same service location, the Company will render a combined bill. Provided, however, a residential customer may request, and the Company will render, separate bills under the following conditions: (1) the customer is being threatened with disconnection for non-payment or has already been disconnected for that reason and (2) the customer would be able to pay either the gas or electric portion of his bill and thus retain one service.

Bills are due and payable in their net amount at the office of the Company during business hours, or at other locations designated by the Company, within 10 days from date of rendition thereof. In the event a bill is not paid on or before the final day of the 15th day from the date of rendition, the gross bill including forfeited discount or delayed payment charge shall become due and payable at the office of the Company.

Failure to receive a bill does not exempt a customer from these provisions of the Company's Terms and Conditions.

READING OF SEPARATE METERS NOT COMBINED

For billing purposes, each meter upon the customer's premises will be considered separately and readings of two or more meters will not be combined except where the Company's operating convenience requires the installation of two or more meters upon the customer's premises instead of one meter.

**Date of Issue: September 14, 2007
Canceling Original Sheet No. 86
Issued July 20, 2004**

Issued By

Date Effective:

**Lonnie E. Bellar, Vice President
State Regulation and Rates
Louisville, Kentucky**

Issued by Authority of an Order of the KPSC in Case No. 2007-xxx dated

T

Exhibit 2

TERMS AND CONDITIONS

Billing

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Each bill for utility service shall be issued in compliance with 807 KAR 5:006, Section 6.

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Failure to receive a bill does not exempt a customer from these provisions of the Company's Terms and Conditions.

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For billing purposes, each meter upon the customer's premises will be considered separately and readings of two or more meters will not be combined except where the Company's operating convenience requires the installation of two or more meters upon the customer's premises instead of one meter.

**Date of Issue: September 14, 2007
Canceling Original Sheet No. 85
Issued July 20, 2004**

Issued By

Date Effective:

**Lonnie E. Bellar, Vice President
State Regulation and Rates
Louisville, Kentucky**

Issued by Authority of an Order of the KPSC in Case No. 2007-xxx dated

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR APPROVAL OF A)
REVISED COLLECTION CYCLE FOR PAYMENT)
OF BILLS)**

CASE NO. 2007-00_____

**TESTIMONY OF
SIDNEY L. "BUTCH" COCKERILL
DIRECTOR – REVENUE COLLECTION
LOUISVILLE GAS AND ELECTRIC COMPANY**

Filed: September 14, 2007

1 **Q. Please state your name, position and business address.**

2 A. My name is Sidney L. "Butch" Cockerill. I am employed by E.ON U.S. Services, Inc. as
3 Director of Revenue Collection for Louisville Gas and Electric Company ("LG&E" or
4 the "Company") and Kentucky Utilities Company ("KU"), (collectively the
5 "Companies"). My business address is 820 West Broadway, Louisville, Kentucky
6 40202. A statement of my qualifications is included in Appendix A attached hereto.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to explain the reasons for the Company's proposal to
9 change the due date for bills from 15 days from the date of rendering a customer's bill to
10 10 days, and the need for a decision by the Commission on LG&E's Application by
11 November 21, 2007.

12 **Q. Please explain why LG&E is proposing a change to its collection cycle.**

13 A. There are two significant drivers for the proposed change. The first reason for the
14 change is to more closely align LG&E's billing process to KU's. The second driver is to
15 avoid unnecessary customer confusion that may result when more than one bill is issued
16 prior to the time when a customer may be disconnected for nonpayment.

17 **Q. Why is LG&E interested in aligning its billing processes with KU?**

18 A. Following the merger of LG&E Energy Corp. and KU Energy Corporation in 1998,
19 significant efforts to synchronize processes and policies of LG&E and KU have been
20 undertaken across both Companies. Some of these efforts have been delayed by the fact
21 that LG&E and KU continue to operate on different customer information systems.
22 However, LG&E and KU are now in the process of designing a new Customer Care
23 System ("CCS") that will enable both Companies to operate on the same system,

1 therefore enabling the further harmonization of processes. In order to continue the CCS
 2 project with the most efficient design, build, test, deployment and implementation
 3 process for E.ON U.S., as a whole, LG&E is now requesting approval from the
 4 Commission to align its customer bill collection cycle with KU for implementation
 5 coincident with the implementation of the new CCS.

6 **Q. Please describe the current difference between LG&E's and KU's collection cycles.**

7 A. In accordance with the Companies' respective tariffs, KU customers currently have 10
 8 calendar days, while LG&E customers have 15 calendar days, to pay their bill in a timely
 9 fashion, each from the date the bill is rendered. Pursuant to 807 KAR 5:006,
 10 Section14(1)(f)(1), under no circumstances will service to a customer be terminated for
 11 nonpayment before twenty-seven calendar days after the mailing (rendering) date of the
 12 original bill. The proposed change in collection cycle will continue to comply fully with
 13 the requirement to allow customers to receive service for at least twenty-seven days after
 14 the mailing (rendering) of the original bill. For this reason, the Companies have
 15 determined that the use of the KU collection cycle is preferable to the LG&E collection
 16 cycle.

17 Thus, LG&E's revised collection cycle would occur as follows:

18

Company	Due Date	Brown Bill Issue Date	Disconnect Date	Total Days – Bill Date to Disconnect
LG&E	10 calendar days from bill date	5 calendar days from original bill due date	12 calendar days from brown bill issue date	27 calendar days from original bill date (date mailed/rendered)

19
 20 **Q. Why will a change in LG&E's collection cycle eliminate customer confusion?**

1 A. By shortening the bill due date to 10 days, LG&E will normally be able to complete the
2 collection process, including the issuance of any written notice of intent to terminate
3 service (also known as a “brown bill”), before the next regularly scheduled billing date.
4 In contrast, under the existing LG&E collection cycle, the next regular bill is issued prior
5 to the final pay date of any brown bill which may have been issued. The regular monthly
6 billing indicates the due date for the current bill and also displays any past due amount.
7 This bill is received by the customer prior to the final pay date on the brown bill. In this
8 scenario, the customer now has two different documents (the brown bill and the current
9 month’s bill) showing different amounts and different due dates. Receipt of these two
10 documents creates significant confusion for the customer and difficulty for LG&E
11 Customer Service Representatives in clarifying the final payment date for the past due
12 amount, the current bill due date, and payment action (amount and timing) required to
13 avoid termination of service.

14 **Q. Why does LG&E need a decision from the Commission now when the proposed**
15 **implementation will not occur until first quarter, 2009?**

16 A. A timely decision by the Commission will enable the Company to design and build the
17 following synergies into the new system allowing provision of the benefits to our
18 customers immediately upon implementation:

19 A) Synchronize the collection cycle for all Kentucky jurisdictional customers,
20 therefore eliminating potential customer and customer service confusion
21 regarding the timing of due dates for customers,

22 B) Provide a collection cycle that is complete before the next regularly scheduled
23 bill is rendered to the customer, (the cause of confusion today for those

1 customers with two documents containing differing amounts and due
2 dates),

3 C) Allow E.ON U.S. the flexibility to render a single invoice to customers
4 currently served by KU electric and LGE gas service, as this is a frequent
5 request from a portion of these specific customers, and

6 D) Reduce potential field visits required due to confusing messages delivered to
7 customers.

8 If LG&E and KU are required to continue operating with different collection cycles for
9 their customers, these inconsistent collection cycles will unnecessarily create added costs
10 and complexities in designing, implementing (development and training), and
11 maintaining the multiple business processes for the Companies. LG&E and KU are now
12 in the design phase of the development of the new CCS, and need to finalize design
13 specifications on this issue by November 21, 2007.

14 **Q. Why can't the system be designed to permit flexibility in terms of the length of the**
15 **collection cycle?**

16 A. While, we certainly expect our new CCS application to be more flexible, the very nature
17 of a full-scale development project requires a timely and efficient decision-making
18 process. Delays in the decision-making process result in delays in the design process to
19 build and configure the system. Delays at this time will compound delays in the build
20 and testing phase of the project, which could potentially impact the anticipated "go-live"
21 date. While the system could be designed to accommodate both options for the collection
22 cycle, "over programming" for options that won't be utilized in the new system will add

1 unnecessary complexity during the building and testing phase of the project as well as
2 lead to higher costs.

3 **Q. Is LG&E requesting a change in the application of its late payment fee?**

4 A. No. In order to minimize the potential impact of this request on our customers, we are
5 not proposing a change in the application of the LG&E late payment fee. As a result, an
6 LG&E customer will still have fifteen days from the original mail date before the late
7 payment fee will apply.

8 **Q. What is your recommendation?**

9 A. I recommend that the Commission approve the proposed change to LG&E's gas and
10 electric tariffs prospectively coincident with the roll-out of the new CCS expected to
11 occur during the first quarter of 2009. This action will help to avoid unnecessary
12 customer confusion and allow LG&E and KU to design their new CCS to include a
13 common "synchronized" collection cycle for both Companies.

14 **Q. Does this conclude your testimony?**

15 A. Yes, it does.


VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, Sidney L. "Butch" Cockerill, being duly sworn, deposes and says he is Director of Revenue Collection for E.ON US Services, Inc., that he has personal knowledge of the matters set forth in the foregoing testimony and exhibits, and the answers contained therein are true and correct to the best of his information, knowledge and belief.


SIDNEY L. "BUTCH" COCKERILL

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13 day of September, 2007.

 (SEAL)
Notary Public

My Commission Expires:

10-16-2008

APPENDIX A

Sidney L. (Butch) Cockerill
Director, Revenue Collections
E.ON U.S. Services Inc.
220 West Main Street
P. O. Box 32010
Louisville, Kentucky 40202
(502) 627-4772

Education

Spaulding University, B.A. in Business Administration - 1998

Previous Positions

Louisville Gas and Electric Company, Louisville, Kentucky
2002-2003 – Director of Distribution Operations
2000-2002 – Director of Gas Control and Storage
1997-2000 – Manager of Gas Storage Operations
1995-1997 – Manager of Gas Distribution
1990-1995 – Manager of Transportation Department

Professional/Trade Memberships

American Gas Association
Kentucky Gas Association
Electric Utilities Fleet Management

Civic Activities

Kentucky Derby Festival, Director