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February 6, 2008

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PUBLIC SERVICE
COMMISSION

HAND DELIVERED

Elizabeth O'Donnell
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:

On January 30, 2007, the Kentucky Public Service Commission ("Commission") issued an Order in the above-captioned proceeding granting the motion of Louisville Gas and Electric Company ("LG&E") for reconsideration of the Commission's Order of December 18, 2007. In addition, the Commission's order requests that any party who wishes to file a proposed procedural schedule do so within seven days of the order.

As stated in LG&E's Motion to Reconsider, synchronizing the bill due dates of LG&E and Kentucky Utilities Company ("KU") will not affect the timing of LG&E's assessment of late payment charges. In addition, LG&E's synchronization proposal will continue to comply with Commission regulation by allowing a customer at least twenty-seven days after the bill date prior to disconnection for non-payment. 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 brown bill, before the next regularly scheduled billing date.

Because LG&E's late payment charge impacts the Company's revenues, any change to LG&E's policy or addition to KU's tariff should be addressed only in a general rate proceeding. LG&E believes 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. Moreover, as stated in Sidney L. "Butch" Cockerill's January 22, 2008 letter to the Executive Director of the Commission, if the Commission approves LG&E's application as-filed, LG&E will configure its Behavioral Scoring System not to impact a customer's score for late payment

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until at least fifteen (15) days after the bill issuance date, helping to ensure that synchronizing LG&E's and KU's bill due dates will not harm customers. LG&E therefore respectfully requests the Commission to approve its application as filed.

Alternatively, should the Commission disagree with LG&E and determine that the collection cycle issue should be decided at the same time as the late payment charge issue, LG&E respectfully requests that the Commission defer consideration of the issue until LG&E's next general rate case.

In either event, it is LG&E's understanding that the Commission's January 30, 2008 Order granting reconsideration in this proceeding has relieved LG&E and KU of the obligation created by the Commission's December 18, 2007 Order to file with the Commission a new plan to unify LG&E and KU's Customer Care System ("CCS").

LG&E believes that no additional proceedings are necessary in this case, and therefore requests the Commission to render its decision on the existing record. Should you have any questions, however, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Duncan Crosby III". The signature is written in a cursive style with a horizontal line underlining the name.

W. Duncan Crosby III

WDC:ec
cc: Parties of Record