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Mr. Jeff DeRouen
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

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COMMISSION

**Louisville Gas and Electric
Company**
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Louisville, Kentucky 40202
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Rick Lovekamp
Manager, Regulatory Affairs
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October 8, 2009

RE: *In the Matter of: W.H. Chapman v. E.ON/LG&E, Case No. 2009-00312*

Dear Mr. DeRouen:

Enclosed please find an original and eleven (11) copies of the Answer of Louisville Gas and Electric Company to the Complaint of W.H. Chapman in the above-referenced docket.

Please file-stamp the extra copy of the Answer as received and return it to me in the enclosed envelope. Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

Rick Lovekamp

Enclosures

cc: W.H. Chapman

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

W.H. CHAPMAN)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 2009-00312
)	
E.ON/LG&E)	
)	
DEFENDANT)	

* * * * *

ANSWER OF
LOUISVILLE GAS AND ELECTRIC COMPANY

In accordance with the Kentucky Public Service Commission’s (“Commission”) Order of September 28, 2009 in the above-captioned proceeding, Louisville Gas and Electric Company (“LG&E” or the “Company”) respectfully submits this Answer to the Complaint of W.H. Chapman filed on July 22, 2009. In support of its Answer, and in response to the specific averments contained in said Complaint, LG&E states as follows:

1. LG&E admits the allegations contained in paragraph (a) of the Complaint, on information and belief.
2. With regard to the allegations contained in paragraph (b) of the Complaint, LG&E states that its primary business address is 220 West Main Street, Louisville,

Kentucky 40202. LG&E also notes that it is the regulated utility at issue in this complaint and that E.ON should not be a party to this case.

3. With regard to the allegations contained in paragraph (c) of the Complaint, LG&E states as follows:

a. LG&E denies the statement “[t]he three (3) day grace period before a late charge being applied to the total energy use charge is too short of a time frame and needs to be extended to fourteen (14) days.” In addition, LG&E affirmatively states that the late payment charge, as authorized by 807 KAR 5:006 § 8(3)(h), is not assessed until the fifteenth day after the bill is mailed, just as it has been for over 20 years. *In the Matter of Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company*, Case No. 90-158, Order of December 21, 1990, pp. 72-74.

b. LG&E denies the statement, “[t]his late charge will hurt the poor & elderly on a fixed income, most.”

c. As to the statement that “[m]any [of the poor & elderly] live paycheck to paycheck and receive their income checks too late to get a payment to E.ON/LG&E in the mail before the late fee charge is applied. This can be true even if the payment was mailed by the due date. This can be true because the payee cannot control the speed of the mail delivery,” LG&E is without knowledge or information sufficient to form a belief as to the truth of the averments. However, LG&E affirmatively states that its payment policies have been approved by the Commission and are consistent with both the Commission regulations and LG&E’s tariff. Moreover, LG&E offers many options to customers that allow them to avoid late payment charges that may arise from delays to the postal service: customers may enroll in our Automatic Bank Club which

automatically withdraws funds on the due date from the customer's bank account; customers may use bill pay from their bank to deduct the funds on the due date; customers may pay their bill online; or customers may make their payments at one of more than fifteen authorized pay agents located throughout LG&E's service territory.

d. LG&E denies the statements "[e]xtending the grace period to fourteen (14) days will not affect E.ON/LG&E in any appreciable way but will help numerous customers stay out of a constantly catch up way of life. If E.ON/LG&E is not just attempting to find a new income stream, this should be an easy compromise for all [i]nvolved."

e. LG&E denies Mr. Chapman's request to "extend grace period from three (3) days to fourteen (14) days from the due date for all customers of LG&E/E.ON. Additionally, LG&E/E.ON should reimburse all customers for this fee already collected."

4. LG&E denies all allegations contained in the Complaint which are not expressly admitted in the foregoing paragraphs of this Answer.

FIRST AFFIRMATIVE DEFENSE

The Complaint, or parts of it, fails to set forth any claim upon which relief can be granted by this Commission and, therefore should be dismissed.

SECOND AFFIRMATIVE DEFENSE

The Complainant has failed to set forth a *prima facie* case that LG&E has violated its tariff or any statute or Commission regulation, and the Complaint should be dismissed for that reason.

THIRD AFFIRMATIVE DEFENSE

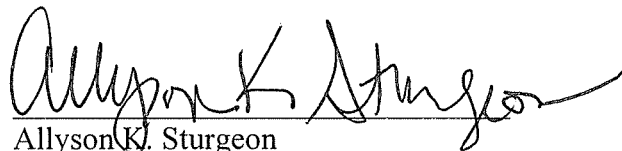
The filed rate doctrine as codified at KRS 278.160(2) requires LG&E to charge customers its tariffed rates. When a utility “has on file a specific rate which by its own terms is imposed when a customer does not timely pay its utility bill, the utility has no discretion but to impose that charge.” *In the Matter of: The Reasonableness of Delayed Payment Charges Pursuant to Various Tariffs of Kentucky Power Company d/b/a American Electric Power with Respect to Late Payments by AK Steel Corporation*, Case No. 2000-00062, Order of August 31, 2000, p. 5.

WHEREFORE, for all of the reasons set forth above, LG&E respectfully requests:

- (1) that the Complaint herein be dismissed without further action taken by the Commission;
- (2) that this matter be closed on the Commission’s docket; and
- (3) that LG&E be afforded any and all other relief to which it may be entitled.

Dated: October 8, 2009

Respectfully submitted,



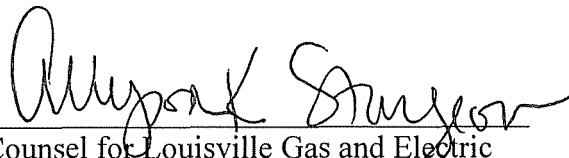
Allyson K. Sturgeon
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LG&E U.S. LLC
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Louisville, Kentucky 40202
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Counsel for Louisville Gas and Electric
Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Answer was served on the following on the 8th day of October, 2009, U.S. mail, postage prepaid:

W.H. Chapman
P.O. Box 314
Harrods Creek, KY 40027



Counsel for Louisville Gas and Electric
Company