

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF DUKE	)	
ENERGY KENTUCKY, INC., FOR: 1) AN	)	
ADJUSTMENT OF THE NATURAL GAS RATES;	)	CASE NO.
2) APPROVAL OF NEW TARIFFS; AND 3) ALL	)	2025-00125
OTHER REQUIRED APPROVALS, WAIVERS,	)	
AND RELIEF.	)	

REBUTTAL TESTIMONY OF

ADAM LONG

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

October 3, 2025

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTION AND PURPOSE	1
II. DISCUSSION	2
III. CONCLUSION	12

I. INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Adam Long and my business address is 525 South Tryon Street,
3 Charlotte, North Carolina 28202.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Duke Energy Business Services LLC (DEBS) as Vice
6 President and Chief Operations Officer Natural Gas. DEBS provides various
7 administrative and other services to Duke Energy Kentucky, Inc. (Duke Energy
8 Kentucky or Company) and other affiliated companies of Duke Energy
9 Corporation (Duke Energy).

10 **Q. ARE YOU THE SAME ADAM LONG WHO FILED DIRECT**
11 **TESTIMONY IN THIS PROCEEDING?**

12 A. Yes.

13 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
14 **PROCEEDING?**

15 A. The purpose of my rebuttal testimony is to respond to two recommendations made
16 on behalf of the Kentucky Attorney General. I first respond to Mr. Randy Futral's
17 recommendation to adjust the Company's forecasted leak and locate expenses
18 included in the test year. I also respond to Mr. Lane Kollen's recommendation to
19 deny the Company's request to amend its Pipeline Modernization Mechanism
20 (Rider PMM) to include replacement of Aldyl-A pipe that has been identified as a
21 safety risk under the Company's distribution integrity management program

1 (DIMP) and that is recognized as a risk by the industry on a national level,
2 respectively.

II. DISCUSSION

3 **Q. PLEASE SUMMARIZE THE RECOMMENDATION OF MR. FUTRAL AS**
4 **IT RELATES TO THE LEAK AND LOCATE COSTS INCLUDED IN THE**
5 **COMPANY'S RATE CASE TEST PERIOD.**

6 A. Mr. Futral recommends that the Commission base the test year expense for
7 account 874000 on the Company's 2024 actual expense amount of \$1.612
8 million, escalating by 3 percent for 2025 and 2026, respectively. Mr. Futral
9 argues that the Company's leak and locate costs have not escalated as forecasted
10 for the first six months of the base year, and that since 2024 actual expense was
11 lower than the amount forecasted in the Company's test year, the Company's
12 future expense should be lower.

13 **Q. PLEASE EXPLAIN WHY THE COMPANY'S ACTUAL EXPENSE WAS**
14 **LOWER?**

15 A. The actual spend for leak and locate costs are not equally spent in 12 months. The
16 costs are far more dynamic and spend during the year will vary based on weather,
17 number of locate requests per month, types and locations of any leaks found,
18 manpower availability and other work impacting the service territory. As an
19 example, for Kentucky as of July 1, 2025, only 33% of the Duke Energy
20 Kentucky jurisdiction had been surveyed for leaks. The leak survey drives the
21 schedule for leak repairs. On any given year, the timing for the leak survey can
22 vary by a few months placing costs in a different part of the year as compared to

1 previous years.

2 **Q. PLEASE EXPLAIN WHY MR. FUTRAL’S RECOMMENDATION TO**
3 **REDUCE THE LEVEL OF LEAK AND LOCATE EXPENSE TO 2024**
4 **ACTUAL COSTS, ESCALATED BY 3 PERCENT PER YEAR FOR 2025**
5 **AND 2026 IS UNREASONABLE AND UNREFLECTIVE OF FUTURE**
6 **COSTS.**

7 A. Costs for leak and locate expenses vary not only month to month based on many
8 factors as I described above, but also year to year. Looking at the actual cost for
9 2022 through 2024, as provided in response to Discovery Request AG-DR-01-
10 073, the three-year trend is increasing even though 2023 had lower costs
11 compared to both the preceding year and subsequent year:

12	2022	\$1,449,168
13	2023	\$1,147,902
14	2024	\$1,611,521

15 The Company’s current locating contractor’s labor contract rates expire in
16 2026, and at that time, will be three years old. Duke Kentucky will be soliciting
17 bids for new locating contract labor rates prior to that expiration and expects the
18 costs to increase dramatically based upon experience in other jurisdictions, well
19 over 3 percent. Escalating costs by 3 percent per year based on older and stale
20 contract labor rates does not address the reality of the labor market and the
21 magnitude of costs that will be incurred by the utility.

¹ Source: Company Response to AG-DR-01-073, Filed July 17, 2025.

1 **Q. WHAT IS THE COMPANY’S RECOMMENDATION REGARDING**
2 **LEAK AND LOCATE EXPENSE IN THE TEST YEAR?**

3 A. The Company recommends that the Commission reject Mr. Futral’s
4 recommendation and that the Company’s projected 2026 expense be approved.
5 These costs, reflected in the Company’s proposed test period, represent the most
6 accurate estimate of the expected cost of service when new rates go into effect.

7 **Q. PLEASE SUMMARIZE THE RECOMMENDATION OF MR. KOLLEN**
8 **AS IT RELATES TO COMPANY’S PROPOSAL TO EXPAND THE**
9 **RIDER PMM TO INCLUDE ALDYL-A REPLACEMENT.**

10 A. Mr. Kollen recommends the Commission deny the Company’s request to
11 proactively replace Aldyl-A pipeline and services and to include those
12 replacement costs in Rider PMM. His argument is based on the premise that
13 Aldyl-A is not required under the law and that the Company will continue to
14 comply with the law, even if the Commission denies the proactive replacement.
15 He argues that the scope of replacement of the Company’s AM07 pipeline, which
16 is currently recovered through Rider PMM is not the same as that of Aldyl-A and
17 that the scope of work and cost to replace Aldyl A pipe and services does not rise
18 to the need for rider recovery. Finally, Mr. Kollen argues that there is no need to
19 “incentivize” the Company to accelerate Aldyl-A replacement with rider
20 recovery.

21 **Q. PLEASE RESPOND TO MR. KOLLEN’S CLAIM THAT ALDYL-A**
22 **REPLACEMENT IS NOT REQUIRED BY LAW.**

23 A. While Mr. Kollen is correct that there currently is no “law” that explicitly requires

1 the Company to remove all Aldyl-A pipe and services, nonetheless, Aldyl-A is an
2 industry-recognized safety risk, with many prudent jurisdictions taking a
3 proactive approach to removing it before a failure occurs. One need only perform
4 a “google search” to find examples of Aldyl-A pipe failures that have resulted in
5 catastrophic damage. While replacing Aldyl-A is not currently the subject of an
6 existing and effective law, nonetheless, there have been attempts to pass such
7 legislation in the recent past.

8 In September 2023, the Pipeline and Hazardous Materials Safety
9 Administration (PHMSA) moved to revise federally mandated DIMP for utilities
10 and natural gas distribution operators to include Aldyl-A and other Polyethylene
11 (PE) pipes under a proposed rule stating "that operators must identify the threats
12 posed by specific material types in their pipeline system." In 2024, the U.S. House
13 of Representatives also considered a bill that would require widespread
14 identification and removal of Aldyl-A pipes.² While not passed into law, this
15 nonetheless demonstrates the focus on addressing the risk of Aldyl-A.

16 **Q. PLEASE RESPOND TO MR. KOLLEN’S CLAIM THAT THE COMPANY**
17 **WILL CONTINUE TO COMPLY WITH THE LAW IF THE**
18 **COMMISSION DENIES RECOVERY OF ALDYL-A REPLACEMENT**
19 **COSTS THROUGH RIDER PMM.**

20 A. Again, Mr. Kollen, while correct that the Company will comply with the law, he
21 nonetheless misses the point of a DIMP program, being a prudent operator of a
22 natural gas distribution system and providing service that is both safe and reliable.

² www.congress.gov/bill/118th-congress/house-bill/5638/text?s=1&r=1

1 While he correctly points out that the Company currently does incur Aldyl-A
2 replacement costs today in the normal course of business, this is a reactive
3 approach and only occurs when a gas leak occurs and the Company must take
4 corrective action to address the leak once it is discovered. A proactive program to
5 address a known integrity threat is a practical and effective way to plan for work
6 that will need to be performed. This allows the utility to plan the work in the most
7 efficient way and not react to individual instances of Aldyl-A failures, driving up
8 overall costs.

9 **Q. PLEASE RESPOND TO MR. KOLLEN'S ARGUMENT THAT THE**
10 **SCOPE OF ALDYL-A REPLACEMENT IS NOT THE SAME AS THAT**
11 **OF THE COMPANY'S AM07 REPLACEMENT PROJECT.**

12 A. Mr. Kollen's argument is irrelevant, confuses issues, and is a red herring. The
13 reasons for the two replacements are similar, driven by integrity management
14 programs required by PHMSA, and the need to continually respond to and
15 address known threats to the safety, reliability, and integrity of the natural gas
16 delivery system.

17 The purpose of, and need for, the AM07 replacement, while not the
18 subject of this case, was to meet PHMSA regulations, namely the Pipeline Safety:
19 Safety of Gas Transmission Pipelines: MAOP Reconfirmation, Expansion of
20 Assessment Requirements, and Other Related Amendments" (New Transmission
21 Rule) and ensure the Company's natural gas delivery system continues to function
22 in a safe and reliable manner for customers. The AM07 replacement was
23 necessary under the New Transmission Rule, that, among other things, requires

1 utilities to properly assess for the threats on each pipeline and requires natural gas
2 companies that do not have the necessary traceable, verifiable, and complete
3 records to pressure test, perform ILI, or replace the pipe. The 1956 vintage pipe
4 within the AM07 pipeline does not have traceable, verifiable, and complete
5 pressure test records and is incapable of ILI. Additionally, because the AM07 is
6 the backbone of the Company's natural gas delivery system, it is not possible to
7 take it out of service to perform such pressure testing. Moreover, AM07
8 replacement is also necessary to support future load growth in the area and
9 maintain sufficient natural gas system pressures. The timing of the project,
10 including the priority of completion of the project in five phases, was to spread
11 out the timing of the investments in a reasonable manner but within the
12 compliance timeline per PHMSA regulations.

13 As I explained in my Direct Testimony, the Aldyl-A replacement is driven
14 by the Company's DIMP and an industry-wide focus on eliminating a known
15 safety and integrity risk from the natural gas system. Once the Company has
16 identified a significant risk to its system, it must, to comply with PHMSA
17 requirements, formulate a plan to address that identified risk.

18 **Q. PLEASE BRIEFLY SUMMARIZE THE COMPANY'S PROPOSAL TO**
19 **REPLACE ALDYL-A PIPE AND FOR RECOVERY THROUGH RIDER**
20 **PMM.**

21 A. Duke Energy Kentucky has approximately 38 miles of Aldyl-A main and
22 approximately 5,455 Aldyl-A services. Duke Energy proposes a 5 year program
23 to replace this Aldyl-A pipe for a cost of \$83 million to \$85 million. Duke Energy

1 would structure the program to minimize impacts to customers and split the
2 replacements up into logical geographics sections to replace in an effort to
3 minimize any impact on the area during construction.

4 **Q. PLEASE RESPOND TO MR. KOLLEN'S CRITICISM THAT THE**
5 **COMPANY DOES NOT NEED AN "INCENTIVE" TO PROACTIVELY**
6 **REPLACE ALDYL-A PIPES AND SERVICES WITH A RIDER**
7 **RECOVERY.**

8 A. Although I am not an attorney, I have read the statute that authorizes the recovery
9 of costs of replacement programs for natural gas pipelines, which provides as
10 follows:

11 **278.509 Recovery of costs for investment in natural gas pipeline**
12 **replacement programs.**

13 Notwithstanding any other provision of law to the contrary, upon
14 application by a regulated utility, the commission may allow recovery of
15 costs for investment in natural gas pipeline replacement programs which
16 are not recovered in the existing rates of a regulated utility. No recovery
17 shall be allowed unless the costs shall have been deemed by the
18 commission to be fair, just, and reasonable.

19 Incentivizing the utility is not specifically mentioned as a threshold
20 criterion in that statute. Nonetheless, in order to proactively address a known,
21 industry-recognized, safety and integrity risk that has garnered national attention
22 due to the potential for serious consequences with a failure, the utility should be
23 encouraged to proactively address and replace this pipe. The recovery of these
24 costs through a surcharge mechanism is a tool permitted by the Kentucky General
25 Assembly to allow the utility to timely recovery its incremental costs, not
26 currently in base rates, which are determined by the Commission to be fair just

1 and reasonable.

2 **Q. ARE ALDYL-A REPLACEMENT COSTS CURRENTLY REFLECTED IN**
3 **BASE RATES?**

4 A. The Company does not specifically have Aldyl-A replacement costs in its base
5 rates. It does have a level of costs for annual pipeline replacements for its system
6 that is agnostic to type of pipe. This includes replacements for excavation
7 damages that cannot be charged to a contractor or customer, normal replacements
8 and relocations that occur due to construction, and the like. An Aldyl-A-specific,
9 proactive replacement program is not currently in base rates.

10 **Q. PLEASE EXPLAIN WHY THE ALDYL-A PIPE NEEDS TO BE**
11 **REPLACED.**

12 A. As it relates to pipeline replacements, Duke Energy Kentucky must respond to
13 changes in federal or state regulations that necessitate the replacement of older
14 infrastructure that either does not meet, or cannot be proven to meet, new
15 standards, or newer interpretations of existing standards. In addition, the
16 Company must continue to address risks identified as part of its DIMP and TIMP,
17 respectively.

18 **Q. HAVE THERE BEEN RECENT EXAMPLES OF INTEGRITY RISKS**
19 **WITH PRE-1980 VINTAGE ALDYL A PIPES?**

20 A. Yes. In March 2023, Aldyl-A pipe was the catalyst for a natural gas pipeline
21 failure that killed seven workers at a Pennsylvania candy factory. In November of
22 2024 the NTSB issued a report on a South Jordan, Utah house explosion linked to
23 Aldyl-A pipe.

1 **Q. PLEASE EXPLAIN HOW THE COMPANY IDENTIFIED ALDYL-A PIPE**
2 **AS AN INTEGRITY RISK AS PART OF ITS DIMP? PLEASE EXPLAIN.**

3 A. Duke Energy Kentucky has identified Aldyl-A as a threat to the distribution
4 system that will be identified and tracked in our Distribution Integrity
5 Management Program. When looking specifically at natural gas leaks in the Duke
6 Energy Kentucky distribution system on plastic main pipe that is not associated
7 with excavation damage, the average leak rate for all plastic pipes from January
8 2020 to April 2025 was 0.220 leaks per mile. When Duke Energy Kentucky looks
9 at just the leaks on Aldyl-A pipe in its jurisdiction in that same timeframe the leak
10 rate is 0.421 leaks per mile or almost double the overall leak rate. In addition, it
11 has been shown in the industry that Aldyl-A pipe is prone to leak in a location that
12 has been used as a “squeeze off” point for gas isolation, requiring the Company to
13 mobilize and perform another isolation on the same Aldyl-A pipe at a later date to
14 replace the leaking section of main. As part of Duke Energy’s overall integrity
15 program, the leak rates for all of our jurisdictions are analyzed to look for
16 emerging threats and patterns of leaks. For all of Duke Energy from January 2020
17 through April of 2025, the leaks per mile of plastic main was 0.186, while the
18 leaks per mile of Aldyl-A pipe in that same time frame was 1.47, almost 8 times
19 as much – making Aldyl-A pipe a unique threat to the distribution system that
20 would need to be monitored. The proposed program will solve these issues.

21 **Q. DO YOU KNOW WHETHER PROACTIVE ALDYL-A REPLACEMENTS**
22 **HAVE BEEN PREVIOUSLY APPROVED BY THIS COMMISSION?**

23 A. In its recent Order in Case No. 2024-00276, this Commission authorized a

1 proactive ALDYL-A replacement program for Atmos.³ As the Commission
2 stated in that Order: “... the Commission has previously recognized, there are
3 significant risks posed by Aldyl-A pipelines, particularly pre-1973 Aldyl A
4 pipelines...” The Commission found that Atmos’s proposal to include Aldyl-A in
5 its pipeline replacement program (PRP) should be approved, and that Atmos
6 should prioritize the replacement based on potential safety risks and to follow its
7 TIMP and DIMP when deciding replacement priority, unless specific
8 circumstances justify replacing lower risk pipe from the DIMP and TIMP.⁴ The
9 Commission maintained a limit on Atmos’s annual PRP capital recovery to
10 balance the interests of replacing this pipeline and the rate impact to customers.
11 This is exactly what Duke Energy Kentucky has proposed here in this case. A
12 proactive program, subject to annual approval and review by the Commission to
13 commence following the completing of the Company’s AM07 replacement also
14 recovered under the Rider PMM to balance the need to address the safety risks
15 with the impact on customer rates.

16 The Commission should approve the Company’s proposal and reject
17 Kollen’s recommendation to deny the Aldyl A replacement and recovery through
18 Rider PMM.

³ *In the Matter of the Electronic Application of Atmos Energy Corporation for and Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief*, Case No. 2024-00276 (Ky. P.S.C. Order) (Aug. 11, 2025).

⁴ *Id.*, p. 59.

III. CONCLUSION

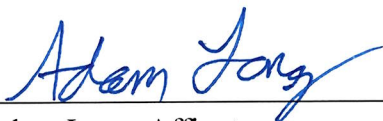
1 **Q. DOES THIS CONCLUDE YOUR PRE-FILED REBUTTAL TESTIMONY?**

2 **A. Yes.**

VERIFICATION

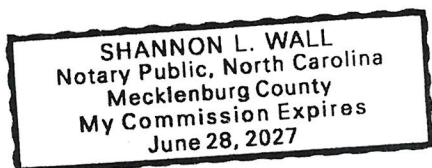
STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) SS:

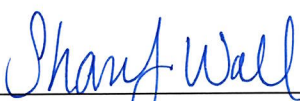
The undersigned, Adam Long, Vice President, Chief Operations Officer, Natural Gas Business, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the rebuttal testimony, and that the answers contained therein are true and correct to the best of his knowledge, information, and belief.



Adam Long, Affiant

Subscribed and sworn to before me by Adam Long this 3rd day of October, 2025.





NOTARY PUBLIC

My Commission Expires: 6/28/2027