

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR A DECLARATORY ORDER)	CASE NO.
REGARDING RECOVERY OF COSTS TO)	2025-00142
TO CONVERT CUSTOMERS TO ALTERNATE)	
SOURCE OF FUEL)	

VERIFIED APPLICATION

Comes now Duke Energy Kentucky, Inc. (“Duke Energy Kentucky”), by and through the undersigned counsel, pursuant to 807 KAR 5:001 Section 19 and other applicable law, and does hereby submit its Application for the Commission to declare that Duke Energy Kentucky can recover the costs of converting twenty-seven customers to an alternate fuel source as a result of TC Energy’s abandonment of the transmission line to which these customers are connected. Duke Energy Kentucky respectfully requests the Commission issue its **decision by July 15, 2025** so that it may move forward in negotiation with these customers to convert them to an alternate source of fuel prior to TC Energy’s abandonment of the transmission line. As grounds for this Application, Duke Energy Kentucky respectfully states as follows:

INTRODUCTION AND BACKGROUND

In 2023, TC Energy acquired KO Transmission, a Duke Energy Corporation subsidiary, that owned 51.5 miles of natural gas FERC regulated transmission pipe in Northern Kentucky. There are twenty-seven (27) Duke Energy Kentucky customers directly attached to the existing transmission lines in the manner of a “farm tap.” Some of these customers have been taking service on the KO Transmission Pipeline for more than fifty years. Duke Energy Kentucky billed these

customers as distribution customers, because Duke Energy Kentucky does not have a farm tap tariff and the customers were technically connected to facilities owned by KO Transmission.

TC Energy now has a modernization project called the “NKY Gate Enhancement Project” and is upgrading and replacing 51.5 miles of pipeline with approximately 24.2 miles of new pipeline in Campbell, Pendleton, and Bracken Counties. Duke Energy Kentucky is aware that TC Energy has indicated it will not allow these types of connections on the new line and that it plans to abandon the old lines when the new lines are completed, most likely in 2028. TC Energy’s decision to abandon its existing line results in these “farm tap” customers no longer having access to natural gas across or adjacent to their properties.

Duke Energy Kentucky’s natural gas distribution delivery system does not currently extend to the majority of these customers. Duke Energy Kentucky does not currently have natural gas mains, or gas distribution facilities, adjacent to twenty-five of these twenty-seven customers. Once TC Energy abandons its old lines, for safety, each of the customers’ “farm tap” service lines will have to be capped and Duke Energy Kentucky’s natural gas metering equipment will be removed. Duke Energy Kentucky has explored possible solutions to assist these customers with a “farm tap” connection to the interstate pipeline, including extending its distribution system or assisting customers with the cost of converting them to another fuel source.

The cost of extending service to each of the 25 customers where natural gas distribution does not currently exist would be significant. The Company’s initial estimates for potential main extensions for each of these customers range between \$150,000 to over \$2 million depending upon the location and geographic topography, resulting in a total estimated capital cost of \$16.3 million. Because the Company has not performed detailed engineering, these costs would most likely be even greater. The estimated cost to convert to an alternative fuel source for all twenty-five

customers is expected to be approximately \$625,000. Therefore, Duke Energy Kentucky believes the most efficient solution would be to convert these twenty-five customers that Duke Energy Kentucky does not have natural gas mains or gas distribution facilities in their area, to an alternate fuel source.

Accounting guidance supports treating these conversions as retirement costs along with the aforementioned caps on service line and meter removals.

REQUEST FOR DECLARATORY ORDER

Duke Energy Kentucky requests the Commission enter a declaratory order confirming that Duke Energy Kentucky can recover the costs of converting these customers to an alternate fuel source as costs of removal of the existing services. Two of the twenty-seven affected customers are in close proximity to Duke Energy Kentucky's existing infrastructure and can be served by Duke Energy Kentucky. The remaining twenty-five customers do not have Duke Energy Kentucky's mains or distribution system adjacent to their property. Pursuant to KRS 278.010, Duke Energy Kentucky has an obligation to serve these customers. Duke Energy Kentucky billed these customers as utility customers and Duke Energy Kentucky does not have a farm tap tariff on file with the Commission for the terms and conditions of service and a schedule of rates for farm tap customers. Duke Energy Kentucky provided the service line and metering, affording these customers the protections as utility customers. Duke Energy Kentucky did not own the interstate pipeline that these customers directly connected to for service.

In order to resolve this situation when TC Energy abandon's the lines, Duke Energy Kentucky determined that a fair amount to compensate these customers for the costs of conversion to an alternate fuel is \$25,000. This figure represents the estimated costs of converting customers, potential re-wiring/plumbing and equipment, including replacement of any natural gas appliances.

Contingent upon the Commission's issuance of a declaratory order approving of this approach, Duke Energy Kentucky will contact each affected customer and offer them the \$25,000 to convert to an alternate fuel source and waive their right to request Duke Energy Kentucky provide them with natural gas service.

Duke Energy Kentucky also plans to file an application to approve the abandonment of these lines once Duke Energy Kentucky converts the customers to an alternate fuel source to avoid any uncertainty on whether Duke Energy Kentucky has an obligation to serve these customers. Duke Energy Kentucky believes converting these twenty-five (25) customers to an alternative fuel source and to connect the two (2) customers that are in close proximity to Duke Energy Kentucky's pipelines, is what is best for not only these twenty-seven (27) customers, but also all of Duke Energy Kentucky customers. Based on Duke Energy Kentucky's due diligence, this alternative is the most economic for Duke Energy Kentucky, its customers, and the least impactful to the service provided for these Duke Energy Kentucky "farm tap" customers.

CONCLUSION

For the foregoing reasons, Duke Energy Kentucky respectfully requests that the Commission enter a declaratory order declaring that the costs associated with converting these customers to an alternate fuel source are recoverable costs for the removal of existing services as a result of TC Energy's abandonment of its transmission line.

Dated this 3rd day of June 2025.

VERIFICATION

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

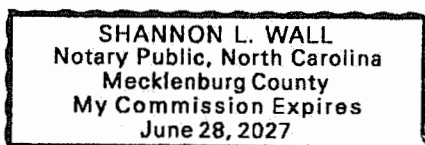
The undersigned, Adam Long, first being duly sworn, deposes and says that he is the Vice President and Chief Operations Officer Natural Gas of Duke Energy Kentucky, Inc., that he has personal knowledge of the matters set forth in the foregoing, and that the information contained therein is true and correct to the best of his knowledge, information and belief.

DUKE ENERGY KENTUCKY, INC.

By: Adam Long

ADAM LONG
VICE PRESIDENT AND CHIEF OPERATIONS OFFICER
NATURAL GAS

Subscribed and sworn to before me by Adam Long, Vice President and Chief Operations Officer Natural Gas of Duke Energy Kentucky, Inc., on this 3rd day of June 2025.

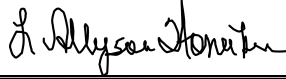


Shannon L. Wall
NOTARY PUBLIC

Notary ID#: 201217100118

My Commission Expires: 6/28/2027

Respectfully submitted,



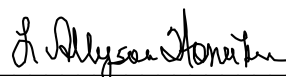
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CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing was transmitted to the Commission on June 3, 2025 that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of the filing will be made.



Counsel for Duke Energy Kentucky, Inc.