

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. 2025-00142
REGARDING RECOVERY OF COSTS TO)
TO CONVERT CUSTOMERS TO ALTERNATE)
SOURCE OF FUEL)

MEMORANDUM BRIEF ADDRESSING
THE MERITS OF DUKE KENTUCKY’S
APPLICATION

Comes now, Tom Mason (“Mason”), by and through counsel, and submits his Memorandum Brief Addressing the merits of Duke Kentucky, Inc.’s (“Duke”) application for a declaratory order regarding recovery of costs to convert customers to alternative source of fuel pursuant to Order of the Kentucky Public Service Commission (“Commission”) dated March 10, 2026:

Introduction and Background

On November 12, 2025, Duke filed its verified application (the “Application”) with the Commission in which it requested a declaratory order confirming that Duke can recover costs of converting customers that will lose gas service due to the abandonment of the KO Transmission Pipeline (the “Pipeline”) to an alternative fuel source. See Application p.1. In its Application, Duke described TC Energy’s plan to abandon the Pipeline, which will result in twenty-seven (27) of Duke’s customers attached to the Pipeline via a “farm tap” losing natural gas service. *Id.* Twenty-five (25) of these customers will not be able to connect to Duke’s existing infrastructure to receive existing natural gas services. *Id.* at 2. Duke has been billing these customers as utility customers because they do not have a farm tap tariff and the customers were connected to facilities owned by KO Transmission. *Id.* at 1-2. Duke is aware that TC Energy will not allow “farm tap”

connections on the new line and plans to abandon the old Pipeline. *Id* at 2.

In the Application, Duke requested that the Commission declare that Duke “can recover the costs of converting twenty-seven customers to alternate fuel source as a result of TC Energy’s abandonment of the transmission line to which these customers are connected.” *Id* at 1. Duke also stated that it had determined that a fair amount to compensate each customer for the conversion to alternative fuel was \$25,000 in exchange for waiving the right to request Duke provide them natural gas services. *Id* at 3.

Mason owns the property located at 1002 Cabin Creek Drive, Cold Spring, Kentucky 41076 (the “Property”). Mason’s Property is one of the properties connected to the Pipeline via a “farm tap” that will not be able to connect to Duke’s existing infrastructure as the existing natural gas distribution delivery system does not currently extend to the Property. Consequently, Mason’s Property will lose natural gas service upon the abandonment of the Pipeline. Mason filed a Motion to Intervene in this case on January 16, 2026, due to his ability to provide information regarding the actual costs of conversion to alternative fuel costs related to this action, which the Commission granted in an order on March 10, 2026 (the “Order”). The Order also gave Mason full rights as a party to this case and permitted parties to submit memorandum briefs addressing the merits of Duke’s Application.

Duke’s Obligation to Mason

By Duke’s own admission, Duke has an obligation to serve the customers affected by the abandonment of the Pipeline. *Id*. Although Duke does not own the Pipeline, it provided the service line and metering, and billed the customers connected by “farm tap” as its utility customers, so each affected customer is afforded the protection of utility customer by Duke. *Id* at 1-2. Pursuant to KRS 278.010 and KRS 278.030, Duke has an obligation to provide its utility customers with adequate, efficient, and reasonable service. Moreover, 807 KAR 5:006: states “a utility shall not

deny or refuse service to a customer who has complied with all the conditions of service.” Therefore, Duke is undeniably obligated to provide adequate, efficient, and reasonable service to Mason as its utility customer, and Mason is afforded all the protections of a utility customer. When the Pipeline is abandoned, Duke will fail to provide adequate, efficient, and reasonable service to Mason and the other affected customers, and each of them will be denied and refused service because there will be no natural gas service by Duke to the affected properties.

Conversion to Alternative Energy

Because Duke will fail to provide service to Mason and the other affected customers when the pipeline is abandoned, Duke filed the Application and requested permission to offer each customer \$25,000 to convert to alternative energy sources in exchange for waiving “their right to request Duke Energy Kentucky provide them with natural gas service.” *Id* at 4. Duke has since attempted to restate what the Application requests and says that the \$25,000 is actually a starting point that can be negotiated after an order is received in this proceeding. See MORNING SCOTT-DR-01-009. Notably, this did not happen until after two customers had been granted leave to intervene in this matter. In reality, however, the application requested a declaratory order that permits Duke to offer \$25,000 to each customer, without acknowledging any ability for the customer to negotiate or Duke to pay an amount in excess of \$25,000. There is no language in the application that would infer that Duke in any way intended to negotiate with the customers. Rather, Duke determined that \$25,000 was fair for each customer, so that is what they would be paid. This proposal does not provide Mason, or other affected customers, the adequate, efficient, and reasonable service Duke is obligated to provide for several reasons.

First, the actual costs for conversion to an alternative energy will greatly exceed \$25,000 for Mason’s property. Duke’s suggestion to pay each of the affected customers \$25,000 relies on Duke’s “estimate” of conversion costs to propane. See MORNING SCOTT-DR-01-009. Duke’s

“estimate” uses a generalized approach that does not consider the unique aspects of each individual property. Further, the “estimate” assumes the only appliances on each property will be a furnace, hot water heater, fireplace, stove, and clothes dryer. Moreover, Duke’s “estimate” fails to consider differing costs for the purchase, placement, and digging/excavation required to place the propane tank, which will vary by property. While acknowledging that quality of appliances may be different (“low-end”, “mid”, and “high-end”), Duke did not rely on any vendors or contractors in coming up with the estimated costs for replacement of appliances or installation of a propane tank for each of these categories. See MASON-DR-01-015.¹ As the bottom of Duke’s “estimate” acknowledges, the cost for conversion will vary depending on the tank, size, number of appliances, whether they can be converted, and installation costs in addition to other factors. Nevertheless, Duke used a generalized approach with a fixed number of appliances and no actual estimated costs from vendors or contractors to determine the amount that was a fair to pay customers for their conversion to propane.

The costs to convert Mason’s property to propane will substantially exceed the generalized estimate produced by Duke. In addition to these appliances mentioned in Duke’s estimate, Mason’s property also includes several additional fireplaces, a garage heater, and a pool heater that would need to be replaced. Relying on actual vendors and contractors that sell and install the products needed to convert to propane, Mason received quotes that the actual conversion costs would substantially exceed those provided by Duke. These quotes represent a far more accurate description of the actual costs for conversion to propane for Mason’s property than Duke’s “estimate” that did not use quotes from contractors or vendors.

Second, Duke’s obligation to Mason, and each of the affected customers, under KRS

¹ On March 30, 2026, Duke supplemented its Response to Morning Scott’s Request for Information No. 10, which sought information regarding what was relied on for the \$25,000 estimate. The supplemental is inconsistent with Duke’s prior Response to Mason’s Request for Information No. 15, creating more uncertainty to the “estimates” that Duke provided.

278.010 and KRS 278.030 is to provide adequate, efficient, and reasonable service to its utility customers. Propane is not a utility regulated by KRS 278. Rather, it is a private commodity sold on the open market. Since Duke does not sell propane, it cannot guarantee Mason that propane will be provided to him at a reasonable price or at all. Therefore, Duke's estimation to convert each customer to propane does not satisfy its obligation to provide adequate, efficient, and reasonable service. Duke likely used its propane "estimate" to determine that \$25,000 was a fair cost solely to decrease costs, rather than the higher estimates to convert its customers to electricity, which would satisfy its obligation to provide a service.

Finally, as mentioned above, Duke's "estimates" provide little information, except numbers that were determined without consultation with any vendors or contractors. Duke's request to convert customers to an alternative fuel source is made in large part because it would be more expensive to extend service to the customers. See Application at 2-3. Given the effort put into the estimates for the cost of conversion and lack of information provided regarding the ability to extend service to each individual property, Mason submits that more information regarding the costs of extension of service, compared to the actual costs of conversion, rather than Duke's "estimates" should be evaluated before a decision is reached. Since Duke is abandoning its duty to provide service to Mason, it should be required to cover Mason's actual conversion costs or at the very least be required to provide a more substantial and meaningful analysis of the costs so the Commission can make a more informed decision.

Conclusion

It is undisputed that Duke owes Mason a duty to provide him adequate, efficient, and reasonable service. The abandonment of the Pipeline will leave Mason without adequate, efficient, and reasonable service, and Duke's request to offer Mason \$25,000 in order to waive his right to receive services from Duke will not satisfy that obligation. For the foregoing reasons, the

Commission should deny the declaration sought by Duke and instead require it to cover all of a party's actual costs of conversion or at least conduct a more meaningful cost analysis which permits the Commission to make a proper determination of all parties' rights, duties, and obligations related to the matters in the Application.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing was transmitted to the Commission on March 30, 2026, and that it has been served upon the following counsel of record by electronic means in compliance with 805 KAR 5:001(4)(8):

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