

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE)	
ENERGY KENTUCKY, INC. FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY FOR TO CONSTRUCT)	CASE NO.
GAS DISTRIBUTION LINES IN CAMPBELL,)	2026-00114
PENDLETON, AND BRACKEN COUNTIES)	
KENTUCKY AND OTHER GENERAL)	
RELIEF)	

APPLICATION AND REQUEST FOR EXPEDITED TREATMENT

Comes now Duke Energy Kentucky, Inc., (“Duke Energy Kentucky” or the “Company”) by and through the undersigned counsel, pursuant to KRS 278.020, 807 KAR 5:001, and other applicable law and hereby tenders its Application with the Kentucky Public Service Commission (“Commission”) requesting a Certificate of Public Convenience and Necessity (“CPCN”) to construct a natural gas distribution project in Campbell, Pendleton, and Bracken Counties, Kentucky, or an Order in Case No. 2025-00142 confirming that the extension of natural gas mains to continue service to existing customers of Duke Energy Kentucky who will lose natural gas service due to the abandonment of a natural gas pipeline by TC Energy Corporation (“TC Energy”) constitutes an ordinary extension of the existing system under the usual course of business in accordance with KRS 278.020(1)(a)(2) and a CPCN is not needed. Based on the TC Energy’s timeline for abandoning the lines, Duke Energy Kentucky is requesting expedited treatment of this Application and requests a decision on or before August 1, 2026. In support of the Application, Duke Energy Kentucky respectfully states as follows:

I. INTRODUCTION

1. Duke Energy Kentucky is a “utility” as defined in KRS 278.010(3) that is engaged in the business of providing natural gas and electric service. Duke Energy Kentucky purchases, sells, stores, and transports natural gas in Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties, Kentucky.

2. Duke Energy Kentucky owns and operates 22 miles of natural gas transmission lines in Kentucky. Duke Energy Kentucky owns and operates 1,596 miles of natural gas distribution lines. These distribution lines serve approximately 106,000 customers in Kentucky.

3. In 2023, TC Energy, acquired KO Transmission, a Duke Energy Corporation subsidiary. KO Transmission owned 51.5 miles of Federal Energy Regulatory Commission (“FERC”) regulated transmission lines in Northern Kentucky. At the time TC Energy acquired the line, Duke Energy Kentucky had 27 long-time customers directly attached to the transmission lines in the manner of a “farm tap.” Duke Energy Kentucky billed these customers as distribution customers because Duke Energy Kentucky does not have a farm tap tariff and the pipeline those customers are presently connected to was owned by KO Transmission, and now TC Energy.

4. TC Energy began a modernization project which will upgrade and replace the KO Transmission lines. The replacement pipeline will not be in the same location as the KO Transmission line to which these “farm tap” customers are presently connected. When this modernization occurs, TC Energy will no longer allow customers to directly attach to the new lines and will abandon the current KO Transmission lines. This abandonment will result in the 27 customers no longer having access to natural gas. Duke

Energy Kentucky's current natural gas distribution lines do not extend to most of these customers. If Duke Energy Kentucky is to continue natural gas service to these customers, it must now extend its distribution mains to serve these customers.

5. On June 3, 2025, in Case No. 2025-00142, Duke Energy Kentucky filed an Application seeking a Declaratory Order from the Commission that recovery of the costs of converting these customers to an alternative fuel source was reasonable as the least cost-solution for addressing the abandonment of the natural gas transmission line by TC Energy. In addition, as that case progressed, Duke Energy Kentucky informed the Commission and the parties that the Company is not opposed to building infrastructure to serve the affected customers. However, as stated in that proceeding, since time was of the essence Duke Energy Kentucky requested the Commission determine that the construction would be in the normal course of business and a CPCN would not be required for the infrastructure needed to serve these customers. To date, the Commission has not issued a decision in that proceeding, and the time for the Company to act to extend its natural gas mains is running short. Therefore, if the Commission issues an Order in Case No. 2025-00142 that Duke Energy Kentucky should extend service to these customers and that a CPCN is not required, Duke Energy Kentucky reserves the right to withdraw this Application.

6. In the interest of assisting these customers, Duke Energy Kentucky believes that if converting to an alternative fuel source, a less costly solution to the extension of natural gas mains is not a viable solution for the Commission, that to provide continuity of service to these affected customers, the other reasonable alternative is to extend its mains as soon as possible, and before TC Energy completes its pipeline abandonment.

II. FILING REQUIREMENTS

7. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:120 Section 1(2) Duke Energy Kentucky's principal office and principal place of business is 139 East Fourth Street, Cincinnati, Ohio, 4502. Duke Energy Kentucky's office in Kentucky is the Duke Energy Erlanger Operations Center and it is located at 1262 Cox Road, Erlanger, Kentucky 41018. Duke Energy Kentucky telephone number is (614) 460-6004 and its fax number is (859) 288-0258. Duke Energy Kentucky's email address is: KYfilings@duke-energy.com. Duke Energy Kentucky requests the following individuals be included on the service list:

Sarah E. Lawler, Vice President Rates and Regulatory Strategy
Sarah.lawler@duke-energy.com

Neil Moser, Vice President Gas Major Projects
neil.moser@duke-energy.com

Rocco O. D'Ascenzo, Deputy General Counsel Duke Energy Kentucky:
rocco.d'ascenzo@duke-energy.com

L. Allyson Honaker, Counsel for Duke Energy Kentucky:
allyson@hloky.com

Heather S. Temple, Counsel for Duke Energy Kentucky:
heather@hloky.com

Meredith Cave, Counsel for Duke Energy Kentucky:
meredith@hloky.com

8. Pursuant to 807 KAR 5:001, Section 14(2), Duke Energy Kentucky states that it was originally incorporated in the Commonwealth of Kentucky on March 20, 1901, and is currently in good standing. Pursuant to 807 KAR 5:001 Section 14(2), a certified copy of Duke Energy Kentucky's certificate of good standing and a certificate for the following assumed name: "Duke Energy" from the Kentucky Secretary of State is on file

with the Commission in Case No. 2025-00125¹. In addition, the Company attached, as **Exhibit 1**, a Certificate of Existence dated April 30, 2026.

9. In accordance with 807 KAR 5:001 Section 12(2)(a)-(i), Duke Energy Kentucky is filing the following information in **Exhibit 2**, which is incorporated herein and made a part of this Application filed in this proceeding:

<u>Exhibit 2</u>	<u>Description</u>	<u>807 KAR 5:001</u>
<u>Page</u>		<u>Section Reference</u>
	Financial Exhibit	12 (2)
1	Amount and kinds of stock authorized	12(2)(a)
1	Amount and kinds of stock issued and outstanding	12(2)(b)
1	Terms of preference or preferred stock	12(2)(c)
1	Brief description of each mortgage on property of Duke Energy Kentucky	12(2)(d)
1-2	Amount of bonds authorized and issued and related information	12(2)(e)
2	Notes outstanding and related information	12(2)(f)
3	Other indebtedness and related information	12(2)(g)
4	Dividend information	12(2)(h)
4-6	Detailed Income Statement and Balance Sheet	12(2)(i)

10. Pursuant to 807 KAR 5:001, Section 15(2)(a), Duke Energy Kentucky included the facts relied upon to show that the proposed construction is or will be required

¹ *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. for 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs' and 3) All Other Required Approvals, Waivers and Relief, Case No. 2025-00125, Application (June 2, 2025).*

by public convenience or necessity in this Application and through the Direct Testimony of Neil Moser and David Klein, included with this Application.² In summary, as stated above, TC Energy began a modernization project which will upgrade and replace the KO Transmission lines. The replacement pipeline will not be in the same location as the KO Transmission line to which these “farm tap” customers are presently connected. When this modernization occurs, TC Energy will no longer allow customers to directly attach to its new lines and will abandon the current KO Transmission lines. This abandonment will result in 27 Duke Energy Kentucky customers no longer having access to natural gas supply. Duke Energy Kentucky’s current natural gas distribution lines do not extend to most of these customers. If Duke Energy Kentucky is to continue its natural gas service to these customers, it must now expeditiously extend its distribution mains to serve these customers and complete the project prior to TC Energy completing its abandonment.

11. In accordance with Section 15(2)(b), the Company has previously filed with the Commission the applicable franchises from the proper public authorities. All permits will be applied for closer to construction as those permits are required immediately before actual construction begins. There has been no indication that the permit applications will not be approved. The Company’s permit list is included in **Exhibit 3** of the Application. The Company will supplement the application as additional permit approvals are received. The Company must commence construction in the fall of 2026 for in-service dates throughout 2027 before TC Energy completes its abandonment of its existing natural gas transmission pipeline.

12. In accordance with Section 15(2)(c), which requires the Company to

² Exhibits 5 and 6 respectively.

provide a full description of the proposed location, route, or routes of the proposed construction or extension, including a description of the manner in which the facilities will be constructed, Duke Energy Kentucky respectfully states that this information is provided in Confidential **Exhibit 4** to this Application and the direct testimony of Company Witness David Klein submitted in support thereof. An unredacted copy of Confidential **Exhibit 4** is being provided under a petition for confidential treatment.

13. In accordance with Section 15(2)(d)(1)-(2), requiring maps showing the location or route of the proposed construction or extension and plans and specifications and drawings of the proposed plant, equipment, and facilities, Duke Energy Kentucky respectfully states that Confidential **Exhibit 4** contains, among other things, maps, and engineering drawings, respectively, showing the route, location, and nature of the proposed construction. Because the Project is situated solely within the Company's service territory, it will not compete with any public utilities, corporations, or persons. Confidential **Exhibit 4** further contains the preliminary work specifications for the Project.

14. In accordance with Section 15(2)(e), the Company states that it proposes to finance the construction through continuing operations and debt instruments, as necessary.

15. In accordance with Section 15(2)(f), the total estimated cost of construction is approximately \$17.3 million. The annual ongoing cost of operation of the Project once completed is expected to be minimal, and less than \$10,000 except for required periodic inspections and/or testing. The Company does not anticipate any incremental cost savings for the ongoing operation and maintenance with the new facilities.

16. Duke Energy Kentucky respectfully submitted in Case No. 2025-00142 the extension of its natural gas mains in these limited circumstances should constitute an

ordinary extension of the existing system in the usual course of business under KRS 278.020. Notwithstanding the fact that these customers are provided with natural gas services through a direct connection to the current TC Energy Transmission pipeline, the affected customers have been treated as existing retail customers of Duke Energy Kentucky for many years, in some cases, decades, and have been billed at the Company's Commission-approved natural gas rates since the time of connection. The service line from their home to the transmission pipeline was maintained by either the customer or Duke Energy Kentucky, depending upon the initial establishment of service by the customer, but in every case, the metering and gas billing was done by Duke Energy Kentucky. The abandonment of the transmission pipeline by TC Energy will result in these service lines also being abandoned as there is currently no other source of natural gas to serve these service lines, absent Duke Energy Kentucky now extending its own distribution system and connecting these service lines.

17. Pursuant to KRS 278.020(1)(a)(2) and 807 KAR 5:001, Section 15 (3) a CPCN is not required for ordinary extensions where the construction: 1) will not result in wasteful duplication of plant, equipment, property, or facilities; 2) will not conflict with the existing certificates or service of other utilities operating in the same area under the jurisdiction of the Commission; 3) will not result in sufficient capital outlay to materially affect the existing financial condition of the utility; and 4) will not immediately result in increased charges to customers.

18. Duke Energy Kentucky maintains, as it requested in Case No. 2025-00142, that the extension of its distribution mains to continue service to these customers satisfies the requirements of KRS 278.020(1)(a)(2) and 807 KAR 5:001, Section 15(3), constituting

an ordinary extension of the existing system in that:

a) There will be no wasteful duplication of any plant, equipment, property, or facilities. Once abandoned by TC Energy, there will be no natural gas transmission or distribution facilities available to serve these customers. TC Energy has indicated that it will not allow new farm tap connections to the new interstate natural gas transmission pipeline it is constructing. In many instances, the new pipeline is not going to be in the vicinity of or crossing properties of these existing farm tap customers, whereby they could condition easements on “tapping” into the new pipeline if they wanted. Absent Duke Energy Kentucky extending its natural gas delivery system, these customers will be without natural gas service upon TC Energy completing its abandonment of the existing pipeline.

b) The extension of facilities will not conflict with the service of any other natural gas utilities in the area. There are currently no natural gas distribution systems in the area that could provide service to these customers.

c) While extending its natural gas distribution system through main extensions is a more costly alternative than converting these customers to an alternative fuel source, (e.g. electric conversion or propane) nonetheless, the estimated cost of extending its distribution system is approximately \$17.3 million and will not result in a significant capital outlay to materially impact the Company’s financial condition. The Company is capable of adjusting its capital plan so as not to materially impact its financial

condition and make this investment prior to TC Energy's abandonment of the pipeline estimated to now occur in 2027.

d) The extension of natural gas mains in these circumstances will not immediately result in increased rates for customers. While the investment of capital to extend service will eventually be reflected in the Company's natural gas rates, the investment in these circumstances will not require the Company to accelerate the need to file a natural gas base rate case. As previously stated, the Company is able to adjust its capital plans to arrange projects so not to materially and negatively impact the Company's financial condition.

19. Based upon the foregoing, the Company submits that the extension of its mains and related facilities to provide continuity of service to these customers constitutes an ordinary extension. Out of an abundance of caution, since time is of the essence, the Company is filing this request for a CPCN as explained further below.

III. REQUEST FOR A CPCN AND FOR EXPEDITED TREATMENT

20. The ability for the Company to have sufficient time to extend its mains without a service interruption is rapidly coming to a close. While the Company filed its application in Case No. 2025-00142 intending to offer a cash-option fuel conversion solution to customers as that was the least cost alternative, given the passage of time while the Commission considers that alternative, if there are further delays in acting, extending natural gas service to these customers without interruption may not be possible. Accordingly, the Company requests expedited consideration of any CPCN required by the Commission to continue service. Duke Energy Kentucky is requesting a decision on this

matter by August 1, 2026. The Company was hopeful that the issue of whether to proceed with fuel conversion could have been resolved quickly, to leave ample time to seek a CPCN if extension of its mains to serve these customers was the chose alternative by the Commission and the Commission did not deem the extension an ordinary course of business extension. However, the Company appreciates the Commission's desire to have a more fully developed record before issuing a decision in Case No. Case No. 2025-00142. The Company now finds itself in the position that, if it is to extend mains to provide service, there may not be sufficient time to prosecute a full, eight months long, CPCN proceeding and have sufficient time to complete construction prior to TC Energy abandoning its pipes and disconnecting service to customers. Accordingly, if the Commission determines that the facts contained in Case No. 2025-00142 and further developed in this Application, do not merit treatment as an ordinary extension in the usual course of business, Duke Energy Kentucky respectfully files this Application seeking a CPCN for the project and requests expedited treatment, with a decision by August 1, 2026.

21. Duke Energy Kentucky reserves the right to withdraw this Application if a decision in Case No. 2025-000142 deems this Application moot.

22. In accordance with KRS 278.020, No utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from the Kentucky Public Service Commission.³ To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.⁴ "Need" requires:

³ KRS 278.020(1)(a).

⁴ *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 252 S.W.2d 885 (Ky. 1952).

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated. [T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.⁵

"Wasteful duplication" is defined as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties."⁶ To demonstrate that a proposed facility does not result in wasteful duplication, Duke Energy Kentucky must demonstrate that a thorough review of all reasonable alternatives has been performed. Although cost is a factor, selection of a proposal that costs more than an alternative does not necessarily result in wasteful duplication.⁷ All relevant factors must be balanced.⁸

23. A detailed description of the proposed location, route, or routes of the proposed construction is contained in **Exhibit 4** and in the Direct Testimony of David Klein contained in **Exhibit 6** to this Application.

24. A description of the manner in which the new mains will be constructed is included in **Exhibit 4** and the Direct Testimony of David Klein, contained in **Exhibit 6** to

⁵ *Id.*, at 890.

⁶ *Id.*

⁷ See *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 390 S.W.2d 168, 175 (Ky. 1965). See also, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky*, Case No. 2005-00089 (Ky. PSC Aug. 19, 2005), Final Order.

⁸ *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky*, Case No. 2005-00142 (Ky. PSC Sept. 8, 2005).

this Application. As there are no other natural gas distribution facilities in the area that are capable of serving these Duke Energy Kentucky customers, there are no other public utilities, corporations, or persons with whom the proposed construction or extension is likely to compete.

25. Duke Energy Kentucky is providing maps of suitable scale for each of the proposed projects as **Exhibit 4** to this Application. The maps show the location and route of the proposed construction, the manner of construction, and location of like facilities owned by others, and the ownership of those facilities, located anywhere within the map area.

26. Duke Energy Kentucky is providing plans and specifications and drawings of the proposed plant, equipment, and facilities as **Exhibit 4** to this Application. Pursuant to KRS 322.340, **Exhibit 4** also contains the engineering plans, specifications, drawings, and reports for the proposed construction that are signed, sealed and dated by an engineer registered in Kentucky.

27. Pursuant to 807 KAR 5:001, Section 15(2)(e), Duke Energy Kentucky plans to initially finance the proposed construction of distribution extension project with its operating cash flow and other internally generated funds. Further details regarding the costs and financing of the project are included in the Direct Testimonies of David Klein, **Exhibit 6** and Jefferson “Jay” P. Brown, **Exhibit 7**.

28. Duke Energy Kentucky’s estimated annual cost of operation after the distribution lines are placed into service is \$10,000. Further details regarding the costs of the project are included in the Direct Testimony of David Klien, contained in **Exhibit 6** to this Application.

27. Duke Energy Kentucky has reviewed the proposed routes and believes the process has selected the route that will have the least impact on the surrounding area and property owners. The parameters of the project were also carefully calibrated to avoid wasteful duplication of investment and the unnecessary cluttering of landscape with utility infrastructure. In addition, Duke Energy Kentucky looked at all reasonable alternatives for providing service to the affected customers. As explained in the Direct Testimony of Neil Moser, the construction of new natural gas mains as proposed herein is the least costs, most reasonable alternative that allows these customers to continue their existing natural gas service. Other alternatives, while less costly, would necessitate a conversion to an alternative fuel source or complete abandonment of service.

WHEREFORE, Duke Energy Kentucky respectfully requests the Commission to:

(1) Confirm that the extension of natural gas mains to continue retail natural gas service for the customers impacted by TC Energy's abandonment and replacement of its natural gas transmission pipeline constitutes an ordinary extension of the existing system and that a CPCN is not necessary to maintain natural gas service to these customers.

Or, In the alternative

(2) Grant a CPCN for the construction of the distribution lines and related infrastructure to serve the customers currently taking service from the TC Energy transmission line; and,

(3) all other relief to which Duke Energy Kentucky may be entitled.

This 4th day of May, 2026.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

Heather S. Temple

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Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing was transmitted to the Commission on May 4, 2026 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.

Heather S. Temple

Counsel for Duke Energy Kentucky, Inc.

Exhibit 1

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 366494
Visit <https://web.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

DUKE ENERGY KENTUCKY, INC.

DUKE ENERGY KENTUCKY, INC. is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is March 20, 1901 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State; and is therefore in good standing.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 30th day of April, 2026, in the 234th year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
366494/0052929

Exhibit 2

FINANCIAL EXHIBIT

(1) Section 12(2)(a) Amount and kinds of stock authorized.

1,000,000 shares of Capital Stock \$15 par value amounting to \$15,000,000 par value.

(2) Section 12(2)(b) Amount and kinds of stock issued and outstanding.

585,333 shares of Capital Stock \$15 par value amounting to \$8,779,995 total par value. Total Capital Stock and Additional Paid-in Capital as of February 28, 2026:

Capital Stock and Additional Paid-in Capital
As of February 28, 2026
(\$ per 1,000)

Capital Stock	\$8,780
Premiums thereon	18,839
Total Capital Contributions from Parent (since 2006)	334,311
Contribution from Parent Company for Purchase of Generation Assets	<u>140,061</u>
 Total Capital Stock and Additional Paid-in-Capital	 <u>\$501,991</u>

(3) Section 12(2)(c) Terms of preference or preferred stock, cumulative or participating, or on dividends or assets or otherwise.

There is no preferred stock authorized, issued or outstanding.

(4) Section 12(2)(d) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name or mortgagee, or trustee, amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with any sinking fund provision.

Duke Energy Kentucky does not have any liabilities secured by a mortgage.

(5) Section 12(2)(e) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving the date of issue, face value, rate of interest, date of maturity and how secured, together with the amount of interest paid thereon during the last fiscal year.

The Company has eighteen outstanding issues of unsecured senior debentures issued under an Indenture dated December 1, 2004, between itself and Deutsche Bank Trust Company Americas, as Trustee, as supplemented by tenth Supplemental Indentures. The Indenture

allows the Company to issue debt securities in an unlimited amount from time to time. The Debentures issued and outstanding under the Indenture are the following:

Supplemental Indenture	Date of Issue	Principal Amount Authorized and Issued	Principal Amount Outstanding	Rate of Interest	Date of Maturity	Interest Paid Year 2026
1 st Supplemental	3/7/2006	65,000,000	65,000,000	6.20%	3/10/2036	4,030,000
3 rd Supplemental	1/5/2016	50,000,000	50,000,000	4.45%	1/15/2046	2,225,000
4 th Supplemental	9/7/2017	30,000,000	30,000,000	3.35%	9/15/2029	1,005,000
4 th Supplemental	9/7/2017	30,000,000	30,000,000	4.11%	9/15/2047	1,233,000
4 th Supplemental	9/7/2017	30,000,000	30,000,000	4.26%	9/15/2057	1,278,000
5 th Supplemental	10/3/2018	40,000,000	40,000,000	4.18%	10/15/2028	1,672,000
5 th Supplemental	12/12/2018	35,000,000	35,000,000	4.62%	12/15/2048	1,617,000
6 th Supplemental	7/17/2019	40,000,000	40,000,000	4.32%	7/15/2049	1,728,000
7 th Supplemental	9/15/2019	75,000,000	75,000,000	3.56%	10/1/2029	2,670,000
8 th Supplemental	9/15/2020	35,000,000	35,000,000	2.65%	9/15/2030	927,500
8 th Supplemental	9/15/2020	35,000,000	35,000,000	3.66%	9/15/2050	1,281,000
9 th Supplemental	7/15/2024	80,000,000	80,000,000	5.90%	7/15/2031	4,720,000
9 th Supplemental	7/15/2024	95,000,000	95,000,000	6.00%	7/15/2034	5,700,000
9 th Supplemental	7/15/2024	50,000,000	50,000,000	6.17%	7/15/2039	3,085,000
10 th Supplemental	9/15/2025	40,000,000	40,000,000	6.11%	9/15/2037	2,444,000
10 th Supplemental	9/15/2025	42,500,000	42,500,000	6.01%	9/15/2035	2,554,250
10 th Supplemental	9/15/2025	67,500,000	67,500,000	5.41%	9/15/2030	3,651,750
			840,000,000			41,821,500

(6) **Section 12(2)(f) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.**

Duke Energy Kentucky does not have any outstanding notes as of 02/28/2026.

(7) **Section 12(2)(g) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.**

The Company has two series of Pollution Control Revenue Refunding Bonds issued under a Trust Indenture dated as of August 1, 2006 and a Trust Indenture dated as of December 1, 2008, between the County of Boone, Kentucky and Deutsche Bank National Trust Company as Trustee. The Company's obligation to make payments equal to debt service on the Bonds is evidenced by a Loan Agreement dated as of August 1, 2006 and December 1, 2008 between the County of Boone, Kentucky and Duke Energy Kentucky. The Bonds issued under the Indentures are below. On Nov 1, 2021, the Company bought in the Series 2008A bond, and remarketed the bond in June 2022.

Indenture	Date of Issue	Principal Amount Authorized and Issued	Principal Amount Outstanding	Rate of Interest	Date of Maturity	Interest Paid Year 2026
Series 2010	11/24/2010	26,720,000	26,720,000	3.86% ⁽¹⁾	8/1/2027	668,000
Series 2008A	12/01/2011	50,000,000	<u>50,000,000</u>	3.70% ⁽²⁾	8/1/2027	<u>1,850,000</u>
			76,720,000			2,602,215

⁽¹⁾ The bonds were issued at a variable-rate and were swapped to a fixed rate of 3.86% for the life of the debt.

⁽²⁾ Bonds were remarketed in June 2022 under a fixed-to-maturity interest rate mode (3.70% coupon).

The Company has no outstanding financing leases as of February 28, 2026.

The Company also has \$120,143,000 of money pool borrowings outstanding as of February 28, 2026, 25,000,000 of which is classified as Long-Term Debt payable to affiliated companies. This obligation, which is short-term by nature, is classified as long-term due to Duke Energy Kentucky's intent and ability to utilize such borrowings as long-term financing.

(8) Section 12(2)(h) Rate and amount of dividends paid during the last five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year.

DIVIDENDS PER SHARE

Year Ending	Per Share	Total	No. of Shares	Par Value of Stock
31-Dec-20	0	0	585,333	8,779,995
31-Dec-21	0	0	585,333	8,779,995
31-Dec-22	0	0	585,333	8,779,995
31-Dec-23	0	0	585,333	8,779,995
31-Dec-24	\$15.94534	140,000,000	585,333	8,779,995
31-Dec-25	\$7.40319	65,000,000	585,333	8,779,995

(9) Section 12(2)(i) Detailed Income Statement and Balance Sheet.

See the attached pages for detailed Income Statement for the twelve months ended February 28, 2026 and the detailed Balance Sheet as of February 28, 2026.

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
As of February 28, 2026
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	221,603,295	115,245,839	336,849,134
Commercial Sales	189,855,281	44,728,568	234,583,849
Industrial Sales	71,860,701	2,382,285	74,242,986
Sales to Public Authorities	26,435,180	2,486,301	28,921,481
Public Street & Highway Lighting	473,672	-	473,672
Inter-Departmental Sales	44,125	32,730	76,855
Misc. Service Revenues	(3,807,307)	17,586	(3,789,721)
Revenues from Transportation	-	11,545,147	11,545,147
Sales for Resale	44,224,907	-	44,224,907
Rents from Property	1,792,931	-	1,792,931
Other Revenues	18,892,120	2,922,791	21,814,911
Total Revenues	<u>571,374,905</u>	<u>179,361,247</u>	<u>750,736,152</u>
<u>Operating Expenses</u>			
Operation Expense	307,233,473	89,344,998	396,578,471
Maintenance Expense	26,324,195	3,065,573	29,389,768
Depreciation Expense	87,817,120	23,772,567	111,589,687
Amortization and Depletion	(815,530)	2,557,298	1,741,768
Taxes Other than Income Taxes	15,742,122	5,036,670	20,778,792
Income Taxes - Federal & Other	21,211,650	1,645,170	22,856,820
Provision for Deferred Income Taxes - Net	1,215,282	8,538,842	9,754,124
Gains from Disposition of Environmental Credits	(136,462)	-	(136,462)
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>458,591,850</u>	<u>133,961,118</u>	<u>592,552,968</u>
NET OPERATING INCOME	112,783,055	45,400,129	158,183,184
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	3,220,415	-	3,220,415
Less: Expense of Merchandising, Jobbing and Contract Work	(187,098)	-	(187,098)
Revenues from Nonutility Operations	418,756	(1,049)	417,707
Interest & Dividend Income	1,333,980	604,690	1,938,670
Non Operating Rental Income	(3,049)	(2,995)	(6,044)
AFUDC	2,972,260	1,585,148	4,557,408
Gain on Disposition of Property	127,713	50,549	178,262
Loss on Disposition of Property	(83,505)	(32,706)	(116,211)
Misc. Income Deductions	(840,674)	(445,093)	(1,285,767)
Taxes Other than Income Taxes	-	-	-
Income Taxes - Federal & Other	(3,074,506)	1,311,519	(1,762,987)
Provision for Deferred Income Taxes - Net	1,483,119	(1,419,437)	63,682
Total Other Income & Deductions	<u>5,367,411</u>	<u>1,650,626</u>	<u>7,018,037</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(28,496,832)	(15,186,152)	(43,682,984)
Amortization of Debt Disc. And Expense	(402,433)	(209,335)	(611,768)
Amortization of Loss on Reacquired Debt	(25,445)	(13,923)	(39,368)
Interest on Debt to Assoc. Co.	(900,341)	(501,965)	(1,402,306)
Other Interest Expense	(2,412,696)	(116,121)	(2,528,817)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,291,083	676,121	1,967,204
Net interest Charges	<u>(30,946,664)</u>	<u>(15,351,375)</u>	<u>(46,298,039)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>87,203,802</u>	<u>31,699,380</u>	<u>118,903,182</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 1

As of February 28, 2026

(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	3,686,556,911
Construction Work in Progress	101,550,067
Less: Accumulated Depreciation	<u>(1,213,192,344)</u>
Net Utility Plant	<u>2,574,914,634</u>
Nonutility Property	1,326,579
Other Investments	1,500
Other Special Funds	22,400,134
Long Term Portion of Derivative Instrument Assets	-
Total Other Property & Investments	<u>23,728,213</u>
Cash	2,123,965
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	94,931,484
Other Accounts Receivable	2,253,325
Less: Provision for Uncollectibles	<u>(3,196,305)</u>
Notes Receivable from Assoc. Co.	-
Accounts Receivable from Assoc. Co.	881,908
Fuel Stock	27,699,899
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	46,778,043
Other Materials & Supplies	-
Stores Expense Undistributed	1,519,529
Prepayments	1,706,806
Emission Allowances	17,231
Derivative Instrument Assets	473,269
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	8,678,621
Accrued Utility Revenue	27,708,241
Rents Receivable	8,781
Total Current & Accrued Assets	<u>211,584,797</u>
Unamortized Debt Expense	3,442,606
Other Regulatory Assets	98,793,577
Preliminary Survey & Investigation	2,477,757
Clearing Accounts	56,300
Temporary Facilities	10,265
Miscellaneous Deferred Debits	3,537,444
Unamortized Loss on Reacquired Debt	22,056
Accumulated Deferred Income Taxes	84,779,308
Unrecovered Purchased Gas Costs	17,692,890
Total Deferred Debits	<u>210,812,203</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>3,021,039,847</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 2

As of February 28, 2026

(Unaudited)

	Total Company
<u>Proprietary Capital</u>	
Common Stock Issued	8,779,995
Premium on Capital Stock	18,838,946
Other Paid-in Capital Stock	474,372,495
Retained Earnings	682,495,253
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>1,184,486,689</u>
<u>Liabilities</u>	
Bonds	916,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(122,941)
Total Long-Term Debt	<u>941,597,059</u>
Obligations Under Capital Leases - Noncurrent	3,159,693
Asset Retirement Obligation	80,287,316
Long-Term Portion of Derivative Instrument Liabilities	654,674
Accum. Misc. Operating Provisions	27,386,237
Total Other Noncurrent Liabilities	<u>111,487,920</u>
Accounts Payable	47,419,462
Notes Payable to Assoc. Co.	95,143,000
Accounts Payable to Assoc. Co.	24,753,872
Customer Deposits	8,154,481
Taxes Accrued	30,863,614
Interest Accrued	14,271,436
Tax Collections Payable	6,787,309
Misc. Current & Accrued Liabilities	10,377,314
Obligations Under Capital Leases - Current	236,376
Derivative Instrument Liabilities	1,038,189
Less: Long-Term Portion of Derivative Instrument Liabilities	(654,674)
Total Current & Accrued Liabilities	<u>238,390,379</u>
Customer Advances for Construction	1,608,733
Accum. Deferred Investment Tax Credits	5,135,705
Other Deferred Credits	17,794,162
Other Regulatory Liabilities	106,037,077
Accumulated Deferred Income Taxes	414,502,123
Total Deferred Credits	<u>545,077,800</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>3,021,039,847</u></u>

Exhibit 3

Exhibit 3 is being provided separately as an Excel file

Exhibit 4

Exhibit 4 is being provided under seal pursuant to a Motion for Confidential Treatment

Exhibit 5

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE)	
ENERGY KENTUCKY, INC. FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY FOR TO CONSTRUCT)	CASE NO.
GAS DISTRIBUTION LINES IN CAMPBELL,)	2026-000114
PENDLETON, AND BRACKEN COUNTIES)	
KENTUCKY AND OTHER GENERAL)	
RELIEF)	

DIRECT TESTIMONY OF

NEIL M. MOSER

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

May 4, 2026

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IV. CONCLUSION	15

I. INTRODUCTION AND PURPOSE

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

2 A. My name is Neil M. Moser and my business address is 4720 Piedmont Row
3 Drive, Charlotte, North Carolina 28210.

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 – Gas Major Projects on behalf of Duke Energy Corporation’s (“Duke
7 Energy”) Natural Gas Business Unit (“NGBU”). The NGBU organization is
8 responsible for the safe operation of all natural gas assets owned and operated by
9 Duke Energy and affiliated companies of Duke Energy, including Duke Energy
10 Kentucky, Inc. (“Duke Energy Kentucky” or “Company”). Further, DEBS
11 provides various administrative and other services to Duke Energy Kentucky and
12 other affiliated companies of Duke Energy.

13 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND**
14 **AND PROFESSIONAL EXPERIENCE.**

15 A. I received a Bachelor of Science Degree in Mechanical Engineering from North
16 Carolina State University in 1996. I am a Registered Professional Engineer in the
17 State of North Carolina. I began my career at Piedmont Natural Gas, now a
18 subsidiary of Duke Energy, in 1996 and have held a variety of positions of
19 increasing responsibility within Operations and Engineering. In 2024, I assumed
20 my current role as Vice President – Gas Major Projects.

21

1 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS VICE**
2 **PRESIDENT – GAS MAJOR PROJECTS.**

3 A. I am responsible for leading the project management, construction, project
4 control, and capital execution for natural gas transmission pipelines, distribution
5 pipelines, services lines, compression, LNG, and regulator station facilities to
6 facilitate safe, reliable, and efficient natural gas delivery, investment
7 prioritization, and compliance with all state and federal natural gas regulations for
8 the Natural Gas Business Unit within Duke Energy.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY**
10 **PUBLIC SERVICE COMMISSION?**

11 A. Yes.

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

14 A. The purpose of my testimony is to describe the Company and its proposal to
15 construct an extension to its natural gas delivery system to allow continuity of
16 natural gas service to twenty-seven (27) Duke Energy Kentucky customers who
17 will otherwise be left without service due to the upcoming abandonment of a
18 natural gas transmission pipeline by TC Energy Corporation (“TC Energy”). In
19 doing so, I briefly explain the facts and circumstances related to the existing
20 natural gas service to these customers, and the Company’s evaluation of
21 alternatives to address the customers’ loss of service.

II. OVERVIEW OF DUKE ENERGY KENTUCKY

1 Q. PLEASE GENERALLY DESCRIBE DUKE ENERGY KENTUCKY'S
2 OPERATIONS.

3 A. Duke Energy Kentucky is a regulated utility operating company that provides
4 retail electric services in five counties and natural gas service in seven counties in
5 northern Kentucky. Duke Energy Kentucky's local business office is in Erlanger,
6 Kentucky, with the main business office in Cincinnati, Ohio. Duke Energy
7 Kentucky serves a densely populated territory that, though not heavily
8 industrialized, includes a fairly diverse mix of customers.

9 Duke Energy Kentucky currently provides natural gas distribution service
10 to approximately 106,555 customers in Boone, Bracken, Campbell, Gallatin,
11 Grant, Kenton, and Pendleton Counties in northern Kentucky. The Company also
12 owns, operates, and maintains approximately 1,572 miles of mains on our natural
13 gas distribution system. Duke Energy Kentucky's gas and electric service
14 territories encompass approximately 563 and 700 square miles, respectively.

15 Duke Energy's Gas Operations business is organized into the following
16 functional groups: construction and maintenance, gas engineering, gas supply,
17 integrity management, performance and compliance management, and our service
18 delivery organization. These functional groups are designed to ensure a safe,
19 reliable, and economic supply of natural gas services to Duke Energy Kentucky's
20 customers. Gas Operations employs approximately 400 individuals who manage
21 the day-to-day operations of both the Kentucky and Ohio businesses.

1 Additionally, Gas Operations has approximately 400 contract employees to assist
2 in Duke Energy Kentucky’s mission.

III. BACKGROUND AND REQUEST FOR APPROVAL

A. Background

3 **Q. PLEASE EXPLAIN THE FACTS LEADING TO THE COMPANY’S**
4 **APPLICATION IN THIS PROCEEDING.**

5 A. In 2023, TC Energy acquired KO Transmission (“KOT”), a subsidiary of Duke
6 Energy Corporation. Historically, KOT owned approximately 51.5 miles of
7 Federal Energy Regulatory Commission (“FERC”) regulated natural gas
8 transmission lines in Northern Kentucky. This line crossed over and near
9 numerous parcels of property. At the time of original construction and throughout
10 the operation of this line, twenty-seven (27) property owners requested and were
11 granted connection to this KOT transmission pipeline in the manner of a “farm
12 tap” whereby their natural gas service was directly connected to the transmission
13 pipeline and not through a distribution main owned by the local natural gas
14 distribution utility as is typical. Notwithstanding the connection to this
15 transmission line, because KO Transmission, at the time, was an affiliate of Duke
16 Energy Kentucky, these customers were treated as customers of Duke Energy
17 Kentucky, who installed the service lines for these homes and provided metering
18 and billing services at, and in accordance with, Duke Energy Kentucky’s
19 Commission-approved natural gas tariffs and rates. Some of these customers have
20 been connected to the KOT transmission line for several decades. Duke Energy
21 Kentucky does not have a farm tap tariff as it does not own the transmission line

1 to which these customers were connected and does not have any “farm tap”
2 customers of its own.

3 TC Energy now has a modernization project called the “NKY Gate
4 Enhancement Project” and is upgrading and replacing 51.5 miles of transmission
5 pipeline, including the former KOT pipeline, with approximately 24.2 miles of
6 new pipeline in Campbell, Pendleton, and Bracken Counties. Duke Energy
7 Kentucky is aware that TC Energy maintains that it will not allow farm tap types
8 of connections on the new line and that it plans to abandon the old lines when the
9 new lines are completed. TC Energy’s decision to abandon its existing line results
10 in these current 27 “farm tap” customers no longer having access to natural gas
11 across or adjacent to their properties.

12 Duke Energy Kentucky’s natural gas distribution delivery system does not
13 currently extend to be able to serve the majority of these customers. Duke Energy
14 Kentucky does not currently have natural gas mains or gas distribution facilities
15 adjacent to twenty-five of these twenty-seven customers. Once TC Energy
16 abandons its old lines, if the Company does not extend its mains to provide
17 service, for safety reasons, each of the customers’ “farm tap” service lines will
18 have to be capped, and Duke Energy Kentucky’s natural gas metering equipment
19 will be removed. This situation presents a unique set of facts and circumstances
20 that the Company has not experienced before.

21 **Q. HAS DUKE ENERGY KENTUCKY EXPLORED OTHER POSSIBLE**
22 **SOLUTIONS THAN EXTENDING ITS DISTRIBUTION MAINS TO**
23 **PROVIDE SERVICE?**

1 A. Yes. Duke Energy Kentucky explored possible solutions to assist these customers
2 with a “farm tap” connection to the interstate pipeline. There are two solutions
3 that allow these customers to be made whole or continue service. These
4 alternatives include the Company extending its distribution system as described in
5 this application or assisting customers with the cost of converting them to another
6 fuel source, such as propane or electricity. The latter, assisting customers with the
7 cost of converting is the subject of a proceeding before the Commission in Case
8 No. 2025-00142.

9 **Q. PLEASE BRIEFLY DESCRIBE THE COMPANY’S APPLICATION IN**
10 **CASE NO. 2025-00142 AND HOW IT RELATES TO THIS CASE.**

11 A. On June 3, 2025, Duke Energy Kentucky filed its application in Case No, 2025-
12 00142 seeking a declaratory Order from the Commission regarding the recovery
13 of costs to convert customers to an alternative fuel source (Declaratory
14 Application).¹ In that Declaratory Application, Duke Energy Kentucky explained
15 the situation regarding these farm tap customers and that the least cost solution
16 was to provide compensation for these customers to convert them to an alternative
17 fuel source. The Company estimated that the cost to convert these customers
18 would be approximately \$650,000 whereas the then initial estimated cost to
19 extend natural gas distribution mains was approximately \$16.3 million.² As the
20 case progressed, Duke Energy Kentucky maintained that it is not opposed to

¹ *In the matter of the Electronic Application of Duke Energy Kentucky, Inc., for a Declaratory Order Regarding the Recovery of Costs to Convert Customers to Alternative Fuel Source Case No 2025-00142 (Application)(June 3, 2025).*

² *Please note the Application, Exhibit 6, Direct Testimony of David Klein references \$17.3 million. The difference between the \$16.3 million referenced in Case No. 2025-00142 and the \$17.3 million in this Application is updated information as the design has progressed.*

1 building infrastructure to serve these customers but time is of the essence and if
2 the Commission believes building infrastructure to serve the customers if the best
3 alternative to determine that it is in the normal course of business and not require
4 a CPCN. Although the Company requested the Commission issue a decision in
5 that proceeding, by July 15, 2025, to date the Commission is still considering that
6 Declaratory Application. The Declaratory Action proceeding has been fully
7 briefed and is awaiting the Commission's determination.

8 Given the passage of time since the filing of that Declaratory Application,
9 and the rapidly approaching deadline for TC Energy to abandon and replace its
10 pipeline, if the Company is to extend its mains, it must act as soon as possible to
11 avoid a service interruption for the customers, particularly if the extension
12 requires a Certificate of Public Convenience and Necessity ("CPCN"). Therefore,
13 out of an abundance of caution, Duke Energy Kentucky is filing this application
14 seeking a CPCN in case the Commission's Order in 2025-00142 requires the
15 issuance of a CPCN.

16 **Q. PLEASE EXPLAIN THE COMPANY'S APPLICATION IN THIS**
17 **PROCEEDING.**

18 A. First, Duke Energy Kentucky believes that a CPCN should not be necessary and
19 that the extension of its mains, while a higher cost than converting these
20 customers to an alternative fuel, nonetheless should qualify as an ordinary
21 extension of its existing system. Nonetheless, given the need to act swiftly to
22 address these customers at risk of losing service, the Company does not have the
23 luxury of seeking another declaratory order from the Commission to clarify that a

1 CPCN is not necessary. Accordingly, the Company is requesting a CPCN in this
2 proceeding but reserves the right to withdraw this application if the Commission
3 issues an Order in Case No. 2025-00142 that converting to an alternate fuel
4 service is the best option, or that building infrastructure to serve these customers
5 is in the ordinary course of business and a CPCN is not required.

B. The Gas Main Extensions are an Extension in the Ordinary Course of Business.

6 **Q. PLEASE EXPLAIN WHY THE COMPANY BELIEVES THAT NATURAL**
7 **GAS MAIN EXTENSION TO CONTINUE TO PROVIDE SERVICE TO**
8 **THESE CUSTOMERS CONSTITUTES AN ORDINARY EXTENSION OF**
9 **THE EXISTING SYSTEM THAT DOES NOT REQUIRE A CPCN AS**
10 **STATED IN FILINGS IN CASE NO. 2025-00142.**

11 A. Although I am not an attorney, it is my understanding, based upon my experience
12 in the industry and in Kentucky regulatory matters, that a utility must receive a
13 CPCN for any construction project that is not an extension in the ordinary course
14 of business. Under 807 KAR 5:001 Section 15(3), an ordinary extension results if
15 the project does not:

- 16 1) create wasteful duplication of plant, equipment, property, or facilities;
17 2) conflict with the existing certificates or service of other utilities
18 operating in the same area and under the jurisdiction of the commission
19 that are in the general or contiguous area in which the utility renders
20 service; and

1 3) involve sufficient capital outlay to materially affect the existing
2 financial condition of the utility involved, or will not result in increased
3 charges to its customers.³

4 As it relates to this project, the Company respectfully submits that, under the facts
5 of this situation, the extension of mains to continue service to these customers
6 should qualify as an extension in the ordinary course of business.

7 First, there is no wasteful duplication of any plant, equipment, or facilities.
8 Duke Energy Kentucky does not currently have any natural gas distribution mains
9 in the area of these customers that could provide service. As I previously
10 explained, these customers are directly connected to an intrastate transmission
11 pipeline owned by TC Energy that is about to be abandoned and replaced by a
12 new pipeline that is in a new location that does not transgress these customers
13 properties. As these customers are retail gas customers of Duke Energy Kentucky
14 for billing purposes, extending mains to provide continuity of service is
15 essentially maintaining the status quo and keeps these customers whole as to the
16 provision of natural gas. There can be no waste or duplication if there are no other
17 facilities in place to provide service.

18 Second, there are no other natural gas utilities with mains in the vicinity to
19 serve these customers. While Duke Energy Kentucky does not have equipment in
20 place today, it nonetheless, has infrastructure nearby that can be extended to
21 continue service to these customers. No other natural gas distribution company
22 has facilities in the area.

³ 807 KAR 5:001 Section 15(3).

1 Third, and finally, the \$17.3 million in estimated costs of this main
2 extension, as explained by Company witness Jefferson “Jay” P. Brown, is
3 primarily capital in nature within an immaterial impact to the Company’s
4 Operations and Maintenance costs. The Company will fund this project through
5 continuing operations and debt instruments as necessary. Duke Energy Kentucky
6 is able to arrange its planned capital investments budgets to perform this work
7 immediately in 2026, assuming the Commission determines this is the best
8 solution so as not to adversely impact the Company’s financial condition.
9 Because the Project is capital, once in service, the Project will be added to the
10 Company’s Plant in Service and ultimately in rate base in future natural gas base
11 rate case proceedings. Until that time, there will be no incremental increase in
12 costs to customers related to the main extension.

13
C. Request for approval of a CPCN.

14 **Q. PLEASE EXPLAIN THE COMPANY’S REQUEST FOR A CPCN TO**
15 **EXTEND ITS MAINS IF THE COMMISSION DOES NOT CONSIDER IT**
16 **AN EXTENSION IN THE ORDINARY COURSE OF BUSINESS AS**
17 **REQUESTED IN CASE NO. 2025-00142.**

18 **A.** The Company is making this filing because time is short to complete construction
19 before TC Energy completes its pipeline abandonment if the Commission
20 ultimately desires that these customers should not be converted to an alternative
21 fuel source and that a CPCN is required to build the infrastructure needed to serve
22 these customers. The Company made its filing in the Declaratory Application in

1 good faith, believing that the fuel conversion is a substantially lower cost and
2 reasonable alternative to extending its natural gas mains to continue providing
3 natural gas service to these customers. The Company was never opposed to
4 extending its mains, it simply believed that because the alternative fuel conversion
5 was estimated to be a substantially lower cost solution from an overall system and
6 total customer impact perspective that was the better solution to pursue.

7 While the Company explained, in discovery and through its briefs in that
8 Declaratory Application, that extending mains is a legitimate and reasonable,
9 albeit more expensive solution, time is now of the essence if the Company is to
10 complete construction to continue service. A finding that the construction would
11 be in the ordinary course of business is appropriate. While the Declaratory Action
12 was pending, the Company retained consultants to begin engineering and design
13 to support a filing to extend its gas mains, in case the decision in Case No. 2025-
14 00142 was that a CPCN was required. While the Company was initially told by
15 TC Energy that its abandonment timeline was into 2028, the Company now
16 understands that TC Energy's abandonment timeline is sooner and sometime in
17 2027. Accordingly, time is of the essence to resolve the issue of whether the
18 Company should extend its natural gas mains to continue service to these
19 customers.

20 **Q. PLEASE EXPLAIN THE NEED TO EXTEND DUKE ENERGY**
21 **KENTUCKY'S NATURAL GAS MAINS AND FACILITIES TO**
22 **CONTINUE SERVING THESE EXISTING DUKE ENERGY KENTUCKY**
23 **CUSTOMERS.**

1 A. A need exists to assist these customers to either convert to an alternative fuel
2 source or to extend natural gas mains to continue existing natural gas service. The
3 only other option is to abandon these customers altogether and leave them with no
4 solution whatsoever. The Company does not believe pure abandonment is a
5 reasonable alternative. Because Duke Energy Kentucky does not have the natural
6 gas delivery infrastructure in place already to simply connect these customers,
7 extending natural gas infrastructure is necessary for the Company to continue to
8 provide natural gas service to these affected customers. Therefore, the Company
9 requests that the Commission grant a CPCN, to the extent the Commission deems
10 one is necessary in Case No. 2025-00142, as expeditiously as possible so that it
11 may complete construction in sufficient time, so these customers do not
12 experience a service interruption.

13 **Q. DO YOU KNOW WHY TC ENERGY IS NOT ASSISTING THESE**
14 **CUSTOMERS?**

15 A. While I am not a lawyer, my understanding is that this is a unique situation. The
16 impacted customers have always been treated as retail customers of Duke Energy
17 Kentucky, even though they were served via an interconnect to the KOT
18 transmission line. Duke Energy Kentucky assisted with the service line
19 installation and performed the metering and billing for the customers at Duke
20 Energy Kentucky's rates. Because these customers were considered Duke Energy
21 Kentucky customers, they were not included in the sale to TC Energy. Therefore,
22 it is my understanding that TC Energy does not consider these customers as TC
23 Energy customers. TC Energy is abandoning the former KOT pipeline, replacing

1 it with a new line in a different location, and any existing easements on that
2 former KOT transmission line and is not allowing any new connections or “farm
3 taps” on its new line.

4 **Q. WERE THERE OTHER ALTERNATIVES CONSIDERED BY THE**
5 **COMPANY?**

6 A. As I previously mentioned, because these customers are Duke Energy Kentucky
7 customers, and not TC Energy customers, the Company did evaluate alternatives
8 that it had control over. These alternatives included 1) compensating each
9 customer for converting to an alternative fuel source, initially estimated to be
10 approximately \$25,000 per customer;⁴ 2) extending natural gas mains to serve
11 each of the 27 customers with an original total estimated cost of approximately
12 \$16.3 million and a cost per customer ranging between \$150,000 to over \$2
13 million depending upon location and geographic topography;⁵ and 3) complete
14 abandonment of the customers. The fuel conversion costs are significantly less
15 than the estimated cost of extending gas mains and associated facilities. However,
16 it also results in these customers no longer receiving natural gas and being Duke
17 Energy Kentucky customers. Extending the Company’s natural gas mains and
18 facilities is the least cost and most reasonable solution that maintains natural gas
19 service to these customers.

20 **Q. IF THESE CUSTOMERS WERE CONVERTED TO AN ALTERNATIVE**
21 **FUEL, WOULD DUKE ENERGY KENTUCKY BENEFIT IN ANY WAY?**

⁴ See Application, Case No. 2025-00142.

⁵ *Id.* The initial cost estimate was prior to engineering and was performed in late Q1 of 2025. Since that time, the Company performed engineering and has a revised number as explained in the Direct Testimony of David Klein.

1 A. No. These customers are not in Duke Energy Kentucky's electric service territory,
2 so a full conversion to an alternative fuel source such as electric, does not benefit
3 Duke Energy Kentucky. While the Company does not wish to lose any customers,
4 especially under circumstances like this, the fuel conversion was a lower cost
5 solution than extending gas mains and facilities, and that is why the Company
6 first brought that solution to the Commission.

7 **Q. PLEASE EXPLAIN WHY THE ESTIMATED COSTS OF EXTENDING**
8 **NATURAL GAS MAINS HAS INCREASED FROM WHAT WAS**
9 **INCLUDED IN THE COMPANY'S DECLARATORY APPLICATION.**

10 A. The estimated costs in that Declaratory Application were based upon estimates
11 before any engineering was performed and was founded upon the Company's
12 average costs of construction for similar projects prior to 2025. Since that time,
13 construction costs have increased and the Company has retained an engineering
14 firm to evaluate the construction specifications and costs necessary to complete
15 the main extensions. The Company now has a revised and engineered estimate of
16 \$17.3 million to extend its mains.

17 **Q. DO YOU BELIEVE EXTENDING THE COMPANY'S MAINS IS A**
18 **REASONABLE SOLUTION?**

19 A. Yes. As I previously mentioned, the Company was never opposed to extending its
20 natural gas distribution system to continue providing safe and reliable natural gas
21 service to these customers. There was, however, a lower cost alternative, and the
22 Company believed it was prudent to bring that solution to the Commission. If the
23 Company is to extend its facilities in time to avoid any service interruption for

1 these customers, the Company must begin construction as soon as possible, and
2 no later than August 1, 2026.

IV. CONCLUSION

3 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

4 A. Yes.

Exhibit 6

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE)	
ENERGY KENTUCKY, INC. FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY FOR TO CONSTRUCT)	CASE NO.
GAS DISTRIBUTION LINES IN CAMPBELL,)	2026-00114
PENDLETON, AND BRACKEN COUNTIES)	
KENTUCKY AND OTHER GENERAL)	
RELIEF)	

DIRECT TESTIMONY OF

DAVID KLEIN

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

May 4, 2026

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Attachment:

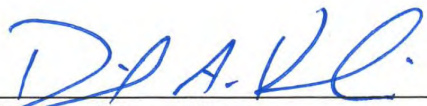
DAK-1 - Estimated Timeline for Construction

CONFIDENTIAL DAK-2 – Detailed Cost Breakdown of Project

VERIFICATION

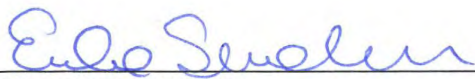
STATE OF OHIO)
)
COUNTY OF HAMILTON) **SS:**

The undersigned, David A. Klein, Senior Project Manager, being duly sworn, deposes and says he has personal knowledge of the matters set forth in the foregoing testimony, and that the information contained therein is true and correct to the best of his knowledge, information, and belief.



David A. Klein, Affiant

Subscribed and sworn to before me by David A. Klein on this 20th day of April, 2026.



NOTARY PUBLIC

My Commission Expires: July 8, 2027



EMILIE SUNDERMAN
Notary Public
State of Ohio
My Comm. Expires
July 8, 2027

I. INTRODUCTION AND PURPOSE

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

2 A. My name is David A. Klein and my business address is 139 E 4th Street, Cincinnati,
3 OH 45202.

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

5 A. I am employed by Duke Energy Business Services LLC (“DEBS”) as Senior
6 Project Manager for Duke Energy Kentucky, Inc. (“Duke Energy Kentucky” or the
7 “Company”) and affiliated natural gas utilities. DEBS provides various
8 administrative and other services to Duke Energy Kentucky and other affiliated
9 companies of Duke Energy Corporation (“Duke Energy”).

10 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND**
11 **AND PROFESSIONAL EXPERIENCE.**

12 A. I earned a Bachelor of Science in Civil and Environmental Engineering from the
13 University of Cincinnati in 2004. From 2004 to 2016, I was employed as a Project
14 Engineer/Project Manager/Senior Project Manager for a construction company in
15 Cincinnati, Ohio, that focused on new building construction for clients in industries
16 such as secondary education, healthcare, and manufacturing. I began my career
17 with Duke Energy in 2016, with the Sales group as a Gas Marketing Specialist. My
18 responsibilities included completing customer-driven new gas services and gas
19 main extensions, sizing customers’ natural gas service, piping, meters, and
20 regulators.

21 In 2018, I assumed the position of Project Manager I, where my
22 responsibilities included leading projects of copper gas services replacements, curb

1 box maintenance, and inside piping inspections. In 2020, I obtained my Project
2 Management Professional Certification.

3 In 2020, I assumed the position of Project Manager II in the Natural Gas
4 Major Projects group. My primary responsibilities included management of large
5 infrastructure projects on our high-pressure distribution and transmission pipeline
6 system. I oversaw the entire scope of the project, as well as schedule and budget.
7 In 2024, I began my current role as Senior Project Manager.

8 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS SENIOR**
9 **PROJECT MANAGER.**

10 A. I am responsible for managing the execution of major projects within the natural
11 gas business unit in Kentucky and Ohio. My role includes leading a project team of
12 subject matter experts within the Company and facilitating coordination of project
13 activities while providing oversight of the scope, schedule, and budget. I ensure the
14 projects comply with the Company's requirements for project management best
15 practices and provide reporting to senior management.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY**
17 **PUBLIC SERVICE COMMISSION?**

18 A. Yes. Most recently, I provided testimony in support of the Company's Application
19 in Case No. 2026-00086¹, the Company's request for approval of a Certificate of
20 Public Convenience and Necessity to construct its AM07 Phase five pipeline
21 replacement project.

¹ *Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Phase Five Replacement of the AM07 Pipeline* (filed March 31, 2026).

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. The purpose of my testimony is to discuss the new natural gas distribution
4 infrastructure that will allow the Company to continue to serve the 27 customers
5 currently connected to a transmission line owned by TC Energy that is being
6 abandoned. The installation of the new natural gas distribution lines will allow
7 Duke Energy Kentucky to continue serving the 27 customers who would otherwise
8 lose natural gas service once the TC Energy transmission line is abandoned in 2027.

9 **Q. ARE YOU SPONSORING ANY EXHIBITS TO THE APPLICATION?**

10 A. Yes. I am sponsoring the following exhibits:

- 11 • Exhibit 3, the list of permits that will be needed to complete construction;
- 12 and
- 13 • Exhibit 4, prepared by Entrust Solutions Group, which includes the: 1)
14 engineering drawings stamped by a licensed Kentucky engineer; 2)
15 construction specifications; and 3) maps for the extensions.

16 **Q. ARE YOU SPONSORING ANY ATTACHMENTS TO YOUR**
17 **TESTIMONY?**

18 A. Yes, I sponsor Attachment DAK-1, which includes the estimated timeline to
19 complete construction and Confidential Attachment DAK-2, a detailed breakdown
20 of the cost of construction of the proposed natural gas mains extension costs.

II. DISCUSSION

21 **Q. PLEASE DESCRIBE THE NATURAL GAS DISTRIBUTION**
22 **INFRASTRUCTURE THAT WILL ALLOW DUKE ENERGY KENTUCKY**

1 **TO CONTINUE TO SERVE THE 27 CUSTOMERS CURRENTLY**
2 **CONNECTED TO THE TRANSMISSION LINE OWNED BY TC ENERGY**
3 **THAT IS EXPECTED TO BE ABANDONED.**

4 A. To maintain natural gas service to Customers currently served by the TC Energy-
5 owned transmission line, Duke Energy must design and construct several
6 distribution gas infrastructure projects before TC Energy abandons the line as part
7 of its replacement project. These projects will include extending the Company's
8 natural gas distribution system, including 22 miles of natural gas distribution mains,
9 and the new HP pressure station that is necessary to provide service.

10 **Q. PLEASE DESCRIBE HOW THE AFOREMENTIONED**
11 **INFRASTRUCTURE MEETS DUKE ENERGY KENTUCKY'S NEEDS.**

12 A. The aforementioned distribution gas infrastructure will be installed to continue to
13 serve the existing Customers who have a gas service from the TC Energy owned
14 transmission line. The new distribution gas infrastructure will be designed and
15 constructed comparable to Duke Energy Kentucky's existing distribution gas
16 infrastructure used to feed Customers.

17 **Q. PLEASE DESCRIBE HOW THE PROPOSED INFRASTRUCTURE WILL**
18 **BE CONSTRUCTED.**

19 A. The proposed infrastructure will be installed via various common methods, such as
20 open cut and/or jack and bore, similar to how Duke Energy's existing distribution
21 gas infrastructure is constructed.

22 The alignment of the distribution gas infrastructure will be installed in road
23 right-of-way (ROW) and/or acquired private easement(s). As shown in Attachment

1 DAK-2, the project has been divided into seven separate subprojects for the main
2 extensions (Cabin Creek, Upper Tug Fork, Poplar Ridge, Carthage, Gubster Mill
3 Wagoneer, Gubster Mill Daniels and Pendelton) and a high-pressure station needed
4 to serve all eleven services that are part of the “Pendelton” subproject.

5 Duke Energy Kentucky will use both Company and contractor crews where
6 appropriate to complete this project. If contractor crews are deployed, awarding of
7 contracts will be accomplished through a bidding process similar to that the
8 Company has successfully employed in prior construction projects, such as
9 previous phases of the AM07 and the UL60 Pipeline. Duke Energy Kentucky will
10 use industry standard equipment, materials, and designs to construct the pipeline in
11 accordance with the work specifications.

12 **Q. WILL THE COMPANY NEED TO OBTAIN ANY PERMITS FOR**
13 **CONSTRUCTION?**

14 A. Yes. As shows in Exhibit 3 to the Application, the Company will need to obtain
15 several encroachment permits, including for the Kentucky Transportation Cabinet,
16 Campbell County, the City of Alexandria, Pendelton County, and City of Cold
17 Spring. These encroachment permits will be obtained at the time of construction.
18 Additionally, the Company will have to obtain environmental permits including a
19 Kentucky National Pollutant Discharge Elimination System (“NPDES”) permit, a
20 local storm water permit and a stream crossing permit. The storm water permits are
21 not required until the start of construction and will be applied for near start of
22 construction. The Company submitted the floodplain permit to the state
23 coordinator, and once it is signed, it will be sent to the state. The Company has

1 applied for the stream crossing environmental permit, but has not received it at the
2 time of this filing. The Company does not anticipate any difficulty or delays
3 associated with obtaining these permits.

4 **Q. HAS THE COMPANY DEVELOPED CONSTRUCTION**
5 **SPECIFICATIONS TO BE USED IN THE PROJECT?**

6 A. Yes. Confidential Exhibit 4 to the Application contains, among other things, maps
7 depicting the location of the proposed extensions, engineering plans, drawings, and
8 the construction specifications for the project. Confidential Exhibit 4 shows the
9 connection of the new route to the existing delivery system, the design of the project
10 and proposed routes for the main extensions and location of the new pressure
11 station. Due to the sensitive nature of gas utility infrastructure, Confidential Exhibit
12 4 is being provided under petition for confidential treatment.

13 **Q. PLEASE PROVIDE A DETAILED TIMELINE OF THE PROPOSED**
14 **CONSTRUCTION AND EXPLAIN WHY THE COMPANY IS**
15 **REQUESTING EXPEDITED TREATMENT FOR APPROVAL OF THIS**
16 **CPCN, IF NEEDED.**

17 A. Please see Attachment DAK-1 to my testimony, which includes an estimated
18 timeline for construction in order to meet an in-service of new gas infrastructure by
19 February 2027, in time to avoid service interruptions for customers impacted by TC
20 Energy's abandonment. In order to meet this rigorous construction schedule, the
21 Company needs to commence construction as soon as possible, but no later than
22 August 2026. TC Energy is anticipating abandoning their pipeline in February
23 2027, so the Company must complete its construction of its mains extensions and

1 pressure station installation prior to TC Energy's abandonment in order to avoid
2 any service interruption for customers.

3 **Q. WHAT IS THE ESTIMATED TOTAL CONSTRUCTION COST OF THE**
4 **PROPOSED PROJECT.**

5 A. Please see Attachment DAK-2 to my Testimony for a cost breakdown of the total
6 project cost and by each subproject phase. The current estimated cost of
7 construction for all phases is approximately \$17.3 million.

8 **Q. WHAT IS THE ESTIMATED ONGOING COST OF OPERATION OF THE**
9 **MAIN EXTENSIONs ONCE IN SERVICE?**

10 A. The estimated annual ongoing cost of operation for the main extensions is minimal
11 (<\$10,000 per year per main extension) incremental operational and maintenance
12 (O&M) associated with the ongoing operation of the new pipelines

III. CONCLUSION

13 **Q. WERE EXHIBITS 3 AND 4 TO THE COMPANY'S APPLICATION AND**
14 **ATTACHMENT DAK-1 AND CONFIDENTIAL ATTACHMENT DAK-2**
15 **PREPARED BY YOU OR UNDER YOUR DIRECTION AND CONTROL?**

16 A. Yes.

17 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIONY?**

18 A. Yes.

19

ATTACHMENT DAK-1

**This attachment is being provided as an Excel
file separately.**

ATTACHMENT DAK-2

**This attachment is being provided
separately pursuant to a motion for
confidential treatment**

Exhibit 7

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE)	
ENERGY KENTUCKY, INC. FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY FOR TO CONSTRUCT)	CASE NO.
GAS DISTRIBUTION LINES IN CAMPBELL,)	2026-000114
PENDLETON, AND BRACKEN COUNTIES)	
KENTUCKY AND OTHER GENERAL)	
RELIEF)	

DIRECT TESTIMONY OF
JEFFERSON “JAY” P. BROWN
ON BEHALF OF
DUKE ENERGY KENTUCKY, INC.

May 4, 2026

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VERIFICATION


STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Jefferson “Jay” P. Brown, Director of Rates & Regulatory Planning, being duly sworn, deposes and says he has personal knowledge of the matters set forth in the foregoing testimony, and that the information contained therein is true and correct to the best of his knowledge, information, and belief.



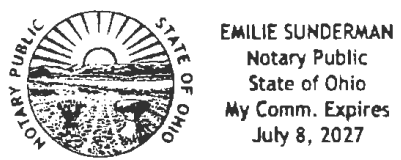
Jefferson “Jay” P. Brown, Affiant

Subscribed and sworn to before me by Jefferson “Jay” P. Brown this 15th day of April, 2026.



NOTARY PUBLIC

My Commission Expires: July 8, 2027



I. INTRODUCTION AND PURPOSE

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

2 A. My name is Jefferson “Jay” P. Brown, and my business address is 139 East Fourth
3 Street, Cincinnati, Ohio 45202.

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

5 A. I am employed by Duke Energy Business Services LLC (“DEBS”) as Director of
6 Rates & Regulatory Planning for Duke Energy Kentucky, Inc. (“Duke Energy
7 Kentucky” or “the Company”) and Duke Energy Ohio, Inc. DEBS provides various
8 administrative and other services to Duke Energy Kentucky and other affiliated
9 companies of Duke Energy Corporation (“Duke Energy”).

10 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
11 **PROFESSIONAL EXPERIENCE.**

12 A. I earned a Bachelor of Science degree in Business Administration with a major in
13 Business: Finance, Investment and Banking from the University of Wisconsin -
14 Madison. I began my career in January 2002 with The Alexander Companies, a real
15 estate development company, as an Assistant Project Manager managing and
16 developing real estate. Subsequently, in December 2003, I began working for Dell
17 Inc., mainly as a Financial Analyst in Worldwide Procurement Finance, accounting
18 for and reporting on supplier rebates. In January 2008, I began working for Bigfoot
19 Networks, a technology start-up. I was in charge of developing distribution, online
20 and retail channels for a new networking product. Beginning in April 2009, I also
21 served as a Financial Advisor for Edward Jones. In June 2011, I began working as
22 a contractor for Progress Energy and, since February 2012, I have been employed

1 by, and worked for, companies under what is now Duke Energy. The roles I have
2 held include Senior Business Finance Analyst and in December 2012, I took the
3 position of Manager, Nuclear Station Finance. I transitioned to the Rates and
4 Regulatory group as a Lead Rates & Regulatory Strategy Analyst in August of 2018
5 and was promoted to Manager of Rates and Regulatory Strategy in January of 2020.
6 I earned a Master of Business Administration from the University of North Carolina
7 Wilmington in July of 2020 and assumed my current role as Director, Rates and
8 Regulatory Planning, in October of 2020.

9 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS DIRECTOR,**
10 **RATES AND REGULATORY PLANNING.**

11 A. As Director of Rates and Regulatory Planning, I am responsible for the preparation
12 of financial and accounting data used in Duke Energy Kentucky and Duke Energy
13 Ohio retail rate filings and changes in various other rate recovery mechanisms.

14 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY**
15 **PUBLIC SERVICE COMMISSION?**

16 A. Yes.

17 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
18 **PROCEEDING?**

19 A. The purpose of my testimony is to discuss the financial aspects of the Company's
20 request for a Certificate of Public Convenience and Necessity ("CPCN") to
21 construct new distribution infrastructure to serve 27 farm tap customers in
22 Campbell, Pendleton, and Bracken Counties, Kentucky ("the Project"). I also
23 sponsor Exhibit 2 to the Application.

II. DISCUSSION

1 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF THE PROJECT AND ITS**
2 **PURPOSE.**

3 A. Duke Energy Kentucky is proposing to construct new natural gas distribution
4 infrastructure that will allow the Company to continue to serve 27 customers
5 currently connected to a transmission line owned by TC Energy that is being
6 abandoned. As discussed in Witness Klein’s testimony, these customers will be
7 affected by the abandonment of a natural gas transmission pipeline owned by TC
8 Energy and this project would ensure that the customers currently served through
9 farm tap connections to that pipeline, but metered and billed by Duke Energy
10 Kentucky, will continue to have natural gas service from the Company.

11 **Q. PLEASE EXPLAIN HOW THE COMPANY IS FUNDING THE COST OF**
12 **CONSTRUCTION FOR THE PROJECT.**

13 A. In response to 807 KAR 5:001, Section 15(2)(e), Duke Energy Kentucky is funding
14 the Project through continuing operations.

15 **Q. WHAT IS THE PROJECTED COST OF THE PROJECT?**

16 A. As explained by Company witness, Mr. David A. Klein, the overall Project is
17 estimated to cost approximately \$17.3 million. That sum comprises:

Task	Total
Design	\$1.9M
Land	\$0.9M
Construction	\$13.6M
Material	\$0.9M
	<u>\$17.3M</u>

18

1 **Q. WHAT IS THE PROJECTED ONGOING COST OF OPERATION OF THE**
2 **PROJECT ONCE COMPLETED?**

3 A. The Company anticipates that there will be minimal (<\$10,000 per year)
4 incremental operational and maintenance expense (O&M) associated with the
5 ongoing operation of the new pipeline, except for required periodic inspections
6 and/or testing.

7 **Q. PLEASE EXPLAIN HOW THE PIPELINE WILL BE TREATED FROM AN**
8 **ACCOUNTING PERSPECTIVE.**

9 A. The Project is all capital in nature because it is adding new facilities to serve Duke
10 Energy Kentucky natural gas customers and improve the reliability of the delivery
11 system. There will be an immaterial impact to the Company's O&M in terms of
12 incremental cost of operation. The costs will be accumulated in Federal Energy
13 Regulatory Commission ("FERC") Account 107 (Construction Work in Progress)
14 during construction and will accrue Allowance for Funds Used During
15 Construction ("AFUDC"). Once completed, the Project will be placed in service
16 (initially to FERC Account 106-Completed Construction not Classified) where it
17 will begin being depreciated like any other asset that is used and useful.

18 **Q. WHAT IS THE ESTIMATED IN-SERVICE DATE?**

19 A. The project is estimated to be placed in-service in sections throughout 2027 ending
20 in the Fall of 2027.

21 **Q. PLEASE EXPLAIN HOW THE COMPANY WILL RECOVER ITS COSTS**
22 **OF CONSTRUCTION.**

1 A. The Company plans to recover the costs of this Project in future natural gas base
2 rate cases.

3 **Q. WILL THE ESTIMATED \$17.3 MILLION IN CAPITAL COSTS FOR THE**
4 **PROJECT HAVE AN IMMEDIATE IMPACT ON CUSTOMER RATES?**

5 A. No.

6 **Q. PLEASE EXPLAIN.**

7 A. Because the Project is capital, once in service, the Project will be added to the
8 Company's Plant in Service and ultimately in rate base in future natural gas base
9 rate case proceedings. Until that time, there will be no incremental increase in costs
10 to customers related to the Project.

III. FILING REQUIREMENTS SPONSORED BY WITNESS

11 **Q. PLEASE LIST AND DESCRIBE THE FILING REQUIREMENT AND**
12 **EXHIBIT TO THE APPLICATION THAT YOU ARE SPONSORING.**

13 A. I am the sponsor of Exhibit 2.

14 **Q. PLEASE EXPLAIN EXHIBIT 2.**

15 A. Exhibit 2 is the financial statement for month ending February 28, 2026, as required
16 by 807 KAR 5:001, Section 12.

17 **Q. WAS EXHIBIT 2 PREPARED UNDER YOUR DIRECTION AND**
18 **CONTROL?**

19 A. Yes.

IV. CONCLUSION

20 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

21 A. Yes.