

Melnykovich, Andrew (PSC)

From: Melnykovich, Andrew (PSC)
Sent: Wednesday, February 05, 2014 1:20 PM
To: 'ALLAN CRAIN'
Subject: RE: 2013-00332

Mr. Crain-

I will have this material placed into the case file on your behalf.

Andrew Melnykovich

Director of Communications
Kentucky Public Service Commission
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Frankfort, KY 40601
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By Kentucky Public Service Commission at 1:24 pm, Feb 05, 2014

From: ALLAN CRAIN [REDACTED]
Sent: Wednesday, February 05, 2014 8:27 AM
To: Melnykovich, Andrew (PSC)
Subject: 2013-00332

Dear Mr. Melnykovich

In response to the last correspondence from Attorney Crosby, I submit the attached spreadsheet.

To keep it simple the cost allocated by AmeriGas for miscellaneous expenses of 50K per year of which 13K is delivery costs for one delivery per year. I find these cost allocations to be absurd.

The accounting of the propane purchases and sales is that they are expensing the purchases of propane instead of additions and subtractions from inventory.

The attached spreadsheet addresses the above.

Respectfully

Allan B. Crain
[REDACTED]

The following information has been taken from the Profit and Loss Statements furnished to Allan Crain by Duncan Crosby.

MCG	GAL	\$/GAL			
205	7,380	\$ 1.469	\$	10,841.22	ENDING INVENTORY 2010
848	30,528				DELIVERED 2011
884	31,824	\$ 1.399	\$	44,521.78	PURCHASED 2011
205	7,380	\$ 1.469	\$	10,841.22	FROM BEGINNING INVENTORY
643	23,148	\$ 1.399	\$	32,384.05	2011 SOLD FROM PURCHASES
241	8,676	\$ 1.399	\$	12,137.72	ENDING INVENTORY 2011
			\$	43,225.27	COST OF PROPANE DELIVERED 2011
			\$	67,974.00	SALES OF PROPANE 2011
			\$	24,748.73	GROSS PROFIT 2011
586	21,096				DELIVERED 2012
682	24,552	\$ 1.344	\$	32,997.89	PURCHASED 2012
241	8,676	\$ 1.399	\$	12,137.72	FROM BEGINNING INVENTORY
345	12,420	\$ 1.344	\$	16,692.48	2012 SOLD FROM PURCHASES
337	12,132	\$ 1.344	\$	16,305.41	ENDING INVENTORY 2012
			\$	28,830.20	COST OF PROPANE DELIVERED 2012
			\$	55,838.00	SALES OF PROPANE 2012
			\$	27,007.80	GROSS PROFIT 2012

Per the Spreadsheet furnished to the PSC, AmeriGas states that as of 2/1/2013 they had 9,900 gals @ \$98.19 per gallon.

I submit that these numbers do not jibe. A company cannot count all purchases of inventory as an expense. The accounting appears to be flawed unless there is an explanation.