

WILLIAM R. WEINBERG AND LOIS C. WEINBERG  
P. O. BOX 783  
HINDMAN, KY 41822  
606-785-0761

April 26, 2016

RECEIVED

James W. Gardner  
Acting Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

APR 28 2016  
Public Service  
Commission

RE: Case No. 2016-00120  
APPLICATION OF WILLIAM R. WEINBERG AND LOIS COMBS  
WEINBERG TO TRANSFER SEVENTY-SIX SHARES OF COMMON STOCK  
IN MARTIN GAS, INC. TO JED WILLIAM WEINBERG AND ZACHARY  
COMBS WEINBERG

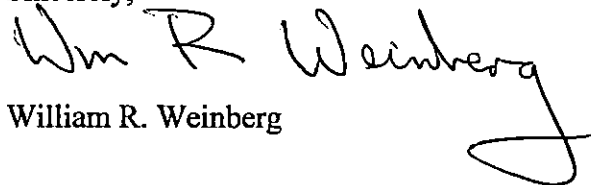
Dear Mr. Gardner:

Per the Order entered by the Commission on April 11, 2016, I am attaching a Certification as to the Responsible Witness and oath to the Responses requested in Appendix B to the Order entered by the Commission.

Appendix B notes each question asked, and the answer to each question is in "bold" print and immediately follows the question. I am attaching an original and ten (10) copies of Appendix B per the instructions of the above noted Order.

Please do not hesitate to contact me if additional information is needed or required.

Sincerely,

  
William R. Weinberg

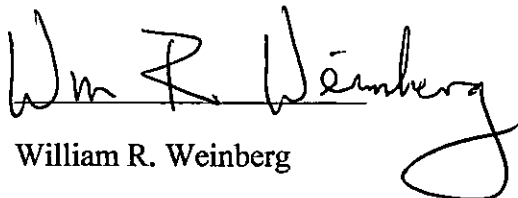
COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2016-00120

In the Matter of:

APPLICATION OF WILLIAM R. WEINBERG AND  
LOIS COMBS WEINBERG TO TRANSFER THEIR  
SEVENTY-SIX SHARES OF COMMON STOCK IN  
MARTIN GAS, INC. TO JED WILLIAM WEINBERG  
AND ZACHARY COMBS WEINBERG

CERTIFICATION

I, William R. Weinberg, this the 26<sup>th</sup> day of April 2016, do hereby state and affirm that I am the Responsible Witness and state under oath that the responses to the attached APPENDIX B are true and factual to the best of my knowledge.

  
William R. Weinberg

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2016-00120 DATED **APR 11, 2016**

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION

1. Refer to the application, page 1, which indicates that William and Lois Weinberg collectively own 76 shares of Martin Gas and seek approval to transfer a total of 72 shares (36 shares to Jed Weinberg and 36 shares to Zachary Weinberg).

a. Confirm the number of shares William and Lois Weinberg each hold, individually, of Martin Gas, and the number of shares each desires to transfer to their children, Jed and Zachary Weinberg.

**[William Weinberg holds 40 shares of Martin Gas and Lois Combs Weinberg holds 36 shares of Martin Gas. William Weinberg desires to transfer 20 shares of Martin Gas to Jed Weinberg and 20 shares of Martin Gas to Zachary Weinberg. Lois Combs Weinberg desires to transfer 18 shares of Martin Gas to Jed Weinberg and 18 shares of Martin Gas to Zachary Weinberg.]**

b. Provide a breakdown of the number of shares of Martin Gas held by any individual before the proposed transfer and the number of shares held by any individual after the proposed transfer.

**[Before the proposed transfer William Weinberg had 40 shares, Lois Combs Weinberg had 36 shares and Jed Weinberg, Zachary Weinberg and Tomas Weinberg had 8 shares each. After the proposed transfer, Jed Weinberg will have 46 shares, Zachary Weinberg will have 46 shares and our son, Tomas Weinberg, will**

**have 8 shares.]**

2. Identify and attach any purchase/sale agreement between the transferring and acquiring parties or other document concerning the proposed transfer of stock to which Jed Weinberg and Zachary Weinberg are signatories.

**[A corrected transfer of capital stock of Martin Gas is attached as is a purchase/sale agreement signed by the parties.]**

3. Refer to the application, p. 2, where it states that Jed Weinberg served as president of Martin Gas prior to 2011. Provide the number of years that Jed Weinberg served as president of Martin Gas.

**[Jed Weinberg served as President of Martin Gas from 2003 until 2010.]**

4. Refer to the application, page 2, where it states, "In addition to being president of Martin Gas, Inc., Zachery C. Weinberg is also the County Judge Executive of the County of Knott. He has been vice president of Clean Gas, Inc. for many years."

a. Describe in detail how being the Knott County Judge Executive and Vice President of Clean Gas, Inc. ("Clean Gas") affects Zachary Weinberg's managerial ability as it relates to being the president of Martin Gas.

**[As Knott County Judge Executive Zach Weinberg is the Chief Administrative Officer overseeing an annual budget of around \$12,000,000, roughly 35 times the Martin Gas annual budget. Knott County has 76 full-time employees while there is one employee on Martin Gas's payroll. His service as Knott County Judge and his election with 62% of the vote after two years of an appointed term demonstrates his ability to manage organizations and budgets in a prudent and responsible way and certainly demonstrates his**

**competence to manage Martin Gas. As Vice-President – Personnel and Human Resources of Clean Gas, Zach Weinberg was in top management of a multi-million dollar natural gas drilling and exploration company that supervised the drilling of as many as fifty wells a year at its peak. His duties included working with personnel, insurance and human resource issues, procurement, inventory control, marketing and special projects. He worked with Clean Gas from March 2006 until the company sold a portion of its assets in August 2011. This experience is evidence of his knowledge and familiarity with the natural gas business. He has made all of the administrative decisions regarding the operations of Martin Gas since January 2013.]**

b. Provide the year Zachary Weinberg became a vice president of Clean Gas and clarify whether he has been in that position continually since then.

**[Zachary Weinberg is not the official Vice-President of Clean Gas in any listing of the corporation's officers but he was designated Vice-President – Personnel and Human Resources as his job position sometime in 2008 and continued in that role until August 2011.]**

5. Refer to the application, page 2, where it states in part that Jed Weinberg is the Chief Executive Officer of Clean Gas, a member of the Kentucky Oil and Gas Association's Board of Directors, a member of the Board of Trustees of the University of Pikeville and Chairman of the Board of the Bank of Hindman. Identify and describe the financial and technical abilities Jed Weinberg will bring to Martin Gas as a primary shareholder if the proposed transaction is approved by the Commission.

**[Jed Weinberg has a B.A. degree in accounting from Pikeville College and has been working in the natural gas business since he was sixteen years old, learning the business from the bottom up. From May 1992 until September 1996, he managed Martin Gas. In September 1996 he took over day to day management of Clean Gas and was named Chief Executive Officer of Clean Gas in 2002. He was a Vice- President of the Kentucky Oil and Gas Association from 2005 until 2012, at which time he served a two year term as President of KOGA. He continues to serve on the organization's Board of Directors. He is widely recognized by his peers as one of the most knowledgeable natural gas operators in the Appalachian basin and is intimately familiar with the workings of Martin Gas and other small local distribution companies.]**

6. According to annual reports filed with the Commission, Clean Gas was last a wholesale supplier to Martin Gas in 2011. These reports identify Hayden Harper, Spradlin Gas Company, JZT Production LLC, and Equitable Energy as gas suppliers to Martin Gas in 2012, 2013, and 2014. The last three of these gas suppliers plus Vinland, Basin Energy, and Harpo Energy are identified as suppliers to Martin Gas in 2015.

a. Explain whether Martin Gas, William, Lois, Jed, Zachary, or Tomas Weinberg currently has, or previously had, an ownership interest in any of these wholesale gas suppliers.

**[Martin Gas has had no ownership interest in any of its gas suppliers. William, Lois, Jed, Zachary and Tomas Weinberg all have interests in Clean Gas and Spradlin Gas Company. Jed Weinberg, Zach Weinberg and Tomas Weinberg all have interests in JZT**

**Production, LLC. None of the Weinberg family have any ownership interests in any of the other suppliers.]**

b. If the answer to part a. of this request is affirmative for Martin Gas or any of the Weinbergs, identify their interest and the period for which it was held.

**[Ownership interests in Clean Gas are as follows: Lois Combs Weinberg (61%), Jed Weinberg (12.4%), Zachary Weinberg (10.4%), Bill Weinberg (9.8%) and Tomas Weinberg (6.4%). That ownership interest has not changed since December 2010. Weinberg ownership interests in the Spradlin partnership is Lois Weinberg (37.6833%), Bill Weinberg (16.6883%), and Jed Weinberg, Zachary Weinberg and Tomas Weinberg (1.54% each). These interests have not changed since January 1994. Ownership interests in JZT Production, LLC are Jed Weinberg (1/3<sup>rd</sup>), Zachary Weinberg (1/3<sup>rd</sup>) and Tomas Weinberg (1/3<sup>rd</sup>). These interests have remained constant since the formation of the LLC July 5, 2000.]**

7. Martin Gas's annual reports indicate that it incurred debt of \$24,000 in the form of Loans from Shareholders in 2003 and that this amount was reduced by the end of 2005 and has remained at \$12,200 through the end of 2015. Describe the purpose(s) of these loans and identify the shareholder(s) who made the loans.

**[The loan was a shareholders loan to increase the capital available to Martin Gas made by all the shareholders according to their respective ownership interests. The shareholders and their ownership interests were the same in 2003 as now.]**

8. Its annual reports indicated that Martin Gas took out a loan of \$32,067 in

2013 from Community Trust Bank. Provide the term and the purpose of this loan.

**[The purpose of the loan was to purchase a vehicle [Chevy Silverado extended cab] for the field worker who reads the meters and maintains the pipelines of Martin Gas. The term of the loan was five years, ending August 13, 2018.]**

9. Refer to KRS 278.020(5), which states in part that a person acquiring the utility must have the financial, technical, and managerial abilities to provide reasonable service. Explain how Zachary Weinberg meets the financial and technical abilities requirement of this statute.

**[See answer to question # 4. Also it is noteworthy that Zachary Weinberg has made the executive and administrative decisions regarding Martin Gas since January 2013 with no questions having been raised about his financial, technical and managerial abilities by anyone during that time.]**

10. Confirm that no change is anticipated to the operation of Martin Gas or to its tariffed rates and services in connection with the proposed stock transfer.

**[ No change is anticipated in the operation of Martin Gas or to its tariffed rates and services for any reason related to this proposed stock transfer. The makeup of the shareholders of Martin Gas is immaterial to its decisions pertaining to rate cases. Martin has not filed for a rate increase of any kind since 2006. That was an ARF case limited to making rates uniform for new Hazard and Perry County customers. The rate case prior to 2006 was an ARF case in 1996. There is a clear need, as recognized by the PSC during the 2006 ARF case, for a rate hearing to include all applicable costs in Martin's rates and such a case is anticipated in the**



**near future.]**

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