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# WILLIAM R. WEINBERG, LOIS C. WEINBERG, JED WILLIAM WEINBERG AND ZACHARY COMBS WEINBERG

P. O. BOX 783 HINDMAN, KY 41822 606-785-0761

RECEIVED

MAY 19 2016

PUBLIC SERVICE

COMMISSION

May 19, 2016

Aaron D. Greenwell Acting Executive Director Public Service Commission P. O. Box 615 Frankfort, KY 40602

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

# COMMISSION STAFF'S SUPPLEMENTAL REQUEST AND SECOND SUPPLEMENTAL REQUEST FOR INFORMATION TO WILLIAM WEINBERG, LOIS WEINBERG, JED WEINBERG AND ZACHARY WEINBERG

Dear Mr. Greenwell:

I am attaching a Certification as to the Responsible Witness and Certification by all Parties to the Responses.

The Commission's second Supplemental Request for Additional Information was not filled until May 9, 2016, four days after the initial filing. William Weinberg was gone all of last week traveling and therefore we needed the additional four days to complete our filing. I talked with General Counsel, and it was agreed that we would fax our responses in today so as to comply with the May 19<sup>th</sup> deadline and would then overnight the responses today. If the Commission deems it necessary, please consider this a motion to extend the time for filing by four days in order to give us a full 14 days to answer the Supplemental Requests for Information.

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Appendix C and Appendix D each note questions asked, and the answer to each is in "bold" print and immediately following the question.

I am attaching an original and ten (10) copies of this letter and Appendix C and Appendix D. Please do not hesitate to contact me if additional information is needed.

Sincerely,

William R. Weinberg

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## 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 1975 day of May 2016, do hereby state and affirm that I am the Responsible Witness and state under oath that the responses to the attached APPENDIX C and APPENDIX D are true and factual to the best of my knowledge.

William R. Weinberg

CERTIFICATION

We, Lois Combs Weinberg, Jed William Weinberg and Zachary Combs Weinberg on this the 19th day of May 2016, do hereby state and affirm that we have authorized William R. Weinberg to make responses on our behalf and that the responses so made are true and factual to the best of our knowledge.

Lois Combs Weinberg

Zachary Combs Weinberg

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### APPENDIX C

APPENDIX TO COMMISSION STAFF'S SUPPLEMENTAL REQUEST FOR INFORMATION IN CASE NO. 2016-00120

 Provide a corrected transfer of capital stock of Martin Gas and a purchase/sale agreement signed by the parties, as referenced in the response to Item 2 of Commission Staff's Initial Request for Information ("Staff's First Request").

{The Transfer of Capital Stock of Martin Gas, Inc. and the Purchase and Sale Agreement are attached to this Appendix C}

2. Refer to response to Staff's First Request, Item 7. Explain whether the proposed majority shareholders, Jed Weinberg and Zachary Weinberg, individually have the financial resources needed to be the main lender in the future on shareholder loans comparable to the loan described in the response.

{Jed Weinberg and Zachary Weinberg have the financial resources necessary to be main lenders on shareholder loans comparable or bigger than the loan referenced in Staff's First Request, Item 7. Both have been the sole guarantors on loans significantly more than \$24,000. For example, both were sole guarantors on a loan to their company, JZT Production, LLC, from 1<sup>st</sup> Trust Bank in Hazard in 2013 in an amount well in excess of \$100,000.00}

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## TRANSFER OF CAPITAL STOCK

OF

# MARTIN GAS, INC.

For One Dollar (\$1.00), the receipt of which is hereby acknowledged, and the love we have for our sons

Jed William Weinberg and Zachary Combs Weinberg, we hereby sell, assign, transfer and set over unto

Jed William Weinberg and Zachary Combs Weinberg, the THIRTY-SIX(36) shares of capital stock held by

Lois Combs Weinberg and the FORTY (40) shares of capital stock held by William R. Weinberg and direct

that the stock be transferred on the corporate books of Martin Gas, Inc.; THIRTY-EIGHT(38) shares to

Jed William Weinberg and THIRTY-EIGHT (38) shares to Zachary Combs Weinberg. This conveyance is

contingent upon the approval of the Commonwealth of Kentucky's Public Service Commission pursuant

to KRS 278,020(5) and (6).

nated: 415

William R. Weinberg.

Lois Combs Weinberg

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### PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement, the "Agreement" is made and entered into this the 2016 by and between William R. Weinberg and Lois Combs. Weinberg, P. O. Box 783, Hindman, Kentucky 41822, hereinafter referred to as the "Seller" and Jed William Weinberg and Zachary Combs Weinberg, P. O. Box 783, Hindman, Kentucky 41822, hereinafter referred to as the "Buyer".

"Seller", named above, for One Dollar (\$1.00), cash in hand paid, and the love and affection we have for our two sons names herein, and other good and valuable considerations, the receipt and sufficiency of which is acknowledged, do hereby sell and transfer to "Buyer", the THIRTY-SIX (36) shares of capital stock of Martin Gas, Inc. held by Lois Combs Weinberg and the FORTY (40) shares of capital stock of Martin Gas, Inc. held by William R. Weinberg Said stock to be divided and re-issued as follows: THIRTY-EIGHT (38) shares to Jed William Weinberg and THIRTY-EIGHT (38) shares to Zachary Combs Weinberg.

**SELLERS** 

ois Combs Weinberg

BUYERS

Zachary Combs Weinberg

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### APPENDIX D

APPENDIX TO COMMISSION STAFF'S SECOND SUPPLEMENTAL REQUEST FOR INFORMATION IN CASE NO. 2016-00120

- Refer to the response to Commission Staff's Initial Request for Information, Item 6 and to the Appendix to this request.
- a. Explain whether the prospective majority owners, Jed and Zachary Weinberg, understand the meaning of the statues, KRS 278.272 and KRS 278.274, which are included in the Appendix to this request.

{Jed and Zachary Weinberg understand the meaning of KRS 278.272 and KRS 278.274.}

b. Explain whether the prospective majority owners, Jed and Zachary Weinberg, intend to operate Martin Gas in a manner that complies with the statutes in the Appendix to this request;

{Jcd and Zachary Weinberg intend to operate Martin Gas, Inc. in a manner that complies with all applicable statutes and have done so in the past.

The amount paid for natural gas over the years to companies in which the Weinbergs have an interest has been extremely fair to consumers and much cheaper than most wholesale gas available. For example, the following figures show the spot price of natural gas from June 2003 until June 2010, demonstrating that the Weinberg's purchasing contracts (\$5.00) saved consumers a considerable amount of money. (June was the month when the annual contracts were either renewed or could be terminated. June 2010 was the last full year of the contract with Clean Gas.)

June 2003 - \$5.82

June 2004 - \$6.27

June 2005 - \$7.18

June 2006 - \$6.21

June 2007 - \$7.35

June 2008 - \$12.69

June 2009 - \$3.80

June 2010 - \$4.80

Moreover, the main available source for natural gas other than the Weinberg's companies is Equitable Gas, whose prices were always higher than \$5.00 until October

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2015. The figures below show EQT's price for natural gas at the meter used by Martin in Floyd County. (EQT'S historical prices are not readily available so we have relied upon invoices Martin has received since 2013. The gaps in the months exist because Martin didn't purchase gas from EQT in the months omitted.)

June 2013 -	\$7.35*
September 2013 -\$6.31	
October 2013 -	\$6.28
November 2013 - \$6.30	
December 2013 -	\$6.62
January 2014 -	\$7.28
February 2014 -	\$9.17
March 2014 -	\$8.23
May 2014 -	\$7.95
June 2014 -	\$7.76
July 2014 -	\$7.41
October 2014 -	\$6.91
January 2015 -	\$5.73
February 2015 -	\$5.23
March 2015 -	<b>\$5.36</b>
November 2015 -	\$4.07
December 2015 -	\$4,30

In October 2015 EQT for the first time in years was selling natural gas for less than \$5.00. In November 2015, Martin began buying more gas from EQT. For the years 2003–2008 EQT's prices would have been nearly twice \$5.00 for most of those years, given the significantly higher spot prices for natural gas.

<sup>\*</sup>EQT invoices in decatherms so all months have been converted to mcf's by multiplying times 1.2.}