

From: Melnykovych, Andrew (PSC)
To: [REDACTED]
Subject: your comments in case number 2016-00332 - Martin Gas rate adjustment
Date: Thursday, January 26, 2017 5:11:00 PM

Dear Mr. Mann-

Thank you for your comments in case number 2016-00332, the rate adjustment application of Martin Gas..

Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration.

As you noted, the case number in this matter is 2016-00332. It would be helpful if you would please refer to it in any further correspondence.

The application and other documents in this case are available at http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2016-00332.

Andrew Melnykovych

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By Kentucky PSC at 10:13 am, Jan 27, 2017

From: Bridgette Smith [REDACTED]
Sent: Thursday, January 26, 2017 3:41 PM
To: Chandler, Kent A (KYOAG)
Cc: PSC - Public Information Officer; Gary Napier; Mike Robinson
Subject: Martin Gas, Inc. Application for Rate Adjustment

*Hon. Kent Chandler
Office of Rate Intervention
Office of Attorney General
700 Capital Ave., Ste. 20
Frankfort, Kentucky 40601*

RE: Application of Martin Gas, Inc. for Rate Adjustment Small Utilities pursuant to 807 KAR 5:076 (case #2016-00332) – Public Comment/Questions

Dear Mr. Chandler:

Please be advised that this office and the office of Hon. Gary Napier, London, Kentucky represent a company named Vinland Energy, LLC (“Vinland”) with offices in Lexington, Kentucky (2704 Old Rosebud Rd # 320, Lexington, KY

40509) and London, Kentucky (104 Fortress Properties, Suite 1, London, KY 40741). Vinland has in the past been a supplier of natural gas to the above-referenced regulated entity and current applicant Martin Gas, Inc. (“Martin Gas”).

It has recently come to our attention that in the current application and subsequent filings Martin Gas has referenced Vinland as a supplier to Martin Gas, and has also inexplicably referenced certain on-going litigation between Martin Gas and Vinland. Martin Gas has also referenced Vinland (erroneously referred to sometimes in the filings as “Vineland”) with respect to *separate* litigation between Vinland and Martin Gas’ non-regulated affiliate Clean Gas, Inc. (“Clean Gas”).

The only interest of Vinland, as a supplier of natural gas to Martin Gas, is to make sure that Vinland is properly and timely paid for the gas it has sold, hopefully to the benefit of all concerned, including the public and Martin Gas. However, the recent filings and gratuitous references to Vinland therein raise several questions:

1. Is Vinland the only supplier of natural gas to Martin Gas who hasn’t been paid?
2. Is Vinland the only supplier of natural gas to Martin Gas who has been forced to litigate to collect for simple gas sales?
3. Why are legal fees for litigation with a natural gas *supplier* such as Vinland being included in filings related to an application for a rate increase?
4. Why is Martin Gas, Inc.’s non-regulated affiliate Clean Gas, (who purports to manage or assist in managing Martin Gas) referenced in the filings, and why is that non-regulated entity’s (Clean Gas’) legal counsel and litigation with Vinland also referenced in the filings (i.e., Is Martin Gas, Inc. not only seeking a rate increase, in part, to fund litigation against one of its natural gas suppliers (Vinland), but also to fund *separate* litigation by its non-regulated affiliate Clean Gas, against Vinland)?
5. Are the Martin Gas, Inc. natural gas purchasing practices “just and reasonable” or “imprudent” insofar as certain gas suppliers, and indeed, affiliates, appear to be preferred over other suppliers and unrelated entities?
6. Why does Martin Gas, Inc. "feel" that the litigation with a natural gas supplier may be "quite lengthy" ("for at least a *few years*")? It ought to be a simple suit on a supplier's account which should be easily resolved by accountants or at a mediation by confirming gas volumes and price, line loss, etc.?

7. Is the litigation with a non-affiliated natural gas supplier (Vinland) a legitimate business dispute, or is it related somehow to Martin Gas':

- a.) poor financial condition, generally, and inability to pay for its gas purchases on a timely basis?
- b.) practice of making payments preferring one creditor over another?
- c.) problems with the condition of its utility infrastructure?
- d.) management problems?
- e.) effort to gain an advantage or leverage in its non-regulated affiliate's (Clean Gas) separate litigation over valuable pipelines and oil and gas assets?

8. Is the condition of the Martin Gas utility infrastructure under investigation?

9. Are any of Martin Gas, Inc.'s other transactions or operations under Public Service Commission audit?

10. Does the current structure of Martin Gas, Inc. and its management by non-regulated affiliate Clean Gas, Inc. - (who is also in litigation with one of Martin Gas' natural gas suppliers) - implicate the K.R.S. §278.2201 prohibition against subsidizing non-regulated activity?

11. Should not the current obligations to natural gas suppliers to the utility be taken care of first, as a condition of approval of a rate increase, before previously undocumented loans/advances to owners of both the regulated and non-regulated companies?

12. Are the descriptions of Martin Gas' antiquated meters and pipeline system repairs consistent between what is represented to the Public Service Commission and what is represented to natural gas suppliers such as Vinland in actual regulated transactions?

13. To the extent the applicant seeks a reasonable and just rate increase to enable it to pay its creditors, including Vinland, on-time and thereby assure a reliable supply of natural gas to the benefit of it and the public, Vinland has no objection. However, to the extent the applicant seeks a rate increase to fund litigation with natural gas suppliers such as Vinland, or to fund any other litigation, Vinland objects.

Again, Vinland does not understand the repeated references to Vinland Energy in

Martin Gas' public filings. To the extent it is helpful to the Commission, Vinland would be happy to supply any information which it possesses to shed light on the two separate lawsuits referenced by Martin Gas in its filings for a rate increase. Thank you.

cc: Talina Mathews, Executive Director, PSC; Hon. Gary Napier; Mike Robinson

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