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January 24, 2011

VIA HAND DELIVERY

RECEIVED - PPSO
12 JAN 24 PM 12:24
COMMISSION
CLERK

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No 110257; Application for increase in water and wastewater rates in
Seminole County by Sanlando Utilities Corporation
Our File No.: 30057.198

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Labrador
Utilities, Inc. ("Labrador" or "Utility") to Staff's second data request dated October 25,
2011. Staff has requested the following information to complete its review of the
application filed in the above-referenced docket.

Rate Case Expense

*per atty Friedman this HP shld
reference Sanlando + 1st data req.
See DN 09148-11
Dated 12/27/11 - DM 1/25/12*

1. For each individual person, in each firm providing consulting services to
the applicant pertaining to this docket, provide the billing rate, and an itemized
description of work performed. Please provide detail of hours worked associated with
each activity. Also provide a description and associated cost for all expenses incurred to
date.

RESPONSE: Please see the attached adobe file titled "Rate Case Invoices.pdf" for
all requested documentation.

2. For each firm or consultant providing services for the applicant in this
docket, please provide copies of all invoices for services provided to date.

- COM _____
- APA _____
- ECR _____
- GCL _____
- RAD _____
- SRC _____
- ADM _____
- OPC _____
- CLK _____

RESPONSE: Please see the response to Rate Case Expense Item 1.

3. If rate consultant invoices are not broken down by hour, please provide
reports that detail by hour, a description of actual duties performed, and amount
incurred to date.

DOCUMENT NUMBER - DATE

00475 JAN 24 11

RESPONSE: Please see the response to Rate Case Expense Item 1 and the adobe file titled "MSA Time Sheets.pdf" for the requested documentation.

4. Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.

RESPONSE: Please see the attached excel files titled "MSA Estimate to Complete.xlsx," "SFF Est to Complete.pdf" and "MgmtRegSer - RCEXPENSESUMMARY - SANLANDO.xlsx" for the requested information.

5. Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

RESPONSE: Please see the attached excel file titled "B-10 Update as of 12.31.11.xlsx" for the requested documentation.

Rate Base

1. The Following items relate to the pro forma plant additions reflected in adjustment (A)(5) and (6) on MFR Schedule A-3.

For the pro forma addition, please provide the following:

- (a) a statement why the addition was necessary;
- (b) a copy of all invoices and other support documentation if the plant addition has been completed or in process;
- (c) a copy of the signed contract or any bids, if the plant addition has not been completed
- (d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing;
- (e) the projected in-service date for the outstanding plant addition; and
- (f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.

RESPONSE: The Company included five pro forma projects in the fling totaling \$3,836,707.80 for water and wastewater. Please see below for the information requested above:

Pro forma project #1 - SR 434 FDOT Widening/Storm for \$153,312:

- (a) The relocation of certain existing facilities is required as a result of the FDOT's scheduled widening of SR 434 between Interstate 4 and Rangeline Road and the construction of certain storm water improvements within the existing FDOT ROW. FDOT is to begin construction in 2012.
- (b) This project has not been completed or started.
- (c) Please see the attached adobe file titled, "SR 434 FDOT Widening-Storm.pdf" for the requested documentation.
- (d) This project has been through the bidding process, so this question is not applicable.
- (e) The projected in service date is June 30, 2012, but this is contingent upon FDOT's schedule.
- (f) Please see the attached excel file titled, "Proforma Project Retirement Calcs.xlsx" for the calculation of the retirement amounts that will correspond to each project upon completion. The original cost of this asset is unknown, but the Company's Regional Manager, Bryan Gongre, estimated the cost based on the cost of recent similar projects and his detailed familiarity with the materials and components being relocated.

Pro forma project #2 - 250 LF of 12" Force Main Replacement for \$61,644:

- (a) This project was to replace the existing force main crossing under I-4 that connects the Des Pinar WWTF to the Wekiva WWTF. This interconnect allows flow to be rerouted in the event of an emergency. The original steel force main was mostly plugged as a result of many years of deterioration.
- (b) This project has been completed. Please see invoices 359508 and 378822 in the attached adobe file called, "Des Pinar Force Main Replacement.pdf."
- (c) This project has been completed; therefore this question does not apply.
- (d) This project has been completed; therefore this question is not applicable.
- (e) The placed in service date was October 11, 2011.
- (f) Please see the previously mentioned excel file titled, "Proforma Project Retirement Calcs.xlsx" in response to Rate Base Pro Forma project #1 (f) for the calculation of the retirement amounts that will correspond to each project upon completion. The original cost of this asset is unknown, the Company's Regional Manager, Bryan

Gongre, estimated the cost based on his professional opinion and specialized knowledge of the materials and components being replaced.

Pro forma project #3 - Wekiva Hunt Club Filter Replacement for \$496,752:

- (a) The two existing traveling bridge sand filters were built in 1985 and 1990 respectively, and have outlived their service lives. The internal components within the existing concrete housings are to be removed and new components installed. This will allow the Wekiva WWTF to reliably produce quality effluent that meets state standards as high level disinfection public access reuse water.
- (b) This project has not been completed or started.
- (c) Please see the attached adobe file titled, "Wekiva WWTP Filter Replacement.pdf" for the requested documentation.
- (d) This project has been through the bidding process, so this question is not applicable.
- (e) This project has not been completed; therefore this question is not applicable.
- (f) Please see the previously mentioned excel file titled, "Proforma Project Retirement Calcs.xlsx" in response to Rate Base Pro Forma project #1 (f) for the calculation of the retirement amounts that will correspond to each project upon completion.

Pro forma project #4 - Eng-Wekiva-Apopka Reuse Main for \$125,000:

- (a) The recently renewed Wekiva WWTF operating permit includes a reduction in effluent disposal to the surface water discharge location into Sweetwater Creek from 2.9 MGD AADF to 0.870 MGD AADF. The Wekiva facility is located within the Wekiva River basin that is protected by the Wekiva River Protection Act. Additionally, FDEP reduced the permitted concentration of Total Nitrogen that can enter the Wekiva WWTF's rapid infiltration basins. In order to address these issues, the Utility is required to find an alternative means of effluent disposal. The City of Apopka has a need for the reuse effluent and has agreed to take the flow on a daily basis. This project reflects the cost of engineering support necessary to design, permit and construct the reuse main.
- (b) This project has not been completed or started.
- (c) Please see the attached adobe file titled "Wekiva-Apopka Reuse Main.pdf" for the requested documentation.

- (d) The project has been through the bidding process, so this question is not applicable.
- (e) The projected in service date is December 31, 2012.
- (f) This project is not replacing an existing asset; therefore a retirement is not required.

Pro forma project #5 - Wekiva-Apopka Reuse Main for \$3,000,000:

- (a) This project will fund the construction of approximately six miles of 16" reuse main that will deliver reuse water from the Wekiva WWTF to the City of Apopka.
- (b) This project has not been completed or started.
- (c) Please see the previously mentioned adobe file titled "Wekiva-Apopka Reuse Main.pdf" in response to Rate Base Proforma Project 4, part (c) for the requested documentation.
- (d) The project has been through the bidding process, so this question is not applicable.
- (e) The projected in service date is December 31, 2012.
- (f) This project is not replacing an existing asset; therefore a retirement is not required.

O&M Expenses

1. According to MFR Schedule B-3, the Utility has proposed an increase of \$4,423 and \$3,451 for water and wastewater to Salaries & Wages – Officers. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above adjustment to Salaries & Wages – Officers.

RESPONSE: Please see the enclosed confidential CD with the file named, "2011 FL Rate Cases Salary Adjustment.xlsx". Within this file, on the tab named, "Lead Summary – Sanlando," please see column (e); lines 5-6. Those totals of \$4,423 and \$3,451 match the amounts that Staff is asking about in O&M DR 1. Those amounts are attributable to an annualization increase of \$2,803 and \$2,107 for water and wastewater, respectively, and a merit increase of \$1,620 and \$1,265 for water and wastewater, respectively. Moving to the tab named, "Employee Detail", please focus on column (c); lines 354-358. This is the individual allocated salaries for each executive employee that should be allocated to Sanlando. The total of these lines in column (c) equals \$96,146. Comparing this to the per books total for the same category gets us our annualization adjustment of \$2,803 and \$2,107. Adding a merit increase of 3% in column (d), lines 354-358 to that gets us our adjustment of \$1,620 and \$1,265.

2. According to MFR Schedule B-3, the Utility has proposed a decrease of \$10,107 and \$9,261 for water and wastewater to Employee Pensions & Benefits. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above adjustment to Employee Pensions & Benefits.

RESPONSE: Please see the previously mentioned confidential CD with the file named, "2011 FL Rate Cases Salary Adjustment.xlsx." Within this file, on the tab named, "Lead Summary – Sanlando," please see column (c); lines 29-30. Those totals of (\$10,107) and (\$9,261) match the amounts that Staff is asking about in O&M DR 2. Moving to the tab named, "Employee Detail," please focus on columns (i) and (j); line 498. This is the total benefits allocated to Sanlando. The total of this line in these columns equals \$314,195. Comparing this to the per books total for the same category gets us our adjustment of (\$10,107) and (\$9,261) for water and wastewater, respectively.

3. According to MFR Schedule B-3, the Utility has proposed a decrease of \$8,638 and \$6,740 for water and wastewater to Transportation Expense. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above adjustment to Transportation Expense.

RESPONSE: Please see the previously mentioned confidential CD with the file named, "2011 FL Rate Cases Salary Adjustment.xlsx." Within this file, on the tab named, "Lead Summary – Sanlando," please see column (c); lines 37-38. Those totals of (\$8,638) and (\$6,740) match the amounts that Staff is asking about in O&M DR 3. Moving to the tab named, "Transportation Expense," please notice that the Company totaled all transportation expense for Utilities, Inc., and divided it by the number of vehicles owned by Utilities, Inc. This gets us an average transportation expense of \$6,081. Moving to the tab named, "Employee Detail," please focus on column (p); lines 333-497. This is the total transportation expense allocated to Sanlando. The total of this line in these columns equals \$119,459, and consists of allocating transportation expense to each person who drives a vehicle based on that person's allocation percentage to Sanlando. Comparing this to the per books total for the same category gets us our adjustment of (\$8,638) and (\$6,740).

4. According to MFR Schedule B-3, the Utility has proposed an increase of \$72,620 and \$44,664 for water and wastewater to Salaries & Wages. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above adjustment to Salaries & Wages.

RESPONSE: Please see the previously mentioned confidential CD with the file named, "2011 FL Rate Cases Salary Adjustment.xlsx." Within this file, on the tab named, "Lead Summary – Sanlando," please see column (e); lines 10-11, 19-20, 37-38, 46-47, 55-56, 64-65, 73-74, 82-83, 91-92, 100-101, 109-110, and 118-119. The water totals of \$72,620 match the amount that Staff is asking about in O&M DR 4. The wastewater total on "Lead Summary – Sanlando" is \$10,000 higher (it totals \$56,664) over the amount that Staff is asking about in O&M DR 4. This is because of a typo in the MFR – the amount \$46,848 was keyed in for the increase to operator salaries when the number really should have been \$56,848. The amounts of \$72,620 and \$56,848 attributable to an annualization increase of \$58,363 and \$45,539 for water and wastewater, respectively, and a merit increase of \$14,257 and \$11,125 for water and wastewater, respectively. Moving to the tab named, "Employee Detail," please focus on column (c); lines 333-353 and 359-497. This is the individual allocated salaries for each employee (less the executives) that should be allocated to Sanlando. The total of these lines in column (c) equals \$1,325,250. Comparing this to the per books total for the same category gets us our annualization adjustment of \$58,363 and \$45,539. Adding a merit increase of 3% in column (d), lines 333-353 and 359-497 to that gets us our adjustment of \$14,257 and \$11,125. Please note that the capitalized time calculation is included in our totals as well. Support for the capitalized time calculation can be found on the tab labeled, "Cap Time."

5. According to MFR Schedule B-3, the Utility has proposed a pro forma increase of \$33,000 for wastewater to Wekiva WWTF De-Gritting. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above pro forma adjustment to Salaries & Wages – Officers.

RESPONSE: In the filing, the Company estimated the Wekiva WWTF De-Gritting project to be \$165,000. This \$165,000 amount was composed of a labor expense of \$45,000 and a debris disposal expense of \$120,000. The latter expense was derived from an estimate 1,600 tons of debris at a cost of \$75.00 per ton. Upon completion of the project and receipt of the invoice, it was found that labor would cost \$45,000, but only 53.76 tons of debris was removed at a cost of \$75.00 per ton. This brought the total cost of the project to \$49,032.00. This invoice can be found in the adobe file titled, "Wekiva WWTF De-Gritting.pdf."

6. According to MFR Schedule B-5, Salaries & Wages – Employees increased substantially in March 2010, November 2010, and December 2010 when compared to

other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Salaries & Wages – Employees.

RESPONSE: The increase in March is the result of a Preliminary Survey Project being abandoned, and consequently, the captime adjustment was reversed. Salary expense in the month of March is larger because less of the expense is being capitalized. The increase in November 2010 is the result of an extra hourly pay period during the month. Hourly pay periods for November were 11/2/10, 11/16/10, and 11/30/10. Please see the excel file titled "Operations Salaries.xlsx" on the tab named "By Day," to see the pay periods. Please note that 11/30/10, was both a salary and hourly employee pay date. In addition to the extra pay period, November had an excess of overtime due to the holidays. December's increase is the result of an allocation error. There was not an allocation into November for account 6150 – Operations Salaries; December has an allocation for January, but does not reverse out an allocation for November. This has no effect on the total expense of 2010, as the end of November's and beginning of December's allocations would cancel each other.

7. According to MFR Schedule B-5, Employee Pension & Benefits increased substantially in May 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Employee Pension & Benefits.

RESPONSE: The Company wasn't recording its life insurance expenses from Metropolitan Life Insurance Co from February to March 2010. In the month of May the Company recorded the expenses for February and March to account 5670, causing the expense amount in May to seem large when compared to other months, but in reality the total of amount stated for 2010 is correct. Account 5670 is allocated from WSC account 102100.5670. A ledger displaying February, March, and April expenses which were booked in May can be seen in the attached excel file titled "Account 5670 GL.xlsx." The respective invoices can be seen in the adobe file titled "Metropolitan Life Ins.pdf."

8. According to MFR Schedule B-5, Purchased Power increased substantially in April 2010, May 2010, June 2010, and November 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Purchased Power.

RESPONSE: Please see the attached excel file titled "Purchase Power GL.xlsx" for the required listing of invoices in the attached adobe file titled "Purchase Power

Invoices.pdf.” All Purchase Power invoices for 2010 have been provided in the attached file.

9. According to the MFR Schedule B-5, Chemicals increased substantially in January 2010, August 2010, and November 2010 when compared to other months. Please provide all of the Utility’s calculations, basis, workpapers, and support documentation for the above increase in Chemicals.

RESPONSE: Please see the attached excel file titled “Sanlando Chemical Schedule.Final.xlsx” and adobe file titled “Sanlando Chemical Invoices.pdf” for the requested supporting documentation. Every Chemical invoice for the year has been provided, along with a schedule detailing which invoices belong to water and which belong to wastewater.

10. According to MFR Schedule B-5, Materials & Supplies increased substantially in March 2010, April 2010, August 2010, and December 2010 when compared to other months. Please provide all of the Utility’s calculations, basis, workpapers, and support documentation for the above increase in Materials & Supplies.

RESPONSE: To properly analyze the Company’s O&M accounts, the water and wastewater amounts must be combined due to the fact that all O&M expenses are allocated to water and wastewater based on ERCs.

Upon further investigation of the amounts booked to Materials & Supplies for the months of January, March, April, August, and December of the test year; there are a number of Paramount Power, Inc. invoices erroneously booked to the Materials & Supplies account. A total of \$7,855.91 should be removed from the Materials & Supplies account and placed into NARUC account 711 – Purchased Power. The only other amount that should be removed from the test year Materials & Supplies account is a \$159.53 F.J. Nugent & Associates invoice that was booked to the wrong company. Other than the two items mention above, the Materials & Supplies account for the months in question accurately represent the test year expenditures for the Company. For a more in depth look at each line item booked to the Materials & Supplies account for the months in question, and backup documentation for those line items, please refer to the attached excel file called, “Sanlando DR Item 10 & 21.xlsx.” The associated support documentation can be found in the accompanying adobe files titled “Sanlando Materials & Supplies.pdf,” and “Explanation for Reclass.pdf.”

11. According to MFR Schedule B-5, Contractual Services – Engineering increased substantially in August 2010, and November 2010 and decreased substantially in December 2010 when compared to other months. Please provide all of the Utility’s calculations, basis, workpapers, and support documentation for the above increase in Contractual Services – Engineering.

RESPONSE: Please see the attached excel file titled “Sanlando DR Items 11 & 22.xlsx” and the adobe file titled “309899.pdf” for the requested information.

12. According to MFR Schedule B-5, Contractual Services – Legal increased substantially in April 2010, August 2010, and December 2010 when compared to other months. Please provide all of the Utility’s calculations, basis, workpapers, and support documentation for the above increase in Contractual Services – Legal.

RESPONSE: Please see the attached excel file titled “Sanlando DR Items 12 & 23.xlsx” and the adobe files titled “Legal Invoices.pdf,” “RSB Invoices.pdf” and “Misc Checks.pdf” for the requested information.

13. According to MFR Schedule B-5, Contractual Services – Other increased substantially in May 2010, and October 2010 when compared to other months. Please provide all of the Utility’s calculations, basis, workpapers, and support documentation for the above increase in Contractual Services – Other.

RESPONSE: Please see the attached excel file titled “Contractual Services Breakdown.xlsx” for a detail of Contractual Services – Other. On the tab titled “Contractual Services” the Company has highlighted in yellow three accounts that created the increases in May and October. The three accounts are all based off of allocations from WSC, and therefore the WSC direct expenses for the months have also been provided on their tabs respective tabs, please see the attached adobe files titled “May Account 6050 Invoices.pdf,” “May Account 5735 Invoices.pdf” and “October Account 5735 Invoices.pdf” for the requested documentation.

14. According to MFR Schedule B-5, Transportation Expenses increased substantially in August 2010 and November 2010 when compared to other months. Please provide all of the Utility’s calculations, basis, workpapers, and support documentation for the above increase in Transportation Expense.

RESPONSE: The company purchased auxiliary generator diesel fuel used for emergency equipment and load shedding in the month of August. These invoices are

shown in the attached adobe file titled "Account 6215 Invoices.pdf." The company had to purchase a replacement cylinder, debris hose, and various valves in the month of November. Please see the attached adobe file titled "Account 6230 Invoices.pdf" for the supporting documentation.

15. According to MFR Schedule B-5, Insurance – Other increased substantially in May 2010 and September 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Transportation Expense.

RESPONSE: The Company allocates amounts booked to the Insurance – Other account based on ERC's to water and wastewater; therefore, in order to effectively analyze the month end balances in this account, water and wastewater amounts must be looked at in the aggregate. The total water and wastewater balances for the months of May and September in the Insurance – Other account are prepaid insurance amounts allocated from WSC. Please see the tabs called, 'May Allocations', and 'September Allocations' within the excel file titled, "May & September Prepaid Insurance.xlsx." The total amount allocated to Sanlando was \$16,125.12 and \$15,299.95 for May and September respectively, these are highlighted in light blue. The WSC month end balances of \$215,694.79 and \$203,937.03 for May and September respectively can be seen in the same tabs mentioned earlier, as well as the WSC GL for Prepaid Insurance. This GL can be found in the tab called, 'WSC Prepaid Insurance' in the aforementioned file, and the month end balances are also highlighted in light blue. From the WSC GL it can be seen that the main driver of each account balance is from the amount of prepaid insurance that is expensed each month. The monthly prepaid expense for May and September of the test year is highlighted in red. The prepaid amounts of \$189,235.79 and \$227,019.42 found in the GL come from the attached monthly prepaid schedule entitled 'Analysis of Prepaid Insurance -2010' in the attached adobe file titled "2010 Prepaid Insurance.pdf." These amounts are highlighted in red on page 6 of 6 of the schedule. Each invoice that makes up the 2010 additions (highlighted in yellow) can be found in the file called "2010 Additions Backup.pdf." This file contains all of the source documentation for not only the May and September prepaid amounts, but for the entire test year. Overall, fluctuations from month to month of prepaid expenses are normal, recurring expenses of the company.

16. According to MFR Schedule B-5, Miscellaneous Expenses increased substantially in February 2010, April 2010, August 2010 and November 2010 when compared to other months. Please provide all of the Utility's calculations, basis,

workpapers, and support documentation for the above increase in Miscellaneous Expenses.

RESPONSE: The Company allocates amounts booked to the Miscellaneous Expenses account based on ERC's to water and wastewater; therefore, in order to effectively analyze the month end balances in this account, water and wastewater amounts must be looked at in the aggregate. The total amount booked to Miscellaneous Expense for Sanlando in the months of February, April, August and November amounted to \$117,380.57. The amounts booked to the aforementioned account for the entire test year accurately represent the expenses incurred over a twelve month period. For a detailed look at each line item for the months in question, please refer to the attached file called, "Sanlando DR Item 16 & 24.xlsx" along with all associated documentation in the following adobe files titled "Regional Invoices.pdf," "State Cost Center JE's & Backup.pdf," "Account 105100.5825 Backup.pdf," "WSC Cost Center JE's & Backup.pdf," "Sanlando Misc. Expense Backup.pdf," "State - Misc. Services Support.pdf," and "WSC - Misc. Services Support.pdf."

17. According to MFR Schedule B-6, Employee Pensions & Benefits increased substantially in May 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Employee Pensions & Benefits.

RESPONSE: Please see the response to O & M Expense Item 7.

18. According to MFR Schedule B-6, Sludge Removal Expense increased substantially in April 2010, and November 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Sludge Removal.

RESPONSE: The Company's Sludge Removal Expense booked during the test year accurately reflects the amount over a typical 12-month period. There are a number of reasons for a sudden spike of expense from month to month during any given year of operation. First, the amount of sludge, in terms of volume produced in the treatment process, is a function of the flow through the plant, the treatment process performance, the overall temperature of the wastewater, the amount of effluent discharged into Sweetwater Creek, and finally, the amount of chemicals added to facilitate the removal of nutrients during the treatment process. Second, the Company uses an outside vendor for sludge removal; there is less control over the cost associated with hauling the sludge to alternate locations. Third, the amount of sludge hauled is a direct result of the

dewatering process. Finally, the timing of invoices depends on the vendors that the Company has contracted with.

The support for the months in question can be found in the attached excel file titled, "Sanlando DR 1 Item 18 - Sludge Hauling.xlsx," and the support documentation can be found in the accompanying adobe file titled, "Sanlando Sludge Hauling.pdf."

19. According to MFR Schedule B-6, Purchased Power increased substantially in April 2010, and November 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Purchased Power.

RESPONSE: Please see the response to O & M Expense Item 8.

20. According to the MFR Schedule B-6, Chemicals increased substantially in January 2010, April 2010, May 2010, August 2010, and November 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and supporting documentation for the above increase in Chemicals.

RESPONSE: Please see the response to O & M Expense Item 9.

21. According to MFR Schedule B-6, Materials & Supplies increased substantially in January 2010 and August 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Materials & Supplies.

RESPONSE: Please see the response to item 10.

22. According to MFR Schedule B-6, Contractual Services – Engineering increased substantially in August 2010, and November 2010 and decreased substantially in December 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Contractual Services – Engineering.

RESPONSE: Please see the response to item 11.

23. According to MFR Schedule B-6, Contractual Services – Legal increased substantially in February 2010, April 2010, August 2010, October 2010 and December 2010, and decreased substantially in November 2010 when compared to other months.

Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Contractual Services – Legal.

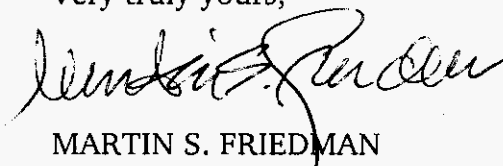
RESPONSE: Please see the response to item 12.

24. According to MFR Schedule B-6, Miscellaneous Expenses increased substantially in August 2010 and November 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Miscellaneous Expenses.

RESPONSE: Please see the response to item 16.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm