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COMMISSION
CLERK

December 12, 2013

VIA FEDEX

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 130212-WS; Application for an Increase in Water and Wastewater Rates in Polk County by Cypress Lakes Utilities, Inc.
Our File No.: 30057.212

Dear Ms. Cole:

The following are Cypress Lakes Utilities, Inc.'s responses to the Staff's First Data Requests dated November 12, 2013:

MFR's

1. Rule 25-30.110(2), Florida Administrative Code (F.A.C.) requires that the MFRs be consistent and reconcilable with the Utility's annual report. The following MFR schedules are not reconcilable with the Utility's 2012 Annual Report:

- a) MFR Schedule A-6, Schedule of Wastewater Plant in Service by Primary Account, columns (2) and (3), lines 9, 10, and 12.
- b) MFR Schedule A-10, Schedule of Wastewater Accumulated Depreciation Primary Account – Simple Average, columns (2) and (3), lines 9 and 12.
- c) MFR Schedule A-19, Schedule of Comparative Balance Sheet – Equity Capital and Liabilities, column (3), lines 3 and 4 do not tie to their respective Annual Report Schedule F-2(a).
- d) MFR Schedule B-7, Operation & Maintenance Expense Comparison-Water, column (2), line (29) does not tie to Annual Report Schedule W-9.
- e) MFR Schedule B-8, Operation & Maintenance Expense Comparison-Water, column (2), line (29) does not tie to Annual Report Schedule S-9 (a).
- f) MFR Schedule D-1, Schedule of Requested Cost of Capital, column (3), line (4) does not tie to Annual Report Schedule F-5.
- g) MFR Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base, column (1), line (8) does not tie to Annual Report Schedule F-2(b).

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Please provide the above identified MFR schedules updated to be consistent with and reconcilable to the Utility's 2012 Annual Report.

Response:

1.a) Line 9 on Sch A-6, reconciles to Acct 1345 on the Trial Balance. Acct 1345 combines 360.2 and 363.2 on the annual report.

MFR		Ann. Report	
A-6, line 9	\$351,499	S-4, 360.2	\$179,012
A-6, line 12	<u>0</u>	S-4, 363.2	<u>172,487</u>
	\$351,499		\$351,499

Line 10 on Sch A-6, reconciles to Acct 1350 and 1353 on the Trial Balance, which combines gravity mains and manholes under the gravity mains account as there is no separate NARUC account for manholes. On the annual report, gravity mains and manholes are listed on separate lines, both identified as 361.2.

MFR		Ann. Report	
A-6, line 10	\$913,905	S-4, 360.2 Gravity	\$605,635
	<u>0</u>	S-4, 360.2 Manholes	<u>308,271</u>
	\$913,905		\$913,905

1.b) Line 9 on Sch A-10, reconciles to Acct 2105 on the Trial Balance. Acct 2105 combines 360.2 and 363.2 on the annual report.

<u>YE2011</u>	MFR		Ann. Report
A-10, line 9	\$189,133	S-6, 360.2	\$ 96,322
A-10, line 12	<u>0</u>	S-6, 363.2	<u>92,811</u>
	\$189,133		\$189,133

<u>YE2012</u>	MFR		Ann. Report
A-10, line 9	\$200,849	S-6, 360.2	\$ 100,289
A-10, line 12	<u>0</u>	S-6, 363.2	<u>98,561</u>
	\$200,849		\$200,849

1.c) The total equity shown on MFR Sch A-19, lines 3 and 4 and that shown on the annual report do tie. They differ only in presentation within the accounts. The balances shown on MFR Sch A-19 reflect the trial balance, wherein the net income of the previous year is carried forward in Account 211 and the sum of net income and prior retained earnings are shown in Account 214-15. In the annual report, Account 211 remains the same from year to year and the difference in net incomes is shown in Accounts 214-15.

1.d) & e) - The customer count for 2012 as shown on B-7 and B-8 does reconcile to the Annual Report. On the schedules and in the Annual Report, what is referred to as the number of customers is actually an internal ERC determination used in allocations wherein a single family home is 1 ERC, a manufactured home is 0.8 ERC and commercial customers are equated by number of bathrooms. For 2005, the customers shown on B-7 and B-8 reflect the internal determination; the Annual Report does not. Nevertheless, for purposes of comparing customer growth on schedules B-7 and B-8, the actual number of customers for billing purposes should be used. Therefore, the company has revised the numbers to tie to the number of customers determined from the billing records. The correct number of Water and Wastewater customers for 2005 are 1,328 and 1,292, respectively. The correct number of Water and Wastewater customers for 2012 are 1,491 and 1,452, respectively. The source of these numbers is MFR Schedule E-3, col. (6), for December of the respective years. These numbers tie to the billing ledgers. The change is being made to Schedules B-7 & B-8 in this filing along with the changes reflected in the responses to 4.b) (i),(ii) and (iii), below. Revised schedules are attached.

1.f) Staff is correct that MFR Schedule D-1, cols 3 & 4 do not tie to Annual Report Schedule F-5, nor should they. The annual report reflects "per book" rate base determined on annual report Schedule F-4 with capital allocated on that basis as well as a cost of equity from the last rate case. It lacks any adjustments normally considered in a rate case. MFR Schedule D-1 reflects the rate base determined in this filing on Schedules A-1 and A-2, the costs of capital determined in this filing and the cost of equity based on the most recent order of the Commission.

1.g) MFR Schedule D-2, col 1, line 8 differs by \$153.40 for the year 2011. This is an error. The amount should be \$30,598 which ties to the annual report. The revision is included in the schedule attached in response to 2 a) below.

Of the above identified MFR schedules, only B-7, B-8 and D-1 required updating and they are attached.

2. Rule 25-30.436 (4)(a), F.A.C. requires that each schedule be cross-referenced to identify related schedules as either supporting schedules or recap schedules. The following MFR schedules, as filed, do not comply with Rule 25-30.436, (4)(a), F.A.C.

- a) **MFR Schedule D-1, Schedule of Requested Cost of Capital, does not include cross-referenced schedules.**
- b) **MFR Schedule D-5, Cost of Long-Term Debt, does not include cross-referenced schedules.**

Please provide the above identified MFR schedules updated with the required cross-references.

Response:

- 2. a) The cross reference schedules have been added.
- 2. b) The cross reference schedules have been added.

3. **Rule 25-30.436(4)(h), F.A.C., requires that any system that has costs allocated or charged to it from a parent, affiliate or related party, in addition to those costs reported on Schedule B-12 of Commission Form PSC/ECR 20-W for a Class B utility, (incorporated by reference in Rule 25-30.437, F.A.C.) shall file three copies of additional schedules that show the following information:**

- a) Pursuant to Rule 25-30.436(4)(h)(6), F.A.C., the Utility is missing the required organizational chart of the relationship between the utility and its parent and affiliated companies and the relationship of any related parties.
- b) Pursuant to Rule 25-30.436(4)(h)(7), F.A.C., the Utility is missing the required copy of any contracts or agreements between the utility and its parent or affiliated companies for services rendered between or among them.

Please provide the organizational chart, and copies of any contracts or agreements between the Utility and its parent or affiliated companies.

Response:

- a) Please see the Excel file titled "Ownership Chart.xlsx" for the required organizational chart of the relationship between the utility and its parent and affiliated companies and the relationship of any related parties.
- b) Please see the PDF file titled "Affiliated Agreement Cypress Lakes.PDF" for a copy of the agreement between the Utility and its parent or affiliated companies for services rendered between or among them.

4. **Rule 25-30.437(3), F.A.C. requires that each Class B utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as filed, do not comply with Rule 25-30.437, F.A.C.:**

- a) **MFR Schedules A-4, A-8, A-11, and A-13, Schedules of Water and Wastewater Plant in Service, Accumulated Depreciation, Contributions in Aid of Construction, and Accumulated Amortization of CIAC, require an annual balance for all years since rate base was last established by the Commission. Rate base was last established in Order No. PSC-07-0199-PAA-WS, however, the amounts reflected on line (1) in the above-mentioned MFR schedules do not tie to this order.**

- b) The instructions for MFR Schedules B-7 and B-8 (Operation and Maintenance Expense Comparison), require the Utility to provide account balances approved by the Commission for its prior test year and to utilize the Consumer Price Index All Urban Consumers (CPI-U) table for all items published by the U.S. Department of Labor. Per these instructions, please make the following adjustments:
- (i) On both MFR Schedules B-7 and B-8, Column (2) does not tie to the amounts approved in Order No. PSC-07-0199-PAA-WS. Please see attached schedule.
 - (ii) The CPI-U found on MFR Schedules B-7 and B-8 is incorrect for both 2005 and 2012. Please revise both schedules to reflect the correct index for each year.
 - (iii) In addition, the Utility is required to provide an explanation of all differences in excess of the benchmark factor for customer growth and inflation. When revising MFR Schedules B-7 and B-8, please provide an explanation for expenses in excess of the revised benchmark factor.
- c) The instructions for MFR Schedule B-9, Contractual Services, require the amounts to be separated by system and method of allocation if appropriate. Per these instructions, please provide a separation of the amounts by system and the method of allocation.
- d) The instructions for MFR Schedule C-6, Accumulated Deferred Income Taxes – State, pages 2 and 3, require the Utility to provide annual balances beginning with the years of the last rate case. Per these instructions, please add 2005-2007 annual balances to Schedule C-6, pages 1, 2 and 3.

Please provide updated MFR schedules that correct all the schedules identified above.

Response:

4.a) MFR schedules A-4, A-8, A-11 and A-13 are historical schedules that require annual balances for all years since rate base was last established. The year for which rate base was last established was 2005. Staff indicates that the first lines in those schedules do not tie to Order No. PSC-07-0199-PAA-WS. The Utility agrees. However, it is the position of the Utility that these amounts should not and cannot tie to the referenced order. The plain language in the instructions for these schedules is to “Provide the annual balance of the original cost ... for all years since either rate based was established....” Rate Base was last established for the year 2005. But it was not established until the referenced order was issued in March 5, 2007. Therefore, the annual reports cannot reflect PSC adjustments before 2007. As indicated on the referenced schedules, “Balances additions, retirements & adjustments reflect annual reports.” The entries in the referenced schedules tie to the annual reports submitted by the Utility. The effects of

Order No. PSC-07-0199-PAA-WS would affect 2007 and subsequent years. To modify the first line in these schedules to reflect adjustments not identified until two years later would require retroactive bookkeeping. The Chairman's letter approving the test year includes the instruction that "...Cypress Lakes should satisfactorily document that it has recorded all adjustments to the Utility's general ledger and accounts that have been ordered by the Commission in any prior proceeding relating to this system." Whether it has done that correctly will be determined in the Commission's audit, but should not affect the referenced schedules. For these reasons, the referenced schedules have not been updated.

4.b)(i) The total of col. 2 in MFR Schedule B-8 ties to the amounts approved in Order No. PSC-07-0199-PAA-WS. The difference in some individual accounts is due to the Utility assigning non-specific adjustments in the order to Misc. Expenses, whereas staff went behind the order and identified the specific accounts involved. The Utility has adjusted MFR Schedule B-8 to reflect the schedule attached to the Data Request. The same is true for MFR Schedule B-7 except the total in MFR Schedule B-7 is \$1,670 greater than in the Order. Tracing back it appears to be due to an addition error in the original MFR for that case. The Utility has adjusted MFR Schedule B-7 to reflect the schedule attached to the Data Request.

4.b)(ii) Staff states that the CPU-U on Schedules B-7 and B-8 are incorrect. Consistent with its last filing in Docket No. 060257-WS, the Utility utilized the CPI-U "Water and Sewage Maintenance" component of the CPI-U, as published by the Bureau of Labor Statistic. It is the Utility's position that it is a better indicator of inflation for a water & wastewater utility. The Utility is, however, providing schedules using the total CPI-U.

4.b)(iii) The changes made to schedules B-7 and B-8 above resulted in a revision to the explanation for Accts 601, 604, 701 and 704 as well as an explanation for account 732. As indicated in the response to DR 1.d) & e), the MFR schedules have been updated and are attached.

4.c) During the preparation of this DR, the Company discovered that the amounts shown on Schedule B-9 are incorrect. The filing only showed expenses through November 2012. Please see the attached file "Schedule B-9.xlsx" which includes the full test year expenses and the separation of the amounts by system and allocation method.

4.d) Please see the attached file "Schedule C-6.xlsx."

Rate Case Expense

The following items relate to the Utility's requested rate case expense:

5. 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.

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

7. 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.

8. 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.

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

Response:

Please see attached file "Rate Case Expense.xlsx" for the amounts included in the MFR Rate Case Expenses. Tab "Revised B-10" reflects the actual and total estimated costs for the Rate Case through the end of the PAA process. Actual and estimated rate case expense documentation for Mr. Seidman and Sundstrom, Friedman & Fumero, LLP are attached.

Rate Base

10. The following items relate to the pro forma plant improvement reflected in adjustment (A), line 2, for wastewater on MFR Schedule A-3. For each pro forma addition, provide the following:

- (a) a statement why each addition is 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) the projected in-service date for each outstanding plant addition, and
- (e) all documentation (i.e. invoices) for the original cost of any corresponding retirements

Response:

- (a) Cypress Lakes WWTP Steel Tank Refurbishment will prolong the service life of steel tanks and structures. See attached "Item 10 Steel Tank Refurb" that describes the project and its justification.

- (b) Invoices processed to date will be submitted separately.
- (c) Attached please find "Lehigh Environmental Bid Doc" which reflects the low bid amount of \$76,221. Additional expenditures include the removal of solids from the bottom of each tank using a separate contractor at a cost of \$15,779. It is estimated that the change order associated with adding box steel structures and improving the clarifier equipment will total about \$15,000. Once the actual change order is processed, a copy will be submitted to PSC staff.
- (d) The project is scheduled to be completed by the end of January 2014, one month later than originally planned.
- (e) There are no retirements expected on this project.

O&M Expenses

11. According to MFR Schedule B-3, the Utility has proposed an increase of \$1,529 for water and \$1,406 for wastewater for Salaries & Wages expense. Please provide a justification of why this increase is prudent and necessary.

Response:

As noted on B-3, lines 1, 2, 3, a Cross Connection Technician was hired in 2007 for the purpose of complying with FDEP regulations regarding a cross connection control program. In 2009, one full time and one part-time meter reader were hired to read Cypress Lakes meters as well as meters in Pasco and Pinellas counties. When they are not reading meters, these additional personnel perform maintenance on the water and wastewater facilities. The utility terminated the use of contract meter reading services in 2009. Cost savings associated with the consolidation of customer service centers into three locations in 2009 were not sufficient to totally offset the allocated expense resulting from the addition of a CCT and meter readers.

12. According to MFR Schedule B-5, Chemicals expense increased substantially in May 2012 and October 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for those months.

Response:

See "Item 12 – May 2012 Chemical Expenses". The increase in chemical expense in May 2012 reflects the replenishment of liquid chlorine inventory in anticipation of the expected seasonal increase in water demand. Likewise, the increase in the purchase and delivery of chlorine in October reflects the need to have adequate inventory on hand in anticipation of the return of many part-time residents. The variance from month to month is typical of any given year. See attached invoices.

13. According to MFR Schedule B-5, Materials & Supplies expense increased substantially in April 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

See "Item 13 – Materials and Supplies". The elevated increase in Materials & Supplies expense in April 2012 reflects the semi-annual preventative maintenance activities completed on the emergency generator at the water treatment plant. Please be aware that it is normal for this line item to vary substantially from month to month. For instance, in September 2012, only \$23 was spent. See attached invoices.

14. According to MFR Schedule B-5, Contractual Services – Engineering expense increased substantially in May 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

See "Item 14, May 2012 Engineering Costs". In May, water and wastewater system maps were updated to reflect the addition of Phase 12 to the systems. See attached invoices.

15. According to MFR Schedule B-5, Contractual Services – Accounting expense increased substantially in August 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

The difference in Contract Services – Accounting in August compared to the average monthly expense is \$400, which reflects the use of outside accounting services for a very limited period of time. See attached invoices.

16. According to MFR Schedule B-5, Contractual Services – Other expense increased substantially in October 2012 and November 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for those months.

Response:

See "Item 16 – Contractual Services Other". The Utility used the services of a contract operator for a portion of the year following a vacancy in the work force reflecting the termination of an operator. The contract operator performed activities at both the water and wastewater facilities. See attached invoices.

17. According to MFR Schedule B-5, Regulatory Commission Expense – Other increased substantially in June 2012 when compared to other months. Please provide all of the Utility’s calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

The June expense reflects the annual rate case amortization expense associated with the previous rate case docket. See attached invoices.

18. According to MFR Schedule B-5, Miscellaneous Expenses increased substantially in August 2012, September 2012 and October 2012 when compared to other months. Please provide all of the Utility’s calculations, basis, and work papers for those months, as well as single invoices for expenses \$250 or higher for the months mentioned above.

Response:

See “Item 18 – Misc. Expenses”. In August, diesel fuel was delivered to the emergency generator. In September, two used golf carts were purchased for meter readers to use. See attached invoices.

19. According to MFR Schedule B-6, Sludge Removal expense increased substantially in April 2012 when compared to other months. Please provide all of the Utility’s calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

See “Item 19 – Sludge Removal”. Each spring, after the part-time residents have left the community, the wastewater flow drops significantly. As a consequence, the treatment process is adjusted by reducing the bacteria population in the plant to balance against the amount of soluble BOD coming into the plant. This requires the dewatering and hauling of an elevated volume of sludge for part of a month. In addition, the plant process was upset in April 2012, which required the operator to waste a higher than normal amount of sludge in order to maintain compliance with the plant’s effluent limits. See attached invoices.

20. According to MFR Schedule B-6, Purchased Power expense increased substantially in February 2012 when compared to other months. Please provide all of the Utility’s calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

The elevated purchased power expense in February reflects the payment of both January and February bills in February. See attached invoices.

21. According to MFR Schedule B-6, Chemicals expense increased substantially in May 2012 and October 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for those months.

Response:

See "Item 21 – Chemical Expense". Two drums of polymer were purchased in May 2012. The polymer is used in the sludge dewatering process. The two drums reflects the yearly purchase of polymer. See attached invoices.

22. According to MFR Schedule B-6, Materials & Supplies expense increased substantially in April 2012 and September 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for those months.

Response:

See "Item 22 – Materials & Supplies". Similar to the explanation at Item 13, preventive maintenance was completed on the emergency generator at the wastewater plant. See attached invoices.

23. According to MFR Schedule B-6, Contractual Services – Engineering expense increased substantially in May 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

See "Item 14 – May 2012 Engineering Costs". As stated in Item 14, system maps were updated to reflect the addition of Phase 12. See attached invoices.

24. According to MFR Schedule B-6, Contractual Services – Accounting expense increased substantially in August 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

The difference in Contract Services – Accounting in August compared to the average monthly expense is \$368, which reflects the use of outside accounting services for a very limited period of time. See attached invoices.

25. According to MFR Schedule B-6, Contractual Services – Other expense increased substantially in October 2012 and November 2012 when compared to other months.

Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for those months.

Response:

See "Item 16 – Contractual Services Other". The Utility used the services of a contract operator for a portion of the year following a vacancy in the work force reflecting the termination of an operator. The contract operator performed activities at both the water and wastewater facilities. See attached invoices.

26. According to MFR Schedule B-6, Regulatory Commission Expense – Other increased substantially in June 2012 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation (i.e. invoices) for that month.

Response:

The June expense reflects the annual rate case amortization expense associated with the previous rate case docket. See attached invoices.

27. According to MFR Schedule B-6, Miscellaneous Expenses increased substantially in August 2012, September 2012, and October 2012 when compared to other months. Please provide all of the Utility's calculations, basis, and work papers for those months, as well as single invoices for expenses \$250 or higher for the months mentioned above.

Response:

See "Item 27 – Misc. Expenses". In August, diesel fuel was delivered to the emergency generator at the wastewater plant and a pump was pulled for repairs at Lift Station #4. In September, two backwash pumps were purchased. In October, air filters for the process blowers were purchased as well as two backwash pumps and a mud well pump. See attached invoices.

28. The following items relate to MFR Schedule B-9:

- a) **In reference to MFR Schedule B-9, Line 5, please provide documentation that this amount was amortized.**
- b) **In reference to MFR Schedule B-9, Line 8, please provide invoices for all tax return services rendered.**
- c) **In reference to MFR Schedule B-9, Lines 10, 11, and 12, please clarify under which accounts these expenses are classified.**

Response:

28. a) This amount was expensed to account 6020 and therefore was not amortized.

28. b) All of these costs were incurred at the WSC level in expense account 6040 and allocated to Cypress Lakes. Please see the attached file "Tax Return Fees.xlsx" for the WSC general ledger for account 6040. Please see the attached file "Tax Return Invoices.pdf" for copies of the invoices referenced in the excel file.

28. c) The expenses shown on MFR Schedule B-9, Lines 10, 11, and 12 represent costs booked to the following accounts:

- Test – Equipment/Chemical – Account 6260
- Test - Safe Water Drinking – Account 6265
- Test – Sewer – Account 6270

Please note the amounts on Schedule B-9 were corrected in response to Data Request 4(c) above.

29. According to MFR Schedule B-10, the Utility is requesting an effective hourly rate of approximately \$637 per hour (\$25,515/40) for in-house staff to assist with MFRs, data requests and audit facilitation. Please explain why these hourly rates are reasonable.

Response:

The \$25,515 for 40 hours was typed in error. The correct amount of hours for In-house staff should have been 628 hours instead of 40. This would make an effective hourly rate of approximately \$40.63 per hour (\$25,515/628) for in-house staff to assist with MFRs, data requests and audit facilitation

Others

30. Please provide Schedules F-1 & F-6 in an excel file.

Response:

Excel files for Schedules F-1 and F-6 are attached.

31. Please provide an explanation of how each complaint was resolved for FA IDs: 0869410546, 1270410055, 2534410610, 2819410353, and 7381410794.

Response:

Please see attached file "DR 31 Cypress Lakes Field Activity Report.xlsx."

Ann Cole, Commission Clerk
Office of Commission Clerk
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32. MFR Schedule E-2, Line 31, Column 6, Other & Miscellaneous Revenues, and Schedule E-5, Line 1, Column 6, Schedule of Miscellaneous Service Charges, do not match. Please correct these schedules. See attachment.

Response:

MFR Schedule E-5 has been corrected. The Misc. charges on line 5 were inadvertently not shown. MFR Schedule E-2W, line 31, col. 6 1 is correct as shown.

If you or the Staff have any questions, please feel free to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/der

cc: Jason, Darren & Regence (via e-mail)
Patrick Flynn (via e-mail)
Frank Seidman (via e-mail)