

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF MEDICARE CONTRACTOR'S  
PENSION SEGMENTATION, COMMUNITY  
MUTUAL INSURANCE COMPANY**



**JUNE GIBBS BROWN**  
**Inspector General**

**JULY 1997**  
**CIN: A-07-96-01194**



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General  
Office of Audit Services

Region VII  
601 East 12th Street  
Room 284A  
Kansas City, Missouri 64106

CIN: A-07-96-01194

JUL | 1997

Mr. Bob Flemming  
Vice President and Chief Financial Officer  
AdminaStar Federal, Inc.  
9901 Linn Station Road  
Louisville, Kentucky 46223

Dear Mr. Flemming:

This report provides you with the results of the Office of Inspector General (OIG), Office of Audit Services (OAS) review titled *Review of Medicare Contractor's Pension Segmentation, Community Mutual Insurance Company*. The purpose of our review was to evaluate Community Mutual Insurance Company's (Community Mutual) compliance with the pension segmentation requirements of its Medicare contracts.

Our review showed that Community Mutual understated Medicare segment pension assets as of 1986 by \$602,838. This understatement occurred because Community Mutual used an inappropriate year for their asset fraction calculation. Additionally, Community Mutual's update for the Medicare segment assets from Plan Year 1986 to Plan Year 1995 understated segment assets by \$660,350. This understatement primarily occurred because Community Mutual started the update with an understated asset base.

We recommend that Community Mutual increase the January 1, 1995 assets of the Medicare segment by \$1,263,188. The Auditee could not either concur or dispute the factual information and proposed adjustments and reserve the right to respond or discuss with HCFA any issues or disagreements they may have with the audit findings. The Auditee's letter is included as Appendix B.

## INTRODUCTION

Community Mutual administered Medicare Part A under cost reimbursement contracts since 1966. In claiming costs, contractors were to follow cost reimbursement principles contained in the Federal Procurement Regulations (FPR), which were superseded by the Federal Acquisition Regulations (FAR), the Cost Accounting Standards (CAS), and the Medicare contracts.

Since its inception, Medicare paid a portion of the annual contributions made by contractors to their pension plans. These payments represented allowable pension costs under the FPR and/or the FAR. In 1980, both the FPR and Medicare contracts incorporated CAS 412 and 413.

The CAS 412 regulates the determination and measurement of the components of pension costs. It also regulates the assignment of pension costs to appropriate accounting periods. The CAS 413 regulates the valuation of pension assets, allocation of pension costs to segments of an organization, adjustment of pension costs for actuarial gains and losses, and assignment of gains and losses to cost accounting periods.

The Health Care Financing Administration (HCFA) incorporated segmentation requirements into Medicare contracts starting with Fiscal Year 1988. The contractual language specifies segmentation requirements and also provides for the separate identification of the pension assets for a Medicare segment.

Community Mutual's contract required (1) computing the Medicare segment's actuarial liability, (2) determining the ratio of the Medicare segment's actuarial liability to the total plan actuarial liability (asset fraction), (3) allocating a portion of total pension assets as of 1986 based on the above ratio, (4) updating Medicare pension assets annually, and (5) assessing if Medicare's pension costs should be separately calculated.

The Medicare contracts identify a Medicare segment as:

*...any organizational component of the contractor, such as a division, department, or other similar subdivision, having a significant degree of responsibility and accountability for the Medicare contract/agreement, in which:*

- 1. The majority of the salary dollars is allocated to the Medicare agreement/contract; or*
- 2. Less than a majority of the salary dollars is allocated to the Medicare agreement/contract, and these salary dollars represent 40 percent or more of the total salary dollars allocated to the Medicare agreement/contract.*

The contracts also provide for separate identification of the pension assets of the Medicare segment. The identification involves the allocation of assets to the Medicare segment as of the first pension plan year after December 31, 1985 in which salary criterion was met. The allocation was to use the ratio of the actuarial liabilities of the Medicare segment to the actuarial liabilities of the total plan, as of the later of the first day of the first plan year starting after December 31, 1980, or the first day of the first pension plan year following the date such Medicare segment first existed.

To ensure contractors developed and maintained the data necessary for segmentation calculations, HCFA distributed a pension cost questionnaire to contractors in 1989. Community Mutual's questionnaire response of May 10, 1989 identified total pension assets of \$40,721,284 and Medicare segment assets of \$942,453 as of January 1, 1986. Community Mutual also concluded that separate valuations for the Medicare segment were required.

Community Mutual participates in the National Retirement Program administered by the Blue Cross/Blue Shield National Employee Benefits Administration (NEBA). The Watson Wyatt Worldwide, NEBA's actuarial firm, played a major role in the preparation of Community Mutual's questionnaire response.

### **OBJECTIVE, SCOPE AND METHODOLOGY**

We made our examination in accordance with generally accepted government auditing standards. Our objective was to determine Community Mutual's compliance with pension segmentation requirements of its Medicare contract. Achieving the objective did not require a review of Community Mutual's internal control structure. The audit addressed Community Mutual's initial determination of pension assets for its Medicare segment and later updates. Our review covered January 1, 1981 to January 1, 1995.

This review was performed in conjunction with our audits of unfunded pension costs (CIN: A-07-97-01207) and pension costs claimed for Medicare reimbursement (CIN: A-07-97-01208). The information obtained and reviewed during those audits was also used in performing this review.

We reviewed Community Mutual's identification of the Medicare segment as of January 1, 1988 and traced the organizational lineage back to 1981. We also reviewed Community Mutual's computation of the asset fraction and its update of Medicare assets from January 1, 1986 to January 1, 1995.

In performing the review, we used information provided by NEBA and NEBA's pension actuary. The information included liabilities, normal costs, contributions, earnings, and expenses. We reviewed Community Mutual's accounting records, pension plan documents, annual actuarial valuation reports, and the Department of Labor/Internal Revenue Service Form 5500s. Using these documents, we calculated Medicare segment assets as of January 1, 1995. The HCFA pension actuarial staff reviewed our methodology and calculations.

We performed site work at Community Mutual's corporate offices in Cincinnati, Ohio during September 1996. Subsequently, we performed audit work in our OIG, OAS Jefferson City, Missouri field office.

## FINDINGS AND RECOMMENDATIONS

### MEDICARE ASSETS AS OF JANUARY 1, 1986

We determined that Community Mutual's asset fraction was understated by 1.4804 percent. Community Mutual inappropriately used 1981 data for the calculation of the asset fraction. We increased the asset fraction from 2.3144 percent to 3.7948 percent by using the appropriate year's data. Our calculations increased the Medicare segment assets by \$602,838 to \$1,545,291.

In October of 1984, Hospital Care Corporation (HCC) became the Medicare Part A contractor for the entire state of Ohio. Subsequently, HCC merged with Ohio Medical Indemnity Mutual Corporation (OMIMC) to form Community Mutual with the official merging of the pension plans on April 1, 1985. In calculating the asset fraction, Community Mutual used 1981 participant liabilities from HCC only. However, the asset fraction was applied to the January 1, 1986 pension assets of Community Mutual, which was created from the merged pension assets of HCC and OMIMC. Clearly, this was not an appropriate methodology.

Community Mutual's Medicare contract specified that the asset fraction should be calculated using participants' liabilities, "...as of the later of the first day of the first plan year starting after December 31, 1980, or the first day of the first pension plan year following the date such Medicare segment first existed...". We determined that Community Mutual's Medicare segment first existed in 1985 with the completed merger of the pension plans of HCC and OMIMC. Therefore, the first day of the first pension plan year following the date such segment first existed was January 1, 1986.

We calculated Community Mutual's asset fraction using participants' liabilities as of January 1, 1986. The following schedule shows the details of Community Mutual's and our calculations.

	Total Actuarial Liability (A)	Medicare Actuarial Liability (B)	Rounded Asset Fraction (C) (B)/(A)	1986 Total Company Assets <sup>1/</sup> (D)	1986 Medicare Segment Assets <sup>1/</sup> (E) (C)x(D)
OIG Calculation	<sup>2/</sup> \$34,628,379	\$1,314,073	.037948	\$40,721,284	\$1,545,291
Community Mutual Calculation	<sup>3/</sup> \$21,582,468	\$ 499,514	.023144	\$40,721,284	\$ 942,453
Difference			<u>.014804</u>	<u>\$ 0</u>	<u>\$ 602,838</u>

<sup>1/</sup> Market Value

<sup>2/</sup> Asset fraction calculated using participants' actuarial liabilities as of January 1, 1986.

<sup>3/</sup> Asset fraction calculated using participants' actuarial liabilities as of January 1, 1981.

**Recommendation:**

We recommend that Community Mutual:

- Increase the 1986 pension assets of the Medicare segment by \$602,838.

**Auditee Response**

The Auditee could not either concur or dispute the factual information and proposed adjustments and reserve the right to respond or discuss with HCFA any issues or disagreements they may have with the audit findings.

**MEDICARE ASSET BASE AS OF  
JANUARY 1, 1986 UPDATED TO JANUARY 1, 1995**

Community Mutual's methodology in updating the Medicare segment assets from January 1, 1986 to January 1, 1995 understated the segment assets by \$660,350. This understatement primarily occurred because Community Mutual started the update with an understated asset base for 1986. When considered with the 1986 adjustment, Community Mutual understated Medicare's pension assets by \$1,263,188 as of January 1, 1995.

As of January 1, 1995, Community Mutual determined Medicare segment assets of \$3,225,160. We identified Medicare segment pension assets of \$4,488,348 as of January 1, 1995. The increase of \$1,263,188 resulted from: (1) revising the asset fraction (\$602,838 increase), (2) revising earnings and expenses (\$670,586 increase), (3) assigning pension contributions equitably to the Medicare segment (\$113,243 decrease), (4) adjusting for participants that moved in and out of the Medicare segment (\$66,896 increase), and (5) adjusting benefit payments (\$36,111 increase).

**Earnings and Expenses**

Community Mutual's update methodology allocated investment earnings and expenses to the Medicare segment based on a ratio of segment assets to total company assets. Because Community Mutual's started their update with an understated asset base, it understated the segment's earnings and expenses for each year of the update. Except for correcting asset amounts, we used Community Mutual's allocation methodology in our update and increased the Medicare segment assets by \$670,586.

### **Pension Contributions**

Community Mutual's update methodology did not equitably assign pension contributions to the Medicare segment. As a result, Community Mutual overstated Medicare segment assets by \$113,243. The overstatement occurred primarily because Community Mutual incorrectly identified the Medicare segment plan participants and assigned contributions to the Medicare segment equal to the segment's computed pension costs.

Community Mutual's consulting actuary did not allocate any of the 1986 contribution to the Medicare segment. Additionally, their consulting actuary allocated a portion of the 1987 contribution to the Medicare segment based on the ratio of the individual participant's normal cost and accrued liability to the total company normal cost and accrued liability. Again, since the identification of Medicare segment plan participants was incorrect, the contribution allocated in 1987 was also incorrect.

Using our identification of the Medicare segment plan participants we allocated the 1986 and the 1987 contribution to the Medicare segment following Community Mutual's methodology. See Appendix A. Our calculations increased Medicare segment assets by \$209,161.

Community Mutual's consulting actuary assigned a portion of its the 1989 through 1994 contributions to the Medicare segment based on its computation of the separately calculated pension costs. Our changes to the asset base changed the computation of the segment's pension cost as well as the assignment of the contribution (decrease of \$1,152,705).

Additionally, for years 1987, and 1991 through 1993, Community Mutual's contributions exceeded the required funding of the CAS pension cost. Community Mutual did not assign any of the excess contributions to the Medicare segment. In accordance with the CAS, the excess contributions (or prepayments) are carried forward with interest to fund future CAS pension costs. We considered these excess contributions in our computations and made prepayment adjustments (increase of \$830,301) to fund the CAS pension costs of the Medicare segment.

Using the pension costs as calculated by the HCFA Office of the Actuary (CIN: A-07-97-01207), we assigned an equitable portion of the total company contributions to the Medicare segment, based on the ratio of the Medicare segment CAS funding target to the total company CAS funding target. See Appendix A. Our calculations decreased Medicare segment assets by \$113,243.

### **Participant Transfers**

In the update, Community Mutual omitted certain cost centers that met the contractual specifications for inclusion in the segment. Additionally, Community Mutual included participants in cost centers that did not meet the specifications for a segment.

Since the identification of the segment participants was incorrect, transfers (representing the movement into and out of the segment each year) in the updates were also incorrect. The following table compares Community Mutual's and our computations of transfer amounts:

Transfer Adjustments to the Medicare Segment

<u>Year</u>	<u>Community Mutual</u>	<u>OIG</u>
1986	\$( 33,265)	\$(153,319)
1987	108,289	100,458
1988	(238,875)	(156,512)
1989	70,509	(6,123)
1990	187,377	(190,099)
1991	(72,943)	43,582
1992	1,065	(93,312)
1993	(460,166)	(166,601)
1994	<u>(86,424)</u>	<u>164,389</u>
Total	<u>\$(524,433)</u>	<u>\$(457,537)</u>

We corrected the identification of the segment participants and transfer amounts in updating the Medicare segment assets. See Appendix A. Our computation resulted in a net increase of \$66,896 (\$524,433 less \$457,537) in the Medicare segment assets.

### **Benefit Payments**

Due to the incorrect identification of the Medicare segment participants, Community Mutual's update of segment assets did not properly identify benefit payments to retirees that were segment participants. We matched benefit payments to individual retirees and used these payments in updating the Medicare segment assets shown in Appendix A. This resulted in a net increase of \$36,111 in the Medicare segment assets.

### **Recommendation:**

We recommend that Community Mutual:

- ② Increase the pension assets of the Medicare segment by \$1,263,188 as of January 1, 1995.

### **Auditee Response**

The Auditee could not either concur or dispute the factual information and proposed adjustments and reserve the right to respond or discuss with HCFA any issues or disagreements they may have with the audit findings.



### INSTRUCTION FOR AUDITEE RESPONSE

Final determinations as to actions to be taken on all matters reported will be made by the HHS action official identified on the following page. We request that you respond to the recommendation in this report within 30 days from the date of this report to the HHS official, presenting any comments or additional information that you believe may have a bearing on final determination.

In accordance with the principles of the Freedom of Information Act (Public Law 90-23) OIG-OAS reports issued to the Department's grantees and contractors are made available if requested, to the members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.)

Sincerely,



Barbara A. Bennett  
Regional Inspector General for  
Audit Services, Region VII

HHS Action Official:

Ms. Dorothy Collins  
Regional Administrator, Region V  
Health Care Financing Administration  
105 W. Adams Street, 14th-16th Floors  
Chicago, Illinois 60603-6201

Enclosures

COMMUNITY MUTUAL INSURANCE COMPANY

CIN: A-07-96-01194

**STATEMENT OF MEDICARE PENSION ASSETS**  
JANUARY 1, 1986 TO JANUARY 1, 1995

Description		Total Company	Other Segment	Medicare
<b>Assets January 1, 1986</b>	<u>1/</u>	<b>\$40,721,284</b>	<b>\$39,175,993</b>	<b>\$1,545,291</b>
Prepayment Transfer	<u>2/</u>	0	(51,843)	51,843
Contributions	<u>3/</u>	450,000	413,542	36,458
Earnings	<u>4/</u>	6,456,888	6,203,642	253,246
Benefits	<u>5/</u>	(1,039,733)	(1,039,733)	0
Expenses	<u>6/</u>	(271,890)	(261,226)	(10,664)
Transfers	<u>7/</u>	0	153,319	(153,319)
<b>Assets January 1, 1987</b>		<b>\$46,316,549</b>	<b>\$44,593,694</b>	<b>\$1,722,855</b>
Contributions		3,013,710	2,829,943	183,767
Earnings		2,461,202	2,369,652	91,550
Benefits		(2,537,073)	(2,523,829)	(13,244)
Expenses		(327,006)	(314,842)	(12,164)
Transfers		0	(100,458)	100,458
<b>Assets January 1, 1988</b>		<b>\$48,927,382</b>	<b>\$46,854,160</b>	<b>\$2,073,222</b>
Prepayment Transfer	<u>8/</u>	0	(41,151)	41,151
Contributions		0	0	0
Earnings		6,702,439	6,412,796	289,643
Benefits		(1,283,218)	(1,127,630)	(155,588)
Expenses		(438,566)	(419,614)	(18,952)
Transfers		0	156,512	(156,512)
<b>Assets January 1, 1989</b>		<b>\$53,908,037</b>	<b>\$51,835,073</b>	<b>\$2,072,964</b>

## COMMUNITY MUTUAL INSURANCE COMPANY

CIN: A-07-96-01194

STATEMENT OF MEDICARE PENSION ASSETS  
JANUARY 1, 1986 TO JANUARY 1, 1995

Description	Total Company	Other Segment	Medicare
<b>Assets January 1, 1989</b>	<b>\$53,908,037</b>	<b>\$51,835,073</b>	<b>\$2,072,964</b>
Contributions	937,871	832,508	105,363
Earnings	10,830,603	10,414,126	416,477
Benefits	(10,186,197)	(10,164,548)	(21,649)
Expenses	(467,968)	(449,973)	(17,995)
Transfers	0	6,123	(6,123)
<b>Assets January 1, 1990</b>	<b>\$55,022,346</b>	<b>\$52,473,309</b>	<b>\$2,549,037</b>
Contributions	960,508	861,531	98,977
Earnings	(1,407,745)	(1,342,528)	(65,217)
Benefits	(2,790,487)	(2,785,311)	(5,176)
Expenses	(383,044)	(365,299)	(17,745)
Transfers	0	190,099	(190,099)
<b>Assets January 1, 1991</b>	<b>\$51,401,578</b>	<b>\$49,031,801</b>	<b>\$2,369,777</b>
Contributions	3,482,891	3,258,855	224,036
Earnings	11,263,637	10,744,347	519,290
Benefits	(2,520,648)	(2,467,460)	(53,188)
Expenses	(380,495)	(362,953)	(17,542)
Transfers	0	(43,582)	43,582
<b>Assets January 1, 1992</b>	<b>\$63,246,963</b>	<b>\$60,161,008</b>	<b>\$3,085,955</b>

COMMUNITY MUTUAL INSURANCE COMPANY

CIN: A-07-96-01194

**STATEMENT OF MEDICARE PENSION ASSETS**  
JANUARY 1, 1986 TO JANUARY 1, 1995

Description	Total Company	Other Segment	Medicare
<b>Assets January 1, 1992</b>	<b>\$63,246,963</b>	<b>\$60,161,008</b>	<b>\$3,085,955</b>
Prepayment Transfer	0	(177,948)	177,948
Contributions	2,598,221	2,579,691	18,530
Earnings	2,544,526	2,413,214	131,312
Benefits	(2,895,346)	(2,834,179)	(61,167)
Expenses	(396,662)	(376,192)	(20,470)
Transfers	0	93,312	(93,312)
<b>Assets January 1, 1993</b>	<b>\$65,097,702</b>	<b>\$61,858,906</b>	<b>\$3,238,796</b>
Prepayment Transfer	0	(226,994)	226,994
Contributions	6,498,354	6,250,147	248,207
Earnings	6,484,644	6,139,403	345,241
Benefits	(4,496,041)	(4,493,138)	(2,903)
Expenses	(535,952)	(507,418)	(28,534)
Transfers	0	166,601	(166,601)
<b>Assets January 1, 1994</b>	<b>\$73,048,707</b>	<b>\$69,187,507</b>	<b>\$3,861,200</b>
Prepayment Transfer	0	(332,365)	332,365
Contributions	6,629,968	6,500,212	129,756
Earnings	459,492	433,114	26,378
Benefits	(3,089,820)	(3,089,820)	0
Expenses	(448,377)	(422,637)	(25,740)
Transfers	0	(164,389)	164,389
<b>Assets January 1, 1995</b>	<b>\$76,599,970</b>	<b>\$72,111,622</b>	<b>\$4,488,348</b>

COMMUNITY MUTUAL INSURANCE COMPANY

CIN: A-07-96-01194

STATEMENT OF MEDICARE PENSION ASSETS  
JANUARY 1, 1986 TO JANUARY 1, 1995

Description	Total Company	Other Segment	Medicare
Assets January 1, 1995	\$76,599,970	\$72,111,622	\$4,488,348
Assets Community Mutual <u>9/</u>	\$76,599,970	\$73,374,810	\$3,225,160
Variance <u>10/</u>	\$0	(\$1,263,188)	\$1,263,188

FOOTNOTES

- 1/ We calculated the Medicare segment assets based on our identification of the Medicare segment and our computed asset fraction (3.7948%). We computed the asset fraction as explained in our finding section of the report narrative. The amounts shown for the other segment represent the difference between the total company and the Medicare segment.
  
- 2/ During the resolution process to close Fiscal Years 1986 and 1987, the HCFA Office of the Actuary determined that Community Mutual had made contributions in excess of the CAS pension costs, and thus created a prepayment credit. This prepayment remained unassigned and accumulated interest in the pension trust fund until needed to fund the future CAS pension costs, in this case 1986. We assigned this prepayment credit in 1986 to the Medicare segment in proportion to the CAS pension costs.
  
- 3/ We obtained total contribution amounts from IRS Form 5500 reports. We allocated the 1986 and 1987 contribution to the Medicare segment based on the ratio of segment participants' normal costs and accrued liability to total company normal costs and accrued liability. Community Mutual used this same methodology. Community Mutual did not make contributions to the pension trust fund for 1988. We assigned the 1990 through 1994 contribution to the Medicare segment based on our computation of the separately calculated pension costs.

COMMUNITY MUTUAL INSURANCE COMPANY

CIN: A-07-96-01194

STATEMENT OF MEDICARE PENSION ASSETS  
JANUARY 1, 1986 TO JANUARY 1, 1995

- 4/ Community Mutual provided earning amounts and we verified them to IRS Form 5500 reports. We allocated earnings to the Medicare segment based on the ratio of beginning of year market value of Medicare assets to beginning of year market value of total assets. Community Mutual used this same methodology.
- 5/ Community Mutual provided benefit payment amounts and we verified them to IRS Form 5500 reports. We used actual benefit payments for Medicare segment retirees.
- 6/ Community Mutual provided administrative expense amounts and we verified them to IRS Form 5500 reports. We allocated administrative expenses to the Medicare segment on the ratio of beginning of year market value of Medicare assets to beginning of year market value of total assets. Community Mutual used this same methodology.
- 7/ We identified participant transfers between segments by comparing annual participant valuation listings provided by Community Mutual. The listings contained the actuarial liability of each participant at year-end. Our transfer adjustment considered each participant's actuarial liability and the funding level of the segment from which the participant transferred. We calculated the funding level as the assets divided by the liabilities. If the funding level ratio was greater than one, we transferred assets equal to the participant's liability.
- 8/ Prepayment credit is created when the contributions made to the pension trust exceed the CAS pension cost. The prepayment remains unassigned and accumulates interest in the pension trust fund until needed to fund future CAS pension costs. We assigned the prepayment in proportion to the CAS pension costs.
- 9/ We obtained the total assets as of January 1, 1995 from Community Mutual's update of assets provided by its actuary.
- 10/ The asset variance represents the difference between the OIG calculation of assets as of January 1, 1995 and the assets calculated by Community Mutual's actuary.

STEPHEN T. CRICKMORE  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

June 16, 1997

Ms. Barbara A. Bennett  
Regional Inspector General for  
Audit Services, Region VII  
601 East 12th Street, Room 284A  
Kansas City, MO 64106

RE: Review of Medicare Contractor's Pension Segmentation.  
Review of Unfunded Costs.  
Review of Pension Costs Claimed for Medicare Reimbursement

Dear Ms. Bennett:

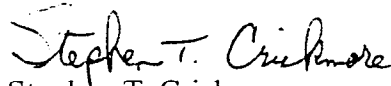
With regard to the referenced draft audit reports, we have engaged a consultant who is an expert in applicable laws and actuarial issues related to pension costs. As of this date, we have not received the workpapers and documentation from the Health Care Financing Administration (HCFA) Staff who provided the actuarial calculations which are the basis of most of the adjustments proposed in your audit reports.

Accordingly, at this time we cannot either concur or dispute the factual information and proposed adjustments and reserve the right to respond or discuss with HCFA any issues or disagreements we may have with the audit findings.

Pension plans and the regulations and Cost Accounting Standard related thereto are complex and technical matters. I understand your desire to issue the final pension audit reports. We do not object to the final reports being issued as long as we retain the right to discuss, challenge and/or appeal any issues resulting from our analysis of the draft reports and detailed documentation supporting the adjustments made in the pension reports.

I appreciate the assistance and cooperation extended by Mr. Jack Morman of your staff during our review on this matter.

Sincerely,

  
Stephen T. Crickmore  
President and CEO

STC/jp  
Ref. #97-06-052  
cc: J. Hannah  
R. Toller