

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 6, 2009

LaDonna Castañuela
Texas Commission on Environmental Quality
Office of the Chief Clerk, MC-105
P.O. Box 13087
Austin, Texas 78711-3087

Re: Application of Double Diamond Utilities Co., Inc. to Change Its Water Rates and Tariff
in Hill, Palo Pinto, and Johnson Counties, Texas, Application No. 35771-R; SOAH
Docket No. 582-08-0698; TCEQ Docket No. 2007-1708-UCR

Dear Ms. Castañuela:

Please find enclosed the Executive Director's Exceptions to the Proposal for Decision. Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Stefanie Skogen".

Stefanie Skogen
Staff Attorney
Environmental Law Division

Enclosure

cc: Mailing List

2009 JUL -6 PM 4:12
CHIEF CLERKS OFFICE
TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

SOAH DOCKET NO. 582-08-0698
TCEQ DOCKET NO. 2007-1708-UCR

2009 JUL -6 PM 4: 12
CHIEF CLERKS OFFICE
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

APPLICATION OF DOUBLE DIAMOND § BEFORE THE
UTILITIES CO., INC. TO CHANGE ITS §
WATER RATES AND TARIFF IN HILL, § TEXAS COMMISSION ON
PALO PINTO, AND JOHNSON §
COUNTIES, TEXAS, APPLICATION NO. §
35771-R § ENVIRONMENTAL QUALITY

EXECUTIVE DIRECTOR’S EXCEPTIONS TO THE PROPOSAL FOR DECISION

The Executive Director (ED) of the Texas Commission on Environmental Quality (TCEQ or Commission), by and through a representative of the Commission’s Environmental Law Division, files the following exceptions to the Administrative Law Judge’s (ALJ’s) proposal for decision (PFD). In support of his exceptions, the ED shows the following:

I. OVERVIEW

The ED fully supports the ALJ’s conclusions that Double Diamond Utilities Co.’s (DDU’s) application for a water rate/tariff change should be denied, that refunds should be issued to DDU’s water customers for the period during which the proposed rates were collected, that DDU should be assessed the transcription costs, and that DDU must review any future construction and purchase costs closely and maintain its records by using National Association of Regulatory Utility Commissioners (NARUC) property accounts. However, the ED does have a different view regarding several of the findings of fact and conclusions of law found in the proposed order and wishes to present his position on those items. He also seeks to provide corrections to the proposed order and additional information requested by the ALJ.

II. INFORMATION REQUESTED IN THE PFD

A. Clarification regarding the ED’s position on multiple system consolidation

On page 18 of the PFD, the ALJ requested clarification regarding the ED’s calculation of

the cost of service per meter equivalent at The Retreat and at White Bluff. In many rate cases, a retail public utility's cost of service and revenue requirement are equal. However, because the ED found that DDU had other revenues for each system, i.e. water tap revenues, those other revenues were subtracted from the respective costs of service, thereby making the cost of service and revenue requirement unequal for the two systems.¹ Unfortunately, when the ED made his per meter equivalent calculations in his testimony, he used the revenue requirements rather than the costs of service, thereby not taking into account the other revenues that had been subtracted from the costs of service. In the ED's closing argument, he attempted to clarify the calculations that appeared in his testimony by stating that the calculations provided in the testimony used the revenue requirements and provided the corrected calculations using the costs of service in note 34.² The ED apologizes for any confusion created by his errors and his attempt to correct them. Hopefully, this explanation clarifies the issue.

B. Reallocating expenses between the water and sewer systems

On page 90 of the PFD, the ALJ requested that the ED reallocate various expenses noted on pages 61, 64, 74, 78, and 82 of the PFD. The ED has attached those reallocations as well as other recalculations that resulted from them to these exceptions. Although the ALJ did not ask the ED to remove the other revenue amounts when he performed the recalculations, the ED assumed the ALJ would want those amounts removed because she stated those amounts should be zero in Finding of Fact No. 108 of the proposed order.

Other than attachment A, which is a new document that shows how the line item totals changed after the recalculations, the attachments to these exceptions correspond with the

¹ Ex. ED-1 atts. A, I; ED's Closing Argument at 26, 32 (Mar. 31, 2009).

² ED's Closing Argument at 7.

following attachments found in the ED's testimony:³

ATTACHMENT IN EXCEPTIONS	ATTACHMENT IN TESTIMONY
B	Ex. ED-1 att. A
C	Ex. ED-1 att. B
D	Ex. ED-1 att. C
E	Ex. ED-1 att. D
F	Ex. ED-1 att. E
G	Ex. ED-1 att. F
H	Ex. ED-1 att. G
I	Ex. ED-1 att. H
J	Ex. ED-1 att. I
K	Ex. ED-1 att. J
L	Ex. ED-1 att. K
M	Ex. ED-1 att. L
N	Ex. ED-1 att. M
O	Ex. ED-1 att. N
P	Ex. ED-1 att. O
Q	Ex. ED-1 att. P
R	Ex. ED-2 att. E
S	Ex. ED-2 att. F
T	Ex. ED-2 att. G
U	Ex. ED-2 att. N
V	Ex. ED-2 att. O
W	Ex. ED-2 att. P

While the ED has provided these new calculations, he still believes that allocating 50% of the expenses to the water systems is appropriate. The 60/40 allocation referred to in the PFD comes from a response from DDU to a request for information sent by Mr. Brian Dickey, TCEQ engineer and expert witness in this case, to DDU. In item #7 of his letter, Mr. Dickey made the following request of DDU: "Please list the amount of time spent each week working on the water

³ The sewer connection counts listed in attachments N-Q are not actual numbers. The ED needed to create connection counts that resulted in a 60/40 ratio between the water and sewer connections for spreadsheet equation purposes.

systems for [the listed DDU employees]. Please provide all time sheets for the above individuals.”⁴ In one of DDU’s responses to Mr. Dickey’s letter, Mr. Harry Shearouse stated that “DDU employees work both water and sewer duties based on need. A 60-65% water to 40-35% sewer split is the normal average for the division of their time.”⁵ DDU did not provide the time worked for the water systems by the individual employees nor their time sheets, both of which were requested by the ED through Mr. Dickey’s letter. Without any supporting information for the 60/40 split noted in DDU’s letter, the ED did not believe it was appropriate to use that allocation and chose to use a 50/50 split instead.

Even if the Commission decides to use the 60/40 allocation, the most it could be used for is for allocating employee salaries. The 60/40 split refers to how much time DDU employees work for the water and sewer systems; it does not address what percentage of DDU’s expenses are attributed to the water systems versus the sewer systems. Just because an employee may spend more time working for one type of system does not mean that system costs that much more to operate than the other type of system with regard to non-salary expenses. Therefore, if the Commission chooses to grant DDU’s application, the ED recommends that it use the 50/50 allocation method as originally found in the ED’s testimony and closing argument.

The ED recognizes that with the ALJ’s requested recalculations, the base rates calculated by the ED using a gallonage charge of \$1.85, found in attachments V and W for The Retreat and The Cliffs, respectively, are now above \$30. In his closing argument, the ED recommended in part that DDU’s rate application be denied because even when using the lowest-tier gallonage charge for DDU’s current rates, DDU had not demonstrated that it was entitled to a base rate

⁴ Ex. ED-2 att. H at 2.

⁵ Ex. WBSR-28.

higher than its current base rate of \$30 for all three systems.⁶ While DDU may use these recalculations to argue that it should be granted a rate change for The Retreat and The Cliffs, the ED will note that these calculations still do not include any developer contributions for the two systems, which would lower the systems' revenue requirements and, therefore, lower their base rates.⁷ Furthermore, the calculations do not take into account the higher-tier gallonage charges, i.e. the inclining block rates, for these two systems,⁸ which would also bring the base rates down because the revenue generated for some of the gallonage billed would increase. In addition to the various reasons cited by the ALJ for recommending denial of the application,⁹ the ED believes his recalculations do not indicate the application should be granted for any of the systems.

III. EXCEPTIONS

A. Finding of Fact No. 7

As noted in the PFD, the ED considers only the application filed in August 2007 to be the application at issue in this case.¹⁰ While the ALJ did cite to the requirement in title 30, section 291.25(g) of the Texas Administrative Code that an applicant must make a showing of good cause to modify its application, she did not find the ED's argument on this issue persuasive, stating "the ED did not direct the ALJ to a requirement that a utility must obtain leave from the ED or the ALJ prior to making the modification."¹¹

The ED asserts that section 291.25(g) *is* the requirement that a utility obtain leave from the ED or ALJ before amending its application. The fact that the applicant must make a *showing* implies that it must be shown to someone. While section 291.25(g) does not explicitly state that

⁶ ED's Closing Argument at 20, 27, 33.

⁷ See PFD at 24-25, 48-52 (June 15, 2009) (discussing developer contributions and their potential impact on the case).

⁸ Ex. ED-1 att. U at 37, 39.

⁹ PFD at 20-27.

¹⁰ *Id.* at 11-12.

¹¹ *Id.* at 13.

the ED or ALJ approves the amendment, the fact that the applicant must make a showing of good cause implies that the ED or ALJ must determine that good cause has been shown. If the ED or ALJ does not make this finding, then how would anyone know that the applicant has made a showing of good cause? Based on the analysis contained in the PFD, the mere fact that the applicant has made a change would mean that the application has been amended, thereby effectively doing away with the showing good cause requirement.

The ED contends that allowing an applicant to amend their rate application without someone in a position of authority making the determination that the applicant has shown good cause treats this issue more lightly than surely the rule intends. An applicant could make continuous changes to its application at any time leading up to an evidentiary hearing, forcing the protestants, Office of Public Interest Counsel (OPIC), and ED to readjust their analyses of the application every time an amendment occurs and hindering their ability to develop their analyses. The ED asserts that this is the very situation that the rule attempts to avoid by requiring that the ED or ALJ determine that an applicant has made a showing of good cause, thereby preventing applicants from amending their applications on a whim. Doing otherwise results in the very situation that has resulted in the case at hand, where the parties were not informed that the December 2007 “application” would be considered a supplement to the August 2007 application until the PFD was issued, after the record had been closed and no party had the opportunity to do any further analysis of the case. Such a result is unfair to the parties and if nothing else obstructs the ED’s ability to do his job in a rate case – to analyze the rate application and develop a fully-informed recommendation for the Commission regarding the application. For these reasons, the ED requests that Finding of Fact No. 7 be struck from the proposed order.

If the Commission does adopt the ED’s view on this issue, the following changes will

need to be made to the proposed order to conform it to the information found in the application, which is attachment U to exhibit ED-1:

1. Strike Finding of Fact Nos. 20, 24, 25, 114, 116, and 117.
2. Amend the first sentence in Finding of Fact No. 21 as follows: In the application, DDU calculated its revenue requirement by combining the financial information for all three water systems.
3. In Finding of Fact No. 22, strike the column titled "December 2007 Application."
4. Amend Finding of Fact No. 32 to read as follows: DDU did not include developer contributions in its application for test year 2006.
5. Amend the first sentence of Finding of Fact No. 37 to read as follows: DDU claimed a total invested capital of \$1,858,235.
6. Amend the second sentence of Finding of Fact No. 42 to read as follows: For test year 2006, DDU's revenue requirement for all three systems combined was \$1,281,476.
7. In Finding of Fact No. 45, remove the words "December 2007" from the first sentence.
8. Amend the table in Finding of Fact No. 46 as follows:

	Total Original Cost	Total Annual Depreciation	Total Net Book Value
General Items	\$300,100	\$21,039	\$104,941
The Cliffs	\$901,490	\$63,824	\$307,975
The Retreat	\$607,209	\$18,941	\$555,827
White Bluff	\$1,215,319	\$40,770	\$813,434
Total	\$3,024,118	\$144,573	\$1,782,176

9. Amend the first sentence of Finding of Fact No. 49 to read as follows: To determine its invested capital for all three systems combined, DDU showed on its

application a net book value of \$1,782,176, working cash allowance of \$76,059, and materials and supplies of \$7,500 for a total of \$1,858,235.

10. Amend Finding of Fact No. 63 to read as follows: In its application, DDU claimed a return of \$368,979 at Table VI.A line Q. This is a \$209,171 discrepancy from the amount of DDU's return of \$159,808 show in DDU's application at Table IV.E line H.
11. Amend Finding of Fact No. 99 to read as follows: In the depreciation schedule included in its application, DDU listed the amount of \$144,573 as an annual depreciation expense. In Table VI.A line O of its application, DDU listed the amount of \$234,372 as its annual depreciation expense. There is an \$89,799 discrepancy between the amounts shown for this expense in the application.
12. In Finding of Fact No. 101, change the amount to \$234,372.
13. Amend Finding of Fact No. 102 to read as follows: As set out in the application, DDU calculated its claimed income tax by taking its claimed return of \$159,808 and subtracting the product of its claimed total invested capital, \$1,858,235, and its claimed 10 percent weighted cost of debt capital to derive a taxable income of negative \$26,015. Based on that income, DDU listed an income tax expense of \$0.
14. In Finding of Fact No. 110, change the amount to \$50.40.
15. In Finding of Fact No. 113, strike the first sentence, insert the words "to The Cliffs ratepayers" after the word "notice" in the second sentence (now the first sentence), and strike the words "and over" from the third sentence (now the second sentence).

B. Finding of Fact No. 69

The second sentence in this finding of fact points out that The Cliffs is the only one of the three systems in this case that uses surface water. The ED is unsure as to why this statement is necessary, as groundwater systems can also purchase water from other sources, and is concerned that it may create confusion regarding what types of water systems may claim purchased water expenses in their applications.¹² Therefore, the ED requests that the Commission strike the second sentence of this finding of fact.

C. Finding of Fact Nos. 107 and 108

While the ED is currently unable to locate in the evidentiary record as it stands today his other revenues total of \$48,336, the record does show that DDU had other revenues in the amount of \$38,800 for the three systems combined. Exhibit ED-1 attachment S contains DDU's statement of operations for the test year, 2006. On the first page under the heading "Sales," DDU lists water tap revenues in the amount of \$38,800.¹³ If you allocate this amount to the three water systems based on their connection counts, The Retreat had other revenues in the amount of \$2,328, The Cliffs in the amount of \$10,476, and White Bluff in the amount of \$25,996. The ED does not know why tap revenues were so high if DDU only added a few taps in 2006 with a tap fee of \$400, but the amount of \$38,800 comes from their own statement of operations. Therefore, the ED recommends that Finding of Fact No. 107 be amended to read as follows: The evidence indicates that DDU recovered \$38,800 in tap revenues during the test year as other revenues. The ED recommends that Finding of Fact No. 108 be amended to read as follows: For The Retreat, \$2,328 is the proper amount for "other revenues." For The Cliffs, \$10,476 is the proper amount

¹² The statement also appears in the PFD without any further explanation. *Id.* at 61.

¹³ Looking under the heading "Sales" in the statement of operations, it appears that DDU had additional other water revenues besides water tap revenues. However, because the ED only discussed tap revenues in his closing argument, that is the only other revenue he will discuss here.

for “other revenues.” For White Bluff, \$25,996 is the proper amount for “other revenues.”

The ED further recommends that one or two conclusions of law be added to the proposed order under a new heading titled “Other Revenues” between Conclusion of Law Nos. 29 and 29 to reflect the fact that DDU did have other revenues and suggests the following language: In order to prevent a utility from collecting the amount needed to cover its costs and expenses from its customers twice through its rates as well as other revenues, other revenues are subtracted from the cost of service when calculating the utility’s revenue requirement. Based on the above Findings of Fact, DDU had other revenues in the amount of \$2,328 for The Retreat, \$10,476 for The Cliffs, and \$25,996 for White Bluff.

D. Finding of Fact No. 111 and Conclusion of Law No. 30

Under title 30, section 291.34 of the Texas Administrative Code, a utility may use an alternative rate method for calculating its rates. The alternative rate methods detailed in that section are the single issue rate change, phased and multi-step rate changes, and the cash needs method.¹⁴ While the terminology used is similar, the alternate method of rate design referred to in section X of the TCEQ rate application¹⁵ is different from the alternative rate methods referred to in section 291.34. Section X allows a utility to recalculate its rates using a different gallonage charge than the one that resulted from the utility’s calculations in section IX of the application.¹⁶ As the ED stated in his closing argument, a utility can use any gallonage charge it wishes as long as it uses its revenue requirement to calculate the base rate,¹⁷ a concept supported by the ALJ in the PFD.¹⁸ Section X essentially incorporates that concept into the application.

¹⁴ 30 TEX. ADMIN. CODE § 291.34(b)-(d) (West 2009).

¹⁵ Ex. ED-1 att. U at 32.

¹⁶ *Id.* att. U at 31-32.

¹⁷ ED’s Closing Argument at 9 (Mar. 31, 2009).

¹⁸ See PFD at 101 (June 15, 2009) (“As stated by the ED, the fact that DDU’s proposed rates are the same as the rates at Sportsman’s World [Municipal Utility District] would not by itself indicate that DDU inappropriately set its gallonage charges.”).

The ED believes that Finding of Fact No. 111 and Conclusion of Law No. 30 are based on the following statement in the PFD: “DDU also calculated ‘an alternate method of rate design’¹⁹ but did not provide testimony to indicate that this alternate rate design met the regulatory requirements²⁰ or was being implemented by DDU.”²¹ This statement appears to equate section X of the application with section 291.34. However, as just discussed above, these two references to alternative rate methods are referring to different concepts. The ED does not believe that DDU ever proposed an alternative rate method under section 291.34. Therefore, the ED believes that Finding of Fact No. 11 and Conclusion of Law No. 30 are unnecessary and requests that the Commission strike them from the proposed order.

E. Conclusion of Law No. 37

The ED requests that this conclusion of law state that refunds should be issued for the rates that were collected from September 28, 2007, until December 2008, which is when DDU stopped charging the proposed rates in this case and began collecting the rates proposed in its newest water rate application.²² This change will clarify the period during which refunds should be issued for and will follow the language found in Ordering Provision No. 3.

IV. CORRECTIONS

The following discussions address various parts of the proposed order which need to be corrected due to factual errors.

A. Finding of Fact No. 5

DDU filed its application on August 2, 2007, not August 7, 2007.²³

¹⁹ Ex. APP-25 at 18.

²⁰ 30 TEX. ADMIN. CODE § 291.34 (West 2009).

²¹ PFD at 93.

²² Transcript of Hearing at 280:2-19 (Feb. 23-24, 2009).

²³ Ex. ED-1 att. U at 1.

B. Finding of Fact No. 17

The year 2009 should be added to the evidentiary hearing dates.²⁴

C. Finding of Fact No. 22

The lowest-tier range for all gallonage charges listed should begin at 1,001 gallons, not 0. The first 1,000 gallons are included in the utility's base rates.²⁵ For the rates for White Bluff and The Retreat, the middle-tier range should end at 20,001 gallons to match the notice.²⁶

D. Finding of Fact Nos. 27 and 35

DDU filed its latest water rate application on October 23, 2008, not October 24, 2008.²⁷

E. Finding of Fact No. 99

The reference to Table IV.A should be changed to Table VI.A.²⁸

F. Finding of Fact No. 115

The middle-tier range should end at 20,001 gallons to match the notice.²⁹

G. Conclusion of Law No. 38

Section 80.24(d)(1) should be section 80.23(d)(1).

V. ADDITIONAL RECOMMENDATION

In Ordering Provision No. 3, the ALJ left the length of the refund period blank. The ED recommends that the Commission order DDU to administer refunds over a 15-month period. This is the length of time that the refunds were collected, so it is appropriate to require that the over-collected amounts be refunded for the same time period. The ED has consistently recommended this method of determining the refund period in past rate cases, and the

²⁴ PFD at 3.

²⁵ Ex. ED-1 att. U at 37, 39; Ex. APP-25 at 21.

²⁶ Ex. ED-1 att. U at 37.

²⁷ Ex. ED-4 at 1 of 41.

²⁸ Ex. ED-1 att. U at 27-28.

²⁹ *Id.* att. U at 37.

Commission has adopted this recommendation. The ED requests that the Commission adopt this methodology in this case as well.

VI. CONCLUSION

While the ED appreciates and fully supports the ALJ's recommendation that the Commission deny DDU's water rate application and order DDU to issue refunds to its water customers, the ED has concerns regarding some of the findings and conclusions found in the proposed order and what they could mean for future rate cases, not to mention the case at hand. Therefore, the ED respectfully requests that the Commission adopt the ALJ's proposed order with the ED's recommended changes presented herein.

Respectfully submitted,

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

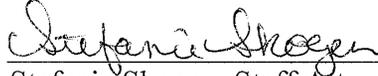
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CERTIFICATE OF SERVICE

I certify that on July 6, 2009, a copy of the foregoing document was sent by first class, agency mail, electronic mail, and/or facsimile to the persons on the attached Mailing List.


Stefanie Skogen, Staff Attorney
Environmental Law Division

CHIEF CLERKS OFFICE

2009 JUL -6 PM 4: 12

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

Mailing List

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SOAH Docket No. 582-08-0698
TCEQ Docket No. 2007-1708-UCR

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Attachment A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: DOUBLE DIAMOND UTILITIES

Docket Number: 35771-R (WATER)

From: 1/1/2006 to 12/31/06

3:39 PM

2-Jul-09

PROPOSAL FOR DECISION 60%-40% CALCULATIONS:

Item #	Description	Staff Recommendation	ALJ's Recommendation
1	SALARIES & BENEFITS	115,638	\$139,012
2	CONTRACT SERVICES	0	\$0
3	PURCHASED WATER	10,322	\$10,322
4	CHEMICALS AND TREATMENT	7,427	\$8,912
5	UTILITIES	172,004	\$172,004
6	REPAIRS AND MAINTENANCE	107,808	\$107,808
7	OFFICE EXPENSE	5,579	\$6,694
8	ACCOUNTING AND LEGAL	0	\$0
9	INSURANCE	21,593	\$25,910
10	RATE CASE EXPENSE	0	\$0
11	MISCELLANEOUS	0	\$0
12	Sub Total	\$440,371	\$470,662
13	PAYROLL TAXES	Incl. in Salaries	Incl. in Salaries
14	PROPERTY & OTHER TAXES	5,704	5,704
15	ANNUAL DEP & AMORTIZATION	25,543	25,543
16	INCOME TAXES	2,121	2,125
17	RETURN	20,887	21,201
18	Sub Total	\$54,255	\$54,573
19	OTHER REVENUES	-\$48,336	\$0
20	TOTAL COST	\$446,290	\$525,235

Attachment B

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -Retreat

Docket Number: 35771-R

version: 20070403

10:07 AM

3-Jul-09

SCHEDULE I - REVENUE REQUIREMENT

	COMPANY TEST YEAR "The Retreat" (a)	Profile & HOM STAFF ADJUST (b)	Profile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "The Retreat" (e)=(c)+(d)
Operations and Maintenance	\$129,132	-\$81,896	\$47,236	\$2,242	\$49,478
Depreciation and Amortization		\$2,637	\$2,637	\$0	\$2,637
Other Taxes	\$605	-\$302	\$303	\$0	\$303
Federal Income Taxes		\$2,121	\$2,121	\$5	\$2,126
Return		\$12,857	\$12,857	\$29	\$12,886
Revenue Requirement	\$129,737	-\$64,583	\$65,154	\$2,275	\$67,429
Other Revenues - Taps	\$0	-\$7,522	-\$7,522	\$7,522	\$0
Base Rate Revenue	\$129,737	-\$72,105	\$57,632	\$9,797	\$67,429

Attachment C

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -Retreat
 Docket Number: 35771-R
 Test Period: From: 1/1/2006 To: 12/31/2006

version: 20070403

3:19 PM

2-Jul-09

SCHEDULE I(a) - OPERATIONS & MAINTENANCE

	COMPANY TEST YEAR "The Retreat" (a)	Prefile & HOM STAFF ADJUST (b)	Prefile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "The Retreat" (e)=(c)+(d)
SALARIES & BENEFITS	\$21,066	-\$17,276	\$3,790	\$1,004	\$4,794
CONTRACT SERVICES	\$0	\$0	\$0		\$0
PURCHASED WATER	\$4,502	-\$4,502	\$0	\$0	\$0
CHEMICALS AND TREATMENT	\$652	-\$326	\$326	\$65	\$391
UTILITIES	\$51,012	-\$33,668	\$17,344	\$0	\$17,344
REPAIRS AND MAINTENANCE	\$38,206	-\$18,294	\$19,912	\$0	\$19,912
OFFICE EXPENSE	\$174	-\$87	\$87	\$18	\$105
ACCOUNTING AND LEGAL	\$0	\$0	\$0	\$0	\$0
INSURANCE	\$11,553	-\$5,776	\$5,777	\$1,155	\$6,932
RATE CASE EXPENSE	\$1,967	-\$1,967	\$0	\$0	\$0
MISCELLANEOUS	\$0	\$0	\$0	\$0	\$0
TOTAL	\$129,132	-\$81,896	\$47,236	\$2,242	\$49,478

SCHEDULE I(b) - OTHER TAXES

	COMPANY TEST YEAR "The Retreat" (a)	Prefile & HOM STAFF ADJUST (b)	Prefile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "The Retreat" (e)=(c)+(d)
AD VALOREM TAXES	\$605	-302	\$303	\$0	\$303
PAYROLL TAXES			\$0	\$0	\$0
OTHER TAXES-MISC			\$0		\$0
NON-REVENUE RELATED	\$605	-\$302	\$303	\$0	\$303
TWC ASSESSMENT			\$0		\$0
REVENUE RELATED TAXES	\$0	\$0	\$0		\$0
TOTAL OTHER TAXES	\$605	-\$302	\$303	\$0	\$303
	\$129,737	-\$82,198	\$47,539	\$2,242	\$49,781

SCHEDULE I(c) - FEDERAL INCOME TAXES

REVENUE REQUIREMENT	\$67,429
LESS:	
OPERATIONS AND MAINTENANCE	-\$49,478
DEPRECIATION AND AMORTIZATION	-\$2,637
OTHER TAXES	-\$303
INTEREST EXPENSE	-\$840
TAXABLE INCOME	\$14,172
TAXES @ FACTOR :	\$0
SUB-TOTAL	\$2,126
LESS:	
SURTAX EXEMPTION :	\$0
FEDERAL INCOME TAXES	\$2,126

Attachment D

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -Retreat
 Docket Number: 35771-R

version: 20070403

5:07 PM
 2-Jul-09

SCHEDULE I(d) - WEIGHTED COST OF CAPITAL

PAYEE	PRINCIPAL AS OF	INTEREST RATE	PERCENTAGE	WEIGHTED AVERAGE
Double Diamond Delaware, Inc.	\$17,249	4.87%	13.05%	0.64%
Parent Company			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
EQUITY	\$114,943	10.48%	86.95%	9.11%
TOTAL	\$132,192		100.00%	9.75%

SCHEDULE I(e) - INVESTED CAPITAL & RETURN

	COMPANY AMOUNT (a)	STAFF ADJUST (b)=(c)-(a)	STAFF AMOUNT (c)
PLANT IN SERVICE	564,190	-432,358	131,832
ACCUMULATED DEPRECIATION	\$1,142,843	-\$1,136,793	\$6,050
NET PLANT	-\$578,653	\$704,435	\$125,782
WORKING CASH ALLOWANCE	\$73,059	-\$66,874	\$6,185
MATERIALS AND SUPPLIES	\$7,500	-\$7,275	\$225
CUSTOMERS DEPOSITS		\$0	
INVESTMENT TAX CREDITS		\$0	
DCIAC		0	0
TOTAL INVESTED CAPITAL	-498,094	630,286	132,192
RATE OF RETURN	0.00%	9.75%	9.75%
RETURN	0	12,886	12,886

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Attachment E

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -Retreat
Docket Number: 35771-R

version: 20070403

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RETURN 12,886
 INTEREST 840 (TOTAL INVESTED CAPITAL * WEIGHTED AVERAGE LT DEBT)
 TAXABLE INCOME 12,046

TAX CALCULATIONS FYE 07-01-87

RATE	BRACKET	SURTAX
15%	0 - 50,000	
25%	50,001 - 75,000	5,000
34%	75,001 - 100,000	11,750
39%	100,001 - 335,000	16,750
34%	335,001 -	

USE THE FOLLOWING RULE TO DETERMINE THE APPROPRIATE TAX BRACKET:

IF TAXABLE INCOME (RETURN - INTEREST) IS:

- 0 - 42,500 USE 15%
- 42,501 - 61,250 USE 25%
- 61,251 - 77,750 USE 34%
- 77,751 - 221,100 USE 39%
- 221,101 OR OVER USE 34%

INCOME RANGE	IF TAXABLE INCOME IS	THE TAX RATE IS	THE TAX INCLUDING THE SURTAX EXEMPTION IS	AND THE SURTAX EXEMPTION IS
0 - 42,500	12,046	15.00%	2,126	0
42,501 - 61,250	0	0.00%	0	0
61,251 - 77,750	0	0.00%	0	0
77,751 - 221,100	0	0.00%	0	0
221,100 -	0	0.00%	0	0
Total	12,046	15.00%	2,126	0

Attachment F

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -The Cliffs

Docket Number: 35771-R

version: 20070403

10:02 AM

3-Jul-09

SCHEDULE I - REVENUE REQUIREMENT

	COMPANY TEST YEAR "The Cliffs" (a)	Profile & HOM STAFF ADJUST (b)	Profile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "The Cliffs" (e)=(c)+(d)
Operations and Maintenance	\$279,406	-\$138,972	\$140,434	\$9,681	\$150,115
Depreciation and Amortization	\$234,373	-\$223,580	\$10,793	\$0	\$10,793
Other Taxes	\$2,412	-\$389	\$2,023	\$0	\$2,023
Federal Income Taxes			\$0	\$0	\$0
Return	\$368,979	-\$367,445	\$1,534	\$102	\$1,636
Revenue Requirement	\$885,170	-\$730,386	\$154,784	\$9,783	\$164,567
Other Revenues - Taps	\$0	-\$10,977	-\$10,977	\$10,977	\$0
Base Rate Revenue	\$885,170	-\$741,363	\$143,807	\$20,760	\$164,567

Attachment G

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -The Cliffs
 Docket Number: 35771-R
 est Period: From: 1/1/2006 To: 12/31/2006

version: 20070403

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2-Jul-09

SCHEDULE I(a) - OPERATIONS & MAINTENANCE

	COMPANY TEST YEAR "The Cliffs" (a)	Prefile & HOM STAFF ADJUST (b)	Prefile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "The Cliffs" (e)=(c)+(d)
SALARIES & BENEFITS	\$86,289	-\$51,346	\$34,943	\$6,989	\$41,932
CONTRACT SERVICES	\$0		\$0	\$0	\$0
PURCHASED WATER	\$10,322		\$10,322	\$0	\$10,322
CHEMICALS AND TREATMENT	\$7,730	-\$3,865	\$3,865	\$773	\$4,638
UTILITIES	\$38,691	-\$3,510	\$35,181	\$0	\$35,181
REPAIRS AND MAINTENANCE	\$110,575	-\$64,048	\$46,527	\$0	\$46,527
OFFICE EXPENSE	\$4,378	-\$2,189	\$2,189	\$438	\$2,627
ACCOUNTING AND LEGAL	\$0	\$0	\$0	\$0	\$0
INSURANCE	\$14,814	-\$7,407	\$7,407	\$1,481	\$8,888
RATE CASE EXPENSE	\$6,607	-\$6,607	\$0	\$0	\$0
MISCELLANEOUS	\$0		\$0		\$0
TOTAL	\$279,406	-\$138,972	\$140,434	\$9,681	\$150,115

SCHEDULE I(b) - OTHER TAXES

	COMPANY TEST YEAR "The Cliffs"	Prefile & HOM STAFF ADJUST	Prefile & HOM STAFF TEST YEAR	ALJ's Recommended Adjustment	ALJ's TEST YEAR "The Cliffs"
AD VALOREM TAXES	\$2,412	-\$389	\$2,023	\$0	\$2,023
PAYROLL TAXES	Incl. in Salaries		\$0		\$0
OTHER TAXES-MISC			\$0		\$0
NON-REVENUE RELATED	\$2,412	-\$389	\$2,023	\$0	\$2,023
TWC ASSESSMENT			\$0		\$0
REVENUE RELATED TAXES	\$0	\$0	\$0		\$0
TOTAL OTHER TAXES	\$2,412	-\$389	\$2,023	\$0	\$2,023
	\$281,818	-\$139,361	\$142,457	\$9,681	\$152,138

SCHEDULE I(c) - FEDERAL INCOME TAXES

REVENUE REQUIREMENT	\$164,567
LESS:	
OPERATIONS AND MAINTENANCE	-\$150,115
DEPRECIATION AND AMORTIZATION	-\$10,793
OTHER TAXES	-\$2,023
INTEREST EXPENSE	-\$5,481
TAXABLE INCOME	-\$3,845
TAXES @ FACTOR :	\$0
SUB-TOTAL	\$0
LESS:	
SURTAX EXEMPTION :	\$0
FEDERAL INCOME TAXES	\$0

Attachment H

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -The Cliffs

Docket Number: 35771-R

version: 20070403

5:10 PM

2-Jul-09

SCHEDULE I(d) - WEIGHTED COST OF CAPITAL

PAYEE	PRINCIPAL AS OF	INTEREST RATE	PERCENTAGE	WEIGHTED AVERAGE
Double Diamond Delaware, Inc.	\$112,550	4.87%	167.46%	8.16%
Parent Company			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
EQUITY	-\$45,339	8.48%	-67.46%	-5.72%
TOTAL	\$67,211		100.00%	2.43%

SCHEDULE I(e) - INVESTED CAPITAL & RETURN

	COMPANY AMOUNT (a)	STAFF ADJUST (b)=(c)-(a)	STAFF AMOUNT (c)
PLANT IN SERVICE	1,135,770	-1,034,633	101,137
ACCUMULATED DEPRECIATION	\$1,142,842.95	-1,089,140	53,703
NET PLANT	-7,073	54,507	47,434
WORKING CASH ALLOWANCE	\$73,059	-\$54,295	\$18,764
MATERIALS AND SUPPLIES	\$7,500	-\$6,488	\$1,013
CUSTOMERS DEPOSITS		\$0	
INVESTMENT TAX CREDITS		\$0	
DCIAC		0	0
TOTAL INVESTED CAPITAL	73,486	-6,275	67,211
RATE OF RETURN	0.00%	2.43%	2.43%
RETURN	0	1,636	1,636

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Attachment I

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -The Cliffs
Docket Number: 35771-R

version: 20070403

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 2-Jul-09

RETURN 1,636
 INTEREST 5,481 (TOTAL INVESTED CAPITAL * WEIGHTED AVERAGE LT DEBT)
 TAXABLE INCOME -3,845

TAX CALCULATIONS FYE 07-01-87

RATE	BRACKET	SURTAX
15%	0 - 50,000	
25%	50,001 - 75,000	5,000
34%	75,001 - 100,000	11,750
39%	100,001 - 335,000	16,750
34%	335,001 -	

USE THE FOLLOWING RULE TO DETERMINE THE APPROPRIATE TAX BRACKET:

IF TAXABLE INCOME (RETURN - INTEREST) IS:

- 0 - 42,500 USE 15%
- 42,501 - 61,250 USE 25%
- 61,251 - 77,750 USE 34%
- 77,751 - 221,100 USE 39%
- 221,101 OR OVER USE 34%

INCOME RANGE	IF TAXABLE INCOME IS	THE TAX RATE IS	THE TAX INCLUDING THE SURTAX EXEMPTION IS	AND THE SURTAX EXEMPTION IS
0 - 42,500	-3,845	0.00%	0	0
42,501 - 61,250	0	0.00%	0	0
61,251 - 77,750	0	0.00%	0	0
77,751 - 221,100	0	0.00%	0	0
221,100 -	0	0.00%	0	0
Total	-3,845	0.00%	0	0

Attachment J

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -White Bluff

Docket Number: 35771-R

version: 20070403

10:29 AM

3-Jul-09

SCHEDULE I - REVENUE REQUIREMENT

	COMPANY TEST YEAR "White Bluff" (a)	Prefile & HOM STAFF ADJUST (b)	Prefile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "White Bluff" (e)=(c)+(d)
Operations and Maintenance	\$349,014	-\$96,313	\$252,701	\$18,368	\$271,069
Depreciation and Amortization		\$12,113	\$12,113	\$0	\$12,113
Other Taxes	\$3,884	-\$506	\$3,378	\$0	\$3,378
Federal Income Taxes		\$0	\$0	\$0	\$0
Return		\$6,485	\$6,485	\$194	\$6,679
Revenue Requirement	\$352,898	-\$78,221	\$274,677	\$18,562	\$293,239
Other Revenues - Taps	\$0	-\$29,837	-\$29,837	\$29,837	\$0
Base Rate Revenue	\$352,898	-\$108,058	\$244,840	\$48,399	\$293,239

Attachment K

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: Double Diamond -White Bluff
Docket Number: 35771-R
est Period: From: 1/1/2006 To: 12/31/2006

version: 20070403

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2-Jul-09

SCHEDULE I(a) - OPERATIONS & MAINTENANCE

	COMPANY TEST YEAR "White Bluff" (a)	Prefile & HOM STAFF ADJUST (b)	Prefile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "White Bluff" (e)=(c)+(d)
SALARIES & BENEFITS	\$122,219	-\$45,314	\$76,905	\$15,381	\$92,286
CONTRACT SERVICES	\$0	\$0	\$0	\$0	\$0
PURCHASED WATER	\$3,570	-\$3,570	\$0	\$0	\$0
CHEMICALS AND TREATMENT	\$6,471	-\$3,235	\$3,236	\$647	\$3,883
UTILITIES	\$129,979	-\$10,500	\$119,479	\$0	\$119,479
REPAIRS AND MAINTENANCE	\$59,848	-\$18,479	\$41,369	\$0	\$41,369
OFFICE EXPENSE	\$6,603	-\$3,300	\$3,303	\$659	\$3,962
ACCOUNTING AND LEGAL	\$0	\$0	\$0	\$0	\$0
INSURANCE	\$16,817	-\$8,408	\$8,409	\$1,681	\$10,090
RATE CASE EXPENSE	\$3,507	-\$3,507	\$0	\$0	\$0
MISCELLANEOUS	\$0	\$0	\$0	\$0	\$0
TOTAL	\$349,014	-\$96,313	\$252,701	\$18,368	\$271,069

SCHEDULE I(b) - OTHER TAXES

	COMPANY TEST YEAR "White Bluff" (a)	Prefile & HOM STAFF ADJUST (b)	Prefile & HOM STAFF TEST YEAR (c)=(a)+(b)	ALJ's Recommended Adjustment (d)	ALJ's TEST YEAR "White Bluff" (e)=(c)+(d)
AD VALOREM TAXES	\$3,884	-\$506	\$3,378	\$0	\$3,378
PAYROLL TAXES	Incl. in Salaries		\$0		\$0
OTHER TAXES-MISC			\$0		\$0
NON-REVENUE RELATED	\$3,884	-\$506	\$3,378	\$0	\$3,378
TWC ASSESSMENT			\$0		\$0
REVENUE RELATED TAXES	\$0	\$0	\$0		\$0
TOTAL OTHER TAXES	\$3,884	-\$506	\$3,378	\$0	\$3,378
	352,898	-96,819	256,079	18,368	274,447

SCHEDULE I(c) - FEDERAL INCOME TAXES

REVENUE REQUIREMENT	\$293,239
LESS:	
OPERATIONS AND MAINTENANCE	-\$271,069
DEPRECIATION AND AMORTIZATION	-\$12,113
OTHER TAXES	-\$3,378
INTEREST EXPENSE	-\$11,581
TAXABLE INCOME	-\$4,902
TAXES @ FACTOR :	\$0
SUB-TOTAL	\$0
LESS:	
SURTAX EXEMPTION :	\$0
FEDERAL INCOME TAXES	\$0

Attachment L

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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Utility Name: Double Diamond -White Bluff

Docket Number: 35771-R

version: 20070403

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2-Jul-09

SCHEDULE I(d) - WEIGHTED COST OF CAPITAL

PAYEE	PRINCIPAL AS OF	INTEREST RATE	PERCENTAGE	WEIGHTED AVERAGE
Double Diamond Delaware, Inc. Parent Company	\$237,800	4.87%	132.11%	6.43%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
			0.00%	0.00%
EQUITY	-\$57,802	8.48%	-32.11%	-2.72%
TOTAL	\$179,998		100.00%	3.7107%

SCHEDULE I(e) - INVESTED CAPITAL & RETURN

	COMPANY AMOUNT (a)	STAFF ADJUST (b)=(c)-(a)	STAFF AMOUNT (c)
PLANT IN SERVICE	1,457,930	-1,271,505	186,425
ACCUMULATED DEPRECIATION	\$1,142,842.95	-1,100,020	42,823
NET PLANT	315,087	-171,485	143,602
WORKING CASH ALLOWANCE	\$73,059	-\$39,175	\$33,884
MATERIALS AND SUPPLIES	\$7,500	-\$4,988	\$2,513
CUSTOMERS DEPOSITS		0	
INVESTMENT TAX CREDITS		0	
DCIAC		0	0
TOTAL INVESTED CAPITAL	395,646	-215,648	179,998
RATE OF RETURN	0.00%	3.71%	3.71%
RETURN	0	6,679	6,679

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Attachment M

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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Utility Name: Double Diamond -White Bluff
Docket Number: 35771-R

version: 20070403

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RETURN 6,679
 INTEREST 11,581 (TOTAL INVESTED CAPITAL * WEIGHTED AVERAGE LT DEBT)
 TAXABLE INCOME -4,902

TAX CALCULATIONS FYE 07-01-87

RATE	BRACKET	SURTAX
15%	0 - 50,000	
25%	50,001 - 75,000	5,000
34%	75,001 - 100,000	11,750
39%	100,001 - 335,000	16,750
34%	335,001 -	

USE THE FOLLOWING RULE TO DETERMINE THE APPROPRIATE TAX BRACKET:

IF TAXABLE INCOME (RETURN - INTEREST) IS:

- 0 - 42,500 USE 15%
- 42,501 - 61,250 USE 25%
- 61,251 - 77,750 USE 34%
- 77,751 - 221,100 USE 39%
- 221,101 OR OVER USE 34%

INCOME RANGE	IF TAXABLE INCOME IS	THE TAX RATE IS	THE TAX INCLUDING THE SURTAX EXEMPTION IS	AND THE SURTAX EXEMPTION IS
0 - 42,500	-4,902	0.00%	0	0
42,501 - 61,250	0	0.00%	0	0
61,251 - 77,750	0	0.00%	0	0
77,751 - 221,100	0	0.00%	0	0
221,100 -	0	0.00%	0	0
Total	-4,902	0.00%	0	0

Attachment N

Applicant: Double Diamond Utilities
ALJ's RECOMMENDATION TO COS 60-40%
 Application No. 35771-R (Retreat 6090)
 Test Year: Jan 1-Dec 31, 2006

Allocation by System			
Water + Sewer	Water %	Sewer %	
78	60%	40%	
378	60%	40%	
922	60%	40%	
1,378			

	Water		Sewer	
	Amount	%	Amount	%
Retreat	47	6%	31	6%
The Cliffs	227	27%	151	27%
White Bluff	553	67%	369	67%
	827	100%	551	100%

	Payee or Description	Amount	Salaries & Wages	Purchase Water	Chem & Treatm't	Utilities	Repairs & Maint	Office Expense	Insurance	Rate Case Exp	P/R Taxes	Other Taxes
COS per General Ledger 2006 - (Retreat)												
Staff Adjustments:												
Retreat	Reduced Salaries & Wages per Exhibit	-16,272	-16,272									
6090	Removed Purchased Sewer	-4,502		-4,502								
	Reduced Chemical Expense for sewer (\$652.06*40), tied to P&L	-261			-261							
	Reduced Utilities for sewer (\$51,012*66%), Electric for pond & sewer. GL tied to P&L.	-33,668				-33,668						
	Disallowed Rpr & Maint - no invoice 2/2/06	-18,294					-18,294					
	Reduced Office Expense for sewer (\$174.47*40), GL tied to P&L	-70						-70				
	Reduced Insurance Expense for sewer (\$11,553.06*40), GL tied to P&L	-4,621							-4,621			
	Removed Rate Case Expenses to be surcharged	-1,067								-1,067		
	Removed WW permit included in R/C expense	-900								-900		
	Reduced Property Tax for sewer (\$605.05*50), GL tied to P&L	-303										-303
	Total Staff Adjustments - Retreat	-79,957	-16,272	-4,502	-261	-33,668	-18,294	-70	-4,621	-1,967	0	-303
	Net Adjusted Total	49,780	4,794	0	391	17,344	19,912	105	6,932	0	0	303

Attachment O

Applicant: Double Diamond Utilities
 ALJ's RECOMMENDATION TO COS 60-40%
 Application No. 35771-R (The Cliffs 8090)
 Test Year: Jan 1-Dec 31, 2006

Allocation by System		
Water + Sewer	Water %	Sewer %
78	60%	40%
378	60%	40%
922	60%	40%
1,378		

	Water		Sewer	
	Amount	%	Amount	%
Retreat	47	6%	31	6%
The Cliffs	227	27%	151	27%
White Bluff	553	67%	369	67%
	827	100%	551	100%

Payee or Description	Amount	Salaries & Wages	Purchase Water	Chem & Treatm't	Utilities	Repairs & Maint	Office Expense	Insurance	Rate Case Exp	P/R Taxes	Other Taxes
COS per General Ledger 2006 - (The Cliffs)	281,818	86,289	10,322	7,730	38,691	110,575	4,378	14,814	6,607	see Salaries	2,412
Staff Adjustments:											
Cliffs Reduced Salaries & Wages per Exhibit	-44,357	-44,357									
Reduced Chemical Expense for sewer	-3,092			-3,092							
8090 (\$7,730*.40), tied to P&L	-3,510				-3,510						
Reduced Utilities for sewer											
Disallowed Rpr & Maint for Toray membranes and Shelco filter housing. Need DDU's explanation for its use.	-23,104					-23,104					
Disallowed Rpr & Maint - no invoice 5/1/06	-6,884					-6,884					
Disallowed Rpr & Maint - no invoice 5/29/06	-2,760					-2,760					
Removed RO Rental (R&M)	-31,300					-31,300					
Reduced Office Expense for sewer (\$4,378.26*.40), tied to P&L	-1,751						-1,751				
Reduced Insurance Expense for sewer (\$14,814.06*.40), tied to P&L	-5,926							-5,926			
Removed Rate Case Expenses to be surcharged	-5,767								-5,767		
Removed WW Dis included in R/C expense	-840								-840		
Reduced Property Tax for sewer (\$777.85*.50), tied to P&L	-389										-389
Total Staff Adjustments - The Cliffs	-129,680	-44,357	0	-3,092	-3,510	-64,048	-1,751	-5,926	-6,607	0	-389
Total	152,138	41,932	10,322	4,638	35,181	46,527	2,627	8,888	0	0	2,023

Note: DDU reported the Utilities for \$68,691.00. The correct amount per GL was \$38,691.

Attachment P

Applicant: Double Diamond Utilities
ALJ's RECOMMENDATION TO COS 60-40%
 Application No. 35771-R (White Bluff 9090)
 Test Year: Jan 1-Dec 31, 2006

	Water		Sewer	
Retreat	47	6%	31	6%
The Cliffs	227	27%	151	27%
White Bluff	553	67%	369	67%
	827	100%	551	100%

Allocation by System			
Water + Sewer	Water %	Sewer %	
78	60%	40%	
378	60%	40%	
922	60%	40%	
1,378			

	Payee or Description	Amount	Salaries & Wages	Purchase Water	Chem & Treatm't	Utilities	Repairs & Maint	Office Expense	Insurance	Rate Case Exp	P/R Taxes	Other Taxes
COS per General Ledger 2006 - (White Bluff)		352,898	122,219	3,570	6,471	129,979	59,848	6,603	16,817	3,507	see Salaries	3,884
Staff Adjustments:												
WB 9090	Reduced Salaries & Wages per Exhibit	-29,933	-29,933									
	Removed Purchased Sewer	-3,570		-3,570								
	Reduced Chemical Expense for sewer (\$6,471 * .40). GL tied to P&L	-2,588			-2,588							
	Reduced Utilities for sewer	-10,500				-10,500						
	Disallowed Rpr & Maint for electrical bid for radio control. Need DDU's explanation for its use.	-3,550					-3,550					
	Disallowed Rpr & Maint - no invoice 3/1/06	-14,929					-14,929					
	Reduced Office Expense for sewer (\$6,603.43 * .40) GL tied to P&L	-2,641						-2,641				
	Reduced Insurance Expense for sewer (\$16,817.06 * .40) GL tied to P&L	-6,727							-6,727			
	Removed Rate Case Expenses to be surcharged	-2,067								-2,067		
	Removed WW Treatment included in R/C expense	-1,440								-1,440		
	Reduced Property Tax for sewer	-506										-506
	Total Staff Adjustments - White Bluff	-78,451	-29,933	-3,570	-2,588	-10,500	-18,479	-2,641	-6,727	-3,507	0	-506
	Total	274,447	92,286	0	3,883	119,479	41,369	3,962	10,090	0	0	3,378

Attachment Q

Applicant: Double Diamond Utilities
ALJ's RECOMMENDATION (Salary Adjustments, 60-40%)

Application No. 35771-R

Test Year: Jan 1-Dec 31, 2006

Percent Allocation by Sys	
Water	Sewer
60%	40%
60%	40%
60%	40%

Allocation between Water & Sewer	Water		Sewer		Water & Sewer	
	Retreat	47	5.68%	31	5.68%	78
The Cliffs		227	27.45%	151	27.45%	378
White Bluff		553	66.87%	369	66.87%	922
Total Conn		827	100%	551	100%	1,378

	2006 W-2s	2007 W-2s	K&M changes	Retreat		The Cliffs		The Cliffs		White Bluff	
				Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
Robert Bailey, Water worker + sewer as needed - Cliffs	11,779	3,994		0	0	2,396	1,588	0	0		
Cody Clnard, Eqpt Operator Water & sewer - White Bluff	4,133	20,499		0	0	0	0	12,300	8,200		
Kim Harston, Utility Asst Water & sewer - White Bluff	20,888	21,939		0	0	0	0	13,163	8,776		
Tim Leggett, Water worker + sewer as needed - Cliffs	6,404	7,693		0	0	4,616	3,077	0	0		
Donald Lewis, POA, Const Mgr., Dir water/sewer - The Cliffs	41,594	43,762		0	0	26,257	17,505	0	0		
James Lyles, Sewer Dir (3 Depts) + water - Retreat	9,376	21,798		1,713	1,121	0	5,515	0	13,449		
Harry Shearouse, Regional Director All Water/Sewer Depts	start 5/29/07	33,593		1,146	764	5,533	3,688	13,478	8,985		
Harry Shearouse, Regional Director All Water/Sewer Depts			38,407	1,310	873	6,325	4,217	15,409	10,273		
Geoffrey Young, Utility Operator Water & sewer - White Bluff	7,159	7,945		0	0	0	0	4,767	3,178		
Richard Zint, Dir Utilities Water & sewer - White Bluff	32,059	35,220		0	0	0	0	21,132	14,088		
TOTAL 2007 W-2s	133,393	196,443	38,407	4,168	2,758	45,127	35,600	80,249	66,948		
Total Payroll		196,443									
Payroll burden 15%		234,849									
Total Payroll and benefits		35,227		625	414	6,769	5,340	12,037	10,042		
Less: Adjustment for Lewis, Non Utility 33%		270,077		4,794	3,171	51,896	40,940	92,286	76,991		
Payroll burden for Lewis, Non Utility 15%		-14,441				-8,665	-5,777				
		-2,166				-1,300	-866				
Net Adjusted Payroll Expense		255,635		4,794	3,171	41,932	34,296	92,286	76,991		

Note: To calculate the percentage for sewer allocation for each system, staff has to recreate the number sewer connections by using the 60-40%.

Attachment R

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

DOCKET # 35771-R **UTILITY:** Double Diamond -White Bluff

Printed on: 3-Jul-09 time: 11:20 AM

version: 20070403

REVENUE REQUIREMENT

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES & BENEFITS	\$92,286	50	\$46,143	50	\$46,143
CONTRACT SERVICES	\$0	90	\$0	10	\$0
PURCHASED SERVICE	\$0	0	\$0	100	\$0
CHEMICALS AND TREATMENT	\$3,883	0	\$0	100	\$3,883
UTILITIES	\$119,479	0	\$0	100	\$119,479
REPAIRS AND MAINTENANCE	\$41,369	50	\$20,685	50	\$20,685
OFFICE EXPENSE	\$3,962	50	\$1,981	50	\$1,981
ACCOUNTING & LEGAL	\$0	100	\$0	0	\$0
INSURANCE	\$10,090	100	\$10,090	0	\$0
RATE CASE EXPENSE	\$0	100	\$0	0	\$0
MISCELLANEOUS	\$0	100	\$0	0	\$0
DEPRECIATION & AMORTIZATION	\$12,113	50	\$6,057	50	\$6,057
TAXES OTHER THAN INCOME	\$3,378	100	\$3,378	0	\$0
			\$0	100	\$0
			\$0	100	\$0
SUB-TOTAL (LESS FIT & RETURN)	\$286,560		\$88,333		\$198,227
% OF TOTAL (FIXED + VARIABLE)		31%		69%	
FEDERAL INCOME TAXES	\$0		\$0		\$0
RETURN	\$6,679		\$2,059		\$4,620
LESS OTHER REVENUES	\$0		\$0		\$0
TOTAL	\$293,239		\$90,392		\$202,847

APPLICANT'S REQUESTED RATES	
Minimum bill:	1,000 gallons
(includes	
5/8 x 3/4"	\$42.00
1"	\$65.00
1-1/2"	\$128.00
2"	\$280.00
2-1/2"	
3"	\$425.00
4"	
6"	
Gallonage rate:	\$2.50 /1,000 gallons
Rev. Gen'd :	\$590,662

RATE CALCULATION

Calculating a flat rate? y

GALLONAGE CHARGE
 Variable Cost/Test Year Gallons/1,000 =====> \$1.77 /TH.GAL.
 ↓
 MINIMUM BILL
 Fixed Cost/12/Connection Equivalents =====> \$11.10 /MO.
 \$12.87 /MO. incl. min. gallons

STAFF'S PROPOSED RATE	
USE ->	\$2.50 /TH.GAL.
YIELDS ->	\$0.80 /MO. 3.30 /MO. incl. min. gallons
ANNUAL REVENUE GENERATED:	\$293,239

REVENUE GENERATED SUMMARY:

Connection Size	# of Connections	Minimum Bill			Rev./Year
		Min. Bill	Including Gals	Rev./Month	
5/8", 3/4"	518	0.80	\$3.30	\$1,710	\$20,517
1"	19	2.00	4.50	86	1,026
1-1/2"	5	4.00	6.50	33	390
2"	11	6.41	8.91	98	1,176
3"	0	12.01	14.51	0	0
4"	0	20.02	22.52	0	0
6"	0	40.04	42.54	0	0
8"	0	64.06	66.56	0	0

TOTAL MINIMUM CHARGES=> \$23,109
 GALLONAGE CHARGES=> 108,052 @ \$2.50 /1,000 GAL 270,130
TOTAL REVENUE GENERATED=> \$293,239

Attachment S

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

DOCKET # 35771-R UTILITY: Double Diamond -Retreat

Printed on: 3-Jul-09 time: 11:20 AM

version: 20070403

REVENUE REQUIREMENT

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES & BENEFITS	\$4,794	50	\$2,397	50	\$2,397
CONTRACT SERVICES	\$0	90	\$0	10	\$0
PURCHASED SERVICE	\$0	0	\$0	100	\$0
CHEMICALS AND TREATMENT	\$391	0	\$0	100	\$391
UTILITIES	\$17,344	0	\$0	100	\$17,344
REPAIRS AND MAINTENANCE	\$19,912	50	\$9,956	50	\$9,956
OFFICE EXPENSE	\$105	50	\$53	50	\$53
ACCOUNTING & LEGAL	\$0	100	\$0	0	\$0
INSURANCE	\$6,932	100	\$6,932	0	\$0
RATE CASE EXPENSE	\$0	100	\$0	0	\$0
MISCELLANEOUS	\$0	100	\$0	0	\$0
DEPRECIATION & AMORTIZATION	\$2,637	50	\$1,318	50	\$1,318
TAXES OTHER THAN INCOME	\$303	100	\$303	0	\$0
			\$0	100	\$0
			\$0	100	\$0
SUB-TOTAL (LESS FIT & RETURN)	\$52,418		\$20,959		\$31,459
% OF TOTAL (FIXED + VARIABLE)		40%		60%	
FEDERAL INCOME TAXES	\$2,126		\$850		\$1,276
RETURN	\$12,886		\$5,152		\$7,734
LESS OTHER REVENUES	\$0		\$0		\$0
TOTAL	\$67,429		\$26,961		\$40,468

APPLICANT'S REQUESTED RATES	
Minimum bill:	1,000 gallons
(includes	
5/8 x 3/4"	\$42.00
1"	\$65.00
1-1/2"	\$128.00
2"	\$280.00
2-1/2"	
3"	\$425.00
4"	
6"	
Gallonge rate:	\$2.50 /1,000 gallons
Rev. Gen'd :	\$83,327

RATE CALCULATION

Calculating a flat rate? y

GALLONAGE CHARGE
 Variable Cost/Test Year Gallons/1,000 =====> \$1.80 /TH.GAL.
 ↓
 MINIMUM BILL
 Fixed Cost/12/Connection Equivalents =====> \$36.24 /MO.
 \$38.04 /MO. incl. min. gallons

STAFF'S PROPOSED RATE	
USE ->	\$2.50 /TH.GAL.
YIELDS ->	\$15.19 /MO. 17.69 /MO. incl. min. gallons
ANNUAL REVENUE GENERATED:	\$67,429

REVENUE GENERATED SUMMARY:

Connection Size	# of Connections	Minimum Bill			Rev./Year
		Min. Bill	Including Gals	Rev./Month	
5/8", 3/4"	44	15.19	\$17.69	\$778	\$9,340
1"	0	37.97	40.47	0	0
1-1/2"	2	75.94	78.44	157	1,883
2"	1	121.51	124.01	124	1,488
3"	0	227.83	230.33	0	0
4"	0	379.72	382.22	0	0
6"	0	759.45	761.95	0	0
8"	0	1215.11	1217.61	0	0

TOTAL MINIMUM CHARGES=> \$12,711
 GALLONAGE CHARGES=> 21,888 @ \$2.50 /1,000 GAL 54,719
TOTAL REVENUE GENERATED=> \$67,429

Attachment T

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

DOCKET # 35771-R UTILITY: Double Diamond -The Cliffs

Printed on: 3-Jul-09 time: 11:34 AM

version: 20070403

REVENUE REQUIREMENT

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES & BENEFITS	\$41,932	50	\$20,966	50	\$20,966
CONTRACT SERVICES	\$0	90	\$0	10	\$0
PURCHASED SERVICE	\$10,322	0	\$0	100	\$10,322
CHEMICALS AND TREATMENT	\$4,638	0	\$0	100	\$4,638
UTILITIES	\$35,181	0	\$0	100	\$35,181
REPAIRS AND MAINTENANCE	\$46,527	50	\$23,264	50	\$23,264
OFFICE EXPENSE	\$2,627	50	\$1,314	50	\$1,314
ACCOUNTING & LEGAL	\$0	100	\$0	0	\$0
INSURANCE	\$8,888	100	\$8,888	0	\$0
RATE CASE EXPENSE	\$0	100	\$0	0	\$0
MISCELLANEOUS	\$0	100	\$0	0	\$0
DEPRECIATION & AMORTIZATION	\$10,793	50	\$5,397	50	\$5,397
TAXES OTHER THAN INCOME	\$2,023	100	\$2,023	0	\$0
			\$0	100	\$0
			\$0	100	\$0
SUB-TOTAL (LESS FIT & RETURN)	\$162,931		\$61,851		\$101,081
% OF TOTAL (FIXED + VARIABLE)		38%		62%	
FEDERAL INCOME TAXES	\$0		\$0		\$0
RETURN	\$1,636		\$621		\$1,015
LESS OTHER REVENUES	\$0		\$0		\$0
TOTAL	\$164,567		\$62,472		\$102,096

APPLICANT'S REQUESTED RATES		
Minimum bill:		
(includes	1,000 gallons)	
	5/8 x 3/4"	\$52.00
	1"	127.00
	1-1/2"	253.00
	2"	405.00
	2-1/2"	
	3"	757.00
	4"	
	6"	
Gallonge rate:		
	\$2.60 /1,000 gallons	
Rev. Gen'd :		\$266,351

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

\$4.18 /TH.GAL.

MINIMUM BILL

Fixed Cost/12/Connection Equivalents =====>

\$15.31 /MO.
\$19.49 /MO. incl. min. gallons

Calculating a flat rate? y

STAFF'S PROPOSED RATE	
USE ->	\$2.60 /TH.GAL.
YIELDS ->	\$24.77 /MO. 27.37 /MO. incl. min. gallons
ANNUAL REVENUE GENERATED:	\$164,567

REVENUE GENERATED SUMMARY:

Connection Size	# of Connections	Minimum Bill			Rev./Year
		Min. Bill	Including Gals	Rev./Month	
5/8", 3/4"	201	24.77	\$27.37	\$5,501	\$66,017
1"	12	61.93	64.53	774	9,292
1-1/2"	1	123.85	126.45	126	1,517
2"	13	198.16	200.76	2,610	31,319
3"	0	371.55	374.15	0	0
4"	0	619.25	621.85	0	0
6"	0	1238.51	1241.11	0	0
8"	0	1981.61	1984.21	0	0

TOTAL MINIMUM CHARGES=> **\$108,145**
 GALLONAGE CHARGES=> 21,701 @ \$2.60 /1,000 GAL 56,423
TOTAL REVENUE GENERATED=> \$164,567

Attachment U

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

DOCKET # 35771-R **UTILITY:** Double Diamond -White Bluff

Printed on: 3-Jul-09 time: 11:36 AM

version: 20070403

REVENUE REQUIREMENT

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES & BENEFITS	\$92,286	50	\$46,143	50	\$46,143
CONTRACT SERVICES	\$0	90	\$0	10	\$0
PURCHASED SERVICE	\$0	0	\$0	100	\$0
CHEMICALS AND TREATMENT	\$3,883	0	\$0	100	\$3,883
UTILITIES	\$119,479	0	\$0	100	\$119,479
REPAIRS AND MAINTENANCE	\$41,369	50	\$20,685	50	\$20,685
OFFICE EXPENSE	\$3,962	50	\$1,981	50	\$1,981
ACCOUNTING & LEGAL	\$0	100	\$0	0	\$0
INSURANCE	\$10,090	100	\$10,090	0	\$0
RATE CASE EXPENSE	\$0	100	\$0	0	\$0
MISCELLANEOUS	\$0	100	\$0	0	\$0
DEPRECIATION & AMORTIZATION	\$12,113	50	\$6,057	50	\$6,057
TAXES OTHER THAN INCOME	\$3,378	100	\$3,378	0	\$0
			\$0	100	\$0
			\$0	100	\$0
SUB-TOTAL (LESS FIT & RETURN)	\$286,560		\$88,333		\$198,227
% OF TOTAL (FIXED + VARIABLE)		31%		69%	
FEDERAL INCOME TAXES	\$0		\$0		\$0
RETURN	\$6,679		\$2,059		\$4,620
LESS OTHER REVENUES	\$0		\$0		\$0
TOTAL	\$293,239		\$90,392		\$202,847

APPLICANT'S REQUESTED RATES		
Minimum bill: (includes 1,000 gallons)		
5/8 x 3/4"		\$42.00
1"		\$65.00
1-1/2"		\$128.00
2"		\$280.00
2-1/2"		
3"		\$425.00
4"		
6"		
Gallorage rate: \$2.50 /1,000 gallons		
Rev. Gen'd :		\$590,662

RATE CALCULATION

Calculating a flat rate? y

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

\$1.77 /TH.GAL.

MINIMUM BILL

Fixed Cost/12/Connection Equivalents =====>

\$11.10 /MO.

\$12.87 /MO. incl. min. gallons

STAFF'S PROPOSED RATE	
USE ->	\$1.85 /TH.GAL.
YIELDS ->	\$9.96 /MO. 11.81 /MO. incl. min. gallons
ANNUAL REVENUE GENERATED:	\$293,239

REVENUE GENERATED SUMMARY:

Connection Size	# of Connections	Minimum Bill			Rev./Year
		Min. Bill	Including Gals	Rev./Month	
5/8", 3/4"	518	9.96	\$11.81	\$6,116	\$73,390
1"	19	24.89	26.74	508	6,097
1-1/2"	5	49.78	51.63	258	3,098
2"	11	79.65	81.50	897	10,758
3"	0	149.35	151.20	0	0
4"	0	248.91	250.76	0	0
6"	0	497.83	499.68	0	0
8"	0	796.53	798.38	0	0

TOTAL MINIMUM CHARGES=> \$93,343
 GALLONAGE CHARGES=> 108,052 @ \$1.85 /1,000 GAL 199,896
TOTAL REVENUE GENERATED=> \$293,239

Attachment V

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

DOCKET # 35771-R **UTILITY:** Double Diamond -Retreat

Printed on: 3-Jul-09 time: 11:42 AM

version: 20070403

REVENUE REQUIREMENT

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES & BENEFITS	\$4,794	50	\$2,397	50	\$2,397
CONTRACT SERVICES	\$0	90	\$0	10	\$0
PURCHASED SERVICE	\$0	0	\$0	100	\$0
CHEMICALS AND TREATMENT	\$391	0	\$0	100	\$391
UTILITIES	\$17,344	0	\$0	100	\$17,344
REPAIRS AND MAINTENANCE	\$19,912	50	\$9,956	50	\$9,956
OFFICE EXPENSE	\$105	50	\$53	50	\$53
ACCOUNTING & LEGAL	\$0	100	\$0	0	\$0
INSURANCE	\$6,932	100	\$6,932	0	\$0
RATE CASE EXPENSE	\$0	100	\$0	0	\$0
MISCELLANEOUS	\$0	100	\$0	0	\$0
DEPRECIATION & AMORTIZATION	\$2,637	50	\$1,318	50	\$1,318
TAXES OTHER THAN INCOME	\$303	100	\$303	0	\$0
			\$0	100	\$0
			\$0	100	\$0
SUB-TOTAL (LESS FIT & RETURN)	\$52,418		\$20,959		\$31,459
% OF TOTAL (FIXED + VARIABLE)		40%		60%	
FEDERAL INCOME TAXES	\$2,126		\$850		\$1,276
RETURN	\$12,886		\$5,152		\$7,734
LESS OTHER REVENUES	\$0		\$0		\$0
TOTAL	\$67,429		\$26,961		\$40,468

APPLICANT'S REQUESTED RATES	
Minimum bill:	1,000 gallons
(includes	
5/8 x 3/4"	\$42.00
1"	\$65.00
1-1/2"	\$128.00
2"	\$280.00
2-1/2"	
3"	\$425.00
4"	
6"	
Gallonge rate:	\$2.50 /1,000 gallons
Rev. Gen'd :	\$83,327

RATE CALCULATION

Calculating a flat rate? y

GALLONGE CHARGE
 Variable Cost/Test Year Gallons/1,000 =====> \$1.80 /TH.GAL.
 ↓
 MINIMUM BILL
 Fixed Cost/12/Connection Equivalents =====> \$36.24 /MO.
 \$38.04 /MO. incl. min. gallons

STAFF'S PROPOSED RATE	
USE ->	\$1.85 /TH.GAL.
YIELDS ->	\$34.80 /MO. 36.65 /MO. incl. min. gallons
ANNUAL REVENUE GENERATED:	\$67,429

REVENUE GENERATED SUMMARY:

Connection Size	# of Connections	Minimum Bill			Rev./Year
		Min. Bill	Including Gals	Rev./Month	
5/8", 3/4"	44	34.80	\$36.65	\$1,613	\$19,353
1"	0	87.01	88.86	0	0
1-1/2"	2	174.02	175.87	352	4,221
2"	1	278.43	280.28	280	3,363
3"	0	522.06	523.91	0	0
4"	0	870.10	871.95	0	0
6"	0	1740.19	1742.04	0	0
8"	0	2784.31	2786.16	0	0

TOTAL MINIMUM CHARGES=> \$26,937
 GALLONGE CHARGES=> 21,888 @ \$1.85 /1,000 GAL 40,492
TOTAL REVENUE GENERATED=> \$67,429

Attachment W

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

DOCKET # 35771-R UTILITY: Double Diamond -The Cliffs

Printed on: 3-Jul-09 time: 11:44 AM

version: 20070403

REVENUE REQUIREMENT

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES & BENEFITS	\$41,932	50	\$20,966	50	\$20,966
CONTRACT SERVICES	\$0	90	\$0	10	\$0
PURCHASED SERVICE	\$10,322	0	\$0	100	\$10,322
CHEMICALS AND TREATMENT	\$4,638	0	\$0	100	\$4,638
UTILITIES	\$35,181	0	\$0	100	\$35,181
REPAIRS AND MAINTENANCE	\$46,527	50	\$23,264	50	\$23,264
OFFICE EXPENSE	\$2,627	50	\$1,314	50	\$1,314
ACCOUNTING & LEGAL	\$0	100	\$0	0	\$0
INSURANCE	\$8,888	100	\$8,888	0	\$0
RATE CASE EXPENSE	\$0	100	\$0	0	\$0
MISCELLANEOUS	\$0	100	\$0	0	\$0
DEPRECIATION & AMORTIZATION	\$10,793	50	\$5,397	50	\$5,397
TAXES OTHER THAN INCOME	\$2,023	100	\$2,023	0	\$0
			\$0	100	\$0
			\$0	100	\$0
SUB-TOTAL (LESS FIT & RETURN)	\$162,931		\$61,851		\$101,081
% OF TOTAL (FIXED + VARIABLE)		38%		62%	
FEDERAL INCOME TAXES	\$0		\$0		\$0
RETURN	\$1,636		\$621		\$1,015
LESS OTHER REVENUES	\$0		\$0		\$0
TOTAL	\$164,567		\$62,472		\$102,096

APPLICANT'S REQUESTED RATES		
Minimum bill:		
(includes	1,000 gallons)	
	5/8 x 3/4"	\$52.00
	1"	127.00
	1-1/2"	253.00
	2"	405.00
	2-1/2"	
	3"	757.00
	4"	
	6"	
Gallonge rate:		
	\$2.60 /1,000 gallons	
Rev. Gen'd :		\$266,351

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

\$4.18 /TH.GAL.

MINIMUM BILL

Fixed Cost/12/Connection Equivalents =====>

\$15.31 /MO.
\$19.49 /MO. incl. min. gallons

Calculating a flat rate? y

STAFF'S PROPOSED RATE	
USE ->	\$1.85 /TH.GAL.
YIELDS ->	\$29.26 /MO. 31.11 /MO. incl. min. gallons
ANNUAL REVENUE GENERATED:	\$164,567

REVENUE GENERATED SUMMARY:

Connection Size	# of Connections	Minimum Bill			Rev./Year
		Min. Bill	Including Gals	Rev./Month	
5/8", 3/4"	201	29.26	\$31.11	\$6,253	\$75,037
1"	12	73.15	75.00	900	10,800
1-1/2"	1	146.30	148.15	148	1,778
2"	13	234.08	235.93	3,067	36,805
3"	0	438.90	440.75	0	0
4"	0	731.50	733.35	0	0
6"	0	1463.00	1464.85	0	0
8"	0	2340.80	2342.65	0	0

TOTAL MINIMUM CHARGES=> \$124,420
 GALLONAGE CHARGES=> 21,701 @ \$1.85 /1,000 GAL 40,147
TOTAL REVENUE GENERATED=> \$164,567