



Control Number: 42920



Item Number: 3

Addendum StartPage: 0



DOUBLE DIAMOND UTILITIES COMPANY

5 Belt Line Road
Suite 200
Dallas, Texas 75254

local 214 706 9801
toll 800 324 7438
fax 214 706 9878
web www.ddresorts.com

November 1, 2013

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission in Environmental Quality
12100 Park 35 Circle
MC-153
Austin, Texas 78711-3087

RE: DDU Application No. 37752-R and Application No. 37753-R
Response to Notice of Deficiency, Dated October 18, 2013

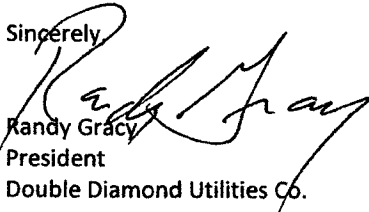
Dear Ms. Benter:

The following package is provided in response to your Notice of Deficiency letter, dated October 18, 2013, concerning Application Nos. 37752-R and 37753-R. This package corrects all deficiencies noted, specifically:

- Pages 6, 8, 9, 10, 12, and 16 of 41 have been completed based on information contained within the originally provided Attachments;
- Pages 18, 20, 21, 22, 24, and 28 of 41 have been completed based on information contained within the originally provided Attachments;
- The Test Year of January 1, 2012 to December 31, 2012 has been defined in Section VI-A for water and sewer respectively;
- Assets have been grouped as requested and the depreciation schedules on Pages 8 and 20 have been completed per the originally provided Attachments;
- The size of all attachments created in Excel have been increased to facilitate review. Additionally, electronic copies of all attachments, including those created in Excel and as originally provided on the flash drive accompanying the filing have been provided again as part of this package

Should you have further questions regarding the original application or the enclosed documentation or require additional information, please feel free to contact me.

Sincerely,



Randy Gracy

President

Double Diamond Utilities Co.

RECEIVED

NOV 04 2013

Utilities & Districts Section

3



APPLICATION FOR A
RATE/TARIFF CHANGE



APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant Double Diamond Utilities Co.
(Individual, Corporation, or Other Legal Entity)

Utility Name: _____
(If different than above)

Legal form of Application:

Individual Partnership Sub Chapter-S Corporation

Corporation Provide Charter Number _____

Other Please Explain:

Utility Address: 5495 Belt Line Rd, Ste. 200 Dallas TX 75254
Street Address or Location City State Zip Code

County(ies) where services are provided: Grayson, Hill, Johnson, Palo Pinto

CCN Number(s): 12087, 20705

Contact Person: Randy Gracy Telephone Number: 214-706-9801

Position: President Fax Number: 214-706-7829

Address: 5495 Belt Line Rd, Ste. 200 Dallas TX 75254
Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at:

Comptroller of Public Accounts, Office Management ^{“1}
P. O. Box 13528
Austin, Texas 78711
1-800-252-5555

<https://ourcpa.cpa.state.tx.us/coa/Index.html>



Franchise Tax Account Status

As of: 10/09/2013 08:44:16 AM

This Page is Not Sufficient for Filings with the Secretary of State

DOUBLE DIAMOND UTILITIES CO.	
Texas Taxpayer Number	17526845999
Mailing Address	5495 BELT LINE RD STE 200 DALLAS, TX 75254-7658
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	12/30/1996
Texas SOS File Number	0142717100
Registered Agent Name	R. JEFFREY SCHMIDT
Registered Office Street Address	5495 BELTLINE RD. STE. 200 DALLAS, TX 75254

SECTION IB - MISCELLANEOUS INFORMATION

- A. How often and on what dates are water meters typically read? Monthly on or around the 1st
- B. When are bills typically sent out? Same or next day after reading
- C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. Yes No
 If yes, which municipalities? _____

Have you filed a request to change rates with the municipality? Yes No
 If no, please explain:

D. Are you currently collecting the Regulatory Assessment Fee from your customers? Yes No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992? Yes No

E. Water Utilities: Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
The Cliffs	1820061	Palo Pinto	N
The Retreat	1260127	Johnson	Y
White Bluff	1090073	Hill	N

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. **(PLEASE SEE ATTACHMENT 1)**

F. Sewer Utilities: Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?
The Cliffs	WQ0002789000	Palo Pinto	N
The Retreat	WQ0014373001	Johnson	Y
White Bluff	WQ0013786002	Hill	N
Rock Creek	WQ0014783001	Grayson	N

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. **(PLEASE SEE ATTACHMENT 2)**

INFORMATION REQUIRED

FOR A

WATER RATE/TARIFF CHANGE

SECTION II: OPERATIONAL INFORMATION – WATER

Manager (or owner if services are routinely provided to the utility)

Name **(PLEASE SEE ATTACHMENT 3)** ⁽¹⁾ Relationship to Owner: None

Eldon ("Burnie") Western

Short job description:

Daily supervision, inspect repair work, review reports and meter readings, responsible for training and safety, payroll reporting, daily and weekly inspections, budget development, customer representative, ensures utility meets regulatory requirements (Committed 50% to The Retreat, time is split equally between water and sewer)

Approximate number of hours per week this person works for the company:

Salary: \$62,500 Hourly 20 Weekly 20 Monthly 20 Annual 20
 (\$31,250 for Retreat)

Employees

Name Shawn Bartlett Relationship to Owner: None

Short job description:

Responsible for daily operation, record-keeping, tap installation, repair work, emergency calls, completing work orders, purchase of supplies and materials, sampling (Time Commitment - 40% water, 60% sewer)

Approximate number of hours per week this person works for the company:

Salary: \$29,120 Hourly 40 Weekly 40 Monthly 40 Annual 40

Name Phillip Ellis Relationship to Owner: None

Short job description:

Assist chief operator with testing and cleaning, tap installation, repair work, flushing, emergency calls, meter reading (Time Commitment – 27% water, 73% sewer)

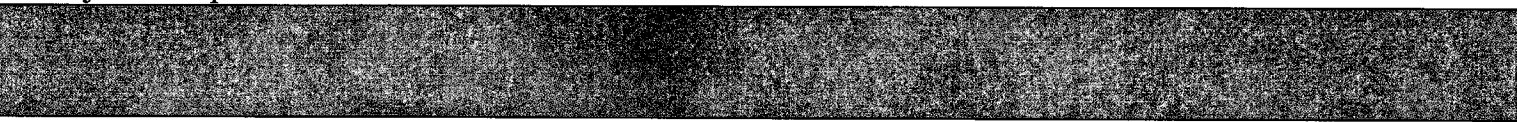
Approximate number of hours per week this person works for the company:

Salary: \$20,800 Hourly 40 Weekly 40 Monthly 40 Annual 40

Contract Services (attach additional sheets if necessary)

Name _____ Relationship to Owner: _____

Short job description:



Approximate number of hours per week this person works for the company:

Amount paid for services: _____ Hourly _____ Weekly _____ Monthly _____ Annual _____

Please provide the names and classification of the utility's certified operators:

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
Eric Bartlett/ Class C Groundwater	

-Attach additional sheet(s) if necessary-

(1) Double Diamond Utilities is only requesting rate adjustments specific to The Retreat. As such, all information provided in this section is specific to The Retreat Water System

SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E]= [C] - [D]
NONE				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary -

If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

B. ORIGINAL COST & DEPRECIATION SCHEDULE – WATER (PLEASE SEE ATTACHMENT 4)

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the "test year."**

Table III. B.

[A] Item	[B] Date Of Installation	[C] Service Life (yrs) * **	[D] Original Cost when installed \$	Depreciation			[G] = [D]-[F] Net Book Value (\$)
				Years in Service YR Mos Days ⊙ ⊙ ⊙ ⊙ ⊙ ⊙ ⊙ ⊙ ⊙ ⊙	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)	
Land	Various	n/a	\$ 72,320	Various	\$ 0	\$ 0	\$ 72,320
Wells	Various	50	318	Various	6	60	259
Booster Pumps:							
Greater than 5 hp	Various	10	10,090	Various	0	10,090	0
Structures:							
Storage Tanks	Various	50	17,563	Various	351	3,571	13,992
Pressure Tanks	Various	50	2,366	Various	47	540	1,826
Distribution System (mains and lines)	Various	50	874,670	Various	17,493	172,322	702,348
Meters and Service (taps not covered by fees)	Various	20	9,970	Various	498	3,322	6,648
Heavy Equipment	Various	10	5,128	Various	513	1,676	3,452
Fencing	Various	20	8,354	Various	418	4,370	3,983
Other: (Please list)							
Engineering	Various	5	13,155	Various	0	13,155	0
Equipment Rental	Various	20	87,155	Various	4,358	35,466	51,689
Improvements	Various	20	516,555	Various	25,828	255,851	260,703
Other Vehicles	Various	7	8,410	Various	0	8,410	0
Hydrants	Various	20	30,157	Various	1,508	14,346	15,811
Total			\$1,656,209		\$ 51,021 ^①	\$523,178 ^②	\$ 1,133,031 ^③

* TCEQ Suggested Service Life ** Other Service Life

① Enter this number in **Table VI. A., Line [O], Column ①** ② If [F] is greater than [D], enter the total for [D] ③ Enter this number in **Table IV. E., Line [A]**

- Attach additional sheet(s) if necessary -

C. DEVELOPER CONTRIBUTIONS – WATER (PLEASE SEE ATTACHMENT 4)

Any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
Various	Various	Various	Various	
Total		\$ 1,275,484	\$ 1,020,387	\$ 728,808 ^①

^① Insert this amount in Table IV. E., Line [E]

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

A. EQUITY (PLEASE SEE ATTACHMENT 5)

How much equity or total capital does the company have in the utility? \$ 104,053,496 **

Enter also in Table IV. D., Box ^③ below

** Represents equity of DDU Parent, Double Diamond Delaware **

B. RATE OF RETURN (PLEASE SEE ATTACHMENT 6)

What rate of return (profit) on investment in plant (equity) is expected? 7.86 %

Enter also in Table IV. D., Box ^④ below

NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? Yes X No

If YES, explain status of applicant at this time.

D. NOTES PAYABLE – WATER (PLEASE SEE ATTACHMENTS 5, 6, AND 7)

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D.

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E] ÷ ⑤ * [F]
Part 1 - Debt						
Notes are too numerous to include in table. Information on Individual Notes can be found in Attachment 6, Pages 15 -19 For calculation of weighted average interest rate of notes at 5.58%, please see Page 2 of 2 of Attachment 7						
			\$	\$	%	%
		Total	\$ ①	158,410,496 ②	5.58%	3.37% ⑥
Part 2 - Investment/Equity						
				104,053,709 ③	7.86% ④	3.12% ⑦
Total Debt & Equity				262,464,205		
				Rate of Return		6.49% ⑧

- ① Total amount of original loans
- ② Total amount of the outstanding balance on the loans
- ③ Equity in the utility - From Section IV. A.
- ④ Return on Equity - From Section IV. B.
- ⑤ Total of ② + ③
- ⑥ Total weighted average of debt - To Table V, Line [C]
- ⑦ Weighted average of Investment/Equity ③ ÷ ⑤ * ④
- ⑧ Sum of ⑥ + ⑦ - To Table IV. E., Line [G]

E. INVESTED CAPITAL & RETURN – WATER

Table IV. E.

Net Book Value - From Table III. B., Box ③	[A]	\$ 1,133,031
Working cash allowance -Amount From Table VI. A., Line [L] Column ③, Box ⑦(÷⑧)	[B]	\$ 16,052
Materials and supplies	[C]	\$ -
Subtotal - Sum of [A] thru [C]	[D]	\$ 1,149,083
Developer Contributions - From Table III. C., Box ①	[E]	\$ 728,808
Total invested capital [D] - [E]	[F]	\$ 420,274
Rate of return - From Table IV. D., Box ⑥	[G]	6.49%
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A] and Table VI. A., Line [Q], Column ②	[H]	\$ 27,276

SECTION V - INCOME TAX CALCULATION – WATER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	\$ 27,276
Interest Calculation		
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$ 420,274
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]	3.37%
Interest [B]*[C]	[D]	\$ 14,163
Taxable Income [A] - [D]	[E]	\$ 13,113
Enter Income Tax from Tax Table (Appendix A)	[F]	\$ 2,338
		①

① To Table VI. A., Line [P], Column ②

SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - WATER (PLEASE SEE ATTACHMENT 8)
A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year."
Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year	1/1/2012	to	12/31/2012	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of (3) that is fixed (Note 1)	Fixed Expenses (Note 1)	Variable Expenses (Note 1)
					(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)*(4)/100	(6)=(3)-(5)
				[A]	\$ 51,101	\$ 7,610	\$ 58,712	50	\$ 29,356	\$ 29,356
				[B]	1,030	-	1,030	90	927	103
				[C]	-	-	-	0	-	-
				[D]	1,950	-	1,950	0	-	1,950
				[E]	26,754	-	26,754	0	-	26,754
				[F]	10,928	(2,515)	8,413	50	4,206	4,206
				[G]	1,539	-	1,539	50	770	770
				[H]	-	-	-	100	-	-
				[I]	6,632	-	6,632	100	6,632	-
				[J]	-	-	-	100	-	-
				[K]	24,474	(1,088)	23,386	50	11,693	11,693
				[L]	\$ 124,408	\$ 4,008	\$ 128,416 (7)		\$ 53,584	\$ 74,832
				[M]	\$ 4,248	\$ 942	\$ 5,190	50	2,595	2,595
				[N]	989	-	989	100	989	-
				[O]	-	51,021	51,021	100	51,021	-
				[P]		2,338	2,338	100	2,338	-
				[Q]		27,276	27,276	100	27,276	-
				[R]	\$ 129,645	\$ 85,584	\$ 215,259		\$ 137,802	\$ 77,427
				[S]	\$ (4,563)	\$ 3,941	\$ (622)	100	\$ (622)	\$ -
				[T]	\$ 125,082	\$ 89,525	\$ 214,607 (8)		\$ 137,180 (9)	\$ 77,427 (10)
				[U]				67	143,787 (9)	\$ 70,820 (10)

B. KNOWN & MEASURABLE (PLEASE SEE ATTACHMENT 9)

If you listed anything in TABLE VI. A. above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

Adjustments made to reflect termination of employees and current salary levels and associated impact on payroll burden

Adjustments made to reflect capitalization of assets instead of expense of assets

Reduction of tap expense to reflect receipt of tap fee revenues

Removal of non-recurring customer credits

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII – CUSTOMER INFORMATION – WATER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
5/8" x 3/4"	[D]	85	83	1	83
3/4"	[E]	0	0	1.5	0
1"	[F]	2	2	2.5	5
1 1/2"	[G]	1	1	5	5
2"	[H]	0	0	8	0
3"	[I]	0	0	15	0
Other:	[J]				
Total	[K]	88	86		93 ⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	18,650,000	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons provided to customers [C]=[A]+[B]	[C]	18,650,000	gallons
Total number of gallons billed to your customers (total customer consumption) (PLEASE SEE ATTACHMENT 10)	[D]	17,988,026	gallons
System losses: $([C] - [D]) \times 100\% = [E]$ [C]	[E]	3.55%	%
Source of Purchased water			

① To Table IX. A., Line [B] AND Table X. A., Line [B]

SECTION IX - RATE DESIGN - WATER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

Line	Instructions
Total Variable Costs	\$ 77,427
Total # of Gallons Billed to Customers	17,988,026
Total # of 1,000 Gallons billed	17,988
Variable Cost per 1,000 gallons	\$ 4.30

Table IX. A.

Line	Instructions
Total Variable Costs	From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩
Total # of Gallons Billed to Customers	From Table VIII, Line [B]
Total # of 1,000 Gallons billed	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ⑥

B. BASE RATE CALCULATIONS

Table IX. B.

Line	# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
Total fixed costs - From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩	①	③	④=②*③	⑤=①+④
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	\$ 137,180			
Base charge per meter equivalent or for each unmetered connection [A] ÷ [B] and then divide by 12	93			
Base charge per meter size	\$ 122.92			
5/8" x 3/4" or unmetered	0	\$ 4.30⑥	\$ 0	\$ 122.92
3/4"	0	4.30⑥	0	184.38
1"	0	4.30⑥	0	307.30
1 1/2"	0	4.30⑥	0	614.61
2"	0	4.30⑥	0	983.37
3"	0	4.30⑥	0	1,843.82
Other:		⑥		

⑥ From **Table IX. A., Line [D]**

SECTION X - ALTERNATE METHOD OF RATE DESIGN – WATER (Please see Attachment 11)

After you have performed the calculations in SECTION IX, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

	Step 1 Increase (Effective 1/1/2014)			Step 2 Increase (Effective 1/1/2015)			Step 3 Increase (Effective 1/1/2016)		
	Billing Units	Proposed Rates	Revenue under Proposed Rates	Billing Units	Proposed Rates	Revenue under Proposed Rates	Billing Units	Proposed Rates	Revenue under Proposed Rates
Meter Charge									
3/4" or Less	83	\$ 43.98	\$ 43,808	91	\$ 49.60	\$ 54,168	100	\$ 55.94	\$ 67,132
1"	2	109.96	2,639	2	124.01	2,976	2	139.86	3,357
1 1/2"	1	219.92	2,639	1	248.02	2,976	1	279.72	3,357
2"	-	351.87	-	-	396.84	-	-	447.55	-
3"	-	659.76	-	-	744.07	-	-	839.15	-
Subtotal	86		\$ 49,086	94		\$ 60,121	103		\$ 73,845
Volumetric Charge (per 1,000 gal)									
0 - 3,000	2,839	\$ 2.26	\$ 6,403	3,103	\$ 2.54	\$ 7,893	3,400	\$ 2.87	\$ 9,754
3,001 - 10,000	4,656	3.10	14,440	5,089	3.50	17,801	5,576	3.94	21,997
10,001 - 15,000	2,507	4.29	10,746	2,741	4.83	13,246	3,003	5.45	16,369
15,001 - 20,000	1,987	5.92	11,762	2,171	6.68	14,499	2,379	7.53	17,918
20,001 +	5,999	8.18	49,052	6,557	9.22	60,467	7,185	10.40	74,723
Subtotal	17,988		\$ 92,404	19,661		\$ 113,906	21,544		\$ 140,762
Total			\$ 141,490			\$ 174,027			\$ 214,607

INFORMATION REQUIRED
FOR A
SEWER RATE/TARIFF CHANGE

SECTION II: OPERATIONAL INFORMATION – SEWER

Manager (or owner if services are routinely provided to the utility)

Name (PLEASE SEE ATTACHMENT 3) ⁽¹⁾ Relationship to Owner: None
Eldon ("Burnie") Western

Short job description:

Daily supervision, inspect repair work, review reports and meter readings, responsible for training and safety, payroll reporting, daily and weekly inspections, budget development, customer representative, ensures utility meets regulatory requirements (Committed 50% to The Retreat, time is split equally between water and sewer)

Approximate number of hours per week this person works for the company:

Salary: \$62,500 Hourly 20 Weekly 20 Monthly 20 Annual 20
 (\$31,250 for Retreat)

Employees

Name Shawn Bartlett Relationship to Owner: None

Short job description:

Responsible for daily operation, record-keeping, tap installation, repair work, emergency calls, completing work orders, purchase of supplies and materials, sampling (Time Commitment - 40% water, 60% sewer)

Approximate number of hours per week this person works for the company:

Salary: \$29,120 Hourly 40 Weekly 40 Monthly 40 Annual 40

Name Phillip Ellis Relationship to Owner: None

Short job description:

Assist chief operator with testing and cleaning, tap installation, repair work, flushing, emergency calls, meter reading (Time Commitment – 27% water, 73% sewer)

Approximate number of hours per week this person works for the company:

Salary: \$20,800 Hourly 40 Weekly 40 Monthly 40 Annual 40

Contract Services (attach additional sheets if necessary)

Name _____ Relationship to Owner: _____

Short job description:

Approximate number of hours per week this person works for the company:

Amount paid for services: _____ Hourly _____ Weekly _____ Monthly _____ Annual _____

Please provide the names and classification of the utility's certified operators:

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
Eric Bartlett / Class C Wastewater	

-Attach additional sheet(s) if necessary-

(1) Double Diamond Utilities is only requesting rate adjustments specific to The Retreat. As such, all information provided in this section is specific to The Retreat Sewer System



SECTION III. PLANT & EQUIPMENT INFORMATION – SEWER

CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E]= [C] - [D]
NONE				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary -

① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

B. ORIGINAL COST & DEPRECIATION SCHEDULE – SEWER (PLEASE SEE ATTACHMENT 12)

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year (for sewer attach a similar list). You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Figures should be computed as of the end of the Atest year.**

Table III. B.

[A] Item	[B] Date of Installation	[C] Service Life (yrs)		[D] Original Cost when installed (\$)	Depreciation			[G] = [D] - [F] Net Book Value (\$)
		*	**		Years in Service	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)	
Land	Various	n/a		\$ 1,879			\$ 1,879	
Collection Sewers								
Force	Various	50		781,263	Various	15,625	628,475	
Treatment & Disposal Equipment	Various	25		3,988	Various	160	3,280	
Structures								
Plant Sewers	Various	50		152,242	Various	3,045	119,483	
Meters and Service (taps not covered by fees)	Various	20		9,578	Various	479	8,551	
Heavy Equipment	Various	10		194	Various	19	2	
Fencing	Various	20		1,596	Various	80	960	
Other: (Please list)								
Engineering	Various	5		12,759	Various	0	12,759	
Engineering	Various	10		9,600	Various	0	9,600	
Vehicles	Various	7		8,410	Various	0	8,410	
Equipment Rental	Various	20		148,492	Various	7,425	96,393	
Improvements	Various	10		4,745	Various	186	824	
Improvements	Various	20		17,446	Various	872	8,212	
Total				\$ 1,152,192		27,890	868,058	

* TCEQ Suggested Service Life ** Other Service Life

① Enter this number in Table VI. A., Line [O], Column ①, ② if [F] is greater than [D], enter the total for [D], ③ Enter this number in Table IV.E., Line [A] -Attach additional sheet(s) if necessary-

C. DEVELOPER CONTRIBUTIONS – SEWER (PLEASE SEE ATTACHMENT 12)

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
Various	Various	Various	Various	
Total		\$ 1,104,916	\$ 902,170	\$ 668,133 ^①

① Insert this amount in **Table IV. E., Line [E]**

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – SEWER

A. EQUITY (PLEASE SEE ATTACHMENT 5)

How much equity or total capital does the company have in the utility? \$ 104,053,496 **

Enter also in **Table IV. D., Box ③** below

** Represents equity of DDU Parent, Double Diamond Delaware **

B. RATE OF RETURN (PLEASE SEE ATTACHMENT 6)

What rate of return (profit) on investment in plant (equity) is expected? 7.86 %

Enter also in **Table IV. D., Box ④** below

NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? Yes X No

If YES, explain status of applicant at this time.

D. NOTES PAYABLE – SEWER (PLEASE SEE ATTACHMENTS 5, 6, AND 7)

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D.

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E] ÷ ⑤ * [F]
Part 1 - Debt						
Notes are too numerous to include in table. Information on Individual Notes can be found in Attachment 6, Pages 15 -19 For calculation of weighted average interest rate of notes at 5.58%, please see Page 2 of 2 of Attachment 7						
			\$	\$	%	%
			\$	\$	%	%
			\$	\$	%	%
		Total	\$ ①	158,410,496 ②	5.58%	3.37% ⑥
Part 2 - Investment/Equity						
				104,053,709 ③	7.86% ④	3.12% ⑦
		Total Debt & Equity		262,464,205		
				Rate of Return		6.49% ⑧

- ① Total amount of original loans
- ② Total amount of the outstanding balance on the loans
- ③ Equity in the utility - From Section IV. A.
- ④ Return on Equity - From Section IV. B.
- ⑤ Total of ② + ③
- ⑥ Total weighted average of debt - To Table V, Line [C]
- ⑦ Weighted average of Investment/Equity ③ ÷ ⑤ * ④
- ⑧ Sum of ⑥ + ⑦ - To Table IV. E., Line [G]

E. INVESTED CAPITAL & RETURN - SEWER

Table IV. E.

Net Book Value - From Table III. B., Box ③	[A]	\$	868,058
Working cash allowance - (Amount From Table VI. A., Line [L] Column ③ , Box ⑦ ÷ 8)	[B]	\$	14,254
Materials and supplies	[C]	\$	-
Subtotal - Sum of [A] thru [C]	[D]	\$	882,312
Developer Contributions - From Table III. C., Box ①	[E]	\$	668,133
Total invested capital [D] - [E]	[F]	\$	214,179
Rate of return - From Table IV. D., Box ⑧	[G]		6.49%
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A] and Table VI. A., Line [Q], Column ②	[H]	\$	13,900

SECTION V - INCOME TAX CALCULATION - SEWER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	\$	13,900
Interest Calculation			
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$	214,179
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]		3.37%
Interest [B]*[C]	[D]	\$	7,218
Taxable Income [A] - [D]	[E]	\$	6,682
Enter Income Tax from Tax Table (Appendix A)	[F]		1,191 ①

① To **Table VI. A., Line [P], Column ②**

**SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - SEWER (PLEASE SEE ATTACHMENT 8)
A REVENUE REQUIREMENT**

Please provide the following information regarding the cost to the utility of providing sewer utility service over your selected twelve month "test year."
Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of that is fixed	Fixed Expenses (Note1)	Variable Expenses (Note 1)
Line	(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)*(4)/100	(6)=(3)-(5)
	\$ 51,151	\$ 11,833	\$ 62,984	50	\$ 31,492	\$ 31,492
Salaries and Wages	12	-	12	90	11	1
Contract Labor	-	-	-	0	-	-
Purchased Water	1,855	-	1,855	0	-	1,855
Chemicals for Treatment	2,433	-	2,433	0	-	2,433
Utilities (Electricity)	16,516	(6,743)	9,773	50	4,887	4,887
Repairs/Maintenance/Supplies	1,585	-	1,585	50	792	792
Office Expenses	2,970	-	2,970	100	2,970	-
Accounting & Legal Fees	6,066	-	6,066	100	6,066	-
Insurance	-	-	-	100	-	-
Rate Case Expense	31,408	(5,053)	26,355	50	13,178	13,178
Miscellaneous	\$ 113,996	\$ 37	\$ 114,033		\$ 59,396	\$ 54,638
Subtotal-Sum of Line [A] thru Line [K]	\$ 6,235	\$ 1,383	\$ 7,619	50	\$ 3,809	\$ 3,809
Payroll Taxes	945	-	945	100	945	-
Property and Other Taxes	-	27,890	27,890	100	27,890	-
Annual Depreciation and Amortization-From Table III. B. Box (1)	-	1,191	1,191	100	1,191	-
Income Taxes-From Table V, Line [F]		13,900	13,900	100	13,900	-
Return -From Table IV.E., Line[H]	\$ 121,177	\$ 44,402	\$ 165,579		\$ 107,132	\$ 58,447
Subtotal-Sum of Line [L] thru Line [Q]	\$ (4,205)	\$ 3,626	\$ (578)	100	\$ (578)	\$ -
Other Revenues	\$ 116,972	\$ 48,028	\$ 165,000		\$ 106,553	\$ 58,447
Total Cost=Line [R] - Line [S]	\$ -	\$ -	\$ -	67	\$ 110,550	\$ 54,450
Alternative Allocation between Fixed and Variable [Note1]						

Divide this amount by 8 and enter the result in Table IV. E., Line [B], To Table X. A., Line [D], To Table IX. B., Line [A], To Table IX. A., Line [A]

B. KNOWN & MEASURABLE (PLEASE SEE ATTACHMENT 9)

If you listed anything in TABLE VI. A. above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

- Adjustments made to reflect termination of employees and current salary levels and associated impact on payroll burden
- Adjustments made to reflect capitalization of assets instead of expense of assets
- Reduction of tap expense to reflect receipt of tap fee revenues
- Removal of non-recurring customer credits

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION – SEWER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
Non-Metered Connections:					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
Metered Connections:					
5/8" x 3/4"	[D]	76	78	1	78
3/4"	[E]	0	0	1.5	0
1"	[F]	1	1	2.5	2.5
1 1/2"	[G]	1	1	5	5
2"	[H]	0	0	8	0
3"	[I]	0	0	15	0
Other:	[J]				
Total	[K]	78	80		80.5 ⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

SECTION VIII – TREATMENT INFORMATION - SEWER

Please provide the following information regarding sewer utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons treated (total master meter reading for the year)	[A]	15,623,000	gallons
Total number of gallons treated by another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons treated [C]=[A]+[B]	[C]	15,623,000	gallons
Source of Purchased Treatment			

① To Table IX. A., Line [B] and Table X. A., Line [B]

(PLEASE SEE ATTACHMENT 13 FOR DEVELOPMENT OF SEWER BILLING DETERMINANTS)

SECTION IX - RATE DESIGN - SEWER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

Line	Instructions
Total Variable Costs	From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩
Total # of Gallons Treated	From Table VIII, Line [B]
Total # of 1,000 Gallons Treated	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ⑥

B. BASE RATE CALCULATIONS

Table IX. B.

Line	# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
Total fixed costs - From Table VI. A., Line [T], Box ⑨	①	③	④=②*③	⑤=①+④
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	\$ 106,553			
Base charge per meter equivalent or for each unmetered connection [A]÷[B] and then divide by 12	\$ 80.5			
	\$ 110.30			

Base charge per meter size

5/8" x 3/4" or unmetered	Multiply [C] by 1	[D]	\$	110.30	3,000	3.74 ⑥	\$	11.22	121.53
3/4"	Multiply [C] by 1.5	[E]		165.46	3,000	3.74 ⑥		11.22	176.68
1"	Multiply [C] by 2.5	[F]		275.76	3,000	3.74 ⑥		11.22	286.98
1 1/2"	Multiply [C] by 5.0	[G]		551.52	3,000	3.74 ⑥		11.22	562.74
2"	Multiply [C] by 8.0	[H]		882.43	3,000	3.74 ⑥		11.22	893.65
3"	Multiply [C] by 15.0	[I]		1,654.55	3,000	3.74 ⑥		11.22	1,665.78
Other:		[J]				⑥			

⑥ From Table IX. A., Line [D]

SECTION X - ALTERNATE METHOD OF RATE DESIGN – SEWER (Please see Attachment 14)

After you have performed the calculations in SECTION IX, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

	Step 1 Increase (Effective 1/1/2014)			Step 2 Increase (Effective 1/1/2015)			Step 3 Increase (Effective 1/1/2016)		
	Billing Units	Proposed Rates	Revenue under Proposed Rates	Billing Units	Proposed Rates	Revenue under Proposed Rates	Billing Units	Proposed Rates	Revenue under Proposed Rates
Meter Charge									
3/4" or Less	78	\$ 58.93	\$ 55,154	86	\$ 72.34	\$ 74,651	95	\$ 88.80	\$ 101,233
1"	1	147.31	1,768	1	180.84	2,170	1	222.00	2,664
1 1/2"	1	294.63	3,536	1	361.68	4,340	1	444.00	5,328
2"	-	471.40	-	-	578.69	-	-	710.41	-
3"	-	883.88	-	-	1,085.05	-	-	1,332.01	-
Subtotal	80		\$ 60,457	88		\$ 81,162	97		\$ 109,225
Volumetric Charge (per 1,000 gal)									
0 - 3,000	1,883	\$ -	\$ -	2,071	\$ -	\$ -	2,283	\$ -	\$ -
3,001 +	3,108	9.82	30,524	3,419	12.06	41,219	3,769	14.80	55,775
Subtotal	4,991		\$ 30,524	5,490		\$ 41,219	6,052		\$ 55,775
Total			\$ 90,981			\$ 122,380			\$ 165,000

AFFIDAVIT
WATER &/OR SEWER
RATE/TARIFF CHANGE

AFFIDAVIT

STATE OF TEXAS

COUNTY OF Dallas

I, Randy Gracy being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as President – Double Diamond Utilities (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by Mail (mail or hand delivery) to each customer or other affected party on or about October 15, 20 13

Randy Gracy
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME,
this the 4 day of October, 20 13, to certify
which witness my hand and seal of office.

SEAL



Christie Lou Rotramel
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Christie Lou Rotramel
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 7/6/2015



NOTICE OF RATE/TARIFF CHANGE
TO BE PROVIDED TO CUSTOMERS



DOUBLE DIAMOND UTILITIES COMPANY

5 Belt Line Road
Suite 200
Dallas, Texas 75254

local 214 706 9801
toll 800 324 7438
fax 214 706 9878
web www.ddresorts.com

October 8, 2013

Dear Valued Customer:

On October 15, 2013, Double Diamond Utilities (DDU) will be filing a request with the Texas Commission on Environmental Quality (TCEQ) to increase rates at The Retreat. DDU is proposing a three-year phase in for this increase, with the first increase to be effective on January 1, 2014 and subsequent increases effective on January 1st of 2015 and 2016.

Per TCEQ requirements, DDU is providing you the attached Notice of Proposed Rate Change. Please review this notice carefully as it summarizes DDU's request, its impact on sample monthly bills for our customers, as well as information on the processing of our proposal by the TCEQ.

DDU recognizes that any rate increase is difficult on customers. To attempt to mitigate this impact, DDU has proposed a phase-in of required rates over a three-year period. It is our hope that the proposed phase-in demonstrates not only our commitment to ensuring the financial stability of your utility service provider in the future, but also our attentiveness to the impact these necessary increases have on our customers.

Should you have questions regarding this request or any aspect of your utility service, please feel free to contact our offices at 214.706.9801.

Sincerely,

Randy Gracy
President
Double Diamond Utilities, Inc.

NOTICE OF PROPOSED RATE CHANGE

Double Diamond Utilities

Company Name

12087, 20705

CCN Number

submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

**Texas Commission on Environmental Quality
Water Supply Division
Utilities & Districts Section, MC 153
P. O. Box 13087
Austin, Texas 78711-3087**

Unless protests are received from 10 percent of the ratepayers or the Commission staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:

The Retreat - PWS 1260127; WQ0014373001

Subdivisions or Systems Affected by Rate Change

5495 Belt Line Rd, Ste. 200	Dallas	Texas	75254	214-706-7829
Company Address	City	State	Zip	Telephone

Revenue Increase in Year 1 - \$ 28,200 over Test Year
Revenue Increase in Year 2 - \$ 92,137 over Test Year
Revenue Increase in Year 3 - \$ 175,337 over Test Year

October 15, 2013

Annual Revenue Increase

Date Customer Notice Mailed

July 2011

Date of Last Rate Change

On or around the 1st

Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: January 1, 2014

Reason(s) for proposed Rate Change:

Increases necessary to recover the cost of providing water and sewer service including the recovery of capital investment and increases in operations and maintenance expense

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

Si desea informacion en Espanol, puede llamar al 512-239-0200

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

BILLING COMPARISON (Year 1 – Rate Increase Effective January 1, 2014)

Water

Existing	10,000 gallons:	\$ <u>64.25</u>	/mo	Existing	30,000 gallons:	\$ <u>182.00</u>	/mo
Proposed	10,000 gallons:	\$ <u>72.46</u>	/mo	Proposed	30,000 gallons:	\$ <u>205.31</u>	/mo

Sewer

Existing	10,000 gallons:	\$ <u>104.00</u>	/mo	Proposed	10,000 gallons:	\$ <u>127.67</u>	/mo
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BILLING COMPARISON (Year 2 – Rate Increase Effective January 1, 2015)

Water

Existing	10,000 gallons:	\$ <u>64.25</u>	/mo	Existing	30,000 gallons:	\$ <u>182.00</u>	/mo
Proposed	10,000 gallons:	\$ <u>81.72</u>	/mo	Proposed	30,000 gallons:	\$ <u>231.47</u>	/mo

Sewer

Existing	10,000 gallons:	\$ <u>104.00</u>	/mo	Proposed	10,000 gallons:	\$ <u>156.76</u>	/mo
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BILLING COMPARISON (Year 3 – Rate Increase Effective January 1, 2016)

Water

Existing	10,000 gallons:	\$ <u>64.25</u>	/mo	Existing	30,000 gallons:	\$ <u>182.00</u>	/mo
Proposed	10,000 gallons:	\$ <u>92.13</u>	/mo	Proposed	30,000 gallons:	\$ <u>261.03</u>	/mo

Sewer

Existing	10,000 gallons:	\$ <u>104.00</u>	/mo	Proposed	10,000 gallons:	\$ <u>192.40</u>	/mo
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NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

WATER RATES				
Effective Date	<u>Current</u>	<u>Proposed</u>		
		<u>Year 1</u> 1/1/2014	<u>Year 2</u> 1/1/2015	<u>Year 3</u> 1/1/2016
Meter Charge (no Gallons included in Minimum Bill)				
5/8" or 3/4"	\$ 39.00	\$ 43.98	\$ 49.60	\$ 55.94
1"	97.50	109.96	124.01	139.86
1 1/2"	195.00	219.92	248.02	279.72
2"	312.00	351.87	396.83	447.55
3"	585.00	659.76	744.06	839.15
Gallonge Charges (per 1,000 gallons):				
0 – 3,000 gallons	\$ 2.00	\$ 2.26	2.54	2.87
3,001 – 10,000	2.75	3.10	3.50	3.94
10,001 – 15,000	3.80	4.29	4.83	5.45
15,001 – 20,000	5.25	5.92	6.68	7.53
20,001 +	7.25	8.18	9.22	10.40

MISCELLANEOUS FEES		MISCELLANEOUS FEES	
Tap Fee	\$ 675.00	Tap Fee	\$ 675.00
Reconnect fee: Non-payment (Maximum - \$25.00)	\$ 25.00	Reconnect fee: Non-payment (Maximum - \$25.00)	\$ 25.00
Customer's Request	\$ 25.00	Customer's Request	\$ 25.00
Transfer Fee	\$ 25.00	Transfer Fee	\$ 25.00
Late Charge	\$ 10%	Late charge: (Indicate either \$5.00 or 10%)	\$ 10%
Returned Check Charge	\$ 30.00	Returned Check Charge	\$ 30.00
Deposit	\$ None	Deposit (Maximum \$50.00)	\$ None
Meter test fee	\$ 25.00	Meter test fee	\$ 25.00

Regulatory Assessment of 1% is added to base rate and gallonge charges.

If applicable, list any bill payment assistance programs to low income Ratepayers.

NOTICE OF PROPOSED RATE CHANGE (Cont.)

SEWER RATES				
Effective Date	<u>Current</u>	<u>Proposed</u>		
		<u>Year 1</u> 1/1/2014	<u>Year 2</u> 1/1/2015	<u>Year 3</u> 1/1/2016
Meter Charge (3,000 gallons included in Minimum Bill)				
5/8" or 3/4"	\$ 48.00	\$ 58.93	\$ 72.34	\$ 88.80
1"	120.00	147.31	180.84	222.00
1 1/2"	240.00	294.63	361.68	444.00
2"	384.00	471.40	578.69	710.41
3"	720.00	883.88	1,085.05	1,332.01
Gallonge Charges (per 1,000 gallons):				
3,000 +	\$ 8.00	\$ 9.82	\$ 12.06	\$ 14.80
Gallonge Charges are determined based on average consumption for winter period which includes the following months: December, January, February				

MISCELLANEOUS FEES		MISCELLANEOUS FEES	
Tap Fee	\$ 3,100	Tap Fee	\$ 3,100
Reconnect fee: Non-payment (Maximum - \$25.00)	\$ 25.00	Reconnect fee: Non-payment (Maximum - \$25.00)	\$ 25.00
Customer's Request	\$ 40.00	Customer's Request	\$ 40.00
Transfer Fee	\$ 40.00	Transfer Fee	\$ 40.00
Late Charge	10%	Late charge: (Indicate either \$5.00 or 10%)	\$ 10%
Returned Check Charge	\$ 20.00	Returned Check Charge	\$ 30.00
Deposit	None	Deposit (Maximum \$50.00)	\$ None

Regulatory Assessment of 1% is added to base rate and gallonge charges.

If applicable, list any bill payment assistance programs to low income Ratepayers.

SECTION 1.0 –RATE SCHEDULE

Section 1.01 – Rates

Effective Date	Current	Proposed		
		Year 1 1/1/2014	Year 2 1/1/2015	Year 3 1/1/2016
Meter Charge (no Gallons included in Minimum Bill)				
5/8" or 3/4"	\$ 39.00	\$ 43.98	\$ 49.60	\$ 55.94
1"	97.50	109.96	124.01	139.86
1 1/2"	195.00	219.92	248.02	279.72
2"	312.00	351.87	396.83	447.55
3"	585.00	659.76	744.06	839.15
Gallonge Charges (per 1,000 gallons):				
0 – 3,000 gallons	\$ 2.00	\$ 2.26	2.54	2.87
3,001 – 10,000	2.75	3.10	3.50	3.94
10,001 – 15,000	3.80	4.29	4.83	5.45
15,001 – 20,000	5.25	5.92	6.68	7.53
20,001 +	7.25	8.18	9.22	10.40

Regulatory Assessment Fee

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER 1%

Section 1.02 - Miscellaneous Fees

TAP FEE

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 1/2" X 1/2" METER. \$ 675.00

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEE DISCONNECTED FOR THE FOLLOWING REASONS:

- a) Non payment of bill (Maximum \$25.00) \$ 25.00
- b) Customer's request \$ 25.00
- Or other reasons listed under Section 20CF of this tariff \$ 25.00

TRANSFER FEE

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED. \$ 25.00

LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

A ONE TIME PENALTY MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING. \$ 10%

RETURNED CHECK CHARGE

\$ **30.00**

CUSTOMER DEPOSIT (Maximum \$50)

\$ **None**

METER TEST FEE (actual cost of testing the meter up to)

\$ **25.00**

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY

RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP

SECTION 1.0 –RATE SCHEDULE

Effective Date	Current	Proposed		
		Year 1 1/1/2014	Year 2 1/1/2015	Year 3 1/1/2016
Meter Charge (3,000 gallons included in Minimum Bill)				
5/8" or 3/4"	\$ 48.00	\$ 58.93	\$ 72.34	\$ 88.80
1"	120.00	147.31	180.84	222.00
1 1/2"	240.00	294.63	361.68	444.00
2"	384.00	471.40	578.69	710.41
3"	720.00	883.88	1,085.05	1,332.01
Gallage Charges (per 1,000 gallons):				
3,000 +	\$ 8.00	\$ 9.82	\$ 12.06	\$ 14.80
Gallage Charges are determined based on average consumption for winter period which includes the following months: December, January, February				

Regulatory Assessment Fee

1%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER

Section 1.02 - Miscellaneous Fees

TAP FEE

\$ 3,100.00

TAP FEE IS BASED ON THE UTILITY=S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEE DISCONNECTED FOR THE FOLLOWING REASONS

- a) **Non payment of bill (Maximum \$25.00)** \$ 25.00
- b) **Customer's request** \$ 40.00
- Or other reasons listed under Section 20CF of this tariff** \$ 40.00

TRANSFER FEE

\$ 40.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

\$ 10%

A ONE TIME PENALTY MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 30.00

STOMER DEPOSIT (Maximum \$50)

\$ None

RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP

Attachment 1

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 18, 2012

Mr. Randy Gracy, President
Double Diamond Companies
5495 Belt Line Rd, Suite 200
Dallas, Texas 75254

Re: Notice of Compliance with Notice of Violation (NOV) dated September 12, 2011:
The Cliffs Resort, 160 Cliffs Drive, Graford, Palo Pinto County, Texas
RN 101265213, PWS ID No. 1820061, Investigation No. 944196

Dear Mr. Gracy:

This letter is to inform you that Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office has received adequate compliance documentation on March 3, 2012 to resolve the alleged violation(s) documented during the investigation of the above-referenced regulated entity conducted on July 14, 2011. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Merissa Ludwig at the D/FW Regional Office at (817) 588-5846.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marshall".

Charles Marshall
Team Leader, Public Water Supply Program
D/FW Regional Office
Texas Commission on Environmental Quality

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CM/ml

Enclosure: Summary of Investigation Findings

cc: Mr. Buck Nunley, The Cliffs Resort, 160 Cliffs Drive, Graford, TX 76449-5025

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Summary of Investigation Findings

CLIFFS THE

, PALO PINTO COUNTY,

Additional ID(s): 1820061

Investigation #

1008606

Investigation Date: 04/20/2012

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 446044

30 TAC Chapter 290.46(j)

Alleged Violation:

Investigation: 944196

Comment Date: 09/06/2011

Failure to initiate and maintain an appropriate cross-connection control program.

During the comprehensive compliance investigation on July 14, 2011, it was noted that the water system could not provide any documentation to confirm that an appropriate cross-connection control program was being followed by the water system. No information was available on any customer service inspections performed within the distribution system.

30 TAC 290.46(j) states a customer service inspection certificate shall be completed prior to providing continuous water service to new construction, on any existing service either when the water purveyor has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction, or addition to the private water distribution facilities.

Investigation: 1008606

Comment Date: 05/29/2012

Failure initiate and maintain an appropriate cross-connection control program.

During the file review investigation on April 20, 2012, the investigator determined that the water system had adequately corrected the alleged violation.

Recommended Corrective Action: Begin an appropriate cross connection control and backflow prevention program to provide adequate protection of the public water supply. Identify all locations where a customer service inspection is necessary. Submit copies of customer service inspection reports completed in 2011 to the TCEQ D/FW Regional Office to document that the alleged violation has been corrected.

Resolution: On March 3, 2012, compliance documentation was received at the TCEQ Region 4 Office. Included in the documentation were copies of customer service inspection certifications for several properties where new construction occurred within the past three years, backflow prevention assembly test and maintenance reports, and a copy of the builder's packet provided to new builders/homeowners prior to building. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track No: 446045

30 TAC Chapter 290.42(l)

Alleged Violation:

Investigation: 944196

Comment Date: 09/06/2011

Failure to maintain an up-to-date plant operations manual.

During the comprehensive compliance investigation on July 14, 2011, it was noted that the water system's plant operations manual was did not include an up-to-date list of water system emergency contacts.

30 TAC 290.42(l) states a thorough plant operations manual must be compiled and kept

up-to-date for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures, with protocols to be utilized in the event of a natural or man-made catastrophe, as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

Investigation: 1008606

Comment Date: 05/29/2012

Failure to maintain an up-to-date plant operations manual

During the file review investigation on April 20, 2012, the investigator determined that the water system had adequately corrected the alleged violation.

Recommended Corrective Action: Update the plant operations manual to include an up-to-date list of water system emergency contacts. Submit a letter and copy of the revised plant operations manual to the TCEQ Region 4 Office to document that the alleged violation has been resolved.

Resolution: On March 3, 2012, compliance documentation was received at the TCEQ Region 4 Office. Included in the documentation was a copy of the revised plant operations manual. The manual has information on the maintenance and operational activities to be performed by the operator and includes an up-to-date list of emergency contacts for the water system. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track No: 446046

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 944196

Comment Date: 09/06/2011

Failure to calibrate all flow measuring devices at least once every 12 months.

During the comprehensive compliance investigation on July 14, 2011, it was noted that there was no record of when the raw water meter was last calibrated.

30 TAC 290.46(s)(1) states flow measuring devices and rate of flow controllers required by 290.42(d) shall be calibrated at least once every 12 months.

Investigation: 1008606

Comment Date: 05/29/2012

Failure to calibrate all flow measuring devices at least once every 12 months.

During the file review investigation on April 20, 2012, the investigator determined that the water system had adequately corrected the alleged violation.

Recommended Corrective Action: The raw water meter must be calibrated, replaced with a calibrated meter, or checked for accuracy to verify proper operation. If an accuracy check is performed and the percent error is greater than plus or minus five percent, the meter must be calibrated. Provide a copy of the accuracy check which must include the date, instrument used for the accuracy check, percent error, and results. If the meter is calibrated, please submit a copy of the calibration certification. If replaced with a new meter, please send a copy of the purchase receipt and calibration certification from the manufacturer. Submit the required documentation and a letter stating the corrective actions taken by the water system to the TCEQ Region 4 Office.

Resolution: On March 3, 2012, compliance documentation was received at the TCEQ Region 4 Office. Included in the documentation was information on the replacement of the raw water meter. A copy of the calibration certification from the manufacturer and a photograph of the newly installed meter were provided. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track No: 446047

30 TAC Chapter 290.46(f)(3)(B)(v)

Alleged Violation: