

Attachment EP-23

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WATER SUPPLY DIV.
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OCT 23 2008 *R-657-8*
TEXAS COMMISSION
ON
ENVIRONMENTAL QUALITY



APPLICATION FOR A
RATE/TARIFF
CHANGE

Attachment EP-24

AQUA AMERICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(In thousands of dollars, except per share amounts)
December 31, 2003 and 2002

	2003	2002
Stockholders' equity:		
Common stock, \$.50 par value	\$ 46,635	\$ 35,034
Capital in excess of par value	413,008	317,871
Retained earnings	210,915	180,047
Minority interest	912	503
Treasury stock, at cost	(12,611)	(40,421)
Accumulated other comprehensive income	171	63
Total stockholders' equity	<u>659,030</u>	<u>493,097</u>
6.05% Series B cumulative preferred stock	-	172
Long-term debt:		
Long-term debt of subsidiaries (substantially secured by utility plant):		
Interest Rate Range		
0.00% to 2.49%	16,868	18,009
2.50% to 2.99%	18,913	14,052
3.00% to 3.49%	5,618	4,733
3.50% to 3.99%	2,800	3,200
→ 4.00% to 4.99%	8,135	8,135
5.00% to 5.49%	110,875	90,955
5.50% to 5.99%	76,260	86,260
6.00% to 6.49%	119,360	126,360
6.50% to 6.99%	42,000	52,000
7.00% to 7.49%	46,716	58,000
7.50% to 7.99%	23,000	23,000
8.00% to 8.49%	17,500	17,497
8.50% to 8.99%	9,000	9,000
9.00% to 9.49%	53,805	54,359
9.50% to 9.99%	43,242	44,637
10.00% to 10.50%	6,000	6,000
	<u>600,092</u>	<u>616,197</u>
Note payable, 6.05%, due 2006	960	978
<u>Unsecured notes payable, 4.87%, due 2023</u>	<u>135,000</u>	-
	<u>736,052</u>	<u>617,175</u>
Current portion of long-term debt	39,386	34,265
Long-term debt, excluding current portion	<u>696,666</u>	<u>582,910</u>
Total capitalization	<u>\$ 1,355,696</u>	<u>\$ 1,076,179</u>

4.87% to Aqua Texas NIP

See accompanying notes to consolidated financial statements.

Exhibit EP-24

Attachment EP-25

Rate of Return Worksheet See Note (1)

Step		•	%
A	Most current Baa Public Utility Bond average. (Call TCEQ staff at 512/239-6960 to get this number.)	See Note (2)	7.45
B	Add 2% - for utilities with 200 or less customers	See Note (3)	1.00
C	Add 1% if the utility can demonstrate that it has both:		0.00
	1 Debt/equity ratio is greater than 60% (Table IV. D. - • ÷ •) AND		
	2 No affiliated companies with access to revenues or other funds to support utility operations		
D	Add 1% if the utility can demonstrate that it has at least 2 of the following 4 conditions:		1.00
	1 unstable population - Weekender/seasonal population: a. >25% of total customers; OR b. >10% of total customers and do not use seasonal reconnect fee;	X	
	2 commercial customers account for more than 15% of revenues		
	3 low growth a. less than 5% customer growth over the last three years; OR b. documentation of potential customer growth of less than 5% over the next three years; declining population See Note (4)	X	
	4 aging system a. more than 50% depreciated; OR b. low rate base (<\$500/customer)		
E	Add 1% if the utility is a stand alone sewer system with no agreement for either billing and collection or discontinuance for nonpayment with the water supplier.		0.00
F	Add 1% if the utility can demonstrate that it has at least 3 of the 4 following conditions:		0.00
	1 Number of complaints 2 complaints or less per year to TCEQ for less than 200 customer system		
	2 No major deficiencies in the most recent PWS inspection report		
	3 No current or prior enforcement actions under current management within the last 3 years		
	4 Good faith efforts to solve any current problems		
G	Add 1% if the utility can demonstrate that it has at least 4 of the following 5 conditions:		1.00
	1 well-maintained, up-to-date books and records	X	
	2 effective communications and good customer relations	X	
	3 consistently timely in meeting reporting requirements (ex. annual reports for last 3 years) and payment of fees	X	
	4 exhibit fiscal responsibility with respect to rate filings, including completeness, accuracy and frequency	X	
	5 Less than 12% unaccounted for water - (Section VIII of the Application - Page 16 of 41)		

H	Add 1% if the utility can demonstrate that it has at least 4 of the following 5 conditions:		1.00
1	rate structure - any two of the following a. zero gallons included in minimum bill b. gallonage rate set high enough to encourage conservation (> \$2.00/1000 gal.) c. use of inclining blocks, i.e. higher use pays higher cost	X	
2	drought contingency plan included in tariff and enforced (if applicable)	X	
3	conservation plan including encouragement of the use of water conserving devices, efficient lawn watering, or xeriscaping	X	
4	program to educate the customers about the nature of the system, its production and distribution ability, PWS standards, and the need for water conservation	X	
5	unaccounted for water a. 10% and/or b. successful program to reduce losses (ex. leak detection & repair) (within last 3 years 25% reduction since program implemented)		
I	Total Rate of Return %		11.45

(1) As a business entity, Double Diamond Utilities ("DDU") operates water systems at three separate locations. No individual system has access to its own capital. As such, this worksheet has been completed to arrive at a return on equity applicable to all systems under DDU's ownership and operation.

(2) Baa bond average source - E-mail from Elsie Pascau to Chris Ekrut dated 1/20/2010

(3) 1% added for Utilities with 201 - 1,000 customers per Staff Guidance Document on Ratemaking

(4) DDU's total water connections were 947 and 939 for December 2008 and December 2009, respectively. As such, the Utility has seen a decline in total population served.

Attachment EP-26

Double Diamond Utilities Co.
SOAH Docket No. 582-09-4288
TCEQ Docket No. 2009-0505-UCR

Comparison of Requested Revenue Requirement to Revenue Requirement Presented in Application

	Application Value		Total	Requested Revenue Requirement		Total	Variance		Total
	Groundwater	Surface Water		Groundwater	Surface Water		Groundwater	Surface Water	
Salaries and Wages	\$ 131,082	\$ 98,301	\$ 229,384	\$ 171,878	\$ 81,381	\$ 203,259	\$ (9,204)	\$ (16,920)	\$ (26,125)
Contract Labor	2,824	3,633	6,456	2,824	3,633	6,456	-	-	-
Purchased Water	-	10,846	10,846	-	10,846	10,846	-	-	-
Chemicals for Treatment	5,048	5,001	10,050	5,048	5,001	10,050	-	-	-
Utilities	104,288	27,961	132,249	104,288	27,961	132,249	-	-	-
Repairs / Maintenance / Supplies	177,796	209,927	387,723	88,890	132,512	221,402	(88,906)	(77,416)	(166,322)
Office Expenses	4,440	5,122	9,562	4,440	5,122	9,562	-	-	-
Accounting & Legal Fees	10,100	18,674	28,774	10,100	18,674	28,774	-	-	-
Insurance	18,475	10,005	28,479	16,244	7,813	24,057	(2,231)	(2,191)	(4,422)
Miscellaneous	63,902	83,326	147,228	60,334	77,156	137,490	(3,568)	(6,170)	(9,738)
Subtotal	\$ 517,955	\$ 472,797	\$ 990,751	\$ 414,046	\$ 370,099	\$ 784,145	\$ (103,909)	\$ (102,697)	\$ (206,606)
Payroll Taxes	\$ 12,725	\$ 13,055	\$ 25,780	\$ 11,189	\$ 10,196	\$ 21,384	\$ (1,537)	\$ (2,859)	\$ (4,396)
Property and Other Taxes	3,352	2,454	5,806	3,332	2,412	5,744	(21)	(41)	(62)
Annual Depreciation and Amortization	117,281	81,214	198,495	185,223	73,069	258,291	67,941	(8,146)	59,796
Income Taxes	33,796	15,364	49,160	53,661	19,863	73,524	19,865	4,499	24,364
Return	116,124	52,790	168,914	184,380	68,249	252,629	68,256	15,460	83,716
Subtotal	\$ 801,233	\$ 637,673	\$ 1,438,906	\$ 851,829	\$ 543,888	\$ 1,395,718	\$ 50,596	\$ (93,785)	\$ (43,189)
Other Revenues	\$ 12,116	\$ 9,622	\$ 21,738	\$ 12,116	\$ 9,622	\$ 21,738	\$ -	\$ -	\$ -
Total Cost of Service	\$ 789,117	\$ 628,051	\$ 1,417,168	\$ 839,713	\$ 534,266	\$ 1,373,979	\$ 50,596	\$ (93,785)	\$ (43,189)

\$ 43,189 = reduction from the application.

Exhibit EP-20

Attachment EP-27

ATTACHMENT 1-H

Page 1

Exhibit EP-27(D)

9/21/09 Pina Rep to WTB

		The Retailer (6030)		The Utility (6030)		The City (6030)		Whole Staff (6030)	
		Total	Water	Total	Water	Total	Water	Total	Water
6001 - Employee Compensation		\$ 5,373	\$ 5,974	\$ 46,219	\$ 35,444	\$ 6,038	\$ 3,048	\$ 89,762	\$ 57,212
6010 - Referral Bonus				500	383	250	177	200	127
6030 - Commission / Bonus		13,932	8,980	53,252	40,037	91	91	73	73
6050 - Hourly Wages		23,305	14,854	100,221	76,895	96,250	61,347	34,903	34,903
Subtotal		\$ 38,610	\$ 29,808	\$ 150,792	\$ 112,716	\$ 193,511	\$ 128,562	\$ 159,636	\$ 93,505
Jack Gore	Hours	48.50	462	294	100	9.54	1,643.81	15,683	6,996
John Henderson	Hourly Wage	9.52	4,418	2,738	680	9.88	2,122.61	20,541	13,082
John Hobmeier	Hours	1,363.63	13,266	3,417	1,039	9.88	2,280.79	22,539	14,365
James Lyles	Hourly Wage	9.50	10,755	10,150	3,177	9.88	2,280.79	22,539	14,365
Lana Westbrook	Hours	210.00	3,360	8,653	1,992	9.88	2,280.79	22,539	14,365
Subtotal	Hours	480.00	6,013	35,444	10,775	9.88	2,280.79	22,539	14,365
	Hourly Wage	12.53	2,180	26,147	20,952	9.88	2,280.79	22,539	14,365
	Subtotal	\$ 2,180	\$ 14,854	\$ 76,895	\$ 23,384	\$ 193,511	\$ 128,562	\$ 159,636	\$ 93,505
6001 - Employee Compensation									
6010 - Referral Bonus									
6030 - Commission / Bonus									
6050 - Hourly Wages									
Subtotal									
Robert Bailey	Hours	209.00	2,238	680					
Donald Harris	Hourly Wage	9.53	4,456	3,417	1,039				
Raymond Hyden	Hours	1,343.00	13,626	10,150	3,177				
Timothy Leggett	Hourly Wage	10.61	6,953	5,256	1,992				
Donald Lewis	Hours	2,080.00	46,219	35,444	10,775				
Michael Russell	Hourly Wage	19.86	26,147	20,952	6,996				
Subtotal	Hours	8,421.00	100,221	76,895	23,384				
6001 - Employee Compensation									
6010 - Referral Bonus									
6030 - Commission / Bonus									
6050 - Hourly Wages									
Subtotal									
Benjamin Austin	Hours	1,643.81	15,683	6,996	5,687				
Cody Chnard	Hourly Wage	9.54	20,541	13,082	7,449				
Kim Haxton	Hours	2,280.79	22,539	14,365	8,173				
Paul Kadel	Hourly Wage	9.88	22,539	14,365	8,173				
Barry Terrell	Hours	403.66	3,559	2,269	2,111				
Geoffrey Young	Hourly Wage	8.92	3,559	2,269	2,111				
Richard Zint	Hours	2,080.00	33,812	21,551	12,261				
Subtotal	Hours	18,225	159,636	93,505	47,867				
6100 - Labor Transfers									
Director of Sewer	Hours	30,330	21,045	9,285					
Home Office Accounting	Hourly Wage	6,736	1,245	8,736					
Terry Hafer	Hours	19,800	19,800	549					
Subtotal	Hours	30,330	21,045	9,285					

\$24,204 (10th)
 \$97,901 (4th)
 \$106,853 (4th)
 TOTAL = 228,960

(2)

Attachment EP-28

Double Diamond Utilities Co.
SOAH Docket No. 582-09-4288
TCEQ Docket No. 2009-0505-UCR
Non-Consolidated Cost of Service and Revenue Requirement (The Retreat)

Item	12 Month "Test Year" per books	Known and Measureable Changes		Revenue Requirement	Fixed Cost %	Fixed Expenses		Variable Expenses
Salaries and Wages	\$ 22,411			\$ 22,411	50%	\$ 11,205	\$ 11,205	\$ 11,205
Contract Labor	37			37	90%	33		4
Purchased Water Service	-			-	0%	-		-
Chemicals for Treatment	1,069			1,069	0%	-		1,069
Utility	24,444			24,444	0%	-		24,444
Repairs / Maintenance / Supplies	17,270			17,270	50%	8,635		8,635
Office Expenses	580			580	50%	290		290
Accounting & Legal Fees	3,917			3,917	100%	3,917		-
Insurance	6,083			6,083	100%	6,083		-
Rate Case Expense	-			-	100%	-		-
Miscellaneous	21,016			21,016	50%	10,508		10,508
Subtotal	\$ 96,826	\$ -	\$ -	\$ 96,826		\$ 40,671	\$ 40,671	\$ 56,155
Payroll Taxes	\$ 2,024			\$ 2,024	50%	\$ 1,012	\$ 1,012	\$ 1,012
Property and other Taxes	579			579	100%	579		-
Annual Depreciation and Amortization	56,063			56,063	100%	56,063		-
Income Taxes		17,661		17,661	100%	17,661		-
Return		60,683		60,683	100%	60,683		-
Subtotal	\$ 155,491	\$ 78,343	\$ 233,834	\$ 176,668		\$ 176,668	\$ 176,668	\$ 57,166
Other Revenues	\$ 5,115			\$ 5,115	100%	\$ 5,115	\$ 5,115	\$ -
Subtotal	\$ 150,375	\$ 78,343	\$ 228,719	\$ 171,552		\$ 171,552	\$ 171,552	\$ 57,166

Exhibit EP-28

Double Diamond Utilities Co.
SOAH Docket No. 582-09-4288
TCEQ Docket No. 2009-0505-UCR
Non-Consolidated Cost of Service and Revenue Requirement (The Cliffs)

<u>Item</u>	<u>12 Month "Test Year" per books</u>	<u>Known and Measureable Changes</u>	<u>Revenue Requirement</u>	<u>Fixed Cost %</u>	<u>Fixed Expenses</u>	<u>Variable Expenses</u>
Salaries and Wages	\$ 81,381		\$ 81,381	50%	\$ 40,690	\$ 40,690
Contract Labor	3,633		3,633	90%	3,269	363
Purchased Water Service	10,846		10,846	0%	-	10,846
Chemicals for Treatment	5,001		5,001	0%	-	5,001
Utility	27,961		27,961	0%	-	27,961
Repairs / Maintenance / Supplies	132,512		132,512	50%	66,256	66,256
Office Expenses	5,122		5,122	50%	2,561	2,561
Accounting & Legal Fees	18,674		18,674	100%	18,674	-
Insurance	7,813		7,813	100%	7,813	-
Rate Case Expense	-		-	100%	-	-
Miscellaneous	77,156		77,156	50%	38,578	38,578
Subtotal	\$ 370,099	\$ -	\$ 370,099	50%	\$ 177,842	\$ 192,257
Payroll Taxes	\$ 10,196		\$ 10,196	50%	\$ 5,098	\$ 5,098
Property and other Taxes	2,412		2,412	100%	2,412	-
Annual Depreciation and Amortization	42,104	30,965	73,069	100%	73,069	-
Income Taxes		19,863	19,863	100%	19,863	-
Return		68,249	68,249	100%	68,249	-
Subtotal	\$ 424,811	\$ 119,077	\$ 543,888		\$ 346,533	\$ 197,355
Other Revenues	\$ 9,622		\$ 9,622	100%	\$ 9,622	-
Subtotal	\$ 415,189	\$ 119,077	\$ 534,266		\$ 336,911	\$ 197,355

Double Diamond Utilities Co.
SOAH Docket No. 582-09-4288
TCEQ Docket No. 2009-0505-UCR
Non-Consolidated Cost of Service and Revenue Requirement (White Bluff)

Item	12 Month "Test Year" per books	Known and Measureable Changes	Revenue Requirement	Fixed Cost %	Fixed Expenses	Variable Expenses
Salaries and Wages	\$ 99,467		\$ 99,467	50%	\$ 49,734	\$ 49,734
Contract Labor	2,787		2,787	90%	2,508	279
Purchased Water Service	-		-	0%	-	-
Chemicals for Treatment	3,980		3,980	0%	-	3,980
Utility	79,843		79,843	0%	-	79,843
Repairs / Maintenance / Supplies	71,620		71,620	50%	35,810	35,810
Office Expenses	3,860		3,860	50%	1,930	1,930
Accounting & Legal Fees	6,183		6,183	100%	6,183	-
Insurance	10,161		10,161	100%	10,161	-
Rate Case Expense	-		-	100%	-	-
Miscellaneous	39,319		39,319	50%	19,659	19,659
Subtotal	\$ 317,220	\$ -	\$ 317,220		\$ 125,985	\$ 191,235
Payroll Taxes	\$ 9,165		\$ 9,165	50%	\$ 4,582	\$ 4,582
Property and other Taxes	2,753		2,753	100%	2,753	-
Annual Depreciation and Amortization	98,649	30,510	129,160	100%	129,160	-
Income Taxes		36,000	36,000	100%	36,000	-
Return		123,697	123,697	100%	123,697	-
Subtotal	\$ 427,787	\$ 190,208	\$ 617,995		\$ 422,178	\$ 195,817
Other Revenues	\$ 7,001		\$ 7,001	100%	\$ 7,001	-
Subtotal	\$ 420,786	\$ 190,208	\$ 610,994		\$ 415,177	\$ 195,817

Attachment EP-29

DDU - Notes Payable (Errata)

Date of Issue	Date of Maturity	Original Balance	Balance as of 12/30/07	Total WB	WB-Water	Total CL	CL - Water	Total Retreat	Retreat-Water	Interest Rate	Annual Payment	Payable to:	Comments
1/1/1997	12/31/2017	440,148.83	440,148.83	224,476		215,673		0.00		10.00%	44,014.92	Double Diamond Delaware, Inc.	Cliffs-WB
1/1/1998	1/31/2008	148,288.24	22,288.67	11,367		10,921		0.00		10.00%	23,515.80	Double Diamond Delaware, Inc.	97 Cash Advances
1/1/1998	1/31/2008	175,757.53	26,417.47	13,473		12,945		0.00		10.00%	27,871.92	Double Diamond Delaware, Inc.	98 Cash Advances
12/31/1999	12/31/2009	26,801.00	7,675.17	3,914		3,761		0.00		10.00%	4,250.16	Double Diamond Delaware, Inc.	99 Cash Advances
12/31/2000	12/31/2010	19,953.00	8,171.82	4,168		4,004		0.00		10.00%	3,164.16	Double Diamond Delaware, Inc.	00 Cash Advances
RA Notes				257,398	138,248	247,304	141,656	0.00					
Unidentified Notes:													
12/31/1998	12/31/2008	62,288.42	9,202.30	4,325	3,244	4,233	1,397	644	354	10.00%	9,708.96	Double Diamond Delaware, Inc.	98 Additions
12/31/1999	12/31/2009	77,017.95	22,056.12	10,366	7,775	10,146	3,348	1,544	849	10.00%	12,213.60	Double Diamond Delaware, Inc.	99 Additions
12/31/2000	12/31/2010	2,385.77	966.20	454	341	444	147	68	37	10.00%	374.04	Double Diamond Delaware, Inc.	00 Additions
				15,146	11,359	14,823	4,892	2,256	1,241				
12/31/2001	12/31/2011	112,042.86	58,380.00	58,380	31,356					10.00%	17,767.80	Double Diamond Delaware, Inc.	01 Additions WB
12/31/2001	12/31/2011	81,822.25	42,632.87	42,632.87		42,632.87	24,420		0	10.00%	12,975.48	Double Diamond Delaware, Inc.	01 Additions CL
12/31/2002	12/31/2012	10,915.85	6,789.65	6,789.65	3,889		3,889		0	10.00%	1,731.00	Double Diamond Delaware, Inc.	02 Additions CL
				58,380	31,356	49,422.52	28,309	0.00					
				330,924	180,964	311,550	174,857	2,256	1,241				

DDU - RA Attachment 10. WP-15, notes balance as of 12/31/06 was \$554,319, however, the balance as of 12/31/07, was \$504,701, an overstatement of \$46,618.

Attachment EP-30

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
 Utility Name: DOUBLE DIAMOND UTILITIES CO
 Docket Number: 36220-R (WATER)

version: 20070403

2:06 PM
 29-Apr-10

White Bluff/ Retreat

SCHEDULE I - REVENUE REQUIREMENT

	TEST PERIOD PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	STAFF ADJUST (d)	STAFF TEST YEAR (e)=(c)+(d)
Operations and Maintenance		\$517,955	\$517,955	-\$155,640	\$362,290
Depreciation and Amortization		\$117,281	\$117,281	\$17,837	\$135,118
Other Taxes		\$16,077	\$16,077	-\$923	\$15,155
Federal Income Taxes		\$33,796	\$33,796	\$46,251	\$80,047
Return		\$116,124	\$116,124	\$56,000	\$172,124
Cost of Service	\$0	\$801,233	\$801,233	-\$36,475	\$764,734
Other Revenues - Taps			\$0	-\$12,116	-\$12,116
Revenue Requirement	\$0	\$801,233	\$801,233	-\$48,591	\$752,618

ATTACHMENT EP-30

Attachment EP-31

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY Preliminary - Subject To Change

Utility Name: DOUBLE DIAMOND UTILITIES CO

Docket Number: 36220-R (WATER) White Bluff / Retreat

version: 20070403

Period: From: 1/1/2007 To: 12/31/2007

2:04 PM

29-Apr-10

SCHEDULE I(a) - OPERATIONS & MAINTENANCE

	(a)	RETREAT & WB (b)	COMPANY TEST YEAR (c)=(a)+(b)	STAFF ADJUST (d)	STAFF TEST YEAR (e)=(c)+(d)
SALARIES		\$131,082	\$131,082	(26,859)	\$104,198
CONTRACT SERVICES		\$2,824	\$2,824	0	\$2,824
PURCHASED WATER		\$0	\$0	0	\$0
CHEMICALS AND TREATMENT		\$5,048	\$5,048	(28)	\$5,021
UTILITIES		\$104,288	\$104,288	0	\$104,287
REPAIRS AND MAINTENANCE		\$177,796	\$177,796	(116,204)	\$61,592
OFFICE EXPENSE		\$4,440	\$4,440	0	\$4,440
ACCOUNTING AND LEGAL		\$10,100	\$10,100	(12,030)	-\$1,930
INSURANCE		\$18,475	\$18,475	0	\$18,475
RATE CASE EXPENSE		\$0	\$0	0	\$0
MISCELLANEOUS		\$63,902	\$63,902	(519)	\$63,383
TOTAL	\$0	\$517,955	\$517,955	(155,640)	\$362,290

SCHEDULE I(b) - OTHER TAXES

	TEST YEAR PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	STAFF ADJUST (d)	STAFF TEST YEAR (e)=(c)+(d)
AD VALOREM TAXES		\$3,352	\$3,352	0	\$3,352
PAYROLL TAXES		\$12,725	\$12,725	(922)	\$11,803
OTHER TAXES-MISC		\$0	\$0		\$0
NON-REVENUE RELATED	\$0	\$16,077	\$16,077	(922)	\$15,155
TWC ASSESSMENT			\$0		\$0
REVENUE RELATED TAXES	\$0	\$0	\$0		
TOTAL OTHER TAXES	\$0	\$16,077	\$16,077	(922)	\$15,155
	0	534,032	534,032	(156,562)	377,445

SCHEDULE I(c) - FEDERAL INCOME TAXES

REVENUE REQUIREMENT	\$764,734
LESS:	
OPERATIONS AND MAINTENANCE	-\$362,290
DEPRECIATION AND AMORTIZATION	-\$135,118
OTHER TAXES	-\$15,155
INTEREST EXPENSE	-\$3,973
TAXABLE INCOME	\$248,198
TAXES @ FACTOR :	39%
SUB-TOTAL	\$96,797
LESS:	
SURTAX EXEMPTION :	-\$16,750
FEDERAL INCOME TAXES	\$80,047

ATTACHMENT EP-31

Attachment EP-32

Utility Name: DOUBLE DIAMOND UTILITI

Docket Number: 36220-R (WATER) White Bluff / Retreat

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SCHEDULE I(d) - WEIGHTED COST OF CAPITAL

PAYEE	PRINCIPAL AS OF	INTEREST		WEIGHTED AVERAGE
		RATE	PERCENTAGE	
Retreat \$2,256.00	\$81,582	4.87%	4.83%	0.23%
WB \$79,326.00			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%	0.00%
EQUITY	1,609,097	10.45%	95.17%	9.95%
TOTAL	\$1,690,679		100.00%	10.18%

SCHEDULE I(e) - INVESTED CAPITAL & RETURN

	COMPANY AMOUNT (a)	STAFF ADJUST (b)=(c)-(a)	STAFF AMOUNT (c)
PLANT IN SERVICE		4,580,448	4,580,448
ACCUMULATED DEPRECIATION		1,175,084	1,175,084
NET PLANT		3,405,364	3,405,364
WORKING CASH ALLOWANCE		45,286	45,286
MATERIALS AND SUPPLIES		0	\$0.00
CUSTOMERS DEPOSITS		0	
INVESTMENT TAX CREDITS		0	
DCIAC		(\$1,759,971)	(1,759,971)
TOTAL INVESTED CAPITAL	0	1,690,679	1,690,679
RATE OF RETURN			10.18%
RETURN	116,124	56,000	172,124

ATTACHMENT EP-32

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Attachment EP-33

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Preliminary - Subject To Change

Utility Name: DOUBLE DIAMOND UTILITIES CO
Docket Number: 36220-R (WATER)

version: 20070403

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29-Apr-10

White Bluff/Retreat

RETURN 172,124
 INTEREST 3,973 (TOTAL INVESTED CAPITAL * WEIGHTED AVERAGE LT DEBT)
 TAXABLE INCOME 168,151

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	0	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	168,151	39.00%	80,047	16,750
221,100 -	0	0.00%	0	0
Total	168,151	39.00%	80,047	16,750

ATTACHMENT EP-33