Attachment BDD-17

W-4 COST TRENDS OF WATER UTILITY CONSTRUCTION

SOUTH CENTRAL REGION (1973=100)

Line	CONSTRUCTION AND EQUIPMENT	NARUC	COST INDEX NUMBERS													
									1988		1989		1990		1991	
			1982	1983	1984	1985	1986	1987	Jan. 1	Jul. 1	Jan. 1	Jul. 1	Jan. 1	Jul. 1	Jan. 1	Jul. 1
1	Source of Supply Plant															
2	Collecting & Impounding Res.	305	224	229	233	233	233	232	231	234	237	238	237	237	235	229
3																
4																
5																
6																
7	Pumping Plant															
8	Structures & Improvements	304	217	225	230	229	229	231	230	234	235	240	244	246	242	239
9	Electric Pumping Equipment	311	260	271	277	282	284	299	930	303	309	336	340	349	357	350
10																
11																
12																
13																
14	Water Treatment Plant															
15	Structures & Improvements	304	217	225	230	229	229	231	230	234	235	240	244	246	242	239
16	Large Treatment Plant Equip.	320	242	257	260	263	266	272	273	277	282	289	291	295	296	297
17	Small Treatment Plant Equip.	320	258	274	277	281	284	289	291	296	301	307	309	313	311	311
18																
19																
20																
21																
22	Transmission Plant															
23	Steel Reservoirs	330	210	182	184	181	184	196	215	221	223	209	221	232	232	259
24	Elevated Steel Tanks	330	244	197	200	198	207	219	252	261	267	267	269	281	281	286
25	Concrete Reservoirs	330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26																
27	Cast Iron Mains	331	227	240	239	246	241	246	247	254	260	264	266	267	269	269
28	Steel Mains	331	235	241	246	244	238	244	247	254	262	269	272	274	277	280
29	Concrete Cylinder Mains	331	222	230	232	242	246	247	255	257	262	266	270	272	275	281
30																
31																
32																
33	Distribution Plant															
34	Mains-Average All Types	331	238	247	247	250	246	249	251	259	267	270	269	270	272	273
35	Cast Iron Mains	331	227	248	249	256	249	254	255	264	271	276	276	277	278	279
36	Cement-Asbestos Mains	331	246	262	266	261	253	249	247	253	273	271	271	269	268	267
37	Steel Mains	331	250	242	238	237	238	242	247	255	259	261	260	261	264	266
38	PVC Mains	331	136	151	146	146	144	152	176	185	216	208	204	200	193	190
39	Services Installed	333	225	234	234	231	230	233	233	236	219	225	231	231	233	239
40	Meters	334	128	141	148	135	135	137	142	142	135	143	178	150	156	164
41	Meter Installations	334	222	238	244	243	247	251	255	257	255	258	261	262	270	274
42	Hydrants Installed	335	260	280	281	289	298	308	315	317	330	339	350	354	357	358
43																
44																
45	Miscellaneous Items															
46	Flocculating Equipment-Installed		482	521	527	557	573	588	586	586	586	587	578	579	529	517
47	Clarifier Equipment-Installed		369	402	406	432	439	441	441	442	442	443	444	431	405	394
48	Filter Gallery Piping-Installed		216	232	230	231	229	234	234	240	245	249	249	249	250	251
49																
50																
51																
52																
53																
54																
55																
56																

Attachment BDD-18

Revenue Generated by Staff Proposed Rates		
The Cliffs		
RATES		**Original Prefile**
Base Rate		
5/8"	$ 19.19	$21.21
1"	47.98	53.03
1 1/2"	95.95	106.05
2"	153.52	169.68
3"	287.85	318.15
Volumetric		
0 - 3,000	2.60	
3,000 - 10,000	3.00	
10,000 - 15,000	5.07	
15,000 - 20,000	8.56	
20,000 +	14.45	
Total		
No. of Meters (Dec. 2007)		
5/8"	215	
1"	12	
1 1/2"	1	
2"	15	
3"	1	
Total	244	
Gallons Billed		
0 - 3,000	1,128,734	
3,000 - 10,000	3,740,968	
10,000 - 15,000	2,420,480	
15,000 - 20,000	1,837,877	
20,000 +	15,696,707	
Total	24,824,766	
REVENUE		
Base Rate		
5/8"	$ 49,510	$54,722
1"	6,908	7,636
1 1/2"	1,151	1,273
2"	27,634	30,542
3"	3,454	3,818
Total revenue generated by base rates	$ 88,658	$97,990
Volumetric Revenue		
0 - 3,000	2,935	
3,000 - 10,000	11,223	
10,000 - 15,000	12,272	
15,000 - 20,000	15,732	
20,000 +	226,817	
Total revenue generated by Volumetric Usage	268,979	
Reveue Generated by Proposed rates	$ 357,637	$366,969
Revenue Required	357,587	366,908
Over / (Under) Recovery	$ 50	$62

Attachment BDD-19

Revenue Generated by Existing Rates	
The Cliffs	
RATES	
Base Rate	
5/8"	$ 30.00
1"	50.10
1 1/2"	99.90
2"	159.80
3"	320.00
Volumetric Charge per tier	
0 - 1,000	0.00
1,000 - 10,000	1.85
10,000 - 20,000	4.75
20,000 +	6.75
Total	
No. of Meters (Dec. 2007)	
5/8"	215
1"	12
1 1/2"	1
2"	15
3"	1
Total	244
Gallons Billed	
0 - 1,000	272,151
1,000 - 10,000	4,597,551
10,000 - 20,000	4,258,357
20,000 +	15,696,707
Total	24,824,766
REVENUE	
Base Rate	
5/8"	$ 77,400
1"	7,214
1 1/2"	1,199
2"	28,764
3"	3,840
Total revenue generated by base rates	$ 118,417
Volumetric Revenue	
0 - 1,000	0
1,000 - 10,000	8,505
10,000 - 20,000	20,227
20,000 +	105,953
Total revenue generated by Volumetric Usage	$134,685.44
Reveue Generated by Existing rates	$253,103

Attachment BDD-20

PROJECT NO. 35141

SETTING INTEREST RATES FOR CALENDAR YEAR 2009	§ §	PUBLIC UTILITY COMMISSION OF TEXAS

ORDER

The Public Utility Commission of Texas is required by section 183.003 of the Texas Utilities Code to set for calendar year 2009 the rate of interest on deposits held by utilities; and, pursuant to P.U.C. SUBST. R. 25.28(c), 25.28(d), 25.480(d), 25.480(e), 26.27(a)(3), and 26.27(b)(3), it is required to set for calendar year 2009 the rate of interest to be applied to overcharges and certain undercharges by a utility. The Commission therefore orders that:

1. The interest rate for calendar year 2009 on deposits held by utilities SHALL be 2.09 percent.
2. The interest rate for calendar year 2009 for overcharges and certain undercharges by a utility SHALL be 3.21 percent.

SIGNED AT AUSTIN, TEXAS the 3rd day of December, 2008.

PUBLIC UTILITY COMMISSION OF TEXAS

BARRY T. SMITHERMAN, CHAIRMAN

DONNA L. NELSON, COMMISSIONER

KENNETH W. ANDERSON, JR., COMMISSIONER

7

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: DOUBLE DIAMOND UTILITIES CO *Preliminary - Subject To Change* *version:* 20070403
Docket Number: 36220-R (WATER) The Cliffs
Date Examined: 28-Apr-10 6:58 PM
Date Referenced: 31-Dec-07

DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Customer $
AB1086 TR 2-1 W J Wesley Water Plant	Land	n/a	$ 48,645.00	100%	48,645	n/a	n/a	n/a	n/a	48,645	80%	38,916	
RO membranes	2/3/1995	20	$ 21,211.59	100%	21,212	20	12.91	$1,061	13,688	7,524	80%	6,019	
trencher rental	2/26/1996	20	$ 9,697.50	100%	9,698	20	11.84	$485	5,743	3,955	80%	3,164	
vermeer heavy equipment rental	1/6/1997	20	$ 9,697.50	100%	9,698	20	10.98	$485	5,325	4,373	80%	3,498	
water line appurtenances	1/22/1997	50	$ 4,148.00	100%	4,148	50	10.94	$83	907	3,241	80%	2,592	
heavy equipment	1/22/1997	20	$ 1,557.50	100%	1,558	20	10.94	$78	852	706	80%	565	
4 " gate valve	1/24/1997	50	$ 535.78	100%	536	50	10.93	$11	117	419	80%	335	
12,490 feet PVC Pipe	1/30/1997	50	$ 6,496.88	100%	6,497	50	10.92	$130	1,418	5,079	80%	4,063	
PVC Pipe, US Filter	2/4/1997	50	$ 16,873.74	100%	16,874	50	10.90	$337	3,679	13,195	80%	10,556	
tap sleeve	2/5/1997	50	$ 362.27	100%	362	50	10.90	$7	79	283	80%	227	
6" PVC	2/13/1997	50	$ 286.43	100%	286	50	10.68	$6	62	224	80%	179	
fire hydrant	3/10/1997	20	$ 1,534.88	100%	1,535	20	10.81	$77	830	705	80%	564	
Utility Backfill	3/13/1997	50	$ 4,265.00	100%	4,265	50	10.80	$85	921	3,344	80%	2,675	
shows pvc phase X	3/19/1997	50	$ 12,142.50	100%	12,143	50	10.78	$243	2,619	9,524	80%	7,619	
Equipment Rental, Utility Installation	3/25/1997	20	$ 4,170.00	100%	4,170	20	10.77	$209	2,245	1,925	80%	1,540	
Pipe	4/3/1997	50	$ 200.00	100%	200	50	10.74	$4	43	157	80%	126	
vermeer heavy equipment rental	4/24/1997	20	$ 9,739.63	100%	9,740	20	10.69	$487	5,204	4,536	80%	3,629	
Bores	5/31/1997	50	$ 1,000.00	100%	1,000	50	10.58	$20	212	788	80%	631	
engineering master plan	7/7/1997	5	$ 420.50	100%	421	5	10.48	–	421	0	80%	-	
Electric panels, pumps	7/11/1997	20	$ 7,453.99	100%	7,454	20	10.47	$373	3,903	3,551	0%	-	
waterline valve caps	10/17/1997	50	$ 1,021.88	100%	1,022	50	10.20	$20	209	813	80%	651	
sand filters	2/27/1998	20	$ 2,985.23	100%	2,985	20	9.84	$149	1,469	1,517	0%	-	
Water Treatment Plant Expansion, Update RO	3/9/1998	20	$ 75,767.68	100%	75,768	20	9.81	$3,788	37,173	38,594	0%	-	
engineering	3/15/1998	5	$ 1,388.00	100%	1,388	5	9.80	–	1,388	0	80%	-	
engineering	5/14/1998	5	$ 488.75	100%	489	5	9.63	–	489	0	80%	-	
pump repair	10/21/1998	10	$ 7,365.02	100%	7,365	10	9.19	$737	6,771	594	0%	-	
pump repair	10/30/1998	10	$ 1,472.20	100%	1,472	10	9.17	$147	1,350	122	0%	-	
engineering	11/12/1998	5	$ 2,175.00	100%	2,175	5	9.13	–	2,175	0	80%	-	
engineering	1/20/1999	5	$ 3,411.50	100%	3,412	5	8.94	–	3,412	0	80%	-	
pipe	5/25/1999	50	$ 9,219.64	100%	9,220	50	8.80	$184	1,586	7,633	80%	6,107	
PVC Pipe	5/25/1999	50	$ 740.43	100%	740	50	8.80	$15	127	613	80%	490	
sand for lines	6/7/1999	50	$ 750.00	100%	750	50	8.57	$15	129	621	80%	497	
rock saw	6/18/1999	10	$ 2,250.00	100%	2,250	10	8.54	$226	1,921	329	80%	263	
pipe installation	7/1/1999	50	$ 3,562.50	100%	3,563	50	8.50	$71	606	2,957	80%	2,365	
Road Crossing	2/2/2000	50	$ 742.50	100%	743	50	7.91	$15	117	625	80%	500	
pipe, valves	5/10/2000	50	$ 964.65	100%	965	50	7.64	$19	147	817	80%	654	
Water Line	6/2/2000	50	$ 5,217.00	100%	5,217	50	7.58	$104	791	4,429	80%	3,541	
RO skid / heater element	2/6/2001	10	$ 1,482.39	100%	1,482	10	6.90	$148	1,022	460	0%	-	
PROGWAT MEMBRANES	3/8/2001	10	$ 11,691.00	100%	11,691	10	6.81	$1,169	7,967	3,724	0%	-	
PROGWAT MEDIA REPALCEMENT	3/8/2001	10	$ 2,496.63	100%	2,497	10	6.81	$260	1,701	795	0%	-	
RO unit and upgrade	6/18/2001	20	$ 79,698.09	100%	79,698	20	6.54	$3,985	26,042	53,656	0%	-	
RO electrical	6/28/2001	20	$ 607.36	100%	607	20	6.51	$30	198	410	0%	-	
PROGWAT PUMP MOTOR	7/20/2001	10	$ 566.50	100%	567	10	6.45	$57	365	201	0%	-	

Utility Name: DOUBLE DIAMOND UTILITIES CO
Docket Number: 38223-R (WATER) The Cliffs
Date Examined: 28-Apr-10 8:58 PM
Date Referenced: 31-Dec-07

Preliminary - Subject To Change *version: 20070403*

DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Contributions in Aid of Construction: Customer $
ACSALES Transformer for Lake pumps	8/8/2001	20	$ 1,212.40	100%	1,212	20	6.40	$61	388	825	0%	-	
filter repair	9/25/2001	10	$ 1,051.28	100%	1,051	10	6.26	$105	659	393	0%	-	
TRIPDPU VOLUTE CASE FOR BERKELY PUMP	2/1/2002	20	$1,072.79	100%	1,073	20	5.91	$54	317	756	0%	-	
intake pump repair	5/1/2002	10	$12,092.22	100%	12,092	10	5.67	$1,209	6,853	5,239	0%	-	
raw water intake pump	5/10/2002	20	$28,343.10	100%	28,343	20	5.64	$1,417	7,997	20,347	0%	-	
intake pump repair	6/6/2002	10	$8,000.00	100%	8,000	10	5.57	$800	4,455	3,545	0%	-	
intake pump	6/20/2002	20	$4,751.00	100%	4,751	20	5.53	$238	1,314	3,437	0%	-	
LYNNELE MOTORS FOR BOOSTER PUMPS	7/1/2002	10	$2,644.55	100%	2,645	10	5.50	$264	1,455	1,190	0%	-	
TRIPDPU Parts for Berkley Pump	7/29/2002	10	$1,390.74	100%	1,391	10	5.42	$139	754	638	0%	-	
ROWEELE Water Pump Motor- Backup	7/29/2002	10	$983.58	100%	984	10	5.42	$98	523	441	0%	-	
REXEMIN 120V STARTER, ELEMENTS, CABLETIES	9/9/2002	20	$402.93	100%	403	20	5.31	$20	107	296	0%	-	
REXEMIN TRANSFORMER	9/10/2002	20	$405.02	100%	405	20	5.31	$20	107	298	0%	-	
ROWEELE BACKUP PUMP MOTORS-TREATMENT PLANT	11/25/2002	10	$1,031.51	100%	1,032	10	5.10	$103	526	506	0%	-	
ROWEELE RO WATER PUMP MOTOR	1/8/2003	10	$767.11	100%	767	10	4.98	$77	382	385	0%	-	
PROGWAT REPAIR TO RO & SAND FILTERS	2/14/2003	10	$1,144.88	100%	1,145	10	4.88	$114	558	587	0%	-	
DEIONIZATION SYS, FILTER, CARTRIDGE	4/29/2003	20	$3,381.07	100%	3,381	20	4.68	$169	791	2,591	0%	-	
PROGWAT SAND FOR SAND FILTERS AT WATER PLANT	5/6/2003	10	$1,349.07	100%	1,349	10	4.65	$135	628	721	0%	-	
RONNMAR REBUILD BOOSTER PUMP	6/15/2003	10	$1,257.00	100%	1,257	10	4.54	$126	571	686	0%	-	
PROGWAT CLAMPS,VLVS,SST HEADER FOR BOOSTER	8/25/2003	10	$3,053.84	100%	3,054	10	4.35	$305	1,329	1,725	0%	-	
SMITPUM RPR#2 BOOSTER PUMP	8/25/2003	10	$844.43	100%	844	10	4.35	$84	367	477	0%	-	
SMITPUM RPR#1 BOOSTER PUMP	8/25/2003	10	$814.13	100%	814	10	4.35	$81	354	460	0%	-	
pump electrical repair	8/29/2003	10	$418.30	100%	418	10	4.34	$42	182	237	0%	-	
SNDBLST/COAT PRSSR VESSEL	12/11/2003	20	$4,880.00	100%	4,880	20	4.05	$234	949	3,731	0%	-	
MORRISUP WATER PIPE-600	8/23/2004	50	$2,750.83	100%	2,751	50	3.35	$55	185	2,566	0%	-	
BORDWEL TANK REPAIR	10/1/2004	50	$1,403.27	100%	1,403	50	3.25	$28	91	1,312	0%	-	
SUPETAN STORAGE TANK REPAIRS/RUPTURED TNK	5/20/2005	50	$6,467.17	100%	6,467	50	2.61	$130	339	6,128	0%	-	
water line 3", 4"	7/15/2005	50	$11,589.00	100%	11,589	50	2.46	$232	570	11,019	80%	8,815	
UTILSER TANK RENOVATION-APP. #1	8/1/2005	50	$14,850.00	100%	14,850	50	2.41	$297	717	14,133	0%	-	
heavy equipment rental - trencher	8/15/2005	20	$8,172.96	100%	8,173	20	2.38	$409	971	7,202	80%	5,761	
United Trencher Rental	9/16/2005	20	$4,024.00	100%	4,024	20	2.29	$201	461	3,563	80%	2,851	
water line	10/3/2005	50	$2,572.50	100%	2,573	50	2.24	$51	115	2,457	80%	1,966	
UTILCOM TANK #2 RENOVATION	10/14/2005	50	$12,750.00	100%	12,750	50	2.21	$255	564	12,186	0%	-	
UNITREN compresser, air pavement breaker	1/2/2006	10	$1,620.50	100%	1,621	10	1.99	$162	323	1,298	0%	-	
SMITPUM BOOSTER PUMP	1/31/2006	10	$919.08	100%	919	10	1.91	$92	176	743	0%	-	
PROGWAT Pump, Headers	5/29/2006	10	$2,750.38	100%	2,750	10	1.59	$276	439	2,321	0%	-	
PROGWAT New Filter Housing	8/3/2006	10	$11,057.90	100%	11,058	10	1.41	$1,106	1,559	9,499	0%	-	
PROGWAT Rebuilt Tonkatio Pump	8/24/2006	10	$935.28	100%	935	10	1.35	$94	126	809	0%	-	
PROGWAT New Filter Housing for Reverse Osmosis	10/2/2006	20	$3,577.56	100%	3,578	20	1.25	$178	223	3,355	0%	-	
Ultrafiltration Unit	2/20/2007	20	$277,468.48	0%	0	20	0.86	$0	0		0%		

Utility Name: DOUBLE DIAMOND UTILITIES CO
Docket Number: 38226-R (WATER) The Cliffs
Date Examined: 28-Apr-10 6:58 PM
Date Referenced: 31-Dec-07

Preliminary - Subject To Change *version:* 20070403

DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Customer $
SMITPUM Motor, Pump and Assembly	2/27/2007	10	$5,429.91	100%	5,430	10	0.84	$543	456	4,974	0%	-	
Installation 100,000 gal GST	4/11/2007	50	$66,169.00	100%	66,169	50	0.72	$1,323	957	65,212	0%	-	
MORRISUP Tank Fill Lines for Ground Storage	5/9/2007	50	$1,469.95	100%	1,470	50	0.65	$29	19	1,451	0%	-	
J&JOILF Wiring for New UF System	5/29/2007	20	$5,463.50	0%	0	20	0.59	$0	0		0%		
MORRISUP Meter for Product Water	6/12/2007	20	$4,535.68	100%	4,536	20	0.55	$227	125	4,410	0%	-	
C&CCONC Slab for New Storage Tanks	6/13/2007	50	$4,820.00	100%	4,820	50	0.55	$92	51	4,589	0%	-	
LAYNCHR Hydranautic CPA2 Elements/RO Membranes	6/21/2007	20	$23,997.40	100%	23,997	20	0.53	$1,200	634	23,363	0%	-	
RUSSTUR Pad Built for Storage Tank	7/11/2007	50	$2,480.00	100%	2,480	50	0.47	$50	23	2,457	0%	-	
MORRISUP Raw Water Line	8/28/2007	50	$8,581.65	100%	8,582	50	0.34	$172	59	8,523	0%	-	
WALLELE Electrical Work on Flow Meters	9/5/2007	20	$1,790.43	100%	1,790	20	0.32	$90	28	1,762	0%	-	
USABLU Chemical Feed Pump	9/10/2007	5	$394.48	100%	394	5	0.31	$79	24	370	0%	-	
USABLU Pressure Logger, Software, Gauge to Hose A	10/1/2007	7	$659.01	100%	659	7	0.25	$94	28	636	0%	-	
KOKOPEL Raw Water Intake Line	10/3/2007	50	$6,868.46	100%	6,868	50	0.24	$137	33	6,835	0%	-	
MORRISUP Raw Water Line	10/18/2007	50	$1,082.50	100%	1,083	50	0.20	$22	4	1,078	0%	-	
PROGWAT Rebuilt Pumps for Back Ups	11/26/2007	10	$3,720.69	100%	3,721	10	0.10	$372	36	3,685	0%	-	
UNITEQU Trencher	12/17/2007	20	$1,368.14	100%	1,368	20	0.04	$68	3	1,366	80%	1,092	
Trencher	12/31/2007	20	$1,894.88	100%	1,895	20	0.00	$95	0	1,895	80%	1,516	
	12/31/2007	20		100%	0	20	0.00	$0	0				
Trended Assets													
Fencing 2,500 Lf. 6 feet with 3 barbed wire ($200 per 50 feet)	1/1/1995	20	$ 5,929.98	100%	5,930	20	13.00	$296	3,853	2,077	80%	1,661	
75,000 gallon gst, field erect with pad	1/1/1985	50	$ 16,565.10	100%	16,565	50	22.00	$331	7,287	9,278	100%	9,278	
75,000 gallon gst, field erect with pad	1/1/1985	50	$ 16,565.10	100%	16,565	50	22.00	$331	7,287	9,278	100%	9,278	
Pipe 2" - 9,725 feet * 12.38	1/1/1985	50	$ 46,379.27	100%	46,379	50	23.00	$928	21,330	25,049	100%	25,049	
Pipe 3" - 2,774 ft * 12.77	1/1/1985	50	$ 13,646.18	100%	13,646	50	23.00	$273	6,276	7,370	100%	7,370	
Pipe 4" - 50,207 ft *13.74	1/1/1985	50	$ 129,981.19	100%	129,981	50	23.00	$2,600	59,779	70,202	100%	70,202	
Pipe 6" - 45,083 ft *15.41	1/1/1985	50	$ 267,626.49	100%	267,626	50	23.00	$5,353	123,083	144,544	100%	144,544	
Pipe 8" -5,896 ft *21.83	1/1/1985	50	$ 57,991.54	100%	57,992	50	23.00	$1,160	26,671	31,321	100%	31,321	
Pipe 12" -4,200 ft *28.53	1/1/1985	50	$ 46,159.88	100%	46,160	50	23.00	$923	21,229	24,931	100%	24,931	
Reclassified Assets													
30 hp pump J & J oilfield invoice no. 89318	10/26/2007	10	$ 1,513.33	100%	1,513	10	0.18	$151	27	1,486			
Raw Water Header Jonny's welding Invoice No. 2209	11/20/2007	10	$ 2,744.62	100%	2,745	10	0.11	$274	31	2,714			
Tonkallo Pump replacment Progressive Water Invoice No. 2188	10/30/2007	10	$ 7,082.96	100%	7,082	10	0.17	$708	120	6,962			
Rebuilt Tonkallo Pump Progressive Water Invoice No. 1937	1/28/2007	10	$ 1,738.25	100%	1,738	10	0.94	$174	163	1,575			
Flow Meter, Chart Recorder Wallace Controlls Invoice No. 5814	5/14/2007	10	$ 4,876.58	100%	4,877	10	0.63	$488	308	4,568			
MORRISUP Tank Fill Lines for Ground Storage Invoice No. 06560758	6/10/2007	50	$ 2,381.00	100%	2,381	50	0.56	$48	27	2,354			
Lake pump repair Smith Pump Invoice No. 159664	5/31/2007	10	$ 12,162.08	100%	12,162	10	0.59	$1,216	713	11,450			
Kokopelli Inc. riser inside GST Invoice No. 522	9/19/2007	50	$ 9,322.62	100%	9,323	50	0.28	$186	53	9,270			

Utility Name: DOUBLE DIAMOND UTILITIES CO *Preliminary - Subject To Change* version: 20070403
Docket Number: 96220-R (WATER) The Cliffs
Date Examined: 28-Apr-10 6:58 PM
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DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Contributions in Aid of Construction: Customer $
Progwat Invoice 13621	2/19/2007	10	$ 2,938.42	100%	2,938	10	0.86	$294	253	2,685			
Total			1,696,844		1,323,711			45,097	464,814	858,897		447,600	

Trended Assets	Current HW Index	Install HW Index	HW Line No.	Handy Whitman Index	Current Cost per unit	Number of units		Current Cost	Invoiced	Trended Orig. Cost-Invoiced
Fencing 2,500 LF. 8 feet with 3 barbed wire ($200 per 50 feet)	457	271	15	0.593	$200.00	50.00		$10,000.00		$ 5,930
75,000 gallon gst, field erect with pad	722	184	23	0.255	$65,000.00	1.00		$65,000.00		$ 16,565
75,000 gallon gst, field erect with pad	722	184	23	0.255	$65,000.00	1.00		$65,000.00		$ 16,565
Pipe 2" - 9,725 feet * 12.38	379	146	38	0.385	$12.38	9,725.00		$120,395.50		$ 46,379
Pipe 3" - 2,774 ft * 12.77	379	146	38	0.385	$12.77	2,774.00		$35,423.98		$ 13,646
Pipe 4" - 50,207 ft *13.74	379	146	38	0.385	$13.74	50,207.00		$689,844.18		$ 265,745
Pipe 6" - 45,083 ft *15.41	379	146	38	0.385	$15.41	45,083.00		$694,729.03		$ 267,626
Pipe 8" -6,896 ft *21.83	379	146	38	0.385	$21.83	6,896.00		$150,539.68		$ 57,992
Pipe 12" -4,200 ft *28.53	379	146	38	0.385	$28.53	4,200.00		$119,826.00		$ 46,160
Total Pipe Installed								0	$135,763.53	
								Total trended value=		$ 739,609
								Total trended pipe cost=		$ 697,548

Pipe invoiced prices
$9,697.50
$9,697.50
$4,148.00
$1,557.50
$535.78
$6,496.88
$362.27
$286.43
$4,265.00
$12,142.50
$4,170.00
$200.00
$9,739.63
$1,000.00
$1,021.88
$16,873.74
$9,219.64
$740.43
$3,562.50
$742.50
$750.00
$964.65

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Docket Number: 36220-R (WATER) The Cliffs
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DEPRECIATION ANALYSIS

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	$5,217.00												
	$2,750.83												
	$11,589.00												
	$8,172.86												
	$4,024.00												
	$1,368.14												
	$1,894.88												
	$2,572.50												
Total =	$135,763.53												

Attachment BDD-3

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: DOUBLE DIAMOND UTILITIES CO
Docket Number: 36220-R (WATER) Retreat
Date Examined: 29-Apr-10 10:50 AM
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0 version: 20070403

DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Customer $
6023..001 Well #1	Land	n/a	$ 25,760.00	100%	25,760	n/a	n/a	n/a	n/a	25,760	80%	$20,608.00	
6034..011 Well #2	Land	n/a	$ 31,680.00	100%	31,680	n/a	n/a	n/a	n/a	31,680	0%	$0.00	
6033..001 Water Plant	Land	n/a	$ 14,880.00	100%	14,880	n/a	n/a	n/a	n/a	14,880	80%	$11,904.00	
pressure reducing valves	1/4/2002	50	$ 387.53	100%	388	50	5.99	$8	46	341	80%	$272.90	
piping	4/19/2002	50	$ 9,450.23	100%	9,450	50	5.70	$189	1,077	8,373	80%	$6,698.29	
piping	4/19/2002	50	$ 982.98	100%	983	50	5.70	$20	112	871	80%	$696.73	
piping	4/26/2002	50	$ 8,039.55	100%	8,040	50	5.68	$161	913	7,126	80%	$5,700.87	
piping	5/8/2002	50	$ 1,566.16	100%	1,566	50	5.65	$31	177	1,389	80%	$1,111.39	
piping	5/13/2002	50	$ 7,076.09	100%	7,076	50	5.63	$142	797	6,279	80%	$5,022.95	
waterlines	5/14/2002	50	$ 16,775.00	100%	16,775	50	5.63	$336	1,889	14,886	80%	$11,908.44	
piping	5/21/2002	50	$ 18,771.13	100%	18,771	50	5.61	$375	2,107	16,664	80%	$13,331.23	
piping	5/24/2002	50	$ 31,353.31	100%	31,353	50	5.60	$627	3,514	27,839	80%	$22,271.19	
concrete blocking	5/30/2002	50	$ 141.44	100%	141	50	5.59	$3	16	126	80%	$100.51	
water and sewer mains	6/3/2002	50	$ 10,991.78	100%	10,992	50	5.58	$220	1,226	9,766	80%	$7,812.61	
mains	6/13/2002	50	$ 97.69	100%	98	50	5.55	$2	11	87	80%	$69.48	
water and sewer engineering	6/18/2002	5	$ 9,600.00	100%	9,600	5	5.54	–	9,600	0	80%	$0.00	
mains	6/18/2002	50	$ 7,837.50	100%	7,838	50	5.54	$157	868	6,970	80%	$5,575.79	
piping	6/24/2002	50	$ 4,565.00	100%	4,565	50	5.52	$91	504	4,061	80%	$3,248.86	
mains	7/10/2002	50	$ 2,200.00	100%	2,200	50	5.48	$44	241	1,959	80%	$1,567.26	
piping	7/11/2002	50	$ 116.15	100%	116	50	5.47	$2	13	103	80%	$82.75	
mains	7/18/2002	50	$ 4,001.25	100%	4,001	50	5.46	$80	437	3,564	80%	$2,851.50	
lines	7/29/2002	50	$ 4,582.50	100%	4,583	50	5.42	$92	498	4,084	80%	$3,275.47	
PT, 6,000 gallons	8/7/2002	50	$ 15,776.00	15%	2,366	50	5.40	$47	256	2,111	80%	$1,688.70	
piping	8/8/2002	50	$ 5,570.00	100%	5,570	50	5.40	$111	601	4,969	80%	$3,975.06	
lines	8/19/2002	50	$ 1,457.50	100%	1,458	50	5.37	$29	156	1,301	80%	$1,040.86	
storage tank, 100,000 gallons	8/23/2002	50	$ 50,683.81	12%	6,082	50	5.36	$122	651	5,431	80%	$4,344.51	
lines	8/28/2002	50	$ 10,003.13	100%	10,003	50	5.34	$200	1,069	8,934	80%	$7,147.69	
CCN	8/31/2002	5	$ 420.00	100%	420	5	5.33	–	420	0	80%	$0.00	
heavy equipment rental	9/3/2002	20	$ 1,147.13	100%	1,147	20	5.33	$57	305	842	80%	$673.36	
lines	9/9/2002	50	$ 7,205.00	100%	7,205	50	5.31	$144	765	6,440	80%	$5,152.01	
paint well house	9/13/2002	20	$ 250.00	100%	250	20	5.30	$13	66	184	80%	$147.02	
lines	9/17/2002	50	$ 8,635.00	100%	8,635	50	5.29	$173	913	7,722	80%	$6,177.58	
lines	9/18/2002	50	$ 560.74	100%	561	50	5.28	$11	59	501	80%	$401.18	
lines	9/27/2002	50	$ 30,428.00	100%	30,428	50	5.26	$609	3,201	27,227	80%	$21,781.87	
lines	9/30/2002	50	$ 18,645.00	100%	18,645	50	5.25	$373	1,958	16,687	80%	$13,349.45	
lines	10/8/2002	50	$ 12,697.50	100%	12,698	50	5.23	$258	1,349	11,549	80%	$9,238.98	
fittings	10/16/2002	50	$ 13,030.64	100%	13,031	50	5.21	$261	1,387	11,674	80%	$9,336.82	
lines	10/21/2002	50	$ 15,922.50	100%	15,923	50	5.19	$318	1,654	14,269	80%	$11,414.85	
piping and fittings	10/25/2002	50	$ 2,839.02	100%	2,839	50	5.18	$57	294	2,545	80%	$2,035.78	
insulation	10/26/2002	10	$ 111.46	100%	111	10	5.18	$11	58	54	80%	$42.96	
well #1	10/31/2002	20	$ 179,141.72	100%	179,142	20	5.17	$8,957	44,725	128,416	80%	$102,793.12	
piping	10/31/2002	50	$ 226.52	100%	227	50	5.17	$5	23	203	80%	$162.49	
lines	11/5/2002	50	$ 2,585.00	100%	2,585	50	5.15	$52	266	2,318	80%	$1,854.89	

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DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Depree. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Customer $
piping	11/8/2002	50	$ 6,961.07	100%	6,961	50	5.15	$139	717	6,244	80%	$4,995.28	
Tank Pad	11/25/2002	50	$ 7,120.00	100%	7,120	50	5.10	$142	736	6,384	80%	$5,115.25	
piping and sleeves	12/3/2002	50	$ 18,814.88	100%	18,815	50	5.06	$378	1,910	16,905	80%	$13,523.84	
tank parts	12/11/2002	50	$ 161.63	100%	162	50	5.05	$3	16	145	80%	$116.23	
sleeves	12/12/2002	50	$ 2,442.00	100%	2,442	50	5.05	$49	247	2,195	80%	$1,756.23	
haul french material	12/12/2002	50	$ 5,735.63	100%	5,736	50	5.05	$115	579	5,156	80%	$4,124.94	
booster station	12/18/2002	10	$ 4,650.00	100%	4,650	10	5.03	$465	2,341	2,309	80%	$1,847.01	
booster pumps (2)	12/18/2002	10	$ 5,328.07	100%	5,328	10	5.03	$533	2,683	2,645	80%	$2,116.35	
fittings	12/19/2002	50	$ 1,708.22	100%	1,708	50	5.03	$34	172	1,536	80%	$1,229.04	
piping	12/19/2002	50	$ 713.57	100%	714	50	5.03	$14	72	642	80%	$513.40	
utilities	12/23/2002	50	$ 3,575.00	100%	3,575	50	5.02	$72	359	3,216	80%	$2,572.79	
pump house	1/2/2003	20	$ 1,589.79	100%	1,590	20	4.99	$79	397	1,193	80%	$954.27	
wellhouse roof	1/6/2003	20	$ 150.00	100%	150	20	4.98	$8	37	113	80%	$90.19	
fittings	1/8/2003	50	$ 5,117.45	100%	5,117	50	4.98	$102	509	4,608	80%	$3,686.41	
Erect Water Storage Tank	1/8/2003	50	$ 11,875.00	12%	1,425	50	4.98	$29	142	1,283	80%	$1,026.51	
Concrete for WTP	1/15/2003	50	$ 168.09	100%	168	50	4.96	$3	17	151	80%	$121.14	
electrical for pump station	1/23/2003	20	$ 15,764.00	100%	15,764	20	4.94	$788	3,891	11,873	80%	$9,498.54	
pump house metal work	1/27/2003	20	$ 130.00	100%	130	20	4.93	$7	32	98	80%	$78.39	
hoisting service to set tank	1/27/2003	50	$ 380.00	100%	380	50	4.93	$8	37	343	80%	$274.05	
wtp piping	1/28/2003	50	$ 138.61	100%	139	50	4.92	$3	14	125	80%	$99.97	
paint booster pump house	1/31/2003	20	$ 450.00	100%	450	20	4.91	$23	111	339	80%	$271.54	
wtp appurtenances	2/6/2003	20	$ 130.50	100%	131	20	4.90	$7	32	99	80%	$79.83	
pipe and fittings	2/6/2003	50	$ 5,292.69	100%	5,293	50	4.90	$106	518	4,774	80%	$3,819.37	
Pipe	2/7/2003	50	$ 2,609.26	100%	2,609	50	4.90	$52	255	2,354	80%	$1,883.04	
flume sand at well	2/11/2003	20	$ 111.80	100%	112	20	4.88	$6	27	84	80%	$67.80	
Well No. 1 piping	2/19/2003	20	$ 9,174.93	100%	9,175	20	4.86	$459	2,231	6,944	80%	$5,555.45	
pipe and fittings	2/24/2003	50	$ 1,555.38	100%	1,555	50	4.85	$31	151	1,405	80%	$1,123.63	
plumbing supplies	2/27/2003	50	$ 61.52	100%	62	50	4.84	$1	6	56	80%	$44.45	
heavy equipment rental	4/11/2003	20	$ 11,471.25	100%	11,471	20	4.72	$574	2,709	8,762	80%	$7,009.85	
fence for well	4/22/2003	20	$ 3,513.67	100%	3,514	20	4.69	$176	824	2,688	80%	$2,151.40	
wtp fence	5/29/2003	20	$ 4,120.00	100%	4,120	20	4.59	$206	946	3,174	80%	$2,539.34	
heavy equipment rental	6/10/2003	20	$ 2,867.81	100%	2,868	20	4.58	$143	654	2,214	80%	$1,771.33	
water meter and vaults	6/13/2003	20	$ 3,609.00	100%	3,609	20	4.55	$180	821	2,788	80%	$2,230.32	
fittings	7/20/2003	50	$ 345.76	100%	346	50	4.45	$7	31	315	80%	$251.99	
fittings	7/29/2003	50	$ 91.75	100%	92	50	4.42	$2	8	84	80%	$66.90	
engineering	11/18/2003	5	$ 900.00	100%	900	5	4.12	$180	741	159	80%	$127.05	
well site survey	12/3/2003	5	$ 435.00	100%	435	5	4.08	$87	355	80	80%	$64.26	
piping	1/12/2004	50	$ 8,531.04	100%	8,531	50	3.97	$171	677	7,854	80%	$6,283.33	
water main	1/15/2004	50	$ 10,000.00	100%	10,000	50	3.96	$200	792	9,208	80%	$7,366.57	
piping	1/27/2004	50	$ 39,636.98	100%	39,637	50	3.93	$793	3,112	36,525	80%	$29,219.70	
hydrants	1/30/2004	20	$ 7,925.55	100%	7,926	20	3.92	$396	1,436	5,891	80%	$4,712.42	
water main	2/2/2004	50	$ 50,000.00	100%	50,000	50	3.91	$1,000	3,910	46,090	80%	$36,872.29	
appurtenances	2/6/2004	50	$ 445.67	100%	446	50	3.90	$9	35	411	80%	$328.74	
Drill	2/7/2004	10	$ 194.20	100%	194	10	3.90	$19	76	119	0%	$0.00	
fittings	2/13/2004	50	$ 293.42	100%	293	50	3.88	$6	23	271	80%	$216.52	

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plan submittal - well 2	3/1/2004	5	$ 1,800.00	100%	1,800	5	3.83	$360	1,380	420	0%	$0.00	
water main	3/10/2004	50	$ 32,000.00	100%	32,000	50	3.81	$640	2,437	29,563	80%	$23,650.12	
hydrants	3/22/2004	20	$ 18,863.42	100%	18,863	20	3.78	$943	3,561	15,302	80%	$12,241.99	
piping	3/23/2004	50	$ 12,000.00	100%	12,000	50	3.77	$240	905	11,095	80%	$8,875.63	
watermain	4/5/2004	50	$ 27,530.00	100%	27,530	50	3.74	$551	2,058	25,472	80%	$20,377.85	
piping	4/12/2004	50	$ 1,298.00	100%	1,298	50	3.72	$26	97	1,201	80%	$961.16	
appurtenances	4/19/2004	50	$ 465.36	100%	465	50	3.70	$9	34	431	80%	$344.74	
watermain	4/23/2004	50	$ 32,950.00	100%	32,950	50	3.69	$659	2,430	30,520	80%	$24,415.75	
power to well #2	5/7/2004	20	$ 61,350.68	100%	61,351	20	3.65	$3,068	11,195	50,156	0%	$0.00	
electric trench for well #2	8/9/2004	20	$ 1,300.00	100%	1,300	20	3.38	$65	220	1,080	0%	$0.00	
well #2	8/31/2004	20	$ 205,669.00	100%	205,669	20	3.33	$10,283	34,264	171,405	0%	$0.00	
well service	9/7/2004	20	$ 5,208.91	100%	5,209	20	3.31	$260	863	4,346	0%	$0.00	
wtp pressure switch	9/13/2004	20	$ 474.64	100%	475	20	3.30	$24	78	396	0%	$0.00	
COXEXCA EMERGENCY WELL TIE IN	10/18/2004	20	$ 1,500.00	100%	1,500	20	3.20	$75	240	1,260	0%	$0.00	
fittings	10/28/2004	50	$ 1,012.39	100%	1,012	50	3.18	$20	64	948	80%	$758.42	
water main	1/17/2005	50	$ 19,000.00	100%	19,000	50	2.95	$380	1,122	17,878	80%	$14,302.77	
fittings	1/24/2005	50	$ 11,098.27	100%	11,098	50	2.93	$222	651	10,447	80%	$8,357.93	
piping	1/27/2005	50	$ 40,706.62	100%	40,707	50	2.92	$814	2,381	38,326	80%	$30,660.86	
fittings	2/8/2005	50	$ 6,337.00	100%	6,337	50	2.89	$127	366	5,971	80%	$4,776.74	
fittings	2/15/2005	50	$ 7,346.17	100%	7,346	50	2.87	$147	422	6,924	80%	$5,539.38	
water main	2/23/2005	50	$ 26,785.00	100%	26,785	50	2.85	$536	1,527	25,258	80%	$20,206.56	
water main	3/9/2005	50	$ 32,869.00	100%	32,869	50	2.81	$657	1,848	31,021	80%	$24,816.48	
piping	3/11/2005	50	$ 6,748.43	100%	6,748	50	2.81	$135	379	6,370	80%	$5,095.73	
piping	3/15/2005	50	$ 2,884.00	100%	2,884	50	2.80	$58	161	2,723	80%	$2,178.21	
piping	3/18/2005	50	$ 11,330.00	100%	11,330	50	2.79	$227	632	10,698	80%	$8,558.75	
piping	3/25/2005	50	$ 14,033.75	100%	14,034	50	2.77	$281	777	13,257	80%	$10,605.48	
piping	3/30/2005	50	$ 14,471.50	100%	14,472	50	2.75	$289	797	13,674	80%	$10,939.46	
piping	4/8/2005	50	$ 15,978.50	100%	15,974	50	2.73	$319	872	15,101	80%	$12,081.17	
piping	4/15/2005	50	$ 15,450.00	100%	15,450	50	2.71	$309	838	14,612	80%	$11,689.97	
pipe and fittings	4/21/2005	50	$ 1,536.00	100%	1,536	50	2.69	$31	83	1,453	80%	$1,162.59	
piping	4/22/2005	50	$ 7,776.50	100%	7,777	50	2.69	$156	419	7,358	80%	$5,886.34	
piping	4/25/2005	50	$ 1,294.52	100%	1,295	50	2.68	$26	69	1,225	80%	$980.04	
piping	4/29/2005	50	$ 6,952.50	100%	6,953	50	2.67	$139	372	6,581	80%	$5,264.75	
hydrant	4/29/2005	20	$ 2,025.00	100%	2,025	20	2.67	$101	271	1,754	80%	$1,403.56	
bore	5/6/2005	50	$ 4,250.00	100%	4,250	50	2.65	$85	226	4,024	80%	$3,219.60	
piping	5/13/2005	50	$ 2,781.00	100%	2,781	50	2.63	$56	146	2,635	80%	$2,107.61	
piping and appurtenances	5/23/2005	50	$ 2,847.89	100%	2,848	50	2.61	$57	148	2,699	80%	$2,159.55	
hydrant	5/27/2005	20	$ 750.00	100%	750	20	2.60	$38	97	653	80%	$522.14	
fence at well#2	6/28/2005	20	$ 720.00	100%	720	20	2.61	$36	90	630	0%	$0.00	
water treatment plant repair	7/5/2005	20	$ 406.48	100%	406	20	2.49	$20	51	356	0%	$0.00	
piping	7/11/2005	50	$ 2,133.66	100%	2,134	50	2.47	$43	106	2,028	80%	$1,622.53	
piping	7/21/2005	50	$ 1,737.43	100%	1,737	50	2.44	$35	85	1,652	80%	$1,321.98	
JLMYERS REPAIR&INSTALL DEEP WELL#2	1/2/2006	20	$ 3,220.44	100%	3,220	20	1.99	$161	321	2,899	0%	$0.00	
LANELOY WATER WELL PIPING SINULATIN	1/31/2006	20	$ 1,409.00	100%	1,409	20	1.91	$70	135	1,274	0%	$0.00	
JLMYERS MATERIALS&REPAIR WTR WELL1	2/2/2006	20	$ 18,294.25	100%	18,294	20	1.91	$915	1,746	16,549	0%	$0.00	

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DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Customer $
pipe	3/15/2006	50	$ 45,936.75	100%	45,937	50	1.60	$919	1,650	44,287	80%	$35,429.34	
heavy equipment rental	3/30/2006	20	$ 15,265.00	100%	15,265	20	1.75	$763	1,339	13,926	80%	$11,140.42	
heavy equipment rental	3/31/2006	20	$ 4,823.44	100%	4,823	20	1.75	$241	423	4,401	80%	$3,520.68	
pipe	4/12/2006	50	$ 16,608.55	100%	16,609	50	1.72	$332	571	16,037	80%	$12,829.94	
heavy equipment rental	5/30/2006	20	$ 9,095.62	100%	9,096	20	1.59	$455	722	8,373	80%	$6,698.77	
piping and appurtenances	6/15/2006	50	$ 6,305.48	100%	6,305	50	1.54	$126	195	6,111	80%	$4,888.80	
heavy equipment rental	6/17/2006	20	$ 13,656.25	100%	13,656	20	1.54	$683	1,051	12,606	80%	$10,084.50	
concrete	6/20/2006	50	$ 150.94	100%	150	50	1.53	$3	5	146	80%	$116.59	
piping	7/17/2006	50	$ 3,324.71	100%	3,325	50	1.48	$66	97	3,228	80%	$2,582.29	
heavy equipment rental	7/16/2006	20	$ 27,312.50	100%	27,313	20	1.45	$1,366	1,985	25,327	80%	$20,261.72	
thrust blocking	7/19/2006	50	$ 331.41	100%	331	50	1.45	$7	10	322	80%	$257.43	
fittings	8/1/2006	50	$ 172.33	100%	172	50	1.42	$3	5	167	80%	$133.98	
piping and appurtenances	8/4/2006	50	$ 5,013.21	100%	5,013	50	1.41	$100	141	4,872	80%	$3,897.69	
fittings	8/23/2006	50	$ 1,513.24	100%	1,513	50	1.36	$30	41	1,472	80%	$1,177.78	
piping and appurtenances	8/25/2006	50	$ 1,469.79	100%	1,470	50	1.35	$29	40	1,430	80%	$1,144.09	
Heavy Equipment	8/29/2006	20	$ 1,515.94	100%	1,516	20	1.34	$76	101	1,414	80%	$1,131.57	
WALLELE New Starter Panel for Pump 2	10/2/2006	20	$ 2,163.00	100%	2,163	20	1.25	$108	135	2,028	0%	$0.00	
2007 Chevy Silverado	10/12/2006	7	$ 8,409.72	100%	8,410	7	1.22	$1,201	1,464	6,946	0%	$0.00	
Repair Water Well	4/30/2007	20	$ 1,631.00	100%	1,631	20	0.67	$82	55	1,576	0%	$0.00	
WALLELE Well #1-Check Well #1 & Replace Submersitor	7/2/2007	20	$ 3,345.93	100%	3,346	20	0.50	$167	83	3,263	0%	$0.00	
POLLWAT Motor Head, Check Valve, Airline, Wrap Tap	8/27/2007	20	$ 7,378.35	100%	7,378	20	0.34	$369	127	7,251	0%	0	
Total			1,709,104		1,631,843			52,676	206,774	1,424,869		449,494	

Trended Assets

	Current HW Index	Install HW Index	HW Line No.	Handy Whitman Index	Current Cost per unit	Number of units		Current Cost	Invoiced	Trended Orig. Cost-Invoiced
Pipe 2" - 11,712 feet * 12.38	379	146	38	0.385	$12.38	11,712.00		$144,994.56		$ 55,855
Pipe 4" - 6,886 ft *13.74	379	146	38	0.385	$13.74	8,886.00		$122,093.64		$ 47,033
Pipe 6" - 57083 ft *15.40	379	146	38	0.385	$15.40	57,083.00		$879,078.20		$ 338,642
Pipe 8" - 43,478 ft *15.41	379	146	38	0.385	$15.41	43,478.00		$669,995.98		$ 258,099
Total Pipe Installed								0	$ 855,616.77	
									Total trended value=	$ 699,630
									Total trended pipe cost=	

Pipe Costs Invoiced
$ 387.53
$ 9,450.23
$ 582.98

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DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Contributions in Aid of Construction: Customer $
$ 8,039.55													
$ 1,566.16													
$ 7,076.09													
$ 16,775.00													
$ 18,771.13													
$ 31,353.31													
$ 141.44													
$ 10,991.78													
$ 97.59													
$ 7,837.50													
$ 4,565.00													
$ 2,200.00													
$ 116.15													
$ 4,001.25													
$ 4,592.50													
$ 5,570.00													
$ 1,457.50													
$ 10,008.13													
$ 1,147.13													
$ 7,205.00													
$ 8,635.00													
$ 560.74													
$ 30,428.00													
$ 18,645.00													
$ 12,897.50													
$ 13,030.64													
$ 15,922.50													
$ 2,839.02													
$ 2,585.00													
$ 6,961.07													
$ 18,814.88													
$ 2,442.00													
$ 5,735.63													
$ 1,708.22													
$ 718.57													
$ 8,575.00													
$ 5,292.69													
$ 2,609.26													
$ 1,555.38													
$ 345.76													
$ 91.75													
$ 900.00													
$ 485.00													
$ 8,531.04													
$ 10,000.00													

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DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Contributions in Aid of Construction: Customer $
$ 39,636.98													
$ 50,000.00													
$ 445.67													
$ 32,000.00													
$ 12,000.00													
$ 27,530.00													
$ 1,298.00													
$ 465.36													
$ 32,950.00													
$ 1,012.39													
$ 19,000.00													
$ 11,098.27													
$ 40,706.62													
$ 6,337.00													
$ 7,346.17													
$ 26,785.00													
$ 32,869.00													
$ 6,748.43													
$ 2,884.00													
$ 11,930.00													
$ 14,083.75													
$ 14,471.50													
$ 15,973.90													
$ 15,450.00													
$ 1,536.00													
$ 7,776.50													
$ 1,294.52													
$ 6,952.50													
$ 4,250.00													
$ 2,781.00													
$ 2,847.89													
$ 2,133.66													
$ 1,737.43													
$ 45,936.75													
$ 16,608.55													
$ 3,324.71													
$ 5,013.21													
$ 1,469.79													
$ 855,616.77													

Attachment BDD-4

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Utility Name: DOUBLE DIAMOND UTILITIES CO
Docket Number: 36220-R (WATER) White Bluff
Date Examined: 29-Apr-10 8:16 AM
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version: 20070403

DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Customer $
WB 4 TR2 2.30AC Water Tanks	Land	n/a	$ 71,410.00	100%	71,410	n/a	n/a	n/a	n/a	71,410	80%	$57,128.00	
907..120 .257AC Pump Station	Land	n/a	$ 18,900.00	100%	18,900	n/a	n/a	n/a	n/a	18,900	80%	$15,120.00	
936..18 water tower & well	Land	n/a	$ 15,880.00	100%	15,880	n/a	n/a	n/a	n/a	15,880	0%	$0.00	
water bore	1/31/1996	50	$ 500.00	100%	500	50	11.92	$10	119	381	80%	$304.68	
water line unit 33, 34, 35	2/29/1996	50	$ 9,090.00	100%	9,090	50	11.84	$182	2,152	6,938	80%	$5,550.61	
water bore	2/29/1996	50	$ 1,500.00	100%	1,500	50	11.84	$30	356	1,145	80%	$915.94	
water bores (2)	5/1/1996	50	$ 1,000.00	100%	1,000	50	11.67	$20	233	767	80%	$613.34	
water storage tank #2	6/19/1996	50	$ 81,617.96	100%	81,618	50	11.53	$1,632	18,824	62,794	0%	$0.00	
water lineunit 36 and 38	6/30/1996	50	$ 10,685.00	100%	10,685	50	11.50	$213	2,446	8,189	80%	$6,550.87	
water line Unit 37	6/30/1996	50	$ 5,105.00	100%	5,105	50	11.50	$102	1,174	3,931	80%	$3,144.54	
water line Unit 38	6/30/1996	50	$ 3,795.00	100%	3,795	50	11.50	$76	873	2,922	80%	$2,337.62	
water and sewer bores	7/31/1996	50	$ 2,000.00	100%	2,000	50	11.42	$40	457	1,543	80%	$1,234.66	
pipe - Rohen	9/11/1996	50	$ 3,280.96	100%	3,281	50	11.30	$66	742	2,539	80%	$2,031.47	
water line unit 40	11/1/1996	50	$ 4,510.00	100%	4,510	50	11.16	$90	1,007	3,503	80%	$2,802.53	
water line unit 39	12/1/1996	50	$ 4,230.00	100%	4,230	50	11.08	$85	937	3,293	80%	$2,634.10	
water bore (3)	12/1/1996	50	$ 1,500.00	100%	1,500	50	11.08	$30	332	1,168	80%	$934.08	
piping	1/15/1997	50	$ 7,551.52	100%	7,552	50	10.96	$151	1,655	5,897	80%	$4,717.36	
raw water intake	1/16/1997	20	$ 389.88	100%	390	20	10.95	$19	214	176	80%	$141.07	
piping	1/22/1997	50	$ 274.49	100%	274	50	10.94	$5	60	214	80%	$171.56	
piping	2/28/1997	50	$ 6,939.91	100%	6,940	50	10.84	$139	1,504	5,436	80%	$4,348.67	
pipe Unit 40	2/28/1997	50	$ 4,817.34	100%	4,817	50	10.84	$96	1,044	3,773	80%	$3,018.63	
tee and gate valves - Unit 40	2/28/1997	50	$ 1,034.21	100%	1,034	50	10.84	$21	224	810	80%	$648.05	
piping	3/29/1997	50	$ 14,210.00	100%	14,210	50	10.76	$284	3,057	11,153	80%	$8,922.28	
water line unit 40	4/1/1997	50	$ 7,475.00	100%	7,475	50	10.75	$150	1,607	5,868	80%	$4,694.44	
bores	4/1/1997	50	$ 500.00	100%	500	50	10.75	$10	107	393	80%	$314.01	
Water line Unit 40	4/10/1997	50	$ 518.29	100%	518	50	10.72	$10	111	407	80%	$325.70	
valves - Unit 41	4/18/1997	50	$ 738.27	100%	738	50	10.70	$15	158	580	80%	$464.19	
piping - US Filter - Unit 40	4/23/1997	50	$ 318.25	100%	318	50	10.69	$6	68	250	80%	$200.18	
pipe - Unit 41	6/16/1997	50	$ 1,686.54	100%	1,687	50	10.54	$34	356	1,331	80%	$1,064.79	
pipe - Unit 41	6/16/1997	50	$ 636.51	100%	637	50	10.54	$13	134	502	80%	$401.86	
pipe - Unit 41	7/2/1997	50	$ 331.66	100%	332	50	10.50	$7	70	262	80%	$209.62	
valves, tees - Unit 41	7/25/1997	50	$ 175.20	100%	175	50	10.43	$4	37	139	80%	$110.91	
water line unit 41	7/31/1997	50	$ 2,705.00	100%	2,705	50	10.42	$54	564	2,141	80%	$1,713.13	
bore	7/31/1997	50	$ 1,000.00	100%	1,000	50	10.42	$20	208	792	80%	$633.32	
water line unit 41	8/1/1997	50	$ 4,875.00	100%	4,875	50	10.41	$98	1,015	3,860	80%	$3,087.65	
gate valves - unit 41	8/20/1997	50	$ 1,277.16	100%	1,277	50	10.36	$26	265	1,012	80%	$809.97	
pvc pipe - Unit 41	8/20/1997	50	$ 375.09	100%	375	50	10.36	$8	78	297	80%	$237.88	
valve box lid - US Filter	9/19/1997	50	$ 1,021.50	100%	1,022	50	10.28	$20	210	811	80%	$649.17	
pipe - Unit 42	2/1/1998	50	$ 3,690.00	100%	3,690	50	9.91	$74	731	2,959	80%	$2,366.85	
waterline	2/2/1998	50	$ 188.68	100%	189	50	9.91	$4	37	151	80%	$121.03	

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DEPRECIATION ANALYSIS

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pipe - Unit 42	2/10/1998	50	$ 9,801.82	100%	9,802	50	9.89	$198	1,936	7,864	80%	$6,290.96	
valves - Unit 42	2/10/1998	50	$ 2,135.05	100%	2,135	50	9.89	$43	422	1,713	80%	$1,370.32	
tees - Unit 42	2/10/1998	50	$ 621.31	100%	621	50	9.89	$12	123	498	80%	$398.77	
water and sewer master plan engineering	3/15/1998	5	$ 989.75	100%	990	5	9.80	–	990	0	80%	$0.00	
piping	4/6/1998	50	$ 317.34	100%	317	50	9.74	$6	62	253	80%	$204.44	
pipe - Unit 42	4/15/1998	50	$ 2,187.30	100%	2,187	50	9.71	$44	425	1,762	80%	$1,409.98	
backfill - Unit 42	4/15/1998	50	$ 2,183.75	100%	2,184	50	9.71	$44	424	1,760	80%	$1,407.69	
pipe - Unit 42	4/21/1998	50	$ 675.48	100%	675	50	9.69	$14	131	545	80%	$436.61	
valves - Unit 42	4/23/1998	50	$ 114.25	100%	114	50	9.69	$2	22	92	80%	$73.69	
backfill - Unit 42	5/22/1998	50	$ 9,620.00	100%	9,620	50	9.61	$192	1,849	7,771	80%	$6,216.85	
booster pumps engineering	6/11/1998	5	$ 12,374.86	100%	12,375	5	9.56	–	12,376	0	80%	$0.00	
pipe - Unit 43	6/26/1998	50	$ 2,651.55	100%	2,652	50	9.51	$53	505	2,147	80%	$1,717.61	
bobcat water and sewer pipe Unit 43	7/6/1998	20	$ 15,400.00	100%	15,400	20	9.48	$770	7,298	8,102	80%	$6,481.28	
valve - Unit 43	7/13/1998	50	$ 178.78	100%	179	50	9.47	$4	34	145	80%	$115.94	
concrete - three invoices of $113.21	7/13/1998	50	$ 169.82	100%	170	50	9.47	$3	32	138	80%	$110.13	
booster pumps engineering	7/14/1998	5	$ 9,661.00	100%	9,661	5	9.46	–	9,661	0	80%	$0.00	
gate valve, saddle	7/23/1998	50	$ 358.58	100%	359	50	9.44	$7	68	291	80%	$232.70	
valves - Unit 43	7/24/1998	50	$ 51.95	100%	52	50	9.44	$1	10	42	80%	$33.72	
bobcat - sewer and water pipe installation	7/28/1998	20	$ 13,117.50	100%	13,118	20	9.43	$656	6,183	6,935	80%	$5,547.96	
check and swing valves	7/31/1998	50	$ 195.20	100%	195	50	9.42	$4	37	158	80%	$126.74	
fittings on booster station	8/3/1998	10	$ 4,159.50	100%	4,160	10	9.41	$416	3,914	245	0%	$0.00	
bobcat	8/19/1998	20	$ 1,457.50	100%	1,458	20	9.37	$73	683	776	80%	$619.95	
appurtenances - Unit 43	8/19/1998	50	$ 201.49	100%	201	50	9.37	$4	38	164	80%	$131.00	
concrete blocking - Unit 44	2/25/1999	50	$ 56.61	100%	57	50	8.85	$1	10	47	80%	$37.27	
trench work - Unit 44	3/15/1999	50	$ 7,293.00	100%	7,293	50	8.80	$146	1,283	6,010	80%	$4,807.93	
concrete mix - Unit 44	3/17/1999	20	$ 63.64	100%	64	20	8.79	$3	28	36	80%	$28.53	
trench work - Unit 44	3/19/1999	50	$ 3,549.00	100%	3,549	50	8.79	$71	624	2,925	80%	$2,340.31	
trench work - Unit 44	3/29/1999	50	$ 5,674.50	100%	5,675	50	8.76	$113	994	4,681	80%	$3,744.41	
survey	4/1/1999	5	$ 622.50	100%	623	5	8.75	–	623	0	80%	$0.00	
trench work - Unit 44	4/2/1999	50	$ 2,418.00	100%	2,418	50	8.75	$48	423	1,995	80%	$1,595.98	
trench work - Unit 44	4/14/1999	50	$ 1,930.50	100%	1,931	50	8.71	$39	336	1,594	80%	$1,275.22	
as-builts for units 42 and 43	4/16/1999	5	$ 232.50	100%	233	5	8.71	–	233	0	80%	$0.00	
well piping	4/21/1999	20	$ 1,998.05	100%	1,998	20	8.70	$100	869	1,129	0%	$0.00	
piping	4/22/1999	50	$ 2,409.28	100%	2,409	50	8.69	$48	419	1,990	80%	$1,592.33	
concrete - unit 44	4/23/1999	50	$ 56.61	100%	57	50	8.69	$1	10	47	80%	$37.41	
haul material for trench fill	5/5/1999	50	$ 565.00	100%	565	50	8.66	$11	98	467	80%	$373.74	
survey	5/12/1999	5	$ 175.00	100%	175	5	8.64	–	175	0	80%	$0.00	
drill and case well (Well No. 5)	5/13/1999	20	$ 28,905.29	100%	28,906	20	8.64	$1,445	12,480	16,425	0%	$0.00	
engineering	5/17/1999	5	$ 5,270.83	100%	5,271	5	8.62	–	5,271	0	80%	$0.00	

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well pump, electrical (well No. 3)	5/19/1999	20	$ 26,775.25	100%	26,775	20	8.62	$1,339	11,538	15,237	0%	$0.00	
engineering	6/9/1999	5	$ 8,979.16	100%	8,979	5	8.56	--	8,979	0	80%	$0.00	
new well electrical	6/9/1999	20	$ 4,132.00	100%	4,132	20	8.66	$207	1,769	2,363	0%	$0.00	
booster pumps (2X25 HP)	6/16/1999	10	$ 8,127.41	100%	8,127	10	8.54	$813	6,943	1,185	0%	$0.00	
well piping	6/30/1999	20	$ 432.65	100%	433	20	8.50	$22	184	249	0%	$0.00	
well piping	6/30/1999	20	$ 94.56	100%	95	20	8.50	$5	40	54	0%	$0.00	
well #3 piping and meter	7/2/1999	20	$ 3,147.25	100%	3,147	20	8.50	$157	1,337	1,810	0%	$0.00	
new well tie-in	7/6/1999	20	$ 1,193.00	100%	1,193	20	8.49	$60	506	687	0%	$0.00	
water line piping	7/6/1999	50	$ 518.98	100%	519	50	8.48	$10	88	431	80%	$344.67	
hydropneumatic pressure tank - 6000 gallon	7/16/1999	50	$ 27,576.00	100%	27,576	50	8.46	$552	4,666	22,910	0%	$0.00	
fence for new well	7/28/1999	20	$ 1,225.40	100%	1,225	20	8.43	$61	516	709	0%	$0.00	
block for pump house #1	8/3/1999	50	$ 3,264.13	100%	3,264	50	8.41	$65	549	2,715	0%	$0.00	
air compressor for booster station (2)	8/3/1999	10	$ 1,169.10	100%	1,169	10	8.41	$117	983	186	0%	$0.00	
booster station piping	8/4/1999	20	$ 22,476.91	100%	22,477	20	8.41	$1,124	9,449	13,028	0%	$0.00	
foundation for booster station	8/6/1999	50	$ 2,137.50	100%	2,138	50	8.40	$43	359	1,778	0%	$0.00	
fence for booster station	8/6/1999	20	$ 139.30	100%	139	20	8.40	$7	59	81	0%	$0.00	
air compressor fittings	8/10/1999	10	$ 630.00	100%	630	10	8.39	$63	529	101	0%	$0.00	
pipe and fittings for booster station	8/10/1999	20	$ 158.01	100%	158	20	8.39	$8	66	92	0%	$0.00	
water pipe appurtenences	8/10/1999	50	$ 146.41	100%	146	50	8.39	$3	25	122	80%	$97.47	
booster station piping	8/11/1999	50	$ 2,580.59	100%	2,581	50	8.39	$52	433	2,148	0%	$0.00	
appurtenances	8/16/1999	20	$ 148.00	100%	148	20	8.38	$7	62	86	0%	$0.00	
booster pump repair	8/19/1999	10	$ 788.31	100%	788	10	8.37	$79	660	129	0%	$0.00	
concrete blocking	8/20/1999	50	$ 132.61	100%	133	50	8.36	$3	22	110	80%	$88.34	
road bores	8/23/1999	50	$ 1,500.00	100%	1,500	50	8.36	$30	251	1,249	80%	$999.46	
water piping	8/25/1999	50	$ 281.98	100%	282	50	8.35	$6	47	235	80%	$187.91	
timers for well pumps	9/1/1999	20	$ 437.33	100%	437	20	8.33	$22	182	255	0%	$0.00	
fence and gate at well #1	9/10/1999	20	$ 350.00	100%	350	20	8.31	$18	145	205	0%	$0.00	
lumber for booster station	9/10/1999	20	$ 224.67	100%	225	20	8.31	$11	93	131	0%	$0.00	
sleeves for water and sewer mains	9/21/1999	50	$ 4,584.00	100%	4,584	50	8.28	$92	759	3,825	80%	$3,060.17	
fence for booster station	9/25/1999	20	$ 92.73	100%	93	20	8.27	$5	38	54	0%	$0.00	
shingles for booster station	10/2/1999	20	$ 176.65	100%	177	20	8.25	$9	73	104	0%	$0.00	
waco paving - unit 45 water and wastewater	10/30/1999	50	$ 2,919.00	100%	2,919	50	8.17	$58	477	2,442	80%	$1,953.64	
waco paving - haul trench fill for unit 45	10/30/1999	50	$ 255.00	100%	255	50	8.17	$5	42	213	80%	$170.67	
Repair to Well, pump	2/17/2000	20	$ 8,624.38	100%	8,624	20	7.87	$431	3,393	5,231	0%	$0.00	
2000 John Deere Backhoe	4/4/2000	15	$ 24,850.79	100%	24,851	15	7.74	$1,657	12,823	12,028	0%	$0.00	

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water line piping	6/2/2000	50	$ 247.77	100%	248	50	7.58	$5	38	210	80%	$168.17	
well #4 piping	6/8/2000	20	$ 4,054.77	100%	4,055	20	7.56	$203	1,533	2,522	0%	$0.00	
water line piping	7/10/2000	50	$ 1,962.45	100%	1,962	50	7.47	$39	293	1,669	80%	$1,335.27	
water tank slab	8/6/2000	50	$ 11,500.00	100%	11,500	50	7.40	$230	1,702	9,798	0%	$0.00	
water piping	8/8/2000	50	$ 844.84	100%	845	50	7.39	$17	125	720	80%	$575.91	
well #4 piping	8/24/2000	20	$ 2,564.25	100%	2,564	20	7.35	$128	943	1,622	0%	$0.00	
storage tank piping	9/8/2000	50	$ 2,213.05	100%	2,213	50	7.31	$44	324	1,889	0%	$0.00	
water line piping	9/18/2000	50	$ 2,024.60	100%	2,025	50	7.28	$40	295	1,730	80%	$1,383.77	
storage tank, 250,000 gallons	9/29/2000	50	$ 71,887.31	100%	71,887	50	7.25	$1,438	10,427	61,460	0%	$0.00	
repairs to well #2	10/14/2000	20	$ 15,230.02	100%	15,230	20	7.21	$762	5,492	9,738	0%	$0.00	
chlorine fittings	10/20/2000	5	$ 593.68	100%	594	5	7.20	–	594	0	80%	$0.00	
water piping gst	10/20/2000	50	$ 214.09	100%	214	50	7.20	$4	31	183	0%	$0.00	
fence around storage tank	10/24/2000	20	$ 468.59	100%	469	20	7.18	$23	168	300	0%	$0.00	
piping for new storage tank	10/27/2000	50	$ 3,188.79	100%	3,189	50	7.18	$64	458	2,731	0%	$0.00	
water piping gst	11/1/2000	50	$ 298.77	100%	299	50	7.16	$6	43	256	0%	$0.00	
well screen and piping	11/20/2000	20	$ 10,123.92	100%	10,124	20	7.11	$506	3,599	6,525	0%	$0.00	
piping	12/8/2000	50	$ 86.33	100%	86	50	7.06	$2	12	74	80%	$69.31	
probes in storage tank	12/12/2000	20	$ 2,229.55	100%	2,230	20	7.05	$111	786	1,444	0%	$0.00	
fence at storage tank	12/21/2000	20	$ 135.94	100%	136	20	7.03	$7	48	88	0%	$0.00	
piping insulation at water plant	12/31/2000	10	$ 1,452.00	100%	1,452	10	7.00	$145	1,016	436	0%	$0.00	
piping insulation at water plant	12/31/2000	10	$ 400.00	100%	400	10	7.00	$40	280	120	0%	$0.00	
piping	1/17/2001	50	$ 1,246.01	100%	1,246	50	6.95	$25	173	1,073	80%	$858.22	
well #4 piping	2/9/2001	20	$ 903.01	100%	903	20	6.89	$45	311	592	0%	$0.00	
Water Well No. 4	2/22/2001	20	$ 163,215.41	100%	163,215	20	6.85	$8,161	55,924	107,291	0%	$0.00	
well #4 piping	3/8/2001	20	$ 178.60	100%	179	20	6.81	$9	61	118	0%	$0.00	
water system engineering	4/4/2001	5	$ 28,964.71	100%	28,965	5	6.74	–	28,965	0	80%	$0.00	
piping	4/11/2001	50	$ 149.97	100%	150	50	6.72	$3	20	130	80%	$103.85	
well controls	4/18/2001	20	$ 3,310.54	100%	3,311	20	6.70	$166	1,109	2,201	0%	$0.00	
piping	4/18/2001	50	$ 1,467.48	100%	1,467	50	6.70	$29	197	1,271	80%	$1,016.62	
concrete for well#4 fence	7/11/2001	50	$ 156.73	100%	157	50	6.47	$3	20	136	0%	$0.00	
light at well #4	8/15/2001	20	$ 158.73	100%	159	20	6.38	$8	51	108	0%	$0.00	
POLLWAT WELL WORK-WELL#1	5/27/2002	20	$ 5,671.36	100%	5,671	20	5.80	$284	1,587	4,084	0%	$0.00	
heavy equipment rental	5/29/2002	20	$ 3,823.75	100%	3,824	20	5.59	$191	1,069	2,755	80%	$2,203.90	
2002 Chevy 1500 Truck	8/15/2002	7	$ 8,641.09	100%	8,641	7	5.38	$1,234	6,838	2,003	0%	$0.00	
WALLELE GENERATOR & TRNFER SWITCH-FINAL	2/18/2003	20	$ 1,295.00	100%	1,296	20	4.88	$65	316	979	0%	$0.00	
WALLELE WELL #2 FOUND BAD ALTERNATR	2/13/2003	20	$ 755.72	100%	756	20	4.88	$38	184	571	0%	$0.00	
WALLELE REPLACE STARTER-WELL #1	3/31/2003	20	$ 779.19	100%	779	20	4.75	$39	185	594	0%	$0.00	
WALLELE REPLACE HS900 CONTROLLER@ WELL	6/4/2003	20	$ 2,620.00	100%	2,620	20	4.57	$131	599	2,021	0%	$0.00	
Well No. 5 Repair	8/5/2003	20	$ 7,852.83	100%	7,853	20	4.41	$393	1,730	6,123	0%	$0.00	

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LONESTA PMP,ADPT,UNION,GSKT,ETC	9/29/2003	20	$ 778.48	100%	773	20	4.25	$39	166	609	0%	$0.00	
well #4 pump and motor	8/12/2004	20	$ 28,525.50	100%	28,526	20	3.80	$1,426	5,424	23,102	0%	$0.00	
well #2 repair pump and motor	3/31/2004	20	$ 15,873.46	100%	15,873	20	3.75	$794	2,977	12,897	0%	$0.00	
2005 Chevy Truck	1/1/2005	7	$ 9,646.50	100%	9,646	7	3.00	$1,378	4,128	5,519	0%	$0.00	
Well No. 4 repair	5/18/2005	20	$ 8,704.40	100%	8,704	20	2.62	$435	1,140	7,564	0%	$0.00	
POLLWAT PHASE MOTOR,PIPE,AIR LINE,ETC.	8/3/2005	20	$ 12,594.83	100%	12,595	20	2.41	$630	1,517	11,078	0%	$0.00	
POLLWAT Service all Well #3	3/1/2006	20	$ 14,928.68	100%	14,929	20	1.83	$746	1,369	13,559	0%	$0.00	
WALLELE Repair booster at Well #1	3/28/2006	20	$ 1,536.15	100%	1,536	20	1.76	$77	135	1,401	0%	$0.00	
LONESTA Booster Pump	7/3/2006	10	$ 1,034.40	100%	1,034	10	1.49	$103	155	880	0%	$0.00	
Well No. 4 repair	7/31/2006	20	$ 14,581.95	100%	14,582	20	1.42	$729	1,034	13,548	0%	$0.00	
LONESTA O-Ring, Plug, Gasket, Diaph, Etc	8/28/2006	10	$ 1,260.14	100%	1,260	10	1.34	$126	169	1,091	0%	$0.00	
Well Electrical	12/20/2006	20	$ 3,550.00	100%	3,550	20	1.03	$178	183	3,367	0%	$0.00	
SMITPUM Well #2 Pump Repair	5/28/2007	10	$ 6,883.92	100%	6,884	10	0.59	$688	409	6,475	0%	$0.00	
2006 John Deere Backhoe	6/6/2007	15	$ 38,362.05	100%	38,362	15	0.57	$2,557	1,456	36,906	0%	$0.00	
BULLSTE 20,000 Gal Hydropneumatic Tank BS1006562	6/20/2007	50	$ 31,535.00	100%	31,535	50	0.53	$631	335	31,200	0%	$0.00	
J&SPOOL Beams for the Water Plant	6/21/2007	50	$ 1,000.00	100%	1,000	50	0.53	$20	11	989	0%	$0.00	
MCCLMECH Set pressure tank @ well #1/100ton crane	7/2/2007	50	$ 4,188.23	100%	4,188	50	0.50	$84	42	4,146	0%	$0.00	
WALLELE Well #2 Service Call	8/27/2007	20	$ 2,246.78	100%	2,247	20	0.34	$112	39	2,208	0%	$0.00	
LONESTA Booster Pump, Ejector	8/27/2007	10	$ 1,126.21	100%	1,126	10	0.34	$113	38	1,087	0%	$0.00	
SMITPUM Parts, Labor-Water Well	8/31/2007	10	$ 19,203.28	100%	19,203	10	0.33	$1,920	641	18,562	0%	$0.00	
CONSENV Installation of New Pressure Tank/Expandin	10/9/2007	50	$ 4,278.00	100%	4,278	50	0.23	$86	19	4,259	0%	$0.00	
WALLELE Well #2 Install Breaker-New Compressr	10/20/2007	20	$ 3,822.77	100%	3,823	20	0.20	$191	38	3,785	0%	$0.00	
SMITPUM Repair Berkeley	10/25/2007	10	$ 6,487.44	100%	6,487	10	0.18	$649	119	6,368	0%	$0.00	
ACTSUPP Mtr Boxes, Bend, Ball Chcks	10/30/2007	20	$ 1,456.49	100%	1,456	20	0.17	$73	12	1,444	0%	$0.00	
Trended Assets												$0.00	
Well No. 1	1/1/1991	20	$ 52,181.21	100%	52,181	20	17.00	$2,609	44,345	7,836	100%	$7,836.11	
Well No. 2	1/1/1996	20	$ 67,114.09	100%	67,114	20	12.00	$3,356	40,259	26,855	100%	$26,854.83	
68,000 gallon gst, field erect with base	1/1/1991	50	$ 21,024.93	100%	21,025	50	17.00	$420	7,147	13,878	100%	$13,877.89	
Pipe 2" - 49,078 feet * 12.38	1/1/1991	50	$ 309,403.77	100%	309,404	50	17.00	$6,186	105,176	204,228	100%	$204,227.67	

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Pipe 4" - 214,561 ft *13.74	1/1/1991	50	$ 1,294,773.97	100%	1,294,774	50	17.00	$25,895	440,135	854,639	100%	$854,639.45	
Reclassified Assets													
J& S Pools 15' x 40' slab invoice No. 1002	5/8/2007	50	$ 4,800.00	100%	4,800	50	0.65	$96	62	4,738	100%	$4,737.71	
Warner Electric manual trasfer for generator	1/16/2007	20	$ 2,485.00	100%	2,485	20	0.96	$124	119	2,366	100%	$2,366.28	
United rental Excavator installation of 8 inch well line at well No. 4	5/1/2007	50	$ 7,316.82	100%	7,317	50	0.67	$146	98	7,219	100%	$7,219.06	
Consulting Environmental eng engineering for 20,000 pt	8/13/2007	50	$ 1,351.60	100%	1,352	50	0.38	$27	10	1,351	100%	$1,351.16	
Backyard fence invoice 071030a	10/30/2007	20	$ 1,600.00	100%	1,600	20	0.17	$80	14	1,586	100%	$1,586.42	
Total			2,948,895		2,948,805			82,442	968,310	1,980,495		$1,311,476.57	
										2462259.225			

Trended Assets

	Current HW Index	Install HW Index	HW Line No.	Handy Whitman Index	Current Cost per unit	Number of units		Current Cost	Invoiced	Trended Orig. Cost-Invoiced
Well No. 1	596	311	17	0.522	$100,000.00	1.00		$100,000.00		$ 52,181
Well No. 2	596	320	17	0.537	$125,000.00	1.00		$125,000.00		$ 67,114
58,000 gallon gst, field erect with base	722	253	23	0.350	$60,000.00	1.00		$60,000.00		$ 21,025
Pipe 2" - 49,078 feet * 12.38	379	193	38	0.509	$12.38	49,078.00		$607,685.64		$ 309,404
Pipe 4" - 214,561 ft *13.74	379	193	38	0.509	$13.74	214,561.00		$2,948,068.14		$ 1,501,259
Pipe 6" - 82,263 ft *15.41	379	193	38	0.509	$15.41	82,263.00		$1,267,672.83		$ 645,543
Total Pipe Installed								0	$ 206,485.00	
									Total trended values	$ 2,596,526
									Total trended pipe costs	$ 2,456,206

$ 2,249,720.90

Pipe Costs Invoiced	
$ 500.00	
$ 9,090.00	
$ 1,500.00	
$ 1,000.00	
$ 10,635.00	
$ 5,105.00	
$ 3,795.00	
$ 2,000.00	
$ 3,280.96	
$ 4,510.00	

Utility Name: DOUBLE DIAMOND UTILITIES CO
Docket Number: 38229-R (WATER) White Bluff
Date Examined: 29-Apr-10 8:18 AM
Date Referenced: 31-Dec-07

0

version: 20070403

DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Customer $
	$ 4,230.00												
	$ 1,500.00												
	$ 7,551.52												
	$ 274.49												
	$ 6,939.91												
	$ 4,817.84												
	$ 1,084.21												
	$ 14,210.00												
	$ 7,475.00												
	$ 500.00												
	$ 518.29												
	$ 738.27												
	$ 318.26												
	$ 1,686.54												
	$ 636.51												
	$ 331.66												
	$ 175.20												
	$ 2,705.00												
	$ 1,000.00												
	$ 4,875.00												
	$ 1,277.16												
	$ 375.09												
	$ 1,071.50												
	$ 3,690.00												
	$ 188.68												
	$ 9,801.82												
	$ 2,135.08												
	$ 621.31												
	$ 114.25												
	$ 9,620.00												
	$ 2,651.55												
	$ 15,400.00												
	$ 178.78												
	$ 358.58												
	$ 51.95												
	$ 13,117.50												
	$ 195.20												
	1457.5												
	$ 201.49												
	$ 36.61												
	$ 7,293.00												
	$ 68.64												
	$ 3,549.00												

Utility Name: DOUBLE DIAMOND UTILITIES CO
Docket Number: 36220-R (WATER) White Bluff
Date Examined: 29-Apr-10 8:16 AM
Date Referenced: 31-Dec-07

0

version: 20070403

DEPRECIATION ANALYSIS

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*	% of plant paid for by developer	Contributions in Aid of Construction: Developer $	Contributions in Aid of Construction: Customer $
	$ 5,574.50												
	$ 2,418.00												
	$ 1,930.50												
	$ 232.50												
	$ 2,409.28												
	$ 565.00												
	$ 518.93												
	$ 146.41												
	$ 1,500.00												
	$ 281.98												
	$ 4,584.00												
	$ 2,919.00												
	$ 255.00												
	$ 247.77												
	$ 1,962.45												
	$ 844.84												
	$ 2,024.60												
	$ 149.97												
	$ 1,467.48												
	$ 206,485.00												

Attachment BDD-5

Revenue Generated by Utility Proposed Rates	
The Cliffs	
RATES	
Base Rate	
5/8"	$ 52.00
1"	130.00
1 1/2"	260.00
2"	416.00
3"	780.00
Volumetric	
0 - 3,000	2.60
3,000 - 10,000	3.00
10,000 - 15,000	5.07
15,000 - 20,000	8.56
20,000 +	14.45
Total	
No. of Meters (Dec. 2007)	
5/8"	215
1"	12
1 1/2"	1
2"	15
3"	1
Total	244
Gallons Billed	
0 - 3,000	1,128,734
3,000 - 10,000	3,740,968
10,000 - 15,000	2,420,480
15,000 - 20,000	1,837,877
20,000 +	15,696,707
Total	24,824,766
REVENUE	
Base Rate	
5/8"	$ 134,160
1"	18,720
1 1/2"	3,120
2"	74,880
3"	9,360
Total revenue generated by base rates	$ 240,240
Volumetric Revenue	
0 - 3,000	2,935
3,000 - 10,000	11,223
10,000 - 15,000	12,272
15,000 - 20,000	15,732
20,000 +	226,817
Total revenue generated by Volumetric Usage	268,979
Revenue Generated by Proposed rates	$ 509,219
Revenue Required	366,908
Over / (Under) Recovery	$ 142,311
	-28%

SOAH DOCKET NO. 582-09-4288
TCEQ DOCKET NO. 2009-0505-UCR

WATER RATE/TARIFF CHANGE APPLICATION OF DOUBLE DIAMOND UTILITIES CO. IN HILL, PALO PINTO, AND JOHNSON COUNTIES, TEXAS, APPLICATION NO. 36220-R	§ § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY OF
BRIAN DICKEY
PLAN & GROUNDWATER REVIEW SECTION
WATER SUPPLY DIVISION
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
APRIL 29, 2010

Index of Attachments

Attachment	Details
BDD-1	Resume of Brian Dickey
BDD-2	Depreciation Schedule for The Cliffs
BDD-3	Depreciation Schedule for The Retreat
BDD-4	Depreciation Schedule for White Bluff
BDD-5	Revenue Generated by Proposed Rates for The Cliffs
BDD-6	Revenue Generated by Proposed Rates The Retreat and White Bluff
BDD-7	Line Loss Calculation for White Bluff
BDD-8	Monthly Water Pumped for each system
BDD-9	ED's July 10, 2009, Request for Information
BDD-10	ED's Denial of Exception Request for The Cliffs
BDD-11	Revenue Generated by Existing Rates for The Retreat/White Bluff
BDD-12	Revenue Generated by ED's Proposed Rates for The Retreat/White Bluff
BDD-13	The Cliffs Rate Schedule with ED's Recommended Rates
BDD-14	The White Bluff and Retreat Rate Schedule with ED's Recommended Rates
BDD-15	Line Loss Calculation for The Cliffs
BDD-16	Line Loss Calculation for The Retreat
BDD-17	Handy-Whitman Index of Public Utility Construction Costs
BDD-18	Revenue Generated by ED's Proposed Rates for The Cliffs
BDD-19	Revenue Generated by Existing Rates for The Cliffs
BDD-20	PUC Interest Rate Order for 2009

Q. Please state your name and business address.

A. Brian David Dickey, 12015 Park 35 Circle, Building F, Austin, Texas.

Q. By whom are you currently employed, and how long have you been employed there?

A. I have been employed by the Texas Commission on Environmental Quality (TCEQ or Commission) since November 1999. My current position is ~~General~~ Engineering Specialist V ~~III~~.

Q. Please state your educational background.

A. I graduated with a Bachelor's degree in Mechanical Engineering from Texas Tech University in 1994.

Q. Please describe your work responsibilities.

A. My responsibilities include reviewing and processing applications to obtain or amend certificates of convenience and necessity (CCNs); reviewing rate change applications and appeals; assisting with the negotiation of settlements; preparing testimony and exhibits for rate hearings for investor-owned, nonprofit, and governmental water and sewer utilities; conducting rate-related inspections of water and sewer utility systems within the state; and reviewing water utility plans and specifications. I have attached a copy of my resume (**Attachment BDD-1**).

Q. How many separate cases have been previously assigned to you?

A. I have been assigned over 250 separate cases during my tenure at the Commission.

Q. Have you ever testified as an expert witness in contested matters before the State Office of Administrative Hearings (SOAH)?

A. Yes. In addition to filing prefiled testimony in several contested utility cases, I have also provided live testimony.

Q. On which applications have you provided live testimony?

A. I have testified at five hearings concerning contested CCN applications and seven hearings concerning contested rate change applications. The five hearings concerning CCN applications were the City of Southlake (SOAH Docket No. 582-02-0834), the City of Shenandoah (SOAH Docket No. 582-06-0968), the City of McKinney (SOAH Docket No. 582-06-2663), Town of Prosper (SOAH Docket No. 582-03-1994), and Mustang Special Utility District (SUD) (SOAH Docket No. 582-08-1318). The seven hearings concerning rate applications were Waterco, Inc. (SOAH Docket No. 582-04-6463), Chisholm Trail SUD (SOAH Docket No. 582-05-0003), Buena Vista Water Supply Co. (SOAH Docket No. 582-05-7838), Buena Vista Water Supply Co. (SOAH Docket No. 582-08-2245), Deer Creek Ranch Water Co., LLC (SOAH Docket No. 582-09-5328), Double Diamond Utilities Co. (DDU) (SOAH Docket No. 582-08-0698), and Multi-County Water Supply Corporation (SOAH Docket No. 582-09-2557).

Q. In connection with SOAH Docket No. 582-09-4288, TCEQ Docket No. 2009-0505-UCR, have you reviewed the cost of service studies, testimonies, and other information filed with the Commission?

A. Yes, I have.

Q. What is the purpose of your testimony?

A. I will present the Executive Director's (ED's) recommendation for a rate design for water service, primarily focusing on the engineering and other technical criteria.

Q. Please explain the scope of your participation in the present proceeding.

A. My participation regarding SOAH Docket No. 582-09-4288 can be summarized as follows:

1. I reviewed the application for a water rate increase filed by DDU on October 23, 2008, and all discovery materials filed in this case, including all documents provided in response to the ED's requests for production.

2. I developed a depreciation schedule for the capital assets according to the Commission's rules found in title 30, chapter 291 of the Texas Administrative Code and chapter 13 of the Texas Water Code. **Attachment BDD-2** is my depreciation schedule for The Cliffs. **Attachment BDD-3** is my depreciation schedule for The Retreat. **Attachment BDD-4** is my depreciation schedule for White Bluff.

3. I used the monthly billing and meter size information provided in attachment 11 of the application and provided in electronic format by DDU in response to the ED's July 10, 2009, request for information (RFI) (**attachment BDD-9**) to determine the amount of water billed to the customers in each tier and the connection counts for each system at the end of the test year.

4. I designed the ED's recommended water rates for DDU according to the Texas Water Code and the Commission's rules using the revenue requirement recommendations provided by Ms. Elsie Pascua, the TCEQ auditor assigned to this case, in her testimony. **Attachment BDD-5** is my rate design for The Cliffs. **Attachment BDD-6** is my rate design for The Retreat and White Bluff.

5. I analyzed the amount of water pumped and the amount of water billed to the customers to calculate the systems' average line losses. **Attachments BDD-7, BDD-15,** and **BDD-16** are my connection count and line loss calculations.

Q. What is a depreciation schedule?

A. A depreciation schedule is an inventory of the water system facilities with original costs and installation dates. Each asset is given a standard service life. Based on straight-line depreciation, the annual depreciation for each asset is determined by dividing the original cost by the service life.

Q What test year did you consider when preparing your testimony?

A. I used the test year of January 1, 2007, through December 31, 2007, contained in the application.

Q. Why did you use the test year contained in the application?

A. According to section 13.002(22) of the Texas Water Code, a utility's rate application must be based on the most recent twelve-month period for which representative operating data is available that ended less than twelve months before the utility filed its application. The test year expenses can then be adjusted for known and measurable changes under section 291.31(b) of the TCEQ's rules. In its application, DDU calculated its proposed rates based on historic test year expenses (January 1, 2007, through December 31, 2007) as adjusted for known and measurable changes (January 1, 2008, through December 31, 2008).

Section 291.21(m) Requirements

Q. How many tariffs is DDU seeking in its application?

A. DDU is seeking two tariffs, one for The Cliffs and one for The Retreat and White Bluff combined.

Q. What requirements does a utility have to meet to be able to consolidate multiple systems in one tariff?

A. Under section 291.21(m) of the TCEQ's rules, a utility must show that the systems included in the consolidated tariff are substantially similar in terms of facilities, quality of service, and cost of service and that the tariff provides for rates that promote water conservation for single-family residences and landscape irrigation.

Q. Are the water systems at The Retreat and White Bluff substantially similar in terms of facilities?

A. No. Both systems do utilize groundwater, pressure tanks, ground storage tanks, and distribution lines. However, it is unknown whether these two systems will ever be at a similar capacity level. Mr. Chris Ekrut, witness for DDU, stated on page 11 of his testimony that substantial similarity between the systems must be determined over time. However, the White Bluff subdivision currently has 562 connections, and The Retreat currently has only 60 connections. DDU has not provided any time line showing how long it will take to reach full build-out at The Retreat, meaning the White Bluff customers could be subsidizing The Retreat customers for many years to come. DDU may be able to show in a future rate application that the systems will conceivably reach a similar build-out level, but the evidence provided by DDU does not show that at this time.

Q. Are the water systems at The Retreat and White Bluff substantially similar in terms of quality of service?

A. No. The system at The Retreat is ten years newer than the system at White Bluff. Furthermore, each system is operated separately, as each one has its own certified operator on staff to operate and repair the system.

Q. Do DDU's proposed rates for The Retreat and White Bluff promote water conservation for single-family residences and landscape irrigation?

A. Yes. The proposed inclining block gallonage rates can promote water conservation for single family residences and landscape irrigation.

Q. Based on the substantial similarity issue, what is your recommendation regarding DDU's application?

A. I recommend that DDU's application be denied for The Retreat and White Bluff. Under section 291.12 of the TCEQ's rules, DDU bears the burden of proof in this case. As Ms. Pascua discussed in her testimony, DDU has not met the section 291.21(m)(1) requirements with regard to cost of service. DDU's calculations and proposed rates are based on the consolidation of the two systems. The failure to meet its burden of proof on the consolidation issue results in a failure to meet its burden of proof on the proposed rates. Therefore, I recommend that DDU's application be denied for The Retreat and White Bluff. However, in order to provide a complete analysis of the application, Ms. Pascua and I are presenting what the ED's recommendation would have been regarding the proposed rates for The Retreat and White Bluff in addition to The Cliffs if DDU had met the tariff consolidation requirements.

Analysis of DDU's Water Systems

Q. Did you analyze the possibility of excessive line loss, and if so, what were your findings?

A. Yes, I did. I analyzed the systems' line losses by comparing the number of gallons pumped for the test year with the number of gallons billed for that same year. However, I was only able to analyze the line loss for The Cliffs and White Bluff. DDU provided monthly water pumped summaries for each system. I have attached these documents to my testimony as **attachment BDD-8**. According to the summary for The Retreat, DDU

did not know the total number of gallons pumped in the months of January through September in 2007. Without a total number of gallons pumped for the year, I could not calculate the line loss for The Retreat. However, using attachment 11 to the application and the yearly water pumped summary for White Bluff, I was able to calculate a line loss for White Bluff of 31.3% (**attachment BDD-7**). I also used attachment 11 to the application and the yearly water pumped summary for The Cliffs to determine that DDU billed its customers for 43.3% more water than it pumped at The Cliffs (**attachment BDD-15**).

Q. Why is line loss important?

A. When a utility cannot account for a large amount of water, it often indicates excessive leaks or inefficient operations. It also results in extra costs for pumping and treating, which are passed along to the customers through higher rates. The maximum line loss for a typical system that is considered acceptable by the TCEQ for ratemaking purposes is 15%. Line loss above 15% may indicate that the utility is not efficiently operated and could be grounds for making adjustments to the cost of service so the customers do not have to pay for pumping and treating water they did not use.

Q. What recommendations do you have regarding line loss in this case?

A. Because DDU did not provide the total gallons pumped for The Retreat, had a line loss greater than 30% at White Bluff, and may be billing for more water than it is treating at The Cliffs, I am recommending that Ms. Pascua not give DDU credit for having less than 12% or less than 10% unaccounted-for water in steps G.5 and H.5, respectively, in the rate of return worksheets.

Regulatory Asset

Q. Does DDU want to create a regulatory asset in the amount of $307,376 to recover past cash advances?

A. Yes. Mr. Chris Ekrut, witness for DDU, discussed on page 18 of his testimony that in the past, the utility chose to borrow money from its parent company, Double Diamond Delaware, Inc., instead of filing rate increase applications. DDU now seeks to recover the balance remaining on those cash advances at the beginning of the test year by categorizing it as an asset and amortizing it over five years. According to page 22 of attachment 10 to the application, DDU allocated $307,376 of the total cash advance amount of $554, 319 to the water systems. Page 4 of attachment 5 to the application then shows that $152,552 of the $307,376 was allocated to The Retreat and White Bluff, and the other $154,824 was allocated to The Cliffs.

Q. Have you reviewed Ms. Nelisa Heddin's, witness for the White Bluff Subdivision Ratepayers, testimony in regard to this regulatory asset?

A. Yes, I have.

Q. Do you agree with Ms. Heddin's analysis?

A. Yes, I do. As Ms. Heddin stated on page 29 of her testimony, DDU is not required to file another rate application. Therefore, if they were allowed to include the loans as a regulatory asset, they could continue to collect that money for more than five years, thereby collecting from its customers an amount greater than what was originally loaned.

Q. Should DDU's customers be required to pay for the cash advances as a regulatory asset?

A. No, they should not. In addition to the arguments made by Ms. Heddin, section 13.185(e) of the Texas Water Code states, "Payment to affiliated interests for costs of any services,

or any property, right, or thing, or for interest expense may not be allowed either as capital cost or as expense except to the extent that the regulatory authority finds that payment to be reasonable and necessary." DDU had the right to request a rate change annually but chose to not do so for several years, incurring additional debt instead. Receiving the cash advances was not necessary; it was a choice. Furthermore, it is not reasonable for DDU to expect its customers to pay for the cash advances now and in this manner, which would allow DDU to collect the entire amount in only five years when it was incurred over more years than that, to earn return and depreciation on that amount, to collect that money twice when it was spent on assets and expenses, and to impose an interest rate that has already been reduced by Ms. Pascua in her weighted average rate of return calculations. Most importantly, a cash advance by its very nature is not currently used and useful property; it is money temporarily given to someone that has to be returned, i.e. paid back. It does not belong to the borrower and, therefore, is not the borrower's property. Therefore, the regulatory asset created to recover cash advances in the amount of $554,319 should be disallowed.

Asset Depreciation

Q. What have you done to verify the installation dates and original costs of DDU's assets?

A. I performed a site inspection of the three water systems on November 14, 2008, with attorneys Ms. Stefanie Skogen and Ms. Ruth Takeda. I visited DDU's office with Ms. Pascua to perform an audit of DDU's financial records on July 22 and 23, 2009, which was preceded by the RFI letter dated July 10, 2009 (**attachment BDD-9**). I also reviewed the trending study prepared by Dr. Victoria Harkins, P.E., witness for DDU, and the

TCEQ's official CCN files to attempt to identify any rate case order involving DDU that may have established a rate base.

Q. What is trending?

A. Trending takes the known cost of an asset on a known date and determines the cost of the asset at a different point in time. It can be used by a utility that does not have supporting documentation for an asset listed in its depreciation schedule to try to support the claimed original cost of the asset. The Handy-Whitman Index of Public Utility Construction Costs (**attachment BDD-17**) provides the cost index numbers by year for various utility equipment to use to calculate the cost of each type of equipment at a certain point in time.

Q. Did you, Ms. Pascua, or another ED staff member recommend to DDU that it have a trending study done for the assets for which it did not have supporting documentation?

A. No. I did state at the evidentiary hearing for DDU's last water rate application, SOAH Docket No. 582-08-0698, that one option for supporting its asset costs was to obtain a trending study, but ED staff did not actually *recommend* that DDU commission a trending study.

Q. Is rate base established every time the TCEQ issues an order in a rate case?

A. No. The TCEQ's Utilities and Districts Section's policy requires the utility to request the establishment of rate base at the time the utility files its rate application. However, the Commission may establish rate base in an order it issues in a rate case following a contested case hearing and proposal for decision even if the applicant did not request it in the application.

Q Did you find any orders in the TCEQ's official CCN file establishing a rate base for

DDU?

A. No.

Q. Do you have any adjustments to the original cost, annual depreciation, accumulated depreciation, and/or net plant value for any of the assets presented in the application?

A. Yes. I reviewed the water utility plant items in detail. I have made some adjustments to the depreciation schedule as a result of my review of the information. After making my adjustments, I used the straight-line depreciation method as required by the TCEQ's rules to calculate the net plant values for the rate base for each system. As a result, for The Cliffs, I calculated an original cost of $1,323,711 ~~$1,278,952~~, accumulated depreciation of $464,814 ~~$464,119~~, net plant value of $858,897 ~~$815,833~~, annual depreciation of $45,097 ~~$41,557~~, and developer contribution of $447,600. These calculations are in **attachment BDD-2**. For The Retreat, I calculated an original cost of $1,645,052, accumulated depreciation of $208,222, net plant value of $1,436,830, annual depreciation of $52,944, and developer contribution of $453,279. These calculations are in **attachment BDD-3**. For White Bluff, I calculated an original cost of $3,678,675, accumulated depreciation of $1,216,416, net plant value of $2,462,259, annual depreciation of $97,039, and developer contribution of $1,793,240.83. These calculations are in **attachment BDD-4**. I provided this information to Ms. Pascua to use in her cost of service calculations.

Q. Has the ultrafiltration (UF) membrane unit at The Cliffs been approved for use?

A. No, it has not. On March 31, 2008, Mr. James "Red" Weddell, P.E. denied the exception DDU needed to be able to use the unit. I have attached a copy of his letter (**attachment**

BDD-10). Because DDU cannot legally use the UF membrane unit, the unit is not used and useful in providing service. Therefore, under section 291.31(b) and (c), any costs and expenses associated with the UF membrane unit must be disallowed. I will discuss this in more detail below.

Q. What do you mean by the phrase "used and useful"?

A. Section 13.185(b) of the Texas Water Code requires that rates "be based on the original cost of property used by and useful to the utility in providing service." In other words, the regulatory concept of "used and useful" considers what portion of an asset is actually being used by the utility to provide service to its customers. If all or a portion of an asset has been installed but is not in use because it is not currently needed, it is not "used and useful" and should not be included as an allowable expense or as part of the rate base because current ratepayers should not have to pay for plant built to serve future ratepayers. Once an asset becomes used and useful, it is then fair to consider it for allowable expense and rate base treatment, assuming its implementation was prudent. The "used and useful" principle is one of fairness and risk avoidance. It ensures that ratepayers bear the costs of their service and that the utility bears the risk of incurring costs for facilities that were constructed only to serve projected future growth. Without "used and useful," there would be no limitation on how far into the future utilities could build for and require cost recovery from captive ratepayers. To allow a utility to claim depreciation and net plant for excess capacity in a system that has been over-designed would shift the risk associated with building that excess capacity to current ratepayers.

Q. Could you please describe what adjustments you made to the depreciation schedules?

A. I made following adjustments:

1. I was unable to match up the invoices provided during discovery and during the audit with the depreciation schedules provided during the audit and in the application. Therefore, I used Dr. Harkins' depreciations schedules, which are exhibits DDU-13, DDU-14, and DDU-15, as well as exhibit DDU-25, which DDU provided during discovery to create **attachments BDD-2** (The Cliffs), **BDD-3** (The Retreat), and **BDD-4** (White Bluff), which are my individual depreciation schedules with descriptions of DDU's assets.

2. For the White Bluff assets that Dr. Harkins trended in her analysis, as summarized on page 6 of exhibit DDU-15, I allowed depreciation on the assets so the depreciation account can be funded and those assets can be replaced in the future. I did the same for The Cliffs trended assets, which Dr. Harkins summarized on page 4 of exhibit DDU-14. However, a trending study only establishes what the original cost of an asset could have been and does not establish who paid for the asset. Because DDU has not shown that it paid any portion of the trended assets' costs, I categorized the assets as 100% developer-contributed. This can be seen on **attachment BDD-2** for The Cliffs and **attachment BDD-4** for White Bluff.

3. For the trended pipes installed in 1991 at White Bluff, Dr. Harkins used a Handy Whitman Cost Index of 146. However, the correct cost index is 193. I used the Handy Whitman Cost Index of 193 to calculate the correct trended cost for the installed pipe. Please see **attachment BDD-17** for this value and **attachment BDD-4** for the calculations.

4. For White Bluff, I calculated an invoice-supported price for the 4-inch pipe in the

amount of $206,485.00. I deducted this amount from the trended cost for the 4-inch pipe for a total original cost of $1,294,773.97 ($1,501,258.97-$206,485.00). This adjustment can be seen on **attachment BDD-4**.

5. I added assets to the depreciation schedules for The Cliffs and White Bluff which Ms. Pascua reclassified from the utility's expenses. I have designated these items as "Reclassified Assets" in **attachment BDD-2** for The Cliffs and **attachment BDD-4** for White Bluff.

6. For The Cliffs, I adjusted the annual depreciation and net plant values to $0 for the following assets to reflect that they have fully depreciated out: engineering with an original cost of $1,388.00; engineering with an original cost of $488.75; engineering with an original cost of $2,175.00; engineering with an original cost of $3,411.90; and engineering master plan with an original cost of $420.50. These adjustments can be seen on **attachment BDD-2**.

7. For The Cliffs, I calculated an invoice-supported price for the 4-inch pipe in the amount of $135,763.53. I deducted this amount from the trended cost for the 4-inch pipe for a total original cost of $129,981.19 ($265,744.72-$135,763.53). This adjustment can be seen on **attachment BDD-2**.

8. According to Mr. Randy Gracy, witness for and president of DDU, DDU purchased The Cliffs' water system around 1993. Because DDU has not shown that the original owner or it paid any portion of the trended assets' costs installed prior to 1993, I categorized the assets as 100% developer-contributed. This can be seen on **attachment BDD-2**.

9. Because the UF membrane unit at The Cliffs is not used and useful, I disallowed

the UF unit with an original cost of $277,469.46 and the J&JOILF Wiring for New UF System with an original cost of $5,463.50 by making their used and useful percentages zero. These adjustments can be seen on **attachment BDD-2.**

10. TCEQ rule section 290.45(b)(1)(C)(ii) requires a water system with sixty connections to have a total storage capacity of 200 gallons per connection, or 12,000 gallons. At The Retreat, a water system with sixty connections, DDU currently provides 100,000 gallons of ground storage capacity via a ground storage tank. Because DDU is only required to have 12,000 gallons in storage capacity, only 12% of the ground storage tank is used and useful. The total cost of the 100,000-gallon ground storage tank was $62,558.81 ($50,683.81 for the tank plus $11,875 to erect the tank). I am disallowing 88%, or $55,051.75, of the ground storage tank not used and useful by adjusting the percent used and useful to 12%. Please see **attachment BDD-3** for these adjustments.

11. TCEQ rule section 290.45(b)(1)(C)(iv) requires a water system with sixty connections to have a total pressure tank capacity of 20 gallons per connection, or 1,200 gallons. At The Retreat, a water system with sixty connections, DDU currently provides 8,000 gallons of pressure tank capacity. Because DDU is only required to have 1,200 gallons in pressure tank storage capacity, only 15% of the pressure tank is used and useful. The total cost of the 8,000-gallon ground pressure tank was $15,776.00. I am disallowing 85%, or $13,496.00, of the pressure tank as not used and useful by adjusting the percent used and useful to 15%. Please see **attachment BDD-3** for these adjustments.

Rate Design

Q. What revenue requirement did you use in your calculation of the ED's recommended water rates for White Bluff and The Retreat?

A. I used the annual revenue requirement of $752,618.00 calculated by Ms. Pascua and shown in **attachment EP-31.**

Q. What revenue requirement did you use in your calculation of the ED's recommended water rates for The Cliffs?

A. I used the annual revenue requirement of $357,587 ~~$366,908.00~~ calculated by Ms. Pascua and shown in **attachment EP-5.**

Q. Did you prepare a rate design for The Retreat and White Bluff using Ms. Pascua's calculated revenue requirement and DDU's proposed rates?

A. Yes, my rate design is attached (**attachment BDD-6**).

Q. How did you calculate the total revenue that would be generated by the proposed gallonage charges for those two systems?

A. I calculated the revenue generated by the gallonage charges by multiplying the requested inclining block rates listed in the notice and the gallons billed in 2007 for each tier. For example, DDU billed for 2,570,087 gallons in the 0-3,000 gallons tier. At $2.00/1,000 gallons, that tier would generate $5,140.00. Adding the values for all the tiers, the total revenue that would be generated is $512,385.00. Please see **attachment BDD-6** for these calculations.

Q. How did you calculate the total revenue that would be generated by the proposed base rates for the two systems?

A. I multiplied the total number of customers for each meter size by the corresponding base rate times twelve months. For example, a 1-inch meter with a base rate of $97.50 would

generate $21,060.00 over twelve months. Adding the values for all the meter sizes, the total revenue that would be generated is $353,340.00. Please see **attachment BDD-6** for these calculations.

Q. What would be the total revenue generated by the base rates and the gallonage charges?

A. Adding the base rate revenue of $353,340.00 to the gallonage charge revenue of $512,385.00 gives a total revenue of $865,725.00.

Q. Did you prepare a rate design for The Cliffs based on Ms. Pascua's calculated revenue requirement and DDU's proposed rates?

A. Yes, my rate design is attached (**attachment BDD-5**).

Q. How did you calculate the total revenue that would be generated by the proposed gallonage charges for The Cliffs?

A. I calculated the revenue generated by the gallonage charges by multiplying the requested inclining block rates listed in the notice and the gallons billed in 2007 for each tier. For example, DDU billed for 1,128,734 gallons in the 0-3,000 gallons tier. At $2.60/1,000 gallons, that tier would generate $2,935.00. Adding the values for all the tiers, the total revenue that would be generated is $268,979.00.

Q. How did you calculate the total revenue that would be generated by the proposed base rates?

A. I multiplied the total number of customers for each meter size by the corresponding base rate times twelve months. For example, a 1-inch meter with a base rate of $130.00 would generate $18,720.00 over twelve months. Adding the values for all the meter sizes, the total revenue that would be generated is $240,240.00.