

WHITE BLUFF RESORT AND
COMMUNITY WATER SYSTEM

GROUNDWATER WELL

AND

WATER SYSTEM OPERATION

WHITE BLUFF RESORT & COMMUNITY GROUND WATER WELL & WATER SYSTEM OPERATIONS

NORMAL OPERATION

Probeless Controller

Controller is located on the wall inside the well pump house(s) and keep the pressure between 45 to 60 psi.

Check all well sites daily and record well operations data and booster pump operations data. Check chlorinator system daily for operation and insure chlorine cylinders contain chlorine – cylinder not on line should be full awaiting switch over. Visually inspect well site for problems and note for repair. Major problems will be reported when found for immediate action.

Turner Control – Automatic Control

Levels are set to control the operation of the deep well to supply water to the storage tanks and pressures are set to operate the booster pumps to deliver pressure to the pressure tank/system.

Pressure levels (P1 & P2) and Tank levels (S1 & S2) are recorded and located inside pump house(s).

Deep Well is called on when Storage Tank falls below S2 setting and operates until level reaches S1.

Booster Pump is called on when system pressure falls below P2 and continues to operate until pressure reaches P1.

The Air Compressor on the Pressure Tank can be called on any time between the time that system/tank pressure reaches P1 and until pressure reaches P2.

EMERGENCY / HAND OPERATION

System Control

System can be operated in manual by switching Turner Control to Hand and keeping pressure above 40 psi.

If automatic functionality of deep well is lost, storage tank levels can be maintained by operating well control switch in HAND on the control panel outside by the disconnect switch. Operate well until level reaches S1, then turn switch to OFF. Repeat this procedure until automatic function returns.

If automatic control of Clayton (Cla) Valve on Ground Storage tank is lost, control valve by hand to fill Ground Storage from Standpipe. Operate Cla Valve in hand by operating switch below solenoid valve to open and close valve.

If Pressure tank should run empty, shut down outlet valve from tank and run Booster Pump in HAND to fill tank. Once tank is 1/2 full run Air Compressor by hand until 40 psi is reached. Open outlet valve on tank 1/4 open and run booster pump in hand until system pressures up and replace system to automatic if possible, or continue to run in hand utilizing P1 & P2 pressures to operate booster pump(s).

WHITE BLUFF RESORT & COMMUNITY GROUND WATER WELL & WATER SYSTEM OPERATIONS

CHLORINATION

Chlorinator/Chlorine Tanks

Insure chlorine cylinders online contain chlorine. When one cylinder runs empty change out for full cylinder. Close valve on empty cylinder and on automatic switchover valve/chlorinator. **Insure exhaust fan is running when changing tank(s)**. Remove switchover valve from cylinder and place new full chlorine cylinder in place. Reinstall switchover valve on new cylinder – insure new lead or fiber washer is used on all change outs.

GENERATOR

Monthly Generator Exercise

Generator to be run in hand every month to insure operability. At this time check all fluids, and fill as necessary. Insure Generator control returned to AUTOMATIC after exercise.

EMERGENCY CONTACT NUMBERS

Richard Zint – Water System Manager

Home – 254-694-1945

Cell - 254-424-1661

Pager - 254-260-5216

Kim Harston – Operator

Cell - 817-774-6876

Pager - 254-260-5215

Cody Clinard – Operator

Cell - 254-424-1661

Ben Austin – Operator

Home – 254-694-3820

Cell - 254-707-7073

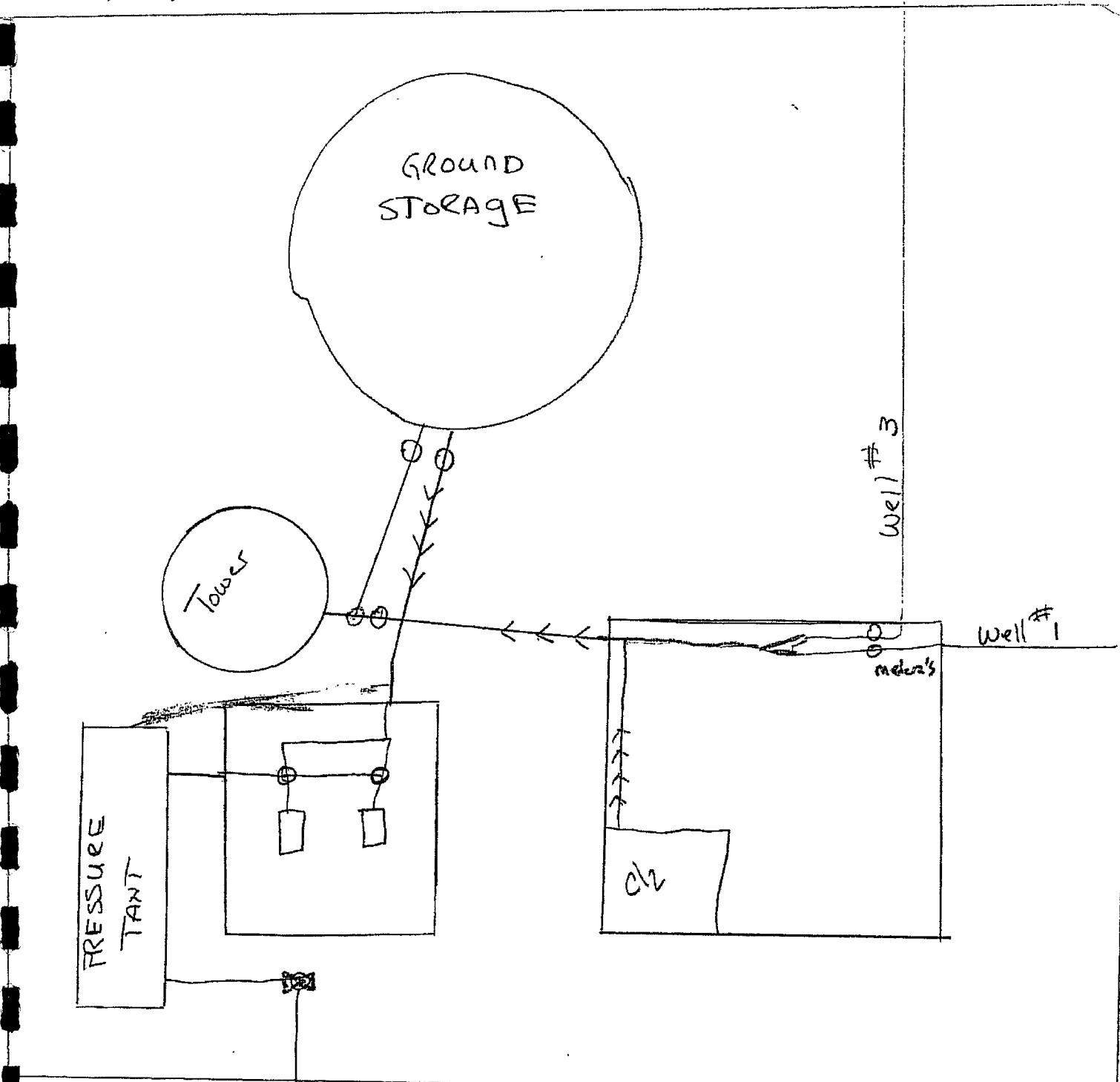
On-Call Pager – 254-260-5209

Security After Hours For Emergencies

254-694-4471

TCEQ – Waco Office Region 9

254-751-0335

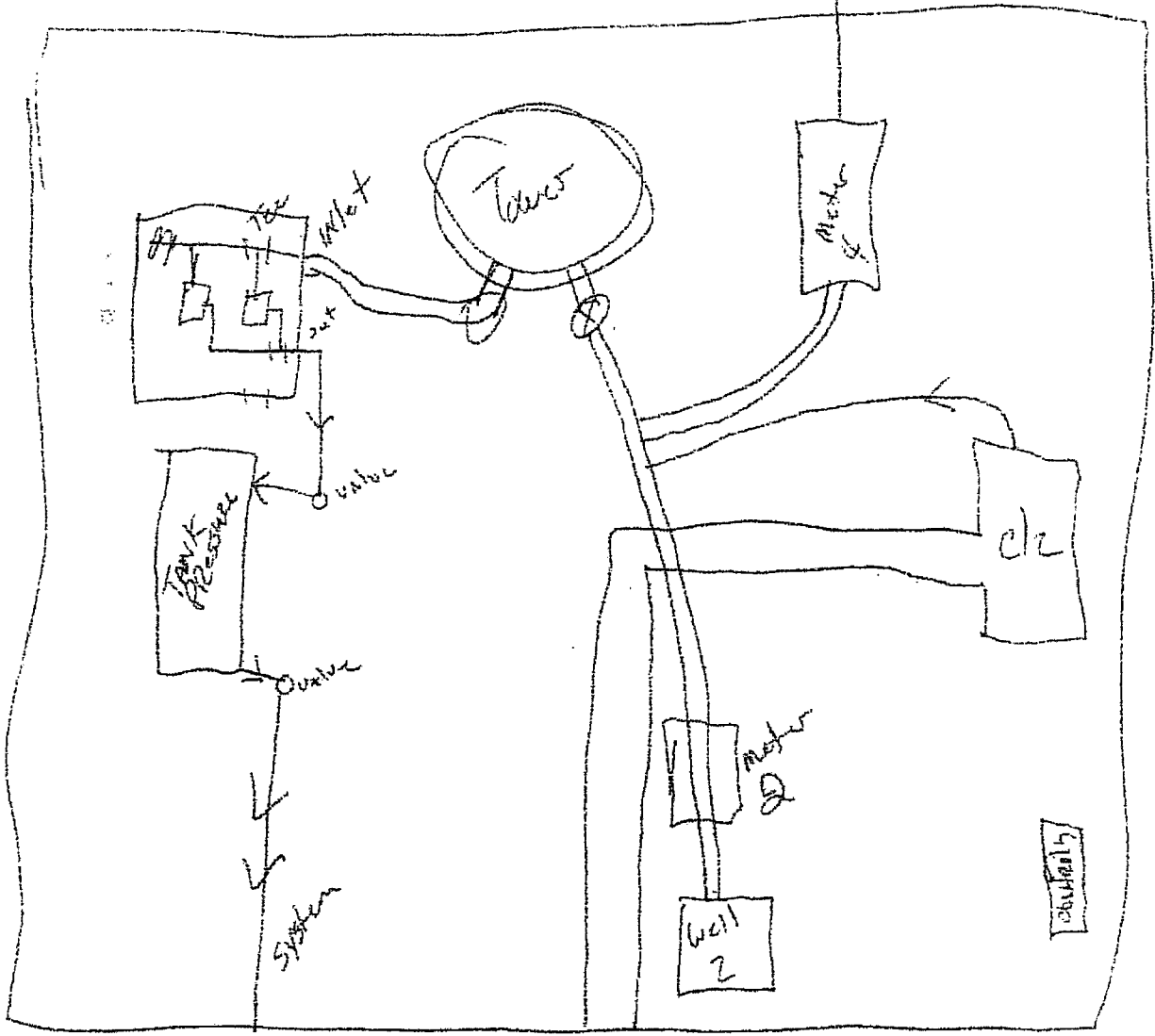


Storage TANK Fill

TURNER CONTROL

Tower TANK Fill

Well # 2



POTABLE WATER STORAGE TANK Inspection Form

"Section 290.46(p)(1)(2) of the Texas Natural Resource Conservation Commission's *Rules and Regulations for Public Water Systems* requires documentation of annual ground, elevated and pressure storage tank maintenance inspections."

Location:	Well #1
Description:	STAND PIPE, PRESSURE TANK, GROUND STORAGE
Date & Material of Exterior Coating System:	
Date & Material of Interior Coating System:	

Exterior Of Tank

O.K.	Problem	NA	Description
✓			<i>Foundation:</i> settling, cracks, deterioration
✓			<i>Protective Coating:</i> rust, pitting, corrosion, leaks
✓			<i>Water Level Indicator:</i> operable, cable access opening protected
✓			<i>Overflow Pipe:</i> flap valve cover accessible, operable, sealed
✓			<i>Access Ladder:</i> loose bolts or rungs
✓			<i>Roof:</i> low spots for ponding water, holes along seams, rust
✓			<i>Air Vents:</i> proper design, screened, sealed edges and seams
✓			<i>Cathodic Protection Anode Plates:</i> secured and sealed
✓			<i>Roof Hatch:</i> proper design, locked, hinge bolts secured, gasket
✓			<i>Pressure Tank Operational Status:</i> pressure release device, pressure gauge, air-water volume device, air line filter.

Interior of Tank

O.K.	Problem	NA	Description
✓			<i>Water Quality:</i> insects, floating debris, sediment on the bottom
✓			<i>Protective Coating:</i> rust, corrosion, scaling
Date: 6/11/07			Last Inspection of Pressure Tank Interior

Comments

Name of Inspector:	RICHARD ZIHT
Date of Inspection:	6/11/07

POTABLE WATER STORAGE TANK Inspection Form

"Section 290.46(p)(1)(2) of the Texas Natural Resource Conservation Commission's *Rules and Regulations for Public Water Systems* requires documentation of annual ground, elevated and pressure storage tank maintenance inspections."

Location:	Well #2
Description:	StanoPipe, Pressure Tank
Date & Material of Exterior Coating System:	
Date & Material of Interior Coating System:	

Exterior Of Tank

O.K.	Problem	NA	Description
✓			<i>Foundation:</i> settling, cracks, deterioration
✓			<i>Protective Coating:</i> rust, pitting, corrosion, leaks
✓			<i>Water Level Indicator:</i> operable, cable access opening protected
✓			<i>Overflow Pipe:</i> flap valve cover accessible, operable, sealed
✓			<i>Access Ladder:</i> loose bolts or rungs
✓			<i>Roof:</i> low spots for ponding water, holes along seams, rust
✓			<i>Air Vents:</i> proper design, screened, sealed edges and seams
✓			<i>Cathodic Protection Anode Plates:</i> secured and sealed
✓			<i>Roof Hatch:</i> proper design, locked, hinge bolts secured, gasket
✓			<i>Pressure Tank Operational Status:</i> pressure release device, pressure gauge, air-water volume device, air line filter.

Interior of Tank

O.K.	Problem	NA	Description
✓			<i>Water Quality:</i> insects, floating debris, sediment on the bottom
✓			<i>Protective Coating:</i> rust, corrosion, scaling
Date:		6/11/07	Last Inspection of Pressure Tank Interior

Comments

Name of Inspector:	Richard ZWT
Date of Inspection:	6/11/07

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year End 12/31/2007
Section II - Operational Information (Water)

**** Names to be Released Subject to Receipt of Signed Confidentiality Agreement with Double Diamond Utilities**

Title	Name	Relationship to Owner	Job Description	Number of Hours Worked (Weekly)	Salary	Salary Unit
Regional Director of Utilities		None	Oversee all utility operations, work with State, Federal, and Regulatory Agencies, Prepare Budgets and Reports	40	29.60	per Hour
Regional Director of Utilities - Water		None	Oversee all water utility operations, work with State, Federal, and Regulatory Agencies, Prepare Budgets and Reports	40	35.58	per Hour
Regional Director of Utilities - Sewer		None	Oversee sewer utility operations, work with State, Federal, and Regulatory Agencies, Prepare Budgets and Reports	40	15.65	per Hour
Utility Manager - The Retreat		None	Order Parts / Supplies, Schedule Daily Activities, Prioritize repairs and daily functions	40	12.53	per Hour
Utility Manager - The Cliffs		None	Order Parts / Supplies, Schedule Daily Activities, Prioritize repairs and daily functions	40	22.22	per Hour
Utility Manager - White Bluff		None	Order Parts / Supplies, Schedule Daily Activities, Prioritize repairs and daily functions	40	16.26	per Hour
Assistant Mechanic		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	8.82	per Hour
Equipment Operator		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.68	per Hour
Utility Assistant		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	15.66	per Hour
Utility Assistant		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	13.97	per Hour
Utility Assistant		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	10.51	per Hour
Utility Assistant		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	10.15	per Hour
Utility Assistant		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.88	per Hour
Utility Assistant		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.53	per Hour
Utility Assistant		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.80	per Hour
Utility Operator		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.54	per Hour
Utility Operator		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.52	per Hour
Utility Operator		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.50	per Hour
Utility Operator		None	General labor / equipment operator, install taps and repair leaks, respond to customer calls	40	9.50	per Hour

Double Diamond Utilities Co.
Application for a Rate / Tarriff Change
Test Year End 12/31/2007
Section II - Certified Operators

<u>Name</u>	<u>Classification</u>	<u>License No.</u>
Harry Shearouse	Water-A	WO0003353
Harry Shearouse	Water - CSI	CI0004793
Harry Shearouse	Water - BPAT	BP0008093
Richard Zint	Ground Water - C	WG0009091
Donnie Lewis	Surface Water - C	WS0009012
Lane Westbrook	Ground Water - C	WG0009381

Double Diamond Utilities
Application for a Rate / Tariff Change
Test Year End - 12/31/2007
Adjustments to Booked Cost Total Utility Plant Values

<u>Description</u>	<u>Install Date</u>	<u>Booked Cost</u>	<u>Adjustment⁽¹⁾</u>	<u>Total</u>
Common Plant				
Office Furniture and Equipment	7/1/1990	\$ 12,500	\$ -	\$ 12,500
John Deer Tractor	3/1/2000	49,702	-	49,702
2002 Chevy Pickup	8/1/2002	17,282	-	17,282
Trailer with Hitch	11/1/2002	1,500	-	1,500
Chevy S-10	9/1/2003	12,932	-	12,932
Case Backhoe	9/1/2004	29,768	-	29,768
Chevy Pickup	5/1/2005	19,293	-	19,293
Cut Off Saw	9/1/2005	1,157	-	1,157
2007 Chevy Pickup	10/1/2006	16,819	-	16,819
2007 Chevy Silverado	10/1/2006	15,617	-	15,617
2006 Backhoe	7/1/2007	76,724	-	76,724
Subtotal		\$ 253,294	\$ -	\$ 253,294
Wastewater Assets				
Collection Sewers	7/1/1990	\$ 175,591	\$ -	\$ 175,591
Land	11/1/1993	99,800	-	99,800
Collection Sewers	4/1/1997	114,761	-	114,761
Treatment Plant	7/1/1997	161,257	-	161,257
Collection Sewers	12/31/1997	15,126	-	15,126
Collection Sewers	12/31/1997	47,281	-	47,281
Collection Sewers	12/1/1999	15,166	60,664	75,830
Engineering - Wastewater System Design	12/1/2001	1,248	-	1,248
Treatment Plant	12/1/2003	41,798	167,189	208,987
Collection Sewers	12/1/2003	37,209	148,838	186,047
Collection Sewers	12/1/2003	24,750	98,999	123,749
Wastewater System Design	12/1/2003	5,760	23,040	28,800
Collection Sewers	9/1/2005	2,029	8,118	10,147
Collection Sewers	12/1/2005	2,026	8,106	10,132
Treatment Plant	3/28/2004	578	2,312	2,890
Collection Sewers	3/28/2004	36,613	146,452	183,065
Collection Sewers	3/31/2005	42,891	171,565	214,456
Collection Sewers	3/31/2006	44,617	178,466	223,083
Collection Sewers	6/30/2006	310	1,239	1,548
Treatment Plant Upgrade	10/1/2007	43,665	-	43,665
Subtotal		\$ 912,475	\$ 1,014,988	\$ 1,927,463
Water Assets				
Structures & Improvements	7/1/1990	\$ 6,689	\$ -	\$ 6,689
Wells	7/1/1990	34,282	-	34,282
Chlorinators	7/1/1990	418	-	418
Ground Storage Tank	7/1/1990	40,135	-	40,135
Distribution System Mains and Lines	7/1/1990	293,287	-	293,287
Original Purchase Price	11/1/1993	99,800	-	99,800
Distribution System Mains and Lines	1/1/1994	57,694	-	57,694
Structures & Improvements	7/1/1996	8,361	-	8,361
Wells	7/1/1996	58,530	-	58,530
Chlorinators	7/1/1996	2,258	-	2,258
Elevated Storage Tank	7/1/1996	69,902	-	69,902
Distribution System Mains and Lines	1/1/1997	15,126	-	15,126
Distribution System Mains and Lines	1/1/1997	47,281	-	47,281

Double Diamond Utilities
Application for a Rate / Tariff Change
Test Year End - 12/31/2007
Adjustments to Booked Cost Total Utility Plant Values

<u>Description</u>	<u>Install</u>	<u>Booked</u>	<u>Adjustment</u> ⁽¹⁾	<u>Total</u>
Water Assets (Cont.)				
Distribution System Mains and Lines	12/31/1997	\$ 114,761	\$	114,761
RO System Improvements	6/1/1998	108,370		108,370
Pressure Tank	7/1/1998	46,951		46,951
Well Pump Replacement	12/1/1999	1,117	4,470	5,587
Pressure Tank	12/1/1999	29,045	116,178	145,223
Distribution System Mains and Lines	12/1/1999	16,524	66,097	82,621
Distribution System Mains and Lines	12/1/1999	15,166	60,664	75,830
Lab Equipment	12/1/1999	4,287		4,287
Lab Equipment	1/1/2000	6,197		6,197
Pressure Controls	12/1/2000	2,359	9,435	11,794
Wells	9/1/2001	222,306		222,306
Storage Tank	9/1/2001	98,182		98,182
Reverse Osmosis System	9/1/2001	80,771		80,771
Water Plant Improvements	12/1/2001	1,051		1,051
Wells	12/1/2001	257		257
Water System Improvement	12/1/2001	8,883		8,883
Lake Pump Improvement	12/1/2002	10,916	43,663	54,579
Power Supply Generator	12/1/2002	24,605		24,605
Water Plant Improvements	9/1/2003	2,300	9,201	11,501
Well	12/1/2003	45,638	182,553	228,191
Treatment Plant	12/1/2003	28,120	112,481	140,601
Distribution System Mains and Lines	12/1/2003	37,209	148,838	186,047
Distribution System Mains and Lines	12/1/2003	24,750	98,999	123,749
Water System Design - Engineering	12/1/2003	2,071	8,284	10,355
Well Repair - Pump	3/1/2004	28,526		28,526
Well Repair - Pump	3/1/2004	15,873		15,873
Distribution System Mains and Lines	9/1/2005	2,029	8,118	10,147
Distribution System Mains and Lines	12/1/2005	2,026	8,106	10,132
Pump Station	3/28/2004	790	3,160	3,950
Well	3/28/2004	55,825	223,298	279,123
Distribution System Mains and Lines	3/28/2004	36,613	146,452	183,065
Distribution System Mains and Lines	3/31/2005	42,891	171,565	214,456
Distribution System Mains and Lines	3/31/2006	44,617	178,466	223,083
Distribution System Mains and Lines	6/30/2006	310	1,239	1,548
Equalization Tank	4/1/2007	52,365		52,365
RO Unit Upgrade	9/1/2007	198,771		198,771
Subtotal		\$ 2,146,235	\$ 1,601,267	\$ 3,747,502
Total		\$ 3,312,004	\$ 2,616,255	\$ 5,928,259
Reconciliation to Balance Sheet				
Account 1802		\$ 3,071,213		
Account 1810		240,794		
Subtotal		\$ 3,312,007		
Variance			(3.27)	

Notes:

(1) Adjustments made to reflect total original cost of utility plant assets as opposed to the booked value which, where adjustments are made, reflects the original cost value net of developer contribution. Adjustments are used only for calculation of annual depreciation expense, all developer contributions were removed prior to calculating the requested return

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Consolidated Water Assets

System	Item	Date of Installation	Service Life	Years in Service			Original Cost	Annual	Depreciation Accumulated	Net Book Value
				Years	Months	Days				
	Wells:									
Ground	Wells	7/1/1990	50	17	5	30	\$ 34,282	\$ 686	\$ 11,994	\$ 22,288
Ground	Wells	7/1/1996	50	11	5	30	58,530	1,171	13,454	45,076
Ground	Wells	9/1/2001	50	6	3	30	222,306	4,446	28,138	194,168
Ground	Wells	12/1/2001	50	6	-	30	257	5	31	226
Ground	Wells	12/1/2003	50	4	-	30	228,191	4,564	18,630	209,561
Ground	Wells	3/28/2004	50	3	9	3	279,123	5,582	20,923	258,200
	Subtotal						\$ 822,689	\$ 16,454	\$ 93,171	\$ 729,518
	Well Pumps:									
Ground	Well Pump Replacement	12/1/1999	5	8	-	30	\$ 5,587	\$ -	\$ 5,587	\$ -
Ground	Well Repair - Pump	3/1/2004	5	3	9	30	28,526	5,705	21,805	6,721
Ground	Well Repair - Pump	3/1/2004	5	3	9	30	15,873	3,175	12,133	3,740
	Subtotal						\$ 49,986	\$ 8,880	\$ 39,525	\$ 10,461
	Booster Pumps:									
Surface	Lake Pump Improvement	12/1/2002	5	5	-	30	\$ 54,579	\$ -	\$ 54,579	\$ -
Ground	Pump Station	3/28/2004	5	3	9	3	3,950	790	2,961	989
	Subtotal						\$ 58,529	\$ 790	\$ 57,540	\$ 989
	Chlorinators:									
Ground	Chlorinators	7/1/1990	10	17	5	30	\$ 418	\$ -	\$ 418	\$ -
Ground	Chlorinators	7/1/1996	10	11	5	30	2,258	-	2,258	-
	Subtotal						\$ 2,676	\$ -	\$ 2,676	\$ -
	Structures:									
Ground	Structures & Improvements	7/1/1990	15	17	5	30	\$ 6,689	\$ -	\$ 6,689	\$ -
Ground	Structures & Improvements	7/1/1996	15	11	5	30	8,361	557	6,407	1,955
	Subtotal						\$ 15,051	\$ 557	\$ 13,096	\$ 1,955
	Storage Tanks									
Ground	Ground Storage Tank	7/1/1990	50	17	5	30	\$ 40,135	\$ 803	\$ 14,042	\$ 26,093
Ground	Elevated Storage Tank	7/1/1996	50	11	5	30	69,902	1,398	16,068	53,834
Ground	Storage Tank	9/1/2001	50	6	3	30	98,182	1,964	12,427	85,755
Ground	Equalization Tank	4/1/2007	50	-	8	30	52,365	1,047	775	51,590
	Subtotal						\$ 260,584	\$ 5,212	\$ 43,312	\$ 217,272
	Pressure Tank:									
Ground	Pressure Tank	7/1/1998	50	9	5	30	\$ 46,951	\$ 939	\$ 8,914	\$ 38,036
Ground	Pressure Tank	12/1/1999	50	8	-	30	145,223	2,904	23,474	121,749
	Subtotal						\$ 192,174	\$ 3,843	\$ 32,389	\$ 159,785

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Consolidated Water Assets

System	Item	Date of Installation	Service Life	Years in Service			Original Cost	Annual	Depreciation Accumulated	Net Book Value
				Years	Months	Days				
	Distribution System:									
Ground	Distribution System Mains and Lines	7/1/1990	50	17	5	30	\$ 293,287	\$ 5,866	\$ 102,610	\$ 190,677
Ground	Distribution System Mains and Lines	1/1/1994	50	13	11	30	57,694	1,154	16,139	41,556
Ground	Distribution System Mains and Lines	1/1/1997	50	10	11	30	15,126	303	3,324	11,802
Ground	Distribution System Mains and Lines	1/1/1997	50	10	11	30	47,281	946	10,389	36,892
Surface	Distribution System Mains and Lines	12/31/1997	50	10	-	-	114,761	2,295	22,952	91,809
Ground	Distribution System Mains and Lines	12/1/1999	50	8	-	30	82,621	1,652	13,355	69,266
Ground	Distribution System Mains and Lines	12/1/1999	50	8	-	30	75,830	1,517	12,257	63,573
Ground	Distribution System Mains and Lines	12/1/2003	50	4	-	30	186,047	3,721	15,190	170,857
Ground	Distribution System Mains and Lines	12/1/2003	50	4	-	30	123,749	2,475	10,103	113,646
Ground	Distribution System Mains and Lines	3/28/2004	50	3	9	3	183,065	3,661	13,722	169,343
Ground	Distribution System Mains and Lines	3/31/2005	50	2	9	-	214,456	4,289	11,751	202,705
Surface	Distribution System Mains and Lines	9/1/2005	50	2	3	30	10,147	203	473	9,674
Surface	Distribution System Mains and Lines	12/1/2005	50	2	-	30	10,132	203	422	9,710
Ground	Distribution System Mains and Lines	3/31/2006	50	1	9	-	223,083	4,462	7,762	215,321
Ground	Distribution System Mains and Lines	6/30/2006	50	1	6	1	1,548	31	46	1,502
	Subtotal						\$ 1,638,828	\$ 32,777	\$ 240,495	\$ 1,398,332
Surface	Other:									
Surface	Original Purchase Price	11/1/1993	50	14	1	30	\$ 99,800	\$ 1,996	\$ 28,272	\$ 71,528
Ground	RO System Improvements	6/1/1998	10	9	6	30	108,370	10,837	103,768	4,602
Ground	Lab Equipment	12/1/1999	10	8	-	30	4,287	429	3,465	822
Ground	Lab Equipment	1/1/2000	10	7	11	30	6,197	620	4,949	1,248
Ground	Pressure Controls	12/1/2000	50	7	-	30	11,794	236	1,671	10,123
Surface	Reverse Osmosis System	9/1/2001	10	6	3	30	80,771	8,077	51,118	29,653
Surface	Water Plant Improvements	12/1/2001	10	6	-	30	1,051	105	639	412
Ground	Water System Improvement	12/1/2001	50	6	-	30	8,883	178	1,081	7,802
Surface	Power Supply Generator	12/1/2002	10	5	-	30	24,605	2,461	12,505	12,100
Surface	Water Plant Improvements	9/1/2003	10	4	3	30	11,501	1,150	4,979	6,522
Ground	Treatment Plant	12/1/2003	50	4	-	30	140,601	2,812	11,479	129,122
Ground	Water System Design - Engineering	12/1/2003	10	4	-	30	10,355	1,036	4,227	6,128
Surface	RO Unit Upgrade	9/1/2007	10	-	3	30	198,771	19,877	6,535	192,236
	Subtotal						\$ 706,986	\$ 49,812	\$ 234,687	\$ 472,299
	Water Plant Totals						\$ 3,747,502	\$ 118,325	\$ 756,890	\$ 2,990,612
Ground	Deferred Accounting Treatment of Cash Advances Payable (See Attachment 10, WP-15)						\$ 152,552	\$ 30,510	\$ 30,510	\$ 122,042
Surface	Cash Advance Payable						154,824	30,965	30,965	123,859
	Subtotal						\$ 307,376	\$ 61,475	\$ 61,475	\$ 245,901
	Common Plant (See Page 6)						\$ 167,264	\$ 18,695	\$ 86,155	\$ 81,110
	TOTALS						\$ 4,222,142	\$ 198,495	\$ 904,520	\$ 3,317,622

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Consolidated Water Assets - Developer Contribution

System	Item	Date of Installation	Service Life	Years in Service			Original Cost	Annual	Depreciation Accumulated	Net Book Value
				Years	Months	Days				
Wells:										
Ground	Wells	7/1/1990	50	17	5	30	\$ 13,782	\$ 276	\$ 4,822	\$ 8,960
Ground	Wells	7/1/1996	50	11	5	30	23,530	471	5,409	18,122
Ground	Wells	9/1/2001	50	6	3	30	-	-	-	-
Ground	Wells	12/1/2001	50	6	-	30	-	-	-	-
Ground	Wells	12/1/2003	50	4	-	30	182,553	3,651	14,904	167,649
Ground	Wells	3/28/2004	50	3	9	3	223,298	4,466	16,738	206,560
	Subtotal						\$ 443,164	\$ 8,863	\$ 41,873	\$ 401,291
Well Pumps:										
Ground	Well Pump Replacement	12/1/1999	5	8	-	30	\$ 4,470	\$ -	\$ 4,470	\$ -
Ground	Well Repair - Pump	3/1/2004	5	3	9	30	-	-	-	-
Ground	Well Repair - Pump	3/1/2004	5	3	9	30	-	-	-	-
	Subtotal						\$ 4,470	\$ -	\$ 4,470	\$ -
Booster Pumps:										
Surface	Lake Pump Improvement	12/1/2002	5	5	-	30	\$ 43,663	\$ -	\$ 43,663	\$ -
Ground	Pump Station	3/28/2004	5	3	9	3	3,160	632	2,369	791
	Subtotal						\$ 46,823	\$ 632	\$ 46,032	\$ 791
Chlorinators:										
Ground	Chlorinators	7/1/1990	10	17	5	30	\$ 168	\$ -	\$ 168	\$ -
Ground	Chlorinators	7/1/1996	10	11	5	30	908	-	908	-
	Subtotal						\$ 1,076	\$ -	\$ 1,076	\$ -
Structures:										
Ground	Structures & Improvements	7/1/1990	15	17	5	30	\$ 2,689	\$ -	\$ 2,689	\$ -
Ground	Structures & Improvements	7/1/1996	15	11	5	30	3,361	224	2,576	786
	Subtotal						\$ 6,051	\$ 224	\$ 5,265	\$ 786
Storage Tanks										
Ground	Ground Storage Tank	7/1/1990	50	17	5	30	\$ 16,135	\$ 323	\$ 5,645	\$ 10,490
Ground	Elevated Storage Tank	7/1/1996	50	11	5	30	28,102	562	6,460	21,642
Ground	Storage Tank	9/1/2001	50	6	3	30	-	-	-	-
Ground	Equalization Tank	4/1/2007	50	-	8	30	-	-	-	-
	Subtotal						\$ 44,237	\$ 885	\$ 12,105	\$ 32,132
Pressure Tank:										
Ground	Pressure Tank	7/1/1998	50	9	5	30	\$ 25,380	\$ 508	\$ 4,819	\$ 20,561
Ground	Pressure Tank	12/1/1999	50	8	-	30	116,178	2,324	18,779	97,399
	Subtotal						\$ 141,558	\$ 2,831	\$ 23,598	\$ 117,959

Double Diamond Utilities Co. Application for a Rate / Tariff Change Test Year Ended 12/31/2007 Consolidated Water Assets - Developer Contribution												
System	Item	Date of Installation	Service Life	Years	Years in Service			Original Cost	Annual	Depreciation		Net Book Value
					Months	Days	Days			Accumulated		
Distribution System:												
Ground	Distribution System Mains and Lines	7/1/1990	50	17	5	30	\$ 293,287	\$ 5,866	\$ 102,610	\$ 190,677		
Ground	Distribution System Mains and Lines	1/1/1994	50	13	11	30	57,694	1,154	16,139	41,556		
Ground	Distribution System Mains and Lines	1/1/1997	50	10	11	30	15,126	303	3,324	11,802		
Ground	Distribution System Mains and Lines	1/1/1997	50	10	11	30	47,281	946	10,389	36,892		
Surface	Distribution System Mains and Lines	12/31/1997	50	10	-	-	114,761	2,295	22,952	91,809		
Surface	Distribution System Mains and Lines	12/1/1999	50	8	-	-	66,097	1,322	10,684	55,413		
Ground	Distribution System Mains and Lines	12/1/1999	50	8	-	-	60,664	1,213	9,806	50,858		
Ground	Distribution System Mains and Lines	12/1/2003	50	4	-	-	148,838	2,977	12,152	136,686		
Ground	Distribution System Mains and Lines	12/1/2003	50	4	-	-	98,999	1,980	8,083	90,916		
Ground	Distribution System Mains and Lines	3/28/2004	50	3	9	3	146,452	2,929	10,978	135,474		
Ground	Distribution System Mains and Lines	3/31/2005	50	2	9	-	171,565	3,431	9,401	162,164		
Surface	Distribution System Mains and Lines	9/1/2005	50	2	3	30	8,118	162	378	7,740		
Surface	Distribution System Mains and Lines	12/1/2005	50	2	-	30	8,106	162	338	7,768		
Ground	Distribution System Mains and Lines	3/31/2006	50	1	9	-	178,466	3,569	6,210	172,257		
Ground	Distribution System Mains and Lines	6/30/2006	50	1	6	1	1,239	25	37	1,201		
	Subtotal						\$ 1,416,693	\$ 28,334	\$ 223,479	\$ 1,193,214		
Other:												
Surface	Original Purchase Price	11/1/1993	50	14	1	30	\$ 46,288	\$ 926	\$ 13,113	\$ 33,175		
Surface	RO System Improvements	6/1/1998	10	9	6	30	85,342	8,534	81,718	3,624		
Ground	Lab Equipment	12/1/1999	10	8	-	30	-	-	-	-		
Ground	Lab Equipment	1/1/2000	10	7	11	30	-	-	-	-		
Ground	Pressure Controls	12/1/2000	50	7	-	30	9,435	189	1,336	8,099		
Surface	Reverse Osmosis System	9/1/2001	10	6	3	30	-	-	-	-		
Surface	Water Plant Improvements	12/1/2001	10	6	-	30	-	-	-	-		
Ground	Water System Improvement	12/1/2001	50	6	-	30	-	-	-	-		
Ground	Power Supply Generator	12/1/2002	10	5	-	30	-	-	-	-		
Surface	Water Plant Improvements	9/1/2003	10	4	3	30	9,201	920	3,983	5,218		
Ground	Treatment Plant	12/1/2003	50	4	-	30	112,481	2,250	9,183	103,298		
Ground	Water System Design - Engineering	12/1/2003	10	4	-	30	8,284	828	3,382	4,902		
Surface	RO Unit Upgrade	9/1/2007	10	-	3	30	-	-	-	-		
	Subtotal						\$ 271,031	\$ 13,647	\$ 112,715	\$ 158,316		
TOTALS							\$ 2,375,102	\$ 55,416	\$ 470,612	\$ 1,904,489		
Total by System												
Ground							\$ 1,993,525	\$ 41,094	\$ 293,783	\$ 1,699,742		
Surface							381,576	14,322	176,829	204,747		
Total							\$ 2,375,102	\$ 55,416	\$ 470,612	\$ 1,904,489		

Trial Balance

As of December 30, 2007

Double Diamond Utilities Co.

May 12, 2008 1:25 PM

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G/L Account No.: 1000-0000..3999-9999

No.	Name	Balance
1000-0000	ASSETS	
1010-0000	Acct 088-06230932 Chase Oper	55,210.02
1010-0003	First Security State 0540740	1,723.76
1311-8090	I/C - DTX	119,342.25
1313-3210	I/C - DDC	-1,871,828.10
1313-6022	I/C - RTC	-8,196.92
1313-8022	I/C - CCC	-226,624.25
1313-9022	I/C - WCC	-357,004.56
1317-8090	I/C - NRM	-374,518.82
1413-6065	I/C - RPO	-3,323.01
1413-7065	I/C - ERC	0.11
1413-8065	I/C - CLP	-19,191.91
1413-9065	I/C - WBP	-692.06
1416-3006	I/C - MCO	-1,582.45
1802-0000	F/A - Land Improvements	3,071,213.44
1810-0000	F/A - Vehicles & Equipment	240,794.01
1812-0000	Construction in Progress	124,534.75
1832-0000	Acc Depr - Land Improvements	-2,117,307.21
1840-0000	Acc Depr - Vehicles & Equipmen	-113,963.77
1999-9999	TOTAL ASSETS	-1,481,414.72
2000-0000	LIABILITIES AND EQUITY	
2000-0001	LIABILITIES	
2001-0001	Accrued A/P	-671.87
2004-8090	Other Tax Payable	-8,438.77
2502-8090	I/C N/P - Secured with DDD	-644,729.10
2504-8090	I/C Acc Interest	-476,806.67
2999-9999	TOTAL LIABILITIES	-1,130,646.41
3000-0000	EQUITY	
3010-0000	Common Stock	-1,000.00
3020-0000	Paid in Capital	-877,064.93
3080-0000	Retained Earnings	2,491,586.52
3090-0000	Net (Income) Loss - Current	998,539.54
3999-9998	TOTAL EQUITY	1,613,521.59
3999-9999	TOTAL LIABILITIES AND EQUITY	1,481,414.72

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Double Diamond-Delaware, Inc. and Subsidiaries

December 30, 2007 and December 31, 2006

Double Diamond-Delaware, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

December 30, 2007 and December 31, 2006

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Grant Thornton

Report of Independent Certified Public Accountants

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We have audited the accompanying consolidated balance sheets of Double Diamond-Delaware, Inc. and subsidiaries (the "Company") as of December 30, 2007 and December 31, 2006, and the related consolidated statements of income, shareholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 30, 2007 and December 31, 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Grant Thornton LLP

Dallas, Texas
April 8, 2008

Double Diamond-Delaware, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 30, 2007 and December 31, 2006

ASSETS	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 5,081,714	\$ 5,371,658
Inventory	43,326,791	26,699,654
Notes receivable, net	150,001,722	125,716,612
Restricted cash	1,187,827	1,785,416
Accounts receivable	447,105	1,008,621
Advances to affiliates, net	3,106,110	2,394,255
Property and equipment, net	26,321,102	20,618,948
Deferred financing costs, net	511,795	237,020
Other	<u>4,737,030</u>	<u>4,575,876</u>
Total assets	<u>\$234,721,196</u>	<u>\$188,408,060</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Accounts payable	\$ 5,017,487	\$ 3,672,694
Accrued expenses	3,293,709	2,434,021
Notes payable to affiliates	100,000	207,405
Notes payable	113,897,749	78,789,891
Deferred state income tax	<u>559,893</u>	<u>418,248</u>
Total liabilities	122,868,838	85,522,259
Shareholder's equity:		
Common stock; \$.01 par value; 10,000,000 and 100,000 authorized, issued and outstanding shares at December 30, 2007 and December 31, 2006	100,000	1,000
Additional paid-in capital	3,802,774	3,901,774
Unearned ESOP shares	(4,554,417)	-
Retained earnings	<u>112,504,001</u>	<u>98,983,027</u>
Total shareholder's equity	<u>111,852,358</u>	<u>102,885,801</u>
Total liabilities and shareholder's equity	<u>\$234,721,196</u>	<u>\$188,408,060</u>

The accompanying notes are an integral part of these consolidated statements.

Double Diamond-Delaware, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 30, 2007 and December 31, 2006

	<u>2007</u>	<u>2006</u>
Net land and condominium sales	\$66,371,556	\$75,729,968
Resort hospitality sales	13,501,659	11,825,465
Utility revenues	986,334	1,189,794
Other income	<u>3,179,763</u>	<u>2,221,461</u>
Total revenues	84,039,312	90,966,688
Cost of land and condominium sales	16,718,508	20,332,556
Cost of resort hospitality sales	2,340,332	2,048,571
Cost of utility revenues	343,711	333,988
Provision for repossessions	<u>3,998,012</u>	<u>3,887,945</u>
Total costs of revenues	23,400,563	26,603,060
Gross operating margin	60,638,749	64,363,628
Interest income	<u>12,910,860</u>	<u>11,224,976</u>
	73,549,609	75,588,604
Operating expenses		
Selling, general, and administrative	42,448,727	37,672,684
Depreciation	2,935,260	2,137,287
Interest	7,776,648	7,591,002
Employee stock option plan	<u>2,445,583</u>	<u>-</u>
Total operating expenses	<u>55,606,218</u>	<u>47,400,973</u>
Income before provision for state tax	17,943,391	28,187,631
State tax expense (benefit)	<u>225,846</u>	<u>(1,426,868)</u>
NET INCOME	<u>\$17,717,545</u>	<u>\$29,614,499</u>

The accompanying notes are an integral part of these consolidated statements.

Double Diamond-Delaware, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Unearned ESOP shares</u>	<u>Total shareholder's equity</u>
Balances at December 31, 2005	\$ 1,000	\$ 99,130	\$ 75,813,249	\$ -	\$ 76,804,379
Distributions to shareholder	-	-	(6,444,721)	-	(6,444,721)
Contribution from shareholder	-	2,911,644	-	-	2,911,644
Net income	<u>-</u>	<u>-</u>	<u>29,614,499</u>	<u>-</u>	<u>29,614,499</u>
Balances at December 31, 2006	1,000	3,901,774	98,983,027	-	102,885,801
Distributions to shareholder	-	-	(4,196,571)	-	(4,196,571)
Stock split	99,000	(99,000)	-	-	-
Unearned ESOP	-	-	-	(4,554,417)	(4,554,417)
Net income	<u>-</u>	<u>-</u>	<u>17,717,545</u>	<u>-</u>	<u>17,717,545</u>
Balances at December 30, 2007	<u>\$100,000</u>	<u>\$3,802,774</u>	<u>\$112,504,001</u>	<u>\$(4,554,417)</u>	<u>\$111,852,358</u>

The accompanying notes are an integral part of these consolidated statements.

Double Diamond-Delaware, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 30, 2007 and December 31, 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Net income	\$ 17,717,545	\$ 29,614,499
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	2,935,260	2,137,287
Amortization of financing costs	146,377	449,772
Provision for repossessions	3,998,012	3,887,945
Gain on sale of fixed assets	(1,145,507)	-
Deferred state taxes	141,645	(1,726,868)
Employee stock option plan	2,445,583	-
Changes in operating assets and liabilities		
Restricted cash	597,589	2,805,842
Accounts receivable	561,516	(312,187)
Advances to affiliates	(711,855)	(216,981)
Inventory	(16,627,137)	(2,731,345)
Other assets	(161,154)	63,264
Accounts payable	1,344,793	272,937
Accrued expenses	<u>859,688</u>	<u>(1,072,877)</u>
Net cash provided by operating activities	12,102,355	33,171,288
Cash flows from investing activity		
Additions to property and equipment	(11,591,907)	(3,199,766)
Notes receivable	<u>(28,283,122)</u>	<u>(27,708,222)</u>
Net cash used in investing activity	(39,875,029)	(30,907,988)
Cash flows from financing activities		
Proceeds from notes payable	54,460,841	40,086,680
Proceeds on sale and loss of assets	4,100,000	-
Repayments of notes payable	(26,352,983)	(39,756,324)
Repayments of obligations under capital leases	-	(46,099)
Repayments of notes payable to affiliates	(107,405)	(12,271)
Financing costs	(421,152)	(182,237)
Distributions to shareholder	<u>(4,196,571)</u>	<u>(6,444,721)</u>
Net cash provided by (used in) financing activities	<u>27,482,730</u>	<u>(6,354,972)</u>
Net increase (decrease) in cash and cash equivalents	(289,944)	(4,091,672)
Cash and cash equivalents at beginning of year	<u>5,371,658</u>	<u>9,463,330</u>
Cash and cash equivalents at end of year	\$ <u>5,081,714</u>	\$ <u>5,371,658</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ <u>7,541,994</u>	\$ <u>7,134,142</u>
Cash paid for state taxes	\$ <u>-</u>	\$ <u>30,737</u>
Non-cash items		
Note receivable contributed by stockholder	\$ <u>-</u>	\$ <u>2,911,644</u>

The accompanying notes are an integral part of these consolidated statements.

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 30, 2007 and December 31, 2006

NOTE A - ORGANIZATION

Double Diamond-Delaware, Inc. (the Company) is a Delaware investment holding company incorporated in 1996. On January 1, 1997, the shareholders of Double Diamond, Inc. (DDI) and certain affiliated entities swapped their interests for comparable interests in the Company.

The Company owns properties in Texas, Pennsylvania and New York. The operations of the Company are fully integrated, including the functions of property acquisition, master planning, subdivision platting, lot and condominium sales, design, construction, and operation of infrastructure and utilities (streets, water, sewer) and amenities (golf courses, hotels, marinas, ski area, restaurants, condominiums, and conference facilities). The operations of the Company also include marketing, sales, finance, legal administration, and mortgage loan servicing. Our fiscal year consists of the four-four-five quarterly reporting method. Our 2007 and 2006 fiscal years ended on December 30 and December 31, respectively.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Principles of Presentation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of loan loss reserves, direct marketing costs and related amortization. Actual results could differ from those estimates.

Lot Inventory and Revenue Recognition

Lot inventory is valued at the lower of original land cost or fair value. Costs are allocated to individual lot sales using the relative sales price method. Any revisions to estimated costs will be reflected in lot inventory and cost of future lot sales. Undeveloped land is recorded at cost and is evaluated for impairment when events and circumstance indicate the land may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets.

The Company recognizes revenue on its retail land sales using the full accrual method after cash payments of at least 10% of the contract sales price are received.

The Company recognizes revenue for room sales and revenues from guest services whenever rooms are occupied and services have been rendered.

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The Company considers all demand and money market accounts and certificates of deposit with maturities of three months or less when purchased to be cash equivalents.

The Company maintains cash and cash equivalents at several financial institutions, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on such accounts.

Advertising Costs

The Company expenses all advertising and marketing costs as incurred. The Company incurred advertising and marketing costs totaling \$7,576,573 and \$6,746,895 in 2007 and 2006, respectively.

Deferred Financing Costs

Financing costs have been deferred and are amortized over the estimated debt terms. Financing costs are amortized using the straight-line method which approximates the effective interest method. Amortization of deferred financing costs are included in interest expense.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method, with useful lives ranging from 5 to 31.5 years.

Concentration of Credit Risk

The Company sells developed real estate lots in Texas and Pennsylvania. The Company performs credit evaluations of its customers' financial condition and retains a security interest in lots sold. The Company's notes receivable are spread among many customers, with no material balances due from any one customer. Repossessed lots are added to inventory.

The notes receivable are generally due within 20 years. Credit losses from customers have been within management's expectations, and management believes the allowance for repossessions adequately provides for any losses.

Income Taxes

No provision has been made for federal income taxes since the Company has elected to be taxed as a Subchapter S corporation under the Internal Revenue Code. The operating results of the Company pass through to, and are reportable by, the individual shareholder's on their respective federal income tax returns. The Company accounts for state taxes using the liability method.

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

The carrying values of accounts receivable; advances to affiliates, net; accounts payable; and accrued expenses are reasonable estimates of their fair values because of the short maturities of these instruments. Notes receivable and notes receivable to affiliates have aggregate carrying values which approximate their estimated fair values based upon the current interest rates. Notes payable and notes payable to affiliates have aggregate carrying values which approximate their estimated fair values based upon the current interest rates for debt with similar terms and remaining maturities, without considering the adequacy of the underlying collateral. Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 30, 2007 and December 31, 2006.

Stock Split

Effective September 13, 2007, the Company effected a one hundred for one stock split of the authorized and outstanding shares of common stock.

NOTE C - INVENTORY

The components of inventory at December 31, are as follows:

	<u>2007</u>	<u>2006</u>
Lot inventory held for sale	\$24,535,719	\$16,889,800
Undeveloped land	15,331,150	5,979,548
Condos held for sale	<u>3,459,922</u>	<u>3,830,306</u>
	<u>\$43,326,791</u>	<u>\$26,699,654</u>

The Company estimates that it will incur approximately \$22,572,422 of costs to complete development of and improvements to its lot inventory held for sale at December 30, 2007.

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE D - NOTES RECEIVABLE

The Company generally receives mortgage notes from purchasers of lots. Notes receivable are reported net of an allowance for repossessions, which is determined on the basis of historical experience. The activity in the allowance for repossessions for the years ended December 30, 2007 and December 31, 2006, is as follows:

	<u>2007</u>	<u>2006</u>
Beginning balance	\$13,159,829	\$ 9,671,556
Provision for repossessions	3,998,012	3,887,945
Notes foreclosed or defaulted	(3,410,060)	(1,670,727)
Original cost basis of lots returned to inventory	965,535	166,939
Notes contributed	<u>-</u>	<u>1,104,116</u>
Ending balance	<u>\$14,713,316</u>	<u>\$13,159,829</u>

Mortgage notes receivable of approximately \$3,678,023 and \$3,095,629 were delinquent at December 30, 2007 and December 31, 2006, respectively. The Company determines a note to be delinquent when any payment is 30 days past due.

The approximate maturities of notes receivable for the next five years and thereafter, as of December 30, 2007, are as follows:

2008	\$ 7,001,521
2009	6,960,022
2010	7,041,897
2011	7,155,815
2012	7,257,074
Thereafter	<u>129,298,709</u>
	164,715,038
Less: Allowance for repossessions	<u>14,713,316</u>
Total	<u>\$150,001,722</u>

The range of stated interest rates on notes receivable is 6% to 12% with a weighted average interest rate at December 30, 2007, of 8.648%. The carrying value of notes receivable in the aggregate was assumed to approximate fair value based on effective borrowing rates for debt instruments with similar terms.

NOTE E - RESTRICTED CASH

Restricted cash represents down payments on lot sales. The down payments are released when the purchaser has been issued a warranty deed (with vendor's lien retained). These funds are normally released within 60 days of the sale date.

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment at December 30, 2007 and December 31, 2006 are composed of the following:

	<u>2007</u>	<u>2006</u>
Golf courses	\$ 3,888,806	\$ 2,793,490
Land and land improvements	1,550,242	1,890,633
Vehicles and construction equipment	5,986,922	4,159,072
Furniture, fixtures, and equipment	11,455,979	8,390,680
Buildings	17,749,814	16,931,736
Water systems	3,071,213	1,946,928
Equipment under capital leases	244,160	244,160
Construction-in-progress	1,678,393	2,169,364
Leasehold improvements	<u>349,282</u>	<u>208,311</u>
	45,974,811	38,734,374
Less accumulated depreciation	<u>19,653,709</u>	<u>18,115,426</u>
	<u>\$26,321,102</u>	<u>\$20,618,948</u>

NOTE G - NOTES PAYABLE

Notes payable at December 30 consist of the following:

	<u>2007</u>	<u>2006</u>
Note payable to TIAA, due in monthly installments including interest at 7.21%; principal payment equal to investor's percentage (as defined) times principal collected on pledged notes receivable. Note paid in full in September 2007.	\$ -	\$ 295,758
Note payable to Textron Financial under a \$75,000,000 revolving credit facility; monthly payments equal to 100% of the funds collected on pledged notes receivable to pay accrued interest at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus .50%, with a floor rate of 6.25%, with remaining funds after payment of interest being applied to the principal balance. An additional monthly payment is required if the loan to collateral ratio is not maintained as stated in the loan agreement. The note is payable in full on December 31, 2014.	51,559,157	40,950,823

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE G - NOTES PAYABLE - Continued

	<u>2007</u>	<u>2006</u>
Note payable to Texas State Bank, due on January 1, 2009, which provides a maximum credit of \$3,000,000 for the construction of improvements at one of the Company's developments with interest payable monthly at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus 1.00%, together with monthly principal payments equal to 10% of the sales prices of lots sold from within the property secured by the note. This note is secured by undeveloped land at one of the Company's developments.	\$ 645,611	\$ 1,964,616
Note payable to First Financial Bank, due on April 6, 2011, which provides a maximum credit of \$1,760,000 for the construction of interval ownership condominium buildings and a hotel building, with interest at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus 0.50% payable in 59 monthly installments of \$10,699 of principal plus accrued interest with the balance due at maturity. This note is secured by the hotel building and underlying land at one of the Company's resorts.	1,166,144	1,294,532
Note payable to Texas State Bank, due on September 14, 2021, which provides a maximum credit of \$2,156,000 for the purchase and refinancing of undeveloped land in Johnson County, Texas, payable in 240 monthly installments of \$14,200, including interest at a fixed rate of 5.44%. This note is secured by the 1,207 acres of land acquired with this financing.	247,315	390,341
Note payable to First Financial Bank, due on October 9, 2009, which provides a maximum credit of \$756,000 for the construction of an office building at one of the Company's developments, with interest at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus 1.00% payable monthly plus 59 equal monthly installments of principal of \$4,200 until October 9, 2009, when the remaining principal balance is due. This note is secured by the office building and the underlying land.	596,400	646,800

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE G - NOTES PAYABLE - Continued

	<u>2007</u>	<u>2006</u>
Note payable to Texas State Bank, due on August 1, 2007, which provides a maximum credit of \$6,000,000 for the purchase of land at one of the Company's developments, with interest at prime (8.25% at December 31, 2006) plus 1.5%; beginning on November 1, 2005 a monthly payment of \$50,000 plus accrued interest will be paid until maturity, when the remaining principal balance is due. This note is secured by undeveloped land at Rock Creek. Note paid in full in July 2007.	\$ -	\$ 4,015,383
Note payable to Texas State Bank, due on January 1, 2017, which provides a maximum credit of \$19,800,000 for the financing of company notes receivable, with interest at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively). Monthly installments vary depending on interest rate. Installments are due each month until the maturity date when the entire unpaid principal balance is due. An additional monthly payment is required if the loan to collateral ratio is not maintained as stated in the loan agreement.	14,783,030	18,638,124
Note payable to Willie Edith Pockrus with a maximum credit for \$1,500,000 for the purchase of land at one of the Company's developments with a fixed interest rate of 4.00% with quarterly interest only payments until August 1, 2007, at which time 59 equal monthly installments of \$9,090 will be due until July 1, 2012, when the remaining principal balance is due. This note is secured by undeveloped land at Rock Creek. Note paid in full in July 2007.	-	1,500,000
Note payable to National City Commercial Credit for \$2,225,000 for the purchase of a Company aircraft, with interest at LIBOR 5.33% at December 31, 2006 plus 2.00% payable monthly plus 84 monthly installments until March 29, 2012, when the remaining balance is due. This note is secured by the aircraft. Note paid in full in March 2007.	-	2,040,714

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE G - NOTES PAYABLE - Continued

	<u>2007</u>	<u>2006</u>
Note payable to Texas State Bank, due on May 1, 2022, which provides a maximum credit of \$2,167,500 for the construction of a clubhouse at one of the Company's developments with interest payable at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus 1.00%, payable in 180 monthly installments of \$12,041.67 plus accrued interest. This note is secured by the club house, restaurant and underlying land at the Retreat.	\$ 2,083,208	\$ 1,736,375
Note payable to First National Community Bank, Due June 9, 2026, which provides a maximum credit of \$2,200,000, monthly payments of \$19,092 which include interest at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus .50% payable thru the adjustment date of June 9, 2011, and each 5 th anniversary of that date thereafter, at which time the monthly payment will be adjusted for the ensuing 60 months. This note is secured by one of the Company's hotel buildings and a fitness center at one of the Company's resorts.	2,142,657	2,182,669
Note payable to First National Community Bank, due June 9, 2009, which provides a maximum credit of \$1,500,000, monthly payments of accrued interest on the outstanding principal balance are made at prime (7.25% and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus .50% through June 9, 2009 when the entire unpaid principal balance is due. This note is secured by developed land at one of the Company's resorts.	750,000	1,500,000
Note payable to First National Community Bank, due April 30, 2009, which provides a maximum credit line of \$5,000,000, monthly payments of accrued interest on the outstanding principal balance are made at prime (7.25 and 8.25% at December 30, 2007 and December 31, 2006, respectively) plus .50% through April 30, 2009 when the entire unpaid principal balance is due. This note is secured by a golf course, clubhouse, restaurant, pro shop, equestrian center, administrative and sales building at one the Company's resorts	3,381,450	131,450

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE G - NOTES PAYABLE - Continued

	2007	2006
Note payable to Texas State Bank, due on July 1, 2017, which provides a maximum credit of \$20,000,000 for the construction of improvements at one of the Company's developments with interest payable monthly at prime (7.25% at December 30, 2007) plus 1.0%, together with monthly principal payments equal to 10% of the sales prices of lots sold from within the property secured by the note. This note is secured by the undeveloped land and future customer mortgage notes at one of the Company's developments.	\$ 9,508,909	\$ -
Note payable to First Financial Bank, due on June 8, 2012, which provides a maximum credit of \$1,087,760 for the construction of several employee housing units at one of the Company's developments with interest payable at prime (7.25% at December 30, 2007) plus .50%, payable in 59 monthly installments of \$6,043.11 plus accrued interest. The note is secured by the employees housing units along with the underlying land.	1,051,501	-
Note payable to Dallas City Bank, due on May 07, 2011, which provides a maximum credit of \$1,500,000 for the purchase of various vehicles and equipment used throughout the Company's operation with interest only payable monthly at prime (7.25% at December 30, 2007) for the first 12 months. Thereafter, 36 monthly payments of principal and interest are due until maturity. This note is secured by the purchased vehicles and equipment.	1,500,000	-
Note payable to PNC Bank for \$5,500,000 for the purchase of a company aircraft, with a fixed interest rate of 6.20% payable monthly plus 59 monthly principal installments of \$40,041 until May 12, 2012, when the remaining balance is due. This note is secured by the aircraft.	5,429,347	-
Note payable to First Community Bank, due on July 20, 2010, which provides a maximum credit of \$7,000,000 for the purchase of undeveloped land in New York state, monthly payments of accrued interest on the outstanding principal balance are made at prime (7.25% at December 30, 2007) plus .50% through July 20, 2010 when the entire unpaid balance is then due. This note is secured by the undeveloped land.	7,000,000	-

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE G - NOTES PAYABLE - Continued

	<u>2007</u>	<u>2006</u>
Note payable to First Community Bank, due on July 20, 2010, which provides a maximum credit of \$4,000,000 for the purchase of undeveloped land in New York state, monthly payments of accrued interest on the outstanding principal balance are made at prime (7.25% at December 30, 2007) plus .50% through July 20, 2010 when the entire unpaid balance is due. This note is secured by the undeveloped land.	\$ 4,000,000	\$ -
Note payable to shareholder R. Mike Ward, due on September 1, 2017, which provides a maximum credit of \$7,000,000 for the purchase of Company stock used to establish an Employee Stock Ownership Plan for Double Diamond employee's, with a fixed interest of 8.0%. Monthly principal and accrued interest payments of \$84,699 are made until maturity date. This note is secured by the company stock.	6,826,906	-
Other notes payable secured primarily by the Company's unsold condominium units, undeveloped land and certain vehicles and construction equipment. The interest rates on the various notes range from 2% to 10.9% with various maturity dates from July 2008 through August 2012.	<u>1,226,114</u>	<u>\$ 1,502,306</u>
	<u>\$113,897,749</u>	<u>\$78,789,891</u>

Carrying amounts for assets pledged as collateral totaled \$136,187,677 and \$102,686,000 at December 30, 2007 and December 31, 2006, respectively.

The \$75,000,000 revolving credit facility requires two subsidiaries (the direct borrowers) of the Company to maintain a combined minimum tangible net worth (as defined) of \$24,000,000 and certain minimum debt to equity and interest expense coverage ratios. The Company was in compliance with all debt covenants as of December 30, 2007. The \$75,000,000 and \$19,800,000 notes receivable facilities were collateralized by mortgage notes receivable in the amounts of \$63,696,089 and \$17,310,117, respectively, at December 30, 2007.

Scheduled maturities of notes payable as of December 30, 2007, are as follows:

2008	\$ 7,099,857
2009	12,623,066
2010	18,230,498
2011	7,728,573
2012	11,766,345
Thereafter	<u>56,449,410</u>
	<u>\$113,897,749</u>

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE G - NOTES PAYABLE - Continued

The Company made cash interest payments on the above notes of \$7,541,994 and \$7,134,142 in 2007 and 2006, respectively. The Company capitalized interest of \$697,459 and \$396,698 in 2007 and 2006, respectively.

Notes payable are collateralized by approximately 49% of the Company's notes receivable and are not subject to subordination by any other obligation.

Because the majority of the Company's debt bears interest at floating rates or approximates current market rates, there is not a significant difference between the carrying amount of the debt and its fair value.

NOTE H - RELATED-PARTY TRANSACTIONS

The advances to affiliates (primarily property owners' associations) do not bear interest and were net of an allowance for bad debts of \$2,255,211 and \$2,178,341 at December 30, 2007 and December 31, 2006, respectively.

The Company in 2007 renewed a related party note payable for \$100,000 that had an original balance of \$200,000. The note bears interest at prime plus 1%. This note is due November 12, 2008, and is secured by a portion of the Company's notes receivable.

As of December 30, 2007, the Company had a note payable to the major shareholder for \$6,826,906. The note was obtained in connection with the Employee Stock Option Plan ("ESOP") that was established in 2007. See Note J.

NOTE I - COMMITMENTS AND CONTINGENCIES

The Company is obligated under certain noncancelable operating leases for facilities and equipment. Total rental expense under these leases was \$1,070,140 in 2007 and \$846,000 in 2006. Future annual minimum lease payments under these leases at December 31, 2006, are as follows:

2008	\$ 808,697
2009	774,898
2010	507,675
2011	448,907
2012	449,791
Thereafter	<u>1,684,890</u>
Total	<u>\$4,674,858</u>

Included above is a lease the Company has with a related party for a building. Rental expenses related to this related party lease were approximately \$9,600 in 2007 and 2006. There are no future minimum lease payments under these related party leases.

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE I - COMMITMENTS AND CONTINGENCIES - Continued

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. While the resolution of these matters cannot be predicted with certainty, management believes that the final outcome of such matters will not have a material adverse effect on the financial position or results of operations of the Company.

NOTE J - RETIREMENT PLANS

The Company has a 401(k) plan that covers substantially all employees who have completed at least nine months of service. The Company's funding policy is to match 50% of the employees' contributions, up to 2.5% of participating employees' salaries. Employees vest in Company contributions over a six year period. The Company contributed \$137,349 and \$90,202 to the plan for the years ended December 30, 2007 and December 31, 2006, respectively.

In 2007, the Company established an Employee Stock Option Plan ("ESOP") for the purpose of i) rewarding eligible employees for their loyalty and faithful service to the Company and ii) providing eligible employees with an opportunity to share in the ownership and profitability of the Company.

Each employee becomes eligible to participate in the ESOP, coincident or immediately following the date on which they i) attain age 21 and ii) complete 1 year of service. The ESOP does not permit participants to make contributions. The Company makes discretionary contributions to the ESOP.

Employees vest in the Company contributions as follows:

<u>Years of Services with the Company</u>	<u>% of Vesting</u>
Less than 2 years	0%
2 years but less than 3	20%
3 years but less than 4	40%
4 years but less than 5	60%
5 years but less than 6	80%
6 or more years	100%

In September 2007, the ESOP purchased 518,519 shares valued at \$13.50 per share for a total price of \$7,000,000 from the sole shareholder of the Company through a note payable to the shareholder. The Company assumed this note payable in exchange for a note receivable from the ESOP. The note receivable has been recorded in equity ("Unearned ESOP") in accordance with Statement of Position 93-6, *Employer's Accounting for Employee Stock Ownership Plans* ("SOP 93-6").

The plan was established in September 2007 but considered effective as of January 1, 2006. As a result, the Company recognized the \$1,939,536 expense associated with the 2006 service period when the plan was established in 2007. The ESOP compensation expense was \$506,047 associated with the 2007 service period.

Double Diamond-Delaware, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 30, 2007 and December 31, 2006

NOTE J - RETIREMENT PLANS - Continued

The ESOP compensation expense is recognized when shares are committed to be released in accordance with the ESOP Pledge agreement. The compensation expense recognized represents the fair value of the shares committed to be released as of the date such shares are committed to be released.

The Company is required to repurchase shares held by participants upon i) reaching retirement age, (ii) termination of service, or (iii) the participants' death. As of December 30, 2007, the number of shares subject to repurchase in future years was approximately 18,958 with a fair value of approximately \$255,939.

NOTE K - STATE TAXES

Deferred state taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for state tax purposes. Significant components of the Company's deferred tax liabilities and assets relate principally to the installment method of reporting sales, allowance for unsellable lot inventory, and depreciation expense. In 2006, the Texas Legislature passed House Bill (HB) 3 which amended Texas Tax Code to revise the existing franchise tax. As a result, the Company adjusted its deferred tax rate consistent with the new Texas Margin Tax to reflect the effect of such timing differences in future tax years. Of the total state tax expense/(benefit), \$141,645 and \$(1,726,868) was deferred for 2007 and 2006, respectively. In 2007, the Company made did not make any cash payments for state tax.

NOTE L - GUARANTEE OF THIRD PARTY INDEBTEDNESS

As of December 31, 2007, the Company is contingently liable as guarantor with respect to \$1,300,000 of potential indebtedness of Eagle Rock Community Association, an entity that is owned by the Property Owners Association. This loan is for the construction of a community center at one of the Company's location and has a maximum credit of \$1,300,000 for construction draws. The guaranty shall terminate when Eagle Rock Community Association reduces the outstanding principal balance to an amount equal to 75% of the total amount drawn.

NOTE M - SUBSEQUENT EVENT

On January 29, 2008, the Board of Directors authorized the reversal of the stock split, described in Note B, in its entirety and thereby reduce the number of shares issued authorized and outstanding from ten million (10,000,000) to one hundred thousand (100,000) with the number of shares outstanding and held by the shareholders being reduced proportionately.

DDU

Date of Issue	Date of Maturity	Original Balance	Balance as of 12/30/07	Interest Rate	Annual Payment	Payable to:	Comments
1/1/1997	12/31/2017	440,148.83	440,148.83	10.00%	44,014.92	Double Diamond Delaware, Inc.	
1/1/1998	1/31/2008	148,288.24	22,288.67	10.00%	23,515.80	Double Diamond Delaware, Inc.	97 Cash Advances
1/1/1998	1/31/2008	175,757.53	26,417.47	10.00%	27,871.92	Double Diamond Delaware, Inc.	98 Cash Advances
12/31/1998	12/31/2008	62,288.42	9,202.30	10.00%	9,708.96	Double Diamond Delaware, Inc.	98 Additions
12/31/1999	12/31/2009	77,017.95	22,056.12	10.00%	12,213.60	Double Diamond Delaware, Inc.	99 Additions
12/31/1999	12/31/2009	26,801.00	7,675.17	10.00%	4,250.16	Double Diamond Delaware, Inc.	99 Cash Advances
12/31/2000	12/31/2010	2,385.77	966.20	10.00%	374.04	Double Diamond Delaware, Inc.	00 Additions
12/31/2000	12/31/2010	19,953.00	8,171.82	10.00%	3,164.16	Double Diamond Delaware, Inc.	00 Cash Advances
12/31/2001	12/31/2011	112,042.86	58,380.00	10.00%	17,767.80	Double Diamond Delaware, Inc.	01 Additions WB
12/31/2001	12/31/2011	81,822.25	42,632.87	10.00%	12,975.48	Double Diamond Delaware, Inc.	01 Additions CL
12/31/2002	12/31/2012	10,915.85	6,789.65	10.00%	1,731.00	Double Diamond Delaware, Inc.	02 Additions CL
			644,729.10				

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Allocation of Double Diamond Statement of Operations

TCEQ Category	FY 2007 Actual	Adjustments To Books	Test Year Total	Allocation Factor / Workpaper Reference	Allocation %		Total Water Costs	Total Wastewater Costs
					Water	Wastewater		
Employee Compensation								
Salaries and Wages	\$ 61,630	\$ -	\$ 61,630	WP-1	73.45%	26.55%	\$ 45,267	\$ 16,363
Referral Bonus	750	-	750	WP-1	72.37%	27.63%	543	207
Bonus / Commission	450	-	450	WP-1	70.93%	29.07%	319	131
Hourly Wages	156,946	-	156,946	WP-1	68.13%	31.87%	106,929	50,017
Labor Transfers	109,394	-	109,394	WP-2	69.38%	30.62%	75,901	33,493
Payroll Taxes	36,989	-	36,989	WP-1	30.30%	69.70%	25,780	11,209
Contract Labor	4,050	-	4,050	WP-3	62.96%	37.04%	2,550	1,500
Other Employee Expense	561	-	561	WP-1	75.76%	24.24%	425	136
Other Employee Expense (Golf)								
Subtotal	\$ 371,164	\$ (394)	\$ 370,770				\$ 257,714	\$ 113,057
Occupancy Expense								
Electricity	\$ 144,511	\$ -	\$ 144,511	WP-4	90.27%	9.73%	\$ 130,451	\$ 14,060
Gas / Propane	1,688	-	1,688	WP-5	100.00%	0.00%	1,688.0	-
Water / Sewer	14,175	-	14,175	WP-6	76.52%	23.48%	10,846.0	3,328.9
Trash Removal	204	-	204	WP-7	53.71%	46.29%	109.4	94.3
Subtotal	\$ 160,577	\$ -	\$ 160,577				\$ 143,095	\$ 17,483
G&A Expense								
Cleaning Supplies	\$ 69	\$ -	\$ 69	WP-8	54.28%	45.72%	\$ 37	\$ 32
Smallwares / Tools	7,165	-	7,165	WP-8	54.80%	45.20%	3,926	3,239
Uniforms	5,150	-	5,150	WP-8	54.70%	45.30%	2,817	2,333
Office Supplies	2,621	-	2,621	WP-8	54.99%	45.01%	1,441	1,180
Safety Supplies	2,118	-	2,118	WP-8	53.87%	46.13%	1,141	977
Other Supplies	482	-	482	WP-8	55.16%	44.84%	266	216
Printing	791	-	791	WP-8	56.73%	43.27%	449	342
Computer Expense	629	-	629	WP-8	54.64%	45.36%	344	285
Postage & Delivery	3,363	-	3,363	WP-8	55.07%	44.93%	1,852	1,511
Telephone	2,744	-	2,744	WP-8	55.58%	44.42%	1,525	1,219
Mobile Phones / Pagers	4,249	-	4,249	WP-8	55.29%	44.71%	2,349	1,900
Travel	2,484	-	2,484	WP-8	57.14%	42.86%	1,419	1,065
Meals & Entertainment	252	-	252	WP-8	56.32%	43.68%	142	110
Refreshments	7	-	7	WP-8	53.71%	46.29%	4	3
Vehicle Expense	8,043	-	8,043	WP-9	67.64%	32.36%	5,440	2,603
Vehicle Fuel Expense	37,197	-	37,197	WP-9	69.78%	30.22%	25,957	11,240
Equipment Fuel Expense	6,541	-	6,541	WP-9	66.45%	33.55%	4,346	2,195
Equipment Lease Payment	4,020	-	4,020	WP-9	64.24%	35.76%	2,582	1,438
Equipment Lease / Recurring	2,824	(2,824)	-				-	-
Vehicle Lease / Payment	5,544	-	5,544				-	-
Notes Payable - Prior Yr Deficit	59,176	(59,176)	-				-	-
Notes Payable - Land Improvements	134,397	(134,397)	-				-	-
Other Contract Services	7,147	-	7,147	WP-8	54.66%	45.34%	3,906	3,241
Dues & Subscriptions	973	-	973	WP-10	52.57%	47.43%	511	461
Training & Education	619	-	619	WP-11	58.08%	41.92%	360	260
Taxes & Licenses	6,156	-	6,156	WP-12	88.46%	11.54%	5,446	710
Property Taxes	51,407	-	51,407	WP-8	55.97%	44.03%	28,774	22,633
Professional Fees	42,032	-	42,032	WP-9	67.76%	32.24%	28,479	13,553
Insurance Expenses	8,144	-	8,144	WP-8	54.89%	45.11%	4,471	3,673
Bank Charges	2,687	-	2,687	WP-8	54.34%	45.66%	1,460	1,227
Credit Card Fees	61	-	61	WP-8	68.82%	31.18%	33	28
Late Fees	466	-	466	WP-9	66.21%	33.79%	321	145
R&M Building	18,060	-	18,060	WP-9	66.21%	33.79%	11,957	6,103
R&M Equipment	12,032	-	12,032	WP-13	83.53%	16.47%	10,050	1,982
R&M Chemicals								

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Allocation of Double Diamond Statement of Operations

TCEQ Category	FY 2007 Actual	Adjustments To Books	Test Year Total	Allocation %		Allocation Factor / Workpaper Reference	Total Water Costs	Total Wastewater Costs
				Water	Wastewater			
R&M - Water Plant	317,622	-	317,622	100.00%	0.00%	Water	317,622	-
R&M - Sewer Plant	94,024	-	94,024	100.00%	100.00%	Sewer	-	94,024
R&M - Distribution Lines	52,490	-	52,490	100.00%	0.00%	Water	52,490	-
R&M - Collection Lines	44,415	-	44,415	100.00%	100.00%	Sewer	-	44,415
Minor Improvements	-	-	-	-	-	-	-	-
Nonrecurring Replacements	-	-	-	-	-	-	-	-
Water Tests	2,424	-	2,424	100.00%	0.00%	Water	2,424	-
Water Tap Expense	58,835	-	58,835	100.00%	0.00%	Water	58,835	-
Regulatory Water Fees	2,730	-	2,730	100.00%	0.00%	Water	2,730	-
Sewer Tests	37,482	-	37,482	100.00%	0.00%	Sewer	-	37,482
Sewer Tap Expense	238,540	-	238,540	100.00%	100.00%	Sewer	-	238,540
Regulatory Sewer Fees	3,466	-	3,466	100.00%	0.00%	Sewer	3,466	-
Subtotal	1,291,678	(201,941)	1,089,737				585,908	503,829
Subtotal	1,823,420	(202,335)	1,621,085				986,716	634,369
Composite Allocation Factor							60.87%	39.13%
Allocations and Other	57,853	-	57,853			Composite Factor	35,621	22,232
Allocated Resort Overhead	57,853	-	57,853				35,621	22,232
Subtotal								
Total Expenses	1,881,273	(202,335)	1,678,938				1,022,338	656,600
Other Revenues								
Sewer Tap	120,020	-	120,020	0.00%	100.00%	Sewer	-	120,020
Water Tap	19,070	-	19,070	100.00%	0.00%	Water	19,070	-
Reconnect / Transfer Utilities	4,415	-	4,415	54.55%	45.45%	WP-14	2,409	2,006
Other Income	464	-	464	55.54%	44.46%	WP-14	258	206
Interest Income	4	-	4				2	2
Subtotal	143,973	-	143,973				21,738	122,235
TOTAL	1,757,300	(202,335)	1,534,965				1,000,599	534,366

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Water / Sewer Allocation Factors

<u>Description</u>	<u>Factor Name</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Direct Assignment to Water	Water	100.00%	0.00%	100.00%
Direct Assignment to Wastewater	Sewer	0.00%	100.00%	100.00%
Divided Equally Between Water / Wastewater	50/50	50.00%	50.00%	100.00%
Ground Water System Customers Factor	GWCUST	622 53.71%	536 46.29%	1,158 100.00%
Surface Water System Customers Factor	SWCUST	244 57.28%	182 42.72%	426 100.00%
Total Customers Factor	TOTCUST	866 54.67%	718 45.33%	1,584 100%
Ground Water System Plant Factor	GWPLANT	\$ 2,974,997 63.74%	\$ 1,692,623 36.26%	\$ 4,667,620 100.00%
Surface Water System Plant Factor	SWPLANT	\$ 772,505 76.69%	\$ 234,840 23.31%	\$ 1,007,345 100.00%
Total Plant (Original Cost) Factor	PLANT	\$ 3,747,502 66.04%	\$ 1,927,463 33.96%	\$ 5,674,965 100.00%
Ground Water System Volumes Factor	GWVOL	123,072,236 88.40%	16,154,790 11.60%	139,227,026 100.00%
Surface Water System Volumes Factor	SFVOL	27,304,247 79.12%	7,203,540 20.88%	34,507,787 100.00%
Total Produced / Treated Volumes Factor	TOTVOL	150,376,483 86.56%	23,358,330 13.44%	173,734,813 100.00%

Double Diamond Utilities Co.
 Application for a Rate / Tariff Change
 Test Year Ended 12/31/2007
 Allocation of Employee Compensation Expenses

	Allocation Factor	Employee Compensation	Referral Bonus	Bonus / Commission	Hourly Wages	Payroll Burden	Other Employee Expense
Ground Water System Expense		\$ 15,411	\$ 250	\$ 200	\$ 103,694	\$ 19,965	\$ 40
Water	63.74%	9,822	159	127	66,091	12,725	25
Sewer	36.26%	5,589	91	73	37,603	7,240	15
Surface Water System Expense		\$ 46,219	\$ 500	\$ 250	\$ 53,252	\$ 17,024	\$ 521
Water	76.69%	35,444	383	192	40,837	13,055	400
Sewer	23.31%	10,775	117	58	12,415	3,969	121
Total Allocation		\$ 45,267	\$ 543	\$ 319	\$ 106,929	\$ 25,780	\$ 425
Water		16,363	207	131	50,017	11,209	136
Sewer		61,630	750	450	156,946	36,989	561
Total							

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Direct Assignment and Allocation of Labor Transfer Expense

Date	Description	Total	Water	Sewer
11/6/2007	labor transfers from acct to ddu	293	203	90
12/2/2007	LABOR XFERS PPE 12/2/07	240	167	73
12/6/2007	labor transfer from acct to ddu	854	593	261
12/6/2007	labor transfer from acct to ddu	319	221	98
	Subtotal	\$ 12,476	\$ 8,656	\$ 3,820
	Costs Directly Assigned	\$ 66,588	\$ 46,200	\$ 20,388
	Allocation of Remaining Cost based upon Direct Assignment Factor	12,476	8,656	3,820
	Allocation of Labor Transfer Expense for Ground Water Systems	\$ 79,064	\$ 54,856	\$ 24,208

Surface Water System Expense

Direct Allocation of Expenses

2/25/2007	labor transer per 1 & 2 dir of water	\$ 3,600	\$ 3,600	
3/6/2007	labor transfer from ddc to utility - water	1,800	1,800	
4/6/2007	labor transfer dir of water	1,800	1,800	
5/6/2007	labor transfer dir of water	1,800	1,800	
7/6/2007	labor transfer dir of water	1,800	1,800	
8/6/2007	labor transfer dir of water	1,800	1,800	
9/6/2007	labor transfer from ddc to utility - water	1,800	1,800	
10/6/2007	labor transfer dir of water	1,800	1,800	
11/6/2007	labor transfer dir of water	1,800	1,800	
12/6/2007	labor transfer from ddc to utility - water	1,800	1,800	
1/6/2007	labor transfer dir of sewer	728		728
2/6/2007	labor transfer dir of sewer	728		728
3/6/2007	labor transfer from ddc to utility - sewer	728		728
4/6/2007	labor transfer dir of sewer	728		728
5/6/2007	labor transfer dir of sewer	728		728
6/6/2007	labor transfer from ddc to utility - sewer	728		728
7/6/2007	labor transfer dir of sewer	728		728
8/6/2007	labor transfer dir of sewer	728		728
9/6/2007	labor transfer from ddc to utility - sewer	728		728
10/6/2007	labor transfer dir of sewer	728		728
11/6/2007	labor transfer dir of sewer	728		728
12/6/2007	labor transfer from ddc to utility - sewer	728		728
	Subtotal	\$ 28,536	\$ 19,800	\$ 8,736
	Direct Assignment Factor		69%	31%

Allocation of Remaining Expense based Upon Direct Assignment Factor

1/6/2007	labor transfer from ddu to clp	\$ (1,443)	\$ (1,001)	\$ (442)
2/6/2007	labor transfer from ddu to clp	(1,443)	(1,001)	(442)
11/25/2007	C Harriss P11 Labor	76	53	23
1/6/2007	labor transfers from acct to ddu	319	221	98
2/6/2007	labor transfers from acct to ddu	319	221	98
4/6/2007	labor transfers from acct to ddu	319	221	98
5/6/2007	labor transfers from acct to ddu	319	221	98
7/6/2007	labor transfers from acct to ddu	319	221	98
8/6/2007	labor transfers from acct to ddu	319	221	98
10/6/2007	labor transfers from acct to ddu	319	221	98
11/6/2007	labor transfers from acct to ddu	319	221	98
3/6/2007	labor transfer from acct to ddu	513	356	157
6/6/2007	labor transfer from acct to ddu	513	356	157
9/6/2007	labor transfer from acct to ddu	513	356	157
12/6/2007	labor transfer from acct to ddu	513	356	157
	Subtotal	\$ 1,794	\$ 1,245	\$ 549
	Costs Directly Assigned	\$ 28,536	\$ 19,800	\$ 8,736
	Allocation of Remaining Cost based upon Direct Assignment Factor	1,794	1,245	549
	Allocation of Labor Transfer Expense for Surface Water Systems	\$ 30,330	\$ 21,045	\$ 9,285

Double Diamond Utilities Co.
 Application for a Rate / Tariff Change
 Test Year Ended 12/31/2007
 Direct Assignment of Contract Labor Expense

Date	Description	Total	Water	Sewer
Ground Water System Expense				
10/3/2007	LYLEJAM Checked Sewer Plant and Did Readings 6 Tim	300		300
10/17/2007	LYLEJAM Checked Sewer Plant and Did Readings 6 Tim	300		300
10/31/2007	LYLEJAM Checked Sewer Plant and Did Readings 6 Time	300		300
11/19/2007	LYLEJAM Checked Sewer Plant and did Reading 6 Time	300		300
12/8/2007	LYLEJAM Checked Sewer Plant and did Readings 6 Tim	300		300
	Subtotal	1,500	\$ -	1,500
Surface Water System Expense				
1/29/2007	SELFAND Water Treatment Operator	425	\$ 425	
2/26/2007	SELFAND Water Treatment Operator/February	425	425	
3/26/2007	SELFAND Water Treatment Operator	425	425	
5/1/2007	SELFAND Water Treatment Operator-April 2007	425	425	
5/29/2007	SELFAND Water Treatment Operator-May 2007	425	425	
7/4/2007	SELFAND water treatment operator	425	425	
	Subtotal	2,550	\$ 2,550	\$ -
	Total	4,050	\$ 2,550	\$ 1,500

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Direct Assignment and Allocation of Electricity Expense

Date	Description	Total	Water	Sewer
Ground Water System Expense				
Direct Allocation of Expenses				
1/2/2007	HILCO 7886 Well	\$ 340	\$ 340	
1/2/2007	HILCO Well ST Rd	843	843	
1/2/2007	HILCO 3525 Well	993	993	
1/2/2007	HILCO Well #4	1,641	1,641	
1/2/2007	HILCO 9048 Well	1,666	1,666	
1/25/2007	UNITCOP wtr Well 1 #04004045	1,752	1,752	
2/6/2007	HILCO 7886 WELL	366	366	
2/6/2007	HILCO WELL #4	715	715	
2/6/2007	HILCO WELL ST RD	1,052	1,052	
2/6/2007	HILCO 3525 WELL	1,220	1,220	
2/6/2007	HILCO 9048 WELL	1,627	1,627	
2/23/2007	UNITCOP Wtr Well #04004045	1,522	1,522	
3/6/2007	HILCO 7886 Well	346	346	
3/6/2007	HILCO Well St Rd	860	860	
3/6/2007	HILCO 3525 Well	1,008	1,008	
3/6/2007	HILCO 9048 Well	1,406	1,406	
3/6/2007	HILCO Well #4	1,752	1,752	
3/23/2007	UNITCOP Wtr Well 1 #04004045	2,826	2,826	
4/3/2007	HILCO 7886 Well	367	367	
4/3/2007	HILCO Well St Rd	1,060	1,060	
4/3/2007	HILCO 3525 Well	1,244	1,244	
4/3/2007	HILCO 9048 Well	1,386	1,386	
4/3/2007	HILCO Well #4	1,873	1,873	
4/25/2007	UNITCOP Wtr Well 1 #04004045	3,432	3,432	
5/1/2007	HILCO 7886 Well	367	367	
5/1/2007	HILCO 9048 Well	943	943	
5/1/2007	HILCO Well ST Rd	1,056	1,056	
5/1/2007	HILCO 3525 Well	1,235	1,235	
5/1/2007	HILCO Well #4	2,226	2,226	
5/23/2007	UNITCOP Wtr Well 1 #04004045	2,328	2,328	
6/6/2007	HILCO 7886 Well	406	406	
6/6/2007	HILCO Well #4	1,041	1,041	
6/6/2007	HILCO Well ST Rd	1,476	1,476	
6/6/2007	HILCO 9048 Well	1,698	1,698	
6/6/2007	HILCO 3525 Well	1,739	1,739	
6/25/2007	UNITCOP Wtr Well 1 #04004045	2,009	2,009	
7/3/2007	HILCO 7886 Well	358	358	
7/3/2007	HILCO well st rd	1,034	1,034	
7/3/2007	HILCO 3525 Well	1,204	1,204	
7/3/2007	HILCO 9048 Well	1,465	1,465	
7/3/2007	HILCO well #4	2,431	2,431	
7/25/2007	UNITCOP Wtr Well 1 #04004045	1,368	1,368	
8/7/2007	HILCO 7886 Well	408	408	
8/7/2007	HILCO Well St Rd	1,523	1,523	
8/7/2007	HILCO 3525 Well	1,883	1,883	
8/7/2007	HILCO 9048 Well	2,431	2,431	
8/7/2007	HILCO Well #4	2,888	2,888	
8/23/2007	UNITCOP Wtr Well #04004045	1,916	1,916	
9/4/2007	HILCO 7886 Well	352	352	
9/4/2007	HILCO 9048 Well	1,093	1,093	
9/4/2007	HILCO Well St Rd	1,922	1,922	
9/4/2007	HILCO 3525 Well	2,272	2,272	
9/4/2007	HILCO Well #4	4,151	4,151	
9/25/2007	UNITCOP Wtr Well 1 #04004045	2,563	2,563	
10/2/2007	HILCO 7886 Well	619	619	
10/2/2007	HILCO Well St Rd	1,655	1,655	
10/2/2007	HILCO 3525 Well	2,006	2,006	
10/2/2007	HILCO 9048 Well	2,139	2,139	
10/2/2007	HILCO Well #4	2,551	2,551	
10/24/2007	UNITCOP Wtr Well 1 #04004045	2,215	2,215	
11/6/2007	HILCO 7886 Well	531	531	
11/6/2007	HILCO Well St Rd	1,229	1,229	
11/6/2007	HILCO 3525 Well	1,445	1,445	
11/6/2007	HILCO 9048 Well	2,377	2,377	
11/6/2007	HILCO Well #4	3,157	3,157	
11/27/2007	UNITCOP Wtr Well 1 #04004045	1,557	1,557	
12/4/2007	HILCO 7886 Well	517	517	
12/4/2007	HILCO Well St Rd	1,122	1,122	
12/4/2007	HILCO 3525 Well	1,318	1,318	
12/4/2007	HILCO 9048 Well	2,379	2,379	
12/4/2007	HILCO Well #4	3,121	3,121	
12/26/2007	UNITCOP Wtr Well 1 #04004045	930	930	

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Direct Assignment and Allocation of Electricity Expense

Date	Description	Total	Water	Sewer
1/2/2007	HILCO Lft Station	17		17
1/2/2007	HILCO SWR STATN	18		18
1/2/2007	HILCO 5177 SPInt	644		644
2/6/2007	HILCO LFT STATION	24		24
2/6/2007	HILCO SWR STATN	27		27
2/6/2007	HILCO 5177 SPLNT	712		712
3/6/2007	HILCO Lft Station	24		24
3/6/2007	HILCO SWR STATN	26		26
3/6/2007	HILCO 5177 SPInt	771		771
4/3/2007	HILCO Lft Station	24		24
4/3/2007	HILCO SWR STATN	26		26
4/3/2007	HILCO 5177 SPInt	768		768
5/1/2007	HILCO Lft Station	24		24
5/1/2007	HILCO SWR STATN	30		30
5/1/2007	HILCO 5177 Splnt	935		935
6/6/2007	HILCO Lft Station	24		24
6/6/2007	HILCO SWR STATN	32		32
6/6/2007	HILCO 5177 SPLINT	948		948
7/3/2007	HILCO Lft Station	24		24
7/3/2007	HILCO SWR STATN	32		32
7/3/2007	HILCO 5177 SPInt	936		936
8/7/2007	HILCO Lft Station	24		24
8/7/2007	HILCO SWR STATN	25		25
8/7/2007	HILCO 5177 SPInt	1,242		1,242
9/4/2007	HILCO SWR STATN	24		24
9/4/2007	HILCO Lft Station	24		24
9/4/2007	HILCO 5177 SPLNT	1,370		1,370
10/2/2007	HILCO SWR STATN	24		24
10/2/2007	HILCO Lft Station	24		24
10/2/2007	HILCO 5177 Splnt	973		973
11/6/2007	HILCO LFT Station	24		24
11/6/2007	HILCO SWR STATN	27		27
11/6/2007	HILCO 5177 Splnt	1,076		1,076
12/4/2007	HILCO SWR STATN	27		27
12/4/2007	HILCO 5177 Splnt	957		957
12/30/2007	reclass hilco lft statin	24		24
	Subtotal	\$ 121,882	\$ 109,952	\$ 11,930
	Direct Assignment Factor		90%	10%
Allocation of Remaining Expense based Upon Direct Assignment Factor				
1/1/2007	Reverse 2006 Audit AJE #9	\$ (6,163)	(5,560)	(603)
9/21/2007	Electricity REIMB HILCO	(139)	(125)	(14)
9/28/2007	UCS DIVIDEND REFUND	(93)	(83)	(9)
12/30/2007	Electricity REIMB HILCO	(6)	(5)	(1)
	Subtotal	\$ (6,400)	\$ (5,774)	\$ (626)
	Costs Directly Assigned	\$ 121,882	\$ 109,952	\$ 11,930
	Allocation of Remaining Cost based upon Direct Assignment Factor	(6,400)	(5,774)	(626)
	Allocation of Electricity Expense for Ground Water Systems	\$ 115,482	\$ 104,178	\$ 11,304

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Direct Assignment and Allocation of Electricity Expense

Date	Description	Total	Water	Sewer
Surface Water System Expense				
Direct Allocation of Expenses				
1/12/2007	UNITCOP WTR TRMT	\$ 2,133	\$ 2,133	
2/12/2007	UNITCOP-Oak Tree & Bay	27	27	
2/12/2007	UNITCOP WTR TRTMT	1,809	1,809	
3/12/2007	UNITCOP-Oak Tree & Bay	18	18	
3/12/2007	UNITCOP WTR TRTMT	1,869	1,869	
4/12/2007	UNITCOP Oak Tree & Bay	18	18	
4/12/2007	UNITCOP WTR TRTMT	2,052	2,052	
5/10/2007	UNITCOP Oak Tree & Bay	18	18	
5/10/2007	UNITCOP WTR TRTMT	1,802	1,802	
6/12/2007	UNITCOP Oak Tree & Bay	18	18	
6/12/2007	UNITCOP WTR TRTMT	2,107	2,107	
7/12/2007	UNITCOP oak tree & bay	18	18	
7/12/2007	UNITCOP Wtr Trtmt	1,999	1,999	
8/10/2007	UNITCOP Oak Tree & Bay	18	18	
8/10/2007	UNITCOP Wtr Trtmt	2,065	2,065	
9/12/2007	UNITCOP Oak Tree & Bay	18	18	
9/12/2007	UNITCOP Wtr Trtmt	3,109	3,109	
10/10/2007	UNITCOP Oak Tree & Bay	18	18	
10/10/2007	UNITCOP WTR TRTMT	2,759	2,759	
11/12/2007	UNITCOP Oak Tree Bay	18	18	
11/12/2007	UNITCOP WTR TRTMT	1,600	1,600	
12/11/2007	UNITCOP Oak Tree & Bay	18	18	
12/11/2007	UNITCOP Wtr Trtmt	3,042	3,042	
1/12/2007	UNITCOP 1 SWR LFT	12		12
1/12/2007	UNITCOP Lft Statn	18		18
1/12/2007	UNITCOP 3 SWR LFT	27		27
1/12/2007	UNITCOP Lft PU, G.C., Bth	28		28
1/12/2007	UNITCOP 4 SWR LFT	51		51
1/12/2007	UNITCOP 2 SWR LFT	63		63
2/12/2007	UNITCOP 1-SWR LFT	9		9
2/12/2007	UNITCOP Lft Station	18		18
2/12/2007	UNITCOP off PU,G.C. BTH	26		26
2/12/2007	UNITCOP 3 SWR LFT	27		27
2/12/2007	UNITCOP 4 SWR LFT	50		50
2/12/2007	UNITCOP 2 SWR LFT	60		60
3/12/2007	UNITCOP 1 SWR LFT	9		9
3/12/2007	UNITCOP Lft Station	18		18
3/12/2007	UNITCOP lft pu, G.C Bth	26		26
3/12/2007	UNITCOP 3 SWR LFT	27		27
3/12/2007	UNITCOP 4 SWR LFT	49		49
3/12/2007	UNITCOP 2 SWR LFT	59		59
4/12/2007	UNITCOP 1 SWR LFT	13		13
4/12/2007	UNITCOP Lft Station	18		18
4/12/2007	UNITCOP 3 SWR LFT	27		27
4/12/2007	UNITCOP Lft PU, G C Bth	29		29
4/12/2007	UNITCOP 4 SWR LFT	51		51
4/12/2007	UNITCOP 2 SWR LFT	66		66
5/10/2007	UNITCOP 1 SWR LFT	11		11
5/10/2007	UNITCOP Lft Station	18		18
5/10/2007	UNITCOP 3 SWR LFT	27		27
5/10/2007	UNITCOP lft pu,g.c. bth	27		27
5/10/2007	UNITCOP 4 SWR LFT	62		62
5/10/2007	UNITCOP 2 SWR LFT	66		66
6/12/2007	UNITCOP 1 SWR LFT	18		18
6/12/2007	UNITCOP LFT Station	18		18
6/12/2007	UNITCOP LFT PU, G.C. BTH	26		26
6/12/2007	UNITCOP 3 SWR LFT	27		27
6/12/2007	UNITCOP 4 SWR LFT	52		52
6/12/2007	UNITCOP 2 SWR LFT	75		75
6/12/2007	UNITCOP 1 SWR LFT	18		18
7/12/2007	UNITCOP lft station	18		18
7/12/2007	UNITCOP 1swr lft	19		19
7/12/2007	UNITCOP 3SWR LFT	27		27
7/12/2007	UNITCOP lft pu.g.c.bth	28		28
7/12/2007	UNITCOP 4swr lft	50		50
7/12/2007	UNITCOP 2 SWR LFT	90		90
8/10/2007	UNITCOP LFT Station	18		18
8/10/2007	UNITCOP 1 SWR LFT	19		19
8/10/2007	UNITCOP 3 SWR LFT	27		27
8/10/2007	UNITCOP Lft Pu G. C. Bth	29		29
8/10/2007	UNITCOP 2 SWR LFT	80		80
8/10/2007	UNITCOP 4 SWR LFT	84		84
9/12/2007	UNITCOP Lft Station	18		18

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Direct Assignment and Allocation of Electricity Expense

Date	Description	Total	Water	Sewer
9/12/2007	UNITCOP 1 SWR LFT	22		22
9/12/2007	UNITCOP 3 SWR LFT	27		27
9/12/2007	UNITCOP 4 SWR LFT	58		58
9/12/2007	UNITCOP Lft PU, G.C. BTH	67		67
9/12/2007	UNITCOP 2 SWR LFT	82		82
10/10/2007	UNITCOP Lft Station	18		18
10/10/2007	UNITCOP 1 SWR LFT	19		19
10/10/2007	UNITCOP 3 SWR LFT	27		27
10/10/2007	UNITCOP Lft PU, G.C. Bth	64		64
10/10/2007	UNITCOP 2 SWR LFT	73		73
10/10/2007	UNITCOP 4 SWR LFT	133		133
11/12/2007	UNITCOP Lft Station	18		18
11/12/2007	UNITCOP 1 SWR LFT	20		20
11/12/2007	UNITCOP 3 SWR LFT	27		27
11/12/2007	UNITCOP 2 SWR LFT	68		68
11/12/2007	UNITCOP 4 SWR LFT	71		71
11/25/2007	reclass unitcop lift pu gc bth	49		49
12/11/2007	UNITCOP 1 SWR LFT	16		16
12/11/2007	UNITCOP Lft Station	18		18
12/11/2007	UNITCOP 3 SWR LFT	27		27
12/11/2007	UNITCOP Lft PU,G C. Bth	49		49
12/11/2007	UNITCOP 4 SWR LFT	49		49
12/11/2007	UNITCOP 2 SWR LFT	67		67
	Subtotal	\$ 29,343	\$ 26,557	\$ 2,786
	Direct Assignment Factor		91%	9%
Allocation of Remaining Expense based Upon Direct Assignment Factor				
10/17/2007	Electricity REFUND	\$ (286)	\$ (259)	\$ (27)
10/17/2007	Electricity REFUND	(28)	(25)	(3)
	Subtotal	\$ (314)	\$ (284)	\$ (30)
	Costs Directly Assigned	\$ 29,343	\$ 26,557	\$ 2,786
	Allocation of Remaining Cost based upon Direct Assignment Factor	(314)	(284)	(30)
	Allocation of Electricity Expense for Surface Water Systems	\$ 29,029	\$ 26,273	\$ 2,756

Double Diamond Utilities Co.
 Application for a Rate / Tariff Change
 Test Year Ended 12/31/2007
 Direct Assignment of Gas / Propane Expense

Date	Description	Total	Water	Sewer
1/9/2007	YOUNCOU Gas / Propane	\$ 570	\$ 570	
1/31/2007	YOUNCOU Propane for Water Plant	738	738	
2/22/2007	YOUNCOU Propane for Water Plant	380	380	
	Subtotal	\$ 1,688	\$ 1,688	\$ -
	Surface Water System Expense			

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Direct Assignment of Purchased Water Expense

Date	Description	Amount	Water	Sewer
Ground Water System Expense				
1/11/2007	DDU 6008.000 Waste Water Plant	\$ 154	\$	154
1/11/2007	DDU 920..17 Sewer Plant	234		234
2/13/2007	DDU 6008...000 Waste Water Plant	147		147
2/13/2007	920...17 Sewer Plant	144		144
3/12/2007	DDU 6008..000 Waste Water Plant	145		145
3/12/2007	DDU 920..17 SEWER PLANT	122		122
4/16/2007	DDU 6008...0000 Waste Water Plant	145		145
4/16/2007	DDU 920..17 Sewer Plant	167		167
5/11/2007	DDU 6008...000 Waste Water Plant	145		145
5/11/2007	DDU 920..17 Sewer Plant	167		167
6/13/2007	DDU 6008...000 Waste Water Plant	136		136
6/13/2007	DDU 920..17 Sewer Plant	764		764
7/18/2007	DDU 6008.000 Waste Water Plant	115		115
8/13/2007	DDU 6008..000 Waste Water Plant	149		149
9/17/2007	DDU 6008...000 Waste Water Plant	130		130
10/12/2007	DDU 6008..000 Waste Water Plant	138		138
11/15/2007	DDU 6008...000 Waste Water Plant	149		149
12/12/2007	DDU 6008...000 Waste Water Plant	179		179
	Subtotal	\$ 3,329	\$ -	\$ 3,329
Surface Water System Expense				
1/15/2007	BRAZRIV-Customer #2127	\$ 893	\$ 893	
2/15/2007	BRAZRIV-Customer #2127	893	893	
3/15/2007	BRAZRIV-Customer #2127	893	893	
4/15/2007	BRAZRIV-Customer #2127	893	893	
5/15/2007	BRAZRIV-Customer #2127	893	893	
6/15/2007	BRAZRIV-Customer #2127	893	893	
7/15/2007	BRAZRIV-Customer #2127	893	893	
8/15/2007	BRAZRIV-Customer #2127	893	893	
9/15/2007	BRAZRIV-Customer #2127	927	927	
10/15/2007	BRAZRIV-Customer #2127	927	927	
11/15/2007	BRAZRIV-Customer #2127	927	927	
12/15/2007	BRAZRIV-Customer #2127	927	927	
	Subtotal	\$ 10,846	\$ 10,846	\$ -

Double Diamond Utilities Co.
 Application for a Rate / Tariff Change
 Test Year Ended 12/31/2007
 Allocation of Trash Removal Expense

Date	Description	Allocation Factor	Total	Water	Sewer
Ground Water System Expense					
7/30/2007	CONTWAS Trash Removal	GWCUST	\$ 51	\$ 27	24
9/1/2007	CONTWAS Trash Removal	GWCUST	51	27	24
10/29/2007	CONTWAS Trash Removal	GWCUST	51	27	24
11/26/2007	CONTWAS Trash Removal	GWCUST	51	27	24
	Subtotal		\$ 204	\$ 109	94