



Control Number: 43922



Item Number: 39

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014

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DOCKET NO. 58109-1288
TCEQ DOCKET NO. 2009-0505 UCR
PUBLIC UTILITY COMMISSION
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BEFORE THE
STATE OFFICE OF

ADMINISTRATIVE HEARINGS

APPLICATION OF DOUBLE
DIAMOND UTILITIES CO.
TO CHANGE WATER RATE
TARIFF FOR SERVICE IN HILL,
PALO PINTO, AND JOHNSON
COUNTIES

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**DOUBLE DIAMOND UTILITIES CO. OBJECTIONS AND
RESPONSES TO THE EXECUTIVE DIRECTOR'S FIRST REQUESTS FOR
DISCLOSURE, INTERROGATORIES, REQUESTS FOR PRODUCTION, AND
REQUESTS FOR ADMISSION TO DOUBLE DIAMOND UTILITIES CO.**

TO: The Executive Director of the Texas Commission on Environmental Quality, by and
through his attorney of record, Stefanie Skogen, Environmental Law Division, P. O. Box
13087, MC-173 Austin, Texas 78711

Pursuant to Chapter 2001 of the Texas Government Code, the Texas Rules of Civil
Procedure, and applicable rules and regulations of the TCEQ and the State Office of
Administrative Hearings ("SOAH"), Double Diamond Utilities Co. ("DDU") submits the
following Objections and Responses to the Executive Director's ("ED") First Request for
Disclosure, Interrogatories, Requests for Production, and Requests for Admission to Double
Diamond Utilities Co.

Respectfully submitted,

JACKSON WALKER L.L.P.
100 Congress Avenue, Suite 1100
Austin, Texas 78701
Telephone: (512) 236-2000
Facsimile: (512) 236-2002

By: 
Ali Abazari
State Bar No. 00796094
Courtney E. Cox
State Bar No. 24045711

ATTORNEYS FOR DOUBLE DIAMOND
UTILITIES CO.

DOUBLE DIAMOND UTILITIES CO.'S OBJECTIONS AND
RESPONSES TO EXECUTIVE DIRECTOR'S FIRST REQUEST FOR
DISCLOSURE, INTERROGATORIES, REQUESTS FOR PRODUCTION
AND REQUESTS FOR ADMISSION TO DOUBLE DIAMOND UTILITIES CO.

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing document has been forwarded to the following as indicated below on the 30th day of October, 2009:

Ms. Shari Heino
Mathews & Freeland, L.L.P.
327 Congress Avenue, Suite 300
Austin, Texas 78701
Fax: 512-703-2785

VIA U.S. Mail

Mr. Philip Day
Representative for the Cliffs Utility Committee
90 Glen Abbey Drive S
Graford, Texas 76449

VIA U.S. Mail

Mr. Jack D. McCartney and
Mr. John T. Bell
Representatives for the Retreat Homeowners Group
6300 Annahill Street
Cleburne, Texas 76033-8957

VIA U.S. Mail

Mr. James Murphy (MC-103)
Office of Public Interest Council
Texas Commission on Environmental Quality
P. O. Box 13087
Austin, Texas 78711-3087

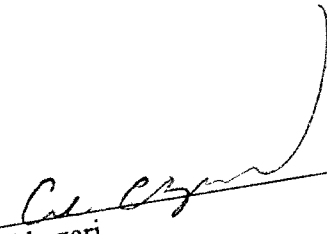
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Ms. Stephanie Skogen (MC-173)
Staff Attorney
Texas Commission on Environmental Quality
P. O. Box 13087
Austin, Texas 78711-3087

VIA Email and U.S. Mail

Ms. LaDonna Castañuela (MC-105)
Chief Clerk
Texas Commission on Environmental Quality
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VIA Electronic Filing



Ali Abazari

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OBJECTIONS TO INSTRUCTIONS AND DEFINITIONS

DDU objects to the ED's definitions and instructions to the extent that they purport to place duties and requirements on DDU that exceed those required by the Texas Rules of Civil Procedure in violation of Rule 192.3(a).

2. DDU objects to the time and place of production as specified by ED. DDU will produce non-objectionable, non-privileged documents for inspection and copying at a mutually agreed upon time at the offices of Jackson Walker L.L.P., 100 Congress Avenue, Suite 1100, Austin, Texas 78701.

3. DDU objects to the ED's entire definition of "DDU" on the grounds that it is overly broad and exceeds the permissible scope of discovery allowed by the Texas Rules of Civil Procedure in violation of Rule 192.3. ED has defined "DDU" to include attorneys and representatives of DDU, which in the context of the requests calls for information that is shielded from discovery under the work product, attorney work product or attorney-client communication privileges. To the extent privileged documents are requested, DDU asserts its privilege and notifies ED that such privileged documents and responses, if any, will be withheld.

III. REQUESTS FOR DISCLOSURE

Pursuant to Texas Rule of Civil Procedure 194, you are requested to disclose the information or material described in Rule 194.2(b)-(c), (e)-(f), (h), and (i) as follows:

(b) the name, address, and telephone number of any potential parties;

RESPONSE:

DDU is not aware of any potential parties at this time.

(c) the legal theories and, in general, the factual bases of the responding party's claims or defenses;

RESPONSE:

DDU is a retail public utility and has been issued CCN No. 12087. DDU operates water systems in Johnson (The Retreat), Hill (White Bluff), and Palo Pinto (The Cliffs) Counties. DDU filed with the Commission an original application for a rate change dated October 2, 2008 (the "Application"). DDU provided notice of the proposed rate change by mail to affected utility customers within at least 60 days of the proposed effective date of the rate change. DDU has proposed to consolidate the rates of The Retreat and White Bluff.

consolidation of these water systems is in compliance with statutory and legal requirements, as well as TCEQ precedent.

Rates are based on the utility's cost of rendering service. DDU's costs of rendering water service are set forth in the Application. DDU can meet its burden of proof with respect to these costs. In fixing rates of a utility, the Commission must fix the overall revenues at a level which will permit the retail public utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public, over and above its reasonable and necessary operating expenses. The Commission must also ensure that the rates that it fixes preserve the financial integrity of the utility. The rate design proposed by DDU meets these requirements.

(e) the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case;

RESPONSE:

Randy Gracy
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801
Mr. Gracy is the President of DDU.

Donald McKinney
Address and Telephone Unknown
Mr. McKinney was the former Regional Director of Utilities for DDU. Mr. McKinney is no longer employed by DDU or any of its affiliated entities.

Chris Ekrut
J. Stowe & Co.
1300 E. Lookout Dr., Ste. 100
Richardson, Texas 75082
(972) 680.2000
Mr. Ekrut has been involved in the preparation of the Application and has provided consulting services to DDU.

Jack Stowe
J. Stowe & Co.
1300 E. Lookout Dr., Ste. 100
Richardson, Texas 75082
(972) 680.2000
Mr. Stowe has provided consulting services to DDU.

Kevin Shea
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801
Mr. Shea is the Assistant Controller.

R. Jeffrey Schmidt
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801
Mr. Schmidt is the Senior Vice President and General Counsel of Double Diamond Companies.

Michael Skahan
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801
Mr. Skahan is the Associate General Counsel of Double Diamond Companies.

Harry Shearhouse
Address and Phone Unknown
Mr. Shearhouse is the former Regional Director of Utilities for DDU and is no longer employed by DDU or any of its affiliated entities.

Pat Gibson
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801
Ms. Gibson is the Accounts Receivable Supervisor for DDU and has information regarding DDU's billing practices.

Bassam Abusad
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801
Mr. Abusad is a project manager for Double Diamond Companies and has had some involvement in collecting information relevant to the Application.

R. Mike Ward
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801
Mr. Ward is President of Double Diamond Delaware and a Vice President of DDU.

- (f) for any testifying expert:
(1) the expert's name, address, and telephone number;

RESPONSE:

1. **Chris Ekrut**

- (1) the expert's name, address, and telephone number;

Chris Ekrut
J. Stowe & Co.
1300 E. Lookout Dr., Ste. 100
Richardson, Texas 75082
(972) 680.2000

- (2) the subject matter on which the expert will testify;

Mr. Ekrut prepared the Application the subject of this proceeding and will testify regarding the specific components of the Application, including but not limited to cost of service and all components thereof, and similarities in the cost of service, quality of service and facilities of certain systems. Additionally, Mr. Ekrut will testify regarding the rate design used by DDU in its Application.

- (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to your control, documents reflecting such information;

Mr. Ekrut is of the general opinion that DDU's Application is compliant with all statutes and regulations and that the proposed rates should be granted by the Commission. Mr. Ekrut is further of the opinion that the rates proposed by DDU are just and reasonable, are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable and consistent in application to each class of consumers. Additionally, Mr. Ekrut is of the opinion that the proposed rates will permit DDU a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses and preserve the financial integrity of the utility. DDU reserves the right to supplement this response.

- (4) if the expert is retained by, employed by, or otherwise subject to your control:
- (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
 - (B) the expert's current resume and bibliography;

Documents responsive to this request will be produced. Information reviewed by Mr. Ekrut that is publicly available is listed on Attachment 1-A. A copy of Mr. Ekrut's current resume is attached to this response as Attachment 1-B.

2. Jack Stowe

- (1) the expert's name, address, and telephone number;

**Jack Stowe
J. Stowe & Co.
1300 E. Lookout Dr., Ste. 100
Richardson, Texas 75082
(972) 680.2000**

- (2) the subject matter on which the expert will testify;

Mr. Stowe will testify regarding selected aspects of the cost of service calculation offered by DDU in the Application, including but not limited to the concept of regulatory asset, as well as the rate design set forth in the Application. Mr. Stowe may also provide expert testimony regarding accounting principles and DDU's allocation of costs, expenses and debt.

- (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to your control, documents reflecting such information;

Mr. Stowe is of the general opinion that DDU's Application is compliant with all statutes and regulations and that the proposed rates set forth in the Application should be granted by the Commission. Mr. Stowe is further of the opinion that the rates proposed by DDU are just and reasonable, are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable and consistent in application to each class of consumers. Additionally, Mr. Stowe is of the opinion that the proposed rates will permit DDU a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses and preserve the financial integrity of the utility. DDU reserves the right to supplement this response.

- (4) if the expert is retained by, employed by, or otherwise subject to your control:
- (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
 - (B) the expert's current resume and bibliography;

Documents responsive to this request will be produced. A copy of Mr. Stowe's current resume is attached to this response as Attachment 1-C.

3. **Randy Gracy**

- (1) the expert's name, address, and telephone number;

**Randy Gracy
10100 N. Central Expressway
Suite 600
Dallas, Texas 75231
(214) 706-9801**

- (2) the subject matter on which the expert will testify;

Mr. Gracy is expected to testify regarding the usual and customary operations and development of an investor-owned water utility. Mr. Gracy may also provide testimony concerning DDU's specific operations and development of its water utility systems the subject of the Application.

- (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to your control, documents reflecting such information;

Mr. Gracy is of the general opinion that the Application is compliant with applicable statutes and regulations and should be granted. Mr. Gracy is further of the opinion that DDU's operations and development of its water systems at issue in the Application are consistent with the usual and customary practices of similarly situated investor-owned water utilities. DDU reserves the right to supplement this response.

- (4) if the expert is retained by, employed by, or otherwise subject to your control:

- (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
- (B) the expert's current resume and bibliography;

DDU will supplement this response with responsive documents.

(h) any discoverable settlement agreements; and

RESPONSE:

None.

(i) any discoverable witness statements.

RESPONSE:

None.

INTERROGATORIES

Interrogatory No. 1: For each person you expect to call as a fact witness at the evidentiary hearing in this matter, please provide (a) the person's name, business address, and telephone number and (b) a brief description of the testimony you expect that person to provide.

ANSWER:

DDU answers as follows: DDU anticipates that it will call Randy Gracy and Kevin Shea as fact witnesses in this case. DDU refers the ED to its responses to the Request for Disclosure for additional information responsive to this interrogatory.

Interrogatory No. 2: For each expert not listed in your responses to the Requests for Disclosure who you have consulted and whose mental impressions and opinions have been reviewed by an expert you expect to testify in this matter, please provide (a) the consulting expert's name, business address, and telephone number; (b) the facts known by the expert that relate to or form the basis of the expert's mental impressions and opinions formed or made in connection with this matter, regardless of when and how the factual information was acquired; (c) the expert's mental impressions and opinions formed or made in connection with this matter and any methods used to derive them; and (d) a curriculum vitae or other detailed description of the expert's qualifications.

ANSWER:

DDU answers as follows: At this time, DDU is not aware of any consulting expert whose mental impressions and opinions have been reviewed by a testifying expert in this proceeding.

Interrogatory No. 3: For the expense items listed in Attachment 10 to your application, please explain why you did not charge those expenses separately to the water and sewer systems so they could be identified directly as being a water expense or a sewer expense rather than charging them to the water and sewer systems together and having to allocate them later.

ANSWER:

DDU objects to this request because it seeks irrelevant information that is not reasonably calculated to lead to the discovery of admissible evidence. Why DDU chose to record its expenses collectively and allocate between water and sewer later in its Application is not relevant to whether DDU has met its burden in proving that it should receive the proposed rates specified in the Application.

Subject to and without waiving the foregoing objections, DDU answers as follows: DDU does not keep separate accounts for water expense and sewer expense but rather has utilized certain allocation factors to show the allocation of expenses between water and sewer, as provided on Attachment 10 to the Application.

Interrogatory No. 4: For each employee listed in Attachment 3 to your application, please indicate which subdivision the employee worked for and the percentage of time the employee spent working for the water system, sewer system, and anything other than the water and sewer systems.

ANSWER:

DDU answers as follows: DDU employees during the test year are listed in the table below, along with their work location. A description of the employee's job function is also included. DDU employees currently do not track their time according to function of work (i.e., water or sewer). The cost associated with the employees at the home office is allocated to the individual subdivisions through labor transfers as part of DDU's budget process. DDU's 2007 budget worksheets for labor transfers are attached as Attachment 1-D. DDU reserves the right to supplement this response.

<u>Employee</u>	<u>Location</u>	<u>Job Function</u>
Terry Hafer	Home Office	Oversee all water utility operations, work with State, Federal, and Regulatory Agencies, Prepare Budgets and Reports
Harry Shearhouse	Home Office	Oversee all water and sewer utility operations, work with State, Federal, and Regulatory Agencies, Prepare Budgets and Reports
Pat Gibson	Home Office	Utility Accounting, Billing, Customer Service, Revenue Collection

<u>Employee</u>	<u>Location</u>	<u>Job Function</u>
Monica Leon	Home Office	Billing, Customer Service, Revenue Collection
Donald Lewis	The Cliffs	Order Parts / Supplies, Schedule Daily Activities, Prioritize repairs and daily functions
Robert Bailey	The Cliffs	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Timothy Leggett	The Cliffs	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Donald Harris	The Cliffs	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Michael Russell	The Cliffs	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Raymond Hyden	The Cliffs	General labor / equipment operator, install taps and repair leaks, respond to customer calls
James Lyles	Home Office / The Retreat	Oversee all sewer utility operations, work with State, Federal, and Regulatory Agencies, Prepare Budgets and Reports. Order Parts / Supplies, Schedule Daily Activities, Prioritize repairs and daily functions.
John Henderson	The Retreat	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Lane Westbrooks	The Retreat	Order Parts / Supplies, Schedule Daily Activities, Prioritize repairs and daily functions
Jack Gore	The Retreat	General labor / equipment operator, install taps and repair leaks, respond to customer calls
John Holzmeir	The Retreat	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Richard Zint	White Bluff	Order Parts / Supplies, Schedule Daily Activities, Prioritize repairs and daily functions

<u>Employee</u>	<u>Location</u>	<u>Job Function</u>
Kim Harston	White Bluff	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Benjamin Austin	White Bluff	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Cody Clinard	White Bluff	General labor / equipment operator, install taps and repair leaks, respond to customer calls
Geoffrey Young	White Bluff	General labor / equipment operator, install taps and repair leaks, respond to customer calls

In developing the employee costs included in the Application, the employee related costs which were booked to each subdivision in the test year were allocated to the water and sewer functions based on a specific allocation factor as indicated in the chart below.

<u>Account</u>	<u>Allocation Factor</u>
6001 – Employee Compensation	Gross water / sewer plant in service
6010 – Referral Bonus	Gross water / sewer plant in service
6030 – Bonus / Commission	Gross water / sewer plant in service
6050 – Hourly Wages	Gross water / sewer plant in service
6100 – Labor Transfers	Direct Assignment based on accounting description / Items that could not be directly assigned were allocated based upon the total percentage of directly assigned expenses

A reconciliation between DDU's 2007 booked costs for employee expense (i.e., Accounts 6001 through 6100) and the amounts included and allocated in the application, by employee or labor transfer is included in Attachment 1-E.

The costs associated with contractors who worked for DDU during the Test Year are booked to accounts 8190 – Contract Labor and 8250 – Professional Fees, respectively. DDU books the costs for contractors to the specific subdivision receiving service from that contractor. The table below illustrates the method by which these accounts were allocated to the individual water and sewer functions.

<u>Account</u>	<u>Allocation Factor</u>
8190 – Contract Labor	Direct Assignment based on accounting description
8250 – Professional Fees	Number of Customers

Interrogatory No. 5: On your document titled "Summary Time Sheet," employees Terry Hafer and James Lyle were listed under both "Payroll Dept. No. DDC-3210 Construction" and "Payroll Dept. No. DDC-3210 Utilities." Please explain the job functions these two employees performed for "Payroll Dept. No. DDC-3210 Construction" and for "Payroll Dept. No. DDC-3210 Utilities."

ANSWER:

DDU answers as follows: Employees Terry Hafer and James Lyle served as Regional Director of Utilities, which entailed overseeing all utility operations, working with State, Federal and Regulatory Agencies, and preparing budgets and reports. Discovery is ongoing in this proceeding, and DDU reserves the right to supplement this response.

Interrogatory No. 6: On page 11 of your application in section IV.A, you listed an equity amount of \$111,852,358. Please explain how your equity is \$111,852,358 when (a) the total original cost of your assets as listed on page 10 of your application is only \$4,222,142 and (b) the notes payable amount listed in Attachments 7 and 9 of your application is only \$644,729.

ANSWER:

DDU answers as follows: DDU is a wholly-owned subsidiary of Double Diamond Delaware and depends on Double Diamond Delaware for its capital needs. Pursuant to Commission precedent set in TCEQ Docket Nos. 2004-1671-UCR and 2004-1120-UCR, Applicant by Aqua Utilities, Inc. and AquaSource Development Company d/b/a Aqua Texas, Inc., To Change Their Water and Sewer Tariffs and Rates in Various Counties and Appeal of Rate-Making Actions of Various Municipalities Denying Requested Changes to Water and Sewer Tariffs and Rates, Double Diamond Utilities is requesting as part of this Application to employ a hypothetical capital structure of 50.47% debt and 49.52% equity, which is equivalent to the capital structure of Double Diamond Delaware. Double Diamond Delaware's shareholder equity is \$111,852,358 as shown on Page 3 of Attachment 8 to the Application.

Interrogatory No. 7: Please explain the difference of \$112,840,327 between the debt amount of \$113,997,749 found on page 12 of your application and the total original balance of the notes payable of \$1,157,422 listed in Attachment 9 of your application.

ANSWER:

DDU answers as follows: DDU is a wholly-owned subsidiary of Double Diamond Delaware and depends on Double Diamond Delaware for its capital needs. Pursuant to Commission precedent set in TCEQ Docket Nos. 2004-1671-UCR and 2004-1120-UCR, Applicant by Aqua Utilities, Inc. and AquaSource Development Company d/b/a Aqua Texas, Inc., To Change Their Water and Sewer Tariffs and Rates in Various Counties and Appeal of Rate-Making Actions of Various Municipalities Denying Requested Changes to Water and Sewer

Tariffs and Rates, Double Diamond Utilities is requesting as part of this Application to employ a hypothetical capital structure of 50.47% debt and 49.52% equity, which is equivalent to the capital structure of Double Diamond Delaware. Double Diamond Delaware's debt is comprised of \$113,897,749 in notes payable and \$100,000 in notes payable to affiliates as shown on Page 3 of Attachment 8 to the Application.

Interrogatory No. 8: For each loan listed in Attachment 9 of your application, other than cash advances, please identify which subdivision the loan was for and whether that loan was for the water system, sewer system, or both.

ANSWER:

DDU answers as follows: DDU refers the ED to the document attached hereto as Attachment 1-F. Discovery is ongoing and DDU will supplement this response.

Interrogatory No. 9: Please indicate which loan(s) listed on pages 11-17 under the heading "Note G - Notes Payable" in Attachment 8 of your application Double Diamond-Delaware loaned to you at an interest rate of 10%.

ANSWER:

DDU answers as follows: None of the loans, other than cash advances, listed in Attachment 8 of DDU's Application, pp. 11-17, under the heading "Note G - Notes Payable" are loans from Double Diamond Delaware to DDU.

Interrogatory No. 10: Please explain why in your document titled "Chart of Accounts" you did not break down the listed accounts further into separate water and sewer accounts.

ANSWER:

DDU answers as follows: DDU does not maintain its accounts as separate water and sewer accounts. The "Chart of Accounts" reflects DDU's accounts as they are actually maintained.

Interrogatory No. 11: Please explain why you are attempting to recoup \$61,475 for cash advances as a known and measurable change to your annual depreciation and amortization, found on page 14, table VI.A, line O of your application.

ANSWER:

DDU answers as follows: From 1997 through 2000, DDU received cash advances from its parent company, Double Diamond Delaware, to cover operational shortfalls and to provide for operating capital. Such funding was necessary to maintain and operate the system.

With this Application, DDU is requesting Commission approval to recover these cash advances. DDU is proposing that this recovery be affected through the creation of a regulatory asset amortized over five (5) years, beginning in 2006. For further information, please see Attachment 10 to Page 22 of the Application, WP-15.

Interrogatory No. 12: Please explain what each cash advance listed on page 22 of Attachment 10 to your application was used for, including which subdivision the advance was used for and whether the advance was used for the water system, sewer system, or both.

ANSWER:

DDU answers as follows: The cash advances received by DDU are allocated to the individual subdivision for which the cash advance was utilized, as illustrated in the attached document labeled Attachment 1-F. Once allocated to the individual subdivision, the amount is then further allocated to the water and sewer functions based on the number of customers.

Interrogatory No. 13: Please explain how The Retreat and White Bluff water systems are substantially similar in terms of facilities, quality of service, and cost of service and how their proposed tariff provides for rates that promote water conservation for single-family residences and landscape irrigation.

ANSWER:

DDU objects to this interrogatory as compound and overly broad and improperly combining multiple interrogatories into one question. DDU is not required to marshal its evidence in responding to discovery.

Interrogatory No. 14: For each asset listed on page 10 and in Attachment 5 of your application, please state whether the asset was paid for by you, a developer(s), or a customer(s). If an asset was paid for by a combination of payors, please state the amount paid by each payor.

ANSWER:

DDU answers as follows: DDU refers the ED to its Application and to the documents entitled "Asset Work Papers," which were previously produced to the ED in this matter.

Interrogatory No. 15: Please provide your water CCN number(s) for the systems in your application, which was requested on page 5 of your application.

ANSWER:

DDU answers as follows: CCN Number 12087, which was specified on page 34 of the Application.

Interrogatory No. 16: Please explain why your system losses are 24.8%, as listed on page 16 of your application.

ANSWER:

DDU answers as follows: DDU refers the ED to page 16 of its Application, which explains the formula used to determine the system losses.

Interrogatory No. 17: Please explain why you identified thirty-seven connections added during the test year on page 15 of your application but identified forty-two taps added during the test year on page 3 of your response to the Executive Director's staff's request for information.

ANSWER:

DDU answers as follows: Discovery is ongoing and DDU will supplement this response.

V. REQUESTS FOR PRODUCTION

Request for Production No. 1: For each consulting expert listed in your response to Interrogatory No. 2, please provide all documents, reports, models, and data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of a testifying expert's testimony.

RESPONSE:

DDU objects to this request as overly broad and confusing as worded.

Subject to and without waiving the foregoing objections, DDU responds that it does not have any documents responsive to this request at this time. DDU reserves the right to supplement this response at a later date.

Request for Production No. 2: For each system listed in your application, please complete and provide the rate of return calculation worksheet, which was on pages 26-27 of the instructions to your application.

RESPONSE:

DDU objects to this request as an improper request for production. DDU is not required to create a document in response to a request for production. See *In re Colonial Pipeline Co.*, 968 S.W.2d 938, 942 (Tex. 1998).

Subject to and without waiving the foregoing objection, DDU responds that the rate of return calculation worksheet is not required as a part of the Application and DDU does not have any documents responsive to this request at this time.

Request for Production No. 3: For each system listed in your application, please provide an electronic copy, in Excel format, of the monthly summaries of water gallons pumped and purchased.

RESPONSE:

DDU objects to this request to the extent that it seeks to improperly require DDU to create a document in response to a request for production or otherwise specifies the method or manner by which certain information must be presented (i.e., "in Excel format"). See *In re Colonial Pipeline Co.*, 968 S.W.2d at 942.

Subject to and without waiving the foregoing objection, DDU responds that non-objectionable responsive documents, if any, have already been or will be produced.

Request for Production No. 4: For each rate case expense you intend to try to recoup from your customers, please provide a detailed itemization of the expense, including the expense amount, who the amount was paid to, the date of service, the amount of time spent earning that expense, the accounting classification for the expense, and any applicable hourly fee.

RESPONSE:

DDU objects to this request as an improper request for production. DDU is not required to create a document in response to a request for production. See *In re Colonial Pipeline Co.*, 968 S.W.2d at 942. This request is phrased as an interrogatory not a request for production.

Subject to and without waiving the foregoing objection, DDU responds that non-objectionable, responsive documents, if any, have already been or will be produced.

Request for Production No. 5: For each asset listed on page 10 and in Attachment 5 of your application, please produce all invoices for the asset, including any installation dates, original costs, and capacities.

RESPONSE:

DDU objects to this request as an improper request for production. DDU further objects to this request as overly broad, vague and confusing as worded. This request seeks to define what information must be in a document produced rather than requesting documents that include the requested information.

Subject to and without waiving the foregoing objection, DDU responds that non-objectionable, responsive documents, if any, have already been or will be produced.

Request for Production No. 6: Please provide any and all documentation that supports your responses to Interrogatory Nos. 11 and 12, including any signed notes for the cash advances.

RESPONSE:

DDU objects to this request as overly broad to the extent that it seeks all documentation.

Subject to and without waiving the foregoing objection, DDU responds that non-objectionable, responsive documents, if any, have already been or will be produced.

Request for Production No. 7: Please provide any and all invoices related to the forty-two taps installed during the test year.

RESPONSE:

DDU objects to this request as overly broad to the extent that it seeks any and all documents.

Subject to and without waiving the foregoing objection, DDU responds that non-objectionable, responsive documents, if any, have already been or will be produced.

Request for Production No. 8: Please provide the following documents related to your annual inspection reports:

- a. For The Cliffs water system, please provide the most recent public water system annual inspection report letter from the TCEQ and a written explanation detailing how and when you will comply with all noted deficiencies.
- b. For The Retreat water system, please provide pages 2 and 3 of the Summary of Investigation Findings dated July 19, 2007, page 1 of which is located in Attachment 2 of your application.
- c. For the White Bluff water system, please provide the original inspection report letter for the investigation that occurred on August 24, 2006, the follow-up letter to which is located in Attachment 2 of your application.

RESPONSE:

DDU objects to this request as compound and improperly including three separate requests for production into one request. DDU further objects to this request to the extent that it seeks documentation created by TCEQ, which is information already within the possession, custody or control of the ED or otherwise readily available to the ED. DDU further objects to this request to the extent that it improperly attempts to disguise an interrogatory as a request for production as specified in subpart a. DDU is not required to create documents in response to a request for production. See *In re Colonial Pipeline Co.*, 968 S.W.2d at 942.

Request for Production No. 9: For each water system listed in your application, please provide the Monthly Water Usage Report, in Excel format, for each month of the test year, listing for each account number the name or description on the account, meter number, previous meter reading, current meter reading, total gallons, meter size, water rate, sewer rate, transfer date, and any comments.

RESPONSE:

DDU objects to this request to the extent that it seeks to improperly require DDU to create a document in response to a request for production or otherwise specifies the method or manner by which certain information must be presented (i.e., "in Excel format"). See *In re Colonial Pipeline Co.*, 968 S.W.2d at 942.

Subject to and without waiving the foregoing objections, DDU responds that non-objectionable, responsive documents, if any, have already been or will be produced.

VI. REQUESTS FOR ADMISSION

Request for Admission No. 1: A cash advance is not property owned by a utility.

RESPONSE:

DDU objects to this request as improperly calling for a legal conclusion and asking DDU to admit a proposition of law.

Subject to and without waiving the foregoing objections, DDU responds that it is without sufficient information to properly admit or deny this request.

Request for Admission No. 2: You can file a rate application every twelve months.

RESPONSE:

DDU objects to this request as improperly calling for a legal conclusion and asking DDU to admit a proposition of law. DDU further objects to this request to the extent that it asks for an admission of a matter that is specified by statute or rule.

Subject to and without waiving the foregoing objections, DDU admits this request.

Request for Admission No. 3: It is the applicant's burden to demonstrate that the applicant paid the original cost of the applicant's plant and property claimed in its water rate change application.

RESPONSE:

DDU objects to this request as improperly calling for a legal conclusion and asking for DDU to admit a proposition of law. DDU further objects to this request to the extent it calls for an admission of a matter that is specified by statute or rule. The statute and/or rule speaks for itself.

Subject to and without waiving the foregoing objections, DDU responds that it is without sufficient information to properly admit or deny this request.

Request for Admission No. 4: A utility may not recover any rate case expenses incurred after the date of a written settlement offer by all ratepayer parties if the revenue generated by the just and reasonable rate determined by the Commission after a contested case hearing is less than or equal to the revenue that would have been generated by the rate contained in the written settlement offer.

RESPONSE:

DDU objects to this request as improperly calling for a legal conclusion and asking DDU to admit a proposition of law. DDU further objects to this request to the extent it calls for an admission of a matter that is specified by statute or rule. The statute and/or rule speaks for itself.

Subject to and without waiving the foregoing objections, DDU responds that it is without sufficient information to properly admit or deny this request.

Request for Admission No. 5: A utility may not recover any rate case expenses if the increase in revenue generated by the just and reasonable rate determined by the Commission after a contested case hearing is less than 51% of the increase in revenue that would have been generated by a utility's proposed rate.

RESPONSE:

DDU objects to this request as improperly calling for a legal conclusion and asking DDU to admit a proposition of law. DDU further objects to this request to the extent it calls for an admission of a matter that is specified by statute or rule. The statute and/or rule speaks for itself.

Subject to and without waiving the foregoing objections, DDU responds that it is without sufficient information to properly admit or deny this request.

Request for Admission No. 6: The gallonage range for the \$5.25 per 1,000 gallons charge listed on page 35 of your application should begin at 15,001 gallons for all three systems, not at 15,000 gallons.

RESPONSE:

DDU admits that the \$5.25 per 1,000 gallon charge listed on page 35 of its Application should begin at 15,001 gallons as to The Retreat and White Bluff. No \$5.25 per 1,000 gallon charge is noted for The Cliffs and therefore the remainder of this request is denied.

Request for Admission No. 7: The cash advances listed on page 22 of Attachment 10 to your application were used to pay for the construction of water and sewer assets.

RESPONSE:

Deny.

Request for Admission No. 8: A portion of the cash advances listed on page 22 of Attachment 10 to your application were used to pay for the construction of water and sewer assets.

RESPONSE:

Admit.

Request for Admission No. 9: In your application, you claimed depreciation on the equipment that was paid for at least in part with cash advances.

RESPONSE:

DDU admits that it claimed depreciation on the equipment that may have been paid for, at least in part, with cash advances. Otherwise, this request is denied.

Request for Admission No. 10: The cash advances listed on page 22 of Attachment 10 to your application were used to pay for operating expenses.

RESPONSE:

Deny.

Request for Admission No. 11: A portion of the cash advances listed on page 22 of Attachment 10 to your application were used to pay for operating expenses.

RESPONSE:

Admit.

VERIFICATION
THE STATE OF TEXAS
COUNTY OF DALLAS

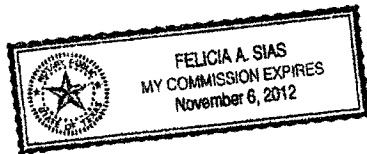
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BEFORE ME, the undersigned authority, on this day personally appeared Randy Greay, who being by me duly sworn, on oath stated that he is an authorized representative of Double Diamond Utilities Co.; that he has read the above and foregoing Objections and Responses to Executive Director's First Request for Disclosure, Interrogatories, Requests for Production, and Requests for Admission to Double Diamond Utilities Co., and answers to the Interrogatories are true and correct and based upon personal knowledge and/or information obtained from other persons who are representatives of Double Diamond Utilities Co.

DOUBLE DIAMOND UTILITIES
CO.

By: Randy Greay
Randy Greay, President

SUBSCRIBED AND SWORN TO BEFORE ME on the 30th day of October, 2009,
to certify which, witnesses my hand and official seal.



Felicia A. Sias
Notary Public - State of Texas

ATTACHMENT 1-A

Listing of Documents reviewed in preparing Pre-filed:

- Documents from SOAH Docket Nos. 582-05-2771 / 582-05-2770
 - Pre-filed Direct Testimony of Aqua Texas
 - Proposal for Decision
 - Final Order
 - Aqua Texas Response to Closing Arguments
- Documents from SOAH Docket No. 582-03-2283
 - Proposal for Decision
 - Final Order
- Documents from SOAH Docket No. 582-04-6463
 - Transcript from Hearing on the Merits, Wednesday, June 15, 2005, Page 47 (Pages 182 to 185)
 - Exhibit ED-6
- American Water Works Association, M1 Manual – Principles of Water Rates, Fees, and Charges, Fifth Edition
- Water Conservation Implementation Task Force, Water Conservation Best Management Practices Guide, Texas Water Development Board Report 362, November 2004
- Bonright, et al., Principles of Public Utility Rates, 2nd ed., Public Utility Reports, Inc. 1988
- Hane, et al., Accounting for Public Utilities, Matthew Bender & Company, 1989
- National Association of Regulatory Utility Commissioners, Uniform System of Accounts for Class A Water Utilities, 1996
- Supreme Court Decision, Bluefield Water Works v Public Service Commission, 262 U.S. 679 (1923)
- Supreme Court Decision, Federal Power Commission v Hope Natural Gas Co., 320 U.S. 591 (1944)

ATTACHMENT 1-B

J. STOWE & CO.

Mr. Ekrut joined J. Stowe & Co. as a Senior Consultant in May 2008. Prior to joining J. Stowe & Co., Mr. Ekrut was employed by R.W. Beck, Inc. as a Staff Consultant beginning in June 2005, after earning his Masters in Public Administration from the University of North Texas and graduating with honors. Prior to beginning his consulting career, Mr. Ekrut served as an intern for U.S. Congressman Larry Combest, Texas 19th District.

During his career, Mr. Ekrut has assisted in conducting a variety of engagements for water, wastewater, solid waste, electric, and natural gas utilities. A sampling of Mr. Ekrut's experience is included below:

Water and Wastewater Experience:

- Assisted in conducting an Economic Impact and End User Impact Analysis for the Toledo Bend Water Supply Project, which proposes to supply at least 600,000 acre-feet of raw water to the DFW Metroplex
- Assisted the City of Arlington in conducting a wholesale water sales assessment study.
- Assisted the Texas Water Development Board in conducting a Socioeconomic Analysis of Select Interbasin Transfers in Texas
- Assisted the North Texas Municipal Water District in analyzing rate alternatives for its Member Cities
- Assisted in conducting Socioeconomic Analysis in support of the Region C Study Commission Report in response to SB 3, 90th Texas Legislative Session requirements
- Currently assisting Dallas Water Utilities and Tarrant Regional Water District in conducting a study of the Raw Water Transmission System Integration of Lake Palestine
- Served as the Project Controls lead for the Program Management of the Waco Metropolitan Area Regional Sewer System Treatment Plant Expansion Program
- Conducted a Top-down Water Audit for the City of Gainesville, Texas
- Assisted the City of Terrell, Texas in developing a Standardized Developer Agreement related to Water and Wastewater Infrastructure

Chris Ekrut

University of North Texas
Masters of Public Administration

West Texas A&M University
Bachelor of Arts in Public Administration

Project Management Institute
Certified Associate of
Project Management (1266804)

- Utility Business Plans
 - City of Gainesville, Texas
 - Town of Prosper, Texas
- Operations and Management Reviews
 - Brownsville Public Utilities Board
 - Lower Colorado River Authority's Water and Wastewater Service Unit
- Wholesale and/or Retail Water and/or Wastewater Cost of Service and Rate Design Studies
 - Possum Kingdom Water Supply Corporation
 - City of Mexia, Texas
 - City of Cisco, Texas
 - City of Bellaire, Texas
 - City of Grapevine, Texas
 - City of Aledo, Texas
 - City of Glenn Heights, Texas
 - Town of Prosper, Texas
 - City of Aledo, Texas
 - Double Diamond Utilities Co.
 - City of McGregor, Texas
 - City of Terrell, Texas
- Expert Witness Testimony Development and/or Litigation Support
 - SOAH Docket Nos. 582-02-1652, 582-03-1820, 582-03-1821, & 582-03-1824 – Applications of McKinney, Melissa, and Anna and North Collin Water Supply Corporation to Amend CCN Nos. 10194, 11482, 12976, 11035 and Sewer CCN No. 20898 and of the City of Melissa to Obtain a Sewer CCN in Collin County
 - SOAH Docket No. 582-06-1366, Woodcreek Ratepayers Coalition Petition to Appeal the City of Woodcreek's Decision to Establish Water and Sewer Rates Charged by Aqua Utilities
 - SOAH Docket No. 582-06-2023, Application of the Town of Lindsay to Amend Water and Sewer Certificates of Convenience and Necessity Nos. 13025 and 20927
 - SOAH Docket No. 582-07-2049, Petition of BHP Water Supply Corporation Appealing the Wholesale Water Rate Increase of Royse City, Texas and Request for Interim Rates
 - SOAH Docket No. 582-08-1318, Application of Mustang Special Utility District to Decertify a Portion of Sewer Certificate of Convenience and Necessity No. 20867 From AquaSource Development, Inc. DBA Aqua Texas Inc., and to Amend Sewer CCN No. 20930 In Denton County, Texas
 - SOAH Docket No. 582-08-0698, Application of Double Diamond Utilities Company to Change its Water Tariff
 - SOAH Docket No. 582-08-1341, Application of Monarch Utilities I, L.P. to Change Water and Sewer Rates and Tariffs

- SOAH Docket No. 582-08-2580, Appeal by Midway Water Utilities, Inc. CCN No. 11571, From the Ratemaking Actions of the City of Oak Point
- SOAH Docket No. 582-09-4288, Application of Double Diamond Utilities Company, Inc. to Change its Water Tariff

Solid Waste Experience

- Assisted in conducting a Municipal Solid Waste Operations Study for the City of Denton, Texas
- Assisted in the conduct of an Alternative Feasibility Study for the City of Peoria, Arizona
- Assisted Siemens Energy and Environmental Services in conducting a detailed Waste Shed Analysis of the Dallas-Ft. Worth Metroplex in support of a new, environmental-friendly waste processing technology
- Assisted in conducting a Mixed Recycling Facility (MRF) Study for the North Central Texas Council of Governments

Electric Utility Experience

- Assisted Garland Power & Light in the conduct of an Asset Inventory and Assessment
- Assisted Garland Power & Light in filing their 2005 and 2006 Earnings Monitoring Report with the Public Utility Commission of Texas
- Assisted the City of Brenham, Texas in conducting an Electric Cost of Service and Rate Design Study and developing a Power Cost Recovery Factor (PCRF)

Gas Utility Experience

- Assisted the City of Brenham, Texas in analyzing and amending their Gas Cost Adjustment Factor
- Provided litigation support in Texas Railroad Commission Docket No. 9670 – Petition for De Novo Review of the Reduction of the Gas Utility Rates of ATMOS Energy Corp., Mid – Tex Division.

Presentations / Papers

- "Allocating the Costs of Population Growth in Wholesale Water Contracts," Texas Water Law Conference, January 2007
- "Business Planning and Its Benefits to Municipal Utilities," American Water Works Association, Texas Section, 2008

Professional Organizations / Affiliations

- Texas Municipal Utilities Association
- Project Management Institute

ATTACHMENT 1-C

J. STOWE & CO.

Jack E. Stowe, Jr.

North Texas State University
Accounting

Mr. Stowe's Public Sector consulting career began in 1975. His career includes nine years in a "big-eight" public accounting and consulting firm where he held the title of Manager at the time of his resignation. After serving one and one-half years as Chief Financial Officer and Treasurer of an International Real Estate firm, Mr. Stowe founded Aries Resource Management as a consulting group dedicated to serving the Public Sector. In 1986, Aries Resource Management entered into a partnership agreement with Reed Municipal Services, Inc., to form Reed-Stowe & Co. Effective October 2000 the company was renamed Reed, Stowe & Yanke, LLC and in March 2003 was acquired by R. W. Beck, Inc. During his tenure with R.W. Beck, Mr. Stowe served as the Local Practice Leader for the Firm's Utility Services Practice - Gulf Coast Region. Upon expiration of his employment contract with R.W. Beck in March 2008, Mr. Stowe founded J. Stowe & Co.

Mr. Stowe's experience is highlighted by the major roles he has fulfilled in assisting Public Sector entities in achieving major cost savings through contract negotiations for services and implementation of organization and operational enhancements. A brief example of engagements conducted by Mr. Stowe include:

- Raw water service contract negotiations between the City of Arlington and the Tarrant County Water Improvement District No. 1 (now Tarrant Regional Water District).
- Wastewater service contract negotiations between the Customer Cities and the City of Fort Worth. Representing the twenty-one Customer Cities of Fort Worth a detailed wastewater cost of service study was conducted to provide the foundation for contract renewal negotiations.
- Assisted TWCA-USA, Inc. in the electric load aggregation of 15 TWCA members. This effort has resulted in the release of a Request For Bid on approximately 800,000,000 kWh brought to market.

Mr. Stowe has also participated in negotiations of operation, maintenance and management privatization/outsourcing contracts for the following:

- Red River Redevelopment Authority – water, wastewater, gas, electric, steam and industrial waste treatment
- Southwest Division of United States Navy-privatization of electric, gas, water and wastewater operations

In addition, Mr. Stowe authored the "Market Strategies for Improved Service by Water Utilities Report" on behalf of the Texas Water Development Board. This study analyzes and presents the status of

privatization of water utility operations within the State of Texas contrasted against national activity.

Mr. Stowe has also been actively involved in water utility system valuation, and has performed such studies for the following entities:

- RCH Water Supply Corporation
- Kelly Air Force Base
- Walker County Water Supply Corporation
- Johnson County Water Supply Corporation
- High Point Water Supply Corporation
- Liberty City Water Supply Corporation
- Roysse City, Texas / BHP Water Supply Corporation

The results of the above valuations served as the foundation for the sale/transfer of ownership for the utilities identified.

The following is sample list of clients for which Mr. Stowe has performed water and/or wastewater cost of service, customer class cost allocation, and/or rate design study, including wholesale, clients:

- Arlington, Texas
- Argyle Water Supply Corporation
- Barton Creek Lakeside
- Bellaire, Texas
- Borger, Texas
- Cameron County Fresh Water Supply District No.1
- Celina, Texas
- Copperas Cove, Texas
- Corsicana, Texas
- Denton, Texas
- Devers Canal System
- El Oso Water Supply Corp.
- Farmers Branch, Texas
- Georgetown, Texas
- Gilmer, Texas
- Glenn Heights, Texas
- Grapevine, Texas
- Hobbs, New Mexico
- Kaufman, Texas
- Kempner Water Supply Corporation
- Kilgore, Texas
- Knollwood, Texas
- Lewisville, Texas
- Lubbock, Texas
- Mesquite, Texas
- Midlothian, Texas
- Montgomery County MUD
- North Myrtle Beach, SC
- North Richland Hills, Texas
- Paris, Texas
- Richmond, Virginia
- Rockett Special Utility District
- Rowlett, Texas
- Sachse, Texas
- Sanger, Texas
- United Irrigation District
- Weatherford, Texas
- Westminster, Colorado
- Wylie, Texas

Other services provided by Mr. Stowe are further detailed below:

- Performed a financial analysis of existing Impact Fees within the Cities of Grapevine, North Richland Hills and Lewisville to determine their compliance with the allowable rate under S.B. 336.
- Developed an impact fee econometric model used by the Cities of North Richland Hills, Grapevine, Lewisville and Wylie to calculate the maximum allowable fee under S.B. 336. Also responsible for the development and implementation of administrative procedures and systems modifications enabling these Cities to comply with the monitoring requirements of S.B. 336
- Performed an economic feasibility study for the City of Arlington for alternative wastewater diversion. The study provided a twenty year projected population growth within defined service areas, discharge characteristics, and related capital improvement requirements for each alternative.
- Participated in the acquisition of the Street Lighting System from Texas Electric Service Company by the City of Arlington which was consummated after a six-month study and purchase negotiation. Purchase pay back was achieved within three years with annual operating cost reduction currently accruing at the annual rate of approximately \$700,000 to the City.

Mr. Stowe has had extensive consulting experience within the utility industry. His experience encompasses not only utility ratemaking under federal, state and municipal jurisdictions, but also includes significant experience in the following areas:

- Organization and operations for investor owned utilities and municipal utilities;
- Financial projections and operating system requirements;
- Contract Negotiations;
- Breach of Franchise Agreements; and
- Economic Feasibility Studies.

Specifically, Mr. Stowe has conducted and/or supervised analyses of rate base, operating income, rate of return, revenue requirements, fully allocated cost of service and rate design. The results of these studies were generally summarized into expert testimony and presented in rate case proceedings at either the state and/or local jurisdictions. The various jurisdictions Mr. Stowe has performed consulting services in are as follows:

- Arizona Corporation Commission
- Illinois Commerce Commission
- Federal Energy Regulatory Commission
- Kentucky Public Service Commission
- Mississippi Public Service Commission
- New Mexico Public Service Commission
- Oklahoma Corporation Commission
- Public Utility Commission of Texas

- Railroad Commission of Texas
- Texas Commission on Environmental Quality
- Utah Public Service Commission
- Wyoming Public Service Commission

A sample of the specific utility companies analyzed by Mr. Stowe are presented below. Many of these Mr. Stowe has investigated on numerous engagements during his career:

- ATC Satecco
- AT & T
- Arkansas-Oklahoma Gas Corporation
- Arizona Public Service
- Central Power & Light
(now AEP)
- Canadian River Municipal Water
Authority
- Dallas Water Utilities
- Denton County Electric Cooperative
(now CoServ)
- Detroit Edison
- Gulf States Utilities
(now Entergy)
- Houston Lighting & Power
(now Reliant)
- Indianapolis Power & Light
- Kentucky Power & Light
- Lake Dallas Telephone Company
- Lower Colorado River Authority
- Lone Star Gas Company
(now ATMOS)
- Magnolia Gas
- Metro-Link Telecom, Inc.
- Mississippi Power & Light
- Mojave Electric Cooperative
- Mountain States Bell
- Southern Union Gas Company
- Southwest Electric Service Company
(now TXU)
- Southwestern Bell Telephone
- Southwestern Public Service Company
- San Miguel Electric Cooperative
- Texas Electric Service Company
(now TXU)
- Texas-New Mexico Power Company
- Texas Power & Light
(now TXU)
- Tucson Gas & Electric
- Utah Power & Light
- United Telecommunications
- West Texas Utilities
(now AEP)

Publications and Presentations

"Street Lighting Cost Reduction, a Game Plan for the 80's". Texas Institute of Traffic Engineers

"The Impact of Senate Bill No. 336"

- Research Group of the Texas Association of City Managers
- Central Region of the Texas Association of City Managers
- Gulf Coast Region of the Texas Government Financial Officers Association

Government Finance Officers Association of Texas Newsletter

- "A New Challenge for Municipal Gas Regulation"
 - "The Case of the Vanishing Gross Receipts Tax"
 - "Impact of Senate Bill 336" (Assessment of Developer Impact Fees)
 - "Street Lighting Cost Reduction Through Municipal Ownership"
- "Rate Impact of Water Conservation Pricing", Texas Water Conservation Association, 1993
- "Alternative Funding for Capital Improvements", Water Environmental Association of Texas, 1994
- "Construction Management and Financing Alternatives", Water Environmental Association of Texas, 1994
- "Management Audits", Texas Water Conservation Association - Technical Seminar, 1994
- "Ins and Outs of Rate Making", American Association of Water Board Directors, 1995
- "Solid Waste Full Cost Accounting", Texas Natural Resource Conservation Commission, 1995
- "SBI Deregulation 101",
- Texas Water Conservation Association, 1998
 - Texas Rural Water Association, 1999
- "The Benefits of Electric Aggregation", Texas Water Conservation Association, 1999
- "Water Retail Wholesale Ratemaking", Texas Water Conservation Association – Technical Seminar, 2000
- "Electric Deregulation in Texas", Texas Chapter of the Public Works Association, 2000
- "Innovative Financing for Water and Wastewater Utilities", Texas Water Law Seminar, February 2002
- "Encroachment Issues: Your Service Area is Worth How Much?", Texas Rural Water Association Annual Conference, March 2002
- Allocating the Costs of Population Growth in Wholesale Water Contracts, Texas Rural Water Association and Texas Water Conservation Association Water Law Seminar, January 2007

**JACK E. STOWE, JR.
EXPERT WITNESS RESUME**

CASE	JURISDICTION	TOPIC
Docket No. 17751, Phase I, Texas-New Mexico Power Company	Public Utility Commission of Texas	Test Year Cost of Service Revenue Requirements, Rate of Return
Docket No. 17751, Phase II, Texas-New Mexico Power Company	Public Utility Commission of Texas	Transition to Competition
City of Lacy Lakeview vs. City of Waco	Texas Natural Resource Conservation Commission	Ratemaking Methodology, Cost of Service, Rate Design
Cause No. 96-1702-4, Lee Washington vs. Checker Bag Company	170th District Court, McLennan County	Damages, Product Liability
Walker County Water Supply Corporation vs. City of Huntsville, Texas	Federal Court, Houston, Texas	Application of Federal Law 1926B, System Valuation under Texas Water Code 13.255
Cause No. 97-00070, Garland Independent School District vs. Lone Star Gas Company	14th District Court	Damages - Breach of Contract
City of Parker, Texas vs. City of Murphy, Texas	Collin County District Court	Identification of Water-Related Stranded Investment
Cause No. 95-5530, Tal-Tex, Inc. vs. Southland Corporation	State District Court	Damages - Gross Negligence
Cause No. H-94-4106, StarTel, Inc. vs. TCA, Inc., et. al.	Federal Court, Houston, Texas	Damages - Predatory Pricing, Anti-Trust
Docket No. 15560, Texas-New Mexico Power Company	Public Utility Commission of Texas	Community Choice - Competitive Transition Plan
No. 67-164085-96, Tarrant Regional Water District vs. City of Bridgeport, Texas	67th Judicial District	Damages - Breach of Contract
GUD No. 8664, Statement of Intent Filed by Lone Star Gas Company to Increase Intracompany City Gate Rate	Railroad Commission of Texas	System Revenue Requirements, Class Cost of Service Allocations, Unbundling, Cost of Gas Sold
Docket No. 95-0132-UCR, Cameron County FWSD #1 (now Laguna Madre Water District)	Texas Natural Resource Conservation Commission	Conservation Rate Making Policies
Docket No. 95-0295-MWD, Dallas County Water Control and Improvement District No. 6	Texas Natural Resource Conservation Commission	Wastewater Permitting, Concepts of Regionalization
Cause No. H-94-1265, Canyon Services, Inc vs. Southwestern Bell, et. al.	Federal Court, Houston, Texas	Damages - Anti-Trust
GUD No. 8623, Dallas Independent School District Appeal of City of Dallas Rate Decision	Railroad Commission of Texas	Cost of Service, 2nd Rate Design, Public Free Schools
Docket No. 12900, Texas-New Mexico Power Company	Public Utility Commission of Texas	Revenue Requirements, Cost of Service, Prudence
No. 89-CV-0240, Metro- Link vs. Southwestern Bell Telephone Company, et al.	56th Judicial District Court, Galveston County, Texas	Lost Profits and Market Value from Breach of Contract

JACK E. STOWE, JR.
EXPERT WITNESS RESUME
(continued)

CASE	JURISDICTION	TOPIC
Docket No 10200, Texas-New Mexico Power Company	Public Utility Commission of Texas	Revenue Requirements, System Cost of Service, Prudence
Cause No. 95-50259-367, GTE of the Southwest, Inc. vs City of Denton, Texas	367th Judicial District Court, Denton County, Texas	Damages - Breach of Franchise Agreement
Cause No 91-1519, Trinity Water Reserve, Inc., et al vs. Texas Water Commission, et al.	126th Judicial District Court, Travis County, Texas	Temporary Injunction Eminent, Probable, and Irreparable Damages
Docket No 12065, Houston Lighting & Power Company Section 42	Public Utility Commission of Texas	Accounting Issues, Actual Taxes, FASB 106 and 112, Nuclear Decommissioning, Depreciation Rates, Street Lighting Cost of Service and Rate Design
Docket No 8748-A and 9261-A, City of Arlington, Texas vs. City of Fort Worth, Texas	Texas Natural Resource Conservation Commission	Interim Rate Hearing, Rate Case, Public Interest
Arkansas Oklahoma Gas Corporation on behalf of the Oklahoma Attorney General	Oklahoma Corporation Commission	Cost of Service Determination and Rate Design
Cause No. PUD 001346, Arkansas Oklahoma Gas Corporation	Oklahoma Corporation Commission	Affiliated Transactions
Cause No 89-4703-F, City of Sachse and City of Rowlett, Texas vs. City of Garland, Texas	116th Judicial District Court	Contract Pricing Violation
Docket No 8293-M, Sharyland Water Supply Corporation vs United Irrigation District	Texas Natural Resource Conservation Commission	Revenue Requirements, System Cost of Service
Docket No. 9892, Denton County Electric Cooperative, Inc.	Public Utility Commission of Texas	Rate Case Increase Application, Revenue Requirements
Docket No. 10034, Texas-New Mexico Power Company	Public Utility Commission of Texas	Deferred Accounting Treatment for Unit 2
Docket No 8291-A, City of Arlington, Texas vs. City of Fort Worth, Texas	Texas Natural Resource Conservation Commission	Wholesale Service Pricing
Docket No. 8388-M, Devers Canal Rice Producers Association, Inc., et al vs. Trinity Water Reserve, Inc., et al.	Texas Natural Resource Conservation Commission	Interim Rate Relief and Test Year Cost of Service and Rate Design
Docket Nos 7796-M and 7831-M, City of Kilgore, Texas vs City of Longview, Texas	Texas Natural Resource Conservation Commission	Wholesale Service Pricing
Docket No 9491, Texas-New Mexico Power Company	Public Utility Commission of Texas	Revenue Requirements, System Cost of Service, Prudence
Docket No 8338-A, City of Highland Village, Texas vs. City of Lewisville, Texas	Texas Natural Resource Conservation Commission	Wholesale Service Pricing

DDU000011

**JACK E. STOWE, JR.
EXPERT WITNESS RESUME
(continued)**

CASE	JURISDICTION	TOPIC
Docket No. 8585, Petition of the General Counsel to Inquire into the Reasonableness of the Rates and Services of Southwestern Bell	Public Utility Commission of Texas	Current System Revenues Treatment of Unprotected Excess Deferred Income Taxes Consolidated Tax Saving
Cause No 3-89-0115-T, City of Mesquite, Texas vs Southwestern Bell Telephone Company	Federal Court	Breach of Franchise Agreement
Cause No D-142, 176, City of Port Arthur, et al., vs. Southwestern Bell Telephone Company	136 th Judicial District, Jefferson County, Texas	Breach of Franchise Agreement
Docket No. 8928, Texas-New Mexico Power Company	Public Utility Commission of Texas	Revenue Requirements, System Cost of Service
Docket No. 8095, Texas-New Mexico Power Company	Public Utility Commission of Texas	Revenue Requirements, System Cost of Service
House Bill 2734	House of Representatives Sub-Committee on Natural Resources	Statutory Clarification
Cause No. 17-173694-98, Computer Translation Systems Support vs EDS	17 th Judicial District Tarrant County, Texas	Damages due to breach of Intellectual Property Contract
City of Lacy Lakeview vs. City of Waco	Texas Natural Resource Conservation Commission	Motion to compel service under just and reasonable rates
A.R. No.: 2005/1999 Coastal Aruba Refining Co. N.V. vs Water-EN ENGERGIEBEDRIJF ARUBA NV.	Court of First Instance of Aruba	Breach of Contract, Damage Calculations
Edwards Machine and Tool vs. Time-Condor, Inc.	District Court McLennan County	Breach of Contract, Damage Calculations
Jerry Lefler and Larry West vs. ERGOBILT, ERGOGONIKS et. al.	Arbitration	Damages due to breach of Intellectual Property of contract
Docket No 582-01-1618 Mustang Water Supply Corporation vs Little Elm, Texas	Texas Natural Resource Conservation Commission	CCN application - Ability to serve
Docket No. 2000-0817-UCR SOAH Docket No. 582-01-0802 Sun Communities, Inc vs Maxwell Water Supply Corporation	Texas Natural Resource Conservation Commission	Breach of contract, cost of service and rate design
Fort Worth Independent School District vs City of Fort Worth	348 th Judicial District Tarrant County, Texas	Valuation of Easements, Rebuttal testimony
San Antonio Zoo vs. Edwards Aquifer Authority	Texas Natural Resource Conservation Commission	Permitted annual allotment of water from Edwards Aquifer
Docket No 2001-1583-UCR Docket No. 582-02-2470 City of McAllen v Hidalgo County WCID #3	Texas Commission on Environmental Quality	Public Interest
Docket No 2001-1220-DIS Docket No 582-02-2664 Platinum Ocean v Montgomery County, MUD No 15	Texas Commission on Environmental Quality	Stand-by fees

JACK E. STOWE, JR.
EXPERT WITNESS RESUME
(continued)

CASE	JURISDICTION	TOPIC
Docket No 2001-1298-UCR Docket No 582-02-1255 East Medina Valley SUD v. Old Hwy 90 WSC	Texas Commission on Environmental Quality	CCN Application
Cause No 200115173 Seabrook Partners LTD v City of Seabrook	215th Judicial District Court Harris County, Texas	Damage Calculations
City of Uvalde vs. Edwards Aquifer Authority	Texas Commission on Environmental Quality	Permitted annual acre-feet of water from Edwards Aquifer
Clarksville City vs. City of Gladewater TCEQ Docket No. 2002-1260-UCR Docket No 582-03-1252	Texas Commission on Environmental Quality	Incremental cost to serve and capacity constraints water and wastewater
Canyon Regional Water Authority and Bexar Metropolitan Water District vs. Guadalupe Blanco River Authority SOAH Docket No. 2002-1400-UCR TCEQ Docket No. 582-03-1991	Texas Commission on Environmental Quality	Public Interest
City of Garland Transmission Cost of Service Rate Application PUCT Docket No. 28090	Public Utility Commission of Texas	Transmission Cost of Service Rate Application
Bill Burch and International Mercantile Incorporated vs. Nextel Communications	Arbitration Tarrant County, Texas	Breach of contract
GUD No. 9400 – Statement of Intent filed by TXU Gas Company to Change Rates	Railroad Commission of Texas	Rate Design
Docket No. 2003-0153-UCR; Appeal of Tall Timbers Utility Company, Inc. to review the Rate Making Actions of the City of Tyler	Texas Commission on Environmental Quality	Retail Wastewater Cost of Service, Rate Design, and Cost Allocation
Docket Nos. 2001-1300-UCR, 2001-0813-UCR, 2002-1278-UCR, & 2002-1281-UCR Cities of McKinney, Melissa, and Anna vs. North Collin Water Supply Corporation	Texas Commission on Environmental Quality	CCN Application – Ability to Provide Service
Application of Denton Municipal Electric to Change Rates for Wholesale Transmission Service, PUCT Docket No. 30358	Public Utility Commission of Texas	Transmission Cost of Service Rate Application
Application of San Antonio City Public Service to Change Rates for Wholesale Transmission Service, PUCT Docket No. 28475	Public Utility Commission of Texas	Transmission Cost of Service Rate Application
Application of City of Garland for Update of Wholesale Transmission Rates Pursuant to PUC Subst. R 25 192(g)(1), PUCT Docket No 31617	Public Utility Commission of Texas	Interim Transmission Cost of Service Rate Application
Docket Nos 582-05-7095 and 582-05-7096, Application of the City of Leander to Amend Certificate of Convenience and Necessity No. 10302 and Sewer CCN No. 20626	Texas Commission on Environmental Quality	CCN Application – Ability to Provide Service
Docket No. 582-06-0968, Application from the City of Shenandoah to Obtain Water and Sewer Certificates of Convenience and Necessity in Montgomery County. Applications Nos. 34997-C and 34998-C	Texas Commission on Environmental Quality	CCN Application – Ability to Provide Service

JACK E. STOWE, JR.
EXPERT WITNESS RESUME
(continued)

CASE	JURISDICTION	TOPIC
Petition for Review of Municipal Actions Regarding ATMOS Energy Corp., Mid-Texas Division's Annual Gas Reliability Infrastructure Program Rate Adjustment, GUD Docket Nos 9598, 9599, 9603	Railroad Commission of Texas	Gas Reliability Infrastructure Program
Cease and Desist Petition of Wax Mid, Inc against the City of Midlothian, SOAH Docket No 582-06-2332, TCEQ Docket No 2006-0487-UCR	Texas Commission on Environmental Quality	Response to Cease and Desist Motion
Woodcreek Ratepayers Coalition Petition to Appeal the City of Woodcreek's Decision to Establish Water and Sewer Rates Charged by Aqua Utilities, SOAH Docket No 582-06-1366, TCEQ Docket No 2006-0072-UCR	Texas Commission on Environmental Quality	Cost of Service, Revenue Requirements, Cost Allocation, Rate Design
Application of the Town of Lindsay to Amend Water and Sewer Certificates of Convenience and Necessity Nos. 13025 and 20927, SOAH Docket No. 582-06-2023, TCEQ Docket No. 2006-0272-UCR	Texas Commission on Environmental Quality	CCN Application – Ability to Provide Service
Petition of BHP Water Supply Corporation Appealing the Wholesale Water Rate Increase of Royse City, Texas and Request for Interim Rates, SOAH Docket No. 582-07-2049, TCEQ Docket No. 2007-0238-UCR	Texas Commission on Environmental Quality	Public Interest
The Bank of New York Mellon, Financial Guaranty Insurance Company, and Syncora Guarantee Inc. (f/k/a XL Capital Assurance, Inc.) v. Jefferson County, Alabama, Civil Action File No. CV-08-P-1703-S	U S. District Court, Northern District of Alabama, Southern Division	Just and Reasonable Rates, Affordability
Application of Mustang Special Utility District to Decertify a Portion of Sewer Certificate of Convenience and Necessity No 20867 From AquaSource Development, Inc. DBA Aqua Texas Inc., and to Amend Sewer CCN No 20930 In Denton County, Texas, Application No. 35709-C, SOAH Docket No. 582-08-1318, TCEQ Docket No 2007-1956-UCR	Texas Commission on Environmental Quality	CCN Application – Ability to Provide Service

ATTACHMENT 1-D

Double Diamond Companies
2007 Budget
DDU - The Retreat Utilities - 6090
Labor Transfers

Please enter the Department 4 in the column titled "Provides Services to Department", amount for each period and detail of service provided.

Employee Name	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Total
Provides Services to Department													
Terry Hofer	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	13,944
<p>Note - Amount should be entered as a credit to compensation, therefore, enter as a negative #</p> <p>Please explain service to be provided</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>													

Please enter the Department 4 in the column titled "Receives Services from Department", amount for each period and detail of service provided.

Employee Name of Position	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Total
Receives Services from Department													
Terry Hofer	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Home Office Accounting	319	319	319	319	319	319	319	319	319	319	319	319	3,823
Director of Sewer	243	243	243	243	243	243	243	243	243	243	243	243	2,916
	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	13,944

Note - Amount should be entered as an addition to compensation, therefore, enter as a positive #.

Please explain service to be provided

Terry Hofer DDU-6090 receives 10% of Terry Hofer monthly salary for his services

Home Office Accounting Utility Billing & Utility Customer Service

Director of Sewer DDU-6090 receives 10% of Director of Sewer monthly salary

Double Diamond Companies

2007 Budget

DDU - The Cliffs Utilities - 8090

Labor Transfers

Please enter the Department # in the column titled "Provides Services to Department", amount for each period and detail of service provided.

Employee Name	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Total
Providers Services to Department													
Total Labor Transfers	2,847	2,847	3,041	2,847	2,847	3,041	2,847	2,847	3,041	2,847	2,847	3,041	34,940
Please explain service to be provided													
0													
0													
0													
0													

Note - Amount should be entered as a credit to compensation, therefore, enter as a negative #

Please enter the Department # in the column titled "Receives Services from Department", amount for each period and detail of service provided.

Employee Name or Position	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Total
Home Office Accounting	319	319	513	319	319	513	319	319	513	319	319	513	4,004
Terry Hater	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,600
James Lyles	720	720	720	720	720	720	720	720	720	720	720	720	8,736
	2,847	2,847	3,041	2,847	2,847	3,041	2,847	2,847	3,041	2,847	2,847	3,041	34,940

Note - Amount should be entered as an addition to compensation, therefore, enter as a positive #

Please explain service to be provided

Home Office Accounting Utility, Billing & Utility Customer Service
 Terry Hater DDU-8090 receives 80% of Terry Hater's services
 James Lyles DDU-8090 receives 30% of Director of Sewer Salary

Double Diamond Companies
2007 Budget
DDU - White Bluff Utilities - 9090
Labor Transfers

Please enter the Department in the column titled "Provides Services to Department" amount for each period and detail of service provided

Employee Name	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Total
---------------	----------	----------	----------	----------	----------	----------	----------	----------	----------	-----------	-----------	-----------	-------

Note: Amount should be entered as a credit to compensation, therefore enter as a negative #

Total Labor Transfers	5,693	5,693	5,910	5,693	5,693	5,910	5,693	5,693	5,910	5,693	5,693	5,910	69,184
-----------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	--------

Please explain service to be provided

0
0
0
0

Please enter the Department in the column titled "Receives Services from Department" amount for each period and detail of service provided

Employee Name or Position	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Total
Home Office Accounting - HR-2010	637	637	654	637	637	654	637	637	654	637	637	654	8,312
Terry Haler	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	43,200
James Lives	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	17,472
	5,693	5,693	5,910	5,693	5,693	5,910	5,693	5,693	5,910	5,693	5,693	5,910	69,184

Note: Amount should be entered as an addition to compensation, therefore, enter as a positive #

Please explain service to be provided

Home Office Accounting Utility Billing & Utility Customer Service
 Terry Haler DDU-9090 receives 60% of Terry Haler's salaries
 James Lives DDU-9090 receives 60% of Dir of Sewer

ATTACHMENT 1-E

Double Diamond Utilities Co
 Application for a Water Rate / Tariff Change
 SOAH Docket No. 582-09-4288
 TCEO Docket No. 2008-0505-UJR
 INT 1-11 Attachment 2

Reconciliation of 2007 Booked Values to 2007 Test Year Application Values

	The Retreat (6090)			The Cliffs (6090)			White Bluff (6090)		
	Hours	Water	Sewer	Hours	Water	Sewer	Hours	Water	Sewer
6001 - Employee Compensation									
6010 - Referral Bonus		\$ 9,373	\$ 5,974		\$ 35,444	\$ 10,775		\$ 6,038	\$ 3,848
6030 - Commission / Bonus									
6050 - Hourly Wages	9.52			500	383	117		250	159
Subtotal	1,363.63	13,932	8,880	250	192	58		200	127
Jack Gore	462			53,252	40,837	12,414		69,762	57,211
John Henderson	1,363.63			100,221	76,856	23,364		96,250	61,347
John Holzmeier	102								
James Lyles	210.00								
Lane Westbrook	480.00								
Subtotal	2,112.88	23,305	14,854						
6001 - Employee Compensation									
6010 - Referral Bonus		\$ 2,919	\$ 2,238		\$ 2,238	\$ 680			
6030 - Commission / Bonus									
6050 - Hourly Wages	9.53			4,456	3,417	1,039			
Subtotal	1,343.00	13,626	10,460	10,115	13,626	3,177			
Robert Bailey	652.00			6,853	5,258	1,598			
Donald Harris	22.22			48,719	35,444	10,775			
Raymond Hyden	1,669.50			26,147	20,052	6,086			
Timothy Leggett	15.66			6,421.00	100,221	76,856			
Donald Lewis									
Michael Russell									
Subtotal									
6001 - Employee Compensation									
6010 - Referral Bonus		\$ 30,330	\$ 21,045		\$ 21,045	\$ 9,285			
6030 - Commission / Bonus									
6050 - Hourly Wages	9.54			4,456	3,417	1,039			
Subtotal	1,643.81	20,541	13,992	10,115	13,626	3,177			
Benjamin Austin	2,122.61			10,460	8,173	2,287			
Cody Clinard	2,286.79			5,258	4,086	1,172			
Kim Halston	57			35,444	26,147	8,297			
Paul Kadei	67			20,052	15,666	4,386			
Barry Terrell	403.66			3,539	2,765	774			
Geoffrey Young	8.82			33,817	21,551	12,266			
Richard Zint	16.26			96,250	61,347	34,903			
Subtotal									
6100 - Labor Transfers									
Director of Sewer		\$ 17,472	\$ 8,512		\$ 17,472	\$ 8,512			
Home Office Accounting		\$ 39,600	\$ 39,600		\$ 39,600	\$ 39,600			
Terry Harter		\$ 65,584	\$ 45,506		\$ 65,584	\$ 45,506			
Subtotal		\$ 122,656	\$ 93,618		\$ 122,656	\$ 93,618			

ATTACHMENT 1-F

**DOUBLE DIAMOND UTILITIES
NOTES PAYABLE TO DOUBLE DIAMOND DELAWARE
AS OF 12/31/2004**

	ALLOCATION ONLY		ORIGINAL TOTAL TOTAL NOTES	12/31/03 TOTAL	2004 ACTIVITY		12/31/2003 BALANCE
	CLIFFS	WHITE BLUFF			NEW LOANS	PRINCIPAL PAYMENTS	
ORIGINAL LINE OF CREDIT (INTEREST ONLY)	147,148.83	293,000.00	440,148.83	440,148.83			440,148.83
1997 LOC WITH DDD-DEFICIT	106,606.00	41,682.24	148,288.24	92,230.64		13,547.70	78,582.94
1998 LOC WITH DDD-DEFICIT	94,940.00	80,817.53	175,757.53	109,315.64		16,057.35	93,258.29
1998 FIXED ASSETS-IMPROVEMENTS	9,672.85	52,815.57	62,288.42	38,079.16		5,583.44	32,485.72
1999 FIXED ASSETS-IMPROVEMENTS	17,641.67	59,376.28	77,017.95	54,939.21		6,369.42	48,569.79
1999 LOC WITH DDD-DEFICIT	26,801.00		26,801.00	19,117.93		2,216.46	16,901.45
2000 FIXED ASSET IMPROVEMENTS		2,358.77	2,358.77	1,877.70		178.57	1,701.13
2000 LOC WITH DDD-DEFICIT	19,953.00		19,953.00	15,883.24		1,493.70	14,389.54
2001 FIXED ASSETS IMPROVEMENTS	81,822.25	112,042.88	193,865.11	188,835.84		13,137.29	155,898.55
2002 FIXED ASSETS IMPROVEMENTS	10,915.85		10,915.85	10,245.30		669.55	9,576.75
TOTALS	515,501.45	641,893.25	1,157,394.70	950,874.49		59,261.50	891,412.99

	2005 ALLOCATION		2004		2005	
	CL	WB	MONTHLY PAYMENTS	ANNUAL AMOUNTS	MONTHLY PAYMENTS	ANNUAL AMOUNTS
ORIGINAL LINE OF CREDIT	1,226.24	2,441.87	3,667.91	44,014.92	3,667.91	44,014.92
1997 LOC WITH DDD-DEFICIT	1,408.81	550.84	1,959.85	23,515.80	1,959.85	23,515.80
1998 LOC WITH DDD-DEFICIT	1,254.65	1,068.01	2,322.66	27,871.92	2,322.66	27,871.92
1998 FIXED ASSETS-IMPROVEMENTS	125.64	683.44	809.08	9,708.86	809.08	9,708.96
1999 FIXED ASSETS-IMPROVEMENTS	233.14	784.68	1,017.80	12,213.60	1,017.80	12,213.80
1999 LOC WITH DDD-DEFICIT	354.18		354.18	4,250.18	354.18	4,250.16
2000 FIXED ASSET IMPROVEMENTS		31.17	31.17	374.04	31.17	374.04
2000 LOC WITH DDD-DEFICIT	263.68		263.68	3,164.16	263.68	3,164.16
2001 FIXED ASSET IMPROVEMENTS	1,081.29	1,480.65	2,561.94	30,743.28	2,561.94	30,743.28
2002 FIXED ASSET IMPROVEMENTS	144.25		144.25	1,731.00	144.25	1,731.00
SUBTOTAL	4,865.64	4,598.77	9,464.41	113,572.92	9,464.41	113,572.92
TOTALS	6,091.88	7,040.44	13,132.32	157,587.84	13,132.32	157,587.84

	2005 MONTHLY ALLOCATION		
	CL	WB	TOTALS
ORIGINAL LINE OF CREDIT-INTEREST ONLY	1,226.24	2,441.87	3,667.91
1997 LOC WITH DDD-DEFICIT	1,408.81	550.84	1,959.65
1998 LOC WITH DDD-DEFICIT	1,254.65	1,068.01	2,322.66
1998 FIXED ASSETS-IMPROVEMENTS	125.64	683.44	809.08
1999 FIXED ASSETS-IMPROVEMENTS	233.14	784.68	1,017.80
1999 LOC WITH DDD-DEFICIT	354.18		354.18
2000 FIXED ASSET IMPROVEMENTS		31.17	31.17
2000 LOC WITH DDD-DEFICIT	263.68		263.68
2001 FIXED ASSET IMPROVEMENTS	1,081.29	1,480.65	2,561.94
2002 FIXED ASSET IMPROVEMENTS	144.25		144.25
SUBTOTAL	4,865.64	4,598.77	9,464.41
TOTALS	6,091.88	7,040.44	12,988.07
MONTHLY ACCOUNTING ENTRY:			
NOTES PAY-PRIOR YR DEF-CL	8150-0000-8090		3,281.32
NOTES PAY-PRIOR YR DEF-WB	8150-0000-9090	1,650.02	1,650.02
NOTES PAY-LAND IMP-CL	8160-0000-8090		1,584.32
NOTES PAY-LAND IMP-WB	8160-0000-9090	2,948.75	2,948.75
TOTALS			9,464.41

NOTE: NO CHANGES FOR 2004-IMPROVEMENTS AND NET LOSSES IMMATERIAL FOR ACCRUAL OF NOTES.
SO NO CHANGES IN THE AMOUNT OF THE PAYMENTS FOR 2004.
ALSO, NONE FOR THE RETREAT AS IT WAS STILL IN THE CONSTRUCTION PHASE DURING MOST OF 2004.

DDU000052