

Last Survey Date	Surveyor	Survey Type	Code	Region	County	Def.Score
08/24/2006	MICHAEL ANGEL	SURVEY		9	HILL	26
10/08/2004	DAVID TERRY	EVAL-SRC		9	HILL	0
06/14/2001	RICHARD MONREAL	SURVEY		9	HILL	8

(Entry Point)						
Entry Point	EP Name/Source Summation (Activity Status)	Plant Name (Activity Status)	WUD Plant Num	DBP Mon Type	Mon Chem Mon Type	Sample Point
001	SAMPLE TAP / TRINITY(A)	PLANT 1(A)	7678	G		Yes

Train: (Unnamed)

(Treatments)				
Disinfection Zone	Treatment Sequence	Objective	Process	Treatment
	1	D	403	GASEOUS CHLORINATION(PRE)

(Active Sources)						
Source Number	Source Name (Activity Status)	Operational Status	Source Type	Depth	Tested GPM	Rated GPM
G1090073A	1 - NORTH CENTRAL AREA(A)	O	G	1160	120	150
Drill Date		Well Data				
6/19/1990		HOSSTON FORMATION				
GPS Latitude (decimal)	GPS Longitude (decimal)	GPS Elevation	GPS Date	GPS Cert. No.	Seller	
Not Available	Not Available	Not Available	Not Available	Not Available	Not a Purchased Source	
Source Number	Source Name (Activity Status)	Operational Status	Source Type	Depth	Tested GPM	Rated GPM
G1090073C	3 - CR 1145 LP / THIRTY-NINE SUBDIV(A)	O	G	1128	110	200
Drill Date		Well Data				
5/13/1999						
GPS Latitude (decimal)	GPS Longitude (decimal)	GPS Elevation	GPS Date	GPS Cert. No.	Seller	
Not Available	Not Available	Not Available	Not Available	Not Available	Not a Purchased Source	

(Inactive/Offline Sources)
(No inactive Sources associated with this EP/Plant)

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
H. S. Buddy Garcia, *Commissioner*
Glenn Shankle, *Executive Director*



FILE

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JULY 13 2007

WB Water
NOV
JW

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 13, 2007

CERTIFIED MAIL 70042890000262445995
RETURN RECEIPT REQUESTED

Mr. Randy Gracy, President
Double Diamond Utilities Co.
16 White Bluff Drive
Whitney, Texas 76692

Re: Unresolved Alleged Violations for the Comprehensive Compliance Investigation at:
White Bluff Community Water System, Hill County
TCEQ ID No.: PWS: 1090073, RN101233120,

Dear Mr. Gracy:

The Texas Commission on Environmental Quality (TCEQ) Waco Regional Office has previously requested that you submit compliance documentation for the alleged violations noted during the investigation of the above-referenced facility conducted on August 24, 2006. We have received acceptable compliance documentation from you for all of the alleged violations except those listed in the enclosed summary. Please be advised that you are responsible for correcting these remaining problems. These unresolved alleged violations will be placed in your file to be evaluated during any subsequent investigation.

If you or members of your staff have any questions, please feel free to contact Mr. Michael Angel in the Waco Regional Office at (254) 751-0335.

Sincerely,

Handwritten signature of Richard Monreal in black ink.

Richard Monreal
Water and Waste Section Work Leader
Waco Regional Office

RM/ma/ps

Enclosure: Summary of Unresolved Investigation Findings

REPLY TO: REGION 9 • 6801 SANGER AVE., STE. 2500 • WACO, TEXAS 76710-7826 • 254-751-0335 • FAX 254-772-9241

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

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DDU000286

Summary of Investigation Findings

WHITE BLUFF COMMUNITY WATER SYSTEM

Investigation # 567074

, HILL COUNTY,

Investigation Date: 07/09/2007

Additional ID(s): 1090073

OUTSTANDING ALLEGED VIOLATIONS

Track No: 255880 Compliance Due Date: No Date Entered

30 TAC Chapter 290.42(l)

Alleged Violation:

Investigation: 510304

Comment Date: 10/13/2006

Failure to keep a plant operations manual. A thorough plant operations manual must be compiled and kept up-to-date for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures, with protocols to be utilized in the event of a natural or man-made catastrophe, as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency. It was noted during this investigation that the water system did not have a plant operations manual.

Investigation: 534597

Comment Date: 01/26/2007

Failure to keep a plant operations manual.

Investigation: 557216

Comment Date: 05/18/2007

Failure to keep a plant operations manual.

Investigation: 567074

Comment Date: 07/09/2007

Failure to keep a plant operations manual.

Recommended Corrective Action:

Track No: 255881 Compliance Due Date: No Date Entered

30 TAC Chapter 290.43(c)(1)

Alleged Violation:

Investigation: 510304

Comment Date: 10/13/2006

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1. Vents shall be installed in strict accordance with current AWWA standards. The ground storage tank must be provided with a vent of the gooseneck or roof ventilator type, excluding turbine ventilators, be designed by the engineer based on the maximum outflow from the tank, designed to prevent possible entry of dust, birds, insects or any contaminants, with the opening protected by 16-mesh or finer corrosion resistant screening. It was noted during this investigation that there is a gap in the screen on the ground storage tank at plant 1.

Investigation: 534597

Comment Date: 01/26/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

Investigation: 557216

Comment Date: 05/18/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

Investigation: 567074

Comment Date: 07/09/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

Recommended Corrective Action:

minute per connection to the distribution system in the event of the loss of normal power supply.

Investigation: 567074

Comment Date: 07/09/2007

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply.

Recommended Corrective Action:

Track No: 264866 Compliance Due Date: No Date Entered

30 TAC Chapter 290.46(m)(1)[G]

Alleged Violation:

Investigation: 534597

Comment Date: 02/27/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually. Each of the system's ground, elevated, and pressure tanks shall be inspected annually by water system personnel or a contracted inspection service. It was noted during this investigation that none of the ground storage, elevated storage, and pressure tanks have been inspected since 2004.

Investigation: 557216

Comment Date: 05/18/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually.

Investigation: 567074

Comment Date: 07/09/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually.

Recommended Corrective Action:



DOUBLE DIAMOND COMPANIES

July 16, 2007

Richard Monreal
Water and Waste Section Work Leader
Waco Regional Office
6801 Sanger Avenue, Suite 2500
Waco, Texas 76710-7826

Re: Unresolved Alleged Violations for the Comprehensive Compliance Investigation at:
White Bluff Community Water System, Hill County
TCEQ ID No.: 1090073, RN101233120
Investigation #'s - 557216, 534597 & 510304

Dear Mr. Monreal,

Double Diamond Utilities is in receipt of your letter requesting additional compliance documentation for alleged violations at the above referenced system from an investigation conducted on August 24, 2006. You note in your letter that acceptable documentation has been received in the TCEQ office for some of the alleged violations. This letter will address the remaining outstanding alleged violations; they are listed and addressed below:

1. *Failure to keep a Plant Operations Manual - Investigation #'s - 557216, 534597 & 510304.*
A Groundwater Well Operations / Water System Operations Manual with necessary information for the operation of the wells and water system has been compiled. A copy of the manual is enclosed.
2. *Failure to provide a proper roof vent screen on the ground storage tank at plant #1 - Investigation #'s - 557216, 534597 & 510304.*

Vent screen was repaired immediately after the inspection. Photos were previously submitted to show compliance with this alleged violation. A new photo is enclosed to show compliance.

3. *Failure to meet this agencies minimum water system capacity requirements - Investigation #'s - 557216, 534597 & 510304.*

Enclosed is a letter from Consulting Environmental Engineers, Inc., a consultant retained by Double Diamond Utilities, which shows that the water system was cited due to misinformation and requested the alleged violation be withdrawn. This has previously been submitted to the TCEQ.

4. *Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply - Investigation #'s - 557216, 534597 & 510304.*

Enclosed is a timetable plan and schedule for White Bluff emergency power improvements which was previously submitted to the TCEQ.

5. *Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually - Investigation #'s - 557216, 534597 & 510304.*

Double Diamond Companies
10100 N. Central Expwy • Suite 600 • Dallas, TX • 75231
Phone: (214)706-9801 • Fax: (214)706-9878

DDU000289

September 10, 2008
Page 2

Inspections of the ground, elevated and pressure tanks was begun by system personnel after the last inspection and is ongoing. A more through inspection of the tanks, beyond what can be done by system personnel, will be budgeted for and scheduled in the future.

Sincerely,

Randy Gracy, President
Double Diamond Utilities Company

Enclosures: TCEQ Summary of Unresolved Investigation Findings
Letter from Consulting Environmental Engineers, Inc.
Photo of Roof Screen on Ground Tank – Plant #1
Emergency Power Plan and Schedule
Water System Operating Manual
Tank Inspection Form

DDU000290



DOUBLE DIAMOND COMPANIES

July 16, 2007

Richard Monreal
Water and Waste Section Work Leader
Waco Regional Office
6801 Sanger Avenue, Suite 2500
Waco, Texas 76710-7826

Re: Unresolved Alleged Violations for the Comprehensive Compliance Investigation at:
White Bluff Community Water System, Hill County
TCEQ ID No.: 1090073, RN101233120
Investigation #'s - 557216, 534597 & 510304

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5. *Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually - Investigation #'s - 557216, 534597 & 510304.*

Double Diamond Companies
10100 N. Central Expwy • Suite 600 • Dallas, TX • 75231
Phone: (214)706-9801 • Fax: (214)706-9878

DDU000291

July 16, 2007
Page 2

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Sincerely,

Randy Gracy, President
Double Diamond Utilities Company

Enclosures: TCEQ Summary of Unresolved Investigation Findings
Letter from Consulting Environmental Engineers, Inc.
Photo of Roof Screen on Ground Tank - Plant #1
Emergency Power Plan and Schedule
Water System Operating Manual
Tank Inspection Form

DDU000292

Kathleen Harnett White, *Chairman*
Larry R. Sward, *Commissioner*
H. S. Buddy Garcia, *Commissioner*
Glenn Shackle, *Executive Director*



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JUN 05 2007
PAGE OF
M.D.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 29, 2007

CERTIFIED MAIL 7004289000262449344
RETURN RECEIPT REQUESTED

RECEIVED
JUN 01 2007
BY: _____

Mr. Randy Gracy, *President*
Double Diamond Utilities Co.
16 White Bluff Drive
Whitney, Texas 76692

Re: Unresolved Alleged Violations for the Comprehensive Compliance Investigation at:
White Bluff Community Water System, Hill County
TCEQ ID No.: PWS: 1090073, RN101233120.

Dear Mr. Gracy:

The Texas Commission on Environmental Quality (TCEQ) Waco Regional Office has previously requested that you submit compliance documentation for the alleged violations noted during the investigation of the above-referenced facility conducted on August 24, 2006. We have received acceptable compliance documentation from you for all of the alleged violations except those listed in the enclosed summary. Please be advised that you are responsible for correcting these remaining problems. These unresolved alleged violations will be placed in your file to be evaluated during any subsequent investigation.

If you or members of your staff have any questions, please feel free to contact Mr. Michael Angel in the Waco Regional Office at (254) 751-0335.

Sincerely,

Richard Monreal
Richard Monreal
Water and Waste Section Work Leader
Waco Regional Office

RM/ma/ps

Enclosure: Summary of Unresolved Investigation Findings

REPLY TO: REGION 9 • 6801 SANGER AVE., STE. 2500 • WACO, TEXAS 76710-7826 • 254-751-0335 • FAX 254-772-9241

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

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DDU000293

Summary of Investigation Findings

WHITE BLUFF COMMUNITY WATER SYSTEM

Investigation # 557216

, HILL COUNTY,

Investigation Date: 05/18/2007

Additional ID(s): 1090073

OUTSTANDING ALLEGED VIOLATIONS

Track No: 255880 Compliance Due Date: No Date Entered

30 TAC Chapter 290.42(i)

Alleged Violation:

Investigation: 510304

Comment Date: 10/13/2006

Failure to keep a plant operations manual. A thorough plant operations manual must be compiled and kept up-to-date for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures, with protocols to be utilized in the event of a natural or man-made catastrophe, as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency. It was noted during this investigation that the water system did not have a plant operations manual.

Investigation: 534597

Comment Date: 01/26/2007

Failure to keep a plant operations manual.

Investigation: 557216

Comment Date: 05/18/2007

Failure to keep a plant operations manual.

Recommended Corrective Action:

Track No: 255881 Compliance Due Date: No Date Entered

30 TAC Chapter 290.43(c)(1)

Alleged Violation:

Investigation: 510304

Comment Date: 10/13/2006

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1. Vents shall be installed in strict accordance with current AWWA standards. The ground storage tank must be provided with a vent of the gooseneck or roof ventilator type, excluding turbine ventilators, be designed by the engineer based on the maximum outflow from the tank, designed to prevent possible entry of dust, birds, insects or any contaminants, with the opening protected by 16-mesh or finer corrosion resistant screening. It was noted during this investigation that there is a gap in the screen on the ground storage tank at plant 1.

Investigation: 534597

Comment Date: 01/26/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

Investigation: 557216

Comment Date: 05/18/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

Recommended Corrective Action:

Track No: 255884 Compliance Due Date: No Date Entered

30 TAC Chapter 290.45(b)(1)(D)(iv)

Alleged Violation:

Investigation: 510304

Comment Date: 10/24/2006

Failure to meet this agency's minimum water system capacity requirements. These

requirements include an elevated storage capacity of 100 gallons per connection or a pressure tank capacity of 20 gallons per connection. If pressure tanks are used, a maximum capacity of 30,000 gallons is sufficient for up to 2,500 connections. An elevated storage capacity of 100 gallons per connection is required for systems with more than 2,500 connections. Alternate methods of pressure maintenance may be proposed and will be approved if the criteria contained in subsection (g)(5) of this section are met. It was noted during this investigation that the system needs 12,020 gallons of pressure tank capacity for their 601 connections but has only 12,000 gallons of capacity.

Investigation: 534597

Comment Date: 01/26/2007

Failure to meet this agency's minimum water system capacity requirements.

Investigation: 557216

Comment Date: 05/18/2007

Failure to meet this agency's minimum water system capacity requirements.

Recommended Corrective Action:

Track No: 255965 Compliance Due Date: No Date Entered

30 TAC Chapter 290.45(b)(1)(D)(v)

Alleged Violation:

Investigation: 610304

Comment Date: 10/16/2006

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply. Emergency power is required for systems which serve more than 250 connections and do not meet the elevated storage requirement. Alternately, an emergency interconnection can be provided with another public water system that has emergency power and is able to supply at least 0.35 gallons per minute for each connection in the combined system. During the investigation it was noted that only Well 1 has emergency power. Well 1 has a pump rate of 120 gpm. The system requires a pump rate of 210.35 gpm for the 601 connections it serves to be compliant with the emergency power requirement. $(0.35 \text{ gpm} / \text{Connection} * 601 \text{ connections} = 210.35 \text{ gpm})$

Investigation: 534597

Comment Date: 01/26/2007

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply.

Investigation: 557216

Comment Date: 05/18/2007

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply.

Recommended Corrective Action:

Track No: 264866 Compliance Due Date: No Date Entered

30 TAC Chapter 290.46(m)(1)[G]

Alleged Violation:

Investigation: 534597

Comment Date: 02/27/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually. Each of the system's ground, elevated, and pressure tanks shall be inspected annually by water system personnel or a contracted inspection service. It was noted during this investigation that none of the ground storage, elevated storage, and pressure tanks have been inspected since 2004.

Investigation: 557216

Comment Date: 05/18/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually.

Recommended Corrective Action:

ALLEGED VIOLATIONS NOTED AND RESOLVED

Track No: 264543

30 TAC Chapter 290.46(r)

Alleged Violation:
Investigation: 510304

Comment Date: 10/23/2006

Failure to design and maintain a water distribution system to provide at all times a minimum pressure of 35 pounds per square inch (psi) at flow rates of at least 1.5 gallons per minute at each service outlet or connection. When the regulated entity is intended to provide fire fighting capability, it must also be designed to maintain a minimum pressure of 20 psi under combined fire and drinking water flow conditions. A digital pressure recorder was placed at a residence in the distribution system on 08/24/2006 and retrieved on 08/31/2006. Analysis of the resulting data showed multiple low pressure events. Although the system pressure was below thirty-five psi on several occasions, the pressure during this time period did not drop below twenty psi.

Investigation: 534597

Comment Date: 01/26/2007

Failure to design and maintain a water distribution system to provide at all times a minimum pressure of 35 pounds per square inch (psi) at flow rates of at least 1.5 gallons per minute at each service outlet or connection.

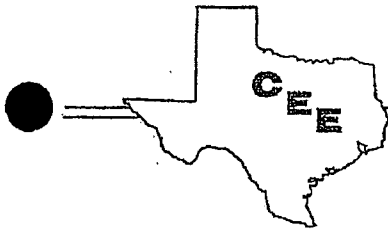
Investigation: 557216

Comment Date: 05/18/2007

Failure to design and maintain a water distribution system to provide at all times a minimum pressure of 35 pounds per square inch (psi) at flow rates of at least 1.5 gallons per minute at each service outlet or connection.

Recommended Corrective Action:

Resolution: Compliance documentation was submitted on 04/13/2007



Consulting Environmental Engineers, Inc.

150 Harbin Drive, Suite 408
Stephenville, Texas 76401

Phone / Fax: (254) 968-8130
Email: ceeinc@earthlink.net

May 21, 2007

TCEQ - Region 9
6801 Sanger Avenue - Suite 2500
Waco, Texas 76710

Attention: Mr. Michael Angel

RE: White Bluff Community Water System - PWS-10090073
RN-101233120 - NOV dated October 24, 2006

Dear Mr. Angel:

We are aware of the need to expand the pressure tank capacity at our White Bluff system and have implemented a plan to accomplish the enhancement. We expect to have our increased pressure tank capacity in place by some time in the fourth quarter of 2007.

With regard to the alleged violation described in Track No. 255884, Investigation No. 510304, we are confident that this allegation is the result of misinformation concerning the number of connections served rather than an actual violation.

On March 13, 2007, we canvassed our system records and determined that the actual number of connections served is 558. To the best of my knowledge and belief the system has at no time ever served over 563 connections.

Since the highest experienced connection count of 563 would require 11,260 gallons of pressure storage and our system has an acknowledged pressure storage capacity of 12,000 gallons, we respectfully request that this alleged violation be withdrawn.

I believe this is all that is required, but if not let me know.

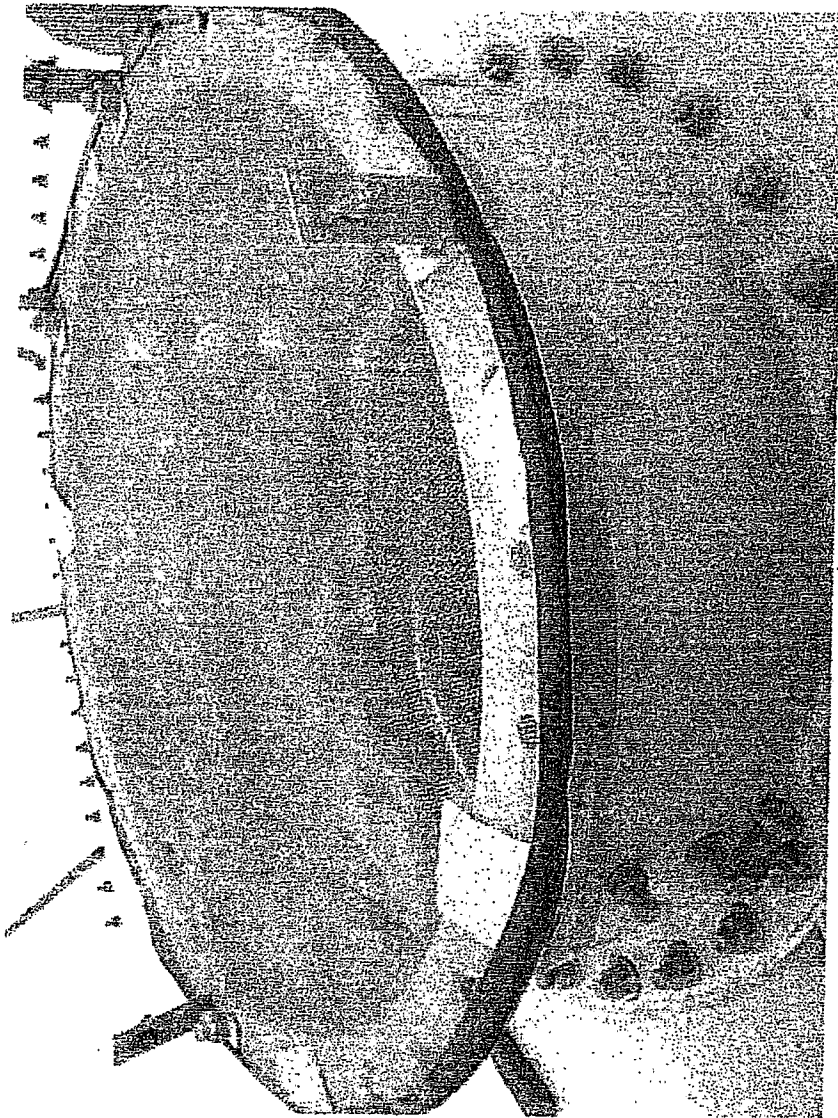
Yours truly,

Charles P. Gillespie, Jr., P.E.
President

CPG/pc

CC: Richard Tuck
Melissa Doud
Double Diamond Utilities Company

DDU000297

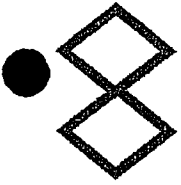


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Alouno Storage

DDU000298

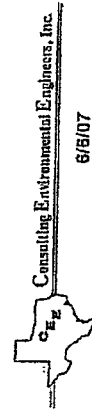


DOUBLE DIAMOND UTILITIES COMPANY

Plan and Schedule for White Bluff Emergency Power Improvements

TASK	WEEK ENDING														
	5/18	5/25	6/01	6/08	6/15	6/22	6/29	7/06	7/13	7/27	8/03	8/10	8/17	8/24	8/31
Generate Specifications															
Solicit Bids/Proposals															
Bid Analysis															
Place Order															
Lead Time															

APPROXIMATE



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

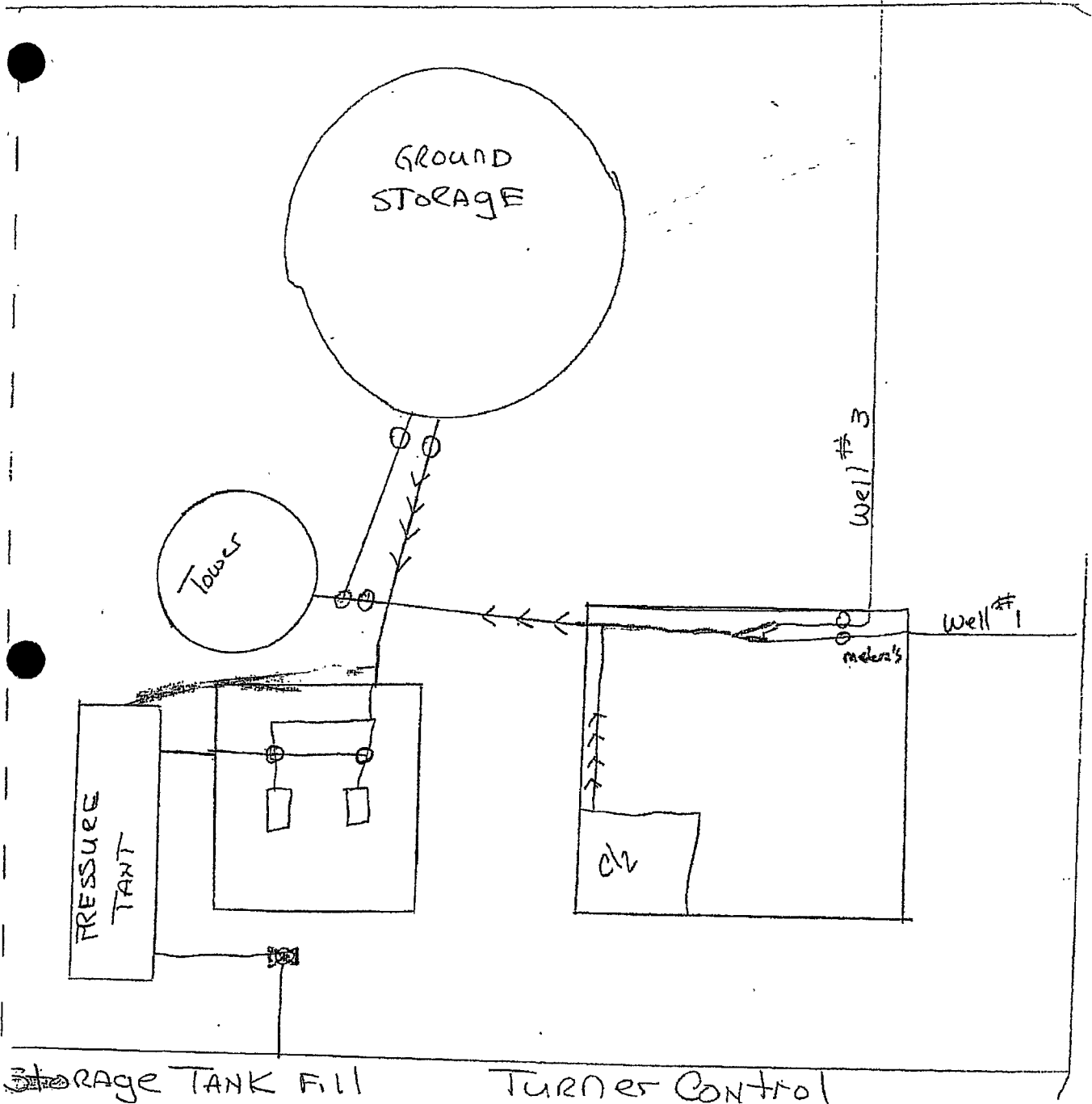
On-Call Pager – 254-260-5209

Security After Hours For Emergencies

254-694-4471

TCEQ – Waco Office Region 9

254-751-0335

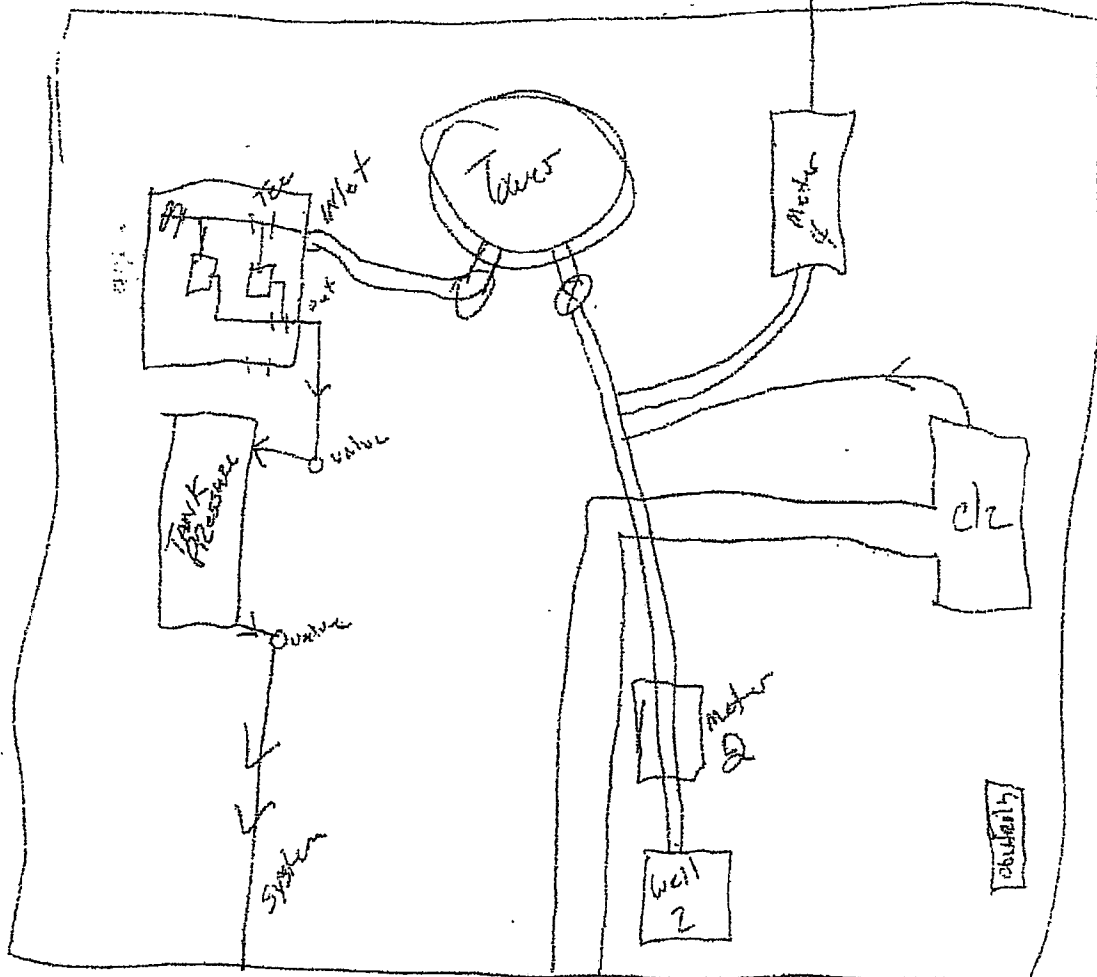


Storage TANK Fill

Turner Control

ower TANK Fill

Well #2



POTABLE WATER STORAGE TANK Inspection Form

Section 290.46(b)(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: <u>Well #1</u>
Description: <u>Stano Pipe, Pressure Tank, Ground Storage</u>
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: <u>6/11/07</u>			Last Inspection of Pressure Tank Interior

Comments

Name of Inspector: <u>RICHARD ZIHT</u>
Date of Inspection: <u>6.11.07</u>

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: <u>Well #2</u>
Description: <u>Stavopipe, Pressure Tank</u>
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: <u>6/11/07</u>		Last Inspection of Pressure Tank Interior	

Comments

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

Attachment 3

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	12.59	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	9.59	per Hour
Utility Operator		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

Attachment 4

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

Attachment 5

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

Description	Install	Booked	Adjustment ⁽¹⁾	Total
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	\$ 11,954	\$ 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	5	-	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	69,502	1,398	16,068	53,434
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	Depreciation		Net Book Value
				Years	Months	Days		Annual	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	15,125	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	-	30	114,761	2,295	22,952	91,809
Surface	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	3	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	30	223,083	4,462	7,762	215,321
Ground	Distribution System Mains and Lines	6/30/2006	50	1	6	1	1,638,828	32,777	240,495	1,398,332
	Subtotal						\$ 1,638,828	\$ 32,777	\$ 240,495	\$ 1,398,332
Other:										
Surface	Original Purchase Price	11/1/1993	50	14	1	30	\$ 99,800	\$ 1,996	\$ 28,272	\$ 71,528
Surface	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
Ground	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	1,035	4,227	6,128
Surface	RO Unit Upgrade	9/1/2007	10	3	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)			1			\$ 152,552	\$ 30,510	\$ 30,510	\$ 122,042
Surface	Cash Advance Payable			1			154,824	30,965	30,965	123,859
	Subtotal						\$ 307,376	\$ 61,475	\$ 61,475	\$ 245,901
Common Plant (See Page 6)							\$ 1,672,664	\$ 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

System	Item	Date of Installation	Service Life	Years in Service		Original Cost	Annual	Depreciation Accumulated	Net Book Value
				Years	Months				
Total by System Type (Original Cost, Net of Common Plant and Deferred Accounting)									
	Ground Surface					\$ 2,974,997	\$ 71,929	\$ 469,798	\$ 2,505,199
						<u>772,505</u>	<u>46,996</u>	<u>287,092</u>	<u>485,413</u>
	Total					\$ 3,747,502	\$ 118,925	\$ 756,890	\$ 2,990,612
Common Plant Allocation									
	Ground Surface					\$ 2,974,997			
						<u>772,505</u>			
	Total					\$ 3,747,502			
						79%			
						21%			
						<u>100%</u>			
Allocation of Common Plant									
	Ground Surface					\$ 132,785	\$ 14,841	\$ 68,395	\$ 64,390
						<u>34,480</u>	<u>3,854</u>	<u>17,760</u>	<u>16,720</u>
	Total					\$ 167,264	\$ 18,695	\$ 86,155	\$ 81,110
Addition of Deferred Accounting Treatment of Cash Advances Payable									
	Ground Surface					\$ 152,552	\$ 30,510	\$ 30,510	\$ 122,042
						<u>154,824</u>	<u>30,965</u>	<u>30,965</u>	<u>123,859</u>
	Subtotal					\$ 307,376	\$ 61,475	\$ 61,475	\$ 245,901
Total Water Assets by System Type									
	Ground Surface					\$ 3,260,334	\$ 117,281	\$ 568,703	\$ 2,691,631
						<u>963,808</u>	<u>81,214</u>	<u>335,817</u>	<u>625,991</u>
	Total					\$ 4,224,142	\$ 198,495	\$ 904,520	\$ 3,317,622

Double Diamond Utilities Co.
Application for a Rate / Tariff Change
Test Year Ended 12/31/2007
Common Plant Listing and Allocation

Item	Date of Installation	Service Life	Years in Service			Original Cost	Annual	Depreciation Accumulated	Net Book Value
			Years	Months	Days				
Office Furniture and Equipment	7/1/1990	10	17	5	30	\$ 12,500	\$ -	\$ 12,500	
Heavy Equipment	3/1/2000	7	7	9	30	\$ 49,702	\$ -	\$ 49,702	
John Deere Tractor	11/1/2002	5	5	1	30	1,500		1,500	
Trailer with Hitch	9/1/2004	7	3	3	30	29,788	4,253	14,166	
Casa Backhoe	9/1/2005	7	2	3	30	1,157	165	385	
Cut Off Saw	7/1/2007	7	0	5	30	75,724	10,961	5,405	
2006 Backhoe						158,851	15,378	71,148	
Subtotal								87,703	
Vehicles									
2002 Chevy Pickup	8/1/2002	5	5	4	30	\$ 17,282	\$ -	\$ 17,282	
Chevy S-10	9/1/2003	5	4	3	30	12,532	2,586	11,196	
Chevy Pickup	5/1/2005	5	2	7	30	19,293	3,859	10,254	
2007 Chevy Pickup	10/1/2006	5	1	2	30	16,819	3,364	4,193	
2007 Chevy Silverado	10/1/2006	5	1	2	30	15,617	3,123	3,894	
Subtotal						\$ 81,943	\$ 12,932	\$ 46,819	
TOTALS						\$ 253,294	\$ 28,311	\$ 130,467	

Allocation of Common Plant based upon Original Cost of Utility Plant		
	Original Cost	Net Book Value
Original Cost of Utility Plant	\$ 3,747,502	66.04%
Water	1,927,463	33.96%
Sewer	5,674,985	

Allocation of Common Plant based upon Original Cost of Utility Plant				
	Original Cost	Annual	Accumulated	Net Book Value
Office Furniture and Equipment	\$ 8,254	\$ -	\$ 8,254	\$ -
Water	4,246	-	4,246	-
Sewer	12,500	-	12,500	-
Subtotal	\$ 104,898	\$ 10,155	\$ 46,883	\$ 57,915
Heavy Equipment	53,953	5,223	24,165	29,788
Water	158,851	15,378	71,148	87,703
Sewer	54,112	8,540	30,917	23,194
Vehicles	27,831	4,392	15,902	11,930
Water	81,943	11,932	46,819	35,124
Sewer	167,264	18,695	86,155	81,110
Total	86,030	9,616	44,312	41,717
Total	253,294	28,311	130,467	122,827

Water Utility Plant Summary		
	Original Cost	Net Book Value
Total Water Plant (Inclusive of Deferred Accounting)	\$ 4,054,878	\$ 129,800
Common Plant Allocated to Water	167,264	86,155
Total Sewer Plant	\$ 4,222,142	\$ 130,467

Attachment 6

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	Months	Days	Original Cost	Annual	Depreciation Accumulated	Net Book Value	
	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	2,569	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	Months	Days	Original Cost	Annual	Depreciation Accumulated	Net Book Value
Distribution System:											
Ground	Distribution System Mains and Lines	7/1/1990	50	17	5	30	30	293,287 \$	5,866 \$	102,610 \$	190,677 \$
Ground	Distribution System Mains and Lines	1/1/1994	50	13	11	30	30	57,694	1,154	16,139	41,556
Ground	Distribution System Mains and Lines	1/1/1997	50	10	11	30	30	15,126	303	3,324	11,802
Ground	Distribution System Mains and Lines	1/1/1997	50	10	11	30	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	-	-	-	66,097	1,372	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	-	-	-	148,638	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	3	146,452	2,929	10,978	135,474
Ground	Distribution System Mains and Lines	3/31/2005	50	2	2	9	9	171,565	3,431	9,401	162,164
Surface	Distribution System Mains and Lines	9/1/2005	50	2	3	30	30	8,118	162	378	7,740
Surface	Distribution System Mains and Lines	12/1/2005	50	2	-	-	-	8,106	162	338	7,768
Ground	Distribution System Mains and Lines	3/31/2006	50	1	9	30	30	178,466	3,569	6,210	172,257
Ground	Distribution System Mains and Lines	6/30/2006	50	1	6	1	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	30	46,288 \$	926 \$	13,113 \$	33,175 \$
Surface	RO System Improvements	6/1/1998	10	9	6	30	30	85,342	8,534	81,718	3,624
Ground	Lab Equipment	12/1/1999	10	8	-	-	-	-	-	-	-
Ground	Pressure Controls	1/1/2000	10	7	11	30	30	-	-	-	-
Surface	Reverse Osmosis System	12/1/2000	50	7	-	-	-	9,435	189	1,336	8,099
Surface	Water Plant Improvements	9/1/2001	10	6	3	30	30	-	-	-	-
Ground	Water System Improvement	12/1/2001	10	6	-	-	-	-	-	-	-
Ground	Power Supply Generator	12/1/2001	50	6	-	-	-	-	-	-	-
Surface	Water Plant Improvements	12/1/2002	10	5	-	-	-	-	-	-	-
Ground	Treatment Plant	9/1/2003	10	4	3	30	30	9,201	920	3,983	5,218
Ground	Water System Design - Engineering	12/1/2003	50	4	-	-	-	112,481	2,250	9,183	103,298
Surface	RO Unit Upgrade	12/1/2003	10	4	-	-	-	8,284	828	3,382	4,902
	Subtotal	9/1/2007			3	30	30	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 \$

Attachment 7

Trial Balance
As of December 30, 2007
Double Diamond Utilities Co.

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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 - CGC	-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	-571.87
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

Attachment 8

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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Report of Independent Certified Public Accountants

Board of Directors
Double Diamond-Delaware, Inc.

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Grant Thornton LLP
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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	859,688	(1,072,877)
Net cash provided by operating activities	<u>12,102,355</u>	<u>33,171,288</u>
Cash flows from investing activity		
Additions to property and equipment	(11,591,907)	(3,199,766)
Notes receivable	(28,283,122)	(27,708,222)
Net cash used in investing activity	<u>(39,875,029)</u>	<u>(30,907,988)</u>
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	(4,196,571)	(6,444,721)
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	<u>(289,944)</u>	<u>(4,091,672)</u>
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.