



Control Number: 46245



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**PUBLIC UTILITY COMMISSION OF TEXAS**

**CLASS B RATE/TARIFF CHANGE APPLICATION**

*Required Schedules for rate/tariff changes*

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
CCN No. 12087, 20705

ADDRESS OF UTILITY: 5495 Belt Line Road, Suite 200  
Street, P.O. Box and/or suite number  
  
Dallas 75254  
City and Zip Code

PHONE NUMBER: (214) 706-9801  
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Randy Gracy

PHONE: (214) 706-9801

EMAIL ADDRESS: rgracy@ddresorts.com

PUC CLASS SIZE B  C (circle one)

INCREASE (DECREASE) \$ 229,944 (From Sch 1-1, Line 33)  
dollar amount

43% (From Sch 1-1, Line 34)  
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY

S-Corporation

DATE OF LAST GENERAL RATE CASE FILING 10/24/2008 Water, 2/26/2009 Sewer

DATE OF LAST NON-GENERAL RATE CHANGE\* N/A

\* (e.g. pass through rate change or temporary water rate provision)

## **CLASS B RATE/TARIFF CHANGE APPLICATION**

### *Required Schedules for rate/tariff changes*

***\*\*Please read the "Class B Investor-Owned Utilities water and/or sewer Instructions for Rate/Tariff Change Application" completing these schedules.\*\****

**These schedules are organized in a manner whereby the user can work through each section to:**

- 1st Record historical test year data on Schedule I-1, Column D.  
Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Calculate operating expenses and make adjustments (Section II).**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**

**These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information. If the applicant does not use a schedule, it should be noted as "N/A", and an explanation provided.**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION  
 SCHEDULES

**Complete all of the following schedules for your Class A or B utility  
 (if the schedule does not apply, include it marked "N/A")**

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2015  
 DATE SUBMITTED TO PUC: July 2016

	Attachment Schedule	Items Checked
<b>SECTION I <u>REVENUES AND REVENUE REQUIREMENT</u></b>		
Revenue Requirement Summary	I-1	<input checked="" type="checkbox"/>
Historical Revenue Summary	I-2	<input checked="" type="checkbox"/>
 <u>Include the appropriate schedules:</u>		
Metered Active Connections by Meter Size	I-3	<input checked="" type="checkbox"/>
Unmetered Active (Flat Rate) Customers	I-4	<input checked="" type="checkbox"/>
 <b>SECTION II <u>OPERATIONS AND EXPENSES</u></b>		
Water Production (no unmetered rates)	II-1(a)	<input checked="" type="checkbox"/>
Water Production (with unmetered rates)	II-1(b)	<input checked="" type="checkbox"/>
Other Revenues & Expenses passed through	II-3	<input checked="" type="checkbox"/>
Purchased Power	II-4	<input checked="" type="checkbox"/>
Other Volume Related Expenses	II-5	<input checked="" type="checkbox"/>
Payroll Cost Allocation	II-6	<input checked="" type="checkbox"/>
Materials	II-7	<input checked="" type="checkbox"/>
Contract Work	II-8	<input checked="" type="checkbox"/>
Transportation Expenses	II-9	<input checked="" type="checkbox"/>
Other Plant Maintenance	II-10	<input checked="" type="checkbox"/>
Employee Pensions/Benefits	II-11	<input checked="" type="checkbox"/>
Bad Debts/uncollectables	II-12	<input checked="" type="checkbox"/>
Office Services and Rentals	II-13	<input checked="" type="checkbox"/>
Office Supplies and Expense	II-14	<input checked="" type="checkbox"/>
Professional Services	II-15	<input checked="" type="checkbox"/>
Insurance	II-16	<input checked="" type="checkbox"/>
Rate Case Expense	II-17	<input checked="" type="checkbox"/>
Regulatory Commission Expense	II-18	<input checked="" type="checkbox"/>
Miscellaneous Expense	II-19	<input checked="" type="checkbox"/>

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION  
 SCHEDULES  
 TABLE OF CONTENTS (Page 2 of 2)

**Complete all of the following schedules for your Class A or B utility  
 (if the schedule does not apply, include it marked "N/A")**

	Attachment Schedule	Items Checked
<b>SECTION III <u>RETURN AND RATE BASE</u></b>		
Requested Return	III-1	<input checked="" type="checkbox"/>
Rate Base	III-2	<input checked="" type="checkbox"/>
Utility Plant	III-3	<input checked="" type="checkbox"/>
Utility Plant reconciled to previous filing	III-3(a)	<input checked="" type="checkbox"/>
Developer Construction work in progress	III-4(a)	<input checked="" type="checkbox"/>
Materials and Supplies Inventory	III-4(b)	<input checked="" type="checkbox"/>
Working Cash	III-5	<input checked="" type="checkbox"/>
Notes Payable	III-6	<input checked="" type="checkbox"/>
Accumulated Depreciation	III-7	<input checked="" type="checkbox"/>
Advances for Construction	III-8(a)	<input checked="" type="checkbox"/>
Contributions in Aid of Construction	III-8(b)	<input checked="" type="checkbox"/>
Deferred Income Taxes	III-9(a)	<input checked="" type="checkbox"/>
Deferred Investment Tax Credits	III-9(b)	<input checked="" type="checkbox"/>
Deferred Assets	III-10(a)	<input checked="" type="checkbox"/>
<b>SECTION IV <u>TAXES OTHER THAN INCOME</u></b>		
Property, Payroll and Other Taxes	IV(a)	<input checked="" type="checkbox"/>
Revenue Related Taxes	IV(b)	<input checked="" type="checkbox"/>
<b>SECTION V <u>FEDERAL INCOME TAXES (FIT)</u></b>		
Income Taxes at Present Rates-effective rate	V	<input checked="" type="checkbox"/>
<b>SECTION VI <u>RATE DESIGN</u></b>		
Rate Design Worksheet	VI	<input checked="" type="checkbox"/>

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
SCHEDULES - CLASS B RATE/TARIFF CHANGE  
SECTION I - REVENUE REQUIREMENTS AND REVENUES

The purpose of Section I is to summarize the revenue requirement and provide revenues and meter information for the test year.

Instructions for Section I - Revenue Requirement and Revenues

Carefully complete the label for each workpaper. Your application docket number should be included on each page.

Schedule I-1 is a **SUMMARY**. Complete column D, historical test year information first using financial records, then work through the remainder of the sections and schedules other than the rate design, Schedule VI, to calculate the utility's changes to its historical test year in Column E. Column G provides the workpaper source for amounts in Columns E & F.

Schedule I-2 reports historical revenues collected and Schedules I-3 and I-4 report connection information. Use historical financial data and data from recent annual reports (PUC Rpt.) to complete the schedules.

**Please complete Schedule II-3 prior to I-2.**

Insert and reference additional workpapers as necessary. For example, you may wish to add schedules that apply to unique situations in your utility.

The schedules are based on NARUC chart of accounts and include sub-accounts as necessary for detail needed to determine reasonable and necessary expenditures.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
I-1 REVENUE REQUIREMENT SUMMARY						
PUC Docket No.		Test Year End:		12/31/2015		
A	B	C	D	E	F=D+E	G
			Historical Test Year	K & M Changes	Adjusted Test Year	
Line No.	Acct. No.	Account Name				Reference/ Instructions
		<b>Volume related expenses:</b>				
1	610	Purchased water	-	-	-	Schedule II-3
2	615	Power Expense-production only	21,567	-	21,567	Schedule II-4
3	618	Other volume related expenses	21,480	-	21,480	Schedule II-5
4		Total volume related exp.	43,047	-	43,047	Add Lines 1-3
		<b>Non-volume related expenses:</b>				
5	601-1	Employee labor	112,029	61,871	173,900	Schedule II-6, Line 10
6	620	Materials	2,999	-	2,999	Schedule II-7
7	631-636	Contract work	22,194	-	22,194	Schedule II-8
8	650	Transportation expenses	29,185	-	29,185	Schedule II-9
9	664	Other plant maintenance	123,059	-	123,059	Schedule II-10
10		Total non-volume related exp.	289,466	61,871	351,337	Add Lines 5-9
		<b>Admin. &amp; general expenses:</b>				
11	601-2	Office salaries	-	-	-	Schedule II-6, line 2
12	601-3	Mgmt. salaries	-	-	-	Schedule II-6, line 3
13	604	Employee pensions & benefits	-	-	-	Schedule II-11
14	615	Purchased power-Office only	-	-	-	Schedule II-4
15	670	Bad debt expense	-	-	-	Schedule II-12
16	676	Office services & rentals	-	-	-	Schedule II-13
17	677	Office supplies & expenses	11,157	-	11,157	Schedule II-14
18	678	Professional services	24,259	-	24,259	Schedule II-15
19	684	Insurance	20,606	-	20,606	Schedule II-16
20	666	Regulatory (rate case) expense	-	-	-	Schedule II-17
21	667	Regulatory expense (other)	25,212	-	25,212	Schedule II-18
22	675	Miscellaneous expenses	41,113	-	41,113	Schedule II-19
23		Total admin. & general expense	122,347	-	122,347	Add Lines 11-22
24		Total operating Expenses	537,331	61,871	516,731	Lines 4 + 10 + 23
25	403	Depreciation	83,982	23,724	107,706	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	19,884	632	20,516	Sch IV(b), Line 8
27	409/10	Income Tax Expense	-	10,747	10,747	Schedule V, Line 7
28		TOTAL EXPENSES	558,726	96,973	655,699	
29		TOTAL HISTORIC REVENUE	537,331			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(21,395)			Line 30 less Line 29
31		REQUESTED RETURN			93,091	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			748,791	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	211,460	Line 32 less Line 29
34		PERCENTAGE INCREASE			39%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			(5,321)	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	743,470	Line 33 minus Line 35

UTILITY NAME: <u>Double Diamond Utility Company, Inc. THE CLIFFS (Total)</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: <u>12/31/2015</u> <b>I-2 HISTORICAL REVENUE SUMMARY</b>				
Line No.	NARUC A/C	Description	Historical Test Year	
1.	461	Metered connections base rate revenue	\$ 541,149	From financial records
2.	461	Metered connection gallonage rate revenue	n/a	From financial records
3	460	Unmetered (Flat rate) revenue	\$ -	From financial records
4.	Total Metered & Flat Rate Revenue		\$ 541,149	
5.	Plus: Total Other Revenues		\$ (3,818)	From II-3, Column B, line 7
6.	Total Metered & Flat Rate Revenue plus Other Revenues		\$ 537,331	Line 4 plus line 5

(to I-1, Column D, line 29)

\*Provide all calculations and explanations for any differences between the applicant's annual report and this schedule.

\* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number.

Note: Annual Report is reported on a consolidated basis for four systems while the schedule above reflects one system only, therefore, they cannot be reconciled.



UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>I-3 METERED ACTIVE CONNECTIONS BY METER SIZE</b> FOR TEST YEAR ENDED: 12/31/2015							
A	B	C	D	E	F	G	H
		Number of Connections					
Line No.	Meter Size	End of Prior Year	Test Year Additions	End of Test Year	Average	Meter Ratios	Meter Equivalencies End of TY
		PUC report Sch. 9		(C+D)	(C + E) /2		(E x G)
1.	5/8" x 3/4"	<b>NOT APPLICABLE</b>					
2.	3/4"						
3.	1"						
4.	1 1/2"						
5.	2"						
6.							
7.							
8.							
9.	Total						
10.	Average						

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS**  
 FOR TEST YEAR ENDED: 12/31/2015

A	B	C	D	E	F
		Number of Active Connections			
Line No.	Flat Rate Unit	End of Prior Year	Test Year Additions	End of Year	Average
		PUC report Sch. 9		(C + D)	(C + E) / 2
1.	NONE				
2.					
3.					
4.					
5.	Total				

UTILITY NAME: Double Diamond Utility Company, Inc.  
SCHEDULES - CLASS B RATE/TARIFF CHANGE  
SECTION II - OPERATIONS AND MAINTENANCE

The purpose of Section II is to report expense information and allow for the known and measurable changes to operating expenses to determine the revenue requirement in Schedule I-1.

**Instructions for Section II**

Compile financial and source information to determine known and measurable changes to the test year expenses. Provide copies of source documents, such as increased utility bill notices, to verify the applicant's proposed known and measurable changes. Show calculations and explanations for all known and measurable changes on all schedules, where applicable. Attach extra workpapers if needed.

Working through Schedules II-4 through II-19, complete each and transfer test year amounts to column G of Schedule I-1. Depreciation expense, other taxes, FIT and return will be determined using later schedules. Wait until those schedules are complete, and then transfer the amounts to Schedule I-1.

Insert and reference additional workpapers as necessary. For example, the applicant may use additional schedules that address unique aspects of the utility.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION</b> FOR TEST YEAR ENDED: 12/31/2015
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**SCHEDULE II-1(a): WATER PRODUCTION:  
(COMPANIES WITH METERED RATE CUSTOMERS)**

Line No.	Water Production (1,000 Gallons)	A	B	C= A+B	D
		Test Year	K & M Changes	Adjusted Test Year	Reference
1	Total water pumped	<b>NOT APPLICABLE</b>			PUC Annual Report
2	Total water purchased				PUC Annual Report
3	Total water produced				Line 1 + Line 2
4	Total water sold				PUC Annual Report
5	Total accounted for non-revenue water*				
6	Total unaccounted for water				Lines 3 less 4 less 5
7	Percentage				Line 6 divided by Line 3

\* Describe the tracking technique for calculating line 5 and provide the records reflecting the calculation.

Known and measurable calculations and explanations:

**SCHEDULE II-1(b) WATER PRODUCTION  
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

Line No.	Description	A	B	C=A+B	D
		Test Year	K & M Change	Adjusted Test Year	Reference
1	Water Purchased (1,000 gallons)	<b>NOT APPLICABLE</b>			PUC report Sch. D-1
2	Water Pumped (1,000 gallons)				PUC report Sch. D-1
3	Total production (1,000 gallons)				Lines 13 + 14

Known and measurable calculations and explanations:

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-3 OTHER REVENUES & EXPENSES PASSED THROUGH**  
 FOR TEST YEAR ENDED: 12/31/2015

II-3(a) Purchased Water or Other Pass Through Expenses

Line No.	A	B	C	D	D
	Purchased from:	Units purchased (in _____)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
	Not Applicable	(e.g. 1,000 gal, AC - FT)			
1.					
2.					
3.					
4.	Total *				

\* Must agree with Schedule II-1(a), Line 2, column A, or provide a reconciliation.

II-3(b) Other revenues collected from customers

Line No.	A	B	D
	Item passed thru or type of other revenue	Test year historical revenues collected	Test year revenues netted against
1.	Tap Fees*	(9,139)	
2.	Late Fees	4,646	
3.	Meter Test Fees	-	
4.	Reconnect Fees	675	
5.	Purchased Water Fees	-	
6.	Groundwater Conservation District Fees	-	
7.	Other (attach detail**)	-	
8.	Total Other Revenues	(3,818)	

(to Sch. I-2, line 5)

(to Sch I-1, line 35)

\* Tap fees should be reported on Sch. III-8-CIAC, Line 1

\*\* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number

UTILITY NAME: Double Diamond Utility Company, Inc THE CLIFFS (Total)  
 II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**PURCHASED POWER**  
 FOR TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

Line No.	Account No.	Account Name
2.	615.1	Purchased Power (electric) -production

**II-4(a) Volume related expenses (Electric used for production of water/sewer)**

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>21,400</u>
	<u>TME 12/31/14</u>	\$ <u>24,300</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>21,567</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 2)
c. Adjusted Test year (a.+b.)		\$ <u>21,567</u> (to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change: N/A

**II-4(b) Office related expenses (Electric used for production of water/sewer)**

Line No.	Account No.	Account Name
14	615.2	Purchased Power (electric) Expense for office

**Volume related expenses**

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>-</u>
	<u>TME 12/31/14</u>	\$ <u>-</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>-</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 14)
c. Adjusted Test year (a.+b.)		\$ <u>-</u> (to I-1, Column F, Line 14)

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-5 OTHER RELATED VOLUME EXPENSES**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.**

Line No.	Account No.	Account Name
3.	618	Other volume related expenses

**Other volume related expenses**

List the amount spent on other volume related expenses for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

	Year	Amount
	TME 12/31/13	\$ 28,217
	TME 12/31/14	\$ 26,697
a. Test Year	TME 12/31/15	\$ 21,480
b. K & M Change		\$ - (to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ 21,480 (to I-1, Column F, Line 3)

Explanation and calculations of known and measurable change: N/A

---

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-6 ALLOCATION OF PAYROLL EXPENSES**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SER  
 II-6(a) PAYROLL COSTS:**

Line No	Employee Name	Test Year Payroll	Capitalized Payroll	Expensed Payroll	1st 7000 or new limit (FUTA max)	7,001 to 9000 or new limit (SUTA max)	9,001 to 118500 or new limit (or FICA max)	over 118500 or new limit	Total Payroll
1	Austin Cornelious	22,880	-	22,880	7,000	2,000	13,880	-	22,880
2	Kelton K Leggett	29,120	-	29,120	7,000	2,000	20,120	-	29,120
3	Joshua Nolte	45,000	-	45,000	7,000	2,000	36,000	-	45,000
4	Buck W Nunley	14,500	-	14,500	7,000	2,000	5,500	-	14,500
5	Bryce R. Talley	20,800	-	20,800	7,000	2,000	11,800	-	20,800
6	Christopher C Fields	20,800	-	20,800	7,000	2,000	11,800	-	20,800
7	Cameron Brett Kirby	20,800	-	20,800	7,000	2,000	11,800	-	20,800
8									
9	Total	173,900	-	173,900	49,000	14,000	110,900	-	173,900
10.	Line 9, column F divided by line 9, column E=								0.64

**II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:**

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

Line No	Acct No.	Test Yr Expense	
1	601-1	173,900	to Schedule I-1, Line 5.
2	601-2	-	to Schedule I-1, Line 11
3	601-3	-	to Schedule I-1, Line 12
4		173,900	(should equal II-6(a), Column C, Line 9.)

\*Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year

\*\* Attach an explanation and calculation for K&M salary changes from test year.

Capitalization Policy. Employees do not perform construction activities; therefore, 0.00% of labor is capitalized



UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)	
SCHEDULES - CLASS B RATE/TARIFF CHANGE	
<b>II-7 MATERIALS</b>	
FOR THE TEST YEAR ENDED:	12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
6.	620	Materials

**II-7(a) Materials**

**List the amount spent on materials for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items in the list below. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:**

	<u>Year</u>	<u>Amount</u>
	<u>TME 12/31/13</u>	<u>\$ 1,157</u>
	<u>TME 12/31/14</u>	<u>\$ 1,671</u>
a. Test Year	<u>TME 12/31/15</u>	<u>\$ 2,999</u>
b. K & M Change	<u>\$ -</u>	(to I-1, Column E, Line 6)
c. Adjusted Test year (a.+b.)	<u>\$ 2,999</u>	(to I-1, Column F, Line 6)

**\* A large item is more than 10% of the test year account balance and more than \$1,000.**

**Expensed materials may not be included in rate base in materials and supplies inventori**

**Explanation and calculations of known and measurable change: N/A**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-8 CONTRACT WORK**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

Line No.	Account No.	Account Name
7.	631, 635, 636	Contract work (non-capitalized engineering, testing, other)

**II-7(a) Contract work**

List the amount spent on contract work for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase. The increase in the Test Year is due to normal cost fluctuations.

	Year	Amount
	TME 12/31/13	\$ 28,270
	TME 12/31/14	\$ 20,799
a. Test Year	TME 12/31/15	\$ 22,194
b. K & M Change	-	\$ - (to I-1, Column E, Line 7)
c. Adjusted Test year (a.+b.)	22,194	\$ 22,194 (to I-1, Column F, Line 7)

\* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

N/A

**II-8(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-9 TRANSPORTATION**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
8.	650	Transportation expense

**II-9(a) Transportation expense**

List the type of vehicles used by the utility and allocate the percent used for business purposes. For example, is there one vehicle used solely for the utility, or is it used for non-business activities too? Is there a vehicle involved that is part of the Company's Plant in Service and thus is already depreciated?

Vehicle expenses reported using a cost per unit (say 34 cents per mile) have the depreciation factor included. A vehicle which is part of the Plant in Service should show only actual operating and maintenance expenses (oil, gas, repairs, maintenance) excluding insurance. The purpose of this supplemental page is to ensure that vehicle expense will be recorded properly and that vehicle depreciation is not listed twice or totally omitted.

Year	Amount
<u>TME 12/31/13</u>	\$ <u>22,550</u>
<u>TME 12/31/14</u>	\$ <u>30,236</u>
a. Test Year <u>TME 12/31/15</u>	\$ <u>29,185</u>
b. K & M Change	\$ <u>-</u> (to I-1, Column E, Line 8)
c. Adjusted Test year (a.+b.)	\$ <u>29,185</u> (to I-1, Column F, Line 8)

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**II-9(b) Large Items\*:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-10 OTHER PLANT MAINTENANCE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
9.	664	Other plant maintenance

**II-10(a) Other plant maintenance**

List the amount spent on other plant maintenance for the last two record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	<u>Year</u>	<u>Amount</u>
	<u>TME 12/31/13</u>	\$ <u>61,358</u>
	<u>TME 12/31/14</u>	\$ <u>109,897</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>123,059</u>
b. K & M Change		\$ <u>        </u> - (to I-1, Column E, Line 9)
c. Adjusted Test year (a.+b.)		\$ <u>123,059</u> (to I-1, Column F, Line 9)

\* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Test Year increase due to increases in R&M Water Plant and R&M Sewer Plant

**II-10(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-11 EMPLOYEE PENSIONS AND BENEFITS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
13.	604	Employee pensions and benefits

**Employee pensions and benefits**

List the amount spent on Employee's pensions and benefits for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. As applicable, provide information on any qualified pensions offered to employees and documentation, such as actuarial studies, discussing net pension costs as well as current funding status of the utility's projected benefit obligation. If the Test Year amount is higher than previous years, indicate the reason for the anticipated change:

**List types of Pensions & Benefits:**

<u>TME 12/31/15</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
Year		Total Amount		Pensions		Health		Other		Amount Capitalized*

Cost per Employee: -

<u>TME 12/31/15</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
Year		Total Amount		Pensions		Health		Other		Amount Capitalized*

Number of Employees covered: -

Cost per Employee: -

**List types of Pensions & Benefits:**

<u>TME 12/31/15</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
Year		Total Amount		Pensions		Health		Other		Amount Capitalized*

Number of Employees covered: -

Cost per Employee: -

\*(use % on Sch 11-6(a), line 10)

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-12 BAD DEBTS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
15.	670	Bad Debts

**II-12 Bad debts/Uncollectibles**

List the recorded amount the company was unable to collect for the last two years, and estimate the uncollectible amount for the Test Year. If the the Test Year is higher than previous years, indicate the reason for the anticipated increase.

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>-</u>
	<u>TME 12/31/14</u>	\$ <u>-</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>-</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ <u>-</u> (to I-1, Column F, Line 15)

**Explanation and calculations of known and measurable change: N/A**

**II-12(b) Large Items\*:**

Description	Amount	Date in service
None		

\* A large item is more than 10% of the test year account balance and more than

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-13 OFFICE SERVICES AND RENTALS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
16.	678	Office services & rentals

**II-13(a) Office services and rentals**

List the amount spent on office services and rentals for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ -
	<u>TME 12/31/14</u>	\$ -
a. Test Year	<u>TME 12/31/15</u>	\$ -
b. K & M Change		\$ - (to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ - (to I-1, Column F, Line 16)

**Explanation and calculations of known and measurable change: N/A**

**\* A large item is more than 10% of the test year account balance and more than \$1,000.**

**II-13(b) Large Items:**

Description	Amount	Date in service
None		

UTILITY NAME <u>Double Diamond Utility Company, Inc. THE CLIFFS (Total)</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-14 OFFICE SUPPLIES</b> FOR THE TEST YEAR ENDED <u>12/31/2015</u>
--

This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.

Line No.	Account No.	Account Name
17.	681	Office supplies & expenses

**II-14(a) Office supplies & expenses**

List the amount spent on office supplies and expenses for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
<u>TME 12/31/13</u>	\$ <u>13,684</u>
<u>TME 12/31/14</u>	\$ <u>12,006</u>
a. Test Year <u>TME 12/31/15</u>	\$ <u>11,157</u>
b. K & M Change	\$ <u>-</u> (to I-1, Column E, Line 17)
c. Adjusted Test year (a.+b.)	\$ <u>11,157</u> (to I-1, Column F, Line 17)

Explanation and calculations of known and measurable change: N/A

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**II-14(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A



UTILITY NAME: <u>Double Diamond Utility Company, Inc. THE CLIFFS (Total)</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-15 PROFESSIONAL SERVICES</b> FOR THE TEST YEAR ENDED: 12/31/2015
---

This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.

Line No.	Account No.	Account Name
18.	682	Professional services

**II-15(a) Professional services**

List the amount spent on professional services for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items\*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
<u>TME 12/31/13</u>	\$ <u>8,341</u>
<u>TME 12/31/14</u>	\$ <u>19,800</u>
a. Test Year <u>TME 12/31/15</u>	\$ <u>24,259</u>
b. K & M Change	\$ <u>-</u> (to I-1, Column E, Line 18)
c. Adjusted Test year (a.+b.)	\$ <u>24,259</u> (to I-1, Column F, Line 18)

Explanation and calculations of known and measurable change: N/A

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Increase in Test Year due to CCN issues in 2015.

**II-15(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-16 INSURANCE**  
 FOR THE TEST YEAR ENDED 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
19.	684	Insurance

**Insurance**

List the amount spent on insurance for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items\*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>22,220</u>
	<u>TME 12/31/14</u>	\$ <u>22,177</u>
<b>a. Test Year</b>	<u>TME 12/31/15</u>	\$ <u>20,606</u>
<b>b. K &amp; M Change</b>		\$ <u>-</u> (to I-1, Column E, Line 19)
<b>c. Adjusted Test year (a.+b.)</b>		\$ <u>20,606</u> (to I-1, Column F, Line 19)

**Types of insurance:**

Year	\$	<u>See Insurance Section in Attached Workpapers</u>			
		Total amount	Period Covered	Type	Company
Year	\$	<u>See Insurance Section in Attached Workpapers</u>			
		Total amount	Period Covered	Type	Company
Year	\$	<u>See Insurance Section in Attached Workpapers</u>			
		Total amount	Period Covered	Type	Company

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

**UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)**  
**SCHEDULES - CLASS B RATE/TARIFF CHANGE**  
**II-17 REGULATORY EXPENSE**  
**FOR THE TEST YEAR ENDED: 12/31/2015**

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
20.	666	Regulatory (Rate Case) Expense

**II-17(a) Regulatory commission expense**

List the amount spent on rate case expense for the last two years and for the Test Year. Typically, the commission separates rate case expense from the revenue requirement and allows recovery through a surcharge. The known and measurable adjustment would decrease this expense to zero in this case. In any event, if the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount	
	<u>TME 12/31/13</u>	\$ -	
	<u>TME 12/31/14</u>	\$ -	
a. Test Year	<u>TME 12/31/15</u>	\$ -	
b. K & M Change		\$ -	(to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ -	(to I-1, Column F, Line 20 - see instructions above)

**Explanation and calculations of known and measurable change: N/A**

\* A large item is more than 10% of the test year account balance and more than \$1,000 .

**II-17(b) Large Items:**

Description	Amount	Date in service
Not applicable		

UTILITY NAME. Double Diamond Utility Company, Inc. THE CLIFFS (Total) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-18 REGULATORY EXPENSE</b> FOR THE TEST YEAR ENDED. 12/31/2015
---

**This page is supplemental information. It is required to complete Schedule I-1.**  
**References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
21.	667	Regulatory commission expense

**II-18(a) Regulatory commission expense**

List the amount spent on regulatory commission expense for the two record periods and for the Test Year. Include TCEQ inspection fees or permit fees, and other regulatory expense. Do not include the regulatory assessment; this is a pass through expense. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>16,222</u>
	<u>TME 12/31/14</u>	\$ <u>23,083</u>
<b>a. Test Year</b>	<u>TME 12/31/15</u>	\$ <u>25,212</u>
<b>b. K &amp; M Change</b>		\$ <u>-</u> (to I-1, Column E, Line 21 - see instructions above)
<b>c. Adjusted Test year (a.+b.)</b>		\$ <u>25,212</u> (to I-1, Column F, Line 21 - see instructions above)

**Explanation and calculations of known and measurable change: N/A**

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

**If the actual for the Test Year is higher than previous years, indicate the reason for the increase:**

The increase in Regulatory Commission Expense is due to the increase in Water and SewerTests.

**II-18 (b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-19 MISCELLANEOUS EXPENSE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
22.	675	Miscellaneous

**II-19 (a) Miscellaneous expense**

List the amount spent on general miscellaneous for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>1,256</u>
	<u>TME 12/31/14</u>	\$ <u>42,497</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>41,113</u>
b. K & M Change	\$ <u>-</u>	(to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a.+b.)	\$ <u>41,113</u>	(to I-1, Column F, Line 22 - see instructions above)

**Explanation and calculations of known and measurable change: N/A**

**\* A large item is more than 10% of the test year account balance.**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)

**If the actual for the Test Year is higher than previous years, indicate the reason for the increase:**

Not Applicable

**II-19 (b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: _____ SCHEDULES - CLASS B RATE/TARIFF CHANGE SECTION III RATE BASE INSTRUCTIONS
---

**Section III provides working tables to allow the calculation of rate base and return on rate base.**

**Instructions for Section III**

- 1 Complete Schedules III-3 through III-9 as they apply to your company.**
- 2 Transfer resulting year end balances (last line of each table) to Schedule III-2.**
- 3 Complete Schedule III-1**

UTILITY NAME: <u>Double Diamond Utility Company, Inc. THE CLIFFS (Total)</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-1 REQUESTED RETURN</b> FOR THE TEST YEAR ENDED: 12/31/2015
--

**RETURN ON RATE BASE:**

Line No.		
1	Test year end rate base (from III-2, Line 16)	1,104,987
2	Requested ROR ( Col G, Line 7 below)	8.42%
3	Return on rate base (Line 1 x Line 2)	93,091

Rate of Return:

A	B	C	D	E	F	G
Line No.	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			G=(E x F)
4.	Equity (Rate base less Line 5, Column D)	\$ 488,015	44.16%	11.49%	Col E = Requested return on equity	5.07%
5.	Long Term Debt and Advances from associated companies from Schedule III-6	\$ 616,972	55.84%	6.00%	Col E = From Sch. III-6, Column H, Line 9	3.35%
6.	Total capitalization (Rate Base Sch III-2, Line 16)	\$ 1,104,987				
7.	Return on rate base Col G, Line 6 rounded to nearest 0.01%)					8.42%

To Line 2 above

\* ROE = Return on Equity

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-2 RATE BASE SUMMARY**  
 FOR THE TEST YEAR ENDED: \_\_\_\_\_ 12/31/2015

Line No.	Description	Amount	Reference
1	<b>Additions:</b>		(from)
2.	Utility plant (Original Cost)	2,630,180	Schedule III-3, Line 50, Col D
3.	Construction work in progress	-	Schedule III-4, Line 5
4.	Materials and supplies	-	Schedule III-4, Line 8
5.	Working cash (capital)	64,591	Schedule III-5, Line 2
6.	Prepayments	-	Schedule III-4, line 8
7.	Other Additions	-	Add schedule
8.	<b>TOTAL ADDITIONS (Add Lines 2 through 6)</b>	<b>2,694,772</b>	
	<b>Deductions:</b>		
9.	Reserve for depreciation (Accumulated)	1,269,466	Schedule III-3, Col F, Line 50
10.	Advances for construction	-	Schedule III-8(a), Col F, Line 6
11.	Developer Contributions in aid of construction	320,319	Schedule III-8(b), Col G, Line 6
12.	Accumulated deferred income taxes	-	Schedule III-9(a), Line 3
13.	Accumulated deferred investment tax credits	-	Schedule III-9(b), Line 3
14.	Other Deductions	-	Add schedule
15.	<b>TOTAL DEDUCTIONS (Add lines 9 through 14)</b>	<b>1,589,785</b>	
16.	<b>RATE BASE (Line 8, less Line 15)</b>	<b>1,104,987</b>	



UTILITY NAME Double Diamond Utility Company, Inc THE CLIFFS (Total) SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION 12/31/2015							Schedule III-3 (Provide a schedule for each PWS system) Add schedules as needed, provide a summary also						
Line No	[A] Item	[B] Date of Installation	[C] Service Life (yrs)		[D 1] Original Cost when installed \$	[D 2] Customer CIAC amount	[D]-[D.1] - [D 2] Adjusted Original Cost for Customer CIAC <sup>1</sup>	Depreciation			[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$) (Reserve)	[G] = [D]-[F] Net Book Value (\$)
			*	**				Time in Service					
								Years in Service	Months	Days			
1	303 Land and land rights	various			35,840		35,840	various			-	-	35,840
2	307 Wells	various	50		-		-	various			-	-	-
	Well Pumps:												
3	311 5 hp or less		5		992		992			198	808	184	
4	311 Greater than 5 hp	various	10		58,282		58,282	various			5,828	-	58,282
	Booster Pumps:												
5	311 5 hp or less		5		-		-			-	-	-	
6	311 Greater than 5 hp	various	10		320,352		320,352	various			32,036	162,893	157,459
7	320 Chlorinators		10		-		-			-	-	-	
	Structures:												
8	304 Wood		15		-		-			-	-	-	
9	304 Masonry		30		-		-			-	-	-	
10	305 Storage Tanks	various	50		145,569		145,569	various			2,910	40,554	105,015
11	311 Pressure Tanks	various	50		-		-	various			-	-	-
12	331 Distribution System (mains and lines)	various	50		683,167		683,167	various			13,662	380,990	302,177
13	334 Meters and Service (taps not covered by fees)	various	20		356,311		356,311	various			17,818	237,525	118,786
14	340 Office Equipment		10		-		-			-	-	-	
15	341 Vehicles	various	5		29,953		29,953	various			5,991	3,789	26,164
16	343 Shop Tools		15		-		-			-	-	-	
17	345 Heavy Equipment	various	10		-		-	various			-	-	-
18	348 Fencing	various	20		-		-	various			-	-	-
19	Other: (Please list)												
20	Sewer Plant - 7 yr life	various	5		8,314		8,314	various			1,188	3,659	4,655
21	Sewer Plant - 10 yr life	various	50		78,307		78,307	various			7,831	36,076	42,231
22	Sewer Plant - 20 yr life	various	various		74,328		74,328	various			3,470	51,155	23,173
23	Sewer Plant - 50 yr life	various	20		838,766		838,766	various			16,774	352,017	486,749
24	0	various	50		-		-			-	-	-	
25	0	various	50		-		-			-	-	-	
50	Total				2,630,180		2,630,180			107,706	1,269,466	1,360,714	

Add detailed workpapers if necessary to support this Schedule

<sup>1</sup> Any amount paid for an item that was not incurred by the utility, such as by a customer, is deducted from the original cost. The adjusted original cost amount here, Column D-2, labeled "Adjusted Original Cost for Customer CIAC." Column D-2 will then be depreciated and the net book value will be calculated (Column G). For an item with the entire amount of its original cost paid for by customer(s), Columns D-2, E, F and G would be zero. See Schedule III-8 for developer CIAC.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
 III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE  
 FOR TEST YEAR ENDED: 12/31/2015

## ORIGINAL COST DATA

A	B	C	D
Line No.	Description	Amount	Amount
1.	Beginning Gross Plant balance - (from previous rate case)	\$ -	-
2.	Plant additions after previous rate case		
3.	2008 Additions	\$ 2,630,180	
4.	2009 Additions	\$ -	
5.	2010 Additions	\$ -	
6.	2011 Additions	\$ -	
7.	2012 Additions	\$ -	
8.	2013 Additions	\$ -	
9.	2014 Additions	\$ -	
10.	2015 Additions	\$ -	
11.	Total additions (add lines 3 through 10, Col C)	\$ 2,630,180	2,630,180
12.	Test year plant retirements after previous rate case:		
13.		\$ -	
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.	Total retirements (add line 13 through 20, Col C)	\$ -	-
22.	Ending balance (line 1 + line 11 - line 21)	\$ 2,630,180	2,630,180

Please provide a full explanation of any adjustments to accounts from the prior period.

**UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)**  
**SCHEDULES - CLASS B RATE/TARIFF CHANGE**  
**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,**  
**MATERIALS AND SUPPLIES INVENTORY & PREPAYMENTS**  
**FOR THE TEST YEAR ENDED: 12/31/2015**

\*\*\*DO NOT include construction work in progress in rate base, unless the utility meets the requirements of PUC Subst. Rule 24.31C(4).

III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS:

A	B	C
Line No.	Description	Test Year Amount
1.	Beginning balance	0
2.	Test year costs added	0
3.	Test year construction costs completed	0
4.	Ending balance	0
5.	Average balance - test year (line 1 plus line 4, divided by 2)	0

Typically zero, to Schedule III-2, Line 3

A	B	C	D
Line No.	Description	Materials & Supplies inventory	Prepaid Expenses
6.	Sum of 12 test year month end balances	-	-
7.	One month prior to the test year, month end balance	-	-
8.	13 Month Average balance (line 6 plus line 7, divided by 13)	-	-

To III-2, Line 4. To III-2, Line 6.

PUC Subst. Rule 24.31C(4).

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES FOR CLASS B RATE/TARIFF CHANGE  
**III-5 WORKING CASH ALLOWANCE CALCULATIONS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

1. No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only. Sewer connections count for the purposes of this schedule.
2. A utility which has all metered customers and bills monthly shall divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 if it is a Class B utility, or by 8 if it is a Class C utility filing a Class B package to calculate working cash allowance. An example follows:

	Class B	Class C
1. Annual Expenses	\$70,000	\$70,000
2. Taxes and depreciation	(10,000)	(10,000)
3. Net Expenses (Line 1 - Line 2)	60,000	60,000
4. Working Cash (Line 3 / line 5)	\$5,000	\$7,500
5. Divisor	12	8

A Line No	B Description	Class B		Class C		
		Water	Sewer	Water	Sewer	
1	Annual O & M Expenses	N/A	N/A	286,150	230,581	From Sch I-1, line 25
2	Working Cash (Line 3 / Line 5)	N/A	N/A	35,769	28,823	To Sch III-2, line 5
3	Divisor	12	12	8	8	

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER**  
 FOR THE YEAR ENDED: 12/31/2015

List the following information concerning debt and equity of the utility and attach copies of notes payable used. Round all percentages to two (2) decimal places. If debt from affiliated interests is allocated to the utility, provide workpapers demonstrating and justifying the allocation.

	(A) Long Term Debt Name of Bank/Lender	(B) Date of Issue	(C) Date of Maturity	(D) Original Amount of Loan	(E) Outstanding or Unpaid Balance- End of Test Year	(F) Interest Rate	(G)=Col E, Line 20 x Col F, Line 20 Weighted Average
1	Part I - Debt						
2		3/7/2013	4/7/2017	3,000,000	2,619,493	6.00%	157,170
3							
4							
5							
6							
7							
8							
9	Total				2,619,493	6.00%	157,170

10 Sec III-1,  
Column G,  
Line 5

List short term debt, if any:

DDU000002

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. _____)	\$ -
2	Ending balance per Sch III-3, Column F, Line 50	\$ 1,269,466
	Describe accounting adjustments made between the prior rate case and the current rate case:	
	Depreciation accruals	

Must match previous rate case.

<p>UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  SCHEDULES - CLASS B RATE/TARIFF CHANGE  <b>III-8 ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION</b>  FOR THE TEST YEAR ENDED: 12/31/2015</p>
--

## III-8(a) ADVANCES FOR CONSTRUCTION:

Line No.	A Item	B Date of Installation	C Total Cost	D Amount of Advance	E Repayments made to developer	F (F)=(D)-(E) Rate base Value (to Sch III-2)	G Amount to be refunded in the future*
1.	Not Applicable						
2.							
3.							
4.							
5.							
6.	Total						

\*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding, if known

## III-8(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION\*:

Line No.	A Item	B Date of Installation or Contribution	C Total Cost	D Amount of Developer Contribution	E Annual amortization	F Accumulated Amortization	G (G)=(D) - (F) Rate Base Value (to Sch III-2)
1.	303 Land and land rights	Various	320,352	-	-	-	-
2.	Sewer Plant - 7 yr life	Various	145,569	26,504	530	15,886	10,618
3.	Sewer Plant - 10 yr life	Various	683,167	516,854	10,337	301,221	215,633
4.	Sewer Plant - 20 yr life	Various	356,311	42,368	2,119	34,534	7,834
5.	Sewer Plant - 50 yr life	Various	107,146	14,336	-	-	14,336
6.	Total		1,612,546	600,062	12,986	351,641	248,421

\*Customer CIAC is entered directly on III-3

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-9 DEFERRED INCOME TAXES AND</b> <b>DEFERRED INVESTMENT TAX CREDITS</b> FOR THE TEST YEAR ENDED: 12/31/2015
--

To the extent that new line items have been included within the calculation of ADIT since the last rate filing, provide a complete description of the underlying issues that give rise to the new category of ADIT.

III-9(a) ACCUMULATED DEFERRED INCOME TAXES:

Line No.	Description	Test Year Amount
1.	Beginning balance	-
2.	Test year amount	-
3.	Ending balance	-

III-9(b) ACCUMULATED DEFERRED INVESTMENT TAX CREDITS:

Line No.	Description	Test Year Amount
1.	Beginning balance	-
2.	Test year amortization	-
3.	Ending balance	-



UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-10 OTHER DEFERRED ASSETS</b> FOR THE TEST YEAR ENDED: 12/31/2015
---

III-10(a) : Other Deferred Assets

Line No.	Description	Test Year Amount
1.	None	-
2.		-
3.		-

III-10(b) ACCUMULATED AMORTIZATION ON OTHER DEFERRED ASSETS

Line No.	Description	Test Year Amount	Total Accum Amort End of test year
1.	None	-	-
2.		-	-
3.		-	-

UTILITY NAME: \_\_\_\_\_

SCHEDULES - CLASS B RATE/TARIFF CHANGE

Section IV is used to report taxes other than income for proposed revenues.

**Instructions for Section IV**

Follow the instructions included with individual schedules under the heading reference.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**IV(a) ESTIMATE OF TAXES OTHER THAN INCOME**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**PROPERTY TAXES:**

A	B	C	D	E
Line No.	Description	Amount	Amount	Reference
1	Property taxes paid in in test year		1,586	per property tax bills
2	Utility plant added in test year	100,904		Schedule III-3(a), Line 11
3	Utility plant retirements in test year	-		Schedule III-3(a), Line 21
4	Net additions	100,904		Line 2 minus line 3
5	Net Property tax rate			gross plant balance from III-3
6	Test year property tax on additions		33	Line 4 times Line 5
7	Adjusted Test year property tax expense		1,619	Line 1 + Line 6
8	Known and measurable change		33	Line 7 minus Line 1

**PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):**

A	B	C	D	E	F	G
Line No.	Tax Type	Wage Level	Tax Rate	Taxable Wages	Reference	Tax
					SCHEDULE II-6	(D x E)
9	FICA	ALL	6.20%	173,900	Column D+E+F Line 9	10,782
10	Medicare	ALL	1.45%	173,900	Column H Line 9	2,522
11	Added Medicare (Affordable Care Act)	ALL	0.00%	173,900		-
12	Federal unemployment	wages to \$7000	0.60%	49,000	Column D Line 9	294
13	State unemployment	wages to \$9000	1.50%	63,000	Column D+E Line 9	945
14	Total (add Lines 11 through 14)					14,542
15	Less: Capitalized		0%			-
16	Test year Payroll Tax Expense					13,944
17	Known and measurable change					598

**OTHER TAXES:**

A	I	J	K	L
		Test year	K & M Change	Adjusted Test Year
18	Other taxes & licenses	4,354	-	4,354
19				
20				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)	4,354	-	4,354
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			20,516
23	(Line 8 plus line 17, Column G plus line 21, Column K)			632

TRUE

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>IV(b) REVENUE RELATED TAXES AND EXPENSES</b> FOR THE TEST YEAR ENDED: 12/31/2015						
A		B	C	D	E	F=B+C+D+E
Line		Texas Margins Tax	City Franchise Taxes	Bad Debt Expense	Other Revenue Related	Totals
1	Test year expense	-	-	-	-	-
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)	-	-	-	-	-
3	Gross up factor (1.0 divided by (1.0 minus Line (example below))	-	-	-	-	-
4	Change in revenue requirement (Sch I-1, line 33)					-
5	Adjusted revenue requirement (Line 3 x Line 4)					-
6	Adjusted expense (Line 3 times Line 4)					-
7	Add Schedule IV(a) , Line 20					-
8	Total taxes other than FIT (to Sch I-1, Col F, Line 26)					0

Example: Test Year Franchise tax           \$     100  
 Test Year revenues:                               \$     2,000  
 Percentage (100/2000):                         0.050  
 Gross up factor (1/(1-0.05))                 1.052631579

**SCHEDULES - CLASS B RATE/TARIFF CHANGE**

Section V calculated federal income tax at present rates.

Instructions for Section V

Complete SCHEDULE V per instructions found in the reference column.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

A	B	C	D
Line		Amount	Reference
1	Requested Return	93,091	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	37,018	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	56,073	Line 1 minus Line 2
4	Income taxes at proposed rates	9,018	Line 17 below
5	Effective tax rate	16%	Line 4 divided by Line 3
6	Total gross up factor	1.19	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	10,747	Line 4 times line 6

To Sch I-1, Line 27

**FEDERAL INCOME TAX CALCULATION:**

Line No.	Tax Rate	Taxable Income	Tax Rate	Tax
		(Portion of Taxable Income in Level)		(C x D)
12	1st 50,000 of taxable income	50,000	15%	7,500
13	Next 25,000 of taxable income	25,000	25%	1,518
14	Next 25,000 of taxable income	25,000	34%	-
15	Next 235,000 of taxable income	235,000	39%	-
16	Over 335,000 of taxable income		34%	-
17	Total before gross up			9,018

UTILITY NAME: _____ VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE
--

Section VI is used for rate design.

**Instructions for Section VI:**

Sheet VI-1 designs rates based on the requested revenue requirement. Complete the schedule using the referenced lines from other schedules. The schedule is for a simple base (customer charge) rate and one gallonage rate per each 1,000 gallons. If a different rate structure is requested, all calculations supporting the proposed rates must be included. Rates and resulting revenues for each class of customer and each rate tier included in the proposed tariff must be specified. If a different fixed/variable expense split is proposed, attached explanations of why the split is appropriate, and include any calculations not included on Schedule VI.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)			
SCHEDULES - CLASS B RATE/TARIFF CHANGE			
Schedule VI-1 RATE DESIGN			
FOR THE TEST YEAR ENDED: 12/31/2015			
Line No.	A	B	C
		Reference	
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			%
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24.			
25.			
26.			

**Not Applicable**

If the utility is setting a tiered rate, calculations for all tiers must be provided with total collections for all tiers compared to the revenue requirement requested.



# Water



## PUBLIC UTILITY COMMISSION OF TEXAS

### CLASS B RATE/TARIFF CHANGE APPLICATION

*Required Schedules for rate/tariff changes*

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
CCN No. 12087

ADDRESS OF UTILITY: 5495 Belt Line Road, Suite 200  
Street, P.O. Box and/or suite number  
Dallas 75254  
City and Zip Code

PHONE NUMBER: (214) 706-9801  
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Randy Gracy

PHONE: (214) 706-9801

EMAIL ADDRESS: rgracy@ddresorts.com

PUC CLASS SIZE: B  C (circle one)

INCREASE (DECREASE) \$ 92,545 (From Sch. I-1, Line 33)  
dollar amount

28% (From Sch. I-1, Line 34)  
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY

S-Corporation

DATE OF LAST GENERAL RATE CASE FILING 10/24/2008

DATE OF LAST NON-GENERAL RATE CHANGE\* N/A

\* (e.g. pass through rate change or temporary water rate provision)

## **CLASS B RATE/TARIFF CHANGE APPLICATION**

### *Required Schedules for rate/tariff changes*

***\*\*Please read the "Class B Investor-Owned Utilities water and/or sewer Instructions for Rate/Tariff Change Application" completing these schedules.\*\****

**These schedules are organized in a manner whereby the user can work through each section to:**

- 1st Record historical test year data on Schedule I-1, Column D.  
Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Calculate operating expenses and make adjustments (Section II).**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**

**These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information.**

**If the applicant does not use a schedule, it should be noted as "N/A", and an explanation provided.**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION  
 SCHEDULES

**Complete all of the following schedules for your Class A or B utility  
 (if the schedule does not apply, include it marked "N/A")**

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2015  
 DATE SUBMITTED TO PUC: July 2016

	Attachment Schedule	Items Checked
<b>SECTION I <u>REVENUES AND REVENUE REQUIREMENT</u></b>		
Revenue Requirement Summary	I-1	<input checked="" type="checkbox"/>
Historical Revenue Summary	I-2	<input checked="" type="checkbox"/>
 <u>Include the appropriate schedules:</u>		
Metered Active Connections by Meter Size	I-3	<input checked="" type="checkbox"/>
Unmetered Active (Flat Rate) Customers	I-4	<input checked="" type="checkbox"/>
 <b>SECTION II <u>OPERATIONS AND EXPENSES</u></b>		
Water Production (no unmetered rates)	II-1(a)	<input checked="" type="checkbox"/>
Water Production (with unmetered rates)	II-1(b)	<input checked="" type="checkbox"/>
Other Revenues & Expenses passed through	II-3	<input checked="" type="checkbox"/>
Purchased Power	II-4	<input checked="" type="checkbox"/>
Other Volume Related Expenses	II-5	<input checked="" type="checkbox"/>
Payroll Cost Allocation	II-6	<input checked="" type="checkbox"/>
Materials	II-7	<input checked="" type="checkbox"/>
Contract Work	II-8	<input checked="" type="checkbox"/>
Transportation Expenses	II-9	<input checked="" type="checkbox"/>
Other Plant Maintenance	II-10	<input checked="" type="checkbox"/>
Employee Pensions/Benefits	II-11	<input checked="" type="checkbox"/>
Bad Debts/uncollectables	II-12	<input checked="" type="checkbox"/>
Office Services and Rentals	II-13	<input checked="" type="checkbox"/>
Office Supplies and Expense	II-14	<input checked="" type="checkbox"/>
Professional Services	II-15	<input checked="" type="checkbox"/>
Insurance	II-16	<input checked="" type="checkbox"/>
Rate Case Expense	II-17	<input checked="" type="checkbox"/>
Regulatory Commission Expense	II-18	<input checked="" type="checkbox"/>
Miscellaneous Expense	II-19	<input checked="" type="checkbox"/>

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION  
 SCHEDULES  
 TABLE OF CONTENTS (Page 2 of 2)

**Complete all of the following schedules for your Class A or B utility  
 (if the schedule does not apply, include it marked "N/A")**

	Attachment Schedule	Items Checked
<b>SECTION III <u>RETURN AND RATE BASE</u></b>		
Requested Return	III-1	<input checked="" type="checkbox"/>
Rate Base	III-2	<input checked="" type="checkbox"/>
Utility Plant	III-3	<input checked="" type="checkbox"/>
Utility Plant reconciled to previous filing	III-3(a)	<input checked="" type="checkbox"/>
Developer Construction work in progress	III-4(a)	<input checked="" type="checkbox"/>
Materials and Supplies Inventory	III-4(b)	<input checked="" type="checkbox"/>
Working Cash	III-5	<input checked="" type="checkbox"/>
Notes Payable	III-6	<input checked="" type="checkbox"/>
Accumulated Depreciation	III-7	<input checked="" type="checkbox"/>
Advances for Construction	III-8(a)	<input checked="" type="checkbox"/>
Contributions in Aid of Construction	III-8(b)	<input checked="" type="checkbox"/>
Deferred Income Taxes	III-9(a)	<input checked="" type="checkbox"/>
Deferred Investment Tax Credits	III-9(b)	<input checked="" type="checkbox"/>
Deferred Assets	III-10(a)	<input checked="" type="checkbox"/>
<b>SECTION IV <u>TAXES OTHER THAN INCOME</u></b>		
Property, Payroll and Other Taxes	IV(a)	<input checked="" type="checkbox"/>
Revenue Related Taxes	IV(b)	<input checked="" type="checkbox"/>
<b>SECTION V <u>FEDERAL INCOME TAXES (FIT)</u></b>		
Income Taxes at Present Rates-effective rate	V	<input checked="" type="checkbox"/>
<b>SECTION VI <u>RATE DESIGN</u></b>		
Rate Design Worksheet	VI	<input checked="" type="checkbox"/>

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
SCHEDULES - CLASS B RATE/TARIFF CHANGE  
SECTION I - REVENUE REQUIREMENTS AND REVENUES

The purpose of Section I is to summarize the revenue requirement and provide revenues and meter information for the test year.

Instructions for Section I - Revenue Requirement and Revenues

Carefully complete the label for each workpaper. Your application docket number should be included on each page.

Schedule I-1 is a **SUMMARY**. Complete column D, historical test year information first using financial records, then work through the remainder of the sections and schedules other than the rate design, Schedule VI, to calculate the utility's changes to its historical test year in Column E. Column G provides the workpaper source for amounts in Columns E & F.

Schedule I-2 reports historical revenues collected and Schedules I-3 and 1-4 report connection information. Use historical financial data and data from recent annual reports (PUC Rpt.) to complete the schedules.

**Please complete Schedule II-3 prior to I-2.**

Insert and reference additional workpapers as necessary. For example, you may wish to add schedules that apply to unique situations in your utility.

The schedules are based on NARUC chart of accounts and include sub-accounts as necessary for detail needed to determine reasonable and necessary expenditures.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
I-1 REVENUE REQUIREMENT SUMMARY						
PUC Docket No.		Test Year End:		12/31/2015		
A	B	C	D	E	F=D+E	G
			Historical Test Year	K & M Changes	Adjusted Test Year	
Line No.	Acct. No.	Account Name				Reference/ Instructions
		<b>Volume related expenses:</b>				
1	610	Purchased water	-	-	-	Schedule II-3
2	615	Power Expense-production only	18,275	-	18,275	Schedule II-4
3	618	Other volume related expenses	21,107	-	21,107	Schedule II-5
4		Total volume related exp.	39,382	-	39,382	Add Lines 1-3
		<b>Non-volume related expenses:</b>				
5	601-1	Employee labor	61,126	25,824	86,950	Schedule II-6, Line 10
6	620	Materials	1,636	-	1,636	Schedule II-7
7	631-636	Contract work	12,110	-	12,110	Schedule II-8
8	650	Transportation expenses	15,924	-	15,924	Schedule II-9
9	664	Other plant maintenance	65,828	-	65,828	Schedule II-10
10		Total non-volume related exp.	156,624	25,824	182,448	Add Lines 5-9
		<b>Admin. &amp; general expenses:</b>				
11	601-2	Office salaries	-	-	-	Schedule II-6, line 2
12	601-3	Mgmt. salaries	-	-	-	Schedule II-6, line 3
13	604	Employee pensions & benefits	-	-	-	Schedule II-11
14	615	Purchased power-Office only	-	-	-	Schedule II-4
15	670	Bad debt expense	-	-	-	Schedule II-12
16	676	Office services & rentals	-	-	-	Schedule II-13
17	677	Office supplies & expenses	6,088	-	6,088	Schedule II-14
18	678	Professional services	21,231	-	21,231	Schedule II-15
19	684	Insurance	11,243	-	11,243	Schedule II-16
20	666	Regulatory (rate case) expense	-	-	-	Schedule II-17
21	667	Regulatory expense (other)	3,326	-	3,326	Schedule II-18
22	675	Miscellaneous expenses	22,432	-	22,432	Schedule II-19
23		Total admin. & general expense	64,320	-	64,320	Add Lines 11-22
24		Total operating Expenses	260,326	25,824	286,150	Lines 4 + 10 + 23
25	403	Depreciation	45,823	32,620	78,443	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	10,849	(304)	10,545	Sch IV(b), Line 8
27	409/10	Income Tax Expense	-	5,576	5,576	Schedule V, Line 7
28		TOTAL EXPENSES	316,999	63,716	380,715	
29		TOTAL HISTORIC REVENUE	332,031			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	15,032			Line 30 less Line 29
31		REQUESTED RETURN			48,301	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			429,016	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	96,985	Line 32 less Line 29
34		PERCENTAGE INCREASE			29%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			(2,903)	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	426,113	Line 33 minus Line 35

DDU16 - 011242

UTILITY NAME: <u>Double Diamond Utility Company, Inc. THE CLIFFS (Water)</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: <u>12/31/2015</u> <b>I-2 HISTORICAL REVENUE SUMMARY</b>				
Line No.	NARUC A/C	Description	Historical Test Year	
1.	461	Metered connections base rate revenue	\$ 333,112	From financial records
2.	461	Metered connection gallonage rate revenue	n/a	From financial records
3	460	Unmetered (Flat rate) revenue	\$ -	From financial records
4.	Total Metered & Flat Rate Revenue		\$ 333,112	
5.	Plus: Total Other Revenues		\$ (1,081)	From II-3, Column B, line 7
6.	Total Historical Test Year Revenue per income statement and Annual Report		\$ 332,031	Line 4 plus line 5

(to I-1, Column D, line 29)

\*Provide all calculations and explanations for any differences between the applicant's annual report and this schedule.

\* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number.

Note: Annual Report is reported on a consolidated basis for four systems while the schedule above reflects one system only; therefore, they cannot be reconciled.

UTILITY NAME Double Diamond Utility Company, Inc THE CLIFFS (Water) SCHEDULES - CLASS B RATE/TARIFF CHANGE I-3 METERED ACTIVE CONNECTIONS BY METER SIZE FOR TEST YEAR ENDED 12/31/2015							
A	B	C	D	E	F	G	H
		Number of Connections					
Line No	Meter Size	End of Prior Year	Test Year Additions	End of Test Year	Average	Meter Ratios	Meter Equivalencies End of TY
		PUC report Sch 9		(C-D)	(C - E) / 2		(E x G)
1	5/8" x 3/4"	252	6	258	255	1 0	258
2	3/4"	0	0	0	0	1 5	-
3	1"	13	0	13	13	2 5	33
4	1 1/2"	1	0	1	1	5 0	5
5	2"	15	0	15	15	8 0	120
6							
7							
8							
9	Total	281	6	287	284		416
10	Average	56 2	1 2	57 4	56 8		83



UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS**  
 FOR TEST YEAR ENDED: 12/31/2015

A	B	C	D	E	F
		Number of Active Connections			
Line No.	Flat Rate Unit	End of Prior Year	Test Year Additions	End of Year	Average
		PUC report Sch. 9		(C + D)	(C + E) /2
1.	NONE				
2.					
3.					
4.					
5.	Total				

UTILITY NAME: Double Diamond Utility Company, Inc.  
SCHEDULES - CLASS B RATE/TARIFF CHANGE  
SECTION II - OPERATIONS AND MAINTENANCE

The purpose of Section II is to report expense information and allow for the known and measurable changes to operating expenses to determine the revenue requirement in Schedule I-1.

**Instructions for Section II**

Compile financial and source information to determine known and measurable changes to the test year expenses. Provide copies of source documents, such as increased utility bill notices, to verify the applicant's proposed known and measurable changes. Show calculations and explanations for all known and measurable changes on all schedules, where applicable. Attach extra workpapers if needed.

Working through Schedules II-4 through II-19, complete each and transfer test year amounts to column G of Schedule I-1. Depreciation expense, other taxes, FIT and return will be determined using later schedules. Wait until those schedules are complete, and then transfer the amounts to Schedule I-1.

Insert and reference additional workpapers as necessary. For example, the applicant may use additional schedules that address unique aspects of the utility.

UTILITY NAME: <u>Double Diamond Utility Company, Inc. THE CLIFFS (Water)</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION</b> FOR TEST YEAR ENDED: <span style="float: right;">12/31/2015</span>
---

**SCHEDULE II-1(a): WATER PRODUCTION:  
(COMPANIES WITH METERED RATE CUSTOMERS)**

Line No.	Water Production (1,000 Gallons)	A	B	C= A+B	D
		Test Year	K & M Changes	Adjusted Test Year	Reference
1	Total water pumped	104,068	-	104,068	PUC Annual Report
2	Total water purchased	-	-	-	PUC Annual Report
3	Total water produced	104,068	-	104,068	Line 1 + line 2
4	Total water sold	24,724	-	24,724	PUC Annual Report
5	Total accounted for non-revenue water*	-	-	-	
6	Total unaccounted for water	79,345	-	79,345	Lines 3 less 4 less 5
7	Percentage	76%	-	76%	Line 6 divided by Line 3

\* Describe the tracking technique for calculating line 5 and provide the records reflecting the calculation.

Known and measurable calculations and explanations:

**SCHEDULE II-1(b) WATER PRODUCTION  
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

Line No.	Description	A	B	C=A+B	D
		Test Year	K & M Change	Adjusted Test Year	Reference
1	Water Purchased (1,000 gallons)	0	0	0	PUC report Sch. D-1
2	Water Pumped (1,000 gallons)	0	0	0	PUC report Sch. D-1
3	Total production (1,000 gallons)	0	0	0	Lines 13 + 14

Known and measurable calculations and explanations:

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-3 OTHER REVENUES &amp; EXPENSES PASSED THROUGH</b> FOR TEST YEAR ENDED: 12/31/2015
--

II-3(a) Purchased Water or Other Pass Through Expenses

Line No.	A	B	C	D	D
	Purchased from:	Units purchased (in _____)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
	Not Applicable	(e.g. 1,000 gal. AC - FT)			
1.					
2.					
3.					
4.	Total *				

\* Must agree with Schedule II-1(a), Line 2, column A, or provide a reconciliation.

II-3(b) Other revenues collected from customers

Line No.	A	B	D
	Item passed thru or type of other revenue	Test year historical revenues collected	Test year revenues netted against
1.	Tap Fees*	(3,984)	
2.	Late Fees	2,535	
3.	Meter Test Fees	-	
4.	Reconnect Fees	368	
5.	Purchased Water Fees	-	
6.	Groundwater Conservation District Fees	-	
7.	Other (attach detail**)	-	
8.	Total Other Revenues	(1,081)	

(to Sch. I-2, line 5)

(to Sch. I-1, line 35)

\* Tap fees should be reported on Sch. III-8-CIAC, Line 1.

\*\* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number

UTILITY NAME Double Diamond Utility Company, Inc THE CLIFFS (Water) II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE PURCHASED POWER FOR TEST YEAR ENDED 12/31/2015
---

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

Line No.	Account No.	Account Name
2.	615.1	Purchased Power (electric) -production

**II-4(a) Volume related expenses (Electric used for production of water/sewer)**

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

	Year	Amount
	TME 12/31/13	\$ 18,133
	TME 12/31/14	\$ 20,591
a. Test Year	TME 12/31/15	\$ 18,275
b. K & M Change		\$ - (to I-1, Column E, Line 2)
c. Adjusted Test year (a.+b.)		\$ 18,275 (to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change: N/A

**II-4(b) Office related expenses (Electric used for production of water/sewer)**

Line No.	Account No.	Account Name
14	615.2	Purchased Power (electric) Expense for office

**Volume related expenses**

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

	Year	Amount
	TME 12/31/13	\$ -
	TME 12/31/14	\$ -
a. Test Year	TME 12/31/15	\$ -
b. K & M Change		\$ - (to I-1, Column E, Line 14)
c. Adjusted Test year (a.+b.)		\$ - (to I-1, Column F, Line 14)

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-5 OTHER RELATED VOLUME EXPENSES**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.

Line No.	Account No.	Account Name
3.	618	Other volume related expenses

**Other volume related expenses**

List the amount spent on other volume related expenses for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

	Year	Amount
	TME 12/31/13	\$ 27,777
	TME 12/31/14	\$ 26,285
a. Test Year	TME 12/31/15	\$ 21,107
b. K & M Change		\$ - (to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ 21,107 (to I-1, Column F, Line 3)

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME Double Diamond Utility Company, Inc THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-6 ALLOCATION OF PAYROLL EXPENSES**  
 FOR THE TEST YEAR ENDED 12/31/2015

**SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERV**  
**II-6(a) PAYROLL COSTS:**

Line No	Employee Name	Test Year Payroll	Capitalized Payroll	Expensed Payroll	1st 7000 or new limit FUTA max)	7,001 to 9000 or new limit (SUTA max)	9,001 to 118500 or new limit (or FICA max)	over 118500 or new limit	Total Payroll
1	Austin Cornelious	11,440	-	11,440	3,500	1,000	6,940	-	11,440
2	Kelton K Leggett	14,560	-	14,560	3,500	1,000	10,060	-	14,560
3	Joshua Nofie	22,500	-	22,500	3,500	1,000	18,000	-	22,500
4	Buck W Nunley	7,250	-	7,250	3,500	1,000	2,750	-	7,250
5	Bryce R Talley	10,400	-	10,400	3,500	1,000	5,900	-	10,400
6	Christopher C Fields	10,400	-	10,400	3,500	1,000	5,900	-	10,400
7	Cameron Brett Kirby	10,400	-	10,400	3,500	1,000	5,900	-	10,400
8		-	-	-	-	-	-	-	-
9	Total	86,950	-	86,950	24,500	7,000	55,450	-	86,950
10					Line 9, column F divided by line 9, column E=			0.64	

**II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:**

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

Line No	Aect No	Test Yr Expense	
1	601-1	86,950	to Schedule I-1, Line 5
2	601-2	-	to Schedule I-1, Line 11
3	601-3	-	to Schedule I-1, Line 12
4		86,950	(should equal II-6(a), Column C, Line 9)

- \* Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year
- \*\* Attach an explanation and calculation for K&M salary changes from test year

Capitalization Policy Employees do not perform construction activities, therefore, 0.00% of labor is capitalized

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-7 MATERIALS</b> FOR THE TEST YEAR ENDED: 12/31/2015
---

This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
6.	620	Materials

**II-7(a) Materials**

List the amount spent on materials for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items in the list below. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	<u>Year</u>	<u>Amount</u>
	<u>TME 12/31/13</u>	<u>\$ 635</u>
	<u>TME 12/31/14</u>	<u>\$ 911</u>
a. Test Year	<u>TME 12/31/15</u>	<u>\$ 1,636</u>
b. K & M Change		<u>\$ -</u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a.+b.)		<u>\$ 1,636</u> (to I-1, Column F, Line 6)

\* A large item is more than 10% of the test year account balance and more than \$1,000.

Expensed materials may not be included in rate base in materials and supplies inventory

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Test Year amount is higher than the amounts in previous years due to increases in Smallwares/Tools costs and Safety Supplies Costs

**II-7(b) Large Items:**

<u>Description</u>	<u>Amount</u>	<u>Date in service</u>
Not Applicable	\$ -	N/A



UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-8 CONTRACT WORK**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

Line No.	Account No.	Account Name
7.	631, 635, 636	Contract work (non-capitalized engineering, testing, other)

**II-7(a) Contract work**

List the amount spent on contract work for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase. The increase in the Test Year is due to normal cost fluctuations.

	Year	Amount
	TME 12/31/13	\$ 15,526
	TME 12/31/14	\$ 11,345
a. Test Year	TME 12/31/15	\$ 12,110
b. K & M Change	-	\$ - (to I-1, Column E, Line 7)
c. Adjusted Test year (a.+b.)	12,110	\$ 12,110 (to I-1, Column F, Line 7)

\* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

N/A

**II-8(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-9 TRANSPORTATION**  
 FOR THE TEST YEAR ENDED. 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
8.	650	Transportation expense

**II-9(a) Transportation expense**

List the type of vehicles used by the utility and allocate the percent used for business purposes. For example, is there one vehicle used solely for the utility, or is it used for non-business activities too? Is there a vehicle involved that is part of the Company's Plant in Service and thus is already depreciated?

Vehicle expenses reported using a cost per unit (say 34 cents per mile) have the depreciation factor included. A vehicle which is part of the Plant in Service should show only actual operating and maintenance expenses (oil, gas, repairs, maintenance) excluding insurance. The purpose of this supplemental page is to ensure that vehicle expense will be recorded properly and that vehicle depreciation is not listed twice or totally omitted.

	Year	Amount
	<u>TME 12/31/13</u>	<u>\$ 12,385</u>
	<u>TME 12/31/14</u>	<u>\$ 16,492</u>
a. Test Year	<u>TME 12/31/15</u>	<u>\$ 15,924</u>
b. K & M Change		<u>\$ -</u> (to I-1, Column E, Line 8)
c. Adjusted Test year (a.+b.)		<u>\$ 15,924</u> (to I-1, Column F, Line 8)

**Explanation and calculations of known and measurable change: N/A**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

**If the actual for the Test Year is higher than previous years, indicate the reason for the increase:**

Not Applicable

**II-9(b) Large Items\*:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-10 OTHER PLANT MAINTENANCE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
9.	664	Other plant maintenance

**II-10(a) Other plant maintenance**

List the amount spent on other plant maintenance for the last two record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>33,950</u>
	<u>TME 12/31/14</u>	\$ <u>58,790</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>65,828</u>
b. K & M Change		\$ <u>      -</u> (to I-1, Column E, Line 9)
c. Adjusted Test year (a.+b.)		\$ <u>65,828</u> (to I-1, Column F, Line 9)

\* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Test Year increase due to increases in R&M Water Plant and R&M Sewer Plant

**II-10(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-11 EMPLOYEE PENSIONS AND BENEFITS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
13.	604	Employee pensions and benefits

**Employee pensions and benefits**

List the amount spent on Employee's pensions and benefits for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. As applicable, provide information on any qualified pensions offered to employees and documentation, such as actuarial studies, discussing net pension costs as well as current funding status of the utility's projected benefit obligation. If the Test Year amount is higher than previous years, indicate the reason for the anticipated change:

**List types of Pensions & Benefits:**

<u>TME 12/31/15</u>	\$	-	\$	-	\$	-	\$	-	\$	-
Year		<u>Total Amount</u>		<u>Pensions</u>		<u>Health</u>		<u>Other</u>		<u>Amount Capitalized*</u>

Cost per Employee: -

<u>TME 12/31/15</u>	\$	-	\$	-	\$	-	\$	-	\$	-
Year		<u>Total Amount</u>		<u>Pensions</u>		<u>Health</u>		<u>Other</u>		<u>Amount Capitalized*</u>

Number of Employees covered: -  
 Cost per Employee: -

**List types of Pensions & Benefits:**

<u>TME 12/31/15</u>	\$	-	\$	-	\$	-	\$	-	\$	-
Year		<u>Total Amount</u>		<u>Pensions</u>		<u>Health</u>		<u>Other</u>		<u>Amount Capitalized*</u>

Number of Employees covered: -  
 Cost per Employee: -

\*(use % on Sch 11-6(a), line 10)

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-12 BAD DEBTS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
15.	670	Bad Debts

**II-12 Bad debts/Uncollectibles**

List the recorded amount the company was unable to collect for the last two years, and estimate the uncollectible amount for the Test Year. If the the Test Year is higher than previous years, indicate the reason for the anticipated increase.

	<u>Year</u>	<u>Amount</u>
	<u>TME 12/31/13</u>	\$ <u>-</u>
	<u>TME 12/31/14</u>	\$ <u>-</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>-</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ <u>-</u> (to I-1, Column F, Line 15)

**Explanation and calculations of known and measurable change: N/A**

**II-12(b) Large Items\*:**

Description	Amount	Date in service
None		

\* A large item is more than 10% of the test year account balance and more than

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-13 OFFICE SERVICES AND RENTALS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
16.	678	Office services & rentals

**II-13(a) Office services and rentals**

List the amount spent on office services and rentals for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>-</u>
	<u>TME 12/31/14</u>	\$ <u>-</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>-</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ <u>-</u> (to I-1, Column F, Line 16)

Explanation and calculations of known and measurable change: N/A

\* A large item is more than 10% of the test year account balance and more than \$1,000.

**II-13(b) Large Items:**

Description	Amount	Date in service
None		

UTILITY NAME: <u>Double Diamond Utility Company, Inc. THE CLIFFS (Water)</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-14 OFFICE SUPPLIES</b> FOR THE TEST YEAR ENDED: <span style="float: right;">12/31/2015</span>
--

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
17.	681	Office supplies & expenses

**II-14(a) Office supplies & expenses**

List the amount spent on office supplies and expenses for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	TME 12/31/13	\$ 7,515
	TME 12/31/14	\$ 6,549
a. Test Year	TME 12/31/15	\$ 6,088
b. K & M Change		\$ - (to I-1, Column E, Line 17)
c. Adjusted Test year (a.+b.)		\$ 6,088 (to I-1, Column F, Line 17)

Explanation and calculations of known and measurable change: N/A

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**II-14(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME <u>Double Diamond Utility Company, Inc. THE CLIFFS (Water)</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
<b>II-15 PROFESSIONAL SERVICES</b>
FOR THE TEST YEAR ENDED. 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
18.	682	Professional services

**II-15(a) Professional services**

List the amount spent on professional services for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items\*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount	
	<u>TME 12/31/13</u>	\$ <u>7,300</u>	
	<u>TME 12/31/14</u>	\$ <u>2,471</u>	
a. Test Year	<u>TME 12/31/15</u>	\$ <u>21,231</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 18)
c. Adjusted Test year (a.+b.)		\$ <u>21,231</u>	(to I-1, Column F, Line 18)

**Explanation and calculations of known and measurable change: N/A**

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

**If the actual for the Test Year is higher than previous years, indicate the reason for the increase:**

Not Applicable

**II-15(b) Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A



UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-16 INSURANCE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
19.	684	Insurance

**Insurance**

List the amount spent on insurance for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items\*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>12,204</u>
	<u>TME 12/31/14</u>	\$ <u>12,097</u>
<b>a. Test Year</b>	<u>TME 12/31/15</u>	\$ <u>11,243</u>
<b>b. K &amp; M Change</b>		\$ <u>-</u> (to I-1, Column E, Line 19)
<b>c. Adjusted Test year (a.+b.)</b>		\$ <u>11,243</u> (to I-1, Column F, Line 19)

**Types of insurance:**

	\$	<i>See Insurance Section in Attached Workpapers</i>			
Year		Total amount	Period Covered	Type	Company
Year	\$	<i>See Insurance Section in Attached Workpapers</i>			
Year		Total amount	Period Covered	Type	Company
Year	\$	<i>See Insurance Section in Attached Workpapers</i>			
Year		Total amount	Period Covered	Type	Company

Explanation and calculations of known and measurable change: N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

Not Applicable

**Large Items:**

Description	Amount	Date in service
Not Applicable	\$ -	N/A

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-17 REGULATORY EXPENSE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
20.	666	Regulatory (Rate Case) Expense

**II-17(a) Regulatory commission expense**

List the amount spent on rate case expense for the last two years and for the Test Year. Typically, the commission separates rate case expense from the revenue requirement and allows recovery through a surcharge. The known and measurable adjustment would decrease this expense to zero in this case. In any event, if the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	<u>Year</u>	<u>Amount</u>	
	<u>TME 12/31/13</u>	\$ <u>-</u>	
	<u>TME 12/31/14</u>	\$ <u>-</u>	
a. Test Year	<u>TME 12/31/15</u>	\$ <u>-</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>-</u>	(to I-1, Column F, Line 20 - see instructions above)

**Explanation and calculations of known and measurable change: N/A**

\* A large item is more than 10% of the test year account balance and more than \$1,000 .

**II-17(b) Large Items:**

Description	Amount	Date in service
Not applicable		

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-18 REGULATORY EXPENSE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
21.	667	Regulatory commission expense

**II-18(a) Regulatory commission expense**

List the amount spent on regulatory commission expense for the two record periods and for the Test Year. Include TCEQ inspection fees or permit permit fees, and other regulatory expense. Do not include the regulatory assessment; this is a pass through expense. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
<u>TME 12/31/13</u>	\$ <u>1,480</u>
<u>TME 12/31/14</u>	\$ <u>2,460</u>
a. Test Year <u>TME 12/31/15</u>	\$ <u>3,326</u>
b. K & M Change	\$ <u>-</u> (to I-1, Column E, Line 21 - see instructions above)
c. Adjusted Test year (a.+b.)	\$ <u>3,326</u> (to I-1, Column F, Line 21 - see instructions above)

Explanation and calculations of known and measurable change: N/A

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

The increase in Water Regulatory Commission Expense is due to the increase in Water Tests.

**II-18 (b) Large Items:**

Description	Amount	Date in service
N/A		

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-19 MISCELLANEOUS EXPENSE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
22.	675	Miscellaneous

**II-19 (a) Miscellaneous expense**

**List the amount spent on general miscellaneous for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:**

	Year	Amount
	<u>TME 12/31/13</u>	\$ <u>708</u>
	<u>TME 12/31/14</u>	\$ <u>22,591</u>
a. Test Year	<u>TME 12/31/15</u>	\$ <u>22,432</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a.+b.)		\$ <u>22,432</u> (to I-1, Column F, Line 22 - see instructions above)

**Explanation and calculations of known and measurable change: N/A**

**\* A large item is more than 10% of the test year account balance.**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)

**If the actual for the Test Year is higher than previous years, indicate the reason for the increase:**

Not Applicable

**II-19 (b) Large Items:**

<u>Description</u>	<u>Amount</u>	<u>Date in service</u>
Not Applicable	\$ -	N/A

UTILITY NAME: _____ SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>SECTION III RATE BASE INSTRUCTIONS</b>
--

**Section III provides working tables to allow the calculation of rate base and return on rate base.**

**Instructions for Section III**

- 1 Complete Schedules III-3 through III-9 as they apply to your company.**
- 2 Transfer resulting year end balances (last line of each table) to Schedule III-2.**
- 3 Complete Schedule III-1**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)
SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-1 REQUESTED RETURN
FOR THE TEST YEAR ENDED: 12/31/2015

**RETURN ON RATE BASE:**

Line No.		
1	Test year end rate base (from III-2, Line 16)	573,335
2	Requested ROR ( Col G, Line 7 below)	8.42%
3	Return on rate base (Line 1 x Line 2)	48,301

**Rate of Return:**

A	B	C	D	E	F	G
Line No.	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			$G=(E \times F)$
4.	Equity (Rate base less Line 5, Column D)	\$ 253,212	44.16%	11.49%	Col E = Requested return on equity	5.07%
5.	Long Term Debt and Advances from associated companies from Schedule III-6	\$ 320,123	55.84%	6.00%	Col E = From Sch. III-6, Column H, Line 9	3.35%
6.	Total capitalization (Rate Base Sch III-2, Line 16)	\$ 573,335				
7.	Return on rate base Col G, Line 6 rounded to nearest 0.01%)					8.42%

To Line 2 above

\* ROE = Return on Equity

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-2 RATE BASE SUMMARY**  
 FOR THE TEST YEAR ENDED: \_\_\_\_\_ 12/31/2015

Line No.	Description	Amount	Reference
1	<b>Additions:</b>		<b>(From)</b>
2.	Utility plant (Original Cost)	1,612,546	Schedule III-3, Line 50, Col D
3.	Construction work in progress	-	Schedule III-4, Line 5
4.	Materials and supplies	-	Schedule III-4, Line 8
5.	Working cash (capital)	35,769	Schedule III-5, Line 2
6.	Prepayments	-	Schedule III-4, line 8
7.	Other Additions	-	Add schedule
8.	<b>TOTAL ADDITIONS (Add Lines 2 through 6)</b>	<b>1,648,315</b>	
	<b>Deductions:</b>		
9.	Reserve for depreciation (Accumulated)	826,559	Schedule III-3, Col F, Line 50
10.	Advances for construction	-	Schedule III-8(a), Col F, Line 6
11.	Developer Contributions in aid of construction	248,421	Schedule III-8(b), Col G, Line 6
12.	Accumulated deferred income taxes	-	Schedule III-9(a), Line 3
13.	Accumulated deferred investment tax credits	-	Schedule III-9(b), Line 3
14.	Other Deductions	-	Add schedule
15.	<b>TOTAL DEDUCTIONS (Add lines 9 through 14)</b>	<b>1,074,980</b>	
16.	<b>RATE BASE (Line 8, less Line 15)</b>	<b>573,335</b>	

UTILITY NAME Double Diamond Utility Company, Inc THE CLIFFS (Water)										Schedule III-3			
SCHEDULES - CLASS B RATE/TARIFF CHANGE										(Provide a schedule for each PWS system)			
III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION										Add schedules as needed, provide a summary also			
12/31/2015													
Line (no)	[A] Item	[B] Date of Installation	[C] Service Life (yrs) * **	[D.1] Original Cost when installed \$	[D.2] Customer CIAC amount	[D]- [D.1] - [D.2] Adjusted Original Cost for Customer CIAC <sup>1</sup>	Depreciation			[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$) (Reserve)	[G] = [D]-[F] Net Book Value (\$)	
							Time in Service						
							Years in Service	Months	Days				
1	303 Land and land rights	various		17,920	-	17,920	various				-	-	17,920
2	307 Wells	various	50				various						
	<b>Well Pumps:</b>												
3	311 5 hp or less	various	5	992	-	992	various			198	808	184	
4	311 Greater than 5 hp	various	10	58,282	-	58,282	various			5,828	-	58,282	
	<b>Booster Pumps:</b>												
5	311 5 hp or less		5										
6	311 Greater than 5 hp	various	10	320,352	-	320,352	various			32,036	162,893	157,459	
7	320 Chlorinators		10										
	<b>Structures:</b>												
8	304 Wood		15										
9	304 Masonry		30										
10	305 Storage Tanks	various	50	145,569	-	145,569	various			2,910	40,554	105,015	
11	311 Pressure Tanks		50										
12	331 Distribution System (mains and lines)	various	50	683,167	-	683,167	various			13,662	380,990	302,177	
13	334 Meters and Service (taps not covered by fees)	various	20	356,311	-	356,311	various			17,818	237,525	118,786	
14	340 Office Equipment		10										
15	341 Vehicles	various	5	29,953	-	29,953	various			5,991	3,789	26,164	
16	343 Shop Tools		15										
17	345 Heavy Equipment		10										
18	348 Fencing		20										
19	<b>Other: (Please list)</b>												
20													
21													
22													
23													
24													
25													
50	<b>Total</b>			1,612,546		1,612,546				78,443	826,559	785,987	

To Sch III-2, line 2

To Sch I-1, line 27 To Sch III-2, line 9

Add detailed workpapers if necessary to support this Schedule

<sup>1</sup> Any amount paid for an item that was not incurred by the utility, such as by a customer, is deducted from the original cost. The adjusted original cost amount here, Column D-2, labeled "Adjusted Original Cost for Customer CIAC" Column D-2 will then be depreciated and the net book value will be calculated (Column G). For an item with the entire amount of its original cost paid for by customer(s), Columns D-2, E, F and G would be zero. See Schedule III-8 for developer CIAC.



**UTILITY NAME:** Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
**SCHEDULES - CLASS B RATE/TARIFF CHANGE**  
**III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE**  
**FOR TEST YEAR ENDED:** 12/31/2015

ORIGINAL COST DATA

A Line No.	B Description	C Amount	D Amount
1.	Beginning Gross Plant balance - (from previous rate case)	\$ -	\$ -
2.	Plant additions after previous rate case		
3.	See III-3	\$ 1,612,545.74	
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$ 1,612,546
12.	Test year plant retirements after previous rate case:		
13.		\$ -	
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.	Total retirements (add line 13 through 20, Col C)		\$ -
22.	Ending balance (line 1 + line 11 - line 21)	\$ 1,612,546	\$ 1,612,546

Please provide a full explanation of any adjustments to accounts from the prior period.

**UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)**  
**SCHEDULES - CLASS B RATE/TARIFF CHANGE**  
**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,**  
**MATERIALS AND SUPPLIES INVENTORY & PREPAYMENTS**  
**FOR THE TEST YEAR ENDED: 12/31/2015**

\*\*\*DO NOT include construction work in progress in rate base, unless the utility meets the requirements of PUC Subst. Rule 24.31C(4).

III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS:

A	B	C
Line No.	Description	Test Year Amount
1.	Beginning balance	0
2.	Test year costs added	0
3.	Test year construction costs completed	0
4.	Ending balance	0
5.	Average balance - test year (line 1 plus line 4, divided by 2)	0

Typically zero, to Schedule III-2, Line 3

		Materials & Supplies inventory	Prepaid Expenses
6.	Sum of 12 test year month end balances	-	-
7.	One month prior to the test year, month end balance	-	-
8.	13 Month Average balance (line 6 plus line 7, divided by 13)	-	-

To III-2, Line 4. To III-2, Line 6.

PUC Subst. Rule 24.31C(4).

**UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)**  
**SCHEDULES FOR CLASS B RATE/TARIFF CHANGE**  
**III-5 WORKING CASH ALLOWANCE CALCULATIONS**  
**FOR THE TEST YEAR ENDED: 12/31/2015**

1. No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only. Sewer connections count for the purposes of this schedule.

2. A utility which has all metered customers and bills monthly shall divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 if it is a Class B utility, or by 8 if it is a Class C utility filing a Class B package to calculate working cash allowance. An example follows:

	Class B	Class C
1. Annual Expenses	\$70,000	\$70,000
2. Taxes and depreciation	(10,000)	(10,000)
3. Net Expenses (Line 1 - Line 2)	60,000	60,000
4. Working Cash (Line 3 / line 5)	\$5,000	\$7,500
5. Divisor	12	8

A Line No	B Description	Water		Sewer		
		Class B	Class C	Class B	Class C	
1	Annual O & M Expenses	N/A	N/A	286,150	230,581	From Sch I-1, line 25
2	Working Cash (Line 3 / Line 5)	N/A	N/A	35,769	28,823	To Sch III-2, line 5
3	Divisor	12	12	8	8	

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER**  
 FOR THE YEAR ENDED: 12/31/2015

List the following information concerning debt and equity of the utility and attach copies of notes payable used. Round all percentages to two (2) decimal places. If debt from affiliated interests is allocated to the utility, provide workpapers demonstrating and justifying the allocation.

	(A) Long Term Debt Name of Bank/Lender	(B) Date of Issue	(C) Date of Maturity	(D) Original Amount of Loan	(E) Outstanding or Unpaid Balance- End of Test Year	(F) Interest Rate	(G)-Col. E, Line 20 x Col. F, Line 20 Weighted Average
1	Part 1 - Debt						
2		3/7/2013	4/7/2017	3,000,000	2,619,493	6.00%	157,170
3							
4							
5							
6							
7							
8							
9	Total				2,619,493	6.00%	157,170

To Sch III-1,  
Column G,  
Line 5

List short term debt, if any.

DDU000004

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE</b> FOR THE TEST YEAR ENDED: 12/31/2015
--

ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. _____)	\$ -
2	Ending balance per Sch III-3, Column F, Line 50	826,559
	Describe accounting adjustments made between the prior rate case and the current rate case:	
	Depreciation accruals	

Must match previous rate case.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-8 ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION**  
 FOR THE TEST YEAR ENDED: 12/31/2015

III-8(a) ADVANCES FOR CONSTRUCTION:

Line No.	A Item	B Date of Installation	C Total Cost	D Amount of Advance	E Repayments made to developer	F (F)=(D)-(E) Rate base Value (to Sch III-2)	G Amount to be refunded in the future*
1.	Not Applicable						
2.							
3.							
4.							
5.							
6.	Total						

\*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding, if known

III-8(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION\*:

Line No.	A Item	B Date of Installation or Contribution	C Total Cost	D Amount of Developer Contribution	E Annual amortization	F Accumulated Amortization	G (G)=(D) - (F) Rate Base Value (to Sch III-2)
1.	303 Land and land rights	Various	320,352	-	-	-	-
2.	Sewer Plant - 7 yr life	Various	145,569	26,504	530	15,886	10,618
3.	Sewer Plant - 10 yr life	Various	683,167	516,854	10,337	301,221	215,633
4.	Sewer Plant - 20 yr life	Various	356,311	42,368	2,119	34,534	7,834
5.	Sewer Plant - 50 yr life	Various	107,146	14,336	-	-	14,336
6.	Total		1,612,546	600,062	12,986	351,641	248,421

\*Customer CIAC is entered directly on III-3

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-9 DEFERRED INCOME TAXES AND</b> DEFERRED INVESTMENT TAX CREDITS FOR THE TEST YEAR ENDED: 12/31/2015
---

To the extent that new line items have been included within the calculation of ADIT since the last rate filing, provide a complete description of the underlying issues that give rise to the new category of ADIT

III-9(a) ACCUMULATED DEFERRED INCOME TAXES:

Line No.	Description	Test Year Amount
1.	Beginning balance	-
2.	Test year amount	-
3.	Ending balance	-

III-9(b) ACCUMULATED DEFERRED INVESTMENT TAX CREDITS:

Line No.	Description	Test Year Amount
1.	Beginning balance	-
2.	Test year amortization	-
3.	Ending balance	-

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-10 OTHER DEFERRED ASSETS</b> FOR THE TEST YEAR ENDED: 12/31/2015
---

III-10(a) : Other Deferred Assets

Line No.	Description	Test Year Amount
1.	None	-
2.		-
3.		-

III-10(b) ACCUMULATED AMORTIZATION ON OTHER DEFERRED ASSETS

Line No.	Description	Test Year Amount	Total Accum Amort End of test year
1.	None	-	-
2.		-	-
3.		-	-



UTILITY NAME: _____
SCHEDULES - CLASS B RATE/TARIFF CHANGE
Section IV is used to report taxes other than income for proposed revenues.

**Instructions for Section IV**

Follow the instructions included with individual schedules under the heading reference.

<b>UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)</b> <b>SCHEDULES - CLASS B RATE/TARIFF CHANGE</b> <b>IV(a) ESTIMATE OF TAXES OTHER THAN INCOME</b> <b>FOR THE TEST YEAR ENDED: 12/31/2015</b>
---

**PROPERTY TAXES:**

A	B	C	D	E
Line No.	Description	Amount	Amount	Reference
1	Property taxes paid in in test year		865	per property tax bills
2	Utility plant added in test year	100,904		Schedule III-3(a), Line 11
3	Utility plant retirements in test year	-		Schedule III-3(a), Line 21
4	Net additions	100,904		Line 2 minus line 3
5	Net Property tax rate	0.03%		gross plant balance from III-3
6	Test year property tax on additions		33	Line 4 times Line 5
7	Adjusted Test year property tax expense		899	Line 1 + Line 6
8	Known and measurable change		33	Line 7 minus Line 1

**PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):**

A	B	C	D	E	F	G
Line No.	Tax Type	Wage Level	Tax Rate	Taxable Wages	Reference	Tax
					SCHEDULE II-6	(D x E)
9	FICA	ALL	6.20%	86,950	Column D+E+F Line 9	5,391
10	Medicare	ALL	1.45%	86,950	Column H Line 9	1,261
11	Added Medicare (Affordable Care Act)	ALL	0.00%	86,950		-
12	Federal unemployment	wages to \$7000	0.60%	24,500	Column D Line 9	147
13	State unemployment	wages to \$9000	1.50%	31,500	Column D+E Line 9	473
14	Total (add Lines 11 through 14)					7,271
15	Less: Capitalized		0%			-
16	Test year Payroll Tax Expense					7,608
17	Known and measurable change					(337)

**OTHER TAXES:**

A	I	J	K	L
Line No.	Description	Test year	K & M Change	Adjusted Test Year
18	Other taxes & licenses	2,376	-	2,376
19				
20				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)	2,376	-	2,376
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			10,545
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			(304)

TRUE

DDU16 - 011249

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water) SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>IV(b) REVENUE RELATED TAXES AND EXPENSES</b> FOR THE TEST YEAR ENDED: ___ 12/31/2015						
A		B	C	D	E	F=B+C+D+E
Line		Texas Margins Tax	City Franchise Taxes	Bad Debt Expense	Other Revenue Related	Totals
1	Test year expense	-	-	-	-	-
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)	-	-	-	-	-
3	Gross up factor (1.0 divided by (1.0 minus Line 2)) (example below)	-	-	-	-	-
4	Change in revenue requirement (Sch I-1, line 33)					-
5	Adjusted revenue requirement (Line 3 x Line 4)					-
6	Adjusted expense (Line 3 times Line 4)					-
7	Add Schedule IV(a) , Line 20					-
8	Total taxes other than PIT (to Sch I-1, Col F, Line 26)					0

Example: Test Year Franchise tax           \$     100  
 Test Year revenues:                               \$    2,000  
 Percentage (100/2000):                         0.050  
 Gross up factor (1/(1-0.05))                 1.052631579

**SCHEDULES - CLASS B RATE/TARIFF CHANGE**

Section V calculated federal income tax at present rates.

Instructions for Section V

Complete SCHEDULE V per instructions found in the reference column.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

A	B	C	D
Line		Amount	Reference
1	Requested Return	48,301	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	19,207	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	29,094	Line 1 minus Line 2
4	Income taxes at proposed rates	4,679	Line 17 below
5	Effective tax rate	16%	Line 4 divided by Line 3
6	Total gross up factor	1.19	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	5,576	Line 4 times line 6

To Sch I-1, Line 27

**FEDERAL INCOME TAX CALCULATION:**

See calculation on

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Total)  
 V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE

UTILITY NAME: _____ VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE
--

Section VI is used for rate design.

**Instructions for Section VI:**

Sheet VI-1 designs rates based on the requested revenue requirement. Complete the schedule using the referenced lines from other schedules. The schedule is for a simple base (customer charge) rate and one gallonage rate per each 1,000 gallons. If a different rate structure is requested, all calculations supporting the proposed rates must be included. Rates and resulting revenues for each class of customer and each rate tier included in the proposed tariff must be specified. If a different fixed/variable expense split is proposed, attached explanations of why the split is appropriate, and include any calculations not included on Schedule VI.

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Water)				
SCHEDULES - CLASS B RATE/TARIFF CHANGE				
Schedule VI-1 RATE DESIGN				
FOR THE TEST YEAR ENDED: 12/31/2015				
Line No.	A	B	C	
		Reference		
	DETERMINATION OF FIXED COSTS			
1.	Gross revenues to be recovered:	Sch I-1, Line 36	426,113	
	<del>Less variable costs:</del>			
2	Purchased water - Account 610	Sch I-1, Col. F, line 1	-	
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	18,275	
4.	Other volume related - Account 618	Sch I-1, Col F, line 3	21,107	
5.	Other volume related or allocated (attach schedule)			
6.				
7.				
8.				
9.				
10	FIXED COSTS (Line 1 minus Lines 2-9)		386,731	
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE		50	%
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		193,365	
	<del>RECAP:</del>			
13	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	193,365	
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	232,747	
	TOTAL	Equals Line 1	426,113	
	<del>TO BE RECOVERED THROUGH BASE SERVICE CHARGE:</del>			
15.	TOTAL METER EQUIVALENTS	Sch I-3, Col H, line 9	416	
16	CHARGE PER 5/8" X 3/4" METER (MONTHLY)	Line 13 / Line 15 /12	\$ 38.78	
	<del>TO BE RECOVERED THROUGH VOLUMETRIC RATE</del>			
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	24,724	
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17	\$ 9.41	
	<del>PROPOSED RATES:</del>			
19	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18 of attach schedule	\$ 9.41	
	BASE SERVICE CHARGE (PER 5/8" X 3/4")		\$ 38.78	
	<del>Meter size</del>	<del>Line 19</del>	<del>Equivalency</del>	
20.	5/8 X 3/4"	\$ 38.78 X 1.0 =	\$ 38.78	
21.	3/4"	\$ 38.78 X 1.5 =	\$ 58.17	
22.	1"	\$ 38.78 X 2.5 =	\$ 96.95	
23	1 1/2"	\$ 38.78 X 5.0 =	\$ 193.91	
24	2"	\$ 38.78 X 8.0 =	\$ 310.25	
25	3"	\$ 38.78 X 15.0 =	\$ 581.73	
26.	4"	\$ 38.78 X 25.0 =	\$ 969.54	
	See attached Proposed Rate Schedule			

If the utility is setting a tiered rate, calculations for all tiers must be provided with total collections for all tiers compared to the revenue requirement requested.

Double Diamond Utilities Co. / The Cliffs  
 Application for a Rate / Tariff Change  
 Test Year Ended 12/31/2015  
 Requested Water Rates / Water Revenue Proof

Line No.	Col (A)	(B)	(C)	(D)	(D)	(E)	(F)
		Billing Units	Current Rates	Revenue under Current Rates	Billing Units	Proposed Rates	Revenue under Proposed Rates
1	Meter Charge						
2	3/4" or Less	258	\$ 36.14	\$ 111,889	258	\$ 40.00	\$ 123,840
3	1"	13	90.36	14,096	13	110.00	17,160
4	1 1/2"	1	180.72	2,169	1	230.00	2,760
5	2"	15	289.15	52,047	15	395.00	71,100
6	3"	-	542.16	-	-		-
7	Subtotal	287		\$ 180,201	287		\$ 214,860
8	Volumetric Charge (per 1,000 gal)						
9	0 - 3,000	5,260	\$ 2.60	\$ 13,677	5,260	\$ 3.50	\$ 18,411
10	3,001 - 10,000	6,142	3.00	18,425	6,142	4.00	24,567
11	10,001 - 15,000	2,655	5.07	13,463	2,655	6.50	17,260
12	15,001 - 20,000	1,958	8.56	16,763	1,958	10.50	20,562
13	20,001 +	8,708	14.45	125,827	8,708	14.45	125,827
14	Subtotal	24,724		\$ 188,155	24,724		\$ 206,628
15	Total			\$ 368,356			\$ 421,488
16	Rate Revenue Requirement			\$ 426,113			\$ 426,113
17	Over / (Under) Recovery (\$)			(57,756)			(4,625)
18	Over / (Under) Recovery (%)			-16%			-1%
19	5,000 Gallons		\$ 49.94			\$ 58.50	
20	Increase					\$ 8.56	17%
21	10,000 Gallons		\$ 64.94			\$ 78.50	
22	Increase					\$ 13.56	21%
23	30,000 Gallons		\$ 277.59			\$ 308.00	
24	Increase					\$ 30.41	11%
25	Revenue Increase over Test Year Calculated Revenue					\$	53,131



# Sewer



## PUBLIC UTILITY COMMISSION OF TEXAS

### CLASS B RATE/TARIFF CHANGE APPLICATION

*Required Schedules for rate/tariff changes*

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Sewer)  
CCN No. 20705

ADDRESS OF UTILITY: 5495 Belt Line Road, Suite 200  
Street, P.O. Box and/or suite number  
Dallas 75254  
City and Zip Code

PHONE NUMBER: (214) 706-9801  
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Randy Gracy

PHONE: (214) 706-9801

EMAIL ADDRESS: rgracy@ddresorts.com

PUC CLASS SIZE: B  C (circle one)

INCREASE (DECREASE) \$ 137,399 (From Sch I-1, Line 33)  
dollar amount

67% (From Sch I-1, Line 34)  
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY

S-Corporation

DATE OF LAST GENERAL RATE CASE FILING 2/26/2009

DATE OF LAST NON-GENERAL RATE CHANGE\* N/A

\* (e.g. pass through rate change or temporary water rate provision)

# CLASS B RATE/TARIFF CHANGE APPLICATION

## *Required Schedules for rate/tariff changes*

***\*\*Please read the "Class B Investor-Owned Utilities water and/or sewer Instructions for Rate/Tariff Change Application" completing these schedules.\*\****

**These schedules are organized in a manner whereby the user can work through each section to:**

- 1st Record historical test year data on Schedule I-1, Column D.  
Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Calculate operating expenses and make adjustments (Section II).**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**

**These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information. If the applicant does not use a schedule, it should be noted as "N/A", and an explanation provided.**

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Sewer)  
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION  
 SCHEDULES

**Complete all of the following schedules for your Class A or B utility  
 (if the schedule does not apply, include it marked "N/A")**

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2015  
 DATE SUBMITTED TO PUC: July 2016

	Attachment Schedule	Items Checked
<b>SECTION I</b>		
<b><u>REVENUES AND REVENUE REQUIREMENT</u></b>		
Revenue Requirement Summary	I-1	<input checked="" type="checkbox"/>
Historical Revenue Summary	I-2	<input checked="" type="checkbox"/>
 <u>Include the appropriate schedules:</u>		
Metered Active Connections by Meter Size	I-3	<input checked="" type="checkbox"/>
Unmetered Active (Flat Rate) Customers	I-4	<input checked="" type="checkbox"/>
 <b>SECTION II</b>		
<b><u>OPERATIONS AND EXPENSES</u></b>		
Water Production (no unmetered rates)	II-1(a)	<input checked="" type="checkbox"/>
Water Production (with unmetered rates)	II-1(b)	<input checked="" type="checkbox"/>
Other Revenues & Expenses passed through	II-3	<input checked="" type="checkbox"/>
Purchased Power	II-4	<input checked="" type="checkbox"/>
Other Volume Related Expenses	II-5	<input checked="" type="checkbox"/>
Payroll Cost Allocation	II-6	<input checked="" type="checkbox"/>
Materials	II-7	<input checked="" type="checkbox"/>
Contract Work	II-8	<input checked="" type="checkbox"/>
Transportation Expenses	II-9	<input checked="" type="checkbox"/>
Other Plant Maintenance	II-10	<input checked="" type="checkbox"/>
Employee Pensions/Benefits	II-11	<input checked="" type="checkbox"/>
Bad Debts/uncollectables	II-12	<input checked="" type="checkbox"/>
Office Services and Rentals	II-13	<input checked="" type="checkbox"/>
Office Supplies and Expense	II-14	<input checked="" type="checkbox"/>
Professional Services	II-15	<input checked="" type="checkbox"/>
Insurance	II-16	<input checked="" type="checkbox"/>
Rate Case Expense	II-17	<input checked="" type="checkbox"/>
Regulatory Commission Expense	II-18	<input checked="" type="checkbox"/>
Miscellaneous Expense	II-19	<input checked="" type="checkbox"/>

UTILITY NAME: Double Diamond Utility Company, Inc. THE CLIFFS (Sewer)  
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION  
 SCHEDULES  
 TABLE OF CONTENTS (Page 2 of 2)

**Complete all of the following schedules for your Class A or B utility  
 (if the schedule does not apply, include it marked "N/A")**

	Attachment Schedule	Items Checked
<b>SECTION III <u>RETURN AND RATE BASE</u></b>		
Requested Return	III-1	<input checked="" type="checkbox"/>
Rate Base	III-2	<input checked="" type="checkbox"/>
Utility Plant	III-3	<input checked="" type="checkbox"/>
Utility Plant reconciled to previous filing	III-3(a)	<input checked="" type="checkbox"/>
Developer Construction work in progress	III-4(a)	<input checked="" type="checkbox"/>
Materials and Supplies Inventory	III-4(b)	<input checked="" type="checkbox"/>
Working Cash	III-5	<input checked="" type="checkbox"/>
Notes Payable	III-6	<input checked="" type="checkbox"/>
Accumulated Depreciation	III-7	<input checked="" type="checkbox"/>
Advances for Construction	III-8(a)	<input checked="" type="checkbox"/>
Contributions in Aid of Construction	III-8(b)	<input checked="" type="checkbox"/>
Deferred Income Taxes	III-9(a)	<input checked="" type="checkbox"/>
Deferred Investment Tax Credits	III-9(b)	<input checked="" type="checkbox"/>
Deferred Assets	III-10(a)	<input checked="" type="checkbox"/>
<b>SECTION IV <u>TAXES OTHER THAN INCOME</u></b>		
Property, Payroll and Other Taxes	IV(a)	<input checked="" type="checkbox"/>
Revenue Related Taxes	IV(b)	<input checked="" type="checkbox"/>
<b>SECTION V <u>FEDERAL INCOME TAXES (FIT)</u></b>		
Income Taxes at Present Rates-effective rate	V	<input checked="" type="checkbox"/>
<b>SECTION VI <u>RATE DESIGN</u></b>		
Rate Design Worksheet	VI	<input checked="" type="checkbox"/>