



Control Number: 46245



Item Number: 597

Addendum StartPage: 0

RECEIVED

SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

2017 SEP 22 PM 1:12

FILED IN THE OFFICE OF THE
STATE COMPTROLLER

APPLICATION OF DOUBLE
DIAMOND UTILITY COMPANY, INC.
FOR A WATER AND SEWER
RATE/TARIFF CHANGE

§
§
§
§
§
§

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS



DIRECT TESTIMONY OF
DEBI LOOCKERMAN, CPA
WATER UTILITY REGULATION DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS

September 22, 2017

000001

597

TABLE OF CONTENTS

I. INTRODUCTION OF WITNESS 1
II. PURPOSE AND SCOPE OF TESTIMONY 2
III. ACCUMULATED DEFERRED FEDERAL INCOME TAX..... 2

ATTACHMENTS

Attachment DL-1	Resume
Attachment DL-2	List of Previous Testimonies
Attachment DL-3	White Bluff - Water ADFIT
Attachment DL-4	White Bluff - Sewer ADFIT
Attachment DL-5	The Cliffs Water ADFIT
Attachment DL-6	The Cliffs – Sewer ADFIT
Attachment DL-7	Workpapers (confidential)
Attachment DL-8	Response to Staff Request for Information #1-34

1 **I. INTRODUCTION OF WITNESS**

2 **Q. Please state your name and business address.**

3 A. Debi Loockerman, 1701 North Congress Avenue, Austin, Texas 78711.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Public Utility Commission of Texas (PUC or Commission) as the
6 director of water rates analysis in the Water Utility Regulation Division (Division).

7 **Q. What are your principal responsibilities?**

8 A. My responsibilities include managing the accounting/financial team for water and sewer
9 rates program, analyzing rate applications and annual reports, preparing written or oral
10 testimony, making recommendations on regulatory issues, and managing new rules and
11 forms creation in the Division.

12 **Q. Please state briefly your educational background and professional experience.**

13 A. I received a Bachelor of Business Administration degree with a major in Accounting from
14 the University of Texas at Austin in 1984. I have worked in water and sewer rate
15 regulation for over 25 years in Texas. I am a Certified Public Accountant (CPA) licensed
16 in the State of Texas. I have accounting experience in public practice, industry and state
17 government. Attachment DL-1 is a copy of my resume.

18 **Q. Have you previously testified before the Commission?**

19 A. Yes. Attachment DL-2 is a list of my previous testimonies.

1

2 **II. PURPOSE AND SCOPE OF TESTIMONY**

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. The purpose of my testimony is to recommend amounts for accumulated deferred federal
5 income tax (ADFIT) for Double Diamond Utility Company, Inc. (DDU) for the
6 determination of total invested capital as presented by Staff witness, Ms. Emily Sears. My
7 recommendations address the following issue from the Preliminary Order:

8 31. What is the reasonable and necessary amount of the utility's accumulated reserve for
9 deferred federal income taxes, unamortized investment tax credits, contingency reserves,
10 property insurance reserves, contributions in aid of construction, customer deposits, and
11 other sources of cost-free capital? What other items should be deducted from the utility's
12 rate base?

13 **Q. What is the scope of your review?**

14 A. I reviewed the DDU's rate filing package, the testimonies filed in this case that pertain to
15 my recommendations, as well as the responses to Requests for Information (RFIs)
16 pertaining to the ADFIT.

17 **III. ACCUMULATED DEFERRED FEDERAL INCOME TAX**

18 **Q. Please summarize your recommended amounts for ADFIT.**

19 A. Table 1 summarizes my recommendations. Attachment DL - 7 provides the calculations
20 made to determine these amounts. I recommend these amounts be used to reduce invested
21 capital/rate base for the subdivisions of DDU as follows:

White Bluff Subdivision – Water	\$327,979
White Bluff Subdivision – Sewer	31,375
The Cliffs Subdivision – Water	39,859
The Cliffs Subdivision – Sewer	9,495

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

Q. What is invested capital, or rate base?

A. Invested capital, or rate base, is the prudent investment of owners of a utility. The components of invested capital are listed in 16 Tex. Admin. Code § 24.31(c)(2) (TAC). The list includes utility plant used and useful less accumulated depreciation, reasonable working capital allowance or cash working capital, reasonable prepayments, and ADFIT. Invested capital may also be adjusted for other reasons, for example cost-free capital such as customer or developer contributions.

Q. Why do you recommend ADFIT as a reduction of invested capital?

A. As is the case with customer deposits, the customers fund capital for tax liabilities prior to when the liabilities are paid. Rates are set using straight line depreciation, but DDU passes through the accelerated depreciation expense for income tax purposes to the shareholders.¹ DDU's shareholders benefit because DDU recovers tax expense from customers before the taxes are actually due to the federal government. DDU files taxes as an S-corporation,² which does not pay federal income taxes, but flows all taxable income and benefits through to its shareholders. Just as DDU's net income flows through to the

¹ Attachment DL – 7.
² Attachment DL – 8.
Direct Testimony of Debi Loockerman

1 shareholders, the cash benefits of accelerated depreciation also flow through to the
2 shareholders.

3 The difference in what DDU's shareholders pay to the Internal Revenue Service
4 and what DDU collects from its customers for normalized taxes (included in the cost of
5 service) accumulates over the years and is called ADFIT. DDU does not show ADFIT on
6 its books because S-corporations do not typically pay taxes; instead, the shareholders pay
7 the taxes.

8 The customers have paid for capital rather than the shareholders by paying
9 normalized taxes, which accumulate over the years in the ADFIT balance. Because the
10 benefit of this capital is being entirely received by the shareholders and not the customers,
11 the rate base should be reduced. Otherwise, unjust and unreasonable rates would be set
12 because the customers are paying return on capital dollars that they (not the shareholders)
13 provided. If ADFIT is not allowed as a reduction to rate base, DDU should not be allowed
14 to collect normalized federal income tax. However, pursuant to 16 TAC § 24.31(b)(1)(D),
15 federal income taxes on a normalized basis are an allowable expense in the cost of
16 service. Furthermore, pursuant to 16 TAC §24.31(c)(3)(A), accumulated reserves for
17 deferred federal income tax will be deducted from rate base. Therefore since DDU is
18 allowed to collect normalized federal income tax expense in its cost of service it is
19 consistent and necessary to also address accumulated deferred federal income tax. For
20 these reasons, I recommend reductions to rate base as reflected in Table 1.

21 **Q. Does this conclude your direct testimony?**

22 A. Yes. I reserve the right to supplement this testimony during the course of the proceeding
23 as new evidence is presented.

ATTACHMENT DL – 1
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

Debi Loockerman, CPA
Resume

Attachment DL-1
SOAH Docket 473-17-0117.WS
PUC Docket 46245

Debi Loockerman, CPA
Professional Experience

Manager, Financial Analysis Team (5/1/15 to current)

Public Utility Commission of Texas

- Manage programs and activities related to water and sewer rate program. Oversee staff engaged in rulemaking projects and contested cases.
- Recommend changes to program area and develop procedures for new law and rule implementation.
- Perform highly advanced rate making, financial, and managerial work including reviews of rate and tariff change applications, rate appeals, and financial and managerial reviews of water and sewer utility providers.
- Managed rule making projects and revise forms for rate case submissions.
- Review applications and provide expert witness testimony in rate cases, and certificate of convenience and necessity cases.

Financial Examiner IV

Public Utility Commission of Texas (1/14-5/15)

- Provided expert witness testimony for electric utility rate making proceedings.
- Reviewed, analyze, and make recommendations on cost of service issues and rate treatment issues in electric rate proceedings.
- Provided guidance and knowledge for the transfer of water utility rate regulation from the TCEQ to the PUC.

Auditor V – Financial Review and Rate Analysis

Texas Commission on Environmental Quality (6/10-12/13)

- Reviewed, analyzed and prepared comprehensive reports of complex business plans and/or financial, managerial and technical capacity information for public water systems and retail public water or sewer utilities.
- Provided customer service and utility assistance for public water systems and retail public water or sewer utilities in developing business plans; financial, managerial, and technical information; and in following the strategies set forth in the plans.
- Assisted in the development of program policies, procedures, and rules for the review of complex business plans or financial and managerial information submitted by public water systems and/or retail public water or sewer utilities.
- Provided assistance, gave professional advice and/or review and process rate/tariff change applications submitted by utilities for approval.
- Assisted with staff training, staff development and coordination of work assignments regarding business plans and financial, managerial and technical review for public water systems and/or retail water or sewer utilities.
- Provided expert oral and written testimony and present information on cost of providing water service and the financial and managerial position of utilities.

Auditor V

Texas Commission on Environmental Quality (11/08 through 6/10)

- Reviewed and analyzed audited financial statements of Districts for regulatory compliance and preparation in accordance with generally accepted accounting principles.
- Prepared and implemented procedures for audit processing.
- Special projects, including assistance with legislative questions and analysis in the districts arena.

Attachment DL-1
SOAH Docket 473-17-0117.WS
PUC Docket 46245

Owner, Debi Loockerman CPA dba Debi Carlson CPA (7/97 through 6/08)

- Provided consulting services and expert witness testimony in the rate making arena.
- Implemented accounting systems, including utility billing systems for privately owned water systems in Texas.
- Reviewed and analyzed financial statements of water utility companies to determine internal control issues and sufficiency of accounting procedures and ratemaking procedures.
- Income tax and monthly accounting services.

B & D Environmental, Inc. (7/97 through 06/08)

Partner/Controller

- Prepared and defended costs of service for clients through the regulatory process for privately owned utilities.
- Worked with clients to negotiate the regulatory process to successfully obtain rate increases.
- Provided expert witness testimony in several cases and assisted in negotiation settlements for rate cases throughout this period.
- Prepared internal financial statements and tax returns.
- Managed cash flow and all tax reporting requirements including payroll.
- Provided billing, monthly statements, internal accounting and reports, accounts payable and receivable for water systems.

Senior Rate Analyst, Texas Natural Resource Conservation Commission (11/89 through 7/97)

- Analyzed rate filings by private and publicly owned utilities to determine the cost of providing retail and wholesale water and sewer service.
- Prepared written and oral expert witness testimonies on wholesale and retail water and sewer rate methodologies in administrative hearings proceedings.
- Assisted in mediating informal rate hearings using effective oral and written communication skills, and negotiated agreements. Most agreements included utility rate increases and improved utility service issues.
- Designed a regulatory accounting system for small public water and wastewater utilities to enhance uniformity in accounting, viability determination, and compliance with regulatory requirements.

Accounting Manager, Service Life and Casualty Insurance (11/87 through 8/89)

- Assisted the chief financial officer in the supervision of four staff members.
- Interviewed, selected and trained new personnel.
- Prepared reconciliations between cash accounts, payroll accounts, and pension plan accounts and the general ledger.
- Prepared month end adjusting entries and year end adjusting entries for general ledger.
- Prepared and analyzed internal financial statements under supervision of the chief financial officer.
- Reviewed annual regulatory filings.

Senior Accountant, Eugene McCartt, C.P.A. (3/85 through 11/87)

- Prepared monthly financial statements for all write up clients.
- Prepared individual, corporate, not for profit, and partnership tax returns.
- Communicated extensively with clients during all phases of work.

Education

Bachelor of Business Administration issued from the University of Texas at Austin in 1984, major in Accounting.

ATTACHMENT DL – 2
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

Debi Loockerman, CPA
List of Previous Testimonies

Attachment DL-2
SOAH Docket 473-17-0117.WS
PUC Docket 46245

Debi Loockerman CPA
Public Utility Commission of Texas (PUC)
List of Previous Testimonies and filings

Written Testimony

<u>Docket</u>	<u>Company</u>	<u>Subject</u>
PUC Docket 45720	Rio Concho Aviation	Cost of service
PUC Docket 45570	Monarch Utilities I, L.P.	Revenues, Gain on Sale
PUC Docket 44809	Quadvest, LP	Cost of Service
PUC Docket 44657	Interim La Ventana	Financial/Managerial ability
PUC Docket 43695	Southwestern Public Service Company	Property tax
PUC Docket 42469	Lone Star Transmission	Support of Stipulation
SOAH 582-12-6250	BFE Water Company	Cost of Service
SOAH 582-08-2863	Lower Colorado River Authority	Cost of Service
SOAH 582-08-4353	Interim-La Ventana acquisition	Financial/Managerial ability
TCEQ 30077-R	Highsaw Water Corp	Cost of Service
TCEQ 30089-R	Technology/Hydraulics	Cost of Service
TCEQ 9152-A	City of Point Blank	Cost of Service
TCEQ 8819-R	Oakridge Water Co.	Cost of Service
TCEQ 9271-A	City of Lewisville,	Cost of Service
TCEQ 9300-W	Evant Water Supply Corp	Cost of Service
TCEQ 8496-W	City of Winters	Cost of Service
TCEQ 8479-R	Engel Utility Company	Cost of Service

Memoranda in Lieu of Testimony

<u>PUC Docket</u>	<u>Company</u>	<u>Subject</u>
42104	AEP Texas Central Company	Interim Wholesale Trans. Rate
42133	Sharyland Utilities	Interim Wholesale Trans. Rate
42134	Electric Transmission Texas	Interim Wholesale Trans. Rate
42181	Texas-New Mexico Power	Interim Wholesale Trans. Rate
42200	Cross Texas Transmission	Interim Wholesale Trans. Rate

Other testimony and applications

While affiliated with B & D Environmental, Inc. I prepared cost of service studies and revenue requirements for the following entities to the TCEQ or predecessor agencies:

- Patrick C. King, Receiver for Lamar Water Supply Corp
- Greenwood Water Corporation (written testimony)
- Brighton Water Systems, Inc. dba Wise Service Company
- Country Terrace Water Company, Inc.
- Midway Water Utilities, Inc.
- Cindy Riley
- North Orange Water & Sewer, LLC (written testimony)
- Tapatio Springs Services Company & Kendall County Utility Company
- P & B Water Corporation
- Decker Utilities (written testimony)
- Bret W. Fenner, Receiver for Twin Creek Park Water System
- Bret W. Fenner, Receiver for Bertram Woods Water System
- Bret Fenner, Receiver for High Sierra Water System

ATTACHMENT DL – 3
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

White Bluff – Water ADFIT calculations

Public Utility Commission of Texas

ATTACHMENT DL - 3

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - White Bluff Subdivision - Water

Test Year End 12/31/2015

Description	Ver./Est. Original Cost		Accum. Deprec.		Reference	Per tax return 2015	(Includes basis reduction for § 179	Net Plant	Year(s), if combined	Original Cost	Accum Dep	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
	Original Cost	Accum. Deprec.	Unadjusted cost or basis	Accum Depr or Accum tax expense											
58,000 gallon gst. field erect with base	\$ 21,025	\$ 10,511													
Total Pipe Installed	\$ 2,198,815	\$ 879,406	2. DDU16-015471	\$ 672,511.00	\$ 672,442.00	\$ 69.00	\$ 2,198,815.08	879,406	1,319,409	40%	\$268,967.58	\$403,474.42			
Well No 2	\$ 67,114	\$ 67,105		\$ -											
water bores (2)	\$ 1,000	\$ 400	5. DDU16-015471	\$ 1,000.00	\$ 1,000.00	\$ -	\$1,000.00	400	600	40%	\$ 399.73	\$ 600.27			
water line unit 40	\$ 4,510	\$ 1,801													
water bore (3)	\$ 1,500	\$ 599													
water line unit 39	\$ 4,230	\$ 1,689													
water bore	\$ 500	\$ 199													
water bore	\$ 1,500	\$ 595													
water line unit 33, 34, 35	\$ 9,090	\$ 3,606													
water storage tank 82	\$ 81,618	\$ 31,883	3. DDU16-015471	\$ 53,997.00	\$ 48,917.00	\$ 5,080.00	\$81,617.96	31,883	49,735	39%	\$ 21,093.20	\$ 27,823.80			
water line Unit 38	\$ 6,125	\$ 2,389													
water line unit 36	\$ 4,510	\$ 1,759													
water and sewer bores	\$ 2,000	\$ 777													
pipe - Rohan	\$ 3,281	\$ 1,256													
bores	\$ 500	\$ 190													
water line unit 40	\$ 7,475	\$ 2,839													
water line unit 41	\$ 4,875	\$ 1,850													
pipng	\$ 7,552	\$ 2,863													
raw water intake	\$ 390	\$ 369													
pipng	\$ 274	\$ 104													
pipe-Unit 41	\$ 332	\$ 125													
tee and gate valves - Unite 40	\$ 1,034	\$ 390													
pipe Unite 40	\$ 4,817	\$ 1,815													
pipng	\$ 6,940	\$ 2,614													
pipng	\$ 14,210	\$ 5,331					\$14,210.00	5,331	8,879						
valves 0 Unit 41	\$ 738	\$ 276					\$738.27	276	462						
pipng - US Filter - Unit 40	\$ 318	\$ 119					\$318.26	119	199						
pipe - Unit 41	\$ 637	\$ 236					\$636.51	236	400						
pipe - Unit 41	\$ 1,687	\$ 625					\$1,686.54	625	1,061						
valves, tees Umt 41	\$ 175	\$ 65					\$175.20	65	111						
bore	\$ 1,000	\$ 368					\$1,000.00	368	632						
water line mut 41	\$ 2,705	\$ 996					\$2,705.00	996	1,709						
pate valves - umt 41	\$ 1,277	\$ 469					\$1,277.16	469	808						
valve box lid - US Filter	\$ 1,022	\$ 373					\$1,021.50	373	648						

Deferred Federal Income Tax Calculation	(Plant, depreciation numbers are from testimony of Jolie Mathis)		See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for § 179)	Net Plant	Year(s), if combined	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
	Ver./Est. Original Cost	Accum. Deprec.											
Water line Unit 40	\$ 518	\$ 189						\$518.29	189	329			
pipe - Unit 42	\$ 3,690	\$ 1,328						\$3,690.00	1,328	2,362			
waterline	\$ 189	\$ 68						\$188.68	68	121			
backfill - Unit 42	\$ 2,184	\$ 774						\$2,183.75	774	1,410			
ptpn - Unit 42	\$ 2,187	\$ 775						\$2,187.30	775	1,413			
pipe - Unit 42	\$ 675	\$ 239						\$675.48	239	436			
valves - Unit 42	\$ 114	\$ 40						\$114.25	40	74			
backfill - Unit 42	\$ 9,620	\$ 3,388						\$9,620.00	3,388	6,232			
backfill - Um 42	\$ 9,620	\$ 3,388						\$9,620.00	3,388	6,232			
piping	\$ 317	\$ 112						\$317.34	112	206			
pipe - Unit 43	\$ 2,652	\$ 929						\$2,651.55	929	1,723			
pipe - Unit 43	\$ 2,652	\$ 929						\$2,651.55	929	1,723			
concrete - three invoices of 5113 21	\$ 170	\$ 59						\$169.82	59	110			
valve - Unit 43	\$ 179	\$ 62						\$178.78	62	116			
gate valve, saddle	\$ 359	\$ 125						\$358.58	125	234			
vexes - Unit 43	\$ 52	\$ 18						\$51.95	18	34			
bob-cat-sewer and water pipinstallation	\$ 13,118	\$ 11,430						\$13,117.50	11,430	1,688			
check and swing valves	\$ 195	\$ 68						\$195.20	68	127			
appurtenances - Unit 43	\$ 201	\$ 70						\$201.49	70	132			
bobcat	\$ 1,458	\$ 1,266						\$1,457.50	1,266	192			
bobcat water and sewer pipe Unit 43	\$ 15,400	\$ 13,332						\$15,400.00	13,332	2,068			
bobcat water and sewer pipe Unit 43	\$ 15,400	\$ 13,332						\$15,400.00	\$13,331.91	2,068			
tees / Um 42	\$ 621	\$ 214						\$621.31	\$214.30	407			
valves - Unit 42	\$ 2,135	\$ 736						\$2,135.06	\$736.41	1,399			
pipe - Unit 42	\$ 9,802	\$ 3,381						\$9,801.82	\$3,380.79	6,421			
timers for well pumps	\$ 437	\$ 371						\$437.33	\$371.18	66			
trench work - Unit 44	\$ 2,418	\$ 817						\$2,418.00	\$817.45	1,601			
well #3 piping and meter	\$ 3,147	\$ 2,659						\$3,147.25	\$2,658.68	489			
slungles for booster station	\$ 177	\$ 149						\$176.65	\$149.15	27			
block for pump house Ni	\$ 3,264	\$ 1,098						\$3,264.13	\$1,097.78	2,166			
trmch work - Unit 44	\$ 7,293	\$ 2,450						\$7,293.00	\$2,449.97	4,843			
concrete mix - Unit 44	\$ 64	\$ 53						\$63.64	\$53.43	10			
trench work - Unit 44	\$ 3,549	\$ 1,191						\$3,549.00	\$1,191.45	2,358			
trench work - Unit 44	\$ 5,675	\$ 1,902						\$5,674.50	\$1,901.91	3,773			
booster station piping	\$ 22,477	\$ 18,803						\$22,476.91	\$18,803.07	3,674			
trench work - Unit 44	\$ 1,931	\$ 645						\$1,930.50	\$645.35	1,285			
well piping	\$ 1,998	\$ 1,668						\$1,998.05	\$1,667.91	330			
piping	\$ 2,409	\$ 804						\$2,409.28	\$804.35	1,605			
concrete - unit 44	\$ 57	\$ 19						\$56.61	\$18.90	38			
haul inotenal for trench fil	\$ 565	\$ 188						\$565.00	\$188.23	377			

Deferred Federal Income Tax Calculation		(Plant, depreciation numbers are from testimony of Jolie Mathis)		See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for § 179								
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Dep or Accum tax expense	Net Plant	Year(s), if combined	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
drill and case well (Well No. 3)	\$ 28,905	\$ 24,042						\$28,905.29	24,042	4,863				
well pump, electrical (well No. 3)	\$ 26,775	\$ 22,249						\$26,775.25	22,249	4,527				
miter line piping	\$ 519	\$ 172						\$518.93	172	347				
new well tie-in	\$ 1,193	\$ 988						\$1,193.00	988	205				
foundanon for booster station	\$ 2,138	\$ 708						\$2,137.50	708	1,429				
fence for booster stanon	\$ 139	\$ 115						\$139.30	115	24				
well piping	\$ 95	\$ 78						\$94.56	78	17				
well piping	\$ 433	\$ 357						\$432.65	357	76				
			1. DDU16-015471	\$ 98,183.00	\$ 98,172.00	\$ 11.00	97-2001	\$232,931.97	\$146,638.51	\$86,293.46	63%	\$ 61,809.50	\$ 36,362.50	
			10. DDU16-015471	\$ 97,500.00	\$ 81,520.00	\$15,980.00	97-2001	\$232,931.97	\$146,638.51	\$86,293.46	63%	\$ 61,379.53	\$ 20,140.47	
hydropneumatic pressure tank - 6000gallon	\$ 27,576	\$ 9,078						\$27,576.00	9,078	18,498				
fenvr for new well	\$ 1,225	\$ 1,006						\$1,225.40	1,006	219				
appurtenances	\$ 148	\$ 121						\$148.00	121	27				
concrete blochnq	\$ 133	\$ 43						\$132.61	43	89				
road bores	\$ 1,500	\$ 491						\$1,500.00	491	1,009				
water piping	\$ 282	\$ 92						\$281.98	92	190				
new well electrical	\$ 4,132	\$ 3,371						\$4,132.00	3,371	761				
sleeves for water and sewer mains	\$ 4,584	\$ 1,492						\$4,584.00	1,492	3,092				
fence for booster station	\$ 93	\$ 75						\$92.73	75	17				
pipe and fittings for booster station	\$ 158	\$ 128						\$158.01	128	30				
lumber for booster nation	\$ 225	\$ 182						\$224.67	182	42				
fence and gate at well NI	\$ 350	\$ 284						\$350.00	284	66				
waco paving - haul trench 011 for unit45	\$ 255	\$ 82						\$255.00	82	173				
W2C0 paving - 1191i 45 11.21er 2ndwastiv	\$ 2,919	\$ 944						\$2,919.00	944	1,975				
booster station piping	\$ 2,581	\$ 833						\$2,580.59	833	1,747				
water piping gst	\$ 299	\$ 95						\$298.77	95	203				
water line piping	\$ 248	\$ 79						\$247.77	79	169				
Repair to Well, pump	\$ 8,624	\$ 6,843						\$8,624.33	6,843	1,782				
Amer tank slab	\$ 11,500	\$ 3,579						\$11,500.00	3,579	7,921				
well #4 piping	\$ 4,055	\$ 3,122						\$4,054.77	3,122	933				
water pnpnng	\$ 845	\$ 260						\$844.84	260	585				
storage tank piping	\$ 2,213	\$ 681						\$2,213.05	681	1,532				
piping	\$ 86	\$ 27						\$86.33	27	60				
well #4 piping	\$ 2,564	\$ 1,968						\$2,564.25	1,968	596				
water line piping, 81511 -, S513 49	\$ 2,025	\$ 619						\$2,024.60	619	1,406				
storage tank, 250,000 gallons	\$ 71,887	\$ 21,929						\$71,887.31	21,929	49,958				
water line piping	\$ 1,962	\$ 598						\$1,962.45	598	1,365				
repairs to well #2	\$ 15,230	\$ 11,584						\$15,230.02	11,584	3,646				
water piping isst	\$ 214	\$ 65						\$214.09	65	149				
fen, around storage tank	\$ 469	\$ 356						\$468.59	356	113				

SOAH Docket No. 473-17-0117.WS
PUC Docket No. 46245
Double Diamond Utility Company, Inc. - White Bluff Subdivision - Water
Test Year End 12/31/2015

00000016

Deferred Federal Income Tax Calculation		(Plant, depreciation numbers are from testimony of Jolie Mathis)		See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for § 179								
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Net Plant	Year(s), if combined	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
pipng for new storage tank	\$ 3,189	\$ 968						\$3,188.79	968	2,221				
well screen and piping	\$ 10,124	\$ 7,649						\$10,123.92	7,649	2,475				
probes in storage tank	\$ 2,230	\$ 1,678						\$2,229.55	1,678	552				
fence at storage tank	\$ 136	\$ 102						\$135.94	102	34				
pipng	\$ 1,246	\$ 373						\$1,246.01	373	873				
Water Well No. 4	\$ 163,215	\$ 121,211						\$163,215.41	121,211	42,005				
pipng	\$ 1,467	\$ 432						\$1,467.48	432	1,036				
well controls	\$ 3,311	\$ 2,434						\$3,310.54	2,434	877				
well #4 piping	\$ 179	\$ 129						\$178.60	129	50				
light at well #4	\$ 159	\$ 114						\$158.73	114	45				
well #4 piping	\$ 903	\$ 647						\$903.01	647	256				
pipng	\$ 150	\$ 42						\$149.97	42	108				
concrete for well#4 fence	\$ 157	\$ 44						\$156.73	44	112				
POLLWAT WELL WORK - WFLL#1	\$ 5,671	\$ 3,855	4. DDU16-015471	\$ 222,306.00	\$ 222,285.00	\$ 21.00	99-02	\$354,845.84	\$205,851.27	\$148,994.57	58%	\$128,962.97	\$ 93,322.03	
heavy equipment rental	\$ 3,824	\$ 2,598												
WALLELE WELL #2 FOUND BADALTERN	\$ 756	\$ 487						\$755.72	487	269				
WALLELE GENERATOR & TRNFERSWIT	\$ 1,295	\$ 834						\$1,295.00	834	461				
WALLELE REPLACE STARTER-WELL #1	\$ 779	\$ 502						\$779.19	502	277				
WALLELE REPLACE HS900CONTROLLE	\$ 2,620	\$ 1,668						\$2,620.00	1,668	952				
Well No. 3 Repair	\$ 7,853	\$ 4,966						\$7,852.83	4,966	2,886				
LONESTA PMP, ADPT, UNION, GSKT, ET	\$ 773	\$ 474						\$773.43	474	300				
								\$14,076.17						
well #2 repair pump and motor	\$ 15,873	\$ 9,326						\$15,873.46	9,326	6,547				
well #4 pump and motor	\$ 28,526	\$ 15,795						\$28,525.50	15,795	12,730				
			3. DDU16-015473	\$ 44,399.00	\$ 44,399.00	\$ -		\$44,398.96	25,122	19,277	57%	\$ 25,121.79	\$ 19,277.21	
POLLWAT PHASE MOTOR, PIPE, AIRLIN	\$ 12,595	\$ 6,810												
Well No 4 repair	\$ 8,704	\$ 4,622												
POLLWAT Service all Well 43	\$ 14,929	\$ 7,457												
LONESTA Booster Pump	\$ -	\$ -												
WALLELE Repair booster at Well NI	\$ 1,536	\$ 750												
Well No 4 repair	\$ 14,582	\$ 6,867												
LONESTA O-Ring, Plug, Gasket, Diaph,Etc	\$ -	\$ -												
Well Electrical	\$ 3,550	\$ 1,603												
Nicumai Set pressure tank Ort well#1/100to	\$ 4,188	\$ 745												
Unwed rental installanon of 6 mth wellbri e	\$ 7,317	\$ 1,288												
J & S Pools 15 X 40' slab mvowe No 1002	\$ 4,800	\$ 830												
SMTPUM Well 82 Pump Repair	\$ 6,884	\$ 5,916												
2006 John Deere Backhoe	\$ 38,362	\$ 21,916	2. DDU16-015473	\$ 38,362.00	\$ 38,362.00	\$ -		\$38,362.05	21,916	16,446	57%	\$ 21,916.14	\$ 16,446.86	
BULLSTE 20,000 Gal Hydropneumatic Tan	\$ 31,535	\$ 5,381						\$31,535.00	5,381	26,154				
J&SPOOL Beams for the Water Plant	\$ 1,000	\$ 171						\$1,000.00	171	829				

SOAH Docket No. 473-17-0117.WS
 PUC Docket No. 46245
 Double Diamond Utility Company, Inc. - White Bluff Subdivision - Water
 Test Year End 12/31/2015

Deferred Federal Income Tax Calculation		(Plant, depreciation numbers are from testimony of Jolie Mathis)		See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for § 179								
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Net Plant	Year(s), if combined	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
Consulting Environmental engineering for 2	\$ 1,362	\$ 1,142						\$1,362.00	1,142	220				
LONESTA Booster Pump, Ejector	\$ 1,123	\$ 937						\$1,123.21	937	186				
WALLELE Well 42 Semce Call	\$ 2,247	\$ 937						\$2,246.78	937	1,309				
SMITPUM Pans, Labor-Water Well	\$ 19,203	\$ 16,004												
CONSENV Installation of New Pressure Tar	\$ 4,278	\$ 711						\$4,278.00	711	3,567				
WALLELE Well 42 Install Breaker-New Cor	\$ 3,823	\$ 1,567						\$3,822.77	1,567	2,256				
SMITPUM Repair Berkeley	\$ 6,487	\$ 5,309						\$6,487.44	5,309	1,178				
ACTSUPP Mtr Boxes, Band, Ball Chcks	\$ 1,456	\$ 595						\$1,456.49	595	862				
Backyard fence 1111/01Ce 071030a	\$ 1,600	\$ 654	1. DDU16-015473	\$ 52,365.00	\$ 52,364.00	\$ 1.00	2007	\$53,311.69	38,665	53,008	73%	\$ 37,978.73	\$ 14,385.27	
Performance Meter Mobile Drive	\$ 20,568	\$ 7,715						\$20,567.50	7,715	12,853				
Upgrade water meters	\$ 43,428	\$ 16,289						\$43,427.74	16,289	27,139				
New meters 9090	\$ 30,769	\$ 11,410						\$30,768.98	11,410	19,359				
New meters 9090	\$ 42,218	\$ 15,303						\$42,217.50	\$15,303.48	\$26,914.02				
			4. DDU16-015473	\$ 136,982.00	\$ 136,982.00	\$ -	2008	\$136,981.72	\$50,717.60	\$86,264.12	37%	\$ 50,717.70	\$ 86,264.30	
WB O RING SET, DIAPHRAGM, GASKET	\$ 1,440	\$ 173						\$1,440.00	173	1,267				
WB WELL INSPECTIONS	\$ 11,830	\$ 1,419						\$11,830.00	1,419	10,411				
WB REPLACED CLARIFIER DRIVE GEAR	\$ 12,500	\$ 1,500						\$12,500.00	1,500	11,000				
WB WELL #3 REPAIRS	\$ 13,086	\$ 1,570						\$13,085.82	1,570	11,516				
WB WELL #4 INSPECT AND REPAIR	\$ 45,966	\$ 5,515						\$45,966.05	5,515	40,451				
WB ADAPTERS, HYDRANT METER WIIII	\$ 1,086	\$ 326						\$1,085.72	326	760				
WB PORTABLE GENERATOR	\$ 882	\$ 529						\$881.92	529	353				
V Cast Clarifier repair	\$ 1,850	\$ 538						\$1,850.00	538	1,312				
PIPE JOINS CK VALVES, CABLE FOR WB	\$ 35,528	\$ 3,731						\$35,527.65	3,731	31,796				
GENERATOR, TRANSFER SWITC H BAC	\$ 5,093	\$ 2,675						\$5,093.48	2,675	2,419				
New Pump Cable	\$ 24,039	\$ 11,630						\$24,038.92	11,630	12,409				
Service Call Well #1	\$ 14,996	\$ 1,451						\$14,996.42	1,451	13,545				
Service Call Well #2	\$ 16,625	\$ 1,414						\$16,625.07	1,414	15,211				
RTU GPRS NEMA, M-100 M-200 WB, Well	\$ 1,780	\$ 359						\$1,779.95	359	1,421				
Service Call Well #2	\$ 4,369	\$ 350						\$4,368.98	350	4,019				
			6. DDU16-015471	\$ 129,128.00	\$ 99,507.00	\$ 29,621.00	2008-10	\$191,069.98	101,608	157,893	53%	\$ 68,668.21	\$ 30,838.79	
GENERATOR	\$ 1,383	\$ 542	1. DDU16-015474	\$ 1,383.00	\$ 1,167.00	\$ 216.00		\$1,383.44	542	842	39%	\$ 541.46	\$ 625.54	
WB RELACE PUMP, MOTOR & CABLE	\$ 29,973	\$ 10,742	1. DDU16-015472	\$ 29,973.00	\$ 23,066.00	\$ 6,907.00		\$29,973.34	10,742	19,231	36%	\$ 10,741.86	\$ 12,324.14	
6"Franklin 60hp submonitor/Startup - Well #	\$ 16,192	\$ 998	3. DDU16-015472	\$ 16,192.00	\$ 12,462.00	\$ 3,730.00		\$16,192.36	998	15,194	6%	\$ 998.34	\$ 11,463.66	
Install new pipe 6"60hp Submonitor/Startup	\$ 25,299	\$ 1,560	2. DDU16-015472	\$ 25,299.00	\$ 19,470.00	\$ 5,829.00		\$25,299.09	1,560	23,739	6%	\$ 1,559.85	\$ 17,910.15	
Replace meter head assy on 6-inch meter a	\$ 1,350	\$ 51	Expensed	\$1,350.00	\$1,350.00	\$0.00		\$1,350.00	51	1,299	4%	\$ 51.38	\$ 1,298.62	
Replaced two recharge batteries & Turner C	\$ 535	\$ 33	Expensed	\$534.96	\$534.96	\$0.00		\$534.96	33	502	6%	\$ 33.25	\$ 501.71	
New CL2 pump/Booster Pump 1/2 HP 7 GF	\$ 962	\$ 58	Expensed	\$962.35	\$962.35	\$0.00		\$962.35	58	905	6%	\$ 57.70	\$ 904.65	
New CL2 Pump/Booster Pump 1/2 HP 7 GF	\$ 943	\$ 53	Expensed	\$942.60	\$942.60	\$0.00		\$942.60	53	890	6%	\$ 52.65	\$ 889.95	
Machine work on 25 HP Booster Pump Mot	\$ 2,252	\$ 114	Expensed	\$2,252.00	\$2,252.00	\$0.00		\$2,252.00	114	2,138	5%	\$ 114.06	\$ 2,137.94	

SOAH Docket No. 473-17-0117.WS
PUC Docket No. 46245
Double Diamond Utility Company, Inc. - White Bluff Subdivision - Water
Test Year End 12/31/2015

0000018

Deferred Federal Income Tax Calculation		(Plant, depreciation numbers are from testimony of Jolie Mathis)		See Attachment DL - 6	Per tax return 2015	(Includes basis reduction for § 179							
Description	Ver./Est. Original Cost	Accum. Deprac.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Net Plant	Year(s), if combined	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
Pump, Well No 3	\$ 15,093	\$ 640	Expensed	\$15,092.55	\$15,092.55	\$0.00		\$15,092.55	640	14,452	4%	\$ 640.48	\$ 14,452.07
Install new Subtrol Motor Protector Well No	\$ 1,599	\$ 34	Expensed	\$1,599.33	\$1,599.33	\$0.00		\$1,599.33	34	1,565	2%	\$ 33.94	\$ 1,565.39
Rebuild Booster Pump & Recondition Motor	\$ 2,167	\$ 78	Expensed	\$2,167.03	\$2,167.03	\$0.00		\$2,167.03	78	2,089	4%	\$ 78.32	\$ 2,088.71
Pump Replacement Well No 2	\$ 16,950	\$ 599	Expensed	\$16,949.75	\$16,949.75	\$0.00		\$16,949.75	599	16,351	4%	\$ 598.64	\$ 16,351.11
Starter Panel for Well No 4	\$ 8,711	\$ 123	Expensed	\$8,711.30	\$8,711.30	\$0.00		\$8,711.30	123	8,588	1%	\$ 122.83	\$ 8,588.47
New CL2 Pump/Booster Pump 1/2 HP 7 GF	\$ 943	\$ 9	Expensed	\$942.60	\$942.60	\$0.00		\$942.60	9	934	1%	\$ 8.77	\$ 933.83
30 HP Motor Replacement, Well No 1	\$ 26,239	\$ 201											
WB 4 2 30AC Water Tanks	\$ 17,700	n/a											
907 120 257AC Pump Station	\$ 9,150												
Water Plant	\$ 12,810												
935 18 water tower & well	\$ 2,500												
Capitalized Expenses													
	\$ 3,809,121	\$ 1,602,052											\$840,970.88

Tax rate: 25%
Recommended ADFIT **\$327,978.64**

ATTACHMENT DL – 4
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

White Bluff – Sewer ADFIT calculations

Public Utility Commission of Texas

ATTACHMENT DL - 4

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - White Bluff Subdivision - Sewer

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant depreciation numbers are from testimony of Jolie Mathis)		Per tax return 2015	(Includes basis reduction for § 179	Totals per staff Depr				
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s)	Original Cost	Accum Depr	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
total pipe installed	1,628,405	651,273									
grinder station	78,443	78,432									
pipe work unit 40	4,510	1,801									
pipe work unit 39	4,230	1,689									
pipe work unit 33, 34, 35, line work subd	9,090	3,606									
pipe work unit 38	3,795	1,480									
pipe work pipe work unit 37	5,105	1,991									
pipe work unit 36 and 38	10,536	4,109									
water and sewer bores	2,000	777									
pipe - Rohan	3,281	1,256									
sewer bore	500	190									
bores	500	190									
pipe work unit 40	7,475	2,839									
pipe work unit 41	4,875	1,850									
pipng	7,552	2,863									
pipng	460	174									
Lots 17 and 18 Sewage Treatment plant	14,960										
pipe - pipe work unit 41	332	125									
tee and gate valves - pipe work unit 40	1,034	390									
pipe work unit 40	4,817	1,815									
pipng	6,940	2,614									
pipng	14,210	5,331									
valves - pipe work unit 41	738	276									
purestream wwtp model pt-50-ts (50,000	116,377	108,746									
pipng - US Filter - pipe work unit 40	318	119									
pipe - pipe work unit 41, subd. Sections	637	236									

ATTACHMENT DL - 4

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - White Bluff Subdivision - Sewer

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant, depreciation numbers are from testimony of Jolie Mathis)	Per tax return 2015	(Includes basis reduction for § 179		Totals per staff Depr				
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s)	Original Cost	Accum Depr	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
pipe - pipe work unit 41	1,687	625									
Sewer bore	1,000	368									
pipe work unit 41	2,705	996									
sewer plant piping	415	381									
pvc pipe - pipe work unit 41	375	138									
pipe work unit 40	518	189									
structure around pumps for noise control	1,200	1,080									
pipe - pipe work unit 42	3,690	1,328									
HACH meter for wwtp	908	908									
Sewer Building Roof	731	655									
slab for wwtp	545	488									
backfill - pipe work unit 42	2,184	774									
pipe - pipe work unit 42	2,187	775									
pipe - pipe work unit 42	675	239									
insulation at sewer plant building	727	643									
backfill - pipe work unit 42	9,620	3,388									
piping	317	112									
pipe - pipe work unit 43	2,652	929									
fiberglass tank at wwtp	8,026	2,802									
pumps, basins - lift station	7,077	6,171									
gate valve, saddle	359	125									
bobcat - sewer and water pipe installation	13,118	11,430									
pump repair and float switch - lift station	316	316									
bobcat	1,458	1,266									
appurtenances - pipe work unit 43	201	70									
bobcat water and sewer pipe pipe work u	15,400	5,333									
tees - pipe work unit 42	621	214									
valves - pipe work unit 42	2,135	736									

ATTACHMENT DL - 4

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - White Bluff Subdivision - Sewer

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant, depreciation numbers are from testimony of Jolie Mathis)		Per tax return 2015	(Includes basis reduction for § 179	Totals per staff Depr				
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s)	Original Cost	Accum Depr	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
pipe - pipe work unit 42	9,802	3,381									
pump repair - lift station	588	588									
						1998					
trench work - pipe work unit 44	2,418	817									
trench work - pipe work unit 44	7,293	2,450									
trench work - pipe work unit 44	3,549	1,191									
trench work - pipe work unit 44	5,675	1,902									
asbuilts for pipe work units 42 and 43	233	78									
pipng	2,409	804									
haul material for trench fill	565	188									
road bores	1,500	491									
sleeves for water and sewer mains	4,584	1,492									
waco paving - haul trench fill for pipe wo	255	82									
waco paving - pipe work unit 45 water an	2,919	944									
trench work - pipe work unit 44	1,931	624									
Watkins A-960 TR1B 2.534ac sewer treatmnt	3,870										
Cline A-134 TR 1A .25ac pump station	12,280										
KYLEHAR 60 hp- 480 r motor, pump rp	8,624	6,843									
pipng	1,962	598									
pipng	1,246	373									
heavy equipment rental	3,824	2,598									
POLLWAT PHASE MOTOR, CHECK	7,853	4,966									
POLLWAT 7CH8 STAGE,BREAK OU	8,704	4,608									
USABLU Blower	1,417	684									
Pull & Inspect, Motor, Pipe, Etc	14,582	6,811									
WALLELE Electrical Bid	0	0									
MCCLMECH Air Manifold- Fabricate&	0	0									
MCCLMECH Repair Clarifier	1,150	997					\$1,150.00	\$ 997.14			

ATTACHMENT DL - 4

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - White Bluff Subdivision - Sewer

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation		(Plant, depreciation numbers are from testimony of Jolie Mathis)			Per tax return 2015	(Includes basis reduction for § 179		Totals per staff Depr				
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s)	Original Cost	Accum Depr	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
MCCLMECH Pulley, Bushings, Belts, Ir	1,408	1,221					\$1,408.00	\$ 1,220.84				
MCCLMECH Replace Chain Sprockets, crane to set equilization basin	2,642	2,291					\$2,642.00	\$ 2,290.82				
2006 John Deere Backhoe	3,192	550					\$3,192.39	\$ 549.76				
MCCLMECH Install New SubmersibleP	38,362	16,437	2 DDU16-015473	\$ 38,362.00	\$ 38,362.00	2007	\$38,362.05	\$ 16,437.13	43%	\$ 16,437.11	\$ 21,924.89	
MCCLMECH Repair Catwalk onWastew	4,356	1,863					\$4,356.00	\$ 1,862.85				
MCCLMECH Build & Install Air LiftPur	1,580	669					\$1,580.00	\$ 669.20				
EQ tank - southwest fluids - startup	14,500	6,106					\$14,500.00	\$ 6,105.88				
wwtp improvements	4,801	807					\$4,800.83	\$ 806.78				
EQ tank - southwest fluids	18,200	3,058					\$18,200.00	\$ 3,058.50				
MCCLMECH Fabric & Install 3" AirPur	29,364	4,935					\$29,363.90	\$ 4,934.58				
	2,876	1,182					\$2,876.00	\$ 1,182.29				
SDS Fabricate and Install Roof OverEQ			8. DDU16-015471	\$ 43,665.00	\$ 39,373.00	2007	\$84,069.12	\$ 23,678.45	28%	\$ 12,298.44	\$ 27,074.56	
Storage Building	2,923	1,161					\$2,922.75	\$ 1,161.50				
crane at wwtp	3,998	1,587					\$3,997.53	\$ 1,586.97				
WWTP Repairs-Sprocket and Wheels	18,615	7,280					\$18,615.00	\$ 7,280.36				
Mtr Contactors, New 480 V Discount	1,743	1,358					\$1,742.81	\$ 1,357.98				
Emergency Repairs to Sewer Blowers	1,450	1,128					\$1,450.00	\$ 1,127.84				
Emergency Repairs to Sewer Blowers	1,050	806					\$1,050.00	\$ 806.37				
Ashbrook Simon Hartley wwtp	1,230	938					\$1,230.00	\$ 938.20				
Repair Roof On EQ Basin	436,650	161,868					\$436,650.00	\$ 161,868.34				
Fabricate Walkway BetweenWastewater	2,500	919					\$2,500.00	\$ 918.55				
New WWTP Set Up	4,215	1,548					\$4,215.00	\$ 1,547.52				
Generator	1,250	457					\$1,250.00	\$ 457.22				
	905	651					\$905.36	\$ 651.17				
WB FLOATS AND BASIN COVER			7. DDU16-015471	\$ 214,567.00	\$ 179,400.00		\$476,528.45	\$ 179,702.02	38%	\$ 80,914.63	\$ 98,485.37	
WB GRDR PUMPS/ MODULE PIPES	1,164	349					\$1,163.69	\$ 349.03				
WB HPGR PUMPS AND CONTROL B	2,219	666					\$2,219.13	\$ 665.59				
WB CONTROL FLOATS, HPGRS	3,615	1,084					\$3,615.00	\$ 1,084.25				
	4,850	1,455					\$4,849.60	\$ 1,454.55				

ATTACHMENT DL - 4

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - White Bluff Subdivision - Sewer

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant, depreciation numbers are from testimony of Jolie Mathis)			Per tax return 2015	(Includes basis reduction for § 179	Totals per staff Depr			
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s)	Original Cost	Accum Depr	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
WB LIDS/HPGR/HPD/STAND PUMPS	5,173	1,552					\$5,173.27	\$ 1,551.63			
WB FLOAT SWITCHES/ GRINDER ST	5,520	1,656					\$5,519.67	\$ 1,655.52			
WB REPAIRS TO CLARIFIER WHEEL	1,565	188					\$1,565.00	\$ 187.76			
WB REPLACE EQ BASIN	4,679	561					\$4,679.00	\$ 561.35			
WB PLANT REPAIRS	13,554	1,626					\$13,554.00	\$ 1,626.11			
V-CAST CLARIFIER WHEELS WB	1,850	210					\$1,850.00	\$ 209.79			
INSTALL PROPANE LINES & TANK	331	171					\$331.30	\$ 171.16			
BACK UP POWER GENERATOR, TRANSFER SWITCH B	1,205	623					\$1,204.98	\$ 622.53			
	5,093	2,631					\$5,093.48	\$ 2,631.46			
			9. DDU16-015471	\$ 105,138.00	\$ 74,134.00	2009-10	\$50,818.12	\$ 12,770.73	25%	\$ 26,421.45	\$ 47,712.55
Water Tank	9,020	767					\$9,020.00	\$ 767.04			
Air Valves WB	3,892	778					\$3,891.59	\$ 778.32			
			4. DDU16-015472	\$ 17,146.00	\$ 10,826.00	2011	\$12,911.59	\$ 1,545.36	12%	\$ 2,052.16	\$ 8,773.84
E One Pumps and Control Boxes	6,660	1,138	2. DDU16-015474	\$ 6,660.00	\$ 2,290.00		\$6,659.75	\$ 1,137.76	17%	\$ 1,137.81	\$ 1,152.19
(4) E One Pumps and Control Boxes	6,565	1,094	3. DDU16-015474	\$ 6,565.00	\$ 2,257.00		\$6,564.96	\$ 1,093.71	17%	\$ 1,093.72	\$ 1,163.28
E-One Pumps WB	5,016	752	4. DDU16-015474	\$ 5,016.00	\$ 1,724.00		\$5,016.38	\$ 751.94	15%	\$ 751.89	\$ 972.11
E-One Pumps WB	9,847	1,476	5. DDU16-015474	\$ 9,847.00	\$ 3,385.00		\$9,847.44	\$ 1,476.10	15%	\$ 1,476.04	\$ 1,908.96
Risers	968	141									
Upgrade Chemical Feed Equipment	7,411	500									
Upgrade Chemical Feed Equipment	7,307	476									
Upgrade Chemical Feed Equipment	10,907	618									
WB 7 n 1/2 lt 119 pump station	3,625										
	\$2,841,045.73	\$1,199,495.60									\$209,167.75

Tax Rate: 15%
 Rate Base Adjustment **\$ 31,375.16**

ATTACHMENT DL – 5
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

The Cliffs – Water ADFIT calculations

Public Utility Commission of Texas

ATTACHMENT DL - 5

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - The Cliffs - Water

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant, depreciation numbers are from testimony of Jolie Mathis)	See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for § 179)							
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s) if combine)	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
Total Pipe Installed	\$561,785	348,253											
75,000 gallon galn, field erect wth pad	\$15,565	9,338					\$ 15,565.00	\$ 9,337.72	\$ 6,227.28				
75,000 gallon galn, field erect mth pad	\$15,565	9,338					\$ 15,565.00	\$ 9,337.72	\$ 6,227.28				
trencher rental	\$9,698	9,622					\$ 9,697.80	\$ 9,622.13	\$ 75.67				
venneer heavy Equipmctn rental	\$9,698	9,204					\$ 9,697.50	\$ 9,203.66	\$ 493.84				
water line appurtenances	\$4,148	1,571					\$ 4,148.00	\$ 1,571.07	\$ 2,576.93				
heavy equmnt	\$0	0					\$ 1,557.50	\$ -					
4" gate valve	\$536	203					\$ 535.78	\$ 202.87	\$ 332.91				
12,490 feet PVC Pipe	\$8,088	3,060					\$ 8,087.50	\$ 3,059.63	\$ 5,027.87				
PVC Pipe, US Filter	\$16,874	6,379					\$ 16,873.74	\$ 6,378.99	\$ 10,494.75				
tap sleeve	\$362	137					\$ 362.27	\$ 136.93	\$ 225.34				
6" PVC	\$286	108					\$ 286.43	\$ 108.14	\$ 178.29				
fire hydrant	\$0	0					\$ 1,534.88	\$ -					
Utility Backfill	\$4,265	1,604					\$ 4,265.00	\$ 1,603.71	\$ 2,661.29				
shows pvc phase X	\$12,143	4,562					\$ 12,142.50	\$ 4,561.79	\$ 7,580.71				
Equipment Rental, Utility Installation	\$4,170	3,913					\$ 4,170.00	\$ 3,913.12	\$ 256.88				
Pipe	\$200	75					\$ 200.00	\$ 74.97	\$ 125.03				
venneer heavy equipment rental	\$9,740	n/a					\$ 9,739.63	n/a	\$ 9,739.63				
Bores	\$1,000	372					\$ 1,000.00	\$ 371.69	\$ 628.31				
Backhoe Work	\$520	483					\$ 520.00	\$ 483.20	\$ 36.80				
Electric panels, pumps	\$7,454	6,885					\$ 7,453.99	\$ 6,884.61	\$ 569.38				
waterline valve caps	\$1,022	n/a	1. DDU16-015470	\$ 93,172.00	\$ 84,440.00	1986-1997	\$ 123,402.52	\$ 66,851.97	\$ 53,458.17	54%	\$ 50,474.91	\$ 33,965.09	
sand filters	\$2,985	2,663											
Water Treatment Plant Expansion, Update RO	\$75,768	67,480											
PVC Pipe	\$740	246					\$ 740.43	\$ 245.86	\$ 494.57				
pme	\$9,220	3,061					\$ 9,219.64	\$ 3,061.35	\$ 6,158.29				
sand for lmes	\$750	249					\$ 750.00	\$ 248.50	\$ 501.50				
mpe install.	\$3,563	1,176					\$ 3,562.50	\$ 1,175.70	\$ 2,386.80				
Road Crossing	\$743	236					\$ 742.50	\$ 236.26	\$ 506.24				
pme, valves	\$965	302					\$ 964.65	\$ 301.77	\$ 662.88				
Water Lule	\$5,217	1,625					\$ 5,217.00	\$ 1,625.45	\$ 3,591.55				
RO unit and upgrade	\$80,710	58,657					\$ 80,710.00	\$ 58,657.00	\$ 22,053.00				
RO electrical	\$607	441					\$ 607.36	\$ 440.74	\$ 166.62				
ACSALES Transformer for Lake pumps	\$1,212	873	2. DDU16-015470	\$ 80,771.00	\$ 80,771.00	1999-01	\$ 102,514.08	\$ 65,992.62	\$ 36,521.46	64%	\$ 51,995.69	\$ 28,775.31	

ATTACHMENT DL - 5

SOAH Docket No. 473-17-0117.WS
 PUC Docket No. 46245
 Double Diamond Utility Company, Inc. - The Cliffs - Water
 Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant, depreciation numbers are from testimony of Jolie Mathis)	See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for \$ 175)							
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s) if combine)	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
TR1PDPV VOLUTE CASE FOR BERKELY PUM	\$1,073	746											
raw water intake pump	\$28,343	19,334											
Intake pump	\$4,751	3,214											
REXEM1N 120V STARTER, ELEMENTS, CABLE	\$403	268											
REXEMIN TRANSFORMER	\$405	269											
DEIONIZATION SYS, FILTER, CARTRIDGE	\$3,381	2,144											
SNDBLST/COAT PRSSR VESSEL	\$4,680	2,821											
MORRISUP WATER PIPE-600	\$2,751	625											
BOROWFL TANK REPAIR	\$1,403	316											
SUPETAN STORAGE TANK REPAIRS/RUPTUR	\$6,487	1,377											
water line 3, 4"	\$11,589	2,425											
UNLSER TANK RENOVATION-APP 81	\$14,850	3,093											
heavy equipment rental - trencher	\$8,173	4,240											
United Trencher Rental	\$4,024	2,070											
water line	\$2,573	527											
UTILCOM TANK K2 RENOVATION	\$12,750	2,604											
UNITREN compressor, sur pavement breaker	\$0	0	3. DDU16-015470	\$ 198,771.00	\$ 179,232.00	2006/07	\$ 162,215.92	\$ 42,382.40	\$ 119,833.52	26%	\$ 119,833.26	\$ 59,398.74	
Backhoe Rental	\$582	290											
PROGWAT Pump Headers	\$0	0											
PROGWAT New Ether Housum	\$0	0											
PROGWAT Rebuilt Toniaflo Pump	\$0	0											
PROGWAT New Filter Housing for Reverse Osm	\$3,578	1,654											
SMITPUM Motor, Pump and Assembly	\$5,430	4,800											
Installation 100,000 gal GST	\$59,056	10,303											
MORRISUP Tank Fill Lines for Ground Storage	\$1,470	254											
J&JOILF Winng	\$5,464	2,347											
MORRISUP Meter for Product Water	\$4,536	1,940											
C&CCONC Slab for New Storage Tanks	\$4,620	790											
LAYNCHR Hydraulic CPA2 Elements/R0 Mem	\$23,997	10,233											
RUSSTUR Pad (Knit for Storage Tank	\$2,480	420											
MORRISUP Raw Water Line	\$8,582	1,432											
WALLELE Electrical Work on Flow Meter S	\$1,790	745											
Piping GST	\$9,323	1,544											
KOKOPEL Raw Water Intake Line	\$6,868	1,132											
MORRISUP Raw Water Line	\$1,083	178											
PROGWAT Rebuilt Pumps for Back Ups	\$3,721	3,012											
UNITEQU Trencher	\$1,368	550											
Trencher	\$1,895	758											
Backhoe Rental	\$378	149											
trencher rental	\$2,410	925											

ATTACHMENT DL - 5

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - The Cliffs - Water

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant, depreciation numbers are from testimony of Jolie Mathis)	See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for § 179)							
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s) if combine)	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
Turbine Master Meter	\$427	326											
trencher rental	\$1,692	645											
Bobcat Rental	\$2,075	733											
Law work. fir alto lake pumps	\$1,200	371											
TC FILL PIPE	\$761	463					\$ 761.18	\$ 462.86	\$ 298.32				
TC VALVES FOR SAND FILTER AIR LINES	\$775	472					\$ 775.40	\$ 471.50	\$ 303.90				
TC SET BASIN FOR ELECTRICAL GUTLER	\$780	474					\$ 780.00	\$ 474.30	\$ 305.70				
TC UNBOLTED FLANGES ON PIPING AT WAT	\$810	493					\$ 810.00	\$ 492.54	\$ 317.46				
TC LAKE PUMPS	\$842	512					\$ 842.14	\$ 512.09	\$ 330.05				
TC REPLACE CONCRETE AT MARINA	\$896	545					\$ 896.40	\$ 545.08	\$ 351.32				
TC CHANGED FLOATS, TIED IN BOOSTER PU	\$1,013	616					\$ 1,012.50	\$ 615.68	\$ 396.82				
TC r PUMP AND 1" PUMP	\$1,018	619					\$ 1,017.55	\$ 618.75	\$ 398.80				
TC BOOSTER PUMPS FOR WATER PLANT	\$1,062	645					\$ 1,061.54	\$ 645.50	\$ 416.04				
TC REINFORCED WATER LINES	\$1,283	780					\$ 1,282.50	\$ 779.86	\$ 502.64				
TC RAN 4" PIPING CHANGED OUT PUMP	\$1,283	780					\$ 1,282.50	\$ 779.86	\$ 502.64				
TC HEATER CONNECTIONS	\$1,391	846					\$ 1,391.49	\$ 846.13	\$ 545.36				
TC PUMP AND FEED TUBES	\$1,398	850					\$ 1,397.99	\$ 850.09	\$ 547.90				
TC WELDED 4" PLOY TIE	\$1,512	919					\$ 1,512.00	\$ 919.41	\$ 592.59				
TC TAPPING SLEEVE, SWING CK VALVE	\$1,529	930					\$ 1,529.15	\$ 929.84	\$ 599.31				
TC POLY TIE IN LAKE PUMPS	\$2,400	1,459					\$ 2,400.00	\$ 1,459.38	\$ 940.62				
TC POLY LINE TIE INTO LAKE PUMPS	\$2,647	1,609					\$ 2,646.71	\$ 1,609.40	\$ 1,037.31				
TC HEATING UNIT INSTALLATION	\$2,765	1,681					\$ 2,764.83	\$ 1,681.23	\$ 1,083.60				
TC LAKE PUMPS	\$3,847	2,339					\$ 3,847.07	\$ 2,339.31	\$ 1,507.76				
TC VALVES WITH ACTUATOR	\$3,885	2,362					\$ 3,884.63	\$ 2,362.15	\$ 1,522.48				
TC MEMBRANES	\$4,050	2,463					\$ 4,050.00	\$ 2,462.71	\$ 1,587.29				
T(PUMP	\$4,139	2,517					\$ 4,138.86	\$ 2,516.74	\$ 1,622.12				
TC REWIRED TRANSFORMER AT LAKE PUMP	\$5,239	3,186					\$ 5,239.26	\$ 3,185.87	\$ 2,053.39				
TC FILL DIRT AND TRACTOR WORK	\$5,340	3,247					\$ 5,340.00	\$ 3,247.13	\$ 2,092.87				
TC FEED PRESS CONTROL AT WATER PLAN	\$6,249	3,800					\$ 6,248.59	\$ 3,799.62	\$ 2,448.97				
TC UPGRADE 2 NEW 2011P LAKE PUMPS	\$13,972	8,496					\$ 13,971.66	\$ 8,495.84	\$ 5,475.82				
TC INSTALL WATER LINE 6"	\$18,344	11,154					\$ 18,343.80	\$ 11,154.44	\$ 7,189.36				
Water Plant Electcal Strike Deduchble for Insura	\$10,000	2,999					\$ 10,000.00	\$ 2,999.32	\$ 7,000.68				
			4. DDU16-015470	\$ 100,746.00	\$ 77,633.00	2008	\$ 99,227.75	\$ 57,256.63	\$ 41,971.12	58%	\$ 41,970.55	\$ 35,662.45	
500 GALLON FLAT BOTTOM TANK	\$1,196	717					\$ 1,196.42	\$ 717.36	\$ 479.06				
MANIFOLD	\$1,989	1,176					\$ 1,989.33	\$ 1,175.90	\$ 813.43				
W ATER PLANT PHONE SYSTFM-TC	\$831	485					\$ 831.31	\$ 485.02	\$ 346.29				
FEED TANK VALVE	\$1,569	915					\$ 1,569.10	\$ 915.47	\$ 653.63				
BOSTER PUMPS & RO SY STEM-TC	\$1,892	1,104					\$ 1,892.29	\$ 1,104.03	\$ 788.26				
WATER PLANT RO SYSTEM-TC	\$3,510	2,048					\$ 3,509.60	\$ 2,047.63	\$ 1,461.97				
PUMP G, IMPELLER TRIM	\$2,734	1,572					\$ 2,733.52	\$ 1,571.63	\$ 1,161.89				

ATTACHMENT DL - 5

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - The Cliffs - Water

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation			(Plant, depreciation numbers are from testimony of Jolie Mathis)	See Attachment DL - 8	Per tax return 2015	(Includes basis reduction for § 179)							
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s) if combine)	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
WIRING, WATER EYE AND INTERNET-TC	\$826	468					\$ 826.44	\$ 468.37	\$ 358.07				
WATER PLANT STORAGE ROOM LIGHTS-TC	\$1,408	798					\$ 1,407.56	\$ 797.71	\$ 609.85				
TC-UPGRADE SYSTEM	\$1,560	884					\$ 1,560.11	\$ 884.17	\$ 675.94				
WATER PLANT BOOSTER P11MPS-TC	\$9,956	5,642					\$ 9,956.14	\$ 5,642.49	\$ 4,313.65				
FILTRATE TANK FLOAT REPLACEMENT	\$254	142					\$ 254.08	\$ 141.84	\$ 112.24				
WATER PLANT	\$372	208					\$ 372.16	\$ 207.76	\$ 164.40				
CALLIBRATION OF FLOW METERS-TC	\$550	307					\$ 549.63	\$ 306.83	\$ 242.80				
ACID INJECT PUMP/CHLORINE PUMP/TUBING	\$2,342	1,307					\$ 2,341.64	\$ 1,307.22	\$ 1,034.42				
INSTALLATION OF NEW ELECTRIC VALVE	\$369	203					\$ 368.94	\$ 202.93	\$ 166.01				
ALLEN BRADLEY 3P480VAC DRIVE	\$4,376	2,407					\$ 4,376.28	\$ 2,407.10	\$ 1,969.18				
SENSORS	\$212	115					\$ 212.22	\$ 114.93	\$ 97.29				
BUSHINGS, UNION BALL CHECK VALVE	\$281	148					\$ 281.08	\$ 147.52	\$ 133.56				
26 Union An Compressor	\$239	119					\$ 238.65	\$ 119.24	\$ 119.41				
Calthron of Flow meters	\$513	256					\$ 512.50	\$ 256.07	\$ 256.43				
Membranes, End Caps	\$21,264	10,444					\$ 21,263.60	\$ 10,444.05	\$ 10,819.55				
Electrical Actuator	\$393	190					\$ 393.21	\$ 190.12	\$ 203.09				
Electric Oser Air Valves	\$486	235					\$ 485.64	\$ 234.81	\$ 250.83				
Install Main Breaker Booster Pane	\$593	287					\$ 593.30	\$ 286.86	\$ 306.44				
Floumeter	\$1,623	785					\$ 1,623.45	\$ 784.95	\$ 838.50				
Membranes	\$4,215	2,038					\$ 4,215.00	\$ 2,037.97	\$ 2,177.03				
Adapters, Seals, Head Assembly	\$7,536	3,644					\$ 7,536.37	\$ 3,643.87	\$ 3,892.50				
Elect Valve Acuator F# Tank	\$691	328					\$ 690.64	\$ 328.07	\$ 362.57				
Reducer, Gland Pack	\$216	101					\$ 216.49	\$ 101.06	\$ 115.43				
PVC Pipe, Gland Pack	\$424	198					\$ 424.46	\$ 198.14	\$ 226.32				
Work on Ater Analyzer	\$1,387	647					\$ 1,386.81	\$ 647.37	\$ 739.44				
Ejector Pump	\$1,613	753					\$ 1,612.93	\$ 752.92	\$ 860.01				
Volute, Wear Ring, O-Ring	\$1,688	788					\$ 1,688.08	\$ 788.00	\$ 900.08				
Goulds Pump, Pump F1091, SK Itch	\$1,757	820					\$ 1,757.16	\$ 820.25	\$ 936.91				
PLC's & HMI	\$2,000	934					\$ 2,000.00	\$ 933.61	\$ 1,066.39				
TC Repair Lake Pump	\$872	400					\$ 871.70	\$ 399.75	\$ 471.95				
Checkvalves	\$386	177					\$ 386.32	\$ 177.06	\$ 209.26				
Fabncate ROOI, Header	\$921	422					\$ 920.83	\$ 422.03	\$ 498.80				
Subminal of US Protocol to TCEQ	\$4,713	2,160					\$ 4,713.21	\$ 2,160.14	\$ 2,553.07				
Media, Vitec 30000 Annscaient	\$6,210	2,846					\$ 6,210.00	\$ 2,846.14	\$ 3,363.86				
Media, Vitec 30000 Annscaient	\$7,281	3,337					\$ 7,280.93	\$ 3,336.97	\$ 3,943.96				
Membranes	\$18,627	8,537					\$ 18,626.83	\$ 8,536.98	\$ 10,089.85				
Membrane System	\$1,546	683					\$ 1,545.50	\$ 682.52	\$ 862.98				
Samples	\$480	208					\$ 480.00	\$ 207.90	\$ 272.10				
TC Watereye Submption-	\$3,768	1,569					\$ 3,768.47	\$ 1,569.29	\$ 2,199.18				
Meter, Pipe Gaskets TC	\$0	0					\$ 992.05	\$					

ATTACHMENT DL - 5

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 46245

Double Diamond Utility Company, Inc. - The Cliffs - Water

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation		(Plant, depreciation numbers are from testimony of Jolie Mathis)	See Attachment DL - 5	Per tax return 2015	(Includes basis reduction for \$ 179								
Description	Ver./Est. Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s) if combine)	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes	
Codeline Pressure Vessels TC	\$913	373					\$ 913.23	\$ 372.79	\$ 540.44				
Turbidmeter Kit TC	\$957	390					\$ 956.58	\$ 390.49	\$ 566.09				
Case, Wunnng Ring TC	\$1,382	564					\$ 1,382.00	\$ 564.15	\$ 817.85				
Sandfilter Walls Change TC	\$2,121	866					\$ 2,120.58	\$ 865.65	\$ 1,254.93				
Turbidity Calibration Contract TC	\$2,721	1,111					\$ 2,721.42	\$ 1,110.92	\$ 1,610.50				
Snap rnings, Thennometer TC	\$2,908	1,187					\$ 2,908.43	\$ 1,187.26	\$ 1,721.17				
Chemical Injection Pumps TC	\$3,045	1,243					\$ 3,045.19	\$ 1,243.09	\$ 1,802.10				
			5. DDU16-015472	\$ 172,707.00	\$ 109,048.00	2010-11	\$ 142,709.41	\$ 69,286.40	\$ 72,430.96	49%	\$ 83,850.44	\$ 25,197.56	
F11.9 llydrmt 9 Bay Hill Cr TC	\$1,195	467											
HYDRANT STEM VALVE, FITTINGS	\$2,619	1,025	6. DDU16-015472	\$ 2,619.00	\$ 706.00		\$ 2,618.85	\$ 1,024.60	\$ 1,594.25	39%	\$ 1,024.65	\$ (318.65)	
RO 3 & 4 VFD Replacement	\$1,731	649											
RO 3 & 4 Pinner Flu 400 Line Remtor	\$5,434	2,037											
WATERFVE SHG JAN-JUN 2012 TC	\$2,190	803											
REPLACEMENT OF FOULED MEDIA IN SAND	\$8,066	2,957											
WB REPLACE PUMP, MOTOR AND CABLE	\$29,973	5,371	1. DDU16-015472	\$ 29,973.00	\$ 23,067.00	2011	\$ 29,973.34	\$ 5,370.99	\$ 24,602.35	18%	\$ 5,370.93	\$ 17,696.07	
Micron Filters, Anti Scafant TC	\$6,274	2,195					\$ 6,274.32	\$ 2,195.37	\$ 4,078.95				
Install new pipe 6" 60hp Submonitor/Start up - W	\$17,818	1,099					\$ 17,817.55	\$ 1,098.57	\$ 16,718.98				
membranes	\$3,845	896					\$ 3,844.96	\$ 895.84	\$ 2,949.12				
Membranes	\$3,845	896					\$ 3,845.29	\$ 895.92	\$ 2,949.37				
Pow ertlex 400 to repair VFD	\$4,728	1,102					\$ 4,728.36	\$ 1,101.67	\$ 3,626.69				
Barge and crew for lake pump repair	\$4,800	1,118					\$ 4,800.00	\$ 1,118.36	\$ 3,681.64				
Replace 84 lake pump	\$6,057	1,411					\$ 6,057.21	\$ 1,411.28	\$ 4,645.93				
			8. DDU16-015472	\$ 49,940.00	\$ 21,174.00		\$ 77,341.03	\$ 14,087.99	\$ 63,253.04	18%	\$ 9,096.78	\$ 12,077.22	
Stainless Steel leaders	\$4,487	440											
2014 Ford F150 66893	\$29,953	3,789	5. DDU16-015472	\$ 36,054.00	\$ 21,632.00		\$ 29,953	\$ 3,788.68	\$ 26,164.04	13%	\$ 4,560.42	\$ 17,071.58	
Pump & 20HP Motor	\$12,669	104					\$ 12,669	\$ 104.06	\$ 12,565.34				
Pump Well 03, Pump Replacement, 601119 lhta	\$58,282	0					\$ 58,282	\$ -	\$ 58,281.66				
			7. DDU16-015472	\$ 70,951.00	\$ 36,186.00		\$ 70,951	\$ -	\$ 58,281.66	0%	\$ -	\$ 36,186.00	
AB1086 TR 2-1 W1 Wesley Water Plant	\$17,920	n/a											
MORRISUP Tank Fill Lines for Ground Storage In	\$0												
	\$1,590,888	\$796,619										\$ 265,711.37	

Tax Rate: 15%
 ADFIT Rate Base Adjustment \$ 39,856.71

ATTACHMENT DL – 6
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

The Cliffs – Sewer ADFIT calculations

PUBLIC UTILITY COMMISSION OF TEXAS

ATTACHMENT DL - 6

SOAH Docket No. 473-17-0117.WS

PUC Docket No. 48245

Double Diamond Utility Company, Inc. - The Cliffs Subdivision - Sewer

Test Year End 12/31/2015

Deferred Federal Income Tax Calculation		(Plant, depreciation numbers are from testimony of Jolie Mathis)	See Attachment DL - 8	Per tax return 2015	(includes basis reduction for § 179							
Description	Ver./Est Original Cost	Accum. Deprec.	Reference	Unadjusted cost or basis	Accum Depr or Accum tax expense	Year(s), if combined	Original Cost	Accum Depr	Net Plant	Staff Accum Dep / original cost	Percentage applied to Tax Unadjusted Basis	Excess Tax depreciation taken for tax purposes
Dauco Plant 25,000 gpd	\$86,214.69	\$ 53,445										
Total Pipe installed	\$703,723.00	\$ 281,451										
trencher rental	\$0.00	\$ -					\$ -	\$ -				
vermeer heavy equipment rental	\$9,697.50	\$ 9,204					\$ 9,697.50	\$ 9,203.66	\$ 493.84			
heavy equipment	\$1,557.50	\$ 1,475					\$ 1,557.50	\$ 1,474.77	\$ 82.73			
PVC Pipe 6 4 3, 2"	\$4,147.87	\$ 1,571					\$ 4,147.87	\$ 1,571.02	\$ 2,576.85			
12 940 feet PVC Pipe	\$8,087.50	\$ 7,649					\$ 8,087.50	\$ 7,649.08	\$ 438.42			
sewer line	\$16,873.00	\$ 6,379					\$ 16,873.00	\$ 6,378.71	\$ 10,494.29			
4" Gate Valve Sewer	\$0.00	\$ -					\$ -	\$ -				
bobtail heavy equipment rental	\$4,265.00	\$ 4,006					\$ 4,265.00	\$ 4,005.77	\$ 259.23			
shows pan phase X	\$12,142.50	\$ 4,562					\$ 12,142.50	\$ 4,561.79	\$ 7,580.71			
Equipment Rental, Utility Installation	\$4,170.00	\$ 3,913					\$ 4,170.00	\$ 3,913.12	\$ 256.88			
Pipe	\$200.00	\$ 75					\$ 200.00	\$ 74.97	\$ 125.03			
Backhoe work	\$520.00	\$ 483					\$ 520.00	\$ 483.20	\$ 36.80			
shows heavy equipment	\$1,040.00	\$ 966					\$ 1,040.00	\$ 966.40	\$ 73.60			
sewer bore	\$1,500.00	\$ 558					\$ 1,500.00	\$ 557.54	\$ 942.46			
							\$ -	\$ -	\$ -			
sand for lines	\$750.00	\$ 249	11. DDU18-01547	\$ 57,895.00	\$ 40,530.00	1997	\$ 64,200.87	\$ 40,840.04	\$ 23,360.83	\$ 0.36	\$ 21,066.31	\$ 19,463.69
mck saw	\$2,250.00	\$ 1,880										
pme installation	\$3,562.50	\$ 1,176										
Road Crossing	\$742.50	\$ 236										
sewer line	\$5,042.00	\$ 1,571										
TRIPDPU Simplex lift station	\$6,440.88	\$ 4,693										
PROGWAT PUMP MOTOER	\$566.50	\$ 409										
USFILGA Blowers, 5hp Motors	\$3,461.58	\$ 2,453										
sewer line	\$2,572.50	\$ 527										
blowers at wwlp	\$0.00	\$ -										
USABLU Blower for Sewer Plant	\$1,717.73	\$ 1,847										
NORMPLU Sewer Line Repair Lot 891/	\$1,295.00	\$ 244										
PROGWAT Rebuilt Tonkalfo Pump	\$935.28	\$ 875										
MCCLMECH Air Drop Pipes	\$1,280.00	\$ 571										
USABLU Core Sample, Pump	\$1,959.96	\$ 872										
USABLU Portable Sampler	\$1,514.52	\$ 1,347										
MCCMECH Installed Walkway and Hand Rad	\$3,659.00	\$ 1,625										

SOAH Docket No. 473-17-0117.WS
 PUC Docket No. 46245
 Double Diamond Utility Company, Inc. - The Cliffs Subdivision - Sewer
 Test Year End 12/31/2015

Deferred Federal Income Tax Calculation	(Plant, depreciation numbers are from testimony of Jolie Mathis)	See Attachment DL - 6	Per tax return 2015	(Includes basis reduction for § 179)															
WALLELE Electrical Work on h/w Meters	\$1,790.43	n/a																	
USABLU Chemical Feed Pump	\$394.48	\$ 164																	
USABLU Pressure Logger Software, Gauge to Hose A	\$659.01	\$ 544																	
UNIIQU fraeher	\$1,368.14	\$ 550																	
Trencher	\$1,894.88	\$ 758																	
RSCEQUI Backhoe Rental (1/14 - 2/11)	\$582.17	\$ 230																	
Backhoe Rental	\$378.48	\$ 148																	
Trencher	\$2,409.66	\$ 925																	
Bobcat Rental	\$2,074.52	\$ 792																	
Turban Master Ml	\$427.47	\$ 326																	
Trencher	\$1,892.07	\$ 645																	
RSCEQUI Backhoe Rental (12/17-1/14)	\$582.17	\$ 218																	
Bobcat Rental	\$2,074.52	\$ 733																	
Lill Station Electcnal	\$2,032.29	\$ 680																	
IC EX TENSION RISERS, FIBERGLASS EXTENSION RISERS	\$1,750.81	\$ 1,085																	
TC PANELS	\$2,635.94	\$ 1,603																	
TC REPAIR TO SEWER PLANT BLOWER MOTOR	\$2,409.64	\$ 1,465																	
REPLACING WIRING	\$10,593.83	\$ 6,352							\$ 10,593.83	\$ 6,351.95	\$ 4,241.88								
3 PHASE PUMP PANEL-TC	\$1,666.84	\$ 958							\$ 1,666.84	\$ 958.35	\$ 708.49								
CONTROL BOX AND INSTALLATION-TC	\$2,927.15	\$ 1,683							\$ 2,927.15	\$ 1,682.96	\$ 1,244.19								
GP FOR LIFT STATION TC	\$4,369.26	\$ 2,512							\$ 4,369.26	\$ 2,512.10	\$ 1,857.16								
GP SPYGLASS FOR POOL #2 TC	\$4,286.30	\$ 2,464							\$ 4,286.30	\$ 2,464.40	\$ 1,821.90								
WORK ON SEWER LIFT S IAHION-PC	\$1,284.28	\$ 728							\$ 1,284.28	\$ 727.85	\$ 556.43								
(2)30 FLOAT SW1THCES AT LIFT STATION	\$1,044.94	n/a							\$ 1,044.94	n/a	\$ 1,044.94								
GRINDER PUMP-TC	\$3,052.37	\$ 1,576							\$ 3,052.37	\$ 1,576.12	\$ 1,476.25								
ROOTS BLOWER. REPLACEMENT	\$1,635.37	\$ 844							\$ 1,635.37	\$ 844.44	\$ 790.93								
r Sewage air valves TC	\$2,990.84	\$ 1,221	6. DDU16-015472	\$ 63,492.00	\$ 44,768.00	2010	\$ 30,860.34	\$ 17,118.16	\$ 13,742.18	\$ 0.55	\$ 35,218.87	\$ 9,548.13							
Check Valves TC	\$1,243.86	\$ 506																	
Guider Pump-Float Manna Lift Station TC	\$3,383.17	\$ 1,297							\$ 3,383.17	\$ 1,296.77	\$ 2,086.40								
LIFT STATION MARINA/CLIFFS DRIVE	\$3,434.40	\$ 1,316							\$ 3,434.40	\$ 1,316.40	\$ 2,118.00								
REDUCERS MOTOR-TC	\$2,400.00	\$ 920							\$ 2,400.00	\$ 919.92	\$ 1,480.08								
E-One Pum Packs e	\$8,314.13	\$ 2,561	6. DDU16-015474	\$ 9,796.00	\$ 8,267.00	2012	\$ 9,217.57	\$ 3,533.09	\$ 5,684.48	\$ 0.38	\$ 3,754.80	\$ 4,512.20							
Secondary clarifier weir	\$6,285.92	\$ 943	7. DDU16-015474	\$ 8,314.00	\$ 7,015.00		\$ 8,314.13	\$ 2,560.82	\$ 5,753.31	\$ 0.31	\$ 2,560.78	\$ 4,454.22							
Pump at Sewer Plant	\$5,317.80	\$ 274																	
Grundfous 2014P Pump	\$7,351.60	\$ 372																	
AB1086 TR 2-1 W J Wesley Wastewater Plant	\$17,920.00	\$ -																	
	\$1,006,547	\$433,466																	\$ 37,979.25
																			TAX RATE 25%
																			ADFIT deduct from RB \$ 9,494.81

ATTACHMENT DL – 7
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245

HAS BEEN FILED CONFIDENTIALLY

ATTACHMENT DL – 8
SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245
Applicant’s Response to Staff RFI 1-34

STAFF 1-33 Please admit or deny: Double Diamond or affiliates have taken investment tax credits for investment in plant on tax returns filed in the past.

RESPONSE: Admit.

Prepared by: Tim Grout

Sponsored by: Tim Grout

STAFF 1-34 Please identify in the application where Double Diamond has included the calculation for deferred income tax for accelerated depreciation taken for federal tax purposes in accordance with generally accepted accounting principles.

- a) If not included in the application, please provide the calculation for deferred income tax that should be recorded for accelerated depreciation taken for federal tax purposes.

RESPONSE: Deferred federal income taxes are excluded from the application because Double Diamond-Delaware, Inc. and its subsidiaries do not have any deferred federal income tax recorded on their financial statements (according to the 2015 Consolidated Financial Statements for Double Diamond-Delaware, Inc. and Subsidiaries). The deferred tax liabilities and assets in the financial statements reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for state (income and gross margin) tax purposes, not federal taxes.

It should be noted that Double Diamond-Delaware, Inc. does not pay any federal income tax. According to the previously referenced financial statements, "Under existing provisions of the Internal Revenue Code, the income or loss of a Subchapter S corporation is recognized by the individual members for income tax purposes. Accordingly, no provision for income tax has been provided for in the accompanying consolidated financial statements. However, the Company is subject to Texas margin tax."

Prepared by: Jay Joyce

Sponsored by: Jay Joyce