

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02042A
Fools Hollow Water Company
P.O. Box 484
Show Low, AZ 85902-0484

RECEIVED

APR 17 2009

ARIZONA CORP. COMM.
Director Utilities

ANNUAL REPORT
WATER

FOR YEAR ENDING

12	31	2008
----	----	------

FOR COMMISSION USE

ANN 04	08
--------	----

PROCESSED BY:

4-17-09

SCANNED

Statutory Agent: Victoria McCarty
(Name)

1500 W Deuce of Clubs Show Low AZ 85901
(Street) (City) (State) (Zip)

928-537-1114 928-537-5060
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Grant & Vaughn, PC
(Name)

6225 N. 24th Street/Suite 125 Phoenix, AZ 85016
(Street) (City) (State) (Zip)

602-393-4322 602-393-4327
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input checked="" type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME **Fools Hollow Water Company, Inc.**

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	10,214	0	10,214
304	Structures and Improvements	4,578	3,913	665
307	Wells and Springs	22,641	15,537	7,104
311	Pumping Equipment	11,834	11,834	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	59,170	26,915	32,255
331	Transmission and Distribution Mains	257,142	58,927	198,215
333	Services	6,390	6,306	84
334	Meters and Meter Installations	36,028	17,200	18,828
335	Hydrants	8,085	845	7,240
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	3,340	446	2,894
340	Office Furniture and Equipment	5,644	2,656	2,988
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	425,066	144,579	280,487

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME

Fools Hollow Water Company, Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	10,214	0	0
304	Structures and Improvements	4,578	2.45	112
307	Wells and Springs	22,641	2.97	672
311	Pumping Equipment	11,834	5.05	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	59,170	1.80	1,065
331	Transmission and Distribution Mains	257,142	2.20	5,657
333	Services	6,390	2.96	189
334	Meters and Meter Installations	36,028	3.82	1,376
335	Hydrants	8,085	1.94	157
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	3,340	6.68	223
340	Office Furniture and Equipment	5,644	5.14	290
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	425,066		9,741

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$31,063	\$78,595
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	8,930	9,260
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$39,993	\$87,855
	FIXED ASSETS		
101	Utility Plant in Service	\$394,189	\$423,404
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(134,838)	(142,908)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$259,351	\$280,496
	TOTAL ASSETS	\$299,344	\$368,351

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$482	\$538
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		65,000
235	Customer Deposits	18,152	17,570
236	Accrued Taxes	631	586
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$19,265	\$83,694
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	131,170	129,924
255	Accumulated Deferred Investment Tax Credits	3,506	
271	Contributions in Aid of Construction	10,250	10,250
272	Less: Amortization of Contributions	(226)	(452)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$144,700	\$139,722
	TOTAL LIABILITIES	\$163,965	\$223,416
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$12,400	\$12,400
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	122,979	132,535
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$135,379	\$144,935
	TOTAL LIABILITIES AND CAPITAL	\$299,344	\$368,351

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$132,793	\$126,952
460	Unmetered Water Revenue		
474	Other Water Revenues	3,069	1,550
	TOTAL REVENUES	\$135,862	\$128,502
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	7,670	7,904
618	Chemicals		
620	Repairs and Maintenance	12,756	14,231
621	Office Supplies and Expense	6,795	10,237
630	Outside Services	59,650	46,003
635	Water Testing	1,324	540
641	Rents	12,285	12,216
650	Transportation Expenses	2,332	2,416
657	Insurance – General Liability		551
659	Insurance - Health and Life	2,177	2,346
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	(226)	(226)
403	Depreciation Expense	7,803	9,741
408	Taxes Other Than Income	10,162	9,617
408.11	Property Taxes	7,613	7,174
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$130,341	\$122,750
	OPERATING INCOME/(LOSS)	\$5,521	\$5,752
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$405	\$470
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(11)	(172)
	TOTAL OTHER INCOME/(EXPENSE)	\$394	\$298
	NET INCOME/(LOSS)	\$5,915	\$6,050

COMPANY NAME**Fools Hollow Water Company, Inc.****SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 16,170

Meter Deposits Refunded During the Test Year

\$ 2,782

COMPANY NAME	Fools Hollow Water Company, Inc.		
Name of System:	Fools Hollow-Park Valley	ADEQ Public Water System Number:	09-011

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-628643	40	150	520'	8"	2"	1977

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
None		13	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000 (65% Park Valley/35% Fools Hollow)	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Fools Hollow Water Company, Inc.	
Name of System:	Fools Hollow-Park Valley	ADEQ Public Water System Number: 09-011

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	<u>Plastic</u>	1,505
3	<u>Plastic</u>	145
4	<u>Plastic</u>	10,095
5		
6	<u>Plastic</u>	20,684
8	<u>Plastic</u>	4,782
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	<u>356</u>
3/4	<u>3</u>
1	<u>2</u>
1 1/2	
2	<u>1</u>
Comp. 3	<u>1</u>
Turbo 3	<u>1</u>
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

None

STRUCTURES:

One (1) Well House

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Fools Hollow Water Company, Inc.
Name of System: Fools Hollow-Park Valley ADEQ Public Water System Number: 09-011

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	329	1,168	1,275	
FEBRUARY	323	1,344	1,468	
MARCH	327	1,042	1,137	
APRIL	334	1,439	1,568	
MAY	339	2,366	2,564	
JUNE	346	2,677	2,891	
JULY	344	2,464	2,664	
AUGUST	346	1,998	2,174	
SEPTEMBER	347	1,515	1,640	
OCTOBER	345	1,247	1,356	
NOVEMBER	330	967	1,053	
DECEMBER	331	871	948	
TOTALS →		19,098	20,738	0

What is the level of arsenic for each well on your system? <.0030 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1000 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No N/A – No chlorination treatment

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Fools Hollow Water Company, Inc.	
Name of System: Fools Hollow-Park Valley	ADEQ Public Water System Number: 09-011

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		3	1
FEBRUARY		4	
MARCH		3	
APRIL		6	
MAY	1	8	
JUNE		3	
JULY	2	5	
AUGUST		5	
SEPTEMBER		6	
OCTOBER		8	1
NOVEMBER		7	
DECEMBER		3	
TOTALS →	3	61	2

OTHER (description):

Turned off due to leaks

COMPANY NAME _____ **Fools Hollow Water Company, Inc.** _____ YEAR ENDING **12/31/2008**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2008 was: \$ _____ **5,864.35** _____

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED
APR 6 2008
NAVAJO COUNTY
COURT HOUSE

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) Navajo	
NAME (OWNER OR OFFICIAL) TITLE	Victoria McCarty, President/CEO
COMPANY NAME	Fools Hollow Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Victoria McCarty

SIGNATURE OF OWNER OR OFFICIAL

928-537-1114

TELEPHONE NUMBER

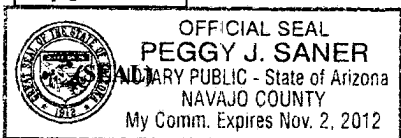
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

DAY OF



COUNTY NAME	Navajo	
MONTH	April	2009

Peggy Saner

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES _____

COMPANY NAME _____ Fools Hollow Water Company, Inc. _____ **YEAR ENDING**
12/31/2008

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____ 0 _____
Estimated or Actual Federal Tax Liability _____ 0 _____

State Taxable Income Reported _____ 0 _____
Estimated or Actual State Tax Liability _____ 0 _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____ 0 _____
Amount of Gross-Up Tax Collected _____ 0 _____
Total Grossed-Up Contributions/Advances _____ 0 _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Victoria McCarty
SIGNATURE

4/15/09
DATE

Victoria McCarty
PRINTED NAME

President, CEO
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
NOV 6 2008
ARIZONA COMM
Director: Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Navajo
NAME (OWNER OR OFFICIAL) TITLE	Victoria McCarty, President/CEO
COMPANY NAME	Fools Hollow Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2008 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>128,501.75</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 9,616.92 IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Victoria McCarty

SIGNATURE OF OWNER OR OFFICIAL

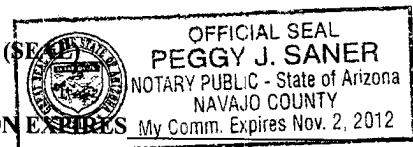
TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF

COUNTY NAME	<u>Navajo</u>
MONTH	<u>April</u> . <u>2009</u>



Peggy Saner

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 19 2009
AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Navajo	
NAME (OWNER OR OFFICIAL) Victoria McCarty	TITLE President/CEO
COMPANY NAME Fools Hollow Water Company, Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2008 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>119,301.23</u>

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 8,927.51
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Victoria McCarty
SIGNATURE OF OWNER OR OFFICIAL

928-537-1114
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 15th DAY OF

NOTARY PUBLIC NAME <i>Peggy J. Saner</i>	
COUNTY NAME <i>Navajo</i>	
MONTH <i>April</i>	, 20 <i>09</i>

(SEAL) OFFICIAL SEAL
PEGGY J. SANER
NOTARY PUBLIC, State of Arizona
NAVAJO COUNTY
My Comm. Expires Nov. 2, 2012

X *Peggy Saner*
SIGNATURE OF NOTARY PUBLIC