ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02493A

Forest Highlands Water Company
657 Forest Highlands
Flagstaff, AZ 86001

RECEIVED

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010

FOR COMMISSION USE

ANN 04	10

4-12-11

COMPANY INFORMATION

Company Name (Business Name) Forest Highlands Water Co.

Mailing Address 2425 William Palmer
(Street)

Flagstaff (City) AZ (State) 86001 (Zip)

928 525 5244 (Telephone No. (Include Area Code)) 928 525 5254 (Fax No. (Include Area Code)) (Cell No. (Include Area Code))

Email Address

Local Office Mailing Address Same as Above
(Street)

(City) (State) (Zip)

(Local Office Telephone No. (Include Area Code)) (Fax No. (Include Area Code)) (Cell No. (Include Area Code))

Email Address

MANAGEMENT INFORMATION

☐ **Regulatory Contact:**

☒ **Management Contact:** Patricia Ashbrook (Name) CFO/Secretary (Title)

2425 William Palmer (Street) Flagstaff (City) AZ (State) 86001 (Zip)

928 525 9014 (Telephone No. (Include Area Code)) 928 525 1369 (Fax No. (Include Area Code)) (Cell No. (Include Area Code))

Email Address pashbrook@fhyc.com

On Site Manager: Bill Strauss
(Name)

2293 Utility Rd. (Street) Flagstaff (City) AZ (State) 86001 (Zip)

928 525 5264 (Telephone No. (Include Area Code)) 928 525 5254 (Fax No. (Include Area Code)) (Cell No. (Include Area Code))

Email Address bstrauss@fhyc.com

Statutory Agent: Donald Dykman
(Name)

2901 N. Central Ave. Ste. 200 Phoenix AZ 85012
(Street) (City) (State) (Zip)

602 285 5000 602 285 5100
Telephone No. (Include Area Code) Fax No. (Include Area Code Cell No. (Include Area Code)

Attorney: Same as above
(Name)

(Street) (City) (State) (Zip)

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:

- ☐ **Sole Proprietor (S)**
- ☐ **Partnership (P)**
- ☐ **Bankruptcy (B)**
- ☐ **Receivership (R)**
- ☐ **Other** (Describe)
- ☒ **C Corporation (C) (Other than Association/Co-op)**
- ☐ **Subchapter S Corporation (Z)**
- ☐ **Association/Co-op (A)**
- ☐ **Limited Liability Company**

COUNTIES SERVED

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

☐ **APACHE**	☐ **COCHISE**	☒ **COCONINO**
☐ **GILA**	☐ **GRAHAM**	☐ **GREENLEE**
☐ **LA PAZ**	☐ **MARICOPA**	☐ **MOHAVE**
☐ **NAVAJO**	☐ **PIMA**	☐ **PINAL**
☐ **SANTA CRUZ**	☐ **YAVAPAI**	☐ **YUMA**
☐ **STATEWIDE**		

COMPANY NAME	Forest Highlands Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization	104,284.43	0.00	104,284.43
302	Franchises	N/A	N/A	0.00
303	Land and Lan Rights	N/A	N/A	0.00
304	Structures and Improvements	202,124.00	72,613.67	129,510.33
307	Wells and Springs	1,586,401.33	724,062.89	862,338.44
311	Pumping Epuipment	1,296,302.21	1,189,084.25	107,217.96
320	Water Treatment Epuipment	N/A	N/A	N/A
330	Distribution Reservoris and Standpipes	191,268.50	89,534.69	101,733.81
331	Transmission and Distrbution Mains	2,751,591.18	1,221,642.06	1,529,949.12
333	Services	175,200.00	94,304.00	80,896.00
334	Meters and Meter Insallations	60,119.66	53,622.62	6,497.04
335	Hydrants	226,995.00	101,012.40	125,982.60
336	Backflow Prevention Devices	N/A	N/A	N/A
339	Other Plant and Misc. Epuipment	67,198.86	29,043.63	38,155.23
340	Office Furniture and Equipment	19,501.57	3,663.82	15,837.75
341	Transportation Equipment	195,423.60	157,194.14	38,229.46
343	Tools, Shop and Garange Equipment	1,977.14	659.05	1,318.09
344	Laboratory Equipment	1,326.98	774.08	552.90
345	Power Operated Equipment	0.00	0.00	0.00
346	Communication Equipment	9,203.27	2,760.99	6,442.28
347	Miscellaneous Epuipment	N/A	N/A	N/A
348	Other Tangible Plant	N/A	N/A	N/A
	TOTALS	**6,888,917.73**	**3,739,972.29**	**3,148,945.44**

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

COMPANY NAME	Forest Highlands Water Company

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	104,284.43	0.00	0.00
302	Franchises	N/A	N/A	N/A
303	Land and Land Rights	N/A	N/A	N/A
304	Structures and Improvements	202,124.00	0.03	6,737.47
307	Wells and Springs	1,586,401.33	0.03	54,178.79
311	Pumping Equipment	1,296,302.21	0.02	25,116.93
320	Water Treatment Equipment	N/A	N/A	N/A
330	Distribution Reservoirs and Standpipes	191,268.50	0.03	4,781.72
331	Transmission and Distribution Mains	2,751,591.18	0.02	55,245.70
333	Services	175,200.00	0.03	5,840.00
334	Meters and Meter Installations	60,119.66	0.04	2,349.02
335	Hydrants	226,995.00	0.02	4,539.90
336	Backflow Prevention Devices	N/A	N/A	N/A
339	Other Plant and Misc. Equipment	67,198.86	0.10	6,504.76
340	Office Furniture and Equipment	19,501.57	0.10	2,000.63
341	Transportation Equipment	195,423.60	0.05	9,889.32
343	Tools, Shop and Garage Equipment	1,977.14	0.05	98.86
344	Laboratory Equipment	1,326.98	0.10	132.70
345	Power Operated Equipment	0.00	0.00	0.00
346	Communication Equipment	9,203.27	0.10	920.33
347	Miscellaneous Equipment	N/A	N/A	N/A
348	Other Tangible Plant	N/A	N/A	N/A
	Totals	**6,888,917.73**		**178,336.13**

This amount goes on the Comparative Statement of Income and Expenses _____
Acct. No. 403. ***107,743.75 of this number is from contributed assets that can not be expensed on the income statement therefore the remaining 70,590.02 is what shows in Acct. No. 403**

COMPANY NAME	Forest Highlands Water Company

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	$ (21,674.26)	$ (16,976.55)
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	11,804.01	27,941.14
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	1,638.60	993.46
162	Prepayments	2,019.00	3,157.54
174	Miscellaneous Current and Accrued Assets	8,920.31	2,822.52
	TOTAL CURRENT AND ACCRUED ASSETS	$ 2,707.66	$ 17,938.11
	FIXED ASSETS		
101	Utility Plant in Service	$ 6,878,126.44	$ 6,888,917.47
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(3,611,478.11)	(3,739,970.42)
121	Non - Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	$ 3,266,648.33	$ 3,148,947.05
	TOTAL ASSETS	**$ 3,269,355.99**	**$ 3,166,885.16**

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

COMPANY NAME	Forest Highlands Water Company

BALANCE SHEET (CONTINUED)

Acct No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	$	$ 785.00
232	Note Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	28,882.21	29,687.32
	TOTAL CURRENT LIABILITIES	$ 28,882.21	$ 30,472.32
	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		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	2,571,636.38	2,459,387.63
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	$ 2,571,636.38	$ 2,459,387.63
	TOTAL LIABILITIES	$ 2,600,518.59	$ 2,489,859.95
	CAPITAL ACCOUNTS		
201	Common Stock Issued	$ 4,861,824.00	$ 4,861,824.00
211	Paid in Capital in Excess of Par Value	958,519.84	1,019,311.62
215	Retained Earnings	(5,151,506.46)	(5,204,110.41)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	$ 668,837.38	$ 677,025.21
	TOTAL LIABILITIES AND CAPITAL	**$ 3,269,355.97**	**$ 3,166,885.16**

COMPANY NAME	Forest Highlands Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	metered Water Revenue	$ 516,144.44	$ 500,213.46
460	Unmetered Water Revenue		
474	Other Water Revenues	9,967.04	8,167.19
	TOTAL REVENUES	$ 526,111.48	$ 508,380.65
	OPERATING EXPENSES		
601	Salaries and Wages	$ 220,134.34	$ 227,898.49
610	Purchased Water		
615	Purchased Power	64,305.95	55,759.17
618	Chemicals	344.02	442.30
620	Repairs and Maintenance	17,690.81	12,188.58
621	Office Supplies and Expense	10,247.76	10,584.34
630	Outside Services	28,960.00	30,960.00
635	Water Testing	4,226.67	2,333.74
641	Rents	11,881.57	11,784.00
650	Transportation Expense	16,918.97	18,804.14
657	Insurance - General Liability	19,408.31	19,322.64
659	Insurance - Health and Life	42,225.52	47,803.58
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	24,671.35	27,533.46
403	Depreciation Expense	56,216.00	70,590.02
408	Taxes Other Than Income	239.61	27.14
408.11	Property Taxes	16,067.22	16,080.00
409	Income Tax	50.00	8,873.00
	TOTAL OPERATING EXPENSES	$ (533,588.10)	$ 560,984.60
	OPERATING INCOME/(LOSS)	$ (7,476.62)	$ (52,603.95)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	$	$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	$	$
	NET INCOME/(LOSS)	**$ (7,476.62)**	**$ (52,603.95)**

COMPANY NAME	Forest Highlands Water Co.

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 $ _____

Meter Deposits Refunded During the Test Year $ _____

N/A

COMPANY NAME	Forest Highlands Water Co.
Name of System:	ADEQ Public Water System Number: 03-073

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-514733	40	82	1195	12	4	1986
55-515547	40	68	1405	12	4	1986
55-5517583	75	115	1250	12	4	1987
55-588893	30	60	1380	10	4	2002

* 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
10	5	180	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
500,000	1		

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

COMPANY NAME	Forest Highlands Water Co.
Name of System:	ADEQ Public Water System Number: 03-073

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	C-900	130
3	C-900	2640
4		
5		
6	C-900	17,383
8	C-900	59,292
10	C-900	25,154
12	C-900	3,162

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	
3/4	707
1	5
1 1/2	2
2	8
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	1
Turbo 6	

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

TREATMENT EQUIPMENT: N/A

STRUCTURES:
Booster Station with 500,000 gal. tank
5 - 10 HP Booster pumps
Diesel fire Pump
3 well houses
Booster Station Building

OTHER: N/A

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

Forest Highlands Arsenic Levels per Well
System # 03-073

Well # 1 – 0.0015 (2011)

Well # 2 – 0.0049 (2011)

Well # 2b – 0.0068 (2011)

Well # 3 - <0.001 (2008)

Well # 4 – 0.0021 (2011)

Well # 5b – 0.0023 (2011)

Well # 8 – 0.004 (2008)

COMPANY NAME: Forest Highlands Water Company	
Name of System:	ADEQ Public Water System Number: 03-073

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	722	0	1,681	0
FEBRUARY	722	0	1,481	0
MARCH	722	3,325	1,069	0
APRIL	722	1,553	1,205	0
MAY	722	6,861	8,721	0
JUNE	722	12,515	13,325	0
JULY	722	6,778	9,069	0
AUGUST	722	9,374	4,237	0
SEPTEMBER	723	5,249	6,225	0
OCTOBER	723	2,259	3,723	0
NOVEMBER	723	2,480	2,632	0
DECEMBER	723	1,779	1,599	0
	TOTALS →	52,173	54,967	~~0~~

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

If system has fire hydrants, what is the fire flow requirement? 2000 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
( ) Yes (x) No

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

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

If yes, provide the GPCPD amount: N/A

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

COMPANY NAME: Forest Highlands Water Co.	
Name of System:	**ADEQ Public Water System Number:** 03-073

UTILITY SHUTOFFS / DISCONNECTS

MONTH		Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	0	
FEBRUARY		0	0	
MARCH		0	0	
APRIL		0	0	
MAY		0	0	
JUNE		0	0	
JULY		0	0	
AUGUST		0	0	
SEPTEMBER		0	0	
OCTOBER		0	0	
NOVEMBER		0	0	
DECEMBER		0	0	
TOTALS →		0	0	

OTHER (description):

COMPANY NAME_____ **YEAR ENDING 12/31/2010**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: $ 17,590.17

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
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Coconino
NAME (OWNER OR OFFICIAL) TITLE	Patricia Ashbrook CFO / Secretary
COMPANY NAME	Forest Highlands Water Co.

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	2010

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.

SIGNATURE OF OWNER OR OFFICIAL

928 525 9014
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 5th **DAY OF**

COUNTY NAME	Coconino
MONTH April	2011

OFFICIAL SEAL
ROBERT A. STENGER
NOTARY PUBLIC - State of Arizona
(SEAL) COCONINO COUNTY
My Comm. Expires Nov. 19, 2011

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 11/19/11

COMPANY NAME Forest Highlands Water Co. **YEAR ENDING 12/31/2010**

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.

SIGNATURE	4-11-11 **DATE**
PATRICIA ASHBROOK **PRINTED NAME**	SECRETARY / CFO **TITLE**

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Coconino
NAME (OWNER OR OFFICIAL) TITLE	Patricia Ashbrook CFO / Secretary
COMPANY NAME	Forest Highlands Water Co.

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

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 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only ($)
$ 508,380.65

(THE AMOUNT IN BOX ABOVE INCLUDES $ 39,652.20 **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)**

SIGNATURE OF OWNER OR OFFICIAL

928 525 9014
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 8th **DAY OF**

COUNTY NAME Coconino	
MONTH April	2011

OFFICIAL SEAL
ROBERT A. STENGER
NOTARY PUBLIC - State of Arizona
COCONINO COUNTY
My Comm. Expires Nov. 19, 2011

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 11-19-11

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Coconino		
NAME (OWNER OR OFFICIAL)	Patricia Ashbrook	TITLE	CFO / Secretary
COMPANY NAME	Forest Highlands Water Co.		

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

FOR THE YEAR ENDING

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12	31	2010

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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 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

$ 392,327.23

THE AMOUNT IN BOX AT LEFT INCLUDES $ 32,705.84 IN SALES TAXES BILLED, OR COLLECTED)

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

SIGNATURE OF OWNER OR OFFICIAL

928 525 9014
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9th **DAY OF**

NOTARY PUBLIC NAME	Robert A Stenger	
COUNTY NAME	Coconino	
MONTH	April	.20 11

(SEAL)

OFFICIAL SEAL
ROBERT A. STENGER
NOTARY PUBLIC - State of Arizona
COCONINO COUNTY
My Comm. Expires Nov. 19, 2011

MY COMMISSION EXPIRES 11-19-11

SIGNATURE OF NOTARY PUBLIC