

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

**W-02493A**

Forest Highlands Water Company  
2425 William Palmer  
Flagstaff, AZ 86001

RECEIVED

MAR 18 2013

ACC UTILITIES DIRECTOR

**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2012
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FOR COMMISSION USE

ANN 04	12
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3-19-13

## COMPANY INFORMATION

**Company Name (Business Name)** Forest Highlands Water Company

**Mailing Address** 2425 William Palmer  
(Street)

Flagstaff Arizona 86001  
(City) (state) (Zip)

(928)525-5244 (928)525-5254  
Telephone No.(Include Area code) Fax No.(include area code) Cell No.(Include Area Code)

**Email Address** \_\_\_\_\_

**Local Office Mailing Address** Same as above  
(Street)

Same as above  
(City) (state) (Zip)

Same as above  
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 CFO/Secretary  
(Name) (Title)

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

(928)525-9014 (928)525-1369  
Telephone No.(Include Area code) Fax No.(include area code) Cell No.(Include Area Code)

**Email Address** pashbrook@fhgc.com

**On Site Manager:** Bill Strauss  
(Name)

2293 Utility Road Flagstaff Arizona 86001  
(Street) (City) (State) (Zip)

(928)525-5264 (928)525-5254  
Telephone No.(Include Area code) Fax No.(include area code) Cell No.(Include Area Code)

**Email Address** bstrauss@fhgc.com



<b>COMPANY NAME</b>	Forest Highlands Water Company
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**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D (OC less AD)</b>
301	Organization	104,284.43	0.00	104,284.43
302	Franchises	N/A	N/A	0.00
303	Land and Land Rights	N/A	N/A	0.00
304	Structures and Improvements	202,123.99	86,088.61	116,035.38
307	Wells and Springs	1,586,401.33	835,971.77	750,429.56
311	Pumping Equipment	1,359,193.53	1,243,025.78	116,167.75
320	Water Treatment Equipment	N/A	N/A	N/A
330	Distribution Reservoirs and Standpipes	191,268.50	99,098.13	92,170.37
331	Transmission and Distribution Mains	2,751,590.86	1,332,371.10	1,419,219.76
333	Services	175,200.00	105,984.00	69,216.00
334	Meters and Meter Installations	60,459.66	57,300.97	3,158.69
335	Hydrants	226,995.00	110,092.20	116,902.80
336	Backflow Prevention Devices	N/A	N/A	N/A
339	Other Plant and Misc. Equipment	67,198.86	41,985.84	25,213.02
340	Office Furniture and Equipment	19,501.89	9,566.30	9,935.59
341	Transportation Equipment	195,423.56	176,889.00	18,534.56
343	Tools, Shop and Garage Equipment	1,977.14	856.77	1,120.37
344	Laboratory Equipment	1,326.98	1,039.48	287.50
345	Power Operated Equipment	0.00	0.00	0.00
346	Communication Equipment	9,203.05	4,601.65	4,601.40
347	Miscellaneous Equipment	N/A	N/A	N/A
348	Other Tangible Plant	N/A	N/A	N/A
	<b>TOTALS</b>	<b>6,952,148.78</b>	<b>4,104,871.60</b>	<b>2,847,277.18</b>

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



**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	202,123.99	0.03	6,737.47
307	Wells and Springs	1,586,401.33	0.04	55,954.44
311	Pumping Equipment	1,359,193.53	0.02	27,159.71
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	2,751,590.86	0.02	55,364.52
333	Services	175,200.00	0.03	5,840.00
334	Meters and Meter Installations	60,459.66	0.02	1,412.14
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	6,471.10
340	Office Furniture and Equipment	19,501.89	0.15	2,907.88
341	Transportation Equipment	195,423.56	0.05	9,847.43
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	9,203.05	0.10	920.33
347	Miscellaneous Equipment	N/A	N/A	N/A
348	Other Tangible Plant	N/A	N/A	N/A
	<b>Totals</b>	<b>6,952,148.78</b>		<b>182,168.20</b>

This amount goes on the Comparative Statement of Income and Expenses \_\_\_\_\_  
 Acct. No. 403. \*107,236.75 of this number is from contributed assets that can not be expensed  
 on the income statement therefore the remaining 74,931.45 is what shows in Acct. No. 403

<b>COMPANY NAME</b>	Forest Highlands Water Company
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**BALANCE SHEET**

<b>Acct No.</b>	<b>ASSETS</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 53,744.04	\$ 40,230.69
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	13,065.21	15,880.02
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	534.94	229.26
162	Prepayments	140.55	4,900.00
174	Miscellaneous Current and Accrued Assets	753.40	151.72
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 68,238.14	\$ 61,391.69
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 6,947,167.86	\$ 6,952,233.78
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(3,922,701.53)	(4,104,869.73)
121	Non - Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 3,024,466.33	\$ 2,847,364.05
	<b>TOTAL ASSETS</b>	\$ 3,092,704.47	\$ 2,908,755.74

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

<b>COMPANY NAME</b>	Forest Highlands Water Company
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**BALANCE SHEET (CONTINUED)**

<b>Acct No.</b>	<b>LIABILITIES</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 788.58	\$ 5,020.08
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	27,148.23	27,990.98
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 27,936.81	\$ 33,011.06
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	2,349,841.88	2,241,378.13
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 2,349,841.88	\$ 2,241,378.13
	<b>TOTAL LIABILITIES</b>	\$ 2,377,778.69	\$ 2,274,389.19
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 4,861,824.00	\$ 4,861,824.00
211	Paid in Capital in Excess of Par Value	1,077,392.01	1,057,202.93
215	Retained Earnings	(5,224,290.23)	(5,284,660.38)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 714,925.78	\$ 634,366.55
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 3,092,704.47	\$ 2,908,755.74

<b>COMPANY NAME</b>	Forest Highlands Water Company
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**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	metered Water Revenue	\$ 503,781.26	\$ 500,009.07
460	Unmetered Water Revenue		
474	Other Water Revenues	10,534.27	9,013.46
	<b>TOTAL REVENUES</b>	<b>\$ 514,315.53</b>	<b>\$ 509,022.53</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 221,701.60	\$ 226,806.33
610	Purchased Water		
615	Purchased Power	57,292.53	55,838.16
618	Chemicals	560.55	553.24
620	Repairs and Maintenance	2,345.31	12,156.11
621	Office Supplies and Expense	8,123.89	14,335.81
630	Outside Services	31,460.00	31,460.00
635	Water Testing	3,119.89	1,450.15
641	Rents	11,784.00	11,784.00
650	Transportation Expense	18,591.27	17,570.93
657	Insurance - General Liability	16,891.03	17,683.85
659	Insurance - Health and Life	45,793.01	47,946.81
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	22,631.79	38,288.63
403	Depreciation Expense	74,987.36	74,931.45
408	Taxes Other Than Income	23.12	20.87
408.11	Property Taxes	19,140.00	18,516.34
409	Income Tax	50.00	50.00
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ (534,495.35)</b>	<b>\$ (569,392.68)</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (20,179.82)</b>	<b>\$ (60,370.15)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$</b>	<b>\$</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (20,179.82)</b>	<b>\$ (60,370.15)</b>

<b>COMPANY NAME</b>	Forest Highlands Water Co
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**SUPPLEMENTAL FINANCIAL DATA**  
**long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
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**

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

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
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**

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

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
10	5	180	

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
500,000	1		

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

<b>COMPANY NAME</b>	Forest Highlands Water Company	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>	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 3/4	
3/4	712
1	5
1 1/2	2
2	9
<b>Comp. 3</b>	
<b>Turbo 3</b>	
<b>Comp. 4</b>	
<b>Turbo 4</b>	
<b>Comp. 6</b>	1
<b>Turbo 6</b>	

**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 Gallon Tank
5 - 10 Horsepower 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.**

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

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	726	653	1,190	0
FEBRUARY	726	8,416	8,614	0
MARCH	727	6,458	6,771	0
APRIL	727	19,634	11,972	0
MAY	727	23,572	29,724	0
JUNE	728	30,639	30,168	0
JULY	728	11,145	13,445	0
AUGUST	728	8,691	9,041	0
SEPTEMBER	728	14,300	15,317	0
OCTOBER	728	9,639	9,652	0
NOVEMBER	728	6,031	6,772	0
DECEMBER	728	0	1,155	0
<b>TOTALS</b> →		139,178	143,821	0

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

If system has fire hydrants, what is the fire flow requirement? 250 GPM for 2 hrs.

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

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: N/A

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

<b>COMPANY NAME</b>	Forest Highlands Water Company
<b>Name of System:</b> Forest Hihgland Water	<b>ADEQ Public Water System Number:</b> 03-073

<b>MONTH</b>	<b>Termination without Notice R14-2-410B</b>	<b>Termination with Notice R14-2-410C</b>	<b>OTHER</b>
<b>JANUARY</b>		1	
<b>FEBRUARY</b>			
<b>MARCH</b>			
<b>APRIL</b>			
<b>MAY</b>			
<b>JUNE</b>			
<b>JULY</b>		1	
<b>AUGUST</b>			
<b>SEPTEMBER</b>			
<b>OCTOBER</b>		1	
<b>NOVEMBER</b>			
<b>DECEMBER</b>			
<b>TOTALS →</b>		3	

OTHER (DESCRIPTION):

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COMPANY NAME Forest Highlands Water Company YEAR ENDING 12/31/2012

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 18,332.52

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. \_\_\_\_\_

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**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

RECEIVED

MAR 18 2013

AZ CORP COMM  
Director - Utilities

**VERIFICATION**

STATE OF Arizona

**I, THE UNDERSIGNED  
OF THE**

COUNTY OF (COUNTY NAME)	Coconino
NAME (OWNER OR OFFICIAL) TITLE	Patricia Ashbrook CFO/Secretar
COMPANY NAME	Forest Highlands Water Company

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

**FOR THE YEAR ENDING**

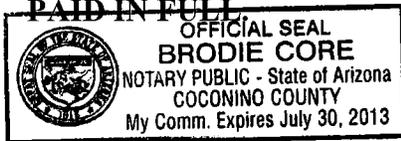
MONTH	DAY	YEAR
12	31	2012

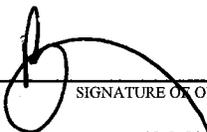
**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS  
PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY  
EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND  
CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF THE SAID UTILITY FOR THE  
PERIOD COVERED BY THIS REPORT IN RESPECT 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 HERBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND  
PAID IN FULL.**

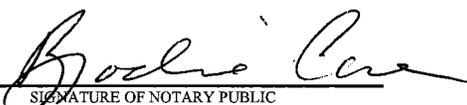


  
SIGNATURE OF OWNER OR OFFICIAL  
(928)525-9014  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS 14<sup>th</sup> DAY OF**

COUNTY NAME	Coconino
MONTH	March
	,2012

MY COMMISSION EXPIRES July 30, 2013

  
SIGNATURE OF NOTARY PUBLIC

**INCOME TAXES**

For this period, provide the following:

Federal Taxable Income Reported	<u>0.00</u>
Estimated or Actual Federal Tax Liability	<u>0.00</u>
State Taxable Income Reported	<u>0.00</u>
Estimated or Actual State Tax Liability	<u>0.00</u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	<u>0.00</u>
Amount of Grossed-Up Tax Collected	<u>0.00</u>
Total Grossed-Up Contributions/Advances	<u>0.00</u>

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 the 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 contributions/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

3-14-2013  
 \_\_\_\_\_  
 DATE

Patricia Ashbrook  
 \_\_\_\_\_  
 PRINTED NAME

Secretary / CFO  
 \_\_\_\_\_  
 TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

RECEIVED

MAR 18 2013

AZ CORP COMM  
Director - Utilities

**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 Company

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

**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.**

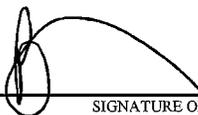
**SWORN STATEMENT**

**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 2012 WAS:**

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>509,022.53</u>

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 40,234.37  
IN SALES TAXES BILLED, OR COLLECTED)**

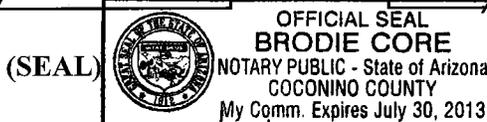
**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDED SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE, (EXPLAIN IN DETAIL)**

  
 \_\_\_\_\_  
 SIGNATURE OF OWNER OR OFFICIAL  
 (928)525-9014  
 \_\_\_\_\_  
 TELEPHONE NUMBER

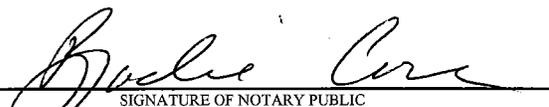
**SUBSCRIBED AND SWORN TO BEFORE ME**

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	Coconino
THIS <u>14<sup>th</sup></u> DAY OF	MONTH <u>March</u> , 2013



MY COMMISSION EXPIRES July 30, 2013

  
 \_\_\_\_\_  
 SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT**  
Intrastate Revenues Only

**RECEIVED**

**MAR 18 2013**

AZ CORP COMM  
Director - Utilities

**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 Company

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2012

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPER 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.**

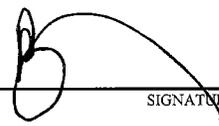
**SWORN STATEMENT**

**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 UTILTY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2012 WAS:**

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>399,664.16</u>

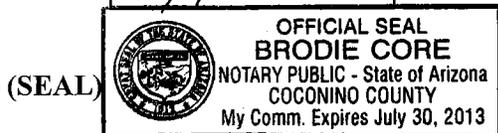
**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 31,590.42  
IN SALES TAXES BILLED, OR COLLECTED)**

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

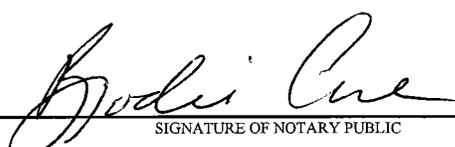
  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
  
(928)525-9014  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS 14<sup>th</sup> DAY OF M**

NOTARY PUBLIC NAME	
COUNTY NAME	Coconino
MONTH <u>March</u>	,20 <u>13</u>



**MY COMMISSION EXPIRES**

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

Forest Highlands Water Company  
System #03-073

Arsenic Levels by Well

WELL #	RESULT mg/L
1	<0.002
2	0.0047
2b	0.0060
3	<0.001
4	0.0020
5b	0.0024
8	0.0035