

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
'APR 20 2015
ACC UTILITIES DIRECTOR

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2014
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FOR COMMISSION USE

ANN 04	14
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4-28-15

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

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 Land Rights	N/A	N/A	0.00
304	Structures and Improvements	202,124.00	99,563.55	102,560.45
307	Wells and Springs	1,586,401.33	947,880.65	638,520.68
311	Pumping Equipment	1,377,345.04	1,265,705.93	111,639.11
320	Water Treatment Equipment	N/A	N/A	N/A
330	Distribution Reservoirs and Standpipes	191,268.50	108,661.57	82,606.93
331	Transmission and Distribution Mains	2,751,591.18	1,443,100.14	1,308,491.04
333	Services	175,200.00	117,664.00	57,536.00
334	Meters and Meter Installations	61,910.24	58,444.37	3,465.87
335	Hydrants	226,995.00	119,172.00	107,823.00
336	Backflow Prevention Devices	N/A	N/A	N/A
339	Other Plant and Misc. Equipment	67,198.86	53,996.96	13,201.90
340	Office Furniture and Equipment	39,581.88	21,532.66	18,049.22
341	Transportation Equipment	245,507.50	140,181.17	105,326.33
343	Tools, Shop and Garage Equipment	1,977.14	1,054.49	922.65
344	Laboratory Equipment	1,326.98	1,304.88	22.10
345	Power Operated Equipment	0.00	0.00	0.00
346	Communication Equipment	9,203.27	6,442.31	2,760.96
347	Miscellaneous Equipment	N/A	N/A	N/A
348	Other Tangible Plant	N/A	N/A	N/A
	TOTALS	7,041,915.35	4,384,704.68	2,657,210.67

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

WATER UTILITY 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	0.04	55,954.44
311	Pumping Equipment	1,377,345.04	0.02	26,399.15
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	55,364.52
333	Services	175,200.00	0.03	5,840.00
334	Meters and Meter Installations	61,910.24	0.01	585.91
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	0.09	5,802.85
340	Office Furniture and Equipment	39,581.88	0.19	7,707.28
341	Transportation Equipment	245,507.50	0.14	35,153.43
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	9,203.27	0.10	920.33
347	Miscellaneous Equipment	N/A	N/A	N/A
348	Other Tangible Plant	N/A	N/A	N/A
	SUBTOTAL	7,041,915.35		210,018.56
	LESS CIAC Amortization			
	Totals	7,041,915.35		210,018.56

This amount goes on the Comparative Statement of Income and Expenses _____
 Acct. No. 403. *106,974.75 of this number is from contributed assets that can not be expensed
 on the income statement therefore the remaining 103,043.81 is what shows in Acct. No. 403

COMPANY NAME	Forest Highlands Water Company
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WATER UTILITY BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 73,465.84	\$ (6,069.29)
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	5,425.53	8,263.03
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	76.42	953.45
162	Prepayments		6,028.50
174	Miscellaneous Current and Accrued Assets	(275.63)	(263.67)
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 78,692.16	\$ 8,912.02
	FIXED ASSETS		
101	Utility Plant in Service	\$ 6,961,823.76	\$ 7,041,915.43
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(4,243,523.42)	(4,384,703.16)
121	Non - Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 2,718,300.34	\$ 2,657,212.27
	TOTAL ASSETS	\$ 2,796,992.50	\$ 2,666,124.29

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

COMPANY NAME	Forest Highlands Water Company
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WATER UTILITY BALANCE SHEET (CONTINUED)

Acct No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 3,769.29	\$ 2,952.65
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	51,889.86	58,400.16
	TOTAL CURRENT LIABILITIES	\$ 55,659.15	\$ 61,352.81
	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	2,132,323.38	2,028,249.63
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 2,132,323.38	\$ 2,028,249.63
	TOTAL LIABILITIES	\$ 2,187,982.53	\$ 2,089,602.44
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 4,861,824.00	\$ 4,861,824.00
211	Paid in Capital in Excess of Par Value	1,115,036.88	1,192,626.84
215	Retained Earnings	(5,284,660.38)	(5,477,928.99)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 692,200.50	\$ 576,521.85
	TOTAL LIABILITIES AND CAPITAL	\$ 2,880,183.03	\$ 2,666,124.29

COMPANY NAME	Forest Highlands Water Company
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WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	metered Water Revenue	\$ 479,930.34	\$ 477,239.54
460	Unmetered Water Revenue		
474	Other Water Revenues	10,244.38	8,923.80
	TOTAL REVENUES	\$ 490,174.72	\$ 486,163.34
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 224,227.04	\$ 220,529.23
610	Purchased Water		
615	Purchased Power	57,450.10	55,089.18
618	Chemicals	98.77	186.21
620	Repairs and Maintenance	10,468.56	18,921.20
621	Office Supplies and Expense	10,082.50	6,742.96
630	Outside Services	31,110.00	30,460.00
635	Water Testing	1,600.98	894.29
641	Rents	11,784.00	11,784.00
650	Transportation Expense	18,912.53	18,673.87
657	Insurance - General Liability	21,293.04	23,528.75
659	Insurance - Health and Life	45,584.60	50,216.33
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	34,433.55	37,138.19
403	Depreciation Expense	84,903.91	103,043.81
408	Taxes Other Than Income		69.52
408.11	Property Taxes	21,365.67	18,913.88
409	Income Tax	50.00	50.00
	TOTAL OPERATING EXPENSES	\$ (573,365.25)	\$ (596,241.42)
	OPERATING INCOME/(LOSS)	\$ (83,190.53)	\$ (110,078.08)
	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)	\$ (83,190.53)	\$ (110,078.08)

COMPANY NAME	Forest Highlands Water Co
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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 Company		
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	
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 Company	
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 3/4	
3/4	715
1	5
1 1/2	2
2	9
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 Gallon Tank
5 - 10 Horsepower Booster Pumps
Diesel Fire Pump
3 Well Houses
Booster Station Building

OTHER:

N/A

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

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

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	730	2,124	2,387	0
FEBRUARY	730	804	893	0
MARCH	730	7,901	8,682	0
APRIL	731	5,243	5,519	0
MAY	732	24,459	24,706	0
JUNE	735	26,452	25,933	0
JULY	735	26,401	29,334	0
AUGUST	735	19,475	19,872	0
SEPTEMBER	736	5,491	6,034	0
OCTOBER	736	3,165	3,680	0
NOVEMBER	739	2,101	2,361	0
DECEMBER	740	3,002	3,336	0
TOTALS →		126,617	132,737	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? 2000 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.

Forest Highlands Water Company
System # 03-073

Arsenic Levels by Well

Well #	Result mg/L
1	<0.0020
2*	0.0047
2B*	0.0060
3	<0.0010
4	0.0020
5B	0.0035

* Drinking water wells not owned by Water Co.

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

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

OTHER (DESCRIPTION):

COMPANY NAME Forest Highlands Water Company YEAR ENDING 12/31/2014

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2013 was: \$ 18,913.88

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 20 2015
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/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

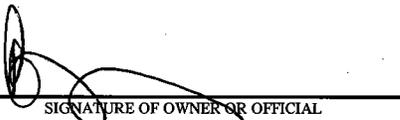
MONTH	DAY	YE
12	31	2014

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 COMPANYY ARE CURRENT AND PAID IN FULL.

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

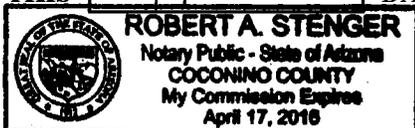

SIGNATURE OF OWNER OR OFFICIAL

(928)525-9014

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 14th DAY OF

COUNTY NAME	Coconino	
MONTH	April	,2015



MY COMMISSION EXPIRES 4-17-16


SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 20 2015
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 Company

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

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 THES REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH , TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

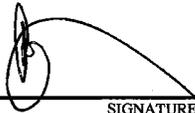
SWORN STATEMENT

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 2014 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>486,163.34</u>

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 35,656.33
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)**



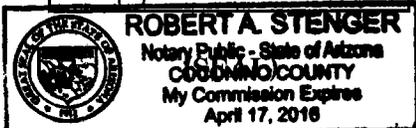
SIGNATURE OF OWNER OR OFFICIAL

(928)525-9014

TELEPHONE NUMBER

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

COUNTY NAME	Coconino
MONTH <u>April</u>	<u>2015</u>



MY COMMISSION EXPIRES 4-17-16



SIGNATURE OF NOTARY PUBLIC

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

RECEIVED
APR 20 2015
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 Company

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FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

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.

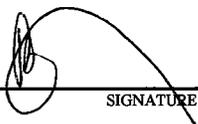
SWORN STATEMENT

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 UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2014 WAS:

Arizona Intrastate Gross Operating Revenues
\$ <u>380,572.08</u>

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 27,895.93
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

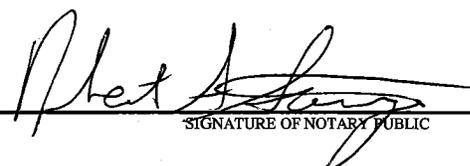
 TELEPHONE NUMBER

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

NOTARY PUBLIC NAME	
COUNTY NAME	Coconino
MONTH <u>April</u>	<u>2015</u>

(SEAL)  **ROBERT A. STENGER**
Notary Public - State of Arizona
COCONINO COUNTY
My Commission Expires
April 17, 2016

MY COMMISSION EXPIRES 4/17/16



 SIGNATURE OF NOTARY PUBLIC