

ANNUAL REPORT

Of

Company Name:
2425 William Palmer

Mailing Address: Flagstaff AZ 86005

Docket No.: W-02493A
For the Year Ended:

RECEIVED BY EMAIL
3/17/2022 1:32 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:
Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type:
Application Date:

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Forest Highlands Water Company
A Class Utility

For the Calendar Year Ended: 12/31/21

Primary Address:

2425 William Palmer			
City:	Flagstaff	State:	Arizona
Zip Code:	86005		

Telephone Number:

(928) 525-9014

Date of Original Organization of Utility:

9/22/1987

Person to whom correspondence should be addressed concerning this report:

Name:

Patricia Ashbrook

Telephone No. :

(928) 525-9014

Address:

2425 William Palmer			
City:	Flagstaff	State:	Arizona
Zip Code:	86005		

Email:

pashbrook@fhgc.com
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On-Site Manager
Name:

Lindsey Church

Telephone No. :

(928) 525-5294

Address:

2425 William Palmer			
City:	Flagstaff	State:	Arizona
Zip Code:	86005		

Email:

lchurch@fhgc.com
--

Regulatory Contact
Name:

Lindsey Church

Telephone No. :

(928) 525-5294

Address:

2425 William Palmer			
City:	Flagstaff	State:	Arizona
Zip Code:	86005		

Email:

lchurch@fhgc.com
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Statutory Agent
Name:

Patricia Ashbrook

Telephone No. :

(928) 525-9014

Address:

2425 William Palmer			
City:	Flagstaff	State:	Arizona
Zip Code:	86005		

Email:

pashbrook@fhgc.com
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Attorney
Name:

Scott Carpenter

Telephone No. :

(480) 527-2844

Address:

1550 Plaza West Drive			
City:	Prescott	State:	Arizona
Zip Code:	86303		

Email:

none

Ownership:

"C" Corporation

Counties Served:

Coconino

Important changes during the year
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N/A	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.
	N/A

N/A	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.
	N/A

Forest Highlands Water Company
Annual Report
Utility Plant in Service (Water)
12/31/21

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$104,284	\$0	\$0	\$104,284	\$0	\$104,284
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	202,124	25,000	0	227,124	147,559	79,565
305	Collecting & Improving Reservoirs	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0
307	Wells and Springs	1,593,025	0	0	1,593,025	1,305,360	287,665
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	1,390,144	26,627	34,478	1,382,293	1,276,405	105,888
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	191,269	0	0	191,269	142,134	49,135
330.1	Storage Tanks	0	0	0	0	0	0
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	1,687,340	8,341	0	1,695,681	1,122,994	572,687
333	Services	194,350	3,129	0	197,479	168,732	28,747
334	Meters and Meter Installations	61,119	2,242	5,270	58,091	53,685	4,406
335	Hydrants	226,995	0	0	226,995	150,951	76,044
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	90,773	74,302	0	165,075	66,267	98,808
340	Office Furniture and Equipment	11,885	0	0	11,885	9,673	2,212
340.1	Computer & Software	41,641	4,550	2,390	43,801	30,463	13,338
341	Transportation Equipment	453,197	37,397	35,400	455,194	369,664	85,530
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	1,977	0	0	1,977	1,747	230
344	Laboratory Equipment	1,327	0	0	1,327	1,327	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	9,203	19,559	0	28,762	9,747	19,015
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	1,064,251	0	0	1,064,251	707,727	356,524
	Totals	\$7,324,904	\$201,147	\$77,538	\$7,448,513	\$5,564,435	\$1,884,078

Forest Highlands Water Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/21

Depreciation Expense for the Current Year (Water)									
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$104,284	\$0	\$0	\$104,284	\$104,284	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	0	0	0	0	0	0	0.00%	0
304	Structures and Improvements	202,124	25,000	0	227,124	147,559	79,565	11.28%	7,565
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	0.00%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	0.00%	0
307	Wells and Springs	1,593,025	0	0	1,593,025	1,305,360	287,665	20.45%	58,813
308	Infiltration Galleries	0	0	0	0	0	0	0.00%	0
309	Supply Mains	0	0	0	0	0	0	0.00%	0
310	Power Generation Equipment	0	0	0	0	0	0	0.00%	0
311	Pumping Equipment	1,390,144	26,627	34,478	1,382,293	1,276,405	105,888	18.40%	20,206
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	0	0	0	0	0	0	0.00%	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	191,269	0	0	191,269	142,134	49,135	8.87%	4,358
330.1	Storage Tanks	0	0	0	0	0	0	0.00%	0
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	1,687,340	8,341	0	1,695,681	1,122,994	572,687	6.00%	34,111
333	Services	194,350	3,129	0	197,479	168,732	28,747	37.20%	10,112
334	Meters and Meter Installations	61,119	2,242	5,270	58,091	53,685	4,406	12.00%	710
335	Hydrants	226,995	0	0	226,995	150,951	76,044	5.50%	4,182
336	Backflow Prevention Devices	0	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	90,773	74,302	0	165,075	66,267	98,808	7.50%	4,624
340	Office Furniture and Equipment	11,885	0	0	11,885	9,673	2,212	46.00%	1,018
340.1	Computer & Software	41,641	4,550	2,390	43,801	30,463	13,338	49.85%	6,111
341	Transportation Equipment	453,197	37,397	35,400	455,194	369,664	85,530	51.25%	43,322
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	1,977	0	0	1,977	1,747	230	41.00%	94
344	Laboratory Equipment	1,327	0	0	1,327	1,327	0	0.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	0.00%	0
346	Communication Equipment	9,203	19,559	0	28,762	9,747	19,015	14.85%	1,371
347	Miscellaneous Equipment	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	1,064,251	0	0	1,064,251	707,727	356,524	6.05%	21,570
	Subtotal	\$7,324,904	\$201,147	\$77,538	\$7,448,513	\$5,668,719	\$1,779,794		\$218,168

Contribution(s) in Aid of Construction (Gross)	\$5,661,233
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	4,375,930
Amortizable Contribution(s)	\$1,285,303
Times: Proposed Amortization Rate	12.26%
Amortization of CIAC	\$157,553

Less: Amortization of CIAC	\$157,553
DEPRECIATION EXPENSE	\$60,615

Forest Highlands Water Company
Annual Report
Balance Sheet Assets
12/31/21

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2021)	Balance at End of Year (2021)
Account No.	Current and Accrued Assets			
131	Cash		\$36,219	\$134,483
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		13,865	7,967
146	Notes Receivable from Associated Companies		(1)	0
151	Plant Material and Supplies		1,075	345
162	Prepayments			
174	Miscellaneous Current and Accrued Assets		(374)	(440)
	Total Current and Accrued Assets		\$50,784	\$142,355
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$7,324,904	\$7,448,513
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(5,414,774)	(5,564,435)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$1,910,130	\$1,884,078
	Total Assets		\$1,960,914	\$2,026,433

*Note these items feed automatically from AR3 UPIS Page 4

Forest Highlands Water Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2021)	Balance at End of Year (2021)
Account No.	Current Liabilities			
231	Accounts Payable		\$4,428	\$0
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		293,545	314,870
235	Customer Deposits		15,755	17,658
236	Accrued Taxes		10,770	11,671
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		56,022	7,192
	Total Current Liabilities		\$380,520	\$351,391
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		0	0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		5,642,728	5,661,230
272	Less: Amortization of Contributions		(4,268,955)	(4,375,930)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$1,373,773	\$1,285,300
	Total Liabilities		\$1,754,293	\$1,636,691
	Capital Accounts			
201	Common Stock Issued		\$4,861,824	\$4,861,824
211	Other Paid-In Capital		1,543,222	1,839,568
215	Retained Earnings		(6,198,425)	(6,311,650)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$206,621	\$389,742
	Total Liabilities and Capital		\$1,960,914	\$2,026,433

Note: Total liabilities and Capital must match total assets for the beginning and end of the year!

Forest Highlands Water Company
Annual Report
Water Comparative Income Statement
12/31/21

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2021 - 12/31/2021	Last Year 01/01/2020 - 12/31/2020
	Operating Revenue		
461	Metered Water Revenue	\$514,369	\$532,444
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	8,036	9,267
	Total Revenues	\$522,406	\$541,711
	Operating Expenses		
601	Salaries and Wages	\$220,187	\$221,531
604	Employee Pensions and Benefits	59,131	60,855
610	Purchased Water	0	0
615	Purchased Power	59,538	66,556
618	Chemicals	445	554
620	Materials and Supplies	14,752	14,656
620.1	Repairs and Maintenance	18,743	17,452
620.2	Office Supplies and Expense	16,635	15,484
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	53,872	51,800
633	Contractual Services - Legal	0	203
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	2,122	2,532
636	Contractual Services - Other	0	0
640	Rents	0	0
641	Rental of Building/Real Property	11,784	11,784
642	Rental of Equipment	0	0
650	Transportation Expenses	13,894	10,579
657	Insurance - General Liability	19,772	20,808
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	1,211	3,383
675	Miscellaneous Expense	7,584	13,280
403	Depreciation Expense (From Schedule AR4)	60,615	52,797
408	Taxes Other Than Income	0	295
408.11	Property Taxes	15,689	15,688
409	Income Taxes	50	50
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$576,024	\$580,288
	Operating Income / (Loss)	(\$53,618)	(\$38,578)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	(59,607)	(67,634)
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	(\$59,607)	(\$67,634)
	Net Income / (Loss)	(\$113,225)	(\$106,212)

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	0.0	0.0	0.0	0.0
Vice-president	0.0	0.0	0.0	0.0
Manager	1.0	0.0	0.0	1.0
Engineering Staff	0.0	0.0	0.0	0.0
System Operator(s)	7.0	0.0	0.0	7.0
Meter reader	0.0	0.0	0.0	0.0
Customer Service	0.0	0.0	0.0	0.0
Accounting	0.0	0.0	0.0	0.0
Business Office	0.0	0.0	0.0	0.0
Rates Department	0.0	0.0	0.0	0.0
Administrative Staff	1.0	0.0	0.0	1.0
Other	0.0	0.0	0.0	0.0
Total	9.0	0.0	0.0	9.0

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	None	None	None	None
Source of Loan	0	0	0	0
ACC Decision No.	None	None	None	None
Reason for Loan	None	None	None	None
Dollar Amt. Issued	0	0	0	0
Amount Outstanding	0	0	0	0
Date of Maturity	None	None	None	None
Interest Rate	0	0	0	0
Current Year Interest	0	0	0	0
Current Year Principal	0	0	0	0

Meter Deposit Balance at Test Year End:	\$2,750
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Meter Deposits Refunded During the Test Year:	\$2,900
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List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

Water Utility Plant Description	
Name of the System:	FOREST HIGHLANDS WATER CO
ADEQ Public Water System Number:	AZ0403073
ADWR PCC Number:	91-000104.0000

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	ACP, C900	130
3.00	ACP, C900	2,640
6.00	ACP, C900	17,383
8.00	ACP, C900	59,292
10.00	ACP, C900	25,154
12.00	ACP, C900	3,162
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
0.75	764	51%	88%
1	6	0%	0%
1.5	3	0%	0%
2	11	100%	100%
6	2	0%	0%
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0
NA	0	0	0

SERVICE LINES			
Material	Percent of system	Year installed	
Copper	100%	1988	
Copper	100%	1997	
na	0%	na	
na	0%	na	
na	0%	na	

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
10	100	5	
na	0	0	
na	0	0	
na	0	0	

FIRE HYDRANTS	
Type	Quantity
Standard *	183
Other	na

STORAGE TANKS				
Capacity (gallons)	Material	Quantity	Year installed	
500,000	STEEL	1	1987	
na	na	na	na	
na	na	na	na	
na	na	na	na	
na	na	na	na	
na	na	na	na	

PRESSURE/BLADDER TANKS				
Capacity (gallons)	Material	Quantity	Year installed	
NA	NA	NA	NA	
NA	NA	NA	NA	
NA	NA	NA	NA	
NA	NA	NA	NA	
NA	NA	NA	NA	
NA	NA	NA	NA	

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

[Table of Contents](#)

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	NA
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STRUCTURES:	FIVE 10HP BOOSTER PUMPS, DIESEL FIRE PUMP, 3 WELL HOUSES, 1 BOOSTER STATION BUILDING, 1 WELL VAULT
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OTHER:	NA
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Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by
- (b) If no historical flow data are available, use:

$$ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$$

ERC

312

 Method used:

(b)

Customer and Other Information	
Name of the System:	FOREST HIGHLANDS WATER CO
ADEQ Public Water System Number:	AZ0403073
ADWR PCC Number:	91-000104.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	747	0	22	7	1
February	747	0	22	7	1
March	747	0	22	7	1
April	747	0	22	7	1
May	749	0	22	7	1
June	751	0	22	7	1
July	754	0	22	7	1
August	755	0	22	7	1
September	756	0	22	7	1
October	756	0	22	7	1
November	756	0	22	7	1
December	756	0	22	7	1

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs.

Does the system have chlorination treatment?

Does the Company have an ADWR Gallons Per Capita Per Day (GCPCPD) requirement?

If yes, provide the GPCPD amount:

Is the Water Utility located in an ADWR Active Management Area (AMA)?

If yes, which AMA?

What is the present system connection capacity (in ERCs *) using existing lines?

What is the future system connection capacity (in ERCs *) upon service area buildout?

Describe any plans and estimated completion dates for any enlargements or improvements of this system.

NA

* an ERC is based on the calculation on the bottom of AR9 page 12.

Forest Highlands Water Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/21

Utility Shutoffs / Disconnects	
Name of the System:	FOREST HIGHLANDS WATER CO
ADEQ Public Water System Number:	AZ0403073
ADWR PCC Number:	91-000104.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
Total	0	0	0

Other (description):

NA

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2021 was	\$23,542

If no property taxes paid, explain why.

NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Verification and Sworn Statement (Taxes)

Verification: State of Arizona I, the undersigned of the
(state name)

County of (county name): Coconino
Name (owner or official) title: Patricia Ashbrook, Secretary
Company name: Forest Highlands Water Company

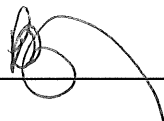
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/21

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.

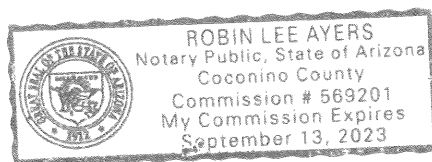

signature of owner/official


928-525-9014
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS 17th DAY OF Coconino
March 2022
(month) and (year)

MY COMMISSION EXPIRES 9/13/2023
(date)




(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Coconino
Name (owner or official) title: Patricia Ashbrook, Secretary
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: 12/31/21

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.

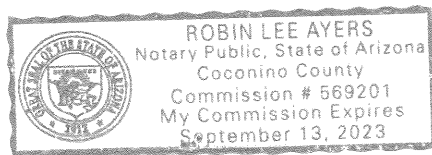
Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$558,318
(The amount in the box above includes
\$35,912 in sales taxes
billed or collected)

[Signature]
signature of owner/official
928-525-9014
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY Coconino
(county name)
THIS 17th DAY OF March 2022
(month) and (year)

MY COMMISSION EXPIRES 9/13/2023
(date)



[Signature]
(signature of notary public)

Verification and Sworn Statement (Residential Revenue)

Verification:

State of Arizona I, the undersigned of the
(state name)

County of (county name): Coconino
Name (owner or official) title: Patricia Ashbrook, Secretary
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: 12/31/21

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, 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 THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$454,462

(The amount in the box above includes

\$29,334 in sales taxes
billed or collected)

[Signature]
signature of owner/official

928-525-9014
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

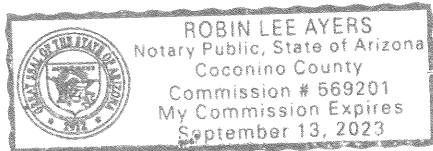
Coconino
(county name)

THIS 17th

DAY OF March 2022
(month) and (year)

MY COMMISSION EXPIRES

9/13/2023
(date)



Robin Lee Ayers
(signature of notary public)

Forest Highlands Water Company
Annual Report
Full Gross-up Method for Income Tax Statement of Certification
12/31/21

Full Gross-up Method for Income Tax Statement of Certification

Verification:

State of Arizona I, the undersigned of the
(state name)

County of (county name): Coconino
Name (owner or official) title: Patricia Ashbrook, Secretary
Company name: Forest Highlands Water Company

FOR THE YEAR ENDING: 12/31/21

Sworn Statement:

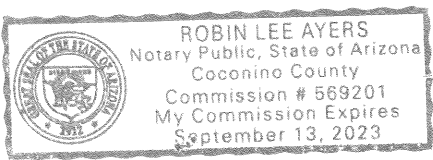
IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS NOT INCURRED NOR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD ACCORDING TO GAAP IN AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNT OF THE REQUIRED GROSS UP PAID BY DEVELOPERS IN THE PERIOD COVERED BY THIS ANNUAL REPORT.

[Signature]
signature of owner/official
928-525-9014
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY Coconino
(county name)

THIS 17th DAY OF March 2022
(month) and (year)

MY COMMISSION EXPIRES 9/13/2023
(date)



[Signature]
(signature of notary public)

