

RECEIVED  
UTILITIES DIVISION  
2023 APR 11 A 10: 25

**ANNUAL REPORT**

ARIZONA CORPORATION  
COMMISSION

Of

Company Name:   
2425 William Palmer

Mailing Address: Flagstaff AZ  
86005

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

**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: 12/31/22

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: 

<a href="mailto:pashbrook@fhgc.com">pashbrook@fhgc.com</a>
--

On-Site Manager
-----------------

Name: 

Lindsey Church
----------------

  
Telephone No. : 

(928) 525-5294
----------------

  
Address: 

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

  
Email: 

<a href="mailto:lchurch@fhgc.com">lchurch@fhgc.com</a>
--

Regulatory Contact
--------------------

Name: 

Lindsey Church
----------------

  
Telephone No. : 

(928) 525-5294
----------------

  
Address: 

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

  
Email: 

<a href="mailto:lchurch@fhgc.com">lchurch@fhgc.com</a>
--

Statutory Agent
-----------------

Name: 

Patricia Ashbrook
-------------------

  
Telephone No. : 

(928) 525-9014
----------------

  
Address: 

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

  
Email: 

<a href="mailto:pashbrook@fhgc.com">pashbrook@fhgc.com</a>
--

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
----------

<b>Important changes during the year</b>	
--	--

No	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.
	NA

No	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.
	NA

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	227,124	0	0	227,124	155,963	71,161
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	6,500	158,275	1,441,250	1,262,379	178,871
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	1,382,294	84,037	0	1,466,332	1,304,475	161,857
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	146,915	44,353
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	1,695,681	10,190	0	1,705,870	1,157,908	547,963
333	Services	197,479	4,334	0	201,813	179,606	22,207
334	Meters and Meter Installations	58,091	6,815	0	64,906	54,695	10,212
335	Hydrants	226,995	0	0	226,995	155,491	71,504
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	165,074	0	0	165,074	74,471	90,603
340	Office Furniture and Equipment	11,885	0	0	11,885	10,694	1,191
340.1	Computer & Software	43,801	0	0	43,801	36,722	7,079
341	Transportation Equipment	455,195	39,582	27,741	467,035	370,882	96,153
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	1,977	0	0	1,977	1,845	132
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	28,762	0	0	28,762	11,051	17,711
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	1,064,251	0	0	1,064,251	729,012	335,239
	<b>Totals</b>	<b>\$7,448,514</b>	<b>\$151,457</b>	<b>\$186,016</b>	<b>\$7,413,954</b>	<b>\$5,653,436</b>	<b>\$1,760,518</b>

Forest Highlands Water Company  
Annual Report  
Depreciation Expense for the Current Year (Water)  
12/31/22

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	227,124	0	0	227,124	155,963	71,161	11.81%	8,404
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	6,500	158,275	1,441,250	1,262,379	178,871	23.11%	58,883
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	1,382,294	84,037	0	1,466,332	1,304,475	161,857	23.42%	28,070
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	146,915	44,353	10.78%	4,782
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	1,695,681	10,190	0	1,705,870	1,157,908	547,963	6.43%	34,914
333	Services	197,479	4,334	0	201,813	179,606	22,207	54.26%	10,874
334	Meters and Meter Installations	58,091	6,815	0	64,906	54,694	10,212	14.85%	1,010
335	Hydrants	226,995	0	0	226,995	155,491	71,504	6.35%	4,540
336	Backflow Prevention Devices	0	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	165,074	0	0	165,074	74,471	90,603	9.06%	8,205
340	Office Furniture and Equipment	11,885	0	0	11,885	10,694	1,191	85.70%	1,021
340.1	Computer & Software	43,801	0	0	43,801	36,722	7,079	88.41%	6,258
341	Transportation Equipment	455,195	39,582	27,741	467,035	370,882	96,153	48.16%	43,460
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	1,977	0	0	1,977	1,845	132	75.00%	99
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	28,762	0	0	28,762	11,051	17,711	7.36%	1,304
347	Miscellaneous Equipment	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	1,064,251	0	0	1,064,251	729,012	335,239	6.35%	21,285
	<b>Subtotal</b>	<b>\$7,448,514</b>	<b>\$151,457</b>	<b>\$186,016</b>	<b>\$7,413,954</b>	<b>\$5,757,719</b>	<b>\$1,656,235</b>		<b>\$233,108</b>

Contribution(s) in Aid of Construction (Gross)	\$5,642,728
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	4,482,905
Amortizable Contribution(s)	<b>\$1,159,823</b>
Times: Proposed Amortization Rate	14.07%
Amortization of CIAC	\$163,240

Less: Amortization of CIAC	\$163,240
<b>DEPRECIATION EXPENSE</b>	<b>\$69,868</b>

Forest Highlands Water Company  
Annual Report  
Balance Sheet Assets  
12/31/22

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2022)	Balance at End of Year (2022)
Account No.	<b>Current and Accrued Assets</b>			
131	Cash		\$134,483	\$15,190
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		7,967	(636)
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		345	345
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		(440)	124
	<b>Total Current and Accrued Assets</b>		<b>\$142,355</b>	<b>\$15,023</b>
Account No.	<b>Fixed Assets</b>			
101	Utility Plant in Service*		\$7,448,514	\$7,413,954
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(5,564,433)	(5,653,436)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	<b>Total Fixed Assets</b>		<b>\$1,884,081</b>	<b>\$1,760,518</b>
	<b>Total Assets</b>		<b>\$2,026,436</b>	<b>\$1,775,541</b>

\*Note these items feed automatically from AR3 UPIS Page 4

Forest Highlands Water Company  
Annual Report  
Water Comparative Income Statement  
12/31/22

<b>Water Comparative Income Statement</b>			
Account No.	Calendar Year	Current Year 01/01/2022 - 12/31/2022	Last Year 01/01/2021 - 12/31/2021
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$525,151	\$514,369
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	35,396	8,036
	<b>Total Revenues</b>	<b>\$560,547</b>	<b>\$522,406</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages	\$216,509	\$220,187
604	Employee Pensions and Benefits	59,929	59,131
610	Purchased Water	0	0
615	Purchased Power	68,278	59,538
618	Chemicals	750	445
620	Materials and Supplies	15,250	14,752
620.1	Repairs and Maintenance	28,793	18,743
620.2	Office Supplies and Expense	13,415	16,635
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	54,439	53,872
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	1,120	2,122
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	14,682	13,894
657	Insurance - General Liability	25,237	19,772
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	0	1,211
675	Miscellaneous Expense	6,985	7,584
403	Depreciation Expense (From Schedule AR4)	69,868	60,615
408	Taxes Other Than Income	0	0
408.11	Property Taxes	15,735	15,689
409	Income Taxes	50	50
427.1	Customer Security Deposit Interest	0	0
	<b>Total Operating Expenses</b>	<b>\$602,823</b>	<b>\$576,024</b>
	<b>Operating Income / (Loss)</b>	<b>(\$42,276)</b>	<b>(\$53,618)</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	(59,607)
427	Interest (Expense)	0	0
	<b>Total Other Income / (Expense)</b>	<b>\$0</b>	<b>(\$59,607)</b>
	<b>Net Income / (Loss)</b>	<b>(\$42,276)</b>	<b>(\$113,225)</b>

**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)	6.0	0.0	0.0	6.0
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
<b>Total</b>	<b>8.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8.0</b>



Forest Highlands Water Company  
 Annual Report  
 Supplemental Financial Data (Long-Term Debt)  
 12/31/22

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

Meter Deposit Balance at Test Year End:	\$20,215
---	----------

Meter Deposits Refunded During the Test Year:	\$3,240
---	---------

*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.*

Well and Water Usage												
Name of the System:		FOREST HIGHLANDS WATER CO										
ADEQ Public Water System Number:		AZ0403073										
ADWR PCC Number:		91-000104.0000										
Well registry 55# (55-XXXXXX)	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2012	Water level 2022	Meter Size (inches)	Flow measured:	Active	
55-514733	40	82	1,195	12	SUBMERSIBLE	1986	693	720	4	Metered	Yes	
55-515547	40	65	1,405	12	SUBMERSIBLE	1986	890	900	4	Metered	Yes	
55-517583	75	110	1,250	12	SUBMERSIBLE	1987	698	724	4	Metered	Yes	
55-588893	30	60	1,380	10	SUBMERSIBLE	2002	731	749	4	Metered	Yes	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	

Name of system water delivered to:	FOREST HIGHLANDS WATER CO
ADWR PCC Number:	NA
Source of water delivered to another system	NA
Name of system water received from:	FOREST HIGHLANDS WATER CO
ADWR PCC Number:	NA
Source of water received	NA
Well registry 55# (55-XXXXXX):	NA

Month	Water withdrawn (gallons) <sup>1</sup>	Water sold (gallons) <sup>2</sup>	Water delivered (sold) to other systems (gallons) <sup>3</sup>	Water received (purchased) from other systems (gallons) <sup>4</sup>	Estimated authorized use (gallons) <sup>5</sup>	Purchased Power Expense <sup>6</sup>	Purchased Power (kWh) <sup>7</sup>
January	8,115,075.00	8,115,075.00	0.00	0.00	0.00	\$3,560	18,654
February	1,395,675.00	1,395,675.00	0.00	0.00	0.00	2,798	20,047
March	1,762,920.00	1,762,920.00	0.00	0.00	0.00	2,190	13,359
April	6,113,756.00	6,113,756.00	0.00	0.00	0.00	2,962	21,407
May	11,740,402.00	11,740,402.00	0.00	0.00	250,000.00	6,757	64,337
June	12,373,218.00	12,373,218.00	0.00	0.00	0.00	10,098	104,482
July	5,548,799.00	5,548,799.00	0.00	0.00	0.00	8,438	84,766
August	4,480,501.00	4,480,501.00	0.00	0.00	0.00	4,177	34,932
September	6,057,092.00	6,057,092.00	0.00	0.00	0.00	5,083	47,010
October	4,310,542.00	4,310,542.00	0.00	0.00	250,000.00	3,898	31,850
November	1,452,039.00	1,452,039.00	0.00	0.00	0.00	3,682	27,859
December	2,822,966.00	2,822,966.00	0.00	0.00	0.00	2,275	12,160
<b>Totals</b>	<b>66,172,985.00</b>	<b>66,172,985.00</b>	<b>0.00</b>	<b>0.00</b>	<b>500,000.00</b>	<b>\$55,919</b>	<b>480,863</b>

If applicable, in the space below please provide a description for all un-metered water use along with amounts:  
 NA

1 Water withdrawn - Total gallons of water withdrawn from pumped sources.  
 2 Water sold - Total gallons from customer meters, and other sales such as construction water.  
 3 Water delivered (sold) to other systems - Total gallons of water delivered to other systems.  
 4 Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.  
 5 Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.  
 6 Enter the total purchased power costs for the power meters associated with this system.  
 7 Enter the total purchased kWh used by the power meters associated with this system.

**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	772	7%	92%
1	6	0%	100%
1.5	3	0%	100%
2	11	0%	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%
NA	0	0%	0%
NA	0	0%	0%

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

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

FIRE HYDRANTS	
Type	Quantity
Standard *	183
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
500,000	STEEL	1	1987
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0

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
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.

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	758	0	22	6	1
February	758	0	22	6	1
March	758	0	22	6	1
April	758	0	22	6	1
May	758	0	22	6	1
June	759	0	22	6	1
July	759	0	22	6	1
August	759	0	22	6	1
September	760	0	22	6	1
October	762	0	22	6	1
November	762	0	22	6	1
December	765	0	22	6	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 (GPCPD) 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.

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

Forest Highlands Water Company  
 Annual Report  
 Utility Shutoffs / Disconnects  
 12/31/22

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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Other (description):**

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.

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2022 was	\$15,735

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: Kim Rushing, CFO  
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: 12/31/22

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.

RECEIVED  
UTILITIES DIVISION  
2023 APR 11 A 10:26  
ARIZONA CORPORATION  
COMMISSION

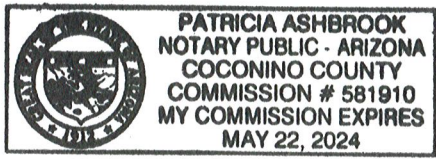
Kim Rushing  
signature of owner/official

928-525-9014  
telephone no.

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

THIS 6th DAY OF April 2023  
(month) and (year)

MY COMMISSION EXPIRES May 22, 2024  
(date)



[Signature]  
(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: Kim Rushing, CFO  
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: 12/31/22

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 (\$)

\$596,996

(The amount in the box above includes

\$36,450 in sales taxes billed or collected)

RECEIVED  
UTILITIES DIVISION  
2023 APR 11 A 10:26  
ARIZONA CORPORATION  
COMMISSION

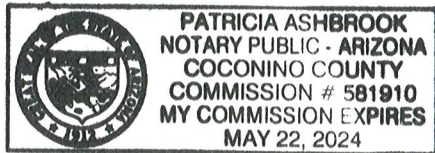
Kim Rushing  
signature of owner/official

928-525-9014  
telephone no.

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

THIS 6th DAY OF April 2023  
(month) and (year)

MY COMMISSION EXPIRES May 22, 2024  
(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: Kim Rushing, CFO  
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: 12/31/22

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 (\$)

\$460,883

(The amount in the box above includes

\$29,748 in sales taxes  
billed or collected)

RECEIVED  
UTILITIES DIVISION  
2023 APR 11 A 10:26  
ARIZONA CORPORATION  
COMMISSION

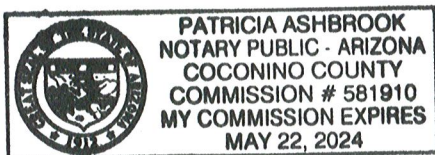
Kim Rushing  
signature of owner/official

928-525-9014  
telephone no.

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

THIS 6th DAY OF April 2023  
(month) and (year)

MY COMMISSION EXPIRES May 22, 2024  
(date)



[Signature]  
(signature of notary public)

**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: Kim Rushing, CFO  
Company name: Forest Highlands Water Company

FOR THE YEAR ENDING: 12/31/22

**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.

Kim Rushing  
signature of owner/official

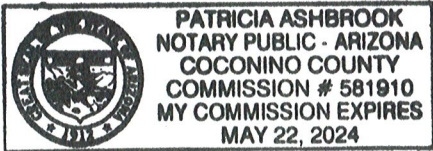
928-525-9014  
telephone no.

RECEIVED  
UTILITIES DIVISION  
2023 APR 11 A 10:26  
ARIZONA CORPORATION  
COMMISSION

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

THIS 6th DAY OF April 2023  
(month) and (year)

MY COMMISSION EXPIRES May 22, 2024  
(date)



[Signature]  
(signature of notary public)