

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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W-02493A
Forest Highlands Water Company
657 Forest Highlands
Flagstaff, AZ 86001

ANNUAL REPORT
WATER

FOR YEAR ENDING

12	31	2008
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FOR COMMISSION USE

ANN 04	08
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PROCESSED BY:

4-15-09

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Forest Highlands Water Co.

Mailing Address 657 Forest Highlands
(Street)
Flagstaff AZ 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)

(City) (State) (Zip)

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

Email Address _____

MANAGEMENT INFORMATION

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

657 Forest Highlands Flagstaff AZ 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)

658 Forest Highlands Flagstaff AZ 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

Statutory Agent: Donald Dykman
 (Name)

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

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

Attorney: Same as above
 (Name)

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

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

Email Address

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe)	

COUNTIES SERVED

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

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input checked="" type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME

Forest Highlands water Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	104284.43	104284.43	0
302	Franchises	N/A		
303	Land and Land Rights	N/A		
304	Structures and Improvements	202123.99	202123.99	0
307	Wells and Springs	1558330.64	1018856.76	539473.88
311	Pumping Equipment	1319930.32	658494.37	661435.95
320	Water Treatment Equipment	N/A		
330	Distribution Reservoirs and Standpipes	191268.50	79978.76	111269.74
331	Transmission and Distribution Mains	2744181.68	802114.78	1942346.80
333	Services	175200.00	175200.00	0
334	Meters and Meter Installations	59524.66	47942.23	115824.3
335	Hydrants	226995.00	184556.00	42439.00
336	Backflow Prevention Devices	N/A		
339	Other Plant and Misc. Equipment	69469.34	23829.60	45639.74
340	Office Furniture and Equipment	14059.98	13101.40	958.58
341	Transportation Equipment	237244.43	192724.52	44519.91
343	Tools, Shop and Garage Equipment	1977.14	500.41	1476.73
344	Laboratory Equipment	1326.98	1325.40	1.58
345	Power Operated Equipment	27500.00	27500.00	0
346	Communication Equipment	13166.60	5963.46	7203.14
347	Miscellaneous Equipment	N/A		
348	Other Tangible Plant	N/A		
	TOTALS	6926863.69	3538516.11	3408347.58

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

COMPANY NAME

Forest Highlands Water Co.

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	0
302	Franchises	N/A		
303	Land and Land Rights	N/A		
304	Structures and Improvements	202,123.99	0	0
307	Wells and Springs	1,558,330.64	3.07	47,845.12
311	Pumping Equipment	1,319,930.32	1.94	26,311.04
320	Water Treatment Equipment	N/A		
330	Distribution Reservoirs and Standpipes	1,912,68.50	2.84	54,311.40
331	Transmission and Distribution Mains	2,744,461.68	.37	10,187.62
333	Services	1,752,00.00	0	0
334	Meters and Meter Installations	59,524.66	1.72	1,025.14
335	Hydrants	226,995.00	2.93	6,660.00
336	Backflow Prevention Devices	N/A		
339	Other Plant and Misc. Equipment	694,691.34	3.94	27,355.60
340	Office Furniture and Equipment	14,059.78	4.74	666.95
341	Transportation Equipment	237,249.43	.54	128.62
343	Tools, Shop and Garage Equipment	1,977.14	5.42	107.23
344	Laboratory Equipment	132,698	4.46	5,914
345	Power Operated Equipment	27,500.00	5.10	1,406.32
346	Communication Equipment	13,166.60	.51	67.68
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	6,946,863.69		103,870.00

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

Foresee Highlands Water Co.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 83728.92	\$ (73856.66)
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	36158.70	39914.46
146	Notes/Receivables from Associated Companies	111675.56	
151	Plant Material and Supplies	793.73	526.08
162	Prepayments	250.00	232.50
174	Miscellaneous Current and Accrued Assets	8873.00	8873.00
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 241479.91	\$ (24310.62)
	FIXED ASSETS		
101	Utility Plant in Service	\$ 6890230.65	\$ 6955204.03
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	3186464.11	3538516.11
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 3665521.54	\$ 3416687.92
	TOTAL ASSETS	\$ 3907001.45	\$ 3392377.30

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

COMPANY NAME Forest Highlands Water Co

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$ 8.92
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	307495.30	.01
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	40929.29	45128.66
	TOTAL CURRENT LIABILITIES	\$ 348424.55	\$ 45137.59
	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	3041165.38	2790183.38
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 3389584.93	\$ 2835320.97
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 4861824.00	\$ 4861824.00
211	Paid in Capital in Excess of Par Value	803216.00	905510.17
215	Retained Earnings	(5147708.48)	(5210277.84)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 517411.52	\$ 557056.33
	TOTAL LIABILITIES AND CAPITAL	\$ 3907001.45	\$ 3392377.30

COMPANY NAME Forest Highlands Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 504,561.11	\$ 501,586.22
460	Unmetered Water Revenue		
474	Other Water Revenues	11,651.60	10,170.28
	TOTAL REVENUES	\$ 516,221.71	\$ 511,757.00
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 218,777.93	\$ 227,030.62
610	Purchased Water	53.80	
615	Purchased Power	56,054.90	59,306.92
618	Chemicals	386.67	656.13
620	Repairs and Maintenance	44,775.13	8,465.80
621	Office Supplies and Expense	21,291.02	12,210.10
630	Outside Services	27,262.28	28,500.00
635	Water Testing	4,109.24	48,741.68
641	Rents	12,210.03	16,249.67
650	Transportation Expenses	14,882.79	19,763.35
657	Insurance – General Liability	17,919.30	16,047.88
659	Insurance - Health and Life	37,784.10	34,462.25
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	27,867.91	25,906.79
403	Depreciation Expense	109,719.00	103,870.00
408	Taxes Other Than Income	247.63	244.01
408.11	Property Taxes	14,743.46	16,235.22
409	Income Tax		103.25
	TOTAL OPERATING EXPENSES	\$ 608,085.79	\$ 573,839.87
	OPERATING INCOME/(LOSS)	\$ (91,864.08)	\$ (62,082.87)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		486.49
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$ (486.49)
	NET INCOME/(LOSS)	\$ (91,864.08)	\$ (62,569.36)

COMPANY NAME

Forest Highlands Water Co.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

N/A

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

WATER COMPANY PLANT DESCRIPTION

WELLS

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

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	5	180	

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

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

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

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-700	1738.3
8	C-900	5929.2
10	C-700	2515.4
12	C-900	316.2

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	
3/4	714
1	5
1 1/2	2
2	8
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	1
Turbo 6	

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

TREATMENT EQUIPMENT: N/A

STRUCTURES:

Booster Station with 500,000 gallon tanks

5 - 10 HP Booster pumps

Diesel fire pump

3 well houses

Booster Station Building

OTHER: N/A

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

COMPANY NAME:	Forest Highlands water Co.
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	714	4	1824	
FEBRUARY	714	827	2591	
MARCH	714	2704	3798	
APRIL	714	2586	23080	
MAY	715	22315	18965	
JUNE	715	17470	34117	
JULY	717	28965	13041	
AUGUST	717	14997	9009	
SEPTEMBER	717	7013	14082	
OCTOBER	717	14466	11373	
NOVEMBER	717	7416	2213	
DECEMBER	717	2248	637	
TOTALS →		121061	134930	

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

55-51473 2.002
55-15547 2.001
55-517583 .002
55-588893 0.024

If system has fire hydrants, what is the fire flow requirement? 1000 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: _____

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

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

UTILITY SHUTOFFS / DISCONNECTS

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

OTHER (description):

COMPANY NAME Forest Highlands Water Co. YEAR ENDING 12/31/2008

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2008 was: \$ 15,489.34

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

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Cocconino</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Patricia Ashbrooks CFO Secretary</u>
COMPANY NAME	<u>Forest Highlands Water Co.</u>

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	2008

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.

X PA SECRETARY
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	<u>Cocconino</u>	
MONTH	<u>April</u>	<u>2009</u>

(SEAL)

MY COMMISSION EXPIRES 11.19.2011

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

COMPANY NAME Forest Highlands Water Co. YEAR ENDING 12/31/2008

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

X 
SIGNATURE

4-14-09
DATE

X PATRICIA ASHBROOK
PRINTED NAME

SECRETARY
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Cocconino</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Patricia Ashbrook CFO/Secretary</u>
COMPANY NAME <u>Forest Highlands Lumber Co.</u>

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

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 2008 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>511,757</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 36,872
IN SALES TAXES BILLED, OR COLLECTED)

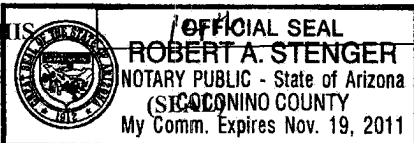
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

[Signature] SECRETARY
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	<u>Cocconino</u>
MONTH	<u>April</u> , 20 <u>09</u>

THIS 14th DAY OF

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

[Signature]
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 11.19.2011

RECEIVED
ARIZONA CORPORATION COMMISSION
12/31/08

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

VERIFICATION

STATE OF ARIZONA

COUNTY OF (COUNTY NAME) <i>Cocconino</i>	
NAME (OWNER OR OFFICIAL) <i>Patricia Ashbrook</i>	TITLE <i>CEO/Secretary</i>
COMPANY NAME <i>Forest Highlands Water Co.</i>	

I, THE UNDERSIGNED

OF THE

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

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 40-401.01, 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 2008 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>391,615</u>
--

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 28,216 IN SALES TAXES BILLED, OR COLLECTED)

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

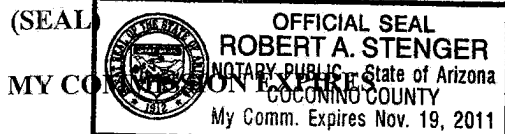
X [Signature]
SIGNATURE OF OWNER OR OFFICIAL
SECRETARY
928-525-9014
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 14th DAY OF

NOTARY PUBLIC NAME <i>Robert A. Stenger</i>	
COUNTY NAME <i>Cocconino</i>	
MONTH <i>April</i>	.20 <u>09</u>



X [Signature]
SIGNATURE OF NOTARY PUBLIC

57 Parcels Batch 5355946

Forest Highlands
 Forest Highlands Association
 657 Forest Highlands
 Flagstaff, AZ 86001-8434
 (928) 525-9014

CHASE
 Chase Bank, Arizona, NA
 Flagstaff Office (041)
 Flagstaff, Arizona

91-2
1221

CHECK NO.: 056071

CHECK DATE: 10/10/08

PAY *THIRTY THOUSAND SIX HUNDRED SIXTY ONE DOLLARS AND 69 CENTS DOLLARS
 *****30,661.69*

TO THE ORDER OF
 Bonny Lynn
 Coconino County Treasurer
 110 E Cherry
 Flagstaff AZ 86001

FOREST HIGHLANDS ASSOCIATION

⑈056071⑈ ⑆122100024⑆ 0945⑈6717⑈

Deposit To
COCONINO COUNTY TREASURER

PAY TO THE ORDER OF
 WELLS FARGO BANK, N.A.
 122105278

10 17 08

Location	Acct #	Original Acct #	Check #	Original Check #	Amount	Original Amount	Issue Date
CD	9456717	9456717	56071	56071	\$30,661.69	\$30,661.69	10/21/2008
Paid Date	Original Paid Date	Sequence	Customer Data	R/T Number	Original R/T Number		
10/21/2008	10/21/2008	5480443950		999999999	999999999		
GL Category	CD Void/CIMS Key	CD Label	Process Control				
	08110716310801	08110716310801	000000				

Water portion of this check is 8117.61

5330383

Forest Highlands
 Forest Highlands Association
 657 Forest Highlands
 Flagstaff, AZ 86001-8434
 (928) 525-9014

BANK ONE
 Bank One, Arizona, NA
 Flagstaff Office (041)
 Flagstaff, Arizona

91-2
1221

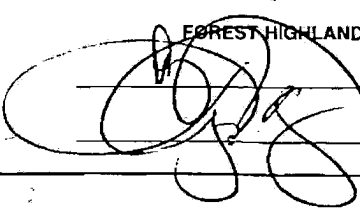
CHECK NO.: **053701**

CHECK DATE: **02/25/08**

PAY ***THIRTY THREE THOUSAND NINE HUNDRED FIFTY ONE DOLLARS AND 64 CENTS**
 DOLLARS *******33,951.64***

TO THE ORDER OF
Bonny Lynn
Coconino County Treasurer
110 E Cherry
Flagstaff AZ 86001

FOREST HIGHLANDS ASSOCIATION



⑆053701⑆ ⑆122100024⑆ ⑆094506717⑆

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FOR DEPOSIT ONLY
 BONNY LYNN
 COCONINO COUNTY TREASURER
 110 E CHERRY
 FLAGSTAFF, AZ 86001

03-308

COCONINO COUNTY TREASURER
Deposit To

Location	Acct #	Original Acct #	Check #	Original Check #	Amount	Original Amount	Issue Date
CD	9456717	9456717	53701	53701	\$33,951.64	\$33,951.64	
Paid Date	Original Paid Date	Sequence	Customer Data	R/T Number	Original R/T Number		
3/5/2008	3/5/2008	2510334342		601	601		
GL Category	CD Void/CIMS Key	CD Label	Process Control				
	20080331415001	20080331415001					

Water portion of this check is 7,371.73