

ANNUAL REPORT

Of

Company Name: **Seven Canyons Water Treatment Company**
755 Golf Club Way

Mailing Address: Sedona AZ
86336

Docket No.: **SW-03389A**
For the Year Ended: **12/31/23**

**RECEIVED
BY EMAIL**
4/30/2024, 4:30 PM
**ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION**

WASTEWATER 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: **Original Filing**
Application Date: **4/24/2024**

ARIZONA CORPORATION COMMISSION
WASTEWATER UTILITY ANNUAL REPORT
Seven Canyons Water Treatment Company
A Class Utility

For the Calendar Year Ended: 12/31/23

Primary Address: 755 Golf Club Way
City: Sedona State: Arizona Zip Code: 86336

Telephone Number: 928-203-2054

Date of Original Organization of Utility: 6/10/1977

Person to whom correspondence should be addressed concerning this report:

Name: Michael Hofmann
Telephone No. : [REDACTED]
Address: 625 Golf Club Way
City: Sedona State: Arizona Zip Code: 86336
Email: Michael.Hofmann@sevencanyons.com

[REDACTED]
Name: [REDACTED]
Telephone No. : [REDACTED]
Address: [REDACTED]
City: [REDACTED] State: [REDACTED] Zip Code: [REDACTED]
Email: [REDACTED]

[REDACTED]
Name: [REDACTED]
Telephone No. : [REDACTED]
Address: [REDACTED]
City: [REDACTED] State: [REDACTED] Zip Code: [REDACTED]
Email: [REDACTED]

[REDACTED]
Name: [REDACTED]
Telephone No. : [REDACTED]
Address: [REDACTED]
City: [REDACTED] State: [REDACTED] Zip Code: [REDACTED]
Email: [REDACTED]

[REDACTED]
Name: [REDACTED]
Telephone No. : [REDACTED]
Address: [REDACTED]
City: [REDACTED] State: [REDACTED] Zip Code: [REDACTED]
Email: [REDACTED]

Ownership: "C" Corporation

Counties Served: Yavapai

Important changes during the year
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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.

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.

Seven Canyons Water Treatment Company
 Annual Report
 Utility Plant in Service (Wastewater)
 12/31/23

Utility Plant in Service (Wastewater)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
351	Organization				\$0		\$0
352	Franchises				0		0
353	Land and Land Rights				0		0
354	Structures and Improvements	7,900			7,900	921	6,979
355	Power Generation Equipment				0		0
360	Collections Wastewater - Force				0		0
361	Collections Wastewater - Gravity	890,585			890,585	551,427	339,158
362	Special Collecting Structures				0		0
363	Services to Customers	95,680			95,680	6,698	88,982
364	Flow Measuring Devices				0		0
365	Flow Measuring Installations				0		0
366	Reuse Services				0		0
367	Reuse Meters & Meter Installations				0		0
370	Receiving Wells	153,310			153,310	17,868	135,442
371	Pumping Equipment				0		0
374	Reuse Distribution Reservoirs				0		0
375	Reuse Trans. And Distr. Equipment				0		0
380	Treatment and Disposal Equipment	2,076,081			2,076,081	1,515,539	560,542
381	Plant Sewers				0		0
382	Outfall Sewer Lines				0		0
389	Other Plant and Misc. Equipment				0		0
390	Office Furniture and Equipment	2,335			2,335	2,335	0
390.1	Computer & Software				0		0
391	Transportation Equipment				0		0
392	Stores Equipment				0		0
393	Tools, Shop and Garage Equipment	3,688			3,688	3,688	0
394	Laboratory Equipment	4,813			4,813	4,813	0
395	Power Operated Equipment				0		0
396	Communication Equipment				0		0
397	Miscellaneous Equipment				0		0
398	Other Tangible Plant				0		0
	Totals	\$3,234,392	\$0	\$0	\$3,234,392	\$2,103,289	\$1,131,103

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.

Seven Canyons Water Treatment Company
 Annual Report
 Depreciation Expense for the Current Year (Wastewater)
 12/31/23

Depreciation Expense for the Current Year (Wastewater)								
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciation Percentages	Depreciation Expense
351	Organization	\$0	\$0	\$0	\$0			\$0
352	Franchises	0	0	0	0			0
353	Land and Land Rights	0	0	0	0			0
354	Structures and Improvements	7,900	0	0	7,900		3.33%	263
355	Power Generation Equipment	0	0	0	0			0
360	Collections Wastewater - Force	0	0	0	0			0
361	Collections Wastewater - Gravity	890,585	0	0	890,585		3.46%	30,796
362	Special Collecting Structures	0	0	0	0			0
363	Services to Customers	95,680	0	0	95,680		2.00%	1,914
364	Flow Measuring Devices	0	0	0	0			0
365	Flow Measuring Installations	0	0	0	0			0
366	Reuse Services	0	0	0	0			0
367	Reuse Meters & Meter Installations	0	0	0	0			0
370	Receiving Wells	153,310	0	0	153,310		3.33%	5,105
371	Pumping Equipment	0	0	0	0			0
374	Reuse Distribution Reservoirs	0	0	0	0			0
375	Reuse Trans. And Distr. Equipment	0	0	0	0			0
380	Treatment and Disposal Equipment	2,076,081	0	0	2,076,081		4.00%	83,043
381	Plant Sewers	0	0	0	0			0
382	Outfall Sewer Lines	0	0	0	0			0
389	Other Plant and Misc. Equipment	0	0	0	0			0
390	Office Furniture and Equipment	2,335	0	0	2,335	2,335		0
390.1	Computer & Software	0	0	0	0			0
391	Transportation Equipment	0	0	0	0			0
392	Stores Equipment	0	0	0	0			0
393	Tools, Shop and Garage Equipment	3,688	0	0	3,688	3,688		0
394	Laboratory Equipment	4,813	0	0	4,813	4,813		0
395	Power Operated Equipment	0	0	0	0			0
396	Communication Equipment	0	0	0	0			0
397	Miscellaneous Equipment	0	0	0	0			0
398	Other Tangible Plant	0	0	0	0			0
	Subtotal	\$3,234,392	\$0	\$0	\$3,234,392	\$10,836		\$121,122

Contribution(s) in Aid of Construction (Gross)

Less: Non Amortizable Contribution(s)

Fully Amortized Contribution(s)

Amortizable Contribution(s)

Times: Proposed Amortization Rate

Amortization of CIAC

\$0

3.76%

\$0

Less: Amortization of CIAC

DEPRECIATION EXPENSE

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.

Seven Canyons Water Treatment Company
Annual Report
Balance Sheet Assets
12/31/23

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current and Accrued Assets			
131	Cash		\$7,066	\$3,367
132	Special Deposits			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		14,653	6,803
142	Other Accounts Receivable			
143	Accumulated Provision for Uncollectable Accounts			
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
173	Accrued Utility Revenue			
174	Miscellaneous Current and Accrued Assets			
	Total Current and Accrued Assets		\$21,719	\$10,170
	Deferred Debits			
186.1	Deferred Rate Case Expense			
	Total Deferred Debits		\$0	\$0
	Fixed Assets			
101	Utility Plant in Service*		\$3,234,392	\$3,234,392
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(1,982,167)	(2,103,289)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$1,252,225	\$1,131,103
	Total Assets		\$1,273,944	\$1,141,274

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.

Note these items feed automatically from the adjusted end of year balance from AR4.

Seven Canyons Water Treatment Company
 Annual Report
 Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current Liabilities			
231	Accounts Payable		\$0	\$6,566
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies		17,000	33,155
235	Customer Deposits			
236	Accrued Taxes			
237	Accrued Interest			
241	Miscellaneous Current and Accrued Liabilities		13,150	16,884
253	Other Deferred Credits			
	Total Current Liabilities		\$30,150	\$56,605
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)			
	Total Long Term Debt		\$0	\$0
	Deferred Credits			
252	Advances in Aid of Construction			
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction			
272	Less: Amortization of Contributions			
281	Accumulated Deferred Income Tax			
	Total Deferred Credits		\$0	\$0
	Total Liabilities		\$30,150	\$56,605
	Capital Accounts			
201	Common Stock Issued		\$1,000	\$1,000
211	Other Paid-In Capital		4,108,500	4,116,443
215	Retained Earnings		(2,865,706)	(3,032,774)
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		\$1,243,794	\$1,084,669
	Total Liabilities and Capital		\$1,273,944	\$1,141,274

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.

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

Seven Canyons Water Treatment Company
Annual Report
Wastewater Comparative Income Statement
12/31/23

Wastewater Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2023 - 12/31/2023	Last Year 01/01/2022 - 12/31/2022
	Operating Revenue		
521	Flat Rate Revenues	\$64,063	\$62,856
522	Measured Revenues	12,205	16,124
534	Rents from Wastewater Property		
536	Other Wastewater Revenues	2	35
	Total Revenues	\$76,269	\$79,015
	Operating Expenses		
701	Salaries and Wages		
704	Employee Pensions and Benefits		
710	Purchased Wastewater Treatment		965
711	Sludge Removal Expense		
715	Purchased Power	12,962	
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	7,618	3,759
720.1	Repairs and Maintenance	16,803	15,673
720.2	Office Supplies and Expense	3,205	2,097
721	Office Expense		
731	Contractual Services -Engineering		
732	Contractual Services - Accounting	1,890	50
733	Contractual Services - Legal		
734	Contractual Services - Management Fees	48,234	53,020
735	Contractual Services - Testing	11,776	3,108
736	Contractual Services - Other	1,258	
740	Rents - Building	3,600	3,000
742	Rents - Equipment		
750	Transportation Expenses		
757	Insurance - General Liability	12,804	8,327
758	Insurance - Worker's Compensation		
759	Insurance - Other		
760	Advertising Expense		
766	Regulatory Commission Expense - Rate Case		
767	Regulatory Commission Expense - Other		
770	Bad Debt Expense		
775	Miscellaneous Expense		
403	Depreciation Expense (From Schedule AR4)	121,122	121,121
408	Taxes Other Than Income		
408.11	Property Taxes	2,015	1,905
408.12	Payroll Taxes		
409	Income Taxes	50	
	Total Operating Expenses	\$243,337	\$213,026
	Operating Income / (Loss)	(\$167,068)	(\$134,011)
	Other Income / (Expense)		
414	Gain (Loss) on Dispositions		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	(\$167,068)	(\$134,011)

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.

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President				0.0
Vice-president				0.0
Manager				0.0
Engineering Staff				0.0
System Operator(s)			0.7	0.7
Customer Service			0.3	0.3
Accounting				0.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
Total	0.0	0.0	1.0	1.0

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. A full-time employee is based on 2080 total hours per year. Please calculate partial employees using 2080 hours.

Seven Canyons Water Treatment Company
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/23

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

Meter Deposit Balance at Test Year End:

Meter Deposits Refunded During the Test Year:

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.

Wastewater Flows					
Month	Number of Services	Total Monthly Sewage Flow (Gallons)	Sewage Flow on Peak Day	Purchased Power Expense ¹	Purchased Power (kWh) ²
January	91	448,904	26,167	\$1,039	7,488
February	91	356,382	21,432	1,055	7,621
March	91	601,070	29,987	1,064	6,805
April	91	435,549	22,132	1,000	6,235
May	91	399,238	18,029	1,125	6,456
June	91	285,752	16,770	1,185	6,955
July	91	222,238	12,845	1,091	6,180
August	91	228,553	11,536	1,146	6,570
September	91	253,225	14,682	1,087	6,069
October	91	299,909	16,183	1,106	6,185
November	91	264,664	18,584	1,066	6,653
December	91	272,673	15,661	996	6,030
Totals		4,068,157	224,008	\$12,962	79,247

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Reuse
Groundwater Permit Number	N/A
ADEQ Aquifer Protection Permit ("APP") Number	103334
ADEQ Reuse Permit Number	R103334
EPA NPDES Permil Number	N/A
APP Effluent Treatment Requirement (Class)?	B+
Permitted Flow Rate	32,000
Permitted Organic Capacity	N/A
Hydraulic Capacity	N/A
Type of Biological Treatment	Upflow Anaerobic Sludge Blanket (UASB)

In the space below, list all violations within the past 12 months:

N/A

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

¹ Enter the total purchased power costs for the power meters associated with this system.

² Enter the total purchased kWh used by the power meters associated with this system.

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.

Other Wastewater System Information

Provide a calculation used to determine the value of one wastewater 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 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons treated (Omit 000)} / 365 \text{ days} / 280 \text{ gallons per day})$

For wastewater only utilities:

Subtract all general use and other non residential customer gallons from the total gallons treated. Divide the remainder (SFR customers) by 365 days to reveal single family residence customer gallons per day.

NOTE: Total gallons treated includes both treated and purchased treatment.

ERC

238

Method used:

(a)

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.

Homes are being added. Completion dates unknown

If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known.

A golf course purchased 4,068,157 gallons of effluent for reuse.

If the utility does not engage in reuse, has a reuse feasibility study been completed?

If so, when?

Seven Canyons Water Treatment Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of System:	Seven Canyons Water Treatment
Wastewater Inventory Number (if applicable):	0

Month	Termination without Notice R14-2-609.B	Termination with Notice R14-2-609.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):

N/A

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 2023 was	\$2,015

If no property taxes paid, explain why.

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.

Verification and Certification (Taxes)

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

County of (county name): Yavapai
Name (owner or official) title: Michael Hofmann, President
Company name: Seven Canyons Water Treatment Company

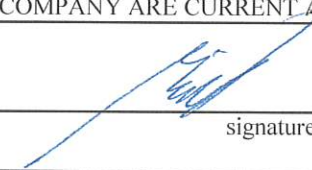
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/23

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.

CERTIFICATION I CERTIFY THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

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



signature of owner/official

telephone no.