

**ANNUAL REPORT**

Of

Company Name:   
755 Golf Club Way

Mailing Address: Sedona AZ  
86336

Docket No.: W-03388A  
For the Year Ended:

**RECEIVED  
BY EMAIL**  
4/30/2024, 4:30 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  
Seven Canyons Water Company  
A Class  Utility

For the Calendar Year Ended: 12/31/23

Primary Address: 755 Golf Club Way  
City: Sedona State: Arizona Zip Code: 86366

Telephone Number: 928-203-2005

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

Person to whom correspondence should be addressed concerning this report:

Name: Michael Hofmann  
Telephone No. :   
Address: 625 Golf Club Way  
City: Sedona State: Arizona Zip Code: 86366  
Email: michael.hofmann@sevencanyons.com

Name:   
Telephone No. :   
Address:   
City:  State:  Zip Code:   
Email:

Name:   
Telephone No. :   
Address:   
City:  State:  Zip Code:   
Email:

Name:   
Telephone No. :   
Address:   
City:  State:  Zip Code:   
Email:

Name:   
Telephone No. :   
Address:   
City:  State:  Zip Code:   
Email:

Ownership: "C" Corporation

Counties Served: Yavapai

**Important changes during the year**

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

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

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				\$0		\$0
302	Franchises				0		0
303	Land and Land Rights				0		0
304	Structures and Improvements	4,088			4,088	1,237	2,851
305	Collecting & Improving Reservoirs				0		0
306	Lake, River, Canal Intakes				0		0
307	Wells and Springs	607,569			607,569	416,816	190,753
308	Infiltration Galleries				0		0
309	Supply Mains				0		0
310	Power Generation Equipment	49,113			49,113	17,455	31,657
311	Pumping Equipment	120,739			120,739	87,379	33,360
320	Water Treatment Equipment				0		0
320.1	Water Treatment Plants				0		0
320.2	Solution Chemical Feeders				0		0
320.3	Point-of-Use Treatment Devices				0		0
330	Distribution Reservoirs and Standpipes				0		0
330.1	Storage Tanks	74,761			74,761	6,510	68,251
330.2	Pressure Tanks				0		0
331	Transmission and Distribution Mains	446,691			446,691	171,876	274,815
333	Services	62,734			62,734	7,312	55,422
334	Meters and Meter Installations	63,112	2,360		65,473	25,963	39,509
335	Hydrants	22,074			22,074	1,545	20,529
336	Backflow Prevention Devices				0		0
339	Other Plant and Misc. Equipment				0		0
340	Office Furniture and Equipment	356			356	178	178
340.1	Computer & Software	685			685	479	205
341	Transportation Equipment				0		0
342	Stores Equipment				0		0
343	Tools, Shop and Garage Equipment	1,969			1,969	864	1,105
344	Laboratory Equipment				0		0
345	Power Operated Equipment				0		0
346	Communication Equipment	12,010			12,010	10,716	1,295
347	Miscellaneous Equipment	3,750			3,750	938	2,813
348	Other Tangible Plant				0		0
	<b>Totals</b>	<b>\$1,469,651</b>	<b>\$2,360</b>	<b>\$0</b>	<b>\$1,472,011</b>	<b>\$749,269</b>	<b>\$722,742</b>

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

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	\$0	\$0	\$0	\$0		\$0		\$0
302	Franchises	0	0	0	0		0		0
303	Land and Land Rights	0	0	0	0		0		0
304	Structures and Improvements	4,088	0	0	4,088		4,088	4.00%	164
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	607,569	0	0	607,569		607,569	4.00%/3.33%	24,205
308	Infiltration Galleries	0	0	0	0		0		0
309	Supply Mains	0	0	0	0		0		0
310	Power Generation Equipment	49,113	0	0	49,113		49,113	10.00%	4,911
311	Pumping Equipment	120,739	0	0	120,739		120,739	4.00%/12.50%	12,643
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	0	0	0	0		0		0
330.1	Storage Tanks	74,761	0	0	74,761		74,761	2.22%	1,660
330.2	Pressure Tanks	0	0	0	0		0		0
331	Transmission and Distribution Mains	446,691	0	0	446,691		446,691	4.00%/2.00%	13,387
333	Services	62,734	0	0	62,734		62,734	3.33%	2,089
334	Meters and Meter Installations	63,112	2,360	0	65,473		65,473	4.00%/8.33%	4,702
335	Hydrants	22,074	0	0	22,074		22,074	2.00%	441
336	Backflow Prevention Devices	0	0	0	0		0		0
339	Other Plant and Misc. Equipment	0	0	0	0		0		0
340	Office Furniture and Equipment	356	0	0	356		356	6.67%	24
340.1	Computer & Software	685	0	0	685		685	20.00%	137
341	Transportation Equipment	0	0	0	0		0		0
342	Stores Equipment	0	0	0	0		0		0
343	Tools, Shop and Garage Equipment	1,969	0	0	1,969		1,969	5.00%	98
344	Laboratory Equipment	0	0	0	0		0		0
345	Power Operated Equipment	0	0	0	0		0		0
346	Communication Equipment	12,010	0	0	12,010	2,535	9,475	10.00%	948
347	Miscellaneous Equipment	3,750	0	0	3,750		3,750	10.00%	375
348	Other Tangible Plant	0	0	0	0		0		0
	<b>Subtotal</b>	<b>\$1,469,651</b>	<b>\$2,360</b>	<b>\$0</b>	<b>\$1,472,011</b>	<b>\$2,535</b>	<b>\$1,469,476</b>		<b>\$65,784</b>

Contribution(s) in Aid of Construction (Gross) \$0  
 Less: Non Amortizable Contribution(s) 0  
 Fully Amortized Contribution(s) 0  
 Amortizable Contribution(s) \$0  
 Times: Proposed Amortization Rate 4.48%  
 Amortization of CIAC \$0

Less: Amortization of CIAC \$0

**DEPRECIATION EXPENSE \$65,784**

Seven Canyons Water 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.	<b>Current and Accrued Assets</b>			
131	Cash		\$43,605	\$78,980
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		18,228	12,189
146	Notes Receivable from Associated Companies		17,000	33,155
151	Plant Material and Supplies			
162	Prepayments		1,676	0
174	Miscellaneous Current and Accrued Assets			
	<b>Total Current and Accrued Assets</b>		<b>\$80,508</b>	<b>\$124,324</b>
Account No.	<b>Fixed Assets</b>			
101	Utility Plant in Service*		\$1,469,651	\$1,472,011
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(683,485)	(749,269)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	<b>Total Fixed Assets</b>		<b>\$786,165</b>	<b>\$722,742</b>
	<b>Total Assets</b>		<b>\$866,674</b>	<b>\$847,066</b>

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

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

<b>Balance Sheet Liabilities and Owners Equity</b>				
	<b>Liabilities</b>		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
<b>Account No.</b>	<b>Current Liabilities</b>			
231	Accounts Payable		\$454	\$7,865
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies			
235	Customer Deposits		17,050	17,050
236	Accrued Taxes		7,416	660
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities		14,284	10,366
	<b>Total Current Liabilities</b>		<b>\$39,204</b>	<b>\$35,941</b>
	<b>Long Term Debt</b>			
224	Long Term Debt (Notes and Bonds)			
	<b>Deferred Credits</b>			
251	Unamortized Premium on Debt			
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			
	<b>Total Deferred Credits</b>		<b>\$0</b>	<b>\$0</b>
	<b>Total Liabilities</b>		<b>\$39,204</b>	<b>\$35,941</b>
	<b>Capital Accounts</b>			
201	Common Stock Issued		\$1,000	\$1,000
211	Other Paid-In Capital		1,295,407	1,295,407
215	Retained Earnings		(468,937)	(485,282)
218	Proprietary Capital (Sole Props and Partnerships)			
	<b>Total Capital</b>		<b>\$827,470</b>	<b>\$811,125</b>
	<b>Total Liabilities and Capital</b>		<b>\$866,674</b>	<b>\$847,066</b>

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

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

<b>Water Comparative Income Statement</b>			
Account No.	Calendar Year	Current Year 01/01/2023 - 12/31/2023	Last Year 01/01/2022 - 12/31/2022
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$59,594	\$136,078
460	Unmetered Water Revenue	80,635	
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenue		215
	<b>Total Revenues</b>	<b>\$140,229</b>	<b>\$136,293</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages		
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	23,044	30,263
618	Chemicals		337
620	Materials and Supplies	908	3,779
620.1	Repairs and Maintenance	15,157	18,804
620.2	Office Supplies and Expense	2,684	1,966
630	Contractual Services		
631	Contractual Services - Engineering		
632	Contractual Services - Accounting	1,890	
633	Contractual Services - Legal		
634	Contractual Services - Management Fees	15,271	17,726
635	Contractual Services - Water Testing	6,957	10,515
636	Contractual Services - Other		
640	Rents	9,600	8,000
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses		
657	Insurance - General Liability	9,491	9,606
657.1	Insurance - Health and Life		
665	Regulatory Commission Expense - Rate		
670	Bad Debt Expense		
675	Miscellaneous Expense		
403	Depreciation Expense (From Schedule AR4)	65,784	65,685
408	Taxes Other Than Income		52
408.11	Property Taxes	5,749	1,843
409	Income Taxes	50	
427.1	Customer Security Deposit Interest		
	<b>Total Operating Expenses</b>	<b>\$156,583</b>	<b>\$168,576</b>
	<b>Operating Income / (Loss)</b>	<b>(\$16,355)</b>	<b>(\$32,283)</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income	\$11	
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	<b>Total Other Income / (Expense)</b>	<b>\$11</b>	<b>\$0</b>
	<b>Net Income / (Loss)</b>	<b>(\$16,344)</b>	<b>(\$32,283)</b>



**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
Meter reader			0.3	0.3
Customer Service				0.0
Accounting				0.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
<b>Total</b>	0.0	0.0	1.0	1.0

Seven Canyons Water 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:	\$17,050
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Meter Deposits Refunded During the Test Year:	\$0
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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.***

Well and Water Usage

Name of the System:		Seven Canyons Water Company									
ADEQ Public Water System Number:		AZ0413248									
ADWR PCC Number:		NA									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2013	Water level 2023	Meter Size (inches)	How measured:	Active
55-600173	25	118	744	7	Submersible	1963			4	Metered	Yes

Name of system water delivered to:  
 ADWR PCC Number:  
 Source of water delivered to another system: NA

Name of system water received from:  
 ADWR PCC Number:  
 Source of water received: NA  
 Well registry 55# (55-XXXXXX):

Month	Water withdrawn (gallons)1	Water sold (gallons)2	Water delivered (sold) to other systems (gallons)3	Water received (purchased) from other systems (gallons)4	Estimated authorized use (gallons)5	Purchased Power Expense6	Purchased Power (kWh)7
January	490,400.00	433,325.00				\$1,477	5,669
February	522,300.00	471,982.00				1,477	7,311
March	565,200.00	553,967.00				1,484	6,584
April	1,112,700.00	1,130,987.00				1,582	8,185
May	1,333,900.00	1,295,841.00				1,946	11,402
June	768,700.00	1,138,634.00				2,350	13,170
July	1,298,300.00	1,429,139.00				2,165	11,379
August	1,583,700.00	1,864,413.00	126,000.00			2,477	14,477
September	1,570,600.00	1,718,331.00				2,398	13,750
October	1,241,300.00	1,386,120.00	118,700.00			2,224	11,986
November	1,216,200.00	1,326,873.00				2,004	11,593
December	734,600.00	766,795.00				1,610	7,756
<b>Totals</b>	<b>12,437,900.00</b>	<b>13,516,317.00</b>	<b>244,700.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$23,194</b>	<b>123,262</b>

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

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 un-metered 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:	Seven Canyons Water Company		
ADEQ Public Water System Number:	AZ0413248		
ADWR PCC Number:	NA		

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC	67
4.00	PVC	278
6.00	PVC	197
6.00	PVC C900	359
6.00	PVC	524
8.00	PVC	2,104
8.00	PVC	3,710
8.00	PVC C900	2,165
10.00	PVC	2,937

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
0.75	2	0%	0%
1	87	29%	48%
1.5	7	75%	75%
2	11	80%	80%

SERVICE LINES			
Material	Percent of system	Year installed	
Copper	5%	2003	

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
15	150	2	
30 - 60 (VFD)	175	2	

FIRE HYDRANTS	
Type	Quantity
Standard *	28
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
6,700	Welded Steel	1	2021
200,000	Welded Steel	1	Refurb 03

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
24	Metal	1	2008

\* 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.

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

<b>TREATMENT EQUIPMENT:</b>	Solenoid dosing pump (chemical metering pump)
<b>STRUCTURES:</b>	Sound wall, booster pump room (main), office/laboratory, booster pump room (Secret Ridge)
<b>OTHER:</b>	Level controller, level sensor, control switch, Gould's water feature pump, SCADA system

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 365
- (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 

310
-----

  
 Method used: 

(a)
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Customer and Other Information	
Name of the System:	Seven Canyons Water Company
ADEQ Public Water System Number:	AZ0413248
ADWR PCC Number:	NA

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	58	31	15	0	0
February	58	31	15	0	0
March	58	31	15	0	0
April	58	31	15	0	0
May	59	31	15	0	0
June	60	31	15	0	0
July	60	31	15	0	0
August	60	31	15	0	0
September	61	31	15	0	0
October	61	31	15	0	0
November	61	31	15	0	0
December	61	31	15	0	0

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.

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

Utility Shutoffs / Disconnects	
Name of the System:	Seven Canyons Water Company
ADEQ Public Water System Number:	AZ0413248
ADWR PCC Number:	NA

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):**

**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 2023 was

\$5,749

If no property taxes paid, explain why.

**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 Certification (Taxes)**

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

County of (county name):   
Name (owner or official) title:   
Company name:


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.