

ANNUAL REPORT

Of

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

Mailing Address: Sedona AZ
86336

RECEIVED BY EMAIL
5/15/2026, 5:00 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Docket No.: **SW-03389A**
For the Year Ended: **12/31/25**

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: **5/15/2026**

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

For the Calendar Year Ended: 12/31/25

Primary Address:

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

Telephone Number:

(928) 203-2016

Date of Original Organization of Utility:

6/10/1977

Person to whom correspondence should be addressed concerning this report:

Name:

Cheryl Shipe

Telephone No. :

(928) 203-2005

Address:

625 Golf Club Way
City: Sedona State: Arizona Zip Code: 86336

Email:

cheryl.shipe@sevincanyons.com

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Name:

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Telephone No. :

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Address:

City: State: Zip Code:

Email:

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Name:

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Telephone No. :

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Address:

City: State: Zip Code:

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Name:

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City: State: Zip Code:

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Name:

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Telephone No. :

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Address:

City: State: Zip Code:

Email:

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Ownership:

"C" Corporation

Counties Served:

Yavapai

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Seven Canyons Water Treatment Company

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.
	N/a

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.
	N/A

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	\$0	\$0	\$0	\$0
352	Franchises	0	0	0	0	0	0
353	Land and Land Rights	0	0	0	0	0	0
354	Structures and Improvements	7,900	0	0	7,900	1,447	6,453
355	Power Generation Equipment	0	0	0	0	0	0
360	Collections Wastewater - Force	0	0	0	0	0	0
361	Collections Wastewater - Gravity	890,585	0	0	890,585	613,019	277,566
362	Special Collecting Structures	0	0	0	0	0	0
363	Services to Customers	95,680	0	0	95,680	10,525	85,155
364	Flow Measuring Devices	0	0	0	0	0	0
365	Flow Measuring Installations	0	0	0	0	0	0
366	Reuse Services	0	0	0	0	0	0
367	Reuse Meters & Meter Installations	0	0	0	0	0	0
370	Receiving Wells	153,310	0	0	153,310	28,079	125,231
371	Pumping Equipment	0	22,871	0	22,871	1,429	21,442
374	Reuse Distribution Reservoirs	0	0	0	0	0	0
375	Reuse Trans. And Distr. Equipment	0	0	0	0	0	0
380	Treatment and Disposal Equipment	2,084,103	0	0	2,084,103	1,682,107	401,996
381	Plant Sewers	0	0	0	0	0	0
382	Outfall Sewer Lines	0	0	0	0	0	0
389	Other Plant and Misc. Equipment	0	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	0
391	Transportation Equipment	0	0	0	0	0	0
392	Stores Equipment	0	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	0
396	Communication Equipment	0	0	0	0	0	0
397	Miscellaneous Equipment	0	0	0	0	0	0
398	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$3,242,414	\$22,871	\$0	\$3,265,285	\$2,347,442	\$917,843

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)
12/31/25

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	0.00%	\$0
352	Franchises	0	0	0	0	0	0.00%	0
353	Land and Land Rights	0	0	0	0	0	0.00%	0
354	Structures and Improvements	7,900	0	0	7,900	0	3.33%	263
355	Power Generation Equipment	0	0	0	0	0	5.00%	0
360	Collections Wastewater - Force	0	0	0	0	0	2.00%	0
361	Collections Wastewater - Gravity	890,585	0	0	890,585	0	3.46%	30,796
362	Special Collecting Structures	0	0	0	0	0	0.00%	0
363	Services to Customers	95,680	0	0	95,680	0	2.00%	1,914
364	Flow Measuring Devices	0	0	0	0	0	0.00%	0
365	Flow Measuring Installations	0	0	0	0	0	0.00%	0
366	Reuse Services	0	0	0	0	0	0.00%	0
367	Reuse Meters & Meter Installations	0	0	0	0	0	0.00%	0
370	Receiving Wells	153,310	0	0	153,310	0	3.33%	5,105
371	Pumping Equipment	0	22,871	0	22,871	0	12.50%	1,429
374	Reuse Distribution Reservoirs	0	0	0	0	0	0.00%	0
375	Reuse Trans. And Distr. Equipment	0	0	0	0	0	0.00%	0
380	Treatment and Disposal Equipment	2,084,103	0	0	2,084,103	0	4.00%	83,364
381	Plant Sewers	0	0	0	0	0	0.00%	0
382	Outfall Sewer Lines	0	0	0	0	0	0.00%	0
389	Other Plant and Misc. Equipment	0	0	0	0	0	0.00%	0
390	Office Furniture and Equipment	2,335	0	0	2,335	2,335	0.00%	0
390.1	Computer & Software	0	0	0	0	0	0.00%	0
391	Transportation Equipment	0	0	0	0	0	0.00%	0
392	Stores Equipment	0	0	0	0	0	0.00%	0
393	Tools, Shop and Garage Equipment	3,688	0	0	3,688	3,688	0.00%	0
394	Laboratory Equipment	4,813	0	0	4,813	4,813	0.00%	0
395	Power Operated Equipment	0	0	0	0	0	0.00%	0
396	Communication Equipment	0	0	0	0	0	0.00%	0
397	Miscellaneous Equipment	0	0	0	0	0	0.00%	0
398	Other Tangible Plant	0	0	0	0	0	0.00%	0
	Subtotal	\$3,242,414	\$22,871	\$0	\$3,265,285	\$10,836		\$122,871

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	3.78%
Amortization of CIAC	\$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
12/31/25

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
Account No.	Current and Accrued Assets			
131	Cash		\$5,246	\$6,455
132	Special Deposits		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		7,898	5,110
142	Other Accounts Receivable		0	0
143	Accumulated Provision for Uncollectable Accounts		0	0
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
173	Accrued Utility Revenue		0	0
174	Miscellaneous Current and Accrued Assets		0	2,616
	Total Current and Accrued Assets		\$13,144	\$14,181
	Deferred Debits			
186.1	Deferred Rate Case Expense		\$0	\$0
	Total Deferred Debits		\$0	\$0
	Fixed Assets			
101	Utility Plant in Service*		\$3,242,414	\$3,265,285
103	Property Held for Future Use		0	11,450
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(2,224,570)	(2,347,442)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$1,017,844	\$929,293
	Total Assets		\$1,030,988	\$943,474

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.

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 (2025)	Balance at End of Year (2025)
Account No.	Current Liabilities			
231	Accounts Payable		\$15,735	\$20,300
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		62,642	69,897
235	Customer Deposits		0	0
236	Accrued Taxes		0	1,042
237	Accrued Interest		0	0
241	Miscellaneous Current and Accrued Liabilities		32,518	60,490
253	Other Deferred Credits		0	43,093
	Total Current Liabilities		\$110,895	\$194,822
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Total Long Term Debt		\$0	\$0
	Deferred Credits			
252	Advances in Aid of Construction		\$0	\$0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		0	0
272	Less: Amortization of Contributions		0	0
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$0	\$0
	Total Liabilities		\$110,895	\$194,822
	Capital Accounts			
201	Common Stock Issued		\$1,000	\$1,000
211	Other Paid-In Capital		4,116,443	4,116,443
215	Retained Earnings		(3,197,350)	(3,368,791)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$920,093	\$748,652
	Total Liabilities and Capital		\$1,030,988	\$943,474

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
12/31/25

Wastewater Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2025 - 12/31/2025	Last Year 01/01/2024 - 12/31/2024
	Operating Revenue		
521	Flat Rate Revenues	\$65,519	\$64,275
522	Measured Revenues	10,762	10,867
534	Rents from Wastewater Property	0	0
536	Other Wastewater Revenues	0	0
	Total Revenues	\$76,281	\$75,142
	Operating Expenses		
701	Salaries and Wages	\$0	\$0
704	Employee Pensions and Benefits	0	0
710	Purchased Wastewater Treatment	0	0
711	Sludge Removal Expense	8,715	0
715	Purchased Power	12,545	12,665
716	Fuel for Power Production	0	0
718	Chemicals	6,147	0
720	Materials and Supplies	506	6,945
720.1	Repairs and Maintenance	1,723	20,856
720.2	Office Supplies and Expense	0	3,685
721	Office Expense	3,633	0
731	Contractual Services -Engineering	0	0
732	Contractual Services - Accounting	5,685	3,885
733	Contractual Services - Legal	0	0
734	Contractual Services - Management Fees	43,800	40,054
735	Contractual Services - Testing	11,644	11,815
736	Contractual Services - Other	0	0
740	Rents - Building	3,600	3,600
742	Rents - Equipment	0	0
750	Transportation Expenses	19,000	0
757	Insurance - General Liability	12,804	12,804
758	Insurance - Worker's Compensation	0	0
759	Insurance - Other	0	0
760	Advertising Expense	0	0
766	Regulatory Commission Expense - Rate Case	1,000	0
767	Regulatory Commission Expense - Other	45	0
770	Bad Debt Expense	32	0
775	Miscellaneous Expense	37	0
403	Depreciation Expense (From Schedule AR4)	122,871	121,282
408	Taxes Other Than Income	0	0
408.11	Property Taxes	2,084	2,079
408.12	Payroll Taxes	0	0
409	Income Taxes	50	50
	Total Operating Expenses	\$255,921	\$239,720
	Operating Income / (Loss)	(\$179,640)	(\$164,578)
	Other Income / (Expense)		
414	Gain (Loss) on Dispositions	\$0	\$0
419	Interest and Dividend Income	2	2
421	Non-Utility Income	5	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$7	\$2
	Net Income / (Loss)	(\$179,633)	(\$164,576)

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	0.0	0.0	0.0
Vice-president	0.0	0.0	0.0	0.0
Manager	0.0	0.0	0.0	0.0
Engineering Staff	0.0	0.0	0.0	0.0
System Operator(s)	0.0	0.0	1.5	1.5
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	0.0	0.0	0.5	0.5
Other	0.0	0.0	0.0	0.0
Total	0.0	0.0	2.0	2.0

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)
12/31/25

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	No loans	No loans	No loans	No loans
Source of Loan	No loans	No loans	No loans	No loans
ACC Decision No.	No loans	No loans	No loans	No loans
Reason for Loan	No loans	No loans	No loans	No loans
Dollar Amt. Issued	No loans	No loans	No loans	No loans
Amount Outstanding	No loans	No loans	No loans	No loans
Date of Maturity	No loans	No loans	No loans	No loans
Interest Rate	No loans	No loans	No loans	No loans
Current Year Interest	No loans	No loans	No loans	No loans
Current Year Principal	No loans	No loans	No loans	No loans

Meter Deposit Balance at Test Year End:	N/A
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Meter Deposits Refunded During the Test Year:	N/A
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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.

Seven Canyons Water Treatment Company
Annual Report
Wastewater Utility Plant Description
12/31/25

Wastewater Utility Plant Description

<u>Name of System:</u>	Seven Canyons Water Treatment	
<u>Wastewater Inventory Number (if applicable):</u>	N/A	
<u>Type of Treatment</u>	Extended Aeration	
<u>Design Capacity of Plant (Gallons per day)</u>	64000	

LIFT STATION FACILITIES

[illegible]

FORCE MAINS

Size	Material	Length (Feet)
6 inch	PVC	1,727

MANHOLES

Type	Quantity
Standard	71
Drop	15

CLEANOUTS

Quantity
2 2-way force main
16

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

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. Copy and paste this sheet as many times as is necessary.

Wastewater Utility Plant Description (Continued)						
GRAVITY MAINS				SERVICES/LATERALS		
Sizes (inches)	Material	Length (feet)		Size (inches)	Material	Quantity
6	PVC	366		2	PVC	24
6	SDR 35 PVC	251		4	PVC	32
8	SDR 15 PVC	2,532		4	SDR 35 PVC	55
8	PVC	4,865		8	PVC	115

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

SOLIDS PROCESSING AND HANDLING FACILITIES	N/A
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	Chlorinator
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
STRUCTURES (Buildings, Fences, Etc.)	Aeration/Blower building, locked fence on wastewater plant, chlorination shed and privacy fence around plant.
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	Sensaphone, telemetry computer, various tools, various lab equipment, turbidimeter, centrifuge, generator and odor control unit

Note: If you are filing for more than one system, please provide separate sheets for each 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. Copy and paste this sheet as many times as is necessary.

Seven Canyons Water Treatment Company
Annual Report
Wastewater Flows
12/31/25

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	93	191,364	19,385	\$964	5,295
February	93	214,790	18,000	881	4,829
March	93	339,867	17,567	927	5,037
April	96	292,954		974	5,284
May	96	298,945		1,199	6,117
June	96	291,830		1,149	5,679
July	96	286,157		1,053	6,046
August	96	276,393		1,007	5,561
September	96	304,003		1,148	5,619
October	96	342,244		1,197	5,972
November	96	403,773	21,811	1,001	5,397
December	96	345,138		1,045	5,665
	Totals	3,587,458	76,763	\$12,545	66,501

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 Permit 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 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
Utility Shutoffs / Disconnects
12/31/25

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

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 relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2025 was
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\$2,082

If no property taxes paid, explain why.

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.

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: 12/31/25

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

(928) 203-2016
telephone no.