

ANNUAL REPORT

Of

Company Name: **Seven Canyons Water 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.: W-03388A
For the Year Ended: **12/31/25**

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: **Original Filing**
Application Date: **5/15/2026**

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Seven Canyons Water Company
A Class ☐ E Utility

For the Calendar Year Ended: 12/31/25

Primary Address:

755 Golf Club Way

City:

Sedona

 State:

Arizona

 Zip Code:

86366

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:

86366

Email:

cheryl.shipe@sevendcanions.com

Name:

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Telephone No. :

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Address:

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City:

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 State:

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 Zip Code:

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Email:

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Name:

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Telephone No. :

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Name:

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Telephone No. :

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Address:

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City:

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 State:

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 Zip Code:

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Email:

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Ownership:

"C" Corporation

Counties Served:

Yavapai

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Seven Canyons Water 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

Yes	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.
	Violation type 71 and 72 related to provision of CCR report to customers, and the adequacyavailability and content. Violation type 27 - monitoring, routine (DBP) major

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	\$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	4,542	0	8,630	1,557	7,073
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	465,227	142,342
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	49,112	0	0	49,112	27,278	21,834
311	Pumping Equipment	120,739	66,547	0	187,286	106,481	80,805
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	9,830	64,931
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	446,691	0	0	446,691	198,650	248,041
333	Services	62,734	0	0	62,734	11,490	51,244
334	Meters and Meter Installations	65,473	0	0	65,473	35,509	29,964
335	Hydrants	22,074	0	0	22,074	2,428	19,646
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	226	130
340.1	Computer & Software	685	0	0	685	684	1
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	1,061	908
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	10,795	1,215
347	Miscellaneous Equipment	3,750	0	0	3,750	1,688	2,062
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,472,011	\$71,089	\$0	\$1,543,100	\$872,904	\$670,196

Seven Canyons Water Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/25

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	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	4,088	4,542	0	8,630	0	8,630	3.33%	221
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	607,569	0	0	607,569	0	607,569	3.33%	24,205
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	49,112	0	0	49,112	0	49,112	10.00%	4,911
311	Pumping Equipment	120,739	66,547	0	187,286	3,097	184,189	12.50%	12,665
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	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	74,761	0	0	74,761	0	74,761	2.22%	1,660
330.2	Pressure Tanks	0	0	0	0	0	0	5.00%	0
331	Transmission and Distribution Mains	446,691	0	0	446,691	0	446,691	2.00%	13,387
333	Services	62,734	0	0	62,734	0	62,734	3.33%	2,089
334	Meters and Meter Installations	65,473	0	0	65,473	360	65,113	8.33%	4,770
335	Hydrants	22,074	0	0	22,074	0	22,074	2.00%	441
336	Backflow Prevention Devices	0	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	0.00%	0
340	Office Furniture and Equipment	356	0	0	356	0	356	6.67%	24
340.1	Computer & Software	685	0	0	685	0	685	20.00%	68
341	Transportation Equipment	0	0	0	0	0	0	20.00%	0
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	1,969	0	0	1,969	0	1,969	5.00%	98
344	Laboratory Equipment	0	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	0.00%	0
346	Communication Equipment	12,010	0	0	12,010	9,800	2,210	10.00%	221
347	Miscellaneous Equipment	3,750	0	0	3,750	0	3,750	10.00%	375
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$1,472,011	\$71,089	\$0	\$1,543,100	\$13,257	\$1,529,843		\$65,136

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	4.26%
Amortization of CIAC	\$0

Less: Amortization of CIAC **\$0**

DEPRECIATION EXPENSE **\$65,136**

Seven Canyons Water 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		\$85,166	\$43,406
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		14,307	17,261
146	Notes Receivable from Associated Companies		62,642	69,897
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$162,115	\$130,564
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,472,011	\$1,543,100
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(807,824)	(872,904)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$664,187	\$670,196
	Total Assets		\$826,302	\$800,760

*Note these items feed automatically from AR3 UPIS Page 4

Seven Canyons Water 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		\$4,387	\$1,297
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	34,557
235	Customer Deposits		17,050	0
236	Accrued Taxes		1,815	4,181
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		27,133	1,413
	Total Current Liabilities		\$50,385	\$41,448
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		0	17,050
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	\$17,050
	Total Liabilites		\$50,385	\$58,498
	Capital Accounts			
201	Common Stock Issued		\$1,000	\$1,000
211	Other Paid-In Capital		1,295,407	1,295,407
215	Retained Earnings		(520,490)	(554,145)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$775,917	\$742,262
	Total Liabilities and Capital		\$826,302	\$800,760

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
12/31/25

Water 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		
461	Metered Water Revenue	\$150,048	\$62,974
460	Unmetered Water Revenue	0	83,090
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	45	0
	Total Revenues	\$150,093	\$146,064
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	4,895	18,910
615	Purchased Power	26,863	26,101
618	Chemicals	2,011	0
620	Materials and Supplies	1,155	1,770
620.1	Repairs and Maintenance	6,370	19,243
620.2	Office Supplies and Expense	2,722	4,588
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	5,685	3,885
633	Contractual Services - Legal	0	60
634	Contractual Services - Management Fees	10,560	15,208
635	Contractual Services - Water Testing	2,284	9,012
636	Contractual Services - Other	4,447	0
640	Rents	15,564	9,600
641	Rental of Building/Real Property	9,600	0
642	Rental of Equipment	0	0
650	Transportation Expenses	0	0
657	Insurance - General Liability	9,600	9,600
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	2,098	270
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	307	0
403	Depreciation Expense (From Schedule AR4)	65,136	58,555
408	Taxes Other Than Income	2,050	704
408.11	Property Taxes	3,657	3,739
409	Income Taxes	50	50
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$175,054	\$181,295
	Operating Income / (Loss)	(\$24,961)	(\$35,231)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$20	\$21
421	Non-Utility Income	10	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$30	\$21
	Net Income / (Loss)	(\$24,931)	(\$35,210)

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	0.7	0.7
Meter reader	0.0	0.0	0.3	0.3
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	1.5	1.5

Seven Canyons Water 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:	\$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.

[illegible]

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	Ground Water		
Well registry 55# (55-XXXXXX):	55-589048		

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 Expense ⁶	Purchased Power (kWh)
January	962,614.00	718,821.00	0.00	0.00	0.00	\$1,869	8,349
February	806,619.00	730,164.00	0.00	0.00	0.00	1,672	7,158
March	920,197.00	785,773.00	0.00	0.00	0.00	1,981	8,884
April	1,663,718.00	1,428,816.00	0.00	0.00	0.00	2,027	10,543
May	1,083,062.00	945,118.00	0.00	0.00	0.00	2,350	11,703
June	1,537,472.00	1,406,559.00	0.00	150,474.00	0.00	2,716	13,457
July	1,797,363.00	1,596,289.00	0.00	461,454.00	0.00	2,540	15,169
August	2,013,371.00	1,778,165.00	0.00	0.00	0.00	2,005	8,122
September	2,258,593.00	1,908,036.00	0.00	0.00	0.00	2,610	11,070
October	1,574,826.00	1,407,071.00	0.00	0.00	0.00	2,774	12,193
November	1,311,078.00	1,178,847.00	0.00	0.00	0.00	2,075	8,601
December	1,135,722.00	1,008,414.00	0.00	0.00	0.00	2,244	9,727
Totals	17,064,635.00	14,892,073.00	0.00	611,928.00	0.00	\$26,863	124,976

If applicable, in the space below please provide a description for all un-metered water use along with amounts: During June and July, the pump for the well failed and was replaced. A short time later that new pump failed and had to be replaced again. During that process, a substantial amount of water needed to be pumped from the well before it was clean enough to put back into service, resulting in higher water loss than normal.

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

MAINS

[illegible]

CUSTOMER METERS

[illegible]

SERVICE LINES

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

BOOSTER PUMPS

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

FIRE HYDRANTS

FIRE HYDRANTS	
Type	Quantity
Standard *	28
Other	0

STORAGE TANKS

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

PRESSURE/BLADDER TANKS

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
24	Steel	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.

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

TREATMENT EQUIPMENT:	Solenoid dosing pump (chemical metering pump)
STRUCTURES:	Sound wall, main booster pump room, office/laboratory, Secret Ridge booster pump room
OTHER:	Level controller, level sensor, control switch, SCADA system

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	87	0	5	10	6
February	87	0	5	10	6
March	87	0	5	10	6
April	88	0	5	10	5
May	88	0	5	10	5
June	88	0	5	10	5
July	88	0	5	10	5
August	88	0	5	10	5
September	88	0	5	10	5
October	88	0	5	10	5
November	89	0	5	10	5
December	90	0	5	10	5

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?

Describe any plans and estimated completion dates for any enlargements or improvements of this system.

N/A

Seven Canyons Water Company
Annual Report
Utility Shutoffs / Disconnects
12/31/25

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
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	
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Amount of actual property taxes paid during Calendar Year 2025 was
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\$3,698

If no property taxes paid, explain why.

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.

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

Company name:

Seven Canyons Water Company

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

FOR THE YEAR ENDING:

12/31/25

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.