

2026 MAR 31 A 11: 57

ANNUAL REPORT

Of

Company Name: **Cloud Nine Water Company, Inc.**
96 Bel Aire Pl., Ste 140

Mailing Address: **Sierra Vista AZ**
85635

Docket No.: **WS-02672A**
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: **3/25/2026**

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Cloud Nine Water Company, Inc.
A Class ☒ Utility

For the Calendar Year Ended: 12/31/25

Primary Address: 96 Bel Aire Place, #140
City: Sierra Vista State: Arizona Zip Code: 85635

Telephone Number: 520-458-1311

Date of Original Organization of Utility: 9/30/1991

Person to whom correspondence should be addressed concerning this report:

Name: Andrew Stokes
Telephone No.: 520-458-1311
Address: 96 Bel Aire Place, #140
City: Sierra Vista State: Arizona Zip Code: 85635
Email: andrew@seacapfg.com

Owner
Name: Nicholas J Novasic
Telephone No.: 520-458-1311
Address: 96 Bel Aire Place, #140
City: Sierra Vista State: Arizona Zip Code: 85635
Email: n/a

On-Site Manager
Name: Robert Jongeward
Telephone No.: 520-458-1311
Address: 96 Bel Aire Place, #140
City: Sierra Vista State: Arizona Zip Code: 85635
Email: moonglow129@gmail.com

Statutory Agent
Name: Nicholas J Novasic
Telephone No.: 520-458-1311
Address: 96 Bel Aire Place, #140
City: Sierra Vista State: Arizona Zip Code: 85635
Email: n/a

NA
Name: n/a
Telephone No.: n/a
Address: n/a
City: n/a State: Arizona Zip Code: 85635
Email: n/a

Ownership: "S" Corporation

Counties Served: Cochise

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Cloud Nine Water Company, Inc.

Important changes during the year
--

N/A	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
--	-----

N/A	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 (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	\$50,000	\$0	\$0	\$50,000	\$42,604	\$7,396
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	8,135	0	0	8,135	3,459	4,676
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	66,727	0	0	66,727	35,320	31,407
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	74,160	2,825	3,956	73,029	43,474	29,555
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	3,123	0	0	3,123	3,123	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	0	0	0	0	0	0
330.2	Pressure Tanks	18,471	0	0	18,471	13,671	4,800
331	Transmission and Distribution Mains	0	0	0	0	0	0
333	Services	0	0	0	0	0	0
334	Meters and Meter Installations	0	0	0	0	0	0
335	Hydrants	0	0	0	0	0	0
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	0	0	0	0	0	0
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$220,616	\$2,825	\$3,956	\$219,485	\$141,651	\$77,834

Cloud Nine Water Company, Inc.
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	\$50,000	\$0	\$0	\$50,000	\$0	\$50,000	2.50%	\$1,250
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	8,135	0	0	8,135	0	8,135	5.00%	407
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	66,727	0	0	66,727	0	66,727	4.67%	3,113
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	0	0	0	0	0	0	0.00%	0
311	Pumping Equipment	74,160	2,825	3,956	73,029	16,731	56,298	9.92%	5,640
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	3,123	0	0	3,123	3,123	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	0	0	0	0	0	0	0.00%	0
330.2	Pressure Tanks	18,471	0	0	18,471	0	18,471	4.00%	739
331	Transmission and Distribution Mains	0	0	0	0	0	0	0.00%	0
333	Services	0	0	0	0	0	0	0.00%	0
334	Meters and Meter Installations	0	0	0	0	0	0	0.00%	0
335	Hydrants	0	0	0	0	0	0	0.00%	0
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	0	0	0	0	0	0	0.00%	0
340.1	Computer & Software	0	0	0	0	0	0	0.00%	0
341	Transportation Equipment	0	0	0	0	0	0	0.00%	0
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0.00%	0
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	0	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$220,616	\$2,825	\$3,956	\$219,485	\$19,854	\$199,631		\$11,148

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	5.58%
Amortization of CIAC	\$0

Less: Amortization of CIAC \$0

DEPRECIATION EXPENSE **\$11,148**

Cloud Nine Water Company, Inc.

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		\$1,659	\$1,683
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		842	1,403
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$2,501	\$3,086
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$220,616	\$219,485
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(132,185)	(141,651)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$88,431	\$77,834
	Total Assets		\$90,932	\$80,920

*Note these items feed automatically from AR3 UPIS Page 4

Cloud Nine Water Company, Inc.
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		\$0	\$0
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		38,211	40,161
235	Customer Deposits		0	0
236	Accrued Taxes		87	63
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$38,298	\$40,224
	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	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		\$38,298	\$40,224
	Capital Accounts			
201	Common Stock Issued		\$200,000	\$200,000
211	Other Paid-In Capital		269,958	284,816
215	Retained Earnings		(417,324)	(444,120)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$52,634	\$40,696
	Total Liabilities and Capital		\$90,932	\$80,920

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

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	\$11,342	\$11,328
460	Unmetered Water Revenue	96	96
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	219	308
474	Other Water Revenue	0	0
	Total Revenues	\$11,657	\$11,732
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	15,455	14,313
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	5,424	7,867
620.2	Office Supplies and Expense	0	0
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	1,780	1,720
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	5,033	4,224
636	Contractual Services - Other	0	0
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	0	0
657	Insurance - General Liability	935	876
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	(2)	0
675	Miscellaneous Expense	219	226
403	Depreciation Expense (From Schedule AR4)	11,148	8,521
408	Taxes Other Than Income	68	79
408.11	Property Taxes	1,086	1,316
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$41,146	\$39,142
	Operating Income / (Loss)	(\$29,489)	(\$27,410)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	(2,273)	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	(\$2,273)	\$0
	Net Income / (Loss)	(\$31,762)	(\$27,410)

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	0.0	0.0
Meter reader	0.0	0.0	0.0	0.0
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	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

Cloud Nine Water Company, Inc.
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	n/a	n/a	n/a	n/a
Source of Loan	n/a	n/a	n/a	n/a
ACC Decision No.	n/a	n/a	n/a	n/a
Reason for Loan	n/a	n/a	n/a	n/a
Dollar Amt. Issued	n/a	n/a	n/a	n/a
Amount Outstanding	n/a	n/a	n/a	n/a
Date of Maturity	n/a	n/a	n/a	n/a
Interest Rate	n/a	n/a	n/a	n/a
Current Year Interest	n/a	n/a	n/a	n/a
Current Year Principal	n/a	n/a	n/a	n/a

Meter Deposit Balance at Test Year End:	\$0
---	-----

Meter Deposits Refunded During the Test Year:	\$0
---	-----

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

[illegible]

Name of system water delivered to:	NA	
ADWR PCC Number:	NA	
Source of water delivered to another system	NA	
Name of system water received from:	NA	
ADWR PCC Number:	NA	
Source of water received	NA	
Well registry 55# (55-XXXXXXX):	n/a	

	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) ⁷
Month							
January	3,343,400.00	409,661.00	0.00	0.00	0.00	\$1,247	8,933
February	2,608,500.00	260,801.00	0.00	0.00	0.00	1,241	8,046
March	2,626,400.00	262,536.00	0.00	0.00	0.00	1,492	8,432
April	2,500,900.00	267,149.00	0.00	0.00	0.00	1,481	7,531
May	2,244,900.00	333,286.00	0.00	0.00	0.00	1,318	7,919
June	2,829,700.00	373,259.00	0.00	0.00	0.00	1,320	7,937
July	2,515,000.00	377,985.00	0.00	0.00	0.00	1,361	8,380
August	3,018,400.00	400,986.00	0.00	0.00	0.00	1,375	8,791
September	3,663,700.00	378,011.00	0.00	0.00	0.00	1,362	8,868
October	3,376,500.00	302,240.00	0.00	0.00	0.00	1,070	7,968
November	2,671,200.00	289,863.00	0.00	0.00	0.00	1,034	7,990
December	3,007,700.00	298,435.00	0.00	0.00	0.00	1,154	8,461
Totals	34,406,300.00	3,954,212.00	0.00	0.00	0.00	\$15,484	99,256

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

August-December is estimated based on 2024 actuals as master meter malfunctioned and needs replacement

- 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:		CLOUD NINE WATER CO INC	
ADEQ Public Water System Number:		AZ0402009	
ADWR PCC Number:		91-000030.0000	

MAINS

[illegible]

CUSTOMER METERS

[illegible]

SERVICE LINES

SERVICE LINES		
Material	Percent of system	Year installed
PEX	37%	
PVC	10%	
Galvanized steel	12%	
Other	41%	

BOOSTER PUMPS

BOOSTER PUMPS			
Horsepower	GPM		Quantity
15	unknown		1
10	unknown		1

FIRE HYDRANTS

FIRE HYDRANTS	
Type	Quantity
Standard *	4
Other	

STORAGE TANKS

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
300,000	iron	1	1994

PRESSURE/BLADDER TANKS

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
5,000	iron	2	

* 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)
--

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

TREATMENT EQUIPMENT:	Auto-chlorinator
STRUCTURES:	Area fencing
OTHER:	n/a

Customer and Other Information	
Name of the System:	CLOUD NINE WATER CO INC
ADEQ Public Water System Number:	AZ0402009
ADWR PCC Number:	91-000030.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	41	0	11	0	0
February	41	0	11	0	0
March	41	0	11	0	0
April	41	0	11	0	0
May	41	0	11	0	0
June	41	0	11	0	0
July	41	0	11	0	0
August	41	0	11	0	0
September	41	0	11	0	0
October	41	0	11	0	0
November	41	0	11	0	0
December	41	0	11	0	0

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs.

Does the system have chlorination treatment? Yes

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement? No

If yes, provide the GPCPD amount: n/a

Is the Water Utility located in an ADWR Active Management Area (AMA)? No

If yes, which AMA? NA

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

Cloud Nine Water Company, Inc.
Annual Report
Utility Shutoffs / Disconnects
12/31/25

Utility Shutoffs / Disconnects		
Name of the System:	CLOUD NINE WATER CO INC	
ADEQ Public Water System Number:		AZ0402009
ADWR PCC Number:		91-000030.0000

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.

Cloud Nine Water Company, Inc.
Annual Report
Property Taxes
12/31/25

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2025 was	\$1,086

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 California I, the undersigned of the
(state name)

County of (county name):

Other

Name (owner or official) title:

Andrew Stokes

Company name:

Cloud Nine Water Company, Inc.

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

FOR THE YEAR ENDING:

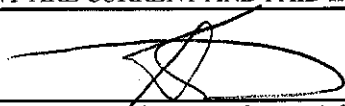
12/31/25

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

520-458-1311
telephone no.