

12 PM 25 APR 12

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: **12/31/24**

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: **3/12/2025**

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

For the Calendar Year Ended: 12/31/24

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

NA
Name: _____
Telephone No. : _____
Address: _____
City: _____ State: Arizona Zip Code: _____
Email: _____

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

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

NA
Name: _____
Telephone No. : _____
Address: _____
City: _____ State: Arizona Zip Code: _____
Email: _____

Ownership: "S" Corporation

Counties Served: Cochise

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

Important changes during the year
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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?
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If yes, please provide specific details in the box below.	
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No	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
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If yes, please provide specific details in the box below.	
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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	\$41,354	\$8,646
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	3,052	5,083
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	32,207	34,520
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	0	0	74,160	39,517	34,643
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	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	18,471	0	0	18,471	12,932	5,539
330.2	Pressure Tanks	0	0	0	0	0	0
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	\$0	\$0	\$220,616	\$132,185	\$88,431

Cloud Nine Water Company, Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/24

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	0	0	74,160	13,906	60,254	5.00%	3,013
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	18,471	0	0	18,471	0	18,471	4.00%	739
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
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	\$0	\$0	\$220,616	\$17,029	\$203,587		\$8,521

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	4.19%
Amortization of CIAC	\$0

Less: Amortization of CIAC

DEPRECIATION EXPENSE

Cloud Nine Water Company, Inc.
Annual Report
Balance Sheet Assets
12/31/24

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2024)	Balance at End of Year (2024)
Account No.	Current and Accrued Assets			
131	Cash		\$1,284	\$1,659
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		973	842
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets			
	Total Current and Accrued Assets		\$2,257	\$2,501
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$220,616	\$220,616
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(123,663)	(132,185)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$96,953	\$88,431
	Total Assets		\$99,210	\$90,932

*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 (2024)	Balance at End of Year (2024)
Account No.	Current Liabilities			
231	Accounts Payable			
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies		37,335	38,211
235	Customer Deposits			
236	Accrued Taxes		67	87
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities			
	Total Current Liabilities		\$37,402	\$38,298
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)			
	Deferred Credits			
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			
	Total Deferred Credits		\$0	\$0
	Total Liabilities		\$37,402	\$38,298
	Capital Accounts			
201	Common Stock Issued		\$200,000	\$200,000
211	Other Paid-In Capital		255,838	269,958
215	Retained Earnings		(394,030)	(417,324)
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		\$61,808	\$52,634
	Total Liabilities and Capital		\$99,210	\$90,932

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 01/01/2024 - 12/31/2024	Last Year 01/01/2023 - 12/31/2023
	Operating Revenue		
461	Metered Water Revenue	\$11,328	\$10,625
460	Unmetered Water Revenue	96	96
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	308	454
474	Other Water Revenue	0	0
	Total Revenues	\$11,732	\$11,175
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	14,313	11,841
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	7,867	940
620.2	Office Supplies and Expense	0	0
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	1,720	1,570
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	4,224	4,231
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	876	849
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	226	195
403	Depreciation Expense (From Schedule AR4)	8,521	8,750
408	Taxes Other Than Income	79	32
408.11	Property Taxes	1,316	1,411
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$39,142	\$29,819
	Operating Income / (Loss)	(\$27,410)	(\$18,644)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	(\$27,410)	(\$18,644)

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)
12/31/24

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
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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

[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-XXXXXX):	NA	

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	1,838,100.00	1,838,100.00	0.00	0.00	0.00	\$864	5,400
February	2,001,300.00	2,001,300.00	0.00	0.00	0.00	964	6,104
March	2,110,800.00	2,110,800.00	0.00	0.00	0.00	1,007	6,403
April	2,067,100.00	2,067,100.00	0.00	0.00	0.00	1,266	6,564
May	2,221,400.00	2,221,400.00	0.00	0.00	0.00	1,195	6,498
June	2,541,800.00	2,541,800.00	0.00	0.00	0.00	1,142	7,378
July	2,649,700.00	2,649,700.00	0.00	0.00	0.00	1,212	7,646
August	3,018,400.00	3,018,400.00	0.00	0.00	0.00	1,287	8,503
September	3,663,700.00	3,663,700.00	0.00	0.00	0.00	1,271	8,615
October	3,376,500.00	3,376,500.00	0.00	0.00	0.00	1,659	12,472
November	2,671,200.00	2,671,200.00	0.00	0.00	0.00	1,287	9,915
December	3,007,700.00	3,007,700.00	0.00	0.00	0.00	1,159	8,846
Totals	31,167,700.00	31,167,700.00	0.00	0.00	0.00	\$14,313	94,344

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 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.

[illegible][illegible]

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

BOOSTER PUMPS		
Horsepower	GPM	Quantity
15	unknown	1
10	unknown	1

FIRE HYDRANTS	
Type	Quantity
Standard *	4
Other	

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

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

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Water Utility Plant Description (Continued)

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

TREATMENT EQUIPMENT:	Auto-chlorinators
STRUCTURES:	Area fencing
OTHER:	

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	39	0	11	0	0
February	39	0	10	0	0
March	39	0	11	0	0
April	39	0	11	0	0
May	39	0	11	0	0
June	39	0	11	0	0
July	39	0	11	0	0
August	39	0	11	0	0
September	39	0	11	0	0
October	39	0	11	0	0
November	39	0	11	0	0
December	40	0	10	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:

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

If yes, which AMA?

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

N/A

Cloud Nine Water Company, Inc.
Annual Report
Utility Shutoffs / Disconnects
12/31/24

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	1
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	1
Total	0	0	2

Other (description):

Other are customer requested shut-offs

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 2024 was
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\$1,316

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 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:

12/31/24

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.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California County of Marin ss.
On 3-13-25 before me, Tom Royall, Notary Public,
personally appeared Andrew Stokes

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Tom Royall

