

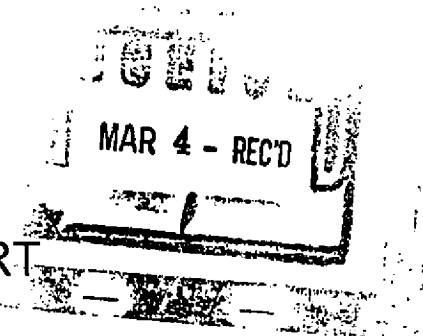
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Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____

2002
ANNUAL REPORT
OF



WEST SAN MARTIN WATER WORKS, INC.

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

1005 HIGHLAND AVENUE, SAN MARTIN CA 95046

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2002

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2003
(FILE TWO COPIES IF THREE RECEIVED)

**Summary of Earnings
Test Year 2002**

Account Number	Operating Revenue	
470	Metered	240,180
460	Unmetered	1,336
465	Irrigation	
462	Private Fire Protection	481
480	Other Water Revenue	3,389
	Total Revenue	245,386
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	49,723
	Purchased Chemicals	
618	Other Vol.Related exp.	49,667
630	Employee labor	13,430
640	Materials	819
650	Contract Work	3,034
	Water Testing	2,749
660	Transportation Expense	5,448
664	Other Plant Maintenance	9,694
670	Office Salaries	21,600
671	Management Salaries	15,600
674	Employee Pensions and Benefits	3,747
676	Uncollectibles	0
678	Office Service and Rentals	6,000
681	Office Supplies and Expenses	7,365
682	Professional Services	3,695
684	Insurance	1,484
	Workers Compensation Insurance	4,104
688	Regulatory Expense	3,419
689	General Expense	1,552
	Subtotal	203,130
403	Depreciation Expense	11,787
	Ad Valorem Taxes	4,989
	Payroll taxes	4,442
408	Taxes other than Income	
409	State Income Tax	2,129
410	Federal Income Tax	3,293
	Total Deductions	229,770
	Net Revenue	15,616
	Rate Base	
	Average Plant	1,671,882
	Average Depreciation Reserve	(738,292)
	Net Plant	933,590
	Less:Advances	(164,065)
	Less:Contributions	(726,691)
	Less: Accum. Def. Income Taxes	(6,899)
	Plus:Cash balance for Construction	7,003
	Plus:Working Cash	16,928
	Plus:Materials & Supplies	2,123
	Rate Base	61,989
	ROR=Net Rev/Rate Base	25.19%

CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

WEST SAN MARTIN WATER WORKS, INC.

(Name under which corporation, partnership or individual is doing business)

1005 HIGHLAND AVENUE

(Official mailing address)

SAN MARTIN, CA 95046-COUNTY OF SANTA CLARA

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 - (A) Date of organization 11/22/67 incorporated in the State of California
 - (B) Names, titles and addresses of principal officers: Robert Ukestad, President
1005 Highland Avenue, San Martin Ca 95046
- 2 If unincorporated give the name and address of owner or of each partner:
 - Royanne Ukestad Secretary/Treasurer
(Address above)
- 3 Name and telephone number of:
 - (A) One person listed above to receive correspondence: Royanne Ukestad (408) 683-2098
 - (B) Person responsible for operations and services: Robert Ukestad
- 4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No) No
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?
- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.

Yes	No	Latest Date
x		
X		Dec-02
X		

SPECIAL INSTRUCTIONS (over)

SPECIAL INSTRUCTIONS

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year.
Attach a supplementary statement to explain any differences.
- 2 Attach a supplementary statement to explain adjustments in Schedule B - Water Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2002

NAME OF UTILITY West San Martin Water Works, Inc. PHONE (408)683-2098

PERSON RESPONSIBLE FOR THIS REPORT Marino A. Rodriguez
(Prepared from Information in the 2002 Annual Report)

	1/1/02	12/31/02	Average
BALANCE SHEET DATA			
1 Intangible Plant	<u>4,272</u>	<u>4,272</u>	<u>4,272</u>
2 Land and Land Rights	<u>4,030</u>	<u>4,030</u>	<u>4,030</u>
3 Depreciable Plant	<u>1,616,256</u>	<u>1,710,904</u>	<u>1,663,580</u>
4 Gross Plant in Service	<u>1,624,558</u>	<u>1,719,206</u>	<u>1,671,882</u>
5 Less: Accumulated Depreciation	<u>(720,376)</u>	<u>(756,209)</u>	<u>(738,292)</u>
6 Net Water Plant in Service	<u>904,182</u>	<u>962,997</u>	<u>933,590</u>
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies	<u>2,041</u>	<u>2,206</u>	<u>2,123</u>
10 Less: Advances for Construction	<u>(166,428)</u>	<u>(161,703)</u>	<u>(164,065)</u>
11 Less: Contribution in Aid of Construction	<u>(710,823)</u>	<u>(742,558)</u>	<u>(726,691)</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>(7,688)</u>	<u>(6,110)</u>	<u>(6,899)</u>
13 Net Plant Investment	<u>21,284</u>	<u>54,832</u>	<u>38,058</u>
CAPITALIZATION			
14 Common Stock	<u>15,794</u>	<u>15,794</u>	<u>15,794</u>
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	<u>44,570</u>	<u>44,570</u>	<u>44,570</u>
17 Retained Earnings	<u>44,033</u>	<u>62,695</u>	<u>53,364</u>
18 Common Stock and Equity (Lines 14 through 17)	<u>104,397</u>	<u>123,059</u>	<u>113,728</u>
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>104,397</u>	<u>123,059</u>	<u>113,728</u>

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
20002
(continued)

NAME OF UTILITY West San Martin Water Works, Inc PHONE (408) 683-2098

INCOME STATEMENT		Annual Amount
23	Unmetered Water Revenue	1,336
24	Fire Protection Revenue	481
25	Other Water Revenue	3,389
26	Metered Water Revenue	240,180
27	Total Operating Revenue	245,386
28	<u>Operating Expenses</u>	203,130
29	Depreciation Expense (Composite Rate 2.7%)	11,787
30	Amortization and Property Losses	
31	Property Taxes	4,989
32	Taxes Other Than Income Taxes	4,442
33	Total Operating Revenue Deduction Before Taxes	224,348
34	California Corp. Franchise Tax	2,129
35	Federal Corporate Income Tax	3,293
36	Total Operating Revenue Deduction After Taxes	229,770
37	Net Operating Income (Loss) - California Water Operations	15,616
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	3,063
39	Income Available for Fixed Charges	18,679
40	Interest Expense	17
41	Net Income (Loss) Before Dividends	18,662
42	Preferred Stock Dividends	
43	Net Income (Loss) Available for Common Stock	18,662
 OTHER DATA		
44	Refunds of Advances for Construction	4,725
45	Total Payroll Charged to Operating Expenses	50,630
46	Purchased Water	
47	Power	49,723

	<u>Active Service Connections</u> (Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections	238	246	242
49	Flat Rate Service Connections			
50	Total Active Service Connections	238	246	242

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: _____
Address: _____
Phone Number: _____
Date Hired: _____

2. Former Fiscal Agent:

Name: _____
Address: _____
Phone Number: _____
Date Hired: _____

3. Total surcharge collected from customers during the 12 month reporting period:

\$ _____ N/A

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Withdrawals made for loan payments	_____
Other withdrawals from this account	_____
Balance at end of year	_____

5. Account information:

Bank Name: _____
Account Number: _____
Date Opened: _____

6. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant					
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT					
6	304	Structures					
7	307	Wells					
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant			N/A		
11	330	Reservoirs, tanks and sandpipes					
12	331	Water mains					
13	333	Services and meter installations					
14	334	Meters					
15	335	Hydrants					
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service					

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2002)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1,719,206	201	Common Stock (Corporations only)	15,794
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	44,570
3	104	Water plant purchased or sold		215	Retained earnings	62,695
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(756,209)	224	Long term debt	
6	114	Water plant acquisition adjustments	7,986		Current Liabilities	18,965
7	124	Other investments		252	Advances for construction	161,703
8	131	Cash	41,762	253	Other deferred credits	
9	141	Accounts receivable - customers	16,268	255	Accumulated deferred investment tax credits	
10	143	Provision for Uncollectibles	(731)	282	Accumulated deferred income taxes - Acrs	6,110
11	151	Materials and supplies	2,206		depreciation	
12	174	Other current assets	21,907	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	0	271	Contributions in aid of construction	1,264,014
14				272	Accumulated amortization of contributions	(521,456)
15		Total Assets	1,052,395		Total Equity and Liabilities	1,052,395

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant	4,272				4,272
17	303	Land	4,030				4,030
18	304	Structures	1,409				1,409
19	307	Wells	60,644				60,644
20	317	Other water source plant					
21	311	Pumping equipment	58,346	23,163	(2,784)		78,725
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	158,670				158,670
24	331	Water mains	1,240,942	65,115			1,306,057
25	333	Services and meter installations	11,451	3,689			15,140
26	334	Meters	50,711	2,811			53,522
27	335	Hydrants	845	2,965			3,810
28	339	Other equipment	19,815	331			20,146
29	340	Office furniture and equipment	6,880	-			6,880
30	341	Transportation equipment	6,543	5,901	(6,543)		5,901
31		Total water plant in service	1,624,558	103,975	(9,327)		1,719,206

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	720,376		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate. 2.71%
34	(a) Charged to Account No. 403	11,787		
35	(b) Charged to Account No. 272	33,373		
36	(c) Charged to clearing accounts			B. Amount of depreciation expense claimed
37	(d) Salvage recovered			or to be claimed on utility property in
38	(e) All other credits			your federal income tax return for the year
39	Total credits	45,160		covered by this report \$ 19,781
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	9327		
42	(b) Cost of removal			C. State method used to compute tax
43	(c) All other debits			depreciation. S/L, 200DB
44	Total debits	9327		
45	Balance in reserve at end of year	756,209		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

Line

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2002)

1	Common - (Shares	1200, \$	13.16par)	15,794	List persons owning more than 5% of outstanding stock
2	Preferred - (Shares	, \$	par)		and number of shares owned by each:
3	Dividends - Common	Rate - \$			Robert Ukestad 600
4	- Preferred	Rate - \$			Royanne Ukestad 600

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5								
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	1,336
11	462 Fire protection revenue	481
12	465 Irrigation revenue	
13	470 Metered water revenue	240,180
14	480 Other water revenue	3,389
15	Total Operating Revenue	245,386
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	
19	615 Power	49,723
20	618 Other volume related expenses	49,667
21	630 Employee labor	13,430
22	640 Materials	819
23	650 Contract work	5,783
24	660 Transportation expenses	5,448
25	664 Other plant maintenance expense	9,694
26	670 Office salaries	21,600
27	671 Management salaries	15,600
28	674 Employee pensions and benefits	3,747
29	676 Uncollectible accounts expense	0
30	678 Office services and rentals	6,000
31	681 Office supplies and expense	7,365
32	682 Professional services	3,695
33	684 Insurance	5,588
34	688 Regulatory commission expense	3,419
35	689 General expenses	1,552
36	Total Operating Expenses	203,130
37	403 Depreciation expense	11,787
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	9,431
40	409 State corporate income tax expense	2,129
41	410 Federal corporate income tax expense	3,293
42	Total Operating Revenue Deductions	229,770
43	Utility Operating Income	15,616
44	421 Non-utility income	3,087
45	426 Miscellaneous non-utility expense	24
46	427 Interest expense	17
47	Net Income	18,662

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped
Chester and Sewel Streets	1	12	354	290	
Colony and Cox Avenues	2	10	98	500	
Monterey Road	3	10	382	600	

OTHER

Streams or springs location of diversion point	Flow in		(Unit) Diversions		Annual quantities diverted (Unit)
	Priority right		Max	Min	
	Claim	Capacity			
Purchased water (unit)					
Supplier:					Annual quantity

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business			
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			

SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
48	630	Employee Labor	3	13,430		13,430
49	670	Office salaries	1	21,600		21,600
50	671	Management salaries	2	15,600		15,600
51		Total	5	50,630		50,630

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	166,428
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	4,725
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	161,703

SCHEDULE K - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
5/8 x 3/4-in	109	109
3/4-in	3	3
1-in	45	45
1 1/2-in	32	32
2-in	54	54
3-in	1	1
4-in	2	2
Total	246	246

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair... _____
2	Used, after repair _____
3	Fast, requiring refund .. _____
Numbers of meters in service requiring test per General Order No. 103	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	246		246				246	
Industrial								
Other (specify)								
Subtotal	246		246				246	
Fire protection (Hydrants)								
Total	246		246				246	

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

SCHEDULE N - STORAGE FACILITIES

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	2" and under	2 1/4 to 3 1/4	4"	6"	8"	10"	12"	Totals
Concrete			Cast Iron								
Earth			Welded steel								
Wood			Standard screw								
Steel			Cement-asbestos								
Other			Plastic			2930	18,463	47965	12048	5653	87059
			Other (specify)								
Total			Total			2930	18463	47965	12048	5653	87059

DECLARATION

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) of West San Martin Water Works, Inc (Name of utility) under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including JANUARY 1, 2002, to and including DECEMBER 31, 2002

Signed Bob Winstead
 Title President / Manager
 Date March 1, 2003