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Examined _____

**CLASS D
WATER UTILITIES**

U# _____

**2003
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, 2003**

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2004
(FILE TWO COPIES IF THREE RECEIVED)

**Summary of Earnings
Test Year 2003**

Account Number	Operating Revenue	
470	Metered	258,856
460	Unmetered	1,807
465	Irrigation	
462	Private Fire Protection	498
480	Other Water Revenue	3,638
	Total Revenue	264,799
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	52,882
	Purchased Chemicals	
618	Other Vol.Related exp.	61,680
630	Employee labor	10,600
640	Materials	2,800
650	Contract Work	3,890
	Water Testing	6,366
660	Transportation Expense	2,335
664	Other Plant Maintenance	7,931
670	Office Salaries	17,887
671	Management Salaries	25,587
674	Employee Pensions and Benefits	14,934
676	Uncollectibles	0
678	Office Service and Rentals	9,000
681	Office Supplies and Expenses	7,751
682	Professional Services	3,505
684	Insurance	3,495
	Workers Compensation Insurance	0
688	Regulatory Expense	3,644
689	General Expense	2,754
	Subtotal	237,041
403	Depreciation Expense	12,692
	Ad Valorem Taxes	3,122
	Payroll taxes	4,678
408	Taxes other than Income	
409	State Income Tax	800
410	Federal Income Tax	1,224
402	Reimbursed expenses	-1,656
	Total Deductions	257,901
	Net Revenue	6,898
	Rate Base	
	Average Plant	1,729,901
	Average Depreciation Reserve	(780,107)
	Net Plant	949,794
	Less:Advances	(160,660)
	Less:Contributions	(726,273)
	Less: Accum. Def. Income Taxes	(7,648)
	Plus:Cash balance for Construction	7,082
	Plus:Working Cash	19,753
	Plus:Materials & Supplies	2,254
	Rate Base	84,302
	ROR=Net Rev/Rate Base	8.18%

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-03
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
2003

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 2003 Annual Report)

	1/1/03	12/31/03	Average
BALANCE SHEET DATA			
1 Intangible Plant	4,272	4,272	4,272
2 Land and Land Rights	4,030	4,030	4,030
3 Depreciable Plant	1,710,904	1,732,295	1,721,599
4 Gross Plant in Service	1,719,206	1,740,597	1,729,901
5 Less: Accumulated Depreciation	(756,209)	(804,005)	(780,107)
6 Net Water Plant in Service	962,997	936,592	949,794
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies	2,206	2,302	2,254
10 Less: Advances for Construction	(161,703)	(159,618)	(160,660)
11 Less: Contribution in Aid of Construction	(742,558)	(709,989)	(726,273)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(6,110)	(9,186)	(7,648)
13 Net Plant Investment	54,832	60,101	57,467
CAPITALIZATION			
14 Common Stock	15,794	15,794	15,794
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	44,570	44,570	44,570
17 Retained Earnings	62,695	75,188	68,941
18 Common Stock and Equity (Lines 14 through 17)	123,059	135,552	129,305
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	123,059	135,552	129,305

(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	1,807
24	Fire Protection Revenue	498
25	Other Water Revenue	258,856
26	Metered Water Revenue	3,638
27	Total Operating Revenue	264,799
28	<u>Operating Expenses</u>	237,041
29	Depreciation Expense (Composite Rate 2.79%)	12,692
30	Amortization and Property Losses	
31	Property Taxes	3,122
32	Taxes Other Than Income Taxes	4,678
33	Total Operating Revenue Deduction Before Taxes	257,533
34	California Corp. Franchise Tax	800
35	Federal Corporate Income Tax	1,224
36	Total Operating Revenue Deduction After Taxes	259,557
37	Net Operating Income (Loss) - California Water Operations	5,242
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	7,251
39	Income Available for Fixed Charges	12,493
40	Interest Expense	0
41	Net Income (Loss) Before Dividends	12,493
42	Preferred Stock Dividends	0
43	Net Income (Loss) Available for Common Stock	12,493
OTHER DATA		
44	Refunds of Advances for Construction	2,085
45	Total Payroll Charged to Operating Expenses	54,074
46	Purchased Water	
47	Power	52,882

	<u>Active Service Connections</u> (Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections	246	277	261
49	Flat Rate Service Connections			
50	Total Active Service Connections	246	277	261

**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, 2003)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1,740,597	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	75,188
4	105	Water plant construction work in progress	2135	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(804,005)	224	Long term debt	
6	114	Water plant acquisition adjustments	7,986		Current Liabilities	25,287
7	124	Other investments		252	Advances for construction	159,618
8	131	Cash	45,947	253	Other deferred credits	
9	141	Accounts receivable - customers	21,009	255	Accumulated deferred investment tax credits	
10	143	Provision for Uncollectibles	(731)	282	Accumulated deferred income taxes - Acrs	9,186
11	151	Materials and supplies	2,302		depreciation	
12	174	Other current assets	24,391	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	0	271	Contributions in aid of construction	1,266,748
14				272	Accumulated amortization of contributions	(556,760)
15		Total Assets	1,039,631		Total Equity and Liabilities	1,039,631

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	78,725	19,985			98,710
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	158,670				158,670
24	331	Water mains	1,306,057				1,306,057
25	333	Services and meter installations	15,140				15,140
26	334	Meters	53,522		(200)		53,322
27	335	Hydrants	3810				3,810
28	339	Other equipment	20,146				20,146
29	340	Office furniture and equipment	6,880	1,606			8,486
30	341	Transportation equipment	5,901				5,901
31		Total water plant in service	1,719,206	21,591	(200)		1,740,597

* Debit or credit entrls 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	756,209		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate. 2.79%
34	(a) Charged to Account No. 403	12,692		
35	(b) Charged to Account No. 272	35,304		
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	47,996		covered by this report \$ 19,320
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	200		
42	(b) Cost of removal			C. State method used to compute tax
43	(c) All other debits			depreciation. SL, 200DB
44	Total debits	200		
45	Balance in reserve at end of year	804,005		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

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

Line	Common - (Shares	1200, \$	13.16par)	15,794	List persons owning more than 5% of outstanding stock
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	1,807
11	462 Fire protection revenue	498
12	465 Irrigation revenue	
13	470 Metered water revenue	258,856
14	480 Other water revenue	3,638
15	Total Operating Revenue	264,799
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	
19	615 Power	52,862
20	618 Other volume related expenses	61,680
21	630 Employee labor	10,600
22	640 Materials	2,800
23	650 Contract work	10,256
24	660 Transportation expenses	2,335
25	664 Other plant maintenance expense	7,931
26	670 Office salaries	17,887
27	671 Management salaries	25,587
28	674 Employee pensions and benefits	14,934
29	676 Uncollectible accounts expense	0
30	678 Office services and rentals	9,000
31	681 Office supplies and expense	7,751
32	682 Professional services	3,505
33	684 Insurance	3,495
34	688 Regulatory commission expense	3,644
35	689 General expenses	2,754
36	Total Operating Expenses	237,041
37	403 Depreciation expense	12,692
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	7,800
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	1,224
42	Total Operating Revenue Deductions	259,557
43	Utility Operating Income	5,242
44	421 Non-utility income	7,297
45	426 Miscellaneous non-utility expense	46
46	427 Interest expense	0
47	Net Income	12,493

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)
	Claim	Capacity	Max	Min	
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	10,600		10,600
49	670	Office salaries	1	17,887		17,887
50	671	Management salaries	2	25,587		25,587
51		Total	5	54,074		54,074

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	161,703
Additions during year	
Subtotal - Beginning balance plus additions during year	161,703
Refunds	2,085
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	159,618

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

Size	Meters	Services
5/8 x 3/4-in	115	115
3/4-in	3	3
1-in	64	64
1 1/2-in	35	35
2-in	56	56
3-in	2	2
4-in	2	2
Total	277	277

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

1 Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	234		234				234	
Industrial	40		40				40	
Other (specify) Governmental	3		3				3	
Subtotal	277		277				277	
Fire protection (Hydrants)								
Total	277		277				277	

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	2 1/4 to	6"	8"	10"	12"	Totals
				under	3 1/4"					
Concrete			Cast Iron							
Earth			Welded steel							
Wood			Standard screw							
Steel			Cement-asbestos							
Other			Plastic			2930	18,463	47,965	12,048	87,059
			Other (specify)							
Total			Total			2930	18463	47965	12048	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, 2003 to and including DECEMBER 31, 2003

Bob Ulvestad
Signed

Manager
Title

March 13, 2004
Date