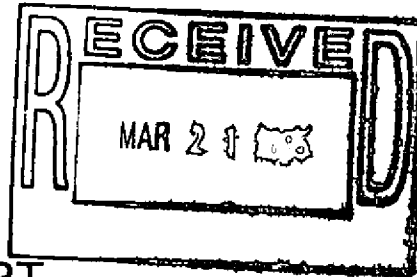


4J

Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____



2004
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, 2004

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2005
(FILE TWO COPIES IF THREE RECEIVED)

INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed **NOT LATER THAN MARCH 31**, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER DIVISION
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. **LEAVE NO SCHEDULE BLANK.** Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

**Summary of Earnings
Test Year 2004**

Account Number	Operating Revenue	
470	Metered	280,635
460	Unmetered	1,097
465	Irrigation	
462	Private Fire Protection	538
480	Other Water Revenue	3,931
	Total Revenue	286,201
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	56,009
	Purchased Chemicals	
618	Other Vol.Related exp.	76,023
630	Employee labor	15,865
640	Materials	3,951
650	Contract Work	13,177
	Water Testing	0
660	Transportation Expense	2,117
664	Other Plant Maintenance	7,651
670	Office Salaries	15,600
671	Management Salaries	24,000
674	Employee Pensions and Benefits	14,953
676	Uncollectibles	0
678	Office Service and Rentals	9,000
681	Office Supplies and Expenses	11,119
682	Professional Services	3,909
684	Insurance	3,196
	Workers Compensation Insurance	609
688	Regulatory Expense	3,640
689	General Expense	2,199
	Subtotal	263,018
403	Depreciation Expense	11,949
	Ad Valorem Taxes	4,214
	Payroll taxes	5,169
408	Taxes other than Income	
409	State income Tax	800
410	Federal Income Tax	0
402	Reimbursed expenses	(234)
	Total Deductions	284,916
	Net Revenue (Loss)	1,285
	Rate Base	
	Average Plant	1,743,726
	Average Depreciation Reserve	(825,915)
	Net Plant	917,811
	Less:Advances	(158,920)
	Less:Contributions	(694,053)
	Less: Accum. Def. Income Taxes	(4,593)
	Plus:Cash balance for Construction	7,158
	Plus:Working Cash	21,918
	Plus:Materials & Supplies	2,271
	Rate Base	91,592
	ROR=Net Rev/Rate Base	1.40%

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 11/22/1967 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
<input type="checkbox"/>	<input checked="" type="checkbox"/>	2003
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dec-04
<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

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
2004

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

PERSON RESPONSIBLE FOR THIS REPORT Robert Ukestad
(Prepared from Information in the 2004 Annual Report)

	1/1/2004	12/31/2004	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	1,732,295	1,738,553	1,735,424
4 Gross Plant in Service	1,740,597	1,746,855	1,743,726
5 Less: Accumulated Depreciation	(804,005)	(847,826)	(825,915)
6 Net Water Plant in Service	936,592	899,029	917,811
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies	2,302	2,240	2,271
10 Less: Advances for Construction	(159,618)	(158,223)	(158,920)
11 Less: Contribution in Aid of Construction	(709,989)	(678,117)	(694,053)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(9,186)	0	(4,593)
13 Net Plant Investment	<u>60,101</u>	<u>64,929</u>	<u>62,516</u>
 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	75,188	84,470	79,829
18 Common Stock and Equity (Lines 14 through 17)	<u>135,552</u>	<u>144,834</u>	<u>140,193</u>
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>135,552</u>	<u>144,834</u>	<u>140,193</u>

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2004
(continued)

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

INCOME STATEMENT		Annual Amount
23	Unmetered Water Revenue	1,097
24	Fire Protection Revenue	538
25	Other Water Revenue	280,635
26	Metered Water Revenue	3,931
27	Total Operating Revenue	286,201
28	<u>Operating Expenses</u>	263,019
29	Depreciation Expense (Composite Rate 2.53%)	11,949
30	Amortization and Property Losses	
31	Property Taxes	4,214
32	Taxes Other Than Income Taxes	5,168
33	Total Operating Revenue Deduction Before Taxes	284,350
34	California Corp. Franchise Tax	800
35	Federal Corporate Income Tax	0
36	Total Operating Revenue Deduction After Taxes	285,150
37	Net Operating Income (Loss) - California Water Operations	1,051
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	8,232
39	Income Available for Fixed Charges	9,283
40	Interest Expense	0
41	Net Income (Loss) Before Dividends	9,283
42	Preferred Stock Dividends	0
43	Net Income (Loss) Available for Common Stock	9,283
OTHER DATA		
44	Refunds of Advances for Construction	1,395
45	Total Payroll Charged to Operating Expenses	55,465
46	Purchased Water	
47	Power	56,009

<u>Active Service Connections</u>		(Exc. Fire Protect.)		Annual Average
		Jan. 1	Dec. 31	
48	Metered Service Connections	277	283	280
49	Flat Rate Service Connections			
50	Total Active Service Connections	277	283	280

**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, 2004)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1,746,855	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	84,470
4	105	Water plant construction work in progress	2135	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(847,826)	224	Long term debt	
6	114	Water plant acquisition adjustments	7,986		Current Liabilities	23,106
7	124	Other investments		252	Advances for construction	158,223
8	131	Cash	41,741	253	Other deferred credits	
9	141	Accounts receivable - customers	21,077	255	Accumulated deferred investment tax credits	
10	143	Provision for Uncollectibles	0	282	Accumulated deferred income taxes - Acrs depreciation	0
11	151	Materials and supplies	2,240		Accumulated deferred income taxes - other	
12	174	Other current assets	26,502	283	Contributions in aid of construction	1,266,748
13	180	Deferred charges	3,569	271	Accumulated amortization of contributions	(588,632)
14				272		
15		Total Assets	1,004,279		Total Equity and Liabilities	1,004,279

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	98,710	2,871			101,581
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	158,670				158,670
24	331	Water mains	1,306,057	1,626			1,307,683
25	333	Services and meter installations	15,140				15,140
26	334	Meters	53,322	170			53,492
27	335	Hydrants	3810				3,810
28	339	Other equipment	20,146				20,146
29	340	Office furniture and equipment	8,486	1,591			10,077
30	341	Transportation equipment	5,901				5,901
31		Total water plant in service	1,740,597	6,258			1,746,855

* 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	804,005		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate. 2.53%
34	(a) Charged to Account No. 403	11,772		
35	(b) Charged to Account No. 272	32,049		
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	43,821		covered by this report \$
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			
42	(b) Cost of removal			C. State method used to compute tax
43	(c) All other debits			depreciation. SL, 200DB
44	Total debits			
45	Balance in reserve at end of year	847,826		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

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

Line					
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	1,097
11	462 Fire protection revenue	538
12	465 Irrigation revenue	
13	470 Metered water revenue	280,635
14	480 Other water revenue	3,931
15	Total Operating Revenue	286,201
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	
19	615 Power	56,009
20	618 Other volume related expenses	76,023
21	630 Employee labor	15,865
22	640 Materials	3,951
23	650 Contract work	13,177
24	660 Transportation expenses	2,117
25	664 Other plant maintenance expense	7,651
26	670 Office salaries	15,600
27	671 Management salaries	24,000
28	674 Employee pensions and benefits	14,953
29	676 Uncollectible accounts expense	0
30	678 Office services and rentals	9,000
31	681 Office supplies and expense	11,119
32	682 Professional services	3,909
33	684 Insurance	3,805
34	688 Regulatory commission expense	3,640
35	689 General expenses	2,199
36	Total Operating Expenses	263,018
37	403 Depreciation expense	11,949
38	407 SDWBA loan amortization expense	0
39	408 Taxes other than income taxes	9,383
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	0
42	Total Operating Revenue Deductions	285,150
43	Utility Operating Income	1,051
44	421 Non-utility income	9,496
45	426 Miscellaneous non-utility expense	1,264
46	427 Interest expense	0
47	Net Income	9,283

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)					Annual quantity
Supplier:					

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	15,865		15,865
49	670	Office salaries	1	15,600		15,600
50	671	Management salaries	1	24,000		24,000
51		Total	5	55,465		55,465

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	159,818
Additions during year	
Subtotal - Beginning balance plus additions during year	159,818
Refunds	1,395
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	158,223

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

Size	Meters	Services
5/8 x 3/4-in	118	116
3/4-in	3	3
1-in	66	66
1 1/2-in	36	36
2-in	58	58
3-in	2	2
4-in	2	2
Total	283	283

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	239		239				239	
Industrial	41		41				41	
Other (specify) Governmental	3		3				3	
Subtotal	283		283				283	
Fire protection (Hydrants)	121		121				121	
Total	404		404				404	

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	4"	6"	8"	10"	12"	Totals
				under	3 1/4		Other sizes (specify)				
Concrete	4	550,000	Cast iron								
Earth			Welded steel								
Wood			Standard screw								
Steel			Cement-asbestos								
Other			Plastic			2930	18,463	47965	12048	5653	87059
			Other (specify)								
Total	4	550,000	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, 2004 to and including DECEMBER 31, 2004


 Signed _____
 Title Manager
 Date March 14, 2005