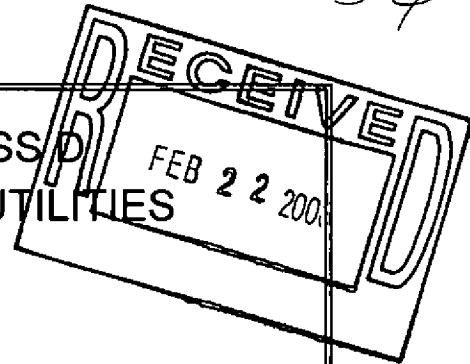


34

Received _____
Examined _____

CLASS D
WATER UTILITIES



U# _____

2005
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, 2005

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2006
(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 calander year, from January 1 through December 31. Fiscal year reports will not be accepted.

**Summary of Earnings
Test Year 2005**

Account Number	Operating Revenue	
470	Metered	273,335
460	Unmetered	2,560
465	Irrigation	
462	Private Fire Protection	537
480	Other Water Revenue	3,816
	Total Revenue	280,248
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	50,130
	Purchased Chemicals	
618	Other Vol.Related exp.	80,314
630	Employee labor	12,150
640	Materials	2,070
650	Contract Work	5,575
	Water Testing	0
660	Transportation Expense	1,851
664	Other Plant Maintenance	8,078
670	Office Salaries	16,700
671	Management Salaries	26,200
674	Employee Pensions and Benefits	12,412
676	Uncollectibles	0
678	Office Service and Rentals	9,000
681	Office Supplies and Expenses	8,379
682	Professional Services	14,075
684	Insurance	4,913
	Workers Compensation Insurance	0
688	Regulatory Expense	3,970
689	General Expense	1,685
	Subtotal	257,502
403	Depreciation Expense	11,954
	Ad Valorem Taxes	4,308
	Payroll taxes	4,970
408	Taxes other than Income	
409	State Income Tax	800
410	Federal Income Tax	0
402	Reimbursed expenses	(450)
	Total Deductions	279,084
	Net Revenue (Loss)	1,164
	Rate Base	
	Average Plant	1,747,007
	Average Depreciation Reserve	(869,837)
	Net Plant	877,170
	Less:Advances	(158,920)
	Less:Contributions	(662,833)
	Less: Accum. Def. Income Taxes	0
	Plus:Cash balance for Construction	7,082
	Plus:Working Cash	21,459
	Plus:Materials & Supplies	2,355
	Rate Base	86,313
	ROR=Net Rev/Rate Base	1.35%

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-05
<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
2005

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 2005 Annual Report)

	1/1/2005	12/31/2005	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	1,738,553	1,738,857	1,738,705
4 Gross Plant in Service	1,746,855	1,747,159	1,747,007
5 Less: Accumulated Depreciation	(847,826)	(891,849)	(869,837)
6 Net Water Plant in Service	899,029	855,310	877,170
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies	2,240	2,355	2,297
10 Less: Advances for Construction	(158,223)	(158,223)	(158,223)
11 Less: Contribution in Aid of Construction	(678,117)	(647,549)	(662,833)
12 Less: Accumulated Deferred Income and Investment Tax Credits	0	0	0
13 Net Plant Investment	64,929	51,893	58,411
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	84,470	84,899	84,685
18 Common Stock and Equity (Lines 14 through 17)	144,834	145,263	145,049
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	144,834	145,263	145,049

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2005

(continued)

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

INCOME STATEMENT

		Annual Amount
23	Unmetered Water Revenue	2,560
24	Fire Protection Revenue	537
25	Other Water Revenue	273,335
26	Metered Water Revenue	3,816
27	Total Operating Revenue	280,248
28	<u>Operating Expenses</u>	257,503
29	Depreciation Expense (Composite Rate 2.53%)	11,954
30	Amortization and Property Losses	
31	Property Taxes	4,308
32	Taxes Other Than Income Taxes	4,969
33	Total Operating Revenue Deduction Before Taxes	278,734
34	California Corp. Franchise Tax	800
35	Federal Corporate Income Tax	0
36	Total Operating Revenue Deduction After Taxes	279,534
37	Net Operating Income (Loss) - California Water Operations	714
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	(285)
39	Income Available for Fixed Charges	429
40	Interest Expense	0
41	Net Income (Loss) Before Dividends	429
42	Preferred Stock Dividends	0
43	Net Income (Loss) Available for Common Stock	429

OTHER DATA

44	Refunds of Advances for Construction	0
45	Total Payroll Charged to Operating Expenses	55,050
46	Purchased Water	
47	Power	50,130

Active Service Connections (Exc. Fire Protect.) _____

		Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections	283	284	284
49	Flat Rate Service Connections			
50	Total Active Service Connections	283	284	284

**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, 2005)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1,747,159	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	84,899
4	105	Water plant construction work in progress	0	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(891,849)	224	Long term debt	
6	114	Water plant acquisition adjustments	7,986		Current Liabilities	25,071
7	124	Other investments		252	Advances for construction	158,223
8	131	Cash	46,319	253	Other deferred credits	
9	141	Accounts receivable - customers	26,125	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	2,355			
12	174	Other current assets	27,449	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	10,561	271	Contributions in aid of construction	1,268,248
14				272	Accumulated amortization of contributions	(620,700)
15		Total Assets	976,105		Total Equity and Liabilities	976,105

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	101,581				101,581
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	158,670				158,670
24	331	Water mains	1,307,683				1,307,683
25	333	Services and meter installations	15,140				15,140
26	334	Meters	53,492	303			53,795
27	335	Hydrants	3,810				3,810
28	339	Other equipment	20,146				20,146
29	340	Office furniture and equipment	10,077			1	10,078
30	341	Transportation equipment	5,901				5,901
31		Total water plant in service	1,746,855	303		1	1,747,159

* 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	847,826		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	11,954		
35	(b) Charged to Account No. 272	32,068		
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	1		your federal income tax return for the year
39	Total credits	44,023		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	891,849		
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	2,560
11	462	Fire protection revenue	537
12	465	Irrigation revenue	
13	470	Metered water revenue	273,335
14	480	Other water revenue	3,816
15		Total Operating Revenue	280,248
16		Operating revenue deductions	xxxxxxxxxx
17		Operating expenses	xxxxxxxxxx
18	610	Purchased water	
19	615	Power	50,130
20	618	Other volume related expenses	80,314
21	630	Employee labor	12,150
22	640	Materials	2,070
23	650	Contract work	5,575
24	660	Transportation expenses	1,852
25	664	Other plant maintenance expense	8,078
26	670	Office salaries	16,700
27	671	Management salaries	26,200
28	674	Employee pensions and benefits	12,412
29	676	Uncollectible accounts expense	0
30	678	Office services and rentals	9,000
31	681	Office supplies and expense	8,379
32	682	Professional services	14,075
33	684	Insurance	4,913
34	688	Regulatory commission expense	3,970
35	689	General expenses	1,685
36		Total Operating Expenses	257,503
37	403	Depreciation expense	11,954
38	407	SDWBA loan amortization expense	0
39	408	Taxes other than income taxes	9,278
40	409	State corporate income tax expense	800
41	410	Federal corporate income tax expense	0
42		Total Operating Revenue Deductions	279,535
43		Utility Operating Income	713
44	421	Non-utility income	559
45	426	Miscellaneous non-utility expense	843
46	427	Interest expense	0
47		Net Income	429

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)		Annual quantities diverted (Unit)
	Priority right	Claim	Capacity	Diversions	
			Max	Min	
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	12,150		12,150
49	670	Office salaries	1	16,700		16,700
50	671	Management salaries	1	26,200		26,200
51		Total	5	55,050		55,050

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	159,618
Additions during year	
Subtotal - Beginning balance plus additions during year	159,618
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	117	117
3/4-in	3	3
1-in	66	66
1 1/2-in	38	38
2-in	58	58
3-in	2	2
4-in	2	2
Total	284	284

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	240		240				240	
Industrial	41		41				41	
Other (specify) Governmental	3		3				3	
Subtotal	284		284				284	
Fire protection (Hydrants)	121		121				121	
Total	405		405				405	

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
				Other sizes (specify)							
Concrete	4	550,000	Cast Iron								
Earth			Welded steel								
Wood			Standard screw								
Steel			Cement-asbestos								
Other			Plastic			2930	18,463	47,965	12,048	5,653	87,058
			Other (specify)								
Total	4	550,000	Total			2930	18463	47965	12048	5653	87058

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, 2005, to and including DECEMBER 31, 2005.


 Signed _____
 Title Manager
 Date Feb. 20, 2006