

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PENALTY ASSESSMENT AGAINST
VIRGIL R. FOX, President, American
Water Resources, Inc., in the amount of
\$3,700.00

DOCKET NO. UW-031596

DECLARATION OF JIM WARD

JIM WARD, under penalty of perjury under the laws of the state of Washington, declares as follows:

1. I am over 18 years of age, a citizen of the United States, a resident of the state of Washington, and competent to be a witness.
2. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Regulatory Analyst in the Commission's Regulatory Services Division. I have been employed at the Commission since 1989, holding various positions.
3. On November 6, 2003, AWR filed an application for mitigation of the penalty assessment the Commission entered on October 22, 2003. Penalties were based on violations of the Commission's Order Accepting Settlement Agreement entered on December 18, 2001, in Docket No. UW-010961.
4. On November 7, 2003, Commission Staff sent Data Request No. 5 to AWR in Docket Nos. UW-031284 and UW-010961 (consolidated). Staff requested information regarding a line of credit referenced in the Company's quarter report for the third quarter of 2003. AWR responded on November 26, 2003. A true and accurate copy of AWR's response to Staff Data Request No. 5 is attached to this declaration as Attachment A.

5. AWR's response included documents showing the original terms of the line of credit. In addition, AWR provided an explanation regarding its recent renegotiation of the line of credit's terms. Apparently, Venture Bank, the bank extending the line of credit to AWR, approved a renewal of the principal balance with a new repayment schedule on November 19, 2003. Under the renegotiated agreement, AWR combined the principle amount of the line of credit with another loan. According to AWR's response, the line of credit will not be renewed.

DATED this 9th day of December 2003 at Olympia, Washington.

JIM WARD