

**EASTERN WYOMING
PUBLIC SERVICE DISTRICT**

Water Revenue Bonds
Series 2001 A
(West Virginia DWTRF Program)

Date of Closing: October 16, 2001

BOND TRANSCRIPT

SPILMAN THOMAS & BATTLE, PLLC

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program)

BOND TRANSCRIPT

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EASTERN WYOMING PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2001 A

(WEST VIRGINIA DWTRF PROGRAM)

BOND RESOLUTION

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EASTERN WYOMING PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENTS OF WATER TREATMENT AND DISTRIBUTION FACILITIES BY EASTERN WYOMING PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$360,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ADOPTED BY THE PUBLIC SERVICE BOARD OF EASTERN WYOMING PUBLIC SERVICE DISTRICT:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01 Definitions. The following terms shall have the following meanings in this Resolution unless the context expressly requires otherwise.

“Act” or “Bond Act” means, collectively, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of adoption of this Resolution.

“Administrative Fee” means any administrative fee required to be paid pursuant to the Loan Agreement for the Series 2001 A Bonds.

“Agreement of Sale” means the Agreement of Sale entered into prior to issuance of the Bonds, by and between MWW and the Issuer, as the same may be amended, pursuant to which MWW has sold to the Issuer certain water facility assets that constitute a portion of the Project.

“Application” means the application, with attachments and exhibits, filed by the Issuer with the BPH for a DWTRF loan.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Bonds acting in its administrative capacity and upon authorization from the BPH under the Act.

“Authorized Officer” means the Chairman of the Governing Body of the Issuer or any other officer or person of the Issuer specifically designated by resolution of the Governing Body of the Issuer.

“Board” or “Governing Body” means the public service board of the Issuer as it may now or hereafter be constituted.

“Bondholders” “Holder of the Bonds,” “Holder,” “Registered Owner,” “Owner” or any similar term, whenever used herein with respect to an Outstanding Bond or Bonds, means the person in whose name such Bond is registered.

“Bond Register” means the books of the Issuer as hereinafter defined, maintained by the Bond Registrar as hereinafter defined for the registration and transfer of the Bonds.

“Bond Registrar” or “Registrar” means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

“Bonds” means collectively the Series 2001 A Bonds originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution or another resolution of the Issuer.

“Bond Year” means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

“BPH” means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

“Chairman” means the Chairman of the Governing Body of the Issuer.

“Closing Date” means the date upon which there is an exchange of the Bonds for all or a portion of the proceeds of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

“Commission” means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

“Construction Trust Fund” means the Series 2001 A Construction Trust Fund established by Section 5.01(3).

“Consulting Engineer” or “Consulting Engineers” means the Managing Engineer of the Logan County Public Service District, which entity, pursuant to that certain Agreement dated August 30, 2001 by and between the Logan County Public Service District and the Issuer, operates and maintains the Issuer’s System.

“Costs” or “Costs of the Project” or any similar phrase means those costs described in Section 1.03 E hereof to be part of the cost of acquisition and construction of the Project.

“Council” means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

“Debt Service” means the scheduled amount of interest, if any, and amortization of principal payable on the Bonds, as hereinafter defined, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Depository Bank” means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

“DWTRF” means the West Virginia Drinking Water Treatment Revolving Fund.

“FDIC” means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

“Fiscal Year” means each 12-month period beginning on July 1 and ending on the succeeding June 30.

“Governmental Obligations” means direct obligations or, of obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, or any Tap Fees, as hereinafter defined).

“Independent Certified Public Accountants” means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System, or for

any other purpose except keeping the accounts of such System in the normal operation of its business and affairs.

“Investment Property” means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income under Section 103 of the Code for federal income tax purposes.

“Issuer” means Eastern Wyoming Public Service District, a public service district and political subdivision of the State of West Virginia, in Wyoming County, West Virginia, and, unless the context clearly indicates otherwise, includes the Board and any successor thereto.

“Loan Agreement” means the Loan Agreement heretofore entered into, or to be entered into, between the Issuer and the Authority, on behalf of the BPH providing for the purchase of the Series 2001 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

“LCPSD” means the Logan County Public Service District, or any successor thereto.

“MWW” means Mullens Water Works, a West Virginia corporation, which has sold to the Issuer, pursuant to the Agreement of Sale, certain water facility assets that constitute a portion of the Project.

“Net Proceeds” means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

“Net Revenues” means the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereinafter defined.

“Note” or “Notes” means the Issuer’s Water System Notes, Series 2001 A (West Virginia Water Development Authority).

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter described and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs of Projects, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent, other than those capitalized as part of the Costs of Projects, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that “Operating Expenses” does not include payments on account of the principal of or redemption premium, if any, or interest on the

Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

“Operation and Maintenance Agreement” means that certain Agreement dated August 30, 2001 by and between the Logan County Public Service District and the Issuer, pursuant to which the Logan County Public Service District operates and maintains the Issuer’s System.

“Outstanding,” when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being delivered except (a) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); and (b) any Bond deemed to have been paid as provided in Article VI hereof.

“Parity Bonds” means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

“Paying Agent” means the Commission or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

“Project” means the Project described in Section 1.03B hereof.

“PSC” means the Public Service Commission of West Virginia or any other agency of the State of West Virginia that succeeds to the functions of the Public Service Commission of West Virginia.

“PSC Order” means, collectively, the Commission Order of the Public Service Commission of West Virginia (the “PSC”) entered on August 3, 2001, Case No. 01-1039-W-PWD-PC, which, among other things, approves the acquisition of certain assets of Mullens Water Works, Inc. (“MWW”), approves the charging of the existing rates of MWW, and approves the issuance of Bonds to evidence the Drinking Water Treatment Revolving Fund (“DWTRF”) loan of \$500,000, and the Further Commission Order of the PSC entered on August 14, 2001, Case No. 01-1039-W-PWD-PC, which approved the sale of the Issuer’s Water System Notes, Series 2001 A (West Virginia Water Development Authority) as interim financing pending the issuance of Bonds to evidence the DWTRF loan.

“Qualified Investments” means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York; provided, that said investments securing said repurchase agreements either must mature as nearly as practical coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia “consolidated fund” managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least “A” by Moody’s Investors Service, Inc. or Standard & Poor’s Corporation.

“Registrar” means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund referenced in Section 5.01(2).

“Resolution” means this resolution, as from time to time amended or supplemented.

“Revenue Fund” means the Revenue Fund created by Section 5.01(1).

“Secretary” means the Secretary of the Issuer.

“Series 2001 A Bonds” means the not more than \$360,000 in aggregate principal amount of Eastern Wyoming Public Service District Water Revenue Bonds Series 2001 A (West Virginia DWTRF Program), of the Issuer originally authorized hereby.

“Series 2001 A Bonds Reserve Account” or “Reserve Account” means the Series 2001 A Bonds Reserve Account established in the Series 2001 A Bonds Sinking Fund pursuant to Section 5.02.

“Series 2001 A Bonds Reserve Requirement” means as of any date of calculation the maximum amount of principal and interest which will become due on the Series 2001 A Bonds in the then current or any succeeding year.

“Series 2001 A Bonds Sinking Fund” or “Sinking Fund” means the Series 2001 A Bonds Sinking Fund established by Section 5.02.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution of the Issuer amending or supplementing this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Bonds, provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Bonds, and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Bonds, or any other obligations of the Issuer, including but not limited to the Renewal and Replacement Fund, the Reserve Account and the Sinking Fund, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

“System” means the complete waterworks system of the Issuer, including the Project, and any improvements and extensions thereto hereafter constructed or acquired from any sources whatsoever.

“Tap Fees” means the fees, if any, paid by prospective customers of the System in order to connect thereto.

“West Virginia DWTRF Program” means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Resolution; and the term “hereafter” means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution, together with any resolution supplemental hereto or amendatory hereof (the “Bond Legislation”), is adopted pursuant to the provisions of the Act and other applicable provisions of the law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public service district and a public corporation and political subdivision of the State, located in and near Mullens, Wyoming County, West Virginia, created pursuant to the Act by an order issued by The County Commission of Wyoming County, West Virginia.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that the Issuer acquire, construct and improve a water development project, at the location and more particularly described in the Application and related documents, in accordance with plans, specifications and designs prepared for the Issuer (the "Project").

C. In order for the Issuer to permanently finance the cost of constructing, acquiring and improving the Project and to finance the costs of issuance of revenue bonds and related costs in connection with such financing for the Project, it is necessary for the Issuer to borrow from the Authority, which administers the West Virginia Drinking Water Treatment Revolving Fund pursuant to the Act, not more than \$360,000 by issuing revenue bonds of the Issuer (the "Bonds" as defined hereinabove), in accordance with the Loan Agreement.

D. The Issuer, on August 23, 2001, issued its Water System Notes, Series 2001 A (West Virginia Water Development Authority) in the amount of \$360,000 (the "Note") to (i) temporarily finance the acquisition, construction and improvement of the Project, and (ii) pay the costs of issuance and other related costs. The proceeds of the Bonds will repay in full the principal of and interest accrued on the Note and permanently finance the Project and other acquisitions, construction and improvements to serve the inhabitants of the Issuer.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program) in the aggregate principal amount of not more than \$360,000 to permanently finance the cost of acquisition, construction and improvement of the Project. Said costs shall be deemed to include the repayment of the principal of and interest accrued on the Notes, cost of all property rights, easements and franchises deemed necessary or convenient therefor; engineering and legal expenses; expenses for estimates of costs and revenues and for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, commitment fees, fees of the Authority, including the Administrative Fee (as defined above) for the Series 2001 A Bonds, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness, incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. The Issuer has no outstanding bonds or obligations which are secured by revenues or assets of the System.

G. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of the Series 2001 A Bonds and all sinking funds, reserve accounts and other payments provided for herein.

H. The period of usefulness of the System after completion of the Project is not less than 30 years.

I. It is in the best interests of the Issuer that the Series 2001 A Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to the authorization of the Project, operation of the System, and the issuance of the Bonds, or will have so complied prior to the issuance of the Bonds, including the obtaining of approval of the Project and the issuance of the Bonds from the PSC by a Commission Order entered on August 3, 2001, Case No. 01-1039-W-PWD-PC, which, among other things, approves the acquisition of certain assets of MWW, approves the charging of the existing rates of MWW, and approves the issuance of bonds to evidence the DWTRF loan of \$500,000, and the Further Commission Order of the PSC entered on August 14, 2001, Case No. 01-1039-W-PWD-PC, which approved the sale of the Notes as interim financing pending the issuance of bonds to evidence the DWTRF loan. The time for appeal of the Commission Order and the Further Order have expired prior to the date hereof.

K. Pursuant to the Act, the Project has been approved by the Council, and the Authority, on behalf of DWTRF, has agreed to make the Loan to the Issuer.

L. The Issuer has determined that the acquisition and construction of the Project are the immediate result of, and necessary due to, flooding that created a disaster affecting public health and public safety, and hereby designates the Project as an emergency.

Section 1.04. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 A Bonds by those who shall be Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of the Bonds.

ARTICLE II

AUTHORIZATION OF ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF THE PROJECT; AUTHORIZATION OF OPERATION AND MAINTENANCE OF THE PROJECT

Section 2.01. Authorization of the Acquisition, Construction and Improvement of the Project. There is hereby authorized and ordered the acquisition, construction and improvement of the Project, at an estimated cost of not to exceed \$360,000. The proceeds of the Series 2001 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Series 2001 A Bonds are issued to refund the Notes which were issued (i) to temporarily pay the costs of the acquisition, construction and improvement by the Issuer of the Project, and (ii) to pay the costs of issuance hereof and related costs. The Project has heretofore been or will be acquired in an amount and otherwise compatible with the plan of financing described in the application to the Authority and the BPH.

Section 2.02. Approval of Operation and Maintenance of the System. The Issuer hereby approves the operation and maintenance of the System by LCPSD, for and on behalf of the Issuer, along with any other assets of the Issuer that the Issuer may desire for LCPSD to operate and maintain, pursuant to the Operation and Maintenance Agreement.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying the Notes in full, paying the costs of the Project and paying the costs of issuance of the Bonds and related costs, or any of such purposes as shall be specified in the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable bonds of the Issuer. Said Bonds shall be issued in one or more series, to be designated the "Eastern Wyoming Public Service District Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than \$360,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution. The proceeds of the Bonds shall be deposited in the Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Term of Bonds. The Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent in any coin or currency which, on the dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America. Interest on the Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by this Resolution or the Supplemental Resolution, the Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the series, and shall mature in principal installments, all as provided in this Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated and shall bear interest, if any, as specified in the Supplemental Resolution.

Section 3.03. Additional Terms of Bonds. In addition to the terms set forth in Sections 3.01 and 3.02 hereof and in anticipation of the sale of the Bonds to the Authority, the Issuer covenants that the Bonds shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority authorizing the issuance of Bonds.

Section 3.04. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto and attested by the Secretary of the Issuer. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed shall have been actually sold or delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office of the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.11 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting any of said Bonds, shall be conclusively deemed to have agreed that said Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain Outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferrable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obligated to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver a new Bond of the same series and of like tenor of the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost and upon the Holder's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.08. Bonds Not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Reserve Account. No Holder or Holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bonds or the interest, if any, thereon.

Section 3.09. Bonds Secured by Pledge of Net Revenues. The payment of the debt service on all the Series 2001 A Bonds shall be secured forthwith by a

first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of, and interest, if any, on and other payments for the Series 2001 A Bonds and to make the payments into the Sinking Fund, the Reserve Account therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest, if any, on the Series 2001 A Bonds as the same become due.

Section 3.10. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2001 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 A Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2001 A Bonds.

Section 3.11. Form of Bonds. The text of the Series 2001 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$360,000

KNOW ALL MEN BY THESE PRESENTS: That EASTERN WYOMING PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wyoming County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, the principal sum of THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on said EXHIBIT B.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated October 16, 2001.

This Bond is issued to refund the Issuer's Water System Notes, Series 2001 A (West Virginia Water Development Authority) which were issued (i) to temporarily pay the costs of the acquisition, construction and improvement by the Issuer of a water development project (the "Project"), and (ii) to pay the costs of issuance hereof and related costs. The Project and any further improvements or extensions thereto are herein called

the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on October 10, 2001, and a Supplemental Resolution duly adopted by the Issuer on October 10, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act, and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

Under the Act, this Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation and the statutes under which this Bond is issued shall be deemed to be part of the contract evidenced by this Bond to the same extent as if written fully herein.

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, EASTERN WYOMING PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated October 16, 2001.

[SEAL]

EASTERN WYOMING PUBLIC
SERVICE DISTRICT

Chairman

Attest:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: October 16, 2001.

UNITED NATIONAL BANK,
as Registrar

Authorized officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(19)	
(2) \$		(20)	
(3) \$		(21)	
(4) \$		(22)	
(5) \$		(23)	
(6) \$		(24)	
(7) \$		(25)	
(8) \$		(26)	
(9) \$		(27)	
(10) \$		(28)	
(11) \$		(29)	
(12) \$		(30)	
(13) \$		(31)	
(14) \$		(32)	
(15) \$		(33)	
(16) \$		(34)	
(17) \$		(35)	
(18) \$		(36)	

TOTAL \$ _____

(Form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____, the within-mentioned Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

IN THE PRESENCE OF:

Section 3.12. Sale of Bonds; Ratification and Execution of Loan Agreement. The Series 2001 A Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, including all schedules and exhibits attached hereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.13. “Amended Schedule Filing”. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority and the BPH a schedule, the form of which will be provided by the BPH, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2001 A Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The special funds or accounts hereby established with the Commission are the Series 2001 A Bonds Sinking Fund, and, within the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 2001 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, if not fully funded upon issuance of the Series 2001 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 2001 A Reserve Account, an amount equal to 1/120 of the Series 2001 A Bonds Reserve Requirement; provided, that no further payments shall be made

into the Series 2001 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2001 A Bonds Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2 % of the Gross Revenues each month, exclusive of any payments for account of the Series 2001 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 2001 A Bonds Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of the Bonds as the same shall become due. Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of paying principal of the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 A Bonds Reserve Account shall be transferred, not less than once each year, to the Construction Trust Fund prior to completion of the Project and thereafter to the Sinking Fund.

Any withdrawals from the Series 2001 A Bonds Reserve Account which result in a reduction in the balance of the Series 2001 A Bonds Reserve Account to fall below the Series 2001 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 2001 A Bonds Sinking Fund, including deficiencies for prior payments, have been made in full.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund and the Reserve Account created hereunder,

and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds and any Parity Bonds that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2001 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent, or the Depository Bank as the case may be, shall require, such additional sums as shall be necessary to pay the charges and the fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Accounts have not, as of such date, funded such account to the requirement therefor.

H. All remittances made by the Issuer to the Commission or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and used for any lawful purpose of the System.

ARTICLE VI

APPLICATION OF BONDS PROCEEDS

Section 6.01. Application of Bonds Proceeds; Pledge of Unexpended Bonds Proceeds. Moneys received from time to time from the sale of the Series 2001 A Bonds shall be deposited with the Depository Bank in the Series 2001 A Construction Trust Fund and applied solely to payment of costs of the Project, including paying the Notes in full in the manner set forth in Section 6.02 and until so expended are hereby pledged as additional security for the Series 2001 A Bonds.

The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth in this Resolution.

Section 6.02. Disbursements From the Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2001 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 A Construction Trust Fund shall be made only after submission to the BPH of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule, and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:
 - (A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
 - (B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
 - (C) Each of such costs has been otherwise properly incurred; and
 - (D) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2001 A Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 6.03. Excess Bond Proceeds. Upon completion of the Project, any Series 2001 A Bonds proceeds not required for the Project Costs shall be applied as directed by the BPH.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds, as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position. The payment of the debt service of the Series 2001 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of the Bonds herein authorized and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of the Bonds as the same become due, and for the other purposes provided in this Resolution.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges are and shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered August 3, 2001 (Case No. 01-1039-W-PWD-PC), and such rates are hereby adopted.

So long as the Series 2001 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2001 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges

and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. Except as otherwise required by law and with the consent of the Authority and the BPH, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of the Series 2001 A Bonds. Any balance remaining after the payment of the Series 2001 A Bonds shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than par, then to the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts as set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the liens of the Bonds, upon any of the income and revenues of the System pledged for payment of the Bonds in this Resolution, or upon the System or any part hereof.

The Issuer shall give the Authority and the BPH prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds. The prior written consent of the Authority and BPH must be received prior to the issuance of any Parity Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, construction or acquisition of extensions or improvements to the System or refunding one or more series of Bonds issued pursuant hereto or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The “estimated average increased annual Net Revenues to be received in each of the three succeeding years,” as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any improvements to be financed by the Parity Bonds and any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds including the revenues from new customers to be served, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate made and signed by the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2001 A Bonds and the Holders of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Resolution.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project sites and the costs of acquiring, constructing and improving the Project. The Issuer shall permit the Authority and the BPH, or their duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Issuer shall submit to the Authority and the BPH such documents and information as they may reasonably require in connection with the acquisition, construction and improvement of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the BPH, or their agents and representatives, to have access to the records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed by the Uniform System of Accounts promulgated by the PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and initiate the manner by which subsidiary records of the accounting system, which may be installed remote from the direct supervision of the Governing Body, shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the BPH, and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues, and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority and the BPH, or any other purchaser of the Bonds. Such audit report submitted to the Authority and the BPH shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Resolution and that the Issuer's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired or leased, or shall do all things necessary to acquire or lease, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority and the BPH, or their agents and representatives, to enter and inspect the Project sites and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the BPH, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Loan Agreement for the Series 2001 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Approvals of equitable rates or charges for the use of and service rendered by the System have been obtained all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for

contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirement are on deposit in the Reserve Account and all reserve accounts for obligations on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the BPH and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the BPH and to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the BPH by the 10th day of each month.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other

charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such Services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. Except as required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue and the issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Connections to System. The Issuer will, to the extent authorized by the laws of the State and the rules and regulations of the PSC, require prospective users of the System to connect thereto.

Section 7.15. Insurance. The Issuer hereby covenants and agrees that so long as the Series 2001 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the

repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 7.16. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineer in the form similar to that attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the BPH and the Authority covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared on behalf of the Consulting Engineers, which have been approved by all necessary governmental bodies. The Consulting Engineer shall certify to the Authority, the BPH and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of the Loan Agreements.

Section 7.17. Completion of Project; Permits and Orders. The Issuer hereby covenants and agrees to complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all applicable laws, rules and regulations issued by the BPH, the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

The Issuer has obtained all permits and approvals required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with the appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Registered Owners of Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer agrees to perform, satisfy and comply with all terms and conditions of the Loan Agreement and the Act. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the BPH or other state, federal or local bodies in regard to the construction and acquisition of the Project and the operation, maintenance and use of the System.

Section 7.20. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.21. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Public Releases. The Issuer shall list the funding provided by the BPH and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Except as specifically provided herein, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once a year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records relating thereto so long as any of the Bonds are Outstanding.

Section 8.02. Certificate and Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2001 A Bonds as a condition to issuance of the Series 2001 A Bonds.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

(B) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, any Supplemental Resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Bond Registrar, any Paying Agent or a Holder of a Bond; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act, the Loan Agreement, and this Resolution relating thereto, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of any express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate

and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2001 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2001 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Holder of the Bonds, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All resolutions, indentures or orders, or parts thereof, in conflict with the provision of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption thereof.

Adopted this 10th day of October, 2001.


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of EASTERN WYOMING PUBLIC SERVICE DISTRICT on the 10th day of October, 2001.

Dated: October 16, 2001.

[SEAL]

Dallas J. Cecil
Secretary

177577

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, REDEMPTION PROVISION AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM), OF EASTERN WYOMING PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of Eastern Wyoming Public Service District (the "Issuer") has duly and officially adopted a Resolution, effective October 10, 2001 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENTS OF WATER TREATMENT AND DISTRIBUTION FACILITIES BY EASTERN WYOMING PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$360,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program) (the "Bonds"), of the Issuer, in the aggregate principal amount of not more than \$360,000 and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Bureau for Public Health (the "BPH"), all in accordance with Chapter 16, Article 13A, and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution, it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, redemption provision and other terms of the Bonds should be established by a supplemental resolution thereto and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, redemption provision and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF EASTERN WYOMING PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), of the Issuer, initially represented by a single Bond, numbered AR-1, in the principal amount of \$360,000. The Series 2001 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2031, and shall bear no interest. The principal shall be payable quarterly on March 1, June 1, September 1, and December 1, of each year, first installment payable March 1, 2002, in the amounts set forth in the Schedule Y attached to the Loan Agreement, and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in the amounts as set forth in the Loan Agreement and incorporated therein by reference. The Bonds shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

Section 2. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2001 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 4. The Issuer does hereby ratify, approve and accept the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman; and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate United National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 7. The Issuer hereby appoints and designates The Peoples Bank of Mullens, located in Mullens, West Virginia, as the Depository Bank under the Resolution.

Section 8. The Chairman and the Secretary are hereby authorized and directed to execute and deliver the Bonds and such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority on or about October 16, 2001, pursuant to the Loan Agreement.

Section 9. The acquisition, construction and improvement of the Project and the financing thereof with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. The Issuer hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Bond Resolution in money market accounts secured by a pledge of Government Obligations until further directed by the Issuer.

Section 11. The Chairman, Secretary, Treasurer and Consulting Engineer are hereby authorized and directed to requisition the BPH for costs incurred for the Project and upon receipt of proceeds from the Authority, shall deposit the proceeds in the Series 2001 A Construction Trust Fund and pay any approved Costs of the Project.

Section 12. On the Closing Date, the Issuer shall use proceeds of the Bonds in the amount of \$360,000 to pay in full the entire outstanding principal of the Notes. The Issuer shall use its own funds in the amount of \$3,092.41 to pay all interest and fees accrued on the Notes.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of October, 2001.


Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Eastern Wyoming Public Service District on the 10th day of October, 2001.

Dated: October 16, 2001.

[SEAL]

Dallas J. Cecil
Secretary

180579

DWTRF
(4/7/00)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

EASTERN WYOMING PUBLIC SERVICE DISTRICT
(Local Entity)

WITNESSETH:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.458 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

WHEREAS, the Local Entity is included on the BPH State Project Priority List and the Intended Use Plan and has met BPH's pre-application requirements for the Program;

WHEREAS, the Local Entity is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a drinking water project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Entity;

WHEREAS, the Local Entity intends to construct, is constructing or has constructed such a drinking water project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Local Entity has completed and filed with the Authority and BPH an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in the Fund, subject to the Local Entity's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Entity, BPH and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local entity," and "project" have the definitions and meanings ascribed to them in the Act or in the DWTRF Regulations.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority and BPH to the Local Entity through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Local Entity required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Entity pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.8 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.12 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Local Entity by the Consulting Engineers, the BPH and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Local Entity has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Local Entity by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Entity, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by BPH and the Authority.

2.4 The Local Entity agrees that the Authority and BPH and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Entity further agrees that the Authority and BPH and their respective duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and BPH with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Entity shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Local Entity shall permit the Authority and BPH, acting by and through their directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Entity shall submit to the Authority and BPH such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the

Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Local Entity shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

2.8 The Local Entity shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and BPH and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Entity, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Entity must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

2.10 The Local Entity shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to BPH when the Project is 90% completed. The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of

this Loan Agreement. The Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Entity hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, BPH or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Local Entity, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit A and incorporated herein by reference, and forward a copy by the 10th of each month to BPH.

2.13 The Local Entity, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward such forms to BPH in compliance with the Local Entity's construction schedule.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and BPH to make the Loan is subject to the Local Entity's fulfillment, to the satisfaction of the Authority and BPH, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Entity shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Entity shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(d) The Local Entity shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim construction financing, the Local Entity must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and,

in either case, the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

(e) The Local Entity shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Entity shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(g) The Local Entity shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(h) The Local Entity shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and BPH shall have received a certificate of the accountant for the Local Entity, or such other person or firm experienced in the finances of local entities and satisfactory to the Authority and BPH, to such effect; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and BPH shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of drinking water projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Entity by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, BPH and the Local Entity. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH.

3.6 The Local Entity shall provide BPH with the appropriate documentation to comply with the special conditions regarding the public release requirements established by federal and State regulations as set forth in Exhibit D attached hereto at such times as are set forth therein.

ARTICLE IV

Local Bonds; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of

the Local Entity in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

(iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

Provided that if the Local Entity has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues, as applicable, of the System as provided in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent

(115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Local Entity will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the DWTRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Entity shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and BPH;

(vi) That the Local Entity will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Local Entity will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Entity under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Local Entity will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and BPH. If the Local Entity receives \$300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that the Local Entity is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and BPH within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Entity and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Local Bonds;

(xvii) That the Local Entity shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Entity shall complete the Monthly Payment Form, attached hereto as Exhibit E and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Entity will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

(xxi) That the Local Entity shall submit all proposed change orders to the BPH for written approval. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Entity hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit F.

4.2 The Loan shall be secured by the pledge and assignment by the Local Entity, as effected by the Local Act, of the fees, charges and other revenues of the Local Entity from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the DWTRF Regulations, the Local Entity agrees to pay from time to time, if required by the Authority and BPH, the Local Entity's allocable share of the reasonable administrative expenses of the BPH and the Authority relating to the Program. Such administrative expenses shall be determined by the BPH and the Authority and shall include, without limitation, Program expenses, legal fees paid by the BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

Certain Covenants of the Local Entity;
Imposition and Collection of User Charges;
Payments To Be Made by
Local Entity to the Authority

5.1 The Local Entity hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Entity hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority

to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Local Entity hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Local Entity defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Entity

6.1 The Local Entity hereby acknowledges to the Authority and BPH its understanding of the provisions of the Act, vesting in the Authority and BPH certain powers, rights and privileges with respect to drinking water projects in the event of default by local entities in the terms and covenants of this Loan Agreement, and the Local Entity hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Entity shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and BPH shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation

made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this Loan Agreement.

6.3 The Local Entity hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Entity hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Entity fails to make any such rebates as required, then the Local Entity shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and BPH may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Entity to be monitored or cause the rebate calculations for the Local Entity to be prepared, in either case at the expense of the Local Entity.

6.6 The Local Entity hereby agrees to give the Authority and BPH prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.7 The Local Entity hereby agrees to file with the Authority and BPH upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Local Entity supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.5 This Loan Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Entity specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

(ii) the end of ninety (90) days after the date of execution hereof by the Authority if the Local Entity has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and BPH pursuant to Section 6.2 hereof;

or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

EASTERN WYOMING PSD

[Name of Local Entity]

(SEAL)

By: *Morgan K. Oliver*

Its: Chairman

Attest:

Date: October 16, 2001

Dallas J. Cecil

Its Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: *Janet B. Gresham*

Its: Director

Attest:

Date: October 16, 2001

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

[Form of Monthly Financial Report]

[Name of Local Entity]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

	<u>ITEM</u>	<u>CURRENT MONTH</u>	<u>TOTAL YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>BUDGET YEAR MINUS YEAR TO DATE</u>
1.	Gross Revenues Collected				
2.	Operating Expenses				
3.	Other Bond Debt Payments (including Reserve Account Deposits)				
4.	DWTRF Bond Payments (include Reserve Account Deposits)				
5.	Renewal and Replacement Fund Deposit				

Witnesseth my signature this _____ day of _____, _____.

[Name of Local Entity]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Entity to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($1200/12$). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($900/12$). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Entity other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Entity.
6. The Local Entity must complete the Monthly Financial Report and forward it to the BPH by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. BPH will notify the Local Entity when the Monthly Financial Report no longer needs to be filed.

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____ Consulting Engineers, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been _____.

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this _____ day of _____,

[SEAL]

By: _____

West Virginia License No. _____

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT D

Special Conditions

The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

EXHIBIT E

[Monthly Payment Form]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1511

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission

on behalf of _____ on _____
[Local Entity] [Date]

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

[Opinion of Bond Counsel for Local Entity]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1511

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Entity"), a
_____.

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, dated _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$ _____, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, _____, and ending _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Entity and is a valid and binding special obligation of the Local Entity enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Local Entity without the consent of the Authority and the BPH.

3. The Local Entity is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Entity and constitute valid and binding obligations of the Local Entity enforceable against the Local Entity in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Entity to the Authority and are valid and legally enforceable and binding special obligations of the Local Entity, payable from the gross or net revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the gross or net revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>360,000</u>
Purchase Price of Local Bonds	\$ <u>360,000</u>

The Local Bonds shall bear no interest. Commencing March 1, 2002, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal and interest, if any, and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Local Entity's system as provided in the Local Act.

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Entity:

Eastern Wyoming PSD
Loan of \$360,000
0% Interest Rate, 1% Administrative Fee, 30 Years
Closing Date: October 16, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2001	-	-	-
3/01/2002	3,000.00	-	3,000.00
6/01/2002	3,000.00	-	3,000.00
9/01/2002	3,000.00	-	3,000.00
12/01/2002	3,000.00	-	3,000.00
3/01/2003	3,000.00	-	3,000.00
6/01/2003	3,000.00	-	3,000.00
9/01/2003	3,000.00	-	3,000.00
12/01/2003	3,000.00	-	3,000.00
3/01/2004	3,000.00	-	3,000.00
6/01/2004	3,000.00	-	3,000.00
9/01/2004	3,000.00	-	3,000.00
12/01/2004	3,000.00	-	3,000.00
3/01/2005	3,000.00	-	3,000.00
6/01/2005	3,000.00	-	3,000.00
9/01/2005	3,000.00	-	3,000.00
12/01/2005	3,000.00	-	3,000.00
3/01/2006	3,000.00	-	3,000.00
6/01/2006	3,000.00	-	3,000.00
9/01/2006	3,000.00	-	3,000.00
12/01/2006	3,000.00	-	3,000.00
3/01/2007	3,000.00	-	3,000.00
6/01/2007	3,000.00	-	3,000.00
9/01/2007	3,000.00	-	3,000.00
12/01/2007	3,000.00	-	3,000.00
3/01/2008	3,000.00	-	3,000.00
6/01/2008	3,000.00	-	3,000.00
9/01/2008	3,000.00	-	3,000.00
12/01/2008	3,000.00	-	3,000.00
3/01/2009	3,000.00	-	3,000.00
6/01/2009	3,000.00	-	3,000.00
9/01/2009	3,000.00	-	3,000.00
12/01/2009	3,000.00	-	3,000.00
3/01/2010	3,000.00	-	3,000.00
6/01/2010	3,000.00	-	3,000.00
9/01/2010	3,000.00	-	3,000.00
12/01/2010	3,000.00	-	3,000.00
3/01/2011	3,000.00	-	3,000.00
6/01/2011	3,000.00	-	3,000.00
9/01/2011	3,000.00	-	3,000.00
12/01/2011	3,000.00	-	3,000.00
3/01/2012	3,000.00	-	3,000.00
6/01/2012	3,000.00	-	3,000.00
9/01/2012	3,000.00	-	3,000.00
12/01/2012	3,000.00	-	3,000.00
3/01/2013	3,000.00	-	3,000.00
6/01/2013	3,000.00	-	3,000.00
9/01/2013	3,000.00	-	3,000.00
12/01/2013	3,000.00	-	3,000.00
3/01/2014	3,000.00	-	3,000.00

Eastern Wyoming PSD
Loan of \$360,000
0% Interest Rate, 1% Administrative Fee, 30 Years
Closing Date: October 16, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	3,000.00	-	3,000.00
9/01/2014	3,000.00	-	3,000.00
12/01/2014	3,000.00	-	3,000.00
3/01/2015	3,000.00	-	3,000.00
6/01/2015	3,000.00	-	3,000.00
9/01/2015	3,000.00	-	3,000.00
12/01/2015	3,000.00	-	3,000.00
3/01/2016	3,000.00	-	3,000.00
6/01/2016	3,000.00	-	3,000.00
9/01/2016	3,000.00	-	3,000.00
12/01/2016	3,000.00	-	3,000.00
3/01/2017	3,000.00	-	3,000.00
6/01/2017	3,000.00	-	3,000.00
9/01/2017	3,000.00	-	3,000.00
12/01/2017	3,000.00	-	3,000.00
3/01/2018	3,000.00	-	3,000.00
6/01/2018	3,000.00	-	3,000.00
9/01/2018	3,000.00	-	3,000.00
12/01/2018	3,000.00	-	3,000.00
3/01/2019	3,000.00	-	3,000.00
6/01/2019	3,000.00	-	3,000.00
9/01/2019	3,000.00	-	3,000.00
12/01/2019	3,000.00	-	3,000.00
3/01/2020	3,000.00	-	3,000.00
6/01/2020	3,000.00	-	3,000.00
9/01/2020	3,000.00	-	3,000.00
12/01/2020	3,000.00	-	3,000.00
3/01/2021	3,000.00	-	3,000.00
6/01/2021	3,000.00	-	3,000.00
9/01/2021	3,000.00	-	3,000.00
12/01/2021	3,000.00	-	3,000.00
3/01/2022	3,000.00	-	3,000.00
6/01/2022	3,000.00	-	3,000.00
9/01/2022	3,000.00	-	3,000.00
12/01/2022	3,000.00	-	3,000.00
3/01/2023	3,000.00	-	3,000.00
6/01/2023	3,000.00	-	3,000.00
9/01/2023	3,000.00	-	3,000.00
12/01/2023	3,000.00	-	3,000.00
3/01/2024	3,000.00	-	3,000.00
6/01/2024	3,000.00	-	3,000.00
9/01/2024	3,000.00	-	3,000.00
12/01/2024	3,000.00	-	3,000.00
3/01/2025	3,000.00	-	3,000.00
6/01/2025	3,000.00	-	3,000.00
9/01/2025	3,000.00	-	3,000.00
12/01/2025	3,000.00	-	3,000.00
3/01/2026	3,000.00	-	3,000.00
6/01/2026	3,000.00	-	3,000.00
9/01/2026	3,000.00	-	3,000.00

Eastern Wyoming PSD
Loan of \$360,000
0% Interest Rate, 1% Administrative Fee, 30 Years
Closing Date: October 16, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+i
12/01/2026	3,000.00	-	3,000.00
3/01/2027	3,000.00	-	3,000.00
6/01/2027	3,000.00	-	3,000.00
9/01/2027	3,000.00	-	3,000.00
12/01/2027	3,000.00	-	3,000.00
3/01/2028	3,000.00	-	3,000.00
6/01/2028	3,000.00	-	3,000.00
9/01/2028	3,000.00	-	3,000.00
12/01/2028	3,000.00	-	3,000.00
3/01/2029	3,000.00	-	3,000.00
6/01/2029	3,000.00	-	3,000.00
9/01/2029	3,000.00	-	3,000.00
12/01/2029	3,000.00	-	3,000.00
3/01/2030	3,000.00	-	3,000.00
6/01/2030	3,000.00	-	3,000.00
9/01/2030	3,000.00	-	3,000.00
12/01/2030	3,000.00	-	3,000.00
3/01/2031	3,000.00	-	3,000.00
6/01/2031	3,000.00	-	3,000.00
9/01/2031	3,000.00	-	3,000.00
12/01/2031	3,000.00	-	3,000.00
Total	360,000.00	-	360,000.00 *

YIELD STATISTICS

Bond Year Dollars.....	\$5,490.00
Average Life.....	15.250 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.11E-13
Bond Yield for Arbitrage Purposes.....	1.11E-13
All Inclusive Cost (AIC).....	0.9921983%

IRS FORM 8038

Net Interest Cost.....	
Weighted Average Maturity.....	15.250 Years

Ferris, Baker Watts, Inc.

File = Eastern Wyoming County PSD Loans.sf

West Virginia Public Finance Office

*Plus \$453.75 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$54,450.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 3rd day of August, 2001.

CASE NO. 01-1039-W-PWD-PC

MULLENS WATER WORKS, INC. and
EASTERN WYOMING PUBLIC SERVICE DISTRICT

Petition for consent and approval to sell the assets of
Mullens Water Works to Eastern Wyoming Public Service District

COMMISSION ORDER

On August 3, 2001, the Eastern Wyoming Public Service District and Mullens Water Works, Inc. filed a proposed agreement of sale whereby Mullens Water Works, Inc. (MWW), a privately owned utility, would sell its assets to Eastern Wyoming Public Service District (PSD). The Commission will grant its consent and approval for MWW and the PSD to enter into the sale agreement. The Commission will approve the receipt of funds by the PSD necessary to purchase MWW. Additionally, the Commission will grant its consent and approval to the PSD entering into an operation and maintenance agreement with Logan County PSD.

DISCUSSION

By Order entered February 27, 2001 in Case No. 00-1652-PWD-PC, Wyoming County Commission, the Commission approved the formation of Eastern Wyoming Public Service District. The Commission found that the formation of the PSD was in the public interest. Among other things, the Commission noted that the PSD would eventually acquire several failing private systems. In addition, the City of Mullens had negotiated an option to purchase Mullens Water Works which would be assigned to the PSD upon the creation of the PSD. Thus, it was contemplated by the Commission that once the PSD was formed that MWW would be transferred to Eastern Wyoming PSD. Furthermore, it was noted in the Commission's order that Logan County PSD would take over the operation and maintenance of existing systems to be included in the PSD pursuant to a contract between the PSD and Logan County PSD. Long range project budgets were \$14,580,000, which would establish quality water service to Wyoming County including the City of Mullens.



SC, the Public Service Commission ordered MWW to file an application for a certificate of public convenience and necessity to make improvements and replacements necessary to substantially improve the quality of service to its customers.

On January 18, 2000, MWW filed an application for a certificate of public convenience and necessity to construct and replace physical plant to improve service at an estimated project cost of \$1.6 million. MWW stated that its efforts to obtain funding for its project through private banks had failed and MWW proposed to fund the improvements and replacements by charging a \$10.00 per month customer surcharge as a contribution in aid of construction. MWW proposed to complete the project in eighteen years.

On February 18, 2000, Staff filed an interim joint staff memorandum stating that MWW's certificate application was seriously deficient. Staff expressed concern with the eighteen year completion schedule for the project. Staff suggested that MWW's inability to access financial resources to complete the project in a timely fashion could serve as the factual basis for a finding by the Commission that MWW is unable to adequately serve its customers as contemplated by West Virginia Code §24-2-7(b) which sets forth the prerequisites for placing a public utility in receivership.

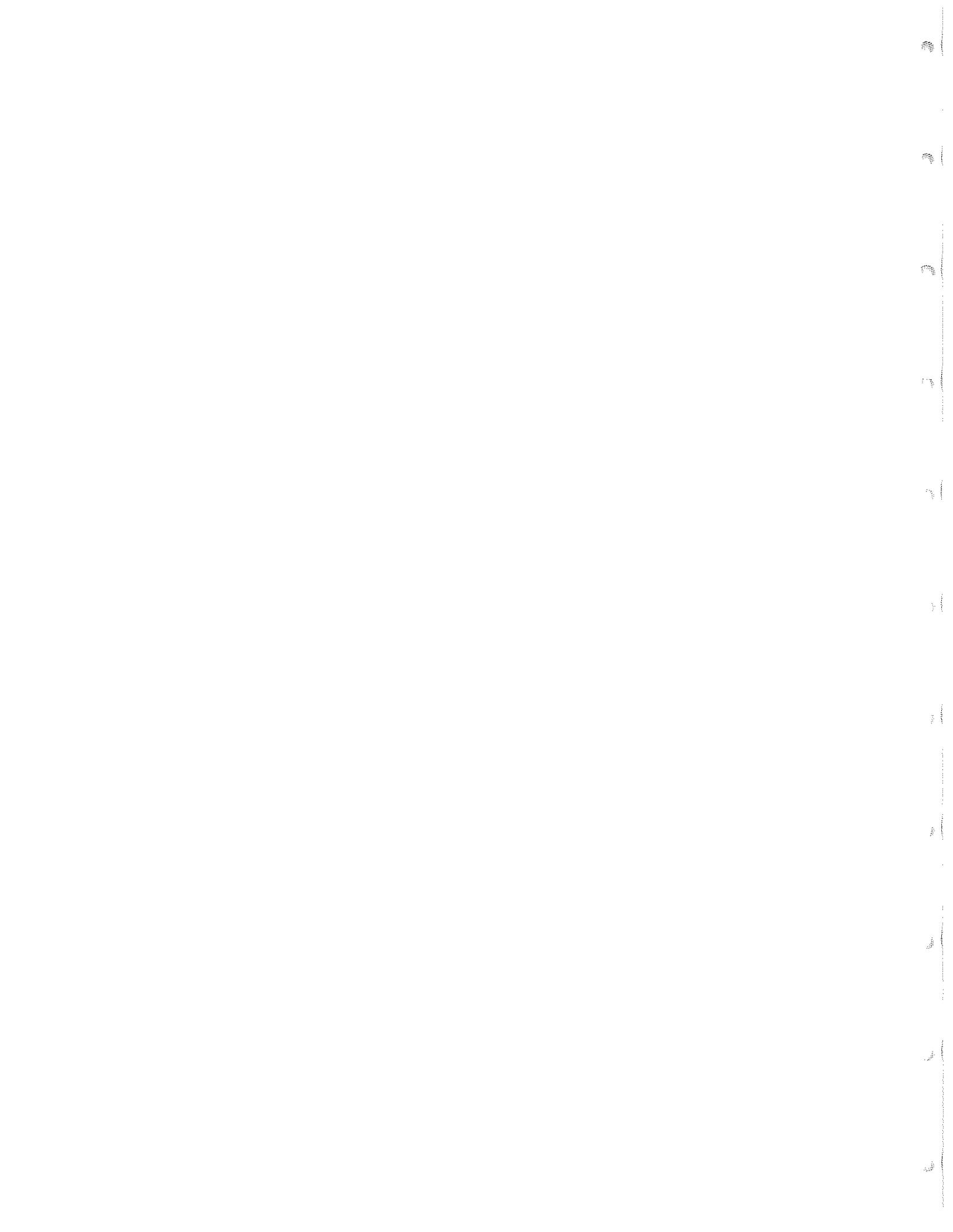
By letter dated February 5, 2001, which was filed in Case No. 00-0064-W-CN, MWW tendered to the PSD a proposed sale agreement to sell the assets of MWW to the PSD for the purchase price of \$250,000. Subsequent to those negotiations, the City of Mullens experienced devastating flooding in July of 2001. As a result of that flooding, the parties to the agreement acknowledged that there had been damage to the existing water system and that it was necessary to renegotiate the proposed purchase price.

The sale agreement that has been filed on August 3, 2001, represents the successful renegotiation of the sale agreement by the PSD and MWW.

On June 25, 2001, a document was filed in Case No. 00-0064-W-CN which is a proposed operation and maintenance agreement between Logan County PSD and Eastern Wyoming PSD. Among other things, the agreement provides that Logan County PSD would operate and maintain the water systems of the Eastern Wyoming PSD including the Mullens Water Company. The agreement allows Eastern Wyoming PSD to utilize the personnel and expertise of the Logan County PSD while Eastern Wyoming is making its transition to a fully staffed and operating PSD.

By letter dated June 21, 2001 to Rick Roberts, the managing engineer for Logan County PSD, the Department of Health and Human Resources committed a binding offer of a loan to Eastern Wyoming PSD to acquire Mullens Water Works, Inc., Buckeye Water Works, Inc., Welton Water Company, Corrine Water System, and Pierpoint Water System. As noted in that letter, the purchase of these systems will allow the District to consolidate the systems and develop into a regional water provider.

Pursuant to provisions of West Virginia Code §16-13A-25, the PSD is required to obtain



Commission approval prior to borrowing money. In addition, the proposed sale of assets by MWW to Eastern Wyoming PSD and the proposed operation and maintenance agreement between Logan County PSD and Eastern Wyoming PSD must be approved by the Commission pursuant to West Virginia Code §24-2-12. The Commission has reviewed the proposed agreements and finds that the terms and conditions thereof are reasonable, that neither party is given an undue advantage over the other, and that the proposed agreements do not adversely affect the public in this State. Indeed, the proposed agreements greatly benefit the public in Wyoming County by setting the stage for the development of a regional water provider. Based upon the Commission's knowledge of these matters, the filing of these documents in other Commission cases, and the need to immediately begin repairs to the water treatment plant to provide potable water to the residents of Mullens, the Commission believes that it is reasonable to waive public notice of these applications, to grant its consent and approval for the PSD to borrow the money necessary to purchase MWW, to grant its consent and approval for Eastern Wyoming PSD to purchase the assets of Mullens Water Works, and to grant its consent and approval for Logan County PSD and Eastern Wyoming PSD to enter into an operation and maintenance agreement.

FINDINGS OF FACT

1. On August 3, 2001, the Eastern Wyoming Public Service District and Mullens Water Works, Inc. filed a proposed agreement of sale whereby Mullens Water Works, Inc. (MWW), a privately owned utility, would sell its assets to Eastern Wyoming Public Service District (PSD).
2. By Order entered February 27, 2001 in Case No. 00-1652-PWD-PC, Wyoming County Commission, the Commission approved the formation of Eastern Wyoming Public Service District.
3. It was contemplated that once the PSD was formed that MWW would be transferred to Eastern Wyoming PSD. Furthermore, it was noted in the Commission's order that Logan County PSD would take over the operation and maintenance of existing systems to be included in the PSD pursuant to a contract between the PSD and Logan County PSD.
4. On January 18, 2000, MWW filed an application for a certificate of public convenience and necessity to construct and replace physical plant to improve service at an estimated project cost of \$1.6 million. MWW stated that its efforts to obtain funding for its project through private banks had failed and MWW proposed to fund the improvements and replacements by charging a \$10.00 per month customer surcharge as a contribution in aid of construction. MWW proposed to complete the project in eighteen years. On February 18, 2000, Staff filed an interim joint staff memorandum stating that MWW's certificate application was seriously deficient.
5. By letter dated February 5, 2001, which was filed in Case No. 00-0064-W-CN, MWW tendered to the PSD a proposed sale agreement to sell the assets of MWW to the PSD for the purchase price of \$250,000. Subsequent to those negotiations, the City of Mullens experienced devastating flooding in July of 2001. As a result of that flooding, parties to the agreement acknowledged that there had been damage to the existing water system and that it was necessary to renegotiate the proposed purchase price.



6. On June 25, 2001, a document was filed in Case No. 00-0064-W-CN which is a proposed operation and maintenance agreement between Logan County PSD and Eastern Wyoming PSD. Among other things, the agreement provides that Logan County PSD would operate and maintain the water systems of the Eastern Wyoming PSD including the Mullens Water Company. The agreement allows Eastern Wyoming PSD to utilize the personnel and expertise of the Logan County PSD while Eastern Wyoming is making its transition to a fully staffed and operating PSD.

7. By letter dated June 21, 2001 to Rick Roberts, the managing engineer for Logan County PSD, the Department of Health and Human Resources committed a binding offer of a loan to Eastern Wyoming PSD to acquire Mullens Water Works, Inc., Buckeye Water Works, Inc. Welton Water Company, Corrine Water System, and Pierpoint Water System. As noted in that letter, the purchase of systems will allow the District to consolidate the systems and develop into a regional water provider.

CONCLUSIONS OF LAW

1. The Commission has reviewed the proposed agreements and finds that the terms and conditions thereof are reasonable, that neither party is given an undue advantage over the other, and that the proposed agreements do not adversely affect the public in this State. Indeed, the proposed agreements greatly benefit the public in Wyoming County by setting the stage for the development of a regional water provider.

2. Based upon the Commission's knowledge of these matters, the filing of these documents in other Commission cases, and the need to immediately begin repairs to the water treatment plant to provide potable water to the residents of Mullens, the Commission believes that it is reasonable to waive public notice of these applications, to grant its consent and approval for the PSD to borrow the money necessary to purchase MWW, to grant its consent and approval for Eastern Wyoming PSD to purchase the assets of Mullens Water Works, and to grant its consent and approval for Logan County PSD and Eastern Wyoming PSD to enter into an operation and maintenance agreement.

ORDER

IT IS THEREFORE ORDERED that the Commission's prior consent and approval is given to Mullens Water Works, Inc. and Eastern Wyoming Public Service District to enter into the agreement of sale filed with the Commission on August 3, 2001 in this proceeding.

IT IS FURTHER ORDERED that the Commission's prior consent and approval is given to Eastern Wyoming Public Service District to borrow the money offered by the Department of Health and Human Resources in its June 21, 2001 letter.

IT IS FURTHER ORDERED that Eastern Wyoming Public Service District is granted the necessary power and authority to operate the utility system previously operated by Mullens Water Works, Inc.



IT IS FURTHER ORDERED that the Commission's prior consent and approval is given to Logan County Public Service District and Eastern Wyoming Public Service District to enter into the operation and maintenance agreement.

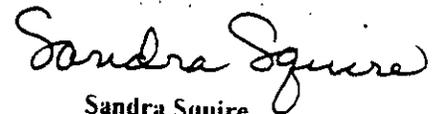
IT IS FURTHER ORDERED that Eastern Wyoming Public Service District is granted the authority to charge the existing rates of Mullens Water Works, Inc. to its customers served by the system purchased.

IT IS FURTHER ORDERED that the Commission's tariff office should make the necessary modifications to the existing tariffs of Mullens Water Works, Inc. reflecting the adoption by Eastern Wyoming Public Service District and tender them to the Public Service District for their signature and resubmittal to the Commission's tariff office.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order on all parties of record by First Class United States Mail and upon Commission Staff by hand delivery.

IT IS FURTHER ORDERED that upon entry hereof, this proceeding shall be removed from the Commission's docket of open cases.

A True Copy. Teste:



Sandra Squire
Executive Secretary

REH/cbd
MULLENS WPD



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 14th day of August, 2001.

CASE NO. 01-1039-W-PWD-PC

MULLENS WATER WORKS, INC. and
EASTERN WYOMING PUBLIC SERVICE DISTRICT

**FURTHER COMMISSION ORDER GRANTING PETITION TO REOPEN
AND APPROVING INTERIM FINANCING**

By motion dated August 13, 2001, the Eastern Wyoming Public Service District filed a "Motion for Consent and Approval of Interim Financing and Entry of a Supplemental Order". The Executive Secretary's Office treated this filing as a petition to reopen this case.

By Order entered August 3, 2001, the Commission granted its consent and approval to Eastern Wyoming PSD and Mullens Water Works, Inc. to enter into a proposed agreement of sale whereby Mullens Water Works would sell its assets to Eastern Wyoming PSD. Among other things, the order also approved Eastern Wyoming PSD borrowing money offered by the Department of Health and Human Resources detailed in a June 21, 2001 letter filed on August 3, 2001. The letter explains that the source of funds for the loan will be from the Drinking Water Treatment Fund (DWTRF).

The motion filed by the PSD now indicates that it will not be able to close on the DWTRF loan until late September, 2001. In the interim, the PSD now requests authority to receive a Water Development Authority loan up to \$400,000 at an interest rate not to exceed 4% annually to purchase Mullens Water Works and to make necessary repairs to be taken out of the proceeds of the DWTRF loan previously approved by the Commission. The PSD indicates that it can close on the sale by this Thursday, August 16, 2001, if the Commission approves this interim financing. The motion also attached a letter dated August 13, 2001 from the Water Development Authority agreeing to provide the interim funding.

FINDINGS OF FACT

1. The motion filed by the PSD now indicates that it will not be able to close on the DWTRF loan until late September, 2001. In the interim, the PSD now requests authority to receive a Water



Development Authority loan up to \$400,000 at an interest rate not to exceed 4% annually to purchase Mullens Water Works and to make necessary repairs to be taken out of the proceeds of the DWTRF loan previously approved by the Commission.

2. The PSD indicates that it can close on the sale by this Thursday, August 16, 2001, if the Commission approves this interim financing.

CONCLUSION OF LAW

The Commission finds it reasonable and in the public interest to grant its consent and approval for the PSD to enter into this interim financing.

ORDER

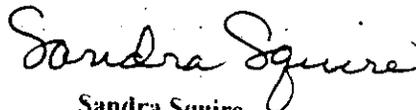
Upon consideration of which IT IS THEREFORE ORDERED that the Commission's prior consent and approval is given to Eastern Wyoming Public Service District to borrow the money contained in the commitment letter from WDA dated August 13, 2001, specifically, to borrow up to \$400,000 at an interest rate not to exceed 4% annually to purchase Mullens Water Works and make immediate necessary repairs to Mullens Water Works, to be taken out of the proceeds of the DWTRF loan previously approved by the Commission.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order on all parties of record by First Class United States mail and upon Commission Staff by hand delivery.

IT IS FURTHER ORDERED that upon entry hereof this proceeding shall be removed from the Commission's docket of open cases.

REH/cbd
011039ca.wpd

A True Copy. Teste:


Sandra Squire
Executive Secretary



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA DWTRF PROGRAM)

SPECIMEN

No. AR-1
\$360,000

KNOW ALL MEN BY THESE PRESENTS: That EASTERN WYOMING PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wyoming County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, the principal sum of THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on said EXHIBIT B.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated October 16, 2001.

This Bond is issued to refund the Issuer's Water System Notes, Series 2001 A (West Virginia Water Development Authority) which were issued (i) to temporarily pay the costs of the acquisition, construction and improvement

by the Issuer of a water development project (the "Project"), and (ii) to pay the costs of issuance hereof and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on October 10, 2001, and a Supplemental Resolution duly adopted by the Issuer on October 10, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

SPECIMEN

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act, and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the

Registrar (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

Under the Act, this Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation and the statutes under which this Bond is issued shall be deemed to be part of the contract evidenced by this Bond to the same extent as if written fully herein.

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

SPECIMEN

IN WITNESS WHEREOF, EASTERN WYOMING PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated October 16, 2001.

[SEAL]

EASTERN WYOMING PUBLIC
SERVICE DISTRICT

SPECIMEN *Morgan R. Davis*
Chairman

Attest:

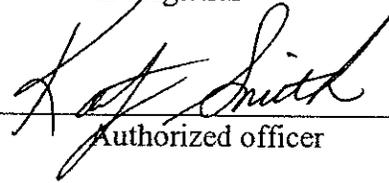
Dallas J. Cecil
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: October 16, 2001.

SPECIMEN UNITED NATIONAL BANK,
as Registrar


Authorized officer

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EXHIBIT A
RECORD OF ADVANCES

SPECIMEN

AMOUNT	DATE	AMOUNT	DATE
(1) \$360,000.00	October 16, 2001	(19)	
(2) \$		(20)	
(3) \$		(21)	
(4) \$		(22)	
(5) \$		(23)	
(6) \$		(24)	
(7) \$		(25)	
(8) \$		(26)	
(9) \$		(27)	
(10) \$		(28)	
(11) \$		(29)	
(12) \$		(30)	
(13) \$		(31)	
(14) \$		(32)	
(15) \$		(33)	
(16) \$		(34)	
(17) \$		(35)	
(18) \$		(36)	
TOTAL	<u>\$360,000.00</u>		

EXHIBIT B

SPECIMEN

Eastern Wyoming PSD
 Loan of \$360,000
 0% Interest Rate, 1% Administrative Fee, 30 Years
 Closing Date: October 16, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2001	-	-	-
3/01/2002	3,000.00	-	3,000.00
6/01/2002	3,000.00	-	3,000.00
9/01/2002	3,000.00	-	3,000.00
12/01/2002	3,000.00	-	3,000.00
3/01/2003	3,000.00	-	3,000.00
6/01/2003	3,000.00	-	3,000.00
9/01/2003	3,000.00	-	3,000.00
12/01/2003	3,000.00	-	3,000.00
3/01/2004	3,000.00	-	3,000.00
6/01/2004	3,000.00	-	3,000.00
9/01/2004	3,000.00	-	3,000.00
12/01/2004	3,000.00	-	3,000.00
3/01/2005	3,000.00	-	3,000.00
6/01/2005	3,000.00	-	3,000.00
9/01/2005	3,000.00	-	3,000.00
12/01/2005	3,000.00	-	3,000.00
3/01/2006	3,000.00	-	3,000.00
6/01/2006	3,000.00	-	3,000.00
9/01/2006	3,000.00	-	3,000.00
12/01/2006	3,000.00	-	3,000.00
3/01/2007	3,000.00	-	3,000.00
6/01/2007	3,000.00	-	3,000.00
9/01/2007	3,000.00	-	3,000.00
12/01/2007	3,000.00	-	3,000.00
3/01/2008	3,000.00	-	3,000.00
6/01/2008	3,000.00	-	3,000.00
9/01/2008	3,000.00	-	3,000.00
12/01/2008	3,000.00	-	3,000.00
3/01/2009	3,000.00	-	3,000.00
6/01/2009	3,000.00	-	3,000.00
9/01/2009	3,000.00	-	3,000.00
12/01/2009	3,000.00	-	3,000.00
3/01/2010	3,000.00	-	3,000.00
6/01/2010	3,000.00	-	3,000.00
9/01/2010	3,000.00	-	3,000.00
12/01/2010	3,000.00	-	3,000.00
3/01/2011	3,000.00	-	3,000.00
6/01/2011	3,000.00	-	3,000.00
9/01/2011	3,000.00	-	3,000.00
12/01/2011	3,000.00	-	3,000.00
3/01/2012	3,000.00	-	3,000.00
6/01/2012	3,000.00	-	3,000.00
9/01/2012	3,000.00	-	3,000.00
12/01/2012	3,000.00	-	3,000.00
3/01/2013	3,000.00	-	3,000.00
6/01/2013	3,000.00	-	3,000.00
9/01/2013	3,000.00	-	3,000.00
12/01/2013	3,000.00	-	3,000.00
3/01/2014	3,000.00	-	3,000.00

Ferris, Baker Waus, Inc.
 West Virginia Public Finance Office

File = Eastern Wyoming County PSD Loans.sfl

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SPECIMEN

Eastern Wyoming PSD
Loan of \$360,000
0% Interest Rate, 1% Administrative Fee, 30 Years
Closing Date: October 16, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	3,000.00	-	3,000.00
9/01/2014	3,000.00	-	3,000.00
12/01/2014	3,000.00	-	3,000.00
3/01/2015	3,000.00	-	3,000.00
6/01/2015	3,000.00	-	3,000.00
9/01/2015	3,000.00	-	3,000.00
12/01/2015	3,000.00	-	3,000.00
3/01/2016	3,000.00	-	3,000.00
6/01/2016	3,000.00	-	3,000.00
9/01/2016	3,000.00	-	3,000.00
12/01/2016	3,000.00	-	3,000.00
3/01/2017	3,000.00	-	3,000.00
6/01/2017	3,000.00	-	3,000.00
9/01/2017	3,000.00	-	3,000.00
12/01/2017	3,000.00	-	3,000.00
3/01/2018	3,000.00	-	3,000.00
6/01/2018	3,000.00	-	3,000.00
9/01/2018	3,000.00	-	3,000.00
12/01/2018	3,000.00	-	3,000.00
3/01/2019	3,000.00	-	3,000.00
6/01/2019	3,000.00	-	3,000.00
9/01/2019	3,000.00	-	3,000.00
12/01/2019	3,000.00	-	3,000.00
3/01/2020	3,000.00	-	3,000.00
6/01/2020	3,000.00	-	3,000.00
9/01/2020	3,000.00	-	3,000.00
12/01/2020	3,000.00	-	3,000.00
3/01/2021	3,000.00	-	3,000.00
6/01/2021	3,000.00	-	3,000.00
9/01/2021	3,000.00	-	3,000.00
12/01/2021	3,000.00	-	3,000.00
3/01/2022	3,000.00	-	3,000.00
6/01/2022	3,000.00	-	3,000.00
9/01/2022	3,000.00	-	3,000.00
12/01/2022	3,000.00	-	3,000.00
3/01/2023	3,000.00	-	3,000.00
6/01/2023	3,000.00	-	3,000.00
9/01/2023	3,000.00	-	3,000.00
12/01/2023	3,000.00	-	3,000.00
3/01/2024	3,000.00	-	3,000.00
6/01/2024	3,000.00	-	3,000.00
9/01/2024	3,000.00	-	3,000.00
12/01/2024	3,000.00	-	3,000.00
3/01/2025	3,000.00	-	3,000.00
6/01/2025	3,000.00	-	3,000.00
9/01/2025	3,000.00	-	3,000.00
12/01/2025	3,000.00	-	3,000.00
3/01/2026	3,000.00	-	3,000.00
6/01/2026	3,000.00	-	3,000.00
9/01/2026	3,000.00	-	3,000.00

Ferns, Baker Waus, Inc
West Virginia Public Finance Office

File # Eastern Wyoming County PSD Loans.sfl

SPECIMEN

Eastern Wyoming PSD
Loan of \$360,000
0% Interest Rate, 1% Administrative Fee, 30 Years
Closing Date: October 16, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2026	3,000.00	-	3,000.00
3/01/2027	3,000.00	-	3,000.00
6/01/2027	3,000.00	-	3,000.00
9/01/2027	3,000.00	-	3,000.00
12/01/2027	3,000.00	-	3,000.00
3/01/2028	3,000.00	-	3,000.00
6/01/2028	3,000.00	-	3,000.00
9/01/2028	3,000.00	-	3,000.00
12/01/2028	3,000.00	-	3,000.00
3/01/2029	3,000.00	-	3,000.00
6/01/2029	3,000.00	-	3,000.00
9/01/2029	3,000.00	-	3,000.00
12/01/2029	3,000.00	-	3,000.00
3/01/2030	3,000.00	-	3,000.00
6/01/2030	3,000.00	-	3,000.00
9/01/2030	3,000.00	-	3,000.00
12/01/2030	3,000.00	-	3,000.00
3/01/2031	3,000.00	-	3,000.00
6/01/2031	3,000.00	-	3,000.00
9/01/2031	3,000.00	-	3,000.00
12/01/2031	3,000.00	-	3,000.00
Total	360,000.00	-	360,000.00 *

YIELD STATISTICS

Bond Year Dollars.....	\$5,490.00
Average Life.....	15.250 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.11E-13
Bond Yield for Arbitrage Purposes.....	1.11E-13
All Inclusive Cost (AIC).....	0.9921983%

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	15.250 Years

Ferris, Baker Watts, Inc.
 West Virginia Public Finance Office

File = Eastern Wyoming County PSD Loans.sf

*Plus \$453.75 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$54,450.

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____, the within-mentioned Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

SPECIMEN

IN THE PRESENCE OF:

177602

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On this 16th day of October, 2001, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority") for and on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the undersigned Chairman of the Public Service Board of Eastern Wyoming Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the entire original issue of Eastern Wyoming Public Service District Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), No. AR-1, issued as a single, fully registered Bond, in the principal amount of \$360,000 dated October 16, 2001 (the "Bonds").

2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Issuer.

3. The Issuer has received and hereby acknowledges receipt from the Authority of the sum of \$360,000, being the total amount of principal of the Bonds.

WITNESS our respective signatures on this 16th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

EASTERN WYOMING PUBLIC
SERVICE DISTRICT

Morgan H Omer
Chairman

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BOND

United National Bank, as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 16th day of October, 2001, there are delivered to you herewith as Registrar for the above-captioned Bonds:

(1) Bond No. AR-1, constituting the entire original issue of the Eastern Wyoming Public Service District Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), in the principal amount of \$360,000, dated October 16, 2001 (the "Bonds"), executed by the Chairman and the Secretary of Eastern Wyoming Public Service District (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on October 10, 2001, and a Supplemental Resolution duly adopted by the Issuer on October 10, 2001 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bonds, duly certified by the Secretary of the Issuer;

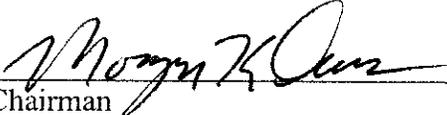
(3) Executed counterparts of the loan agreement dated October 16, 2001, (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority, upon payment to the Issuer of the sum of \$360,000 representing the entire principal amount of the Bonds. Prior to such delivery of the Bonds, you will cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 16th day of October, 2001.

EASTERN WYOMING PUBLIC
SERVICE DISTRICT


Chairman

177599

West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

June 6, 2001

Morgan K. Davis, Chairman
Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, West Virginia 25882

Re: Eastern Wyoming Public Service District
2001W-625 (part of 95W-127)

Dear Mr. Davis:

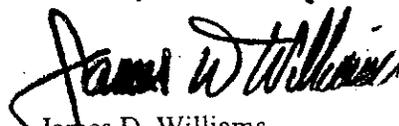
The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Eastern Wyoming Public Service District's (the "District") preliminary application regarding its proposed project to acquire the existing Mullens Water Works, Welton Water, Corrine Water, Buckeye Waterworks and Pierpont Water systems.

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District seek a Drinking Water Treatment Revolving Fund (DWTRF) loan for \$500,000 to finance this project. Please contact the Bureau for Public Health at 558-2981 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,



James D. Williams

Enclosure
JDW/km

cc: Walt Ivey, BPH (w/o enclosure)
Rick Roberts, Logan County PSD
Region II Planning & Development Council



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bob Wise
Governor

Paul L. Nusbaum
Secretary

August 10, 2001

Morgan K. Davis, Chairman
Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, WV 25882

Re: Revised Binding Commitment Letter
Eastern Wyoming Public Service District
Project No. 2001W-625 (formerly 95W-127)
99DWTRF001
Wyoming County

Dear Mr. Davis:

The Bureau for Public Health (Bureau) agrees to revise the binding commitment letter of June 21, 2001. The commitment is revised to allow Eastern Wyoming Public Service District to acquire the Mullens Water Works, Inc., Buckeye Water Works, Inc., Welton Water Company, Corrine Water System, and Pierpoint Water System, and also to include the purchase and installation of necessary equipment for the repair of the water system that has been damaged due to the recent flooding. This additional work is essential to the operation of the water system in meeting the requirements of the drinking water standards. The other terms of the loan will not change.

If you have any questions regarding this loan commitment, please contact me at 304-558-2981.

Very truly yours,

A handwritten signature in cursive script that reads "Walter M. Ivey".

Walter M. Ivey, P.E., Manager
Infrastructure & Capacity Development
Environmental Engineering Division

WMI/bd

BUREAU FOR PUBLIC HEALTH
Office of Environmental Health Services
815 Quarrier Street, Suite 418 (Morrison Building)
Charleston, West Virginia 25301-2616
Telephone: (304) 558-2981 FAX: (304) 558-0691

Morgan K. Davis, Chairman
Eastern Wyoming Public Service District
August 10, 2001
Page two

pc: Dallas J. Cecil, EWPSC
Charles W. Thompson, EWPSD

e-mail: E. Richard Staton, Esquire
Rick Roberts, P.E., LCPSD
David N. Cole, Region I P&DC
Daniel "Bernie" Yonkosky, WDA
Katy Mallory, P.E., LJDC
Samme L. Gee, Esquire
David P. Ferretti, Esquire
Susan J. Riggs, Esquire
Victor R. Wilford, P.E., Director, OEHS, EED

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return to the Bureau for Public Health, 815 Quarrier Street, Suite 418, Charleston, WV 25301, Attn: Walter M. Ivey, P.E.

Eastern Wyoming Public Service District

By: Morgan K. Davis

Title: Chairman

Date: 9/11/01



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bob Wise
Governor

June 21, 2001

Paul L. Nusbaum
Secretary

Rick Roberts, P.E., Managing Engineer
Logan County Public Service District
Suite 507, White & Browning Bldg.
201 ½ Stratton Street
Logan, WV 25601

Re: Binding Commitment Letter
Eastern Wyoming Public Service District
Project No. 2001W-625 (formerly 95W-127)
99DWTRF001
Wyoming County

Dear Mr. Roberts:

The Bureau for Public Health (Bureau) provides this binding offer of a loan of approximately \$500,000 for Eastern Wyoming Public Service District (District), to acquire the Mullens Water Works, Inc., Buckeye Water Works, Inc., Welton Water Company, Corrine Water System, and Pierpoint Water System. The purchase of these systems will allow the District to consolidate the systems and develop into a regional water provider. The source of funds for the loan will be from the Drinking Water Treatment Revolving Fund. The loan will be subject to the terms set forth on Schedule "A" attached hereto and incorporated herein by reference. The loan agreement will be between the District and West Virginia Water Development Authority (Authority), who is the administrator of the DWTRF, acting on behalf of the Bureau.

This loan commitment is also contingent upon the following:

- a. A Capacity Development Assessment, performed by staff of the Bureau for Public Health, on the District with a favorable response.
- b. Submission of all documentation required for approval of the sale of these utilities by the Public Service Commission.

If the District becomes aware that it will not meet one or more of the requirements, they should immediately notify the Bureau of this fact and the circumstances which have caused the delay.

BUREAU FOR PUBLIC HEALTH
Office of Environmental Health Services
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301-2616
Telephone: (304) 558-2981 FAX: (304) 558-0691

Rick Roberts, P.E., Managing Engineer
Logan County Public Service District
June 21, 2001
Page two

If you have any questions regarding this loan commitment, please contact me at 304-558-2981.

Very truly yours,



Walter M. Ivey, P.E., Manager
Infrastructure & Capacity Development
Environmental Engineering Division

WMI/bd

Attachment

pc: David Cole, Region I P&DC
Katy Mallory, P.E., IJDC
Daniel "Bernie" Yonkosky, WDA
Samme L. Gee, Esquire
Debbie Legg, Development Office
OEHS Beckley District Office
Victor R. Wilford, P.E., Director, OEHS, EED
Richard L. Watson, Capacity Development Coordinator, OEHS

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return to the Bureau for Public Health, 815 Quarrier Street, Suite 418, Charleston, WV 25301, Attn: Walter M. Ivey, P.E.

Easter Wyoming Public Service District

By: Morgan K. Oam

Title: Chairman

Date: 7/3/01

WEST VIRGINIA BUREAU FOR PUBLIC HEALTH
Drinking Water Treatment Revolving Fund
Binding Commitment

SCHEDULE A

- A. Project June 21, 2001
Eastern Wyoming Public Service District
Phase I - System Acquisition
Wyoming County
IJDC No.: 2001W-625 (formerly 95W-127)
DWTRF No.: 99DWTRF001
- B. Drinking Water Treatment Revolving Fund
Loan: Approximate Amount: \$ 500,000
Terms: 0% + 1% administrative fee

Maturity Date: 30 years
Special Conditions (if any): None
- C. Other Funding Sources:
1. None \$ 0
- D. Total Project Cost: Amount: \$ 500,000
- E. Proposed User Rates: Average: \$ 30.00 per 4,500 gallons

LAW OFFICES
SPILMAN THOMAS & BATTLE, PLLC
SINCE 1864

990 ELMER PRINCE DRIVE, SUITE 205
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE (304) 599-8175

417 GRAND PARK DRIVE, SUITE 203
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE (304) 422-6700

SPILMAN CENTER
300 KANAWHA BOULEVARD, EAST
POST OFFICE BOX 273
CHARLESTON, WEST VIRGINIA 25321-0273

TELEPHONE (304) 340-3800
FACSIMILE (304) 340-3801

333 PENCO ROAD, SUITE A
WEIRTON, WEST VIRGINIA 26062
TELEPHONE (304) 723-6980

WRITER'S DIRECT DIAL NO.

October 16, 2001

Eastern Wyoming Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, West Virginia 25882

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301-2616

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

Ladies and Gentlemen:

We are acting as co-bond counsel in connection with the issuance by Eastern Wyoming Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$360,000 Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated October 16, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2002, and maturing December 1, 2031, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and

SPILMAN THOMAS & BATTLE, PLLC

Eastern Wyoming Public Service District, et. al.

October 16, 2001

Page 2

Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of paying the Issuer's \$360,000 Water System Notes, Series 2001 A (West Virginia Water Development Authority) dated August 23, 2001 which were originally issued for the purpose of (i) temporarily financing the cost of the acquisition, construction and improvements by the Issuer of a water development project (the "Project"); and (ii) paying costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 10, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 10, 2001 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to adopt the Bond Legislation, to acquire and construct the Project, to operate and maintain the System, and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized, executed and delivered on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended so as to adversely affect the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH. We express no opinion as to, but have assumed to the extent necessary to establish mutuality, the binding effect on and enforceability against the Authority of the Loan Agreement.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer, are in full force and effect as of the date hereof and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of

SPILMAN THOMAS & BATTLE, PLLC

Eastern Wyoming Public Service District, et. al.
October 16, 2001
Page 3

the Issuer, payable solely from the Net Revenues derived from the operation of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

We have examined the executed and authenticated Bond numbered AR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

This opinion is based solely upon West Virginia and federal law as in effect on this date. We assume no obligation to revise or supplement this opinion should the present law of the jurisdictions mentioned be changed.

Very truly yours,

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC



BUCKINGHAM, DOOLITTLE & BURROUGHS, LLP

Attorneys & Counselors at Law

50 S. Main Street P.O. Box 1500 Akron, Ohio 44309-1500
330.376.5300 Fax 330.258.6559 www.bdblaw.com

Akron
Boca Raton
Canton
Cleveland
Columbus
Naples

October 16, 2001

Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, West Virginia 25882

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301-2616

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

Re: Eastern Wyoming Public Service District Water Revenue Bonds,
Series 2001 A (West Virginia DWTRF Program)

We are acting as co-bond counsel in connection with the issuance by Eastern Wyoming Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$360,000 Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated October 16, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2002, and maturing December 1, 2031, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of paying the Issuer's \$360,000 Water System Notes, Series 2001 A (West Virginia Water Development Authority) dated August 23, 2001 which were originally

issued for the purpose of (i) temporarily financing the cost of the acquisition, construction and improvement by the Issuer of a water development project (the "Project"); and (ii) paying costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 10, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 10, 2001 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to adopt the Bond Legislation, to acquire and construct the Project, to operate and maintain the System, and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized, executed and delivered on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended so as to adversely affect the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH. We express no opinion as to, but have assumed to the extent necessary to establish mutuality, the binding effect on and enforceability against the Authority of the Loan Agreement.
3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer, are in full force and effect as of the date hereof and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable solely from the Net Revenues derived from the

operation of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.
6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

We have examined the executed and authenticated Bond numbered AR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

This opinion is based solely upon West Virginia and federal law as in effect on this date. We assume no obligation to revise or supplement this opinion should the present law of the jurisdictions mentioned be changed.

Respectfully submitted,

BUCKINGHAM, DOOLITTLE & BURROUGHS, LLP

By: 

Stephen M. Hammersmith

Law Offices

MOLER & STATON, L. C.

D. Grove Moler
W. Richard Staton

October 16, 2001

Writer's Direct E-mail:
staton@statonlaw.com

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301-2616

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, West Virginia 25882

Spilman Thomas & Battle, PLLC
Post Office Box 273
Charleston, West Virginia 25321-0273

Buckingham, Doolittle & Burroughs, LLP
P.O. Box 1500
Akron, OH 443090-1500

Re: Eastern Wyoming Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

Ladies and Gentlemen:

We are counsel to Eastern Wyoming Public Service District, a public service district in Wyoming County, West Virginia (the "Issuer"), in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). As such counsel, we have reviewed copies of the approving opinions of Buckingham, Doolittle & Burroughs, LLP, and Spilman Thomas & Battle, PLLC, as bond counsel, a loan agreement dated October 16, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health ("BPH"), the Bond Resolution duly adopted by the Issuer on October 10, 2001, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 10, 2001 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the Bonds and orders of The County Commission of Wyoming County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and

West Virginia Bureau for Public Health
West Virginia Water Development Authority
Eastern Wyoming Public Service District
Spilman Thomas & Battle, PLLC

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October 16, 2001

Re: Eastern Wyoming Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms.
4. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations required by law for the creation and existence of the Issuer, the issuance of the Bonds, acquisition, construction and improvement of the Project, the operation of the System, and the imposition of rates and charges for the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Wyoming County, the BPH, the West Virginia Infrastructure and Jobs Development Council, and the Public Service Commission of West Virginia (the "PSC"). The Issuer has received the Commission Order of the PSC entered on August 3, 2001, Case No. 01-1039-W-PWD-PC, which, among other things, approves the acquisition of certain assets of Mullens Water Works ("MWW"), approves the charging of the existing rates of MWW, and approves the issuance of bonds to evidence the Drinking Water Treatment Revolving Fund ("DWTRF") loan of \$500,000, and the Further

West Virginia Bureau for Public Health
West Virginia Water Development Authority
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Re: Eastern Wyoming Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

Commission Order of the PSC entered on August 14, 2001, Case No. 01-1039-W-PWD-PC, which approved the sale of the Issuer's Water System Notes, Series 2001 A (West Virginia Water Development Authority) as interim financing pending the issuance of bonds to evidence the DWTRF loan. The time for appeal of the Commission Order and the Further Commission Order has expired prior to the date hereof.

7. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, the Loan Agreement, and the Bond Legislation, the acquisition, construction or improvement of the Project, the operation of the System, the validity of the Bonds or the collection and pledge of the net revenues therefor.

All counsel to this transaction may rely upon this opinion.

Sincerely,
MOLER & STATON, L. C.



W. Richard Staton

WRS/plq

MOLER & STATON, L. C.

D. Grove Moler
W. Richard Staton

October 16, 2001

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West Virginia Bureau for Public Health
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West Virginia Water Development Authority
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Eastern Wyoming Public Service District
316 Moran Avenue
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Post Office Box 273
Charleston, West Virginia 25321-0273

Buckingham, Doolittle & Burroughs, LLP
P.O. Box 1500
Akron, OH 44309-1500

RE: Eastern Wyoming Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

TO WHOM IT MAY CONCERN:

I have made an examination of the record title to the real estate described below in the office of the Clerk of the County Commission of Wyoming County, West Virginia. Recording data used in this report refers to that office, unless otherwise stated. In preparation of this report, I have reviewed the relevant deeds, right of way or easement agreements. I have also reviewed the documents associated with the transfer and sale of the assets of Mullens Water Works to the Eastern Wyoming Public Service District (EWPSD).

It is my opinion that EWPSD is the record owner of the assets of Mullens Water Works, including such real estate interests as are materially necessary to operate and maintain the system. EWPSD is the owner of all recorded easements and rights of way, which substantially constitute the described water lines in the City of Mullens and the unincorporated community of Itmann. In addition to the ownership of many easements and rights of way, Eastern Wyoming Public Service District is legally constituted as a public utility, and has the statutory authority to initiate eminent domain proceedings in order to acquire any property, rights of way, easements, or means of ingress and egress, which may be necessary for the delivery of water to the customers within the boundaries of the district. By way of example and not by way of limitation, these include acquisitions necessary for the construction of water plants and facilities, water mains, meters, and all equipment related to the delivery of water from the source to the customer.

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RE: Eastern Wyoming Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

This report is subject to the following exceptions:

- A. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct and accurate survey of the premises would disclose, or which are not shown by public records.
- B. Errors or omissions in the indices, records, or documents of record in the office of the Clerk of the Wyoming County Commission.
- C. The examiner has not undertaken to ascertain, and does not render any opinion as to the ownership of coal, oil, gas and other minerals underlying the subject real estate, or mining rights associated with such mineral ownership.
- D. Any UCC Financial Statement affecting the said property, or improvements thereon, which may be of record in the office of the Secretary of State of West Virginia.
- E. This certificate of title is not title insurance or insurability of title.
- F. Any facts, rights, interests, or claims which are not shown by the public records, but which could be ascertained by a visual inspection of said land or by making inquiry of persons in possession thereof.
- G. Any lien, or right to a lien, for services rendered or materials furnished to the subject property, including mechanic's liens or material liens, labor or material furnished, which lien may be imposed by law, but is not shown by the public records.
- H. Roads, ways, streams or easements, if any, not shown of record, riparian rights, and the title to any filled-in lands.
- I. The examiner has not undertaken to ascertain, and does not render any opinion regarding any environmental problem, hazard or liability, if any, that may be associated with the subject property.
- J. This opinion expressly excludes any liens that are not of record in the said Clerk's office. Such unrecorded liens may be created or made pursuant to, among others, bankruptcy, insolvency or environmental rules, regulations or laws.

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001A
(West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS; BINDING COMMITMENT
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. INSURANCE
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. SPECIMEN BOND
16. CONFLICT OF INTEREST
17. EXECUTION OF COUNTERPARTS
18. EMERGENCY PROJECT

We, the undersigned Chairman and Secretary of Eastern Wyoming Public Service District in Wyoming County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the \$360,000 principal amount of Eastern Wyoming Public Service District Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution of the Issuer duly adopted October 10, 2001, and the Supplemental Resolution duly adopted October 10, 2001 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bond, the acquisition, construction or improvement of the Project, the operation of the system, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to

the authorization, sale and issuance of the Bonds, the acquisition, construction and improvement of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, licenses, orders, authorizations, registrations, exemptions, consents and certificates required by law for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition, construction and improvement of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, have been duly and timely obtained and remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary for the Project. There are no outstanding bonds or obligations which are secured by revenues or assets of the System.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders and Public Service Commission Order on Creation of District

County Commission Orders Appointing Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Evidence of DWTRF loan commitment

Agreement between the District and Logan County Public Service District for Operation and Maintenance Services Deed

Bill of Sale

Agreement and Addendum to Bill of Sale and Assignment

Agreement of Sale by and between Mullens Water Works and the District

Agreement of Lease and Option Agreement

Agreement of Lease – Tank

Agreement of Lease - Well

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is “Eastern Wyoming Public Service District.” The Issuer is a public service district duly created by The County Commission of Wyoming County and is presently existing under the laws of, and is a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board, consisting of 3 duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Morgan K. Davis	March 21, 2001	January 1, 2007
Dallas J. Cecil	March 21, 2001	January 1, 2005
Charles W. Thompson	March 21, 2001	January 1, 2003

The duly elected, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2001 are as follows:

Chairman – Morgan K. Davis
Treasurer – Charles W. Thompson
Secretary – Dallas J. Cecil

The duly appointed and acting Counsel to the Issuer is W. Richard Staton, Esquire, Moler & Staton, L.C., Mullens, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction and improvement of the Project

and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bond.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, improvement and financing of the Project were authorized or adopted at regular, special or emergency meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. INSURANCE: All insurance for the System required by the Bond Legislation and the Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia (the "PSC") entered on August 3, 2001, in Case No. 01-1039-PWD-PC which, among other things, approves the rates and charges for the services of the System, and the Issuer has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof. Such rates and charges will become effective upon acquisition of the Project.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Commission Order of the PSC entered on August 3, 2001, Case No. 01-1039-W-PWD-PC, which, among other things, approves the acquisition of certain assets of Mullens Water Works, Inc. ("MWW"), approves the charging of the existing rates of MWW, and approves the issuance of Bonds to evidence the Drinking Water Treatment Revolving Fund ("DWTRF") loan of \$500,000, and the Further Commission Order of the PSC entered on August 14, 2001, Case No. 01-1039-W-PWD-PC, which approved the sale of the Issuer's Water System Notes, Series 2001 A (West Virginia Water Development Authority) as interim financing pending the issuance of

Bonds to evidence the DWTRF loan. The time for appeal of the Commission Order and the Further Commission Order has expired prior to the date hereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received \$360,000 from the BPH and the Authority, being the entire principal amount of the Bonds.

15. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

18. EMERGENCY PROJECT: The Issuer has determined that the acquisition and construction of the Project are the immediate result of, and necessary due to, flooding that created a disaster affecting public health and public safety, and hereby designates the Project as an emergency.

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WITNESS our signatures and the official seal of EASTERN WYOMING PUBLIC SERVICE DISTRICT on this 16th day of October, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Morgan K. Quinn

Chairman

Dallas J. Cecil

Secretary

W. K. Stok

Counsel to Issuer

177583

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Eastern Wyoming Public Service District in Wyoming County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$360,000 Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), of the Issuer, dated October 16, 2001 (the "Bonds"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on October 10, 2001 (the "Bond Resolution"), authorizing the Bonds.
2. This certificate may be relied upon as the certificate of the Issuer.
3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 16, 2001, the date on which the Bonds are being physically delivered in exchange for \$360,000, being the entire principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.
4. The Bonds were sold on October 16, 2001, to the Authority, pursuant to a loan agreement dated October 16, 2001, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$360,000 (100% of par), being the entire principal amount of the Bonds. No accrued interest has been or will be paid on the Bonds.
5. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued to repay the Issuer's Water System Notes, Series 2001 A (West Virginia Water Development Authority) (the "Notes") which were issued (i) to temporarily pay the costs of the acquisition, construction and improvement by the Issuer of a water development project (the "Project"), and (ii) to pay the costs of issuance hereof and related costs.
6. On August 23, 2001, with proceeds from the Notes, the Issuer acquired the waterworks system (the "System") from MWW. The remaining proceeds of the Notes will be used to make improvements to the System. The acquisition, construction and improvement of

the Project shall proceed with due diligence to completion. The proceeds from the sale of the Bonds (or the remaining Notes proceeds), together with any investment earnings thereon, will be expended for payment of costs of acquisition, construction and improvement of the Project on or before October 15, 2002. The acquisition, construction and improvement of the Project is expected to be completed by October 15, 2002.

7. The total cost of acquisition, construction and improvement of the Project is estimated at \$360,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Bonds	\$360,000
Total Sources	\$360,000

USES

Permanent Financing of the Costs of Acquisition, Construction and Improvement of the Project and Repaying the Notes	\$349,500
Costs of Issuance of Bonds	\$10,500
Total Uses	\$360,000

8. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2001 A Construction Trust Fund;
- (4) Series 2001 A Bonds Sinking Fund; and
- (5) Within the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account.

9. Pursuant to Article V of the Bond Resolution, the proceeds of the Bonds will be deposited in the Series 2001 A Construction Trust Fund and applied solely to repay the Notes.

10. Moneys held in the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and Series 2001 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2001 A Construction Trust Fund during the construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

11. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part, when constructed, prior to the last maturity date of the Bonds (except that the Issuer shall have and reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System determined in the manner provided in Section 7.05 of the Bond Resolution to be no longer necessary, useful or profitable in the operation of the System).

12. Any property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a governmental unit.

13. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

14. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

15. The Project, when constructed, will be operated solely for a public purpose as a local governmental activity of the Issuer.

16. The Issuer has created the Series 2001 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2001 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

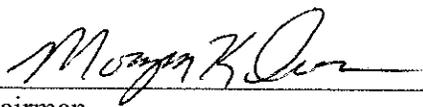
17. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

18. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds.

19. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature and seal on this 16th day of October, 2001.

EASTERN WYOMING
PUBLIC SERVICE DISTRICT



Chairman

177598.6

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

I, Charles R. Roberts, P.E., Registered Professional Engineer, West Virginia License No. 010424, Managing Engineer of Logan County Public Service District, hereby certifies as follows:

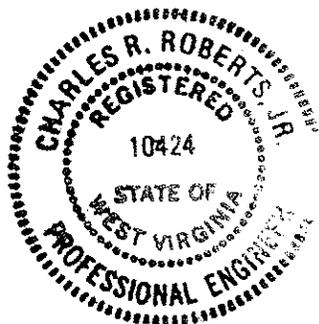
1. Logan County Public Service District ("LCPSD") operates and maintains the waterworks system (the "System") of the Eastern Wyoming Public Service District (the "Issuer"), pursuant to the Operation and Maintenance Agreement, and has served as the Consulting Engineer for the Issuer's acquisition, construction and improvements to the System (the "Project"), located in Wyoming County, West Virginia. Capitalized terms used herein are not defined herein shall have the same meanings set forth in the Bond Resolution adopted by the Issuer on October 10, 2001, and the Supplemental Resolution adopted by the Issuer on October 10, 2001, and the Loan Agreement dated October 16, 2001 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH").

2. The Bonds are being issued to permanently finance the Project by prepaying the Issuer's Water System Notes, Series 2001 A (West Virginia Water Development Authority), which were issued (i) to temporarily pay the costs of the Project, and (ii) to pay the costs of issuance thereof and related costs.

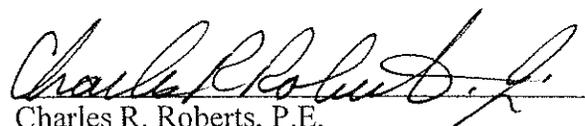
3. The undersigned hereby certifies that (i) the acquisition, construction and improvements to the System have or will be completed as described in the Application, (ii) the Project will be adequate for the purpose for which it is being acquired and constructed and the System with the improvements proposed as the second phase of the Project will have a useful life of at least thirty years, (iii) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of the Project, and (iv) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 16th day of October, 2001.

[SEAL]



Logan County Public Service District


Charles R. Roberts, P.E.
West Virginia License No. 010424

WEST VIRGINIA BUREAU OF PUBLIC HEALTH

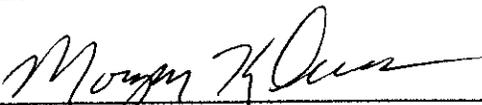
SCHEDULE B

Eastern Wyoming Public Service District

Mullens-Wyco Water Project (IJDC No. 2001W-625)

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS, AND COST OF FINANCING

A. Cost of Project	Total	DWTRF Loan	
1. Mullens Acquisition	138,321.00	138,321.00	
2. Legal	5,000.00	5,000.00	
3. Accounting	4,000.00	4,000.00	
4. Administration	15,115.00	15,115.00	
5. Sites/Permits/Other Lands	101.00	101.00	
6. Interim Financing	2,114.70	2,114.70	
7. Flood Repairs	171,000.00	171,000.00	
8. Contingency	13,848.30	13,848.30	
9. Total Lines 1 Through 8	349,500.00	349,500.00	
B. Sources of Funds			
10. Federal Grants:			
a.			
b.			
11. State Grants:			
a.			
b.			
12. Other Grants			
13. Any Other Source:			
a.			
b.			
14. Infrastructure Fund Grant			
15. Total of Lines 10 Through 14		0.00	
16. Net Proceeds Required from Bond Issue (Line 9 Minus Line 15)		349,500.00	
C. Cost of Financing			
17. Funded Reserve Account			
18. Other Costs			
a. Bond Counsel		10,000.00	
b. Bank Registrar Fee		500.00	
19. Total Cost of Financing(Lines 17 and 18)		10,500.00	
20. Size of Bond Issue (Line 16 Plus Line 19)		360,000.00	


 GOVERNMENTAL AGENCY


 CONSULTING ENGINEER

DATE: 10/2/01

DATE: 10/2/01



GRIFFITH & ASSOCIATES, CPA's

Michael D. Griffith, CPA

301-F Midway Road Alum Creek, West Virginia 25003

D. Denise Pauley, CPA

Office (304) 756-3600 Fax: (304) 756-2911

Eastern Wyoming County Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301-2616

Eastern Wyoming County Public Service District
316 Moran Avenue
Mullens, West Virginia 25882

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia, entered August 3, 2001 in Case No. 01-1039-W-PWD-PC, the customer count and usages per customer projected in exhibits filed in that proceeding and the projected operation and maintenance expenses and customer usage as furnished to us by Rick Roberts, PE, Managing Engineer of Logan County PSD, and engineer for the Eastern Wyoming County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues and receipts of the water system (the "System") of the Issuer will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue bonds, Series 2001 A (West Virginia DWTRF Program) (the "Bonds"), to be issued in the aggregate principal amount of \$360,000 to the West Virginia Water Development Authority on the date hereof, as defined and described in the Bond Resolution of the Issuer adopted October 10, 2001, authorizing the Bonds. In July 2001, floods devastated many areas in eastern Wyoming County, West Virginia including the City of Mullens and surrounding areas. The flood waters damaged or destroyed many businesses and homes that could ultimately affect the customer base of this utility. The impact of this disaster and subsequent recovery on the number, type, actual commodity usage and payment ability of many customers is not known. This certificate is issued based on information actually known to this firm as of the date of this letter. This firm made no efforts to quantify any effects of the disaster and recovery on the present and future customers of this utility. Also, there will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this letter for events and circumstances occurring after the date of this letter.

Sincerely,

Michael D. Griffith, CPA
October 16, 2001

Regular SESSION Wednesday, THE 4th DAY OF October 10, 2000

EASTERN WYOMING PSD

Resolution and Order Proposing Creation

On this the 4th day of October 2000, the Wyoming County Commission upon its own motion pursuant to Chapter 16, Article 13A, Section 2 of the West Virginia Code of 1931 as amended proposed the creation of an Eastern Wyoming Public Service District and the merger of the Wyco Public Service District.

WHEREAS, on the 7th day of June 1983 the Wyoming County Commission, upon its own motion by Order duly adopted, created the Wyco Public Service District in accordance with Chapter 16, Article 13A, Section 2 of the West Virginia Code of 1931, as amended.

WHEREAS, on the 22nd day of March 1994 the Wyoming County Commission, upon its own motion by Order duly adopted expanded the Wyco Public Service District to include certain areas of Wyoming County which were duly described in said Order.

WHEREAS, with this Order, the Wyoming County Commission proposes to merge the Wyco Public Service District with the newly created Eastern Wyoming Public Service District.

WHEREAS, it is hereby proposed that the area or part of Wyoming County included in the following described territory and indicated on the attached map titled "Proposed Water Service Boundary of Eastern Wyoming Public Service District", shall be included in the Eastern Wyoming County Public Service District:

BEGINNING at a point in the Wyoming County-Raleigh County line on a ridge southeast of Glen Rogers, with said point being a common corner with the existing boundary line of Ravenscliff-McGraws-Saulsville Public Service District (RMSPSD) at Latitude 37° 41' 07" and Longitude 81° 23' 39"; thence with said RMSPSD boundary line in a southwesterly direction to Polks Gap at Latitude 37° 40' 59" and Longitude 81° 25' 31"; thence with said RMSPSD boundary line in a southwesterly direction to Saulsville Mountain in Twin Falls State Park boundary line at Latitude 37° 39' 11" and Longitude 81° 25' 57"; thence leaving said RMSPSD boundary line and meandering with Twin Falls State Park boundary line to a point just east of Cabin Creek, with point being a common corner to said RMSPSD boundary line at Latitude 37° 36' 30" and Longitude 81° 26' 43"; thence with said RMSPSD boundary line in a southerly direction crossing Route 10 to the center of Guyardotte River at Latitude 37° 34' 22" and Longitude 81° 26' 43"; thence leaving said RMSPSD boundary line and continuing in a southerly direction to the Wyoming County-McDowell County line at County Route 6 at Latitude 37° 27' 36" and Longitude 81° 26' 43"; thence meandering with the said Wyoming County-McDowell County line in a southeasterly direction to the Wyoming County-Mercer County line at Latitude 37° 25' 24" and Longitude 81° 18' 26"; thence meandering with the said Wyoming County-Mercer County line in a northeasterly direction to the Wyoming County-Raleigh County line at Latitude 37° 30' 40" and Longitude 81° 13' 20"; thence meandering with the said Wyoming County-Raleigh County line to the southeast corner of the Wyoming County Public Service District No. 1 (WYCOPSD) boundary at Latitude 37° 33' 45" and Longitude 81° 18' 05"; thence meandering with the said Wyoming County-Raleigh County line and the said WYCOPSD boundary line in a northwesterly direction to the northern most corner of the said WYCOPSD boundary at Latitude 37° 37' 52" and Longitude 81° 20' 37"; thence leaving the said WYCOPSD boundary and with the Wyoming County Raleigh County line in a northwesterly direction to the point of BEGINNING and containing 120 square miles, more or less.

THEREAS it is hereby ORDERED that a hearing be set on this motion to create the Eastern Wyoming Public Service District to include that part of Wyoming County as is contained in the above described territory and merge the Wyco Public Service District with the Eastern Wyoming Public Service District. It is further ORDERED that a hearing will be held on this matter on the 1st day of November 2000 at 6:30 o'clock p.m. in the office of the County Commission of Wyoming County at the Courthouse in Pineville, WV.

It is further ORDERED that a notice of such hearing and the time and place thereof, setting forth a description of all the territory proposed to be included in said Eastern Wyoming Public Service District be given by publication as a Class I legal advertisement in the Pineville Independent Herald and the Mullens Advocate, newspapers of general circulation within the publication area and that said publication be at least ten (10) days prior to such hearing.

furthermore, it is ORDERED that said notice be posted in at least five (5) conspicuous places within the area to be included in the proposed Eastern Wyoming Public Service District which contains the same information as the published notice and said posted notices be posted not less than ten (10) days before said hearing.

All persons residing in or owning or having any interest in property in such proposed area to be included in the Eastern Wyoming Public Service District shall have an opportunity to be heard for or against this proposal. At this hearing the county Commission of Wyoming County, before which the hearing will be conducted, shall consider and determine the feasibility of creating the Eastern Wyoming Public Service District and merging the Wyco Public Service District.

Entered this the 4th day of October 2000.



Book 44

Regular SESSION Wednesday, the 1st DAY OF November 2000

I, Louise Morgan, being first duly sworn according to law, depose and say, that I am the duly appointed and qualified personal representative or the sole beneficiary of the Estate of Jay Morgan, deceased; that Louise Morgan is the sole beneficiary of said decedent's estate; that the said beneficiary is competent at law and not under any legal disability; that said decedent's estate will be distributed to said sole beneficiary in accordance with the terms and provisions of said decedent's will or under the laws of Descent and Distribution of the State of West Virginia; that there is no requirement of any further administration upon said decedent's estate; and that no reference to a fiduciary commissioner is necessary or required pursuant to Chapter 44, Article 2, Section 2 (b) of the West Virginia Code as amended.

ESTATE OF WILLIAM BOWMAN

Unadministered Estate

I, Helen Marie Bowman being first duly sworn according to law, depose and say that I am the duly appointed and qualified personal representative or the sole beneficiary of the Estate of William Bowman, deceased; that Helen Marie Bowman is the sole beneficiary of said decedent's estate; that the said beneficiary is competent at law and not under any legal disability that said decedent's will be distributed to said sole beneficiary in accordance with the terms and provisions of said decedent's will or under the laws of Descent and Distribution of the State of West Virginia; that there is no requirement of any further administration upon said decedent's estate; that no reference to a fiduciary commissioner is necessary or required pursuant to chapter 44, Article 2, Section 2 (b) of the West Virginia code as amended.

ESTATE OF WILLIAM RALPH MAYS

Unadministered Estate

I, Lula M. Wright, being first duly sworn according to law, depose and say that I am the duly appointed and qualified personal representative or the sole beneficiary of the Estate of William Ralph Mays, deceased; that the W. R. Mays Testamentary Trust is the sole beneficiary of said decedent's estate; that the said beneficiary is competent at law and not under any legal disability; that said decedent's estate will be distributed to said sole beneficiary in accordance with the terms and provisions of said decedent's will or under the laws of Descent and Distribution of the State of West Virginia; that there is no requirement of any further administration upon said decedent's estate; and that no reference to a fiduciary commissioner is necessary or required pursuant to chapter 44, Article 2, and 2 b or Chapter 44, Article 3 A of the West Virginia Code as amended.

BANK BALANCES

Bank balances were detailed as follows: General County \$1,143,730.56; Coal tax \$182,695.94; Coal Tax investment \$135,415.89; 911 Communication \$19,177.20; Landfill \$14,881.74; Airport \$7,003.08.

PINEVILLE Little League

Greg Cook--Request for monies, water system

Greg Cook informed the Commission that they need a new water system at the Pineville Little League field on Pineville Creek. US Steel has dug a well for them but the water has an extremely high iron content. He would like the Commission to purchase the system and help pay the yearly cost for the power and chemicals, a cost estimated at \$5000. The Commission tabled the matter.

BILLS APPROVED

Bills in the amount of \$162,773.40 were presented to the Commission for review and approval. Motion was made by Harold Hayden and seconded by Ed Harless to approve all bills.

CENTER PSD

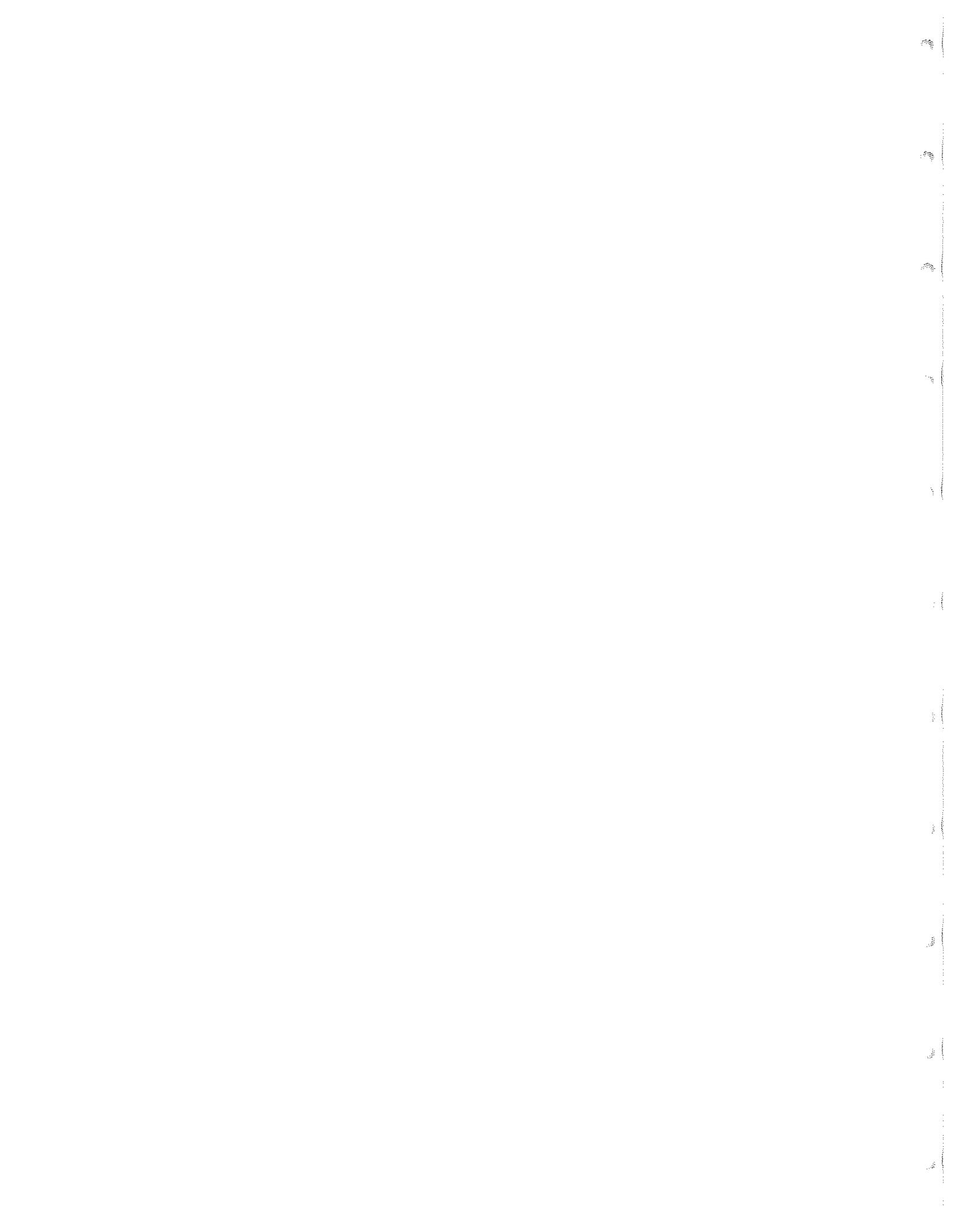
Gene Young-Gas purchases

Gene Young informed the Commission that the Center PSD would like to purchase their gas from Dept. of Highways and reimburse them for it. Oliver Stewart had told him they would have to purchase it through the county and reimburse them. The Commission stated that they simply could not start that as the paper work would be too heavy for them.

EASTERN WYOMING PSD

Public Hearing for the creation

A public hearing was held on the creation of the Eastern Wyoming PSD. Present were: Mr. & Mrs. Earl Sweeney, Bob Johnson, Jimmy Milam, Bryce Phillips and Rick Roberts. A number of questions were asked but there was no protest against the creation of the PSD. Motion was made by Ed Harless and seconded by



Regular SESSION Wednesday THE 1st DAY OF November 10 2000

A RESOLUTION AND ORDER CREATING EASTERN WYOMING PUBLIC SERVICE DISTRICT
AND MERGING WYCO PUBLIC SERVICE DISTRICT IN WYOMING COUNTY, WEST VIRGINIA

WHEREAS, on the 4th day of October, 2000, pursuant to Chapter 16, Article 13A, Section 2, of the West Virginia Code of 1931 as amended, the county Commission of Wyoming County, West Virginia, upon its own motion, entered a resolution and order fixing a date for a public hearing on the proposed creation of a Eastern Wyoming Public Service District and merger of Wyco Public Service District and in and by said resolution and order provided that all persons residing in or owning or having an interest in property within the proposed Eastern Wyoming Public Service District might appear before the County Commission and have the opportunity to be heard for and against the creation and merger of said districts; and,

WHEREAS, the City Council of the city of Mullens, Wyoming County, West Virginia has consented to be included within the boundaries of the Eastern Wyoming Public Service District by resolution, which is attached hereto, and incorporated as part hereof; and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of Eastern Wyoming Public Service District and merger of Wyco Public Service District, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed Eastern Wyoming Public Service District and said County Commission has given due consideration to all matter for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order creating and merging said District.

NOW, THEREFORE, be it and it is hereby resolved and ordered by the county Commission of Wyoming County, West Virginia as follows:

SECTION 1. That a Public Service District within Wyoming County, West Virginia is hereby created, and said District shall have boundaries as set forth by the map attached hereto.

SECTION 2. That said Public Service District so created shall have the name and corporate title of Eastern Wyoming Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on a public service district by the laws of the State of West Virginia, and particularly Article 13A of chapter 16 of the West Virginia Code of 1931, as amended.

Section 3. that the County Commission of Wyoming county, West Virginia, has determined that the territory within Wyoming County, West Virginia, having the boundaries as follows:

Beginning at a point in the Wyoming County-Raleigh County line on a ridge southeast of Glen Rogers, with said point being a common corner with the existing boundary line of Ravencliff-McGraws-Saulsville Public Service District (RMSPSD) at Latitude 37°42'07" and Longitude 81°23'39"; thence with said RMSPSD boundary line in a southwesterly direction to Polks Gap at Latitude 37°49'59" and Longitude 81°25'31"; thence with said RMSPSD boundary line in a southwesterly direction to Saulsville Mountain in Twin Falls State Park boundary line at Latitude 37°39'11" and Longitude 81°25'57"; thence leaving said RMSPSD boundary line and meandering with Twin Falls State park boundary line to a point just east of Cabin Creek, with point being a common corner to said RMSPSD boundary line at Latitude 37°36'30" and Longitude 81°26'43"; thence with said RMSPSD boundary line in a southerly direction crossing Route 10 to the center of guyardotte River at Latitude 37°34'22" and Longitude 81°26'43"; thence leaving said RMSPSD boundary line and continuing in a southerly direction to the Wyoming county-McDowell County line at county Route 6 at Latitude 37°27'36" and Longitude 81°26'43"; thence meandering with the said Wyoming County-McDowell county line in a southeasterly direction to the Wyoming County-Mercer County line at Latitude 37°25'24" and Longitude 81°18'26"; thence meandering with the said Wyoming County-Mercer County line in a northeasterly direction to the Wyoming County-Raleigh County line at Latitude 37°30'40" and Longitude 81°13'20"; thence meandering with the said Wyoming County-Raleigh county line to the southeast corner of the Wyoming county Public Service District No. 1 (WYCOPSD) boundary at Latitude 37°33'45" and Longitude 81°18'05"; thence meandering with the said Wyoming county-Raleigh County line and the said WYCOPSD boundary line in a northwesterly direction to the northern most corner of the said WYCOPSD boundary at Latitude 37°37'52" and Longitude 81°20'37"; thence leaving the said WYCOPSD boundary and with the Wyoming County-Raleigh County line in a northwesterly direction to the point of BEGINNING and containing 120 square miles, more or less.

this is so situated that the construction or acquisition by purchase or otherwise and the maintenance operation, improvement and extension of properties supplying water services within such territory by said Eastern Wyoming Public Service District will be conducive to the preservation of public health, comfort and convenience of such area.

SECTION 4. That the Wyco Public Service District shall be merged with the Eastern Wyoming Public Service District.

SECTION 4. That the creation of the Eastern Wyoming Public Service District and the merger of the Wyco Public Service district, as ordered herein, shall be effective on the date of the Final Order of the Public Service commission of West Virginia approving the creation and merger.

ADOPTED BY THE COUNTY COMMISSION this 1st day of November, 2000.

/s/ H. R. Davis.



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th day of February, 2001.

CASE NO. 00-1652-PWD-PC

WYOMING COUNTY COMMISSION

Petition for consent and approval to create the Eastern Wyoming Public Service District and for merger of the WYCO Public Service District with the Eastern Wyoming Public Service District.

COMMISSION ORDER

On November 3, 2000, the Wyoming County Commission (County Commission) filed a petition, pursuant to W.Va. Code §16-13A-2, requesting approval to create the Eastern Wyoming Public Service District (EWPSD) and to merge the WYCO Public Service District (WYCO) into the newly created EWPSD. The petition explained that the County Commission, by Order dated October 4, 2000, proposed the creation of the EWPSD and the merger of WYCO into EWPSD, for the purpose of addressing the receivership status of the water utility systems serving the towns of Corrine, Welton, and Buckeye.

On December 1, 2000, Commission Staff (Staff) filed a memorandum in this case recommending that the County Commission's petition be approved, with the modification that the Garwood, Herndon, Otsego, and Pierpont water systems also be merged into the EWPSD.

On December 8, 2000, the County Commission filed a response to Staff's memorandum and argued that adoption of Staff's recommended modification would delay the EWPSD's efforts to acquire Mullens Water Works and certain other utilities currently in receivership. The County Commission stated that it anticipates the future acquisition of the Garwood, Herndon, Otsego, and Pierpont water systems, but that such acquisition should not be a condition precedent to the Commission's approval of the creation of the EWPSD.

By Order issued December 18, 2000, the Commission adopted a procedural schedule in this case, culminating in a hearing to be held on January 24, 2001, at 1:30 p.m., Mullens City Hall, Community Room, 2nd Floor, 316 Moran Avenue, Mullens, West Virginia. The procedural schedule included a deadline of January 5, 2001, for the filing of petitions to intervene. Notice of the hearing was published in the *Pineville Independent Herald*, on December 20, 2000.

On January 3, 2001, a motion to intervene was filed by the City of Mullens, the Town of Garwood and its water system, the Town of Herndon and its water system, the Town of Otsego and its water system, the Town of Pierpont and its water system, the Herndon Heights Community Water System, and the Bud Mountain Community Water System.

The motion to intervene stated that the above referenced entities are potentially affected by the creation and merger proposed in these proceedings, in that they reside or exist within the proposed geographic boundary of the proposed public service district. The motion further stated that the entities would be potentially affected by the Staff proposal to merge "other systems into the proposed public service district."

By Order issued January 16, 2001, the Commission granted the petitions to intervene.

The hearing convened as scheduled on January 24, 2001. Mr. W. Richard Staton appeared on behalf of the Wyoming County Commission, the City of Mullens and the intervenors. Mr. Terry Owen appeared on behalf of Commission Staff. Several members of the public made statements at the hearing.

Mr. Freeman Davis, the administrator and operator of Garwood Community Water stated there have been many recent upgrades to the Garwood system and its customers did not wish to be taken over by EWPSD. (Tr. pp. 6-7).

Ms. Ella Mae Cook testified that she is a resident of Mullens and that the water quality in Mullens is poor. The water appears brownish in color. She presented a brown water sample and a dirty water filter as evidence. (Tr. p. 8-9; Protestant Exh. 1 and 2).

Mr. Owen explained that Mullens Water Works has not yet been incorporated into EWPSD. He stated that a sale is currently being negotiated between the City of Mullens and the Mullens Water Works. That option agreement would be assignable to EWPSD. Mr. Owen explained that the purpose of the hearing is to create the EWPSD. The purchase of Mullens Water Works by EWPSD cannot occur until EWPSD is properly created. Mr. Owen acknowledged that rather than have the City of Mullens purchase

Mullens Water Works and then assign the system to EWPSD, the EWPSD could purchase Mullens Water Works directly. (Tr. pp. 11-12).

Mr. Jack Feller complained that notice of the hearing was not provided in the Mullens newspaper. (Tr. p. 13). He stated that he supports the creation of EWPSD, but that the cost should not be borne solely by the citizens of Mullens. He did not believe the City should purchase Mullens Water Works. Rather, EWPSD should purchase Mullens Water Works directly. (Tr. p. 29-30)

Mrs. Carlie King testified that she is a customer of the Herndon Community Water Works system and does not want to be taken over by EWPSD. (Tr. p. 14-15). She has paid a \$10 per month flat rate for seventeen (17) years. (Tr. p. 17). The Herndon Community Water Works system is located approximately nine miles from Mullens. (Tr. p. 18).

Mr. Hank Shrewsberry testified that he is a customer of the Gooney Otter Water Association and would like to be a customer of a larger water system. He believes that one public service district should serve the area between the Hinton Dam to the Baileysville Dam. Mr. Shrewsberry believes that there was not sufficient notice of this hearing, or time for citizens to prepare and plan for the hearing. (Tr. p. 18-23).

Mr. Jody Clowers suggested that the County Commission do a better job of getting the word out about hearings. He complained that notices in the Pineville newspaper are not read by most people in Mullens. (Tr. p. 24-29).

The Wyoming County Commission called Michael Goode, Clerk of the County Commission as its first witness. Mr. Goode stated that the County Commission's purpose in creating EWPSD is to resolve serious water problems in Wyco PSD, Stephenson, Buckeye, Iroquois, Corinne, Black Eagle, Black Hoe, Welton, all located along Route 16, and the City of Mullens ("Included systems"). The Mullens Water Works system was included in the boundaries because of the City of Mullens' water quality problems and because a better funding package might be available if the City were included. The application filed with the Commission did not contemplate the inclusion of the water systems serving Herndon Heights, Garwood, Bud Mountain, Otsego or Pierpont (the "Excluded systems"). The Included systems will be provided with a new water source and new piping. Mr. Goode testified that it would be difficult for the new system to serve customers of the Excluded systems because the topography of the area would make the extensions extremely difficult. The boundaries of EWPSD have been revised, however, to include the communities served by the Excluded systems so that extensions may be constructed at some future date. The current funding proposals will only build a new

water system to serve Mullens, Wyco, Stephenson, Buckeye, Iroquois, Corinne, Black Eagle, Black Hoe, and Welton. (Tr. p. 31-38).

The County Commission's second witness was David N. Cole, Assistant Executive Director of the Region 1 Planning and Development Council. Mr. Cole explained that this project began in 1994 in an effort to upgrade the existing Wyco Public Service District water system. The County Commission decided that the upgrade should be expanded to address other water needs in the area. The current project budget is approximately \$14,580,000. The project has been awarded \$3,000,000 for its construction design budget comprised of both a loan from the West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) and a grant from the Corps of Engineers. The Abandoned Mines Lands Program may provide some financing. Although the HUD Small Cities and the ARC funding program rejected the project last year, the County Commission has higher hopes for funding commitments this year. The funding proposals would not cover new water service to Garwood and other areas between Mullens and the Mercer County line. Mr. Cole estimated that if all funding falls into place, construction of the new system could be completed in three (3) years. (Tr. p. 40-48).

The County Commission's third witness was Mr. Randy Brewer, Mayor of the City of Mullens. Mayor Brewer testified about the water quality problems in the City. The City was advised by the Infrastructure Council that the City needed to combine its efforts with nearby areas to obtain adequate funding to address its water problems. Mayor Brewer stated that the City has negotiated an option to purchase Mullens Water Works and that the agreement is assumable by EWPSD. The City does not have the independent means to acquire Mullens Water Works. The City hopes that the EWPSD is created as soon as possible so that it can acquire Mullens Water Works. The City would oppose the inclusion of areas into the new system that would cause a delay in funding and construction. The City has passed a resolution agreeing to be included in the EWPSD. The City has participated in negotiations with the Logan County Public Service District (Logan County PSD) to the end that Logan County PSD would operate and maintain the EWPSD system pursuant to an operation and maintenance agreement. (Tr. pp. 48-59).

The County Commission's fourth witness was Charles Richard Roberts, Managing Engineer of the Logan County Public Service District. Mr. Roberts assisted the Wyoming County Commission in producing the documentation necessary to create the EWPSD. Mr. Roberts caused the posting of the necessary County Commission orders and notices. Mr. Roberts testified that the Logan County PSD has agreed to take over operation and maintenance of the five existing systems to be included in the new EWPSD water system pursuant to a contract between Logan County PSD and EWPSD. Logan County PSD would immediately begin replacing some of the deteriorated systems. Mr. Roberts stated that the proposed service area has massive needs that will take years to address. Mr.

Roberts stated that it would not be economically feasible to add the areas served by the Excluded systems to the project. Mr. Roberts testified that Mullens Water Works had indicated a willingness to proceed with the sale of its system to EWPSD, but that the sale could not occur until the EWPSD is created. Mr. Roberts testified that it could provide daily chlorination services to the Excluded systems only with the addition of a third operator/employee. The Logan County PSD contemplates operating the EWPSD system in the short and long-term as a satellite operation with local employees. Management would continue from Logan. Initially, the water sources will be the treatment plants owned by the separate systems, but in the long-term, a new treatment plant will be constructed in the Stephenson area to satisfy the needs of the Route 16 communities and the City of Mullens. (Tr. pp. 60-74).

Mr. Staton submitted into evidence documentation that the County Commission properly resolved and ordered the creation of the EWPSD, and properly published notice of its proceedings in the *Mullens Advocate* as required by state law. W. Va. Code §16-13A-2.

Commission Staff called as its sole witness Mr. Chris Farrish, Engineering Technician employed by the Public Service Commission. Mr. Farrish testified that prior to the time the Corinne Water System, Wyco PSD, Welton Water Company, Buckeye Waterworks, and Rainey Subdivision (collectively "Gulf systems") were placed into receivership, the water quality of these systems was unsatisfactory. Mr. Farrish stated that the purpose of this proceeding is to create a public service district to supply clean potable water to the Gulf systems in Eastern Wyoming County and that Commission Staff supports creation of the EWPSD. During the course of its study, Staff also became aware that the Excluded systems were not providing dependable water supplies. Staff's current plans are to petition the Commission to conduct a general investigation of the operation of the Excluded systems to determine whether the Excluded systems should be placed into receivership. The Pierpont system has been abandoned by its operators. (Tr. p. 77-88).

Following Mr. Farrish's testimony, Mr. Staton represented to the Commission that the Wyoming County Commission has no objection to adding the Otsego and Pierpont systems to the operation and maintenance agreement between the EWPSD and Logan County PSD, after those systems are legally placed into receivership. (Tr. p. 89).

Mr. Owen then represented to the Commission that Staff's position has changed from the position stated in Staff's memorandum filed on December 1, 2000. Staff no longer proposes that the areas served by Excluded systems be served by the EWPSD's proposed project. Rather, Staff plans to petition the Commission to initiate a general investigation of the operation of the Excluded systems. Within the context of the general investigation, Staff may recommend to the Commission that EWPSD take on

responsibility for operating the Excluded systems. Staff recommends that the Commission approve the County Commission's current proposal for the creation of the EWPSD. (Tr. pp. 90-91).

Mr. Bobby Johnson made a public statement in opposition to Logan County PSD serving as operator of the EWPSD's water system. Mr. Johnson stated that he has a formal complaint against the Logan County PSD currently pending at the Public Service Commission. (Tr. p. 91-94).

DISCUSSION

A number of persons in attendance at the Commission's hearing questioned whether notice of the hearing was sufficient. There were actually two hearings held in this proceeding. The first was held by the County Commission on November 1, 2000, and the second hearing was held by the Commission on January 24, 2001. The West Virginia Code specifies the type of notice to be provided for the County Commission hearing. The Code does not specify the type of notice to be provided for the Commission's hearing. (See W.Va. Code §16-13A-2(c),(d), (f)). In the absence of specific instruction, the Commission followed its standard procedures for noticing a public hearing, and published notice in the *Pineville Independent Herald*, a newspaper of general circulation in Wyoming County. The Commission finds that the published notice was sufficient.

The Commission's review of the County Commission's application to create the EWPSD is made pursuant to W.Va. Code § 16-13A-2(f) which provides in relevant part.

The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts

Pursuant to this section of the West Virginia Code, the Commission promulgated Rule 6.1 *et seq.* of its Rules and Regulations for the Government of Public Service Districts, 150 C.S.R. 17. The rules provide as follows:

6.1. Upon entering an order or receipt of a petition proposing the creation, expansion, merger, consolidation, reduction or dissolution of a public service district, pursuant to West Virginia Code §16-13A-2, the county commission shall notify the Executive Secretary of the Public Service Commission of the time and place of the hearing to be held by the

county commission and shall file a copy with such order or petition with the Executive Secretary of the Public Service Commission at least ten (10) days prior to such hearing.

6.2. The county commission shall file an order creating, expanding, merging, consolidating reducing or dissolving a public service district with the Executive Secretary of the Public Service Commission within ten (10) days of entering such order.

6.3. A hearing shall be held in the county affected by a county commission order filed pursuant to rule 6.2. Such hearing may be waived if the county commission order is entered for the purpose of executing the county plan as required by West Virginia Code §16-13A-1b and as finally adopted and approved by the Public Service Commission.

6.4. After public comment and hearing the Public Service Commission shall, by order, approve, disapprove or modify a county commission order creating, expanding, merging, consolidating, reducing or dissolving a public service district. In deliberating on approval, modification or disapproval the Public Service Commission may consider, among other things:

- a. Whether or not the county commission order is consistent with the county plan required by West Virginia Code §16-13A-1b as approved by the Public Service Commission;
- b. the public convenience and necessity;
- c. the economic feasibility, including sources of funding, costs and related benefits of the county commission's order;
- d. the adequacy of facilities;
- e. other facilities in the area; and
- f. other possible alternatives.

The Commission finds that the record clearly establishes that the public convenience and necessity will be served by the creation of the EWPSD. (Tr. p. 31-33;

64). The new public service district intends to construct a new water distribution system to replace a number of failing systems. (Tr. p. 63-64). Furthermore, in the short-term, the EWPSD will improve service to customers served by the Included systems by placing the management and operations of the failing systems with the Logan County PSD. (Tr. p. 53; 59; 62-65).

Secondly, we find that the County Commission's order creating the EWPSD is economically feasible if the projected funding is obtained. (Tr. p. 40-48). The economic feasibility of the EWPSD's proposed new water distribution system will, of course, be separately examined by the Commission in the future when the EWPSD files its application for a certificate of convenience and necessity for that project. The Commission will review that application in a separate proceeding.

As to the adequacy of facilities, the evidence is clear that the poor condition of the current facilities within the boundaries of the new EWPSD makes creation of the EWPSD desirable.

Finally, the Commission notes that the County Commission has inquired of other utilities operating in the vicinity and in the State, including the West Virginia-American Water Company, and that none have indicated a willingness to address the needs of Eastern Wyoming County. (Statements of Mr. Staton in response to questions posed by Mr. Clowers, Tr. p. 95-96).

Based on the foregoing, the Commission will consent to and approve the County Commission's order creating the EWPSD.

FINDINGS OF FACT

1. The County Commission seeks Commission consent and approval of the creation of the Eastern Wyoming Public Service District and the merger of Wyco PSD into EWPSD pursuant to W.Va. Code §16-13A-2. (See Application filed November 3, 2000).

2. The County Commission intends that the new EWPSD will eventually resolve water quality problems present in the Wyco PSD, Stephenson, Buckeye, Iroquois, Corinne, Black Eagle, Black Hoe, Welton, all located along Route 16, and the City of Mullens ("Included systems"). (Id.; Tr. p. 31-38).

3. Commission Staff initially recommended that the Commission approve the County Commission's petition with the modification that the Garwood, Herndon, Otsego, and Pierpont water systems also be merged into the EWPSD. (Staff Memorandum filed

December 1, 2000). However, Staff's position has changed. Staff no longer proposes that the areas served by Excluded systems be served by the EWPSD's proposed project. (Tr. p. 77-88; 90-91).

4. The County Commission contends that inclusion of the Excluded systems would delay the EWPSD's proposed water project and render the project not financially feasible. (Response filed December 8, 2000; Tr. p. 31-38; 60-74). The County Commission is willing to include the areas served by the Excluded system within the EWPSD's boundaries and to attempt to address the water quality problems in the Excluded systems at a later date. (Id.)

5. The City of Mullens, the Town of Garwood and its water system, the Town of Herndon and its water system, the Town of Otsego and its water system, the Town of Pierpont and its water system, the Herndon Heights Community Water System, and the Bud Mountain Community Water System petitioned to intervene and were granted intervenor status in this proceeding. (Commission Order entered January 16, 2001).

6. The County Commission held a hearing in this matter on November 1, 2000.

7. The Public Service Commission held a second hearing in this matter on January 24, 2001. Notice of the Commission hearing was published in the *Pineville Independent Herald*, on December 20, 2000.

8. Mr. Freeman Davis, the administrator and operator of Garwood Community Water stated there have been many recent upgrades to the Garwood system and its customers did not wish to be taken over by EWPSD. (Tr. pp. 6-7).

9. Ms. Ella Mae Cook testified that she is a resident of Mullens and that the water quality in Mullens is poor. The water appears brownish in color. She presented a brown water sample and a dirty water filter as evidence. (Tr. p. 8-9; Protestant Exh. 1 and 2).

10. Mrs. Carlie King testified that she is a customer of the Herndon Community Water Works system and does not want to be taken over by EWPSD. (Tr. p. 14-15). She has paid a \$10 per month flat rate for seventeen (17) years. (Tr. p. 17). The Herndon Community Water Works system is located approximately nine miles from Mullens. (Tr. p. 18).

11. Mr. Hank Shrewsbury testified that he is a customer of the Gooney Otter

Water Association and would like to be a customer of a larger water system. He believes that one public service district should serve the area between the Hinton Dam to the Baileysville Dam. (Tr. p. 18-23).

12. The City of Mullens has negotiated an option to purchase Mullens Water Works and would assign that agreement to EWPSD upon the creation of EWPSD. (Tr. pp. 11-12; 48-59).

13. The Mullens Water Works system was included in the new EWPSD because of the City of Mullens' water quality problems and because a better funding package might be available if the City were included. (Tr. p. 32).

14. The current project budget is approximately \$14,580,000. The project has been awarded \$3,000,000 for its construction design budget comprised of both a loan from the West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) and a grant from the Corps of Engineers. The Abandoned Mines Lands Program may provide some financing. The project is considered to be 80% Wyoming/Gulf eligible. Although the HUD Small Cities and the ARC funding program rejected the project last year, the County Commission has higher hopes for funding commitments this year. (Tr. p. 40-48).

15. The funding proposals would not cover new water service to Garwood and other areas between Mullens and the Mercer County line. (Tr. p. 44-45).

16. The City of Mullens was advised by the Infrastructure Council that the City needed to combine its efforts with nearby areas to obtain adequate funding to address its water problems. The City does not have the independent means to acquire Mullens Water Works. (Tr. p. 50-51).

17. The Logan County PSD has agreed to take over operation and maintenance of the five existing systems to be included in the new EWPSD water system pursuant to a contract between Logan County PSD and EWPSD. Logan County PSD would immediately begin replacing some of the deteriorated systems. (Tr. p. 60-74).

18. The Logan County PSD believes it would not be economically feasible to add the areas served by the Excluded systems to the project. (Id.)

19. The Logan County PSD contemplates operating the EWPSD system in the short and long-term as a satellite operation with local employees. Management would continue from Logan. Initially, the water sources will be the treatment plants owned by the separate systems, but in the long-term, a new treatment plant will be constructed in the

Stephenson area to satisfy the needs of the Route 16 communities and the City of Mullens. (Id.)

20. Commission Staff supports creation of the EWPSD. (Tr. pp. 90-91).

21. Staff plans are to petition the Commission to conduct a general investigation of the operation of the Excluded systems to determine whether the Excluded systems should be placed into receivership. The Pierpont system has been abandoned by its operators. (Tr. p. 77-88).

22. The County Commission has no objection to adding the Otsego and Pierpont systems to the operation and maintenance agreement between the EWPSD and Logan County PSD, after those systems are legally placed into receivership. (Tr. p. 89).

23. The County Commission has inquired of other utilities operating in the vicinity and in the State, including the West Virginia-American Water Company, and that none have indicated a willingness to address the needs of Eastern Wyoming County. (Statements of Mr. Staton in response to questions posed by Mr. Clowers, Tr. p. 95-96).

CONCLUSIONS OF LAW

1. The County Commission properly resolved and ordered the creation of the EWPSD, and properly published and posted notice of its proceedings in the *Mullens Advocate* as required by state law. W. Va. Code §16-13A-2.

2. The West Virginia Code specifies the type of notice to be provided for the County Commission hearing. The Code does not specify the type of notice to be provided for the Commission's hearing. (See W. Va. Code §16-13A-2(c),(d), (f)).

3. Sufficient legal notice of the Commission's January 24, 2001, hearing was provided.

4. The Commission's review of the County Commission's application to create the EWPSD is made pursuant to W. Va. Code § 16-13A-2(f) and Rule 6.1 *et seq.* of the Commission's Rules and Regulations for the Government of Public Service Districts, 150 C.S.R. 17.

5. The Commission finds that the record clearly establishes that the public convenience and necessity will be served by the creation of the EWPSD. (Tr. p. 31-38; 48-59; 77-88).

6. The County Commission's order creating the EWPSD is economically feasible. The economic feasibility of the EWPSD's proposed new water distribution system will, of course, be separately examined by the Commission in the future when the EWPSD files its application for a certificate of convenience and necessity for that project. The Commission will review that application in a separate proceeding.

7. Creation of the EWPSD is appropriate in light of the poor condition of the current facilities within the boundaries of the new EWPSD. (Id.)

8. Creation of the EWPSD is appropriate in light of the lack of alternative solutions to the water supply problems and needs of Eastern Wyoming County. (Tr. p. 95-96).

9. The Commission will consent to and approve the County Commission's order creating the EWPSD.

ORDER

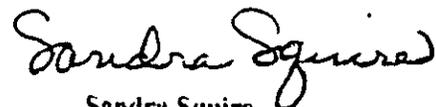
IT IS THEREFORE ORDERED that the petition filed by the Wyoming County Commission, pursuant to W.Va. Code §16-13A-2, for the Commission's consent and approval of the County Commission's creation of the Eastern Wyoming Public Service District (EWPSD) and merger of the WYCO Public Service District (WYCO) into the newly created EWPSD, is hereby granted.

IT IS FURTHER ORDERED that upon entry hereof, this proceeding shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order on all parties of record by First Class United States Mail, and upon Commission Staff by hand delivery.

JML/ljm
001652cb.wpd

A True Copy, Teste:


Sandra Squire
Executive Secretary

ORDER

COUNTY COMMISSION OF WYOMING COUNTY

At a Regular Session of the County Commission of Wyoming County, West Virginia, held at the Courthouse thereof, on the 21st day of March, 2001, the following order was made and entered:

SUBJECT: APPOINTMENT OF Morgan K. Davis TO THE EASTERN WYOMING PUBLIC SERVICE DISTRICT

The following motion was offered by Harold Hayden, Commissioner:

The County Commission of Wyoming County, West Virginia, pursuant to receiving notice from the Public Service Commission of West Virginia of its approval of the creation of the Eastern Wyoming Public Service District, doth ORDER that Morgan K. Davis, of Mullens, WV, be and is hereby appointed to the Eastern Wyoming Public Service District to serve for a term expiring 01/01/07.

It is further ORDERED that the said Morgan K. Davis shall appear at the office of the County Commission and shall qualify by taking the oath of office as required in Chapter 16, Article 13A, Section 3, of the Code of West Virginia, 1931, as amended.

The adoption of the foregoing motion having been moved by Harold Hayden, Commissioner, and duly seconded by Ed Harless, Commissioner, the vote thereon was as follows:

<u>Harold Hayden</u>	<u>yes</u>
<u>Ed Harless</u>	<u>yes</u>
<u>H. R. Davis</u>	<u>yes</u>

WHEREUPON, H. R. Davis, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

H. R. Davis

Harold Hayden

Ed Harless

Approved By [Signature]
County Attorney

ORDER

COUNTY COMMISSION OF WYOMING COUNTY

At a Regular Session of the County Commission of Wyoming County, West Virginia, held at the Courthouse thereof, on the 21st day of March, 2001, the following order was made and entered:

SUBJECT: APPOINTMENT OF Dallas J. Cecil TO THE EASTERN WYOMING PUBLIC SERVICE DISTRICT

The following motion was offered by Harold Hayden, Commissioner:

The County Commission of Wyoming County, West Virginia, pursuant to receiving notice from the Public Service Commission of West Virginia of its approval of the creation of the Eastern Wyoming Public Service District, doth ORDER that Dallas J. Cecil, of Wyco, WV, be and is hereby appointed to the Eastern Wyoming Public Service District to serve for a term expiring 01/01/05.

It is further ORDERED that the said Dallas J. Cecil shall appear at the office of the County Commission and shall qualify by taking the oath of office as required in Chapter 16, Article 13A, Section 3, of the Code of West Virginia, 1931, as amended.

The adoption of the foregoing motion having been moved by Ed Harless, Commissioner, and duly seconded by Harold Hayden, Commissioner, the vote thereon was as follows:

<u>Harold Hayden</u>	<u>yes</u>
<u>Ed Harless</u>	<u>yes</u>
<u>H. R. Davis</u>	<u>yes</u>

WHEREUPON, H. R. Davis, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

H. R. Davis

Ed Harless

Harold Hayden

Approved By [Signature]
County Attorney

ORDER

COUNTY COMMISSION OF WYOMING COUNTY

At a Regular Session of the County Commission of Wyoming County, West Virginia, held at the Courthouse thereof, on the 21st day of March, 2001, the following order was made and entered:

SUBJECT: APPOINTMENT OF Charles W. Thompson TO THE EASTERN WYOMING PUBLIC SERVICE DISTRICT

The following motion was offered by Ed Harless, Commissioner:

The County Commission of Wyoming County, West Virginia, pursuant to receiving notice from the Public Service Commission of West Virginia of its approval of the creation of the Eastern Wyoming Public Service District, doth ORDER that Charles W. Thompson, of Mullens, WV, be and is hereby appointed to the Eastern Wyoming Public Service District to serve for a term expiring 01/01/03.

It is further ORDERED that the said Charles W. Thompson shall appear at the office of the County Commission and shall qualify by taking the oath of office as required in Chapter 16, Article 13A, Section 3, of the Code of West Virginia, 1931, as amended.

The adoption of the foregoing motion having been moved by Harold Hayden, Commissioner, and duly seconded by Ed Harless, Commissioner, the vote thereon was as follows:

<u>Harold Hayden</u>	<u>yes</u>
<u>Ed Harless</u>	<u>yes</u>
<u>H. R. Davis</u>	<u>yes</u>

WHEREUPON, H. R. Davis, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

H. R. Davis

Harold Hayden

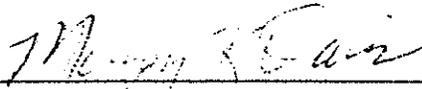
Ed Harless

Approved By [Signature]
County Attorney

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, WYOMING COUNTY, TO WIT:

I, Morgan K. Davis, having been duly appointed to the office of Board Member of the Eastern Wyoming Public Service District do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.



Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 21st day of March, 2001.


_____, Clerk
D. Michael Goode

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, WYOMING COUNTY, TO WIT:

I, Dallas J. Cecil, having been duly appointed to the office of Board Member of the Eastern Wyoming Public Service District do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God:

Dallas J. Cecil

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 21st day of March, 2001.

D. Michael Goode Clerk
D. Michael Goode

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, WYOMING COUNTY, TO WIT:

I, Charles W. Thompson, having been duly appointed to the office of Board Member of the Eastern Wyoming Public Service District do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.

Charles W. Thompson

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 21st day of March, 2001.

D. Michael Goode, Clerk
D. Michael Goode

RULES OF PROCEDURE
EASTERN WYOMING PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: EASTERN WYOMING PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District (the "District") will be located at 316 Moran Avenue, Mullens, West Virginia 25882.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Eastern Wyoming Public Service District West Virginia, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Board of the District shall be those persons appointed by The County Commission of Wyoming County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Board resign or otherwise become legally disqualified to serve as a member of the Board, the Secretary of the Board shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Board.

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

ARTICLE IV

MEETINGS OF THE BOARD

Section 1. The members of the Board of the District shall hold regular monthly meetings on the first Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairperson or by a quorum of the Board.

Section 2. At any meeting of the Board of the District, a majority of the members of the Board shall constitute a quorum. Each member of the Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the Board shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted at such meeting, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Section 4. The Board may hold a meeting without providing the notice to the public required by Section 10 of this Article only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 5. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended.

Section 6. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

- (1) The date, time and place of the meeting;
- (2) The name of each Board member present and absent;
- (3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
- (4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Section 7. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this section does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Section 8. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 9. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Sections 1-8 above.

Section 10. Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Board, and the date, time, place and purpose of all special meetings of such Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. Immediately after adoption of these Rules of Procedure and in January of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post and leave posted throughout the year to which it applies, at the front door or bulletin board of the Wyoming County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Board a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. The Board shall instruct the Secretary to, and the Secretary shall post at the front door or bulletin board of the Wyoming County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Board, not less than 48 hours before a special meeting is to be held, a notice stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Board shall be a Chairperson, a Secretary and a Treasurer. The Chairperson shall be elected from the members of the Board. The Secretary and Treasurer need not be members of the Board, and may be the same person.

Section 2. The officers of the Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following first yearly meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairperson shall preside as Chairperson at all meetings of the Board. The Chairperson shall, together with the secretary, sign the minutes of all meetings at which he or she shall preside. The Chairperson shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairperson shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairperson, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairperson, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairperson, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 3rd day of April, 2001.

Morgan R. Davis
, Chair and Member

Charles W. Thompson
, Member

Wallace J. Cecil
, Member

**MINUTES OF A MEETING
OF THE BOARD OF
EASTERN WYOMING PUBLIC SERVICE DISTRICT**

April 3, 2001

MEMBERS PRESENT:

Dallas Cecil
Morgan Davis
Charles Thompson

MEMBERS ABSENT:

None

OTHERS PRESENT:

David Cole, Region I Planning and Development Council
Rick Roberts – Managing Engineer, Logan County Public Service District
Bob Hazelwood – Vice-President, Pentree, Incorporated
Susan Riggs – Spilman Thomas & Battle, PLLC
David Ferretti - Spilman Thomas & Battle, PLLC

I. Call to Order

The organizational meeting of the Eastern Wyoming Public Service District (“EWPSD” or “PSD”) was called to order at 6:30 p.m. on April 3, 2001, in the City Council Meeting Room in Mullens, West Virginia.

II. Election of Officers

The meeting proceeded to the election of officers. Upon nomination and vote for each office, the following officers were duly elected to the following offices until the next annual election of officers and until their successors are duly elected and qualified:

Morgan Davis	Chairperson
Dallas Cecil	Secretary
Charles Thompson	Treasurer

III. Rules of Procedure

The Chairperson presented to the Board a draft of Rules of Procedure for consideration by the Board for its regulation and procedures. After discussion, upon motion made by Mr. Davis and seconded by Mr. Thompson, the Board adopted the Rules of Procedure distributed by the Chairperson. A copy of the Rules of Procedure adopted by the Board is attached to these minutes.

IV. Scheduling of Meetings

After discussion, upon motion made by Mr. Davis and seconded by Mr. Cecil, the Board duly approved the establishment of the first Tuesday of each month at 6:30 p.m. as the regularly scheduled meeting time of the PSD.

A discussion was held regarding the posting of meeting dates and agendas. It was agreed that Mr. Davis would see to the posting of meeting dates for the year, as well as the date, time and place of every specific meeting and the posting of agendas, all as required by law and by the Rules of Procedure.

V. Other Business

A. PSC Proceeding Regarding Mullens Water Works

Ms. Riggs described for the Board a situation involving Mullens Water Works affecting the PSD. She stated that the City of Mullens initially had intended to buy Mullens Water Works pursuant to an option agreement, and that the option agreement was assignable to the PSD. An order issued by the West Virginia Public Service Commission ("PSC") stated that a proceeding for the purchase of Mullens Water Works needed to be filed by April 15, 2001. Subsequently, the PSC extended the filing date to July 15, 2001, but it also required Mullens Water Works to file a status report on or before April 15, 2001. After discussion, the Board authorized Ms. Riggs to work with Thomas Hanna, counsel to Mullens Water Works, to draft a report for submission to the PSC.

Mr. Davis raised the question of whether money would be available for the PSD to buy Mullens Water Works. Ms. Riggs stated that it had been her understanding that money for this purchase would be included in a future bond issue for the PSD. It was noted that the City of Mullens had negotiated the above-mentioned option agreement, but that a formal purchase agreement had not yet been drafted. The proposed purchase price was \$250,000 but the option also allows for the purchase of accounts receivable of less than 60 days, so the total price could be more. Mr. Roberts suggested that perhaps the application of the PSD to the West Virginia Infrastructure and Jobs Development Council ("IJDC") needs to be amended, or perhaps a new one filed, on behalf of the PSD. Mr. Cole will contact the IJDC to ask whether a new or amended application should be filed. After discussion, the Board concluded that no further action was needed on this matter until additional details are available.

B. Design Loan

Next, the Board discussed matters affecting the proposed design loan from the IJDC for the design of the PSD's water system. Obtaining this loan and resolving all issues with the Army Corps of Engineers (the "Corps") are priority items for the PSD. It is anticipated that the City of Mullens will vote soon to seek a Small Cities Block Grant to accompany the funding that the PSD hopes to obtain from the Corps and the IJDC, all of which will help with an anticipated application for Appalachian Regional Council funds. However, as Mr. Cole noted,

the timetables for most of these scenarios are out of the hands of the PSD, because they depend on the timetables of various other governmental agencies and entities. The first step probably is to get the design loan closed in order to tie down the proposed funding from the Corps.

Ms. Riggs distributed a document describing the current status of the design loan, a copy of which is attached to these minutes. She noted that the funding sought from the IJDC is to temporarily finance the design of the water system. These funds would come from a \$2 million revolving fund at the IJDC, which was created by the IJDC (with a maximum of \$200,000 per project) to make loans to public service districts that are just getting started and that have no customers at the time. The term of the loan would be three years, because it is anticipated that the system should be up and running by that time; however, if no grant funding is ever received by the PSD or no revenue bonds are issued, and if the system therefore is not able to be built, the loan eventually would be turned into a grant. Ms. Riggs noted that the current drafts of the loan documents are broadly worded, such that if the system *as a whole* receives any funds for any project at any time in the future, the IJDC loan must be repaid. It is hoped that this loan can be closed in May 2001; however, it was noted that this goal is contingent upon obtaining necessary authorizations and approvals from several other governmental agencies and entities, including PSC approval of the transfer of the design contract from the Wyco Public Service District (one of the several districts currently in receivership) to the EWPSD.

Ms. Riggs noted that certain authorizations must be provided by the Board in connection with the proposed design loan. First, a registrar bank is needed to authenticate the notes in connection with the loan. Upon motion made by Mr. Davis and seconded by Mr. Thompson, the Board voted to appoint United National Bank as the registrar for this loan. After discussion, upon motion made by Mr. Davis and seconded by Mr. Thompson, the Board then voted to appoint People's Bank as the depository bank for the loan.

C. Acquisition of Other Systems

A discussion was held regarding several other existing water systems that the PSD hopes to acquire. In addition to Mullens Water Works, the PSD needs to obtain options to buy several other systems within its service area, in order to determine the amount of funding needed for its second loan/bond issue. It was further noted that all of the systems that the PSD hopes to purchase are currently in receivership with the Circuit Court of Wyoming County, except for Mullens Water Works and Pierpont. Ms. Riggs noted that, for those systems in receivership, probably a petition for liquidation is the best way to seek to acquire the systems. A discussion was held regarding the possibility that contacts with political authorities may help with funding from various government agencies. A question was raised as to whether the PSD has any powers of condemnation. Ms. Riggs will look into this legal question.

D. Mapping of Service Area

A discussion was held regarding the mapping of the service area of the PSD. It was noted that new mapping with the GIS system would be helpful to the PSD, with respect to such items as preventive maintenance. It was noted that, at this point, Pentree has been

proceeding with this work, although the assignment of the contract from Wyco to the PSD has not yet been approved.

E. Bonding of Board Members

Mr. Cecil raised the question of whether the members of the PSD Board, particularly the Treasurer, should be bonded. Mr. Roberts responded that Mr. Goode, the County Clerk, is looking into this matter.

F. Wyco Tariff

Mr. Roberts stated that the PSC has asked the EWPSD to sign the rate tariff for Wyco PSD, which is currently in receivership with the Circuit Court of Wyoming County. Additionally, on April 13, 2001, the PSC will send an amended tariff. After discussion, it was noted that the EWPSD is not really in a position to sign this tariff, because Wyco PSD is still in receivership and has not yet formally been merged into EWPSD.

Mr. Cecil raised a question as to why the tap-on fee for Wyco in the tariff sent by the PSC is listed at \$200, instead of the \$50 that used to be charged by Wyco PSD. Mr. Roberts stated that he did not know the reason for this and he would check into the matter.

G. Operation and Maintenance Agreement

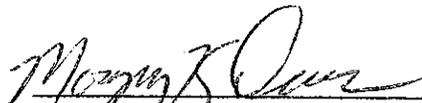
It was noted that, at such time as the PSD begins operations, it will need an Operation and Maintenance Agreement in place with Logan County PSD. Currently, this document is only in draft form. It was noted that Rick Staton probably will serve as the attorney for the PSD in the negotiation and drafting of this agreement. It was further noted that it probably would be a good idea to state in the O & M Agreement that keeping minutes of the meetings of the PSD could be the responsibility of Logan County PSD, through Mr. Roberts.

H. Miscellaneous

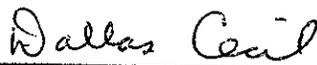
Mr. Davis asked that a location be established in the City Offices for the receipt of mail by the PSD and the members of the Board.

VI. Adjournment

Upon motion made by Mr. Thompson and seconded by Mr. Cecil, the meeting was adjourned at approximately 8:30 p.m.



Mike Davis, Chairman



Dallas Cecil, Secretary

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

MINUTES ON ADOPTION OF BOND RESOLUTION
AND SUPPLEMENTAL RESOLUTION

The undersigned, SECRETARY of the Public Service Board of Eastern Wyoming Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

MEMBERS PRESENT:

Dallas Cecil
Morgan Davis
Charles Thompson

MEMBERS ABSENT:

None

The Public Service Board of Eastern Wyoming Public Service District (the "District") met in special session, pursuant to notice duly posted, on the 10th day of October, 2001, in the City Council Meeting Room, Mullens, West Virginia. The meeting was called to order at the hour of 6:30 p.m. Mike Davis, Chairman, presided.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENTS OF WATER TREATMENT AND DISTRIBUTION FACILITIES BY EASTERN WYOMING PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$360,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH

BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

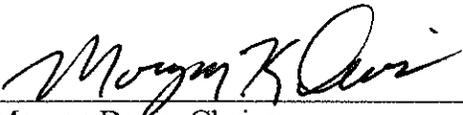
and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, REDEMPTION PROVISION AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM), OF EASTERN WYOMING PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

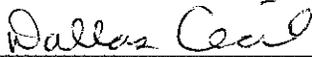
Upon motion made by Mr. Thompson and seconded by Mr. Cecil, the meeting was adjourned at approximately 8:45 p.m.


Morgan Davis, Chairman

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 16th day of October, 2001.



Dallas Cecil, Secretary

AFFIDAVIT OF PUBLICATION:

State of West Virginia
County of Wyoming, to wit:

I, Charlene Cook, being first duly sworn upon my oath, do depose and say that I am the Asst. Legal Editor of the Mullens Advocate, Inc. a corporation publisher of the newspaper entitled Mullens Advocate, Inc. a Republican newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Mullens, Wyoming County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and Wyoming County, West Virginia; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the

annexed notice of _____

12

was duly published in said newspaper once a week for _____

successive weeks, (Class _____) commencing with the issue of

the _____ day of _____, 20____, and ending with the

issue of the _____ day of _____, 20____ (and was posted

at the (if required) _____ on the _____

day of _____, 20____); that said annexed notice was

published on the following dates: _____

_____ and that the cost of

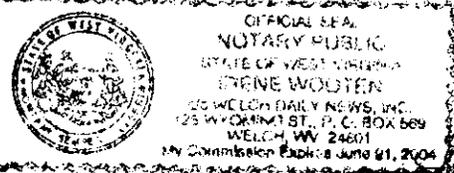
publishing said annexed notice as aforesaid was \$ 46.20

Charlene Cook, Asst. Legal Editor
Mullens Advocate, Inc.

Taken subscribed and sworn to before me in my said county

this _____ day of _____, 20____.

My commission expires June 21, 2004.



Irene Wooten
Notary Public, State of West Virginia

NOTICE OF PUBLIC MEETING
EASTERN WYOMING PUBLIC SERVICE DISTRICT

Notice is hereby given pursuant to the provision of West Virginia Code 6-9A-6, as amended, that a public meeting of the Eastern Wyoming Public Service District (the "District") will be held on the 10th day of October, 2001, beginning at 6:30 p.m. at Mullens City Hall, 316 Moran Avenue, Mullens, WV, at which public meeting the District will consider for adoption a Bond Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENTS OF WATER TREATMENT AND DISTRIBUTION FACILITIES BY EASTERN WYOMING PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$365,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The District will also consider for adoption a Supplemental Resolution entitled:
SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, REDEMPTION PROVISION AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM), OF EASTERN WYOMING PUBLIC SERVICE DISTRICT AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR; PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

The Resolutions would authorize the District to issue Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program) (the "Bonds") in an amount not to exceed \$365,000 to provide funds to repay fully its Water System Notes, series 2001 A (West Virginia Water Development Authority) which were issued on an emergency basis in order to finance the acquiring, constructing and improving of the water treatment and distribution system facilities previously owned by Mullens Water Works (the "Project"). The Bonds would be sold to the West Virginia Water Development Authority (the "WDA"), acting on behalf of the Bureau for Public Health Drinking Water Treatment Fund Program. The Resolution also would authorize the District to enter into and perform a loan agreement with the WDA, and would authorize other documents and transactions relating to the Bonds and the Project.

All interested individuals may appear before the District and be heard.
Dated: September 26, 2001

AGREEMENT

THIS AGREEMENT, made and entered into on this the 30th day of August, 20 01, by and between **LOGAN COUNTY PUBLIC SERVICE DISTRICT**, a political subdivision of the State of West Virginia, with offices at Suite 507, White & Browning Building, 201 ½ Stratton Street, Logan, West Virginia, 25601, party of the first part, sometimes hereinafter referred to as "LCPSD" and **EASTERN WYOMING PUBLIC SERVICE DISTRICT**, a political subdivision of the State of West Virginia, with offices at 316 Moran Avenue, Mullens, West Virginia 25882, party of the second part, sometimes hereinafter referred to as "EWPSD".

WHEREAS, EWPSD is the owner of certain water treatment, storage, and distribution systems in and around the Mullens, Itmann, Blackeagle, Corinne, Allen Junction, Wyco, Iroquois, Stephenson, Pierpoint and surrounding areas of Wyoming County, West Virginia, (the "Water Systems"); and,

WHEREAS, EWPSD, the City of Mullens and the County Commission of Wyoming County are collectively working to replace, upgrade and extend the Water Systems, hereinafter collectively sometimes referred to as the "Improvements"; and,

WHEREAS, EWPSD and LCPSD are desirous of entering into an agreement whereunder LCPSD will operate and maintain the Water Systems of EWPSD as well as the Improvements thereto, all as more particularly set forth herein, subject to the following terms and conditions.

WITNESSETH:

I. Management, Operation and Maintenance of EWPSD Water Facilities by LCPSD.

A. Except as otherwise provided in this Agreement, LCPSD hereby agrees, at its expense, to provide competent and professional management services to EWPSD in regard to its Water Systems, Improvements and general operations. These services shall include, but not necessarily be limited to (i) advice and assistance in complying with applicable state, federal and regulatory requirements, (ii) collection, coordination and distribution of correspondence and other relative information, (iii) maintenance of books and records, (iv) administration, clerical

and other support services and, (v) planning, preliminary engineering and coordination of Improvements. It is agreed that LCPSD staff job titles shall be applicable to EWPSD when performing duties described herein this Subsection A of Section I.

B. Except as otherwise provided in this Agreement, LCPSD hereby agrees to operate, maintain, repair and replace (i) EWPSD owned Water Systems and (ii) all Improvements added thereto by EWPSD with the written approval of LCPSD and EWPSD. The obligation of LCPSD to operate, maintain, and repair the Water Systems and Improvements (collectively hereinafter referred to as the "Water Facilities") at its own expense shall be limited to routine operation, maintenance and repair of EWPSD Water Facilities; provided, however, LCPSD's obligation to operate, maintain, and repair the EWPSD Water Facilities shall not include the obligation to maintain, repair or replace at its expense, any condition, defect or malfunction arising from the installation of EWPSD Water Facilities which fail to meet the standards of LCPSD, if such discrepancy in installation is reported in writing by LCPSD to EWPSD and to the County Commission of Wyoming County within 15 days of discovery.

C. In the event that it becomes necessary to install, relocate or replace any unit of property or any condition, defect or malfunction arising from faulty installation for which notice as hereinabove set forth has been given to EWPSD by LCPSD, such installation, replacement or relocation shall be made at the expense of EWPSD.

II. Reading Meters, Billing of Customers and Payments to EWPSD.

A. All customers served directly from EWPSD Water Facilities under this Agreement shall be the customers of EWPSD. LCPSD shall, at its expense, read all meters of the customers of EWPSD and render bills to those customers as agent for and on behalf of EWPSD and render to those customers as agent for and on behalf of EWPSD in a manner consistent with the meter reading and billing practices of LCPSD employed in billing its own customers, such bills to be rendered and collected by LCPSD on behalf of EWPSD and to be computed based on the usage of each EWPSD customer at the rates of EWPSD from time to time established or modified by EWPSD and approved by the Public Service Commission of West

Virginia ("Commission").

B. The bills delivered by LCPSD to each customer of EWPSD on behalf of EWPSD shall reflect the amount due for the water used (such amount to be determined by applying the rates of EWPSD to the consumption of water by EWPSD's customers as determined by monthly or estimated meter readings). The bills delivered to the customers of EWPSD shall be delivered by, and shall be payable to, LCPSD as agent for EWPSD.

C. LCPSD, in consideration of the respective rights, duties, obligations, agreements and undertakings of the parties under this Agreement, shall be entitled to receive from EWPSD an amount which will be the total of each customer's bill based on the consumption of each individual EWPSD customer at EWPSD rates from time to time established or modified by EWPSD and approved by the Commission. LCPSD shall prepare and deliver a monthly statement to EWPSD which shall reflect the total amount collected by LCPSD as agent for EWPSD and the total amount expended by LCPSD for the water service provided to customers of EWPSD at the respective rates of EWPSD. A customer of EWPSD shall be charged a municipal B & O surcharge on usage only if that customer resides within a municipality which imposes such a surcharge. In addition, the monthly statement to be provided to EWPSD by LCPSD will also include the costs of any installations, relocations, replacements, maintenance or repairs that have been made by LCPSD at the cost of EWPSD pursuant to Section IV, any additions or extensions, and related refunds, made at the cost of EWPSD under Section III, and the cost of any fire hydrants under Section VII installed at the cost of EWPSD.

D. In addition to such other obligations, duties and responsibilities set forth in this Agreement, as amended, LCPSD also agrees to pay directly to vendors the reasonable costs of the following six items on behalf of EWPSD, upon the receipt of an invoice for such costs from the vendor, which as been approved by EWPSD for payment and forwarded by EWPSD to LCPSD:

1. EWPSD Commissioner's Fees
2. Legal and Accounting Expenses
3. Liability Insurance and Bonds

such Subsequent Bonds. Provided such written approval is obtained by EWPSD from LCPSD, LCPSD agrees to make such principal and interest payments, Bond Reserve Account Deposits and Renewal and Replacement Reserve Account Deposits as provided for in the Subsequent Bond Documents in the manner described in Subsection F of this Section II.

H. EWPSD and LCPSD agree that the payments and deposits required in Subsections F and G of this Section II for the Original Bonds and any Subsequent Bonds will not be the responsibility of LCPSD following the termination of this Agreement by either EWPSD or LCPSD. EWPSD and LCPSD agree that Deposits into Bond Reserve Accounts and Renewal and Replacement Reserve Accounts required by the Original or Subsequent Bond Documents will not be the responsibility of LCPSD as long as such accounts are fully funded as provided for in the respective Bond Documents.

I. EWPSD and LCPSD agree that all deposits made by LCPSD, on behalf of EWPSD, for all Bond Reserve and Renewal and Replacement Reserve Accounts referred to in this Section II are the property of EWPSD and following the retirement or defeasement of the Original Bonds or any Subsequent Bonds any balances remaining in such accounts shall be transferred into the Plant Additions Reserve Account. EWPSD and LCPSD further agree that the payments and deposits required in Subsections F and G of this Section II for the Original Bonds and any Subsequent Bonds will be made into the Plant Additions Reserve Account following the retirement or defeasement of such Original Bonds or Subsequent Bonds, to the extent allowed by the Commission.

J. EWPSD and LCPSD agree that all funds held in all Renewal and Replacement Reserve Accounts provided for herein, shall be under the complete control of EWPSD and can be accessed only through a Resolution properly approved and executed by EWPSD. EWPSD and LCPSD further agree that all funds held in the Plant Additions Reserve Account provided for herein, shall be under the complete control of LCPSD during the term of this agreement, or any extension thereof, and can be accessed only through a Resolution properly approved and executed by LCPSD.

K. EWPSD and LCPSD agree that the manner in which all monthly customer revenues collected by LCPSD on behalf of EWPSD in accordance with Subsections A through C

of this Section II, shall be expended is (i) current operating expenses, (ii) revenue bond payments, (iii) revenue bond reserve payments, (iv) revenue bond renewal and replacement reserve payments and, (v) improvements and betterments to the Water Facilities of EWPSD.

III. Future Additions to and Future Extensions of EWPSD Water Systems.

LCPSD and EWPSD are aware that there may be future approved EWPSD additions and extensions made to EWPSD Water Systems. In addition to the other requirements set forth in this Agreement, EWPSD and LCPSD hereby specifically agree that such additions and extensions shall be made only if, in the opinion of LCPSD, EWPSD has sufficient treatment capacity and distribution and pumping facilities, including transmission and distribution mains, adequate to serve EWPSD's customers and if LCPSD believes it otherwise economically feasible to meet the total then present and anticipated needs of the customers of EWPSD. Further, EWPSD and LCPSD agree as follows:

A. Future Additions. All future additions to EWPSD Water Facilities constructed by EWPSD shall be subject to this Agreement; provided, however, that future additions to the system must be approved by both LCPSD and EWPSD.

B. Future Extensions. Customer extensions from EWPSD Water Facilities and within EWPSD boundary lines may be installed by either EWPSD or LCPSD. When EWPSD receives a request for a customer extension, EWPSD shall notify in writing LCPSD within fifteen (15) days of its receipt of said request whether EWPSD will install the customer extension or desires LCPSD to make the installation.

(1) In the event EWPSD desires LCPSD to install the customer extension, (i) LCPSD shall contract on its own behalf with the customer requesting the extension and make the installation pursuant to the Rules and Regulations of the Commission, (ii) all customers attaching to the customer extension shall be considered customers of EWPSD for billing purposes at the rates of EWPSD, and (iii) the customer extension shall be, without further cost or expense of any kind, the property of EWPSD.

(2) In the event EWPSD elects to install and own the customer extension, the construction for that customer extension by EWPSD shall be contracted to a contractor acceptable to LCPSD, and all plans and specifications for that extension must be submitted to and approved by LCPSD before becoming a part of EWPSD's system and being subject to this Agreement. When that extension is contracted to a contractor acceptable to LCPSD, LCPSD, on behalf of and as agent of EWPSD, shall contract directly with such contractor to provide the extension. Any extension deposits taken by LCPSD on behalf of and as agent for EWPSD pursuant to the Rules and Regulations of the Commission of shall be retained by LCPSD and credited against the cost of the extension, and the balance of the deposit above the cost of the extension, if any, shall be returned to the contracting customer. LCPSD on behalf of and as agent for EWPSD, shall make refunds to the contracting customers for the extensions pursuant to the Rules and Regulations of the Commission based on the rates of EWPSD.

IV. Plans and Specifications for EWPSD Improvements.

A. The EWPSD is expected to retain the services of consulting engineering firms from time to time to prepare the necessary plans and specifications and to prepare estimates of the cost of construction of EWPSD Improvements. Prior to preparation of the necessary bidding documents, EWPSD will submit the plans and specifications for EWPSD Improvements to LCPSD for approval.

B. LCPSD shall have the right, but not the obligation, to inspect the construction of EWPSD Improvements. EWPSD shall have the obligation to provide a full time, qualified resident project representative to assist EWPSD in determining that construction under this Agreement is conducted in accordance with the approved Plans and Specifications. In the event an inspection by LCPSD or such EWPSD inspector during construction of EWPSD Improvements or of the construction techniques or methods employed by, or for, EWPSD or its contractor during construction reveals that construction of EWPSD Improvements is not proceeding according to the approved Plans and Specifications, LCPSD shall, within 15 days of any inspection by LCPSD or within 15 days of being advised of such deficiencies in construction

by the EWPSD inspector, give written notice thereof to EWPSD, with a copy of such notice to the County Commission of Wyoming County, and EWPSD hereby agrees that it will correct, or cause its contractor to correct, such discrepancy within 45 days of receipt of such notice.

C. In the event EWPSD or its contractor refuses to correct such discrepancy, then LCPSD, at its sole option, shall have the right to be reimbursed for the cost and expense of making any installations, relocation, replacements, maintenance or repairs on such discrepancy.

D. EWPSD agrees that it will be EWPSD's responsibility to obtain all permits, easements, rights-of-way, and properties necessary to construct all EWPSD Improvements and extensions to the EWPSD Water Systems that are to be owned by EWPSD. LCPSD agrees that it will be LCPSD's responsibility to obtain all permits, easements, rights-of-way, and properties necessary to construct extensions, upgrades and betterments to the EWPSD Water Facilities that are to be installed by LCPSD as provided for in Section III of this Agreement.

E. EWPSD and LCPSD agree that each will work with the other to facilitate the provision of a public water source to all residents within EWPSD's boundaries in an affordable and timely manner.

V. Installation of Domestic Services.

EWPSD shall install and own services and meter installations for the customers to be served under this Agreement. Thereafter, and after the proposed construction of EWPSD Water Facilities provided for under this Agreement have been completed, LCPSD shall install, in accordance with the Rules and Regulations of the Commission, domestic services lines, including the tap on EWPSD Water Facilities and the service line from EWPSD Water Facilities to the established curb line or within the public right of way nearest the main. This installation shall include the meter setting. All such service lines from EWPSD Water Facilities to EWPSD customer's property line, meter settings and taps shall be constructed and installed by LCPSD and shall be the property of EWPSD. Following installation, LCPSD shall be responsible for the routine repair, maintenance and replacement of the meters.

VI. Payment to LCPSD Upon Termination of the Agreement.

A. Upon the termination of this Agreement, LCPSD will be entitled to receive payment for all water delivered to EWPSD customers through the termination date of this Agreement in accordance with the provisions of Section II of this Agreement.

B. Upon termination of the agreement, EWPSD also agrees that it reimburse LCPSD in full, any cash advances, interagency loans or other payments provided for under this agreement made by LCPSD to EWPSD.

C. Upon termination of the Agreement, LCPSD shall, within thirty (30) days of such termination, provide EWPSD the total cost of all such items described in subparagraphs A and B of this Section VI. EWPSD agrees that it shall pay to LCPSD the total cost of such items over a one year period with cash payments to be made in twelve (12) equal monthly payments of principal, plus accrued interest at five (5) percent, commencing forty-five (45) days after termination of the Agreement.

VII. Installation of Private Fire Protection Services.

After the proposed construction of EWPSD Improvements provided for in this Agreement have been completed, additional fire services, approved by EWPSD and LCPSD, may be installed by LCPSD from EWPSD Water Facilities, but only in accordance with the Rules and Regulations of the Commission. Fire service shall be installed by LCPSD at the expense of the applicant and shall be billed by LCPSD to the applicant and paid by the applicant directly to LCPSD at a rate equal to the approved EWPSD private protection rate.

VIII. Installation of Fire Hydrants.

After the original construction of EWPSD Improvements provided for in this Agreement have been completed, public fire protection facilities approved by EWPSD and LCPSD may be installed on EWPSD Water Facilities covered by this Agreement at the request of an appropriate

governmental unit, and installation shall be made pursuant to the Rules and Regulations of the Commission.

IX. Water Service Franchise Territories.

It is expressly understood and agreed by LCPSD and EWPSD that:

A. LCPSD shall be permitted to operate and maintain EWPSD Facilities and other facilities within the water service franchise area of EWPSD as are necessary to enjoy and fulfill its rights and obligations under this Agreement, subject to the terms and conditions set forth in this Agreement.

B. Except as otherwise provided in the Agreement, all persons served from extensions or additions constructed at the LCPSD's expense as described in Section III, and served, either at present or in the future, by EWPSD shall be considered customers of EWPSD.

X. Term of this Agreement.

This Agreement shall be effective on the date of the Final Order of the Public Service Commission of West Virginia approving the Agreement, and shall extend for forty (40) years from the date thereof and thereafter may continue in effect from year to year after the 40-year term of the Agreement by mutual consent of the parties.

XI. Representations and Warranties.

A. EWPSD represents and warrants to LCPSD as follows:

- (1) The execution, delivery and performance of this Agreement by EWPSD has been duly authorized, and this Agreement constitutes a valid and binding obligation of EWPSD enforceable in accordance with its terms; and,

- (2) The execution and performance of this Agreement in accordance with its terms by EWPSD will not violate any provisions of law or violate the terms or conditions of any grants or loans made to EWPSD or any other party for acquisition of the EWPSD Water Systems.

B. LCPSD represents and warrants to EWPSD as follows:

- (1) The execution, delivery and performance of this Agreement by LCPSD has been duly authorized, and this Agreement constitutes a valid and binding obligation of LCPSD enforceable in accordance with its terms; and,
- (2) The execution and performance of this Agreement in accordance with its terms by LCPSD will not violate any provisions of LCPSD's indentures.

XII. Assignability.

This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XIII. Notice.

A. LCPSD shall deliver all written requests, statements, fees, notices or other documents or payments called for or permitted by the terms of this Agreement to EWPSD at the following address:

Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, West Virginia 25882

B. EWPSD shall deliver all requests, fees, statements, notices or other documents called for or permitted by the terms of this Agreement to LCPSD at the following address:

Logan County Public Service District
Suite 507, White & Browning Building

201 ½ Stratton Street
Logan, West Virginia 25601

XIV. Captions.

The captions preceding the text of the subsections of this Agreement are inserted solely for convenience and referenced and shall not be used to construe, interpret or affect any provision of this Agreement.

XV. Originals

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Upon execution by both parties thereto, one counterpart of this Agreement shall be filed with the Commission by LCPSD.

XVI. Survivorability

This Agreement is the entire agreement between the said parties and the parties to this Agreement have been represented by Counsel, or have had an opportunity to consult legal Counsel with regard to this Agreement, and all provisions of this Agreement have been fully negotiated. This Agreement constitutes the sole, final, and entire agreement and understanding between the parties, and they shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Agreement. This Agreement may not be changed orally, but only by an agreement, in writing, executed by all parties. This Agreement shall be governed by and interpreted in accordance with the laws of the State of West Virginia and if any provision of this Agreement shall for any reason be held invalid or unenforceable by any Court, governmental agency, or arbitrator of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision, and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained therein.

IN WITNESS WHEREOF, Logan County Public Service District, a political subdivision of the State of West Virginia, and Eastern Wyoming Public Service District, a political subdivision of the State of West Virginia, have caused this Agreement to be signed, by their proper officers thereunto duly authorized, all as of the day and year written below.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

SEAL

Witness:

Mike Stone

Mr. Mike Stone, Secretary

By:

James R. Jeffrey
Mr. James R. Jeffrey, Chairman

Date:

8/30/01

EASTERN WYOMING PUBLIC SERVICE DISTRICT

SEAL

Witness:

Dallas J. Cecil

Mr. Dallas J. Cecil, Secretary

By:

Morgan K. Davis
Mr. Morgan K. Davis, Chairman

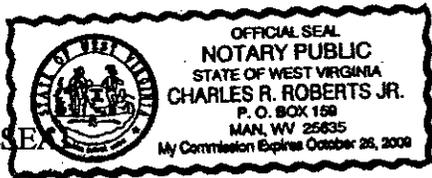
Date:

9/4/01

STATE OF WEST VIRGINIA,
COUNTY OF Logan, to-wit:

The foregoing instrument was acknowledged before me this 30th day of August,
2001, by James R. Jeffrey, Chairman of Logan County Public Service District, a political
subdivision of the State of West Virginia, on behalf of said District.

My Commission Expires: October 26, 2009

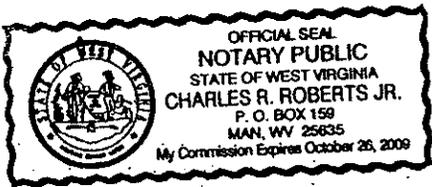


Charles R. Roberts Jr.
Notary Public

STATE OF WEST VIRGINIA,
COUNTY OF Wyoming, to-wit:

The foregoing instrument was acknowledged before me this 7th day of September,
2001, by Morgan K. Davis, Chairman of Eastern Wyoming Public Service District, a political
subdivision of the State of West Virginia, on behalf of said District.

My Commission Expires: October 26, 2009



Charles R. Roberts Jr.
Notary Public

SEAL

EASTERN WYOMING PUBLIC SERVICE DISTRICT

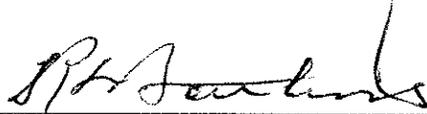
Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The Peoples Bank of Mullens, a state banking corporation with its principal office in Mullens, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Eastern Wyoming Public Service District (the "Issuer") adopted on October 10, 2001, and a Supplemental Resolution of the Issuer adopted on October 10, 2001 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), dated October 16, 2001, in the principal amount of \$360,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 16th day of October, 2001.

THE PEOPLES BANK OF MULLENS



Executive Vice President and CEO

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

UNITED NATIONAL BANK, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Eastern Wyoming Public Service District Water Revenue Bonds, Series 2001 A, dated October 16, 2001, in the principal amount of \$360,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 16th day of October, 2001.

UNITED NATIONAL BANK,



Its Assistant Vice President

EASTERN WYOMING PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

UNITED NATIONAL BANK, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of Eastern Wyoming Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered, Eastern Wyoming Public Service District Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), of the Issuer, dated October 16, 2001, in the principal amount of \$360,000 numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of, United National Bank, as Registrar.

WITNESS my signature on this 16th day of October, 2001.

UNITED NATIONAL BANK



Its Assistant Vice President

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 16th day of October, 2001, by and between EASTERN WYOMING PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED NATIONAL BANK ("Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$360,000 principal amount of Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer adopted on October 10, 2001, and a Supplemental Resolution of the Issuer adopted on October 10, 2001 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrant and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the attached schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, West Virginia 25882
Attention: Chairman

REGISTRAR: United National Bank
Charleston, West Virginia
Attention: Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

EXHIBIT A

Included in transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(Please see attached)



I N V O I C E

Date: October 5, 2001
To: Eastern Wyoming Public Service District
Re: Eastern Wyoming Public Service District
Series 2001
Amount Due: \$ 500.00

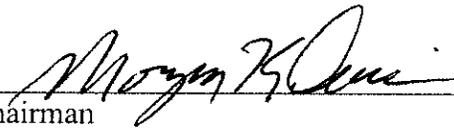
Account Acceptance
Registrar Fee \$ 500.00

Total \$ 500.00

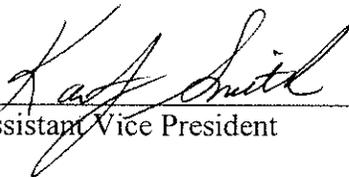
Please remit to United National Bank
Corporate Trust Department
P. O. Box 393
Charleston, WV 25392

IN WITNESS WHEREOF, EASTERN WYOMING PUBLIC SERVICE DISTRICT and UNITED NATIONAL BANK, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

EASTERN WYOMING PUBLIC
SERVICE DISTRICT


Chairman

UNITED NATIONAL BANK


Assistant Vice President

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: October 16, 2001

ISSUE: Eastern Wyoming Public Service District Water Revenue Bonds,
Series 2001 A (West Virginia DWTRF Program)

ADDRESS: 316 Moran Avenue, Mullens, West Virginia 25882 COUNTY: Wyoming

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUND ISSUE(S) DATED: NA

ISSUE DATE: October 16, 2001 CLOSING DATE: October 16, 2001

ISSUE AMOUNT: \$360,000 RATE: 0%; Administrative Fee 1%

1ST DEBT SERVICE DUE: March 1, 2002 1ST PRINCIPAL DUE: March 1, 2002

1ST DEBT SERVICE AMOUNT: \$3,000.00 PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Spilman Thomas & Battle, PLLC
Contact Person: David P. Ferretti, Esq.
Phone: 304/340-3859

UNDERWRITERS
COUNSEL: Jackson & Kelly, PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 304/340-1318

CLOSING BANK: Peoples Bank of Mullens
Contact Person: Ron Bowling
Phone: 304/294-7115

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Morgan K. Davis
Position: Chairman
Phone: 304/294-5046

OTHER: West Virginia Bureau for Public Health
Contact Person: Walter M. Ivey, P.E.
Function: Manager
Phone: 304/558-2981

DEPOSITS TO MBC AT CLOSE: _____
By: X Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
X Other: Pay WDA Note \$360,000.00*

REFUNDS & TRANSFERS BY MBC AT CLOSE: _____
By: _____ Wire _____
_____ Check _____
_____ IGT _____
To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: \$ _____

NOTES: *Pay in full the entire principal amount on the District's Water System Notes, Series 2001 A (West Virginia Water Development Authority), dated August 23, 2001.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

EASTERN WYOMING PUBLIC SERVICE DISTRICT
Water Revenue Bonds Series 2001 A
(West Virginia DWTRF Program)

CLOSING MEMORANDUM

To: Financing Team

From: David P. Ferretti, Esquire
 Susan J. Riggs, Esquire

Date: October 16, 2001

1. DISBURSEMENT TO EASTERN WYOMING PUBLIC SERVICE DISTRICT

Payor: West Virginia Water Development Authority/West Virginia
 Bureau for Public Health

Source: Series 2001 A Bonds Proceeds

Amount: \$360,000

Date: October 16, 2001

Form: Wire Transfer

Payee: Eastern Wyoming Public Service District

Bank: The Peoples Bank of Mullens

Routing #: 051503556

Account #: 11-301-8

Account: Mullens-Wyco Water Project
 Subaccount: Series 2001 A Construction Trust Fund

Contact: Mr. Ron Bowling (Phone: 294-7115, Fax: 294-7147)

2. EASTERN WYOMING PUBLIC SERVICE DISTRICT DISBURSEMENT TO
MUNICIPAL BOND COMMISSION

Payor: Eastern Wyoming Public Service District

Source: Series 2001 A Bonds Proceeds

Amount: \$360,000

Date: October 16, 2001

Form: Wire Transfer

Payee: West Virginia Municipal Bond Commission (West Virginia
 Treasurer's Office)

Bank: Branch Bank and Trust Company, Charleston, West Virginia

Routing #: 051503394

Account #: State of West Virginia

5270517317
Contact: Sara Boardman
Purpose: Pay principal of the District's Water System Notes, Series 2001 A
(West Virginia Water Development Authority) (the "Notes")

3. EASTERN WYOMING PUBLIC SERVICE DISTRICT DISBURSEMENT TO
MUNICIPAL BOND COMMISSION

Payor: Eastern Wyoming Public Service District
Source: Issuer's Funds
Amount: \$3,092.41
Date: October 16, 2001
Form: Wire Transfer
Payee: West Virginia Municipal Bond Commission (West Virginia
Treasurer's Office)
Bank: Branch Bank and Trust Company, Charleston, West Virginia
Routing #: 051503394
Account #: State of West Virginia
5270517317
Contact: Sara Boardman
Purpose: Pay interest in the amount of \$2,114.70 on the Notes and pay
MBC fees in the amount of \$977.71.

DEED

THIS DEED, Made and entered into as of the 23rd day of August, 2001, by and between MULLENS WATER WORKS, a West Virginia corporation ("MWW"), the party of the first part, and EASTERN WYOMING PUBLIC SERVICE DISTRICT, a public corporation organized and existing pursuant to the provisions of West Virginia Code § 16-13A-1, et seq. ("EWPSD"), the party of the second part;

W I T N E S S E T H:

That for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the party of the first part does hereby GRANT, CONVEY, BARGAIN, SELL, ASSIGN and TRANSFER unto the party of the second part, all of the rights, title and interests whatsoever of the party of the first part in and to all rights-of-way, easements, deeds of easements, licenses and rights of ingress and egress, and all fixtures and appurtenances therein or thereon, relating or pertaining in any way to the water system owned by the party of the first part situate in the City of Mullens, the Town of Itmann and their vicinities, Slab Fork District, Wyoming County, West Virginia, which water system is to be conveyed to the party of the second part simultaneously herewith, including without limitation all treatment facilities, storage facilities, service and distribution lines and mains of every kind and description, pumps, fire hydrants, meters, meter yokes, meter boxes and lids, valves, fittings, and all other fixtures that are necessary, needed and incidental to operating the water system.

The party of the first part EXCEPTS from this conveyance all other tracts of real property owned by the party of the first part or in which the party of the first part has an interest, other than

the rights-of-way, easements, deeds of easement, licenses and rights of ingress and egress that are hereby conveyed.

The party of the first part does hereby covenant that it will WARRANT GENERALLY the title to the said property hereby conveyed and covenants that the same is free and clear of all liens, encumbrances and security interest.

The party of the first part does further WARRANT that it will forever defend the properties and interest hereby bargained, sold, assigned and set over against the claims and demands of all persons, and will promptly pay any and all debts now due and owing or which may become due and owing by the party of the first part in connection with said property, including taxes of every kind and character, except for those debts specifically assumed by the party of the second part as set forth in the Agreement between the parties hereto.

The party of the first part does further agree that it will deliver to the party of the second part any and all deeds, easements, easement agreements, right-of-way agreements, licenses, rights of ingress and egress, certificates of title or other evidences of ownership of said property now in its possession or within its control.

This instrument is executed and delivered pursuant to that certain Joint Petition filed by the party of the first part and the party of the second part with the Public Service Commission of West Virginia ("PSC") on August 3, 2001, which Joint Petition was approved by orders of the PSC entered on August 3, 2001, and August 14, 2001, in Case No. 01-1039-W-PWD-PC.

DECLARATION OF CONSIDERATION OR VALUE: Under penalty of fine and imprisonment as provided by law, the party of the first part does hereby declare this conveyance is not subject to the West Virginia excise tax on the transfer of real estate for the reason that this

conveyance is made to a political subdivision of the State of West Virginia.

WITNESS: the following signature and seal:

MULLENS WATER WORKS, a corporation.

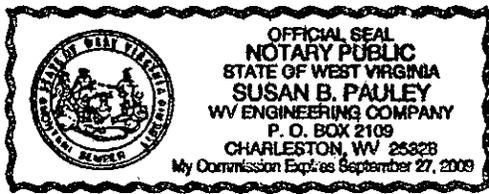
By: *David W. Musser*
David W. Musser, President

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, To-wit:

The foregoing instrument was acknowledged before me this 23rd day of August, 2001, by David W. Musser, president of Mullens Water Works, a corporation, on behalf of the corporation.

My commission expires *Sept. 27, 2009*



Susan B. Pauley
NOTARY PUBLIC

THIS INSTRUMENT WAS PREPARED BY:
Thomas N. Hanna
Attorney at Law
P.O. Box 3967
Charleston, WV 25339
WV State Bar # 1581.

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE AND ASSIGNMENT, Made and entered into as of the 23rd day of August, 2001, by and between MULLENS WATER WORKS, a West Virginia corporation (“MWW”), party of the first part, and EASTERN WYOMING PUBLIC SERVICE DISTRICT, a public corporation organized and existing pursuant to the provisions of West Virginia Code § 16-13A-1, et seq. (“EWPSD”), party of the second part;

W I T N E S S E T H:

That for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the party of the first part does hereby GRANT, CONVEY, BARGAIN, SELL, ASSIGN and TRANSFER unto the party of the second part, the following assets:

a. All treatment facilities, storage facilities, water mains, service and distribution lines, meters, valves, fittings and equipment owned by Mullens and used in connection with the Water Systems and described and listed on Exhibit “A”, a copy of which is attached hereto and incorporated by reference herein, (“the Tangible Personal Property”).

b. All customer accounts receivable of Mullens as of the closing that are less than sixty (60) days old as of three (3) days prior to the closing date and all customer accounts receivable of Mullens as of the closing that are over sixty (60) days old for which Mullens has properly executed current paying customer repayment agreements, (“the Accounts Receivable”).

c. All maintenance materials, and replacement parts used in the upkeep of the Water Systems, including, but not limited to, pipes, valves, meters, meter yokes, meter boxes and lids and miscellaneous fittings in Mullens’s inventory as of the closing, (“the Inventory”).

d. Copies of all current customer records, meter books, and maintenance and testing records of Mullens, (“the Business Records”).

e. All of the right, title and interest of whatever nature of Mullens in and to all easements, rights-of-way, deeds of easement, licenses and such other rights of ingress and egress relating to the Water Systems. There is specifically excluded from this sale all other real property owned by Mullens, a list of which is attached hereto and incorporated by reference herein as Exhibit B, which property will be leased to EWPSD for a period of ten (10) years commencing with the execution of this Agreement, for an annual lease payment of One Dollar (\$1.00), with an option for EWPSD to purchase said real estate at the end of said lease period for a price of Seventy Thousand Dollars (\$70,000.00).

f. All permits, franchises, licenses, certificates of convenience and necessity and other authorizations pertaining to any other assets transferred hereunder.

The party of the first part does hereby WARRANT GENERALLY the title to the property and covenants that it has the right to sell and convey the same; that the same is free and clear of all liens, security interests, incumbrances and all debts of whatever nature and description; and that it shall execute such further assurances as may be requisite.

The party of the first part does further WARRANT that it will defend the properties and interest hereby bargained, sold, assigned and set over against the claims and demands of all persons, and will promptly pay any and all debts now due and owing or which may become due and owing by the party of the first part in connection with said property, including taxes of every kind and character.

The party of the first part does further agree that it will deliver to the party of the second part any and all certificates of title or other evidences of ownership of said property now in its possession.

This instrument is executed and delivered pursuant to that certain Joint Petition filed by the party of the first part and the party of the second part with the Public Service Commission of West Virginia ("PSC") on August 3, 2001, which Joint Petition was approved by orders of the PSC entered on August 3, 2001, and August 14, 2001, in Case No. 01-1039-W-PWD-PC.

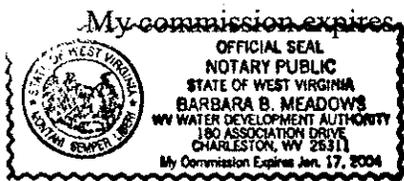
WITNESS the following signature and seal:

MULLENS WATER WORKS, a corporation.

By: David W. Musser
David W. Musser, President

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, To-wit:

The foregoing instrument was acknowledged before me this 23rd day of August, 2001, by David W. Musser, president of Mullens Water Works, a corporation, on behalf of the corporation.



January 17, 2004

Barbara B. Meadows
NOTARY PUBLIC

THIS INSTRUMENT WAS PREPARED BY:

Thomas N. Hanna
Attorney at Law
P. O. Box 3967
Charleston, WV 25339
WV State Bar # 1581.

174355

Exhibit "A"
Physical Assets
Mullens Water Works, Inc.

Three separate water systems: Mullens (PWSID #3305514), Nuriva (PWSID #3305538) and Itmann (PWSID #3305513), (Mullens and Nuriva can be connected by opening a valve.)

MULLENS SYSTEM

Treatment plant containing settling basin, two pressure filters, pumps, aerator, chlorinates, mixing chambers, clear well, chemical feed pumps, controls, laboratory, turbidimeter, water meter testing equipment.

Intake in Slab Fork Creek with pump.

Well-located in alley behind warehouse building, this is separate from the well currently in use in City Realty Company's warehouse (there are two wells), See Note 1 on next page.

#1 Tank – 100,000 gallon, welded steel

Tater Hill Tank – 230,000 gallon, welded steel; see Note 2 on next page.

Garage near treatment building

NURIVA SYSTEM

Treatment plant containing filter, aerator, mixing chamber, chlorinator, pumps and controls.

Intake at mine source

Tank – 100,000 gallon, welded steel

ITMANN SYSTEM

Treatment plant containing filter, aerator, chlorinator, pumps and well.

Tank – 100,000 gallon, welded steel

WATER MAINS

	<u>Mullens & Nuriva</u>	<u>Itmann</u>
8 inch	5,160 feet	
6 inch	21,490 feet	
4 inch	7,710 feet	7,000 feet
2 inch & smaller	19,210 feet	4,500 feet

WATER METERS AND SERVICE LINES: 1100 ± each

ALL HYDRANTS – Including valves and service lines, and including the entire fire protection system, both public and private.

EQUIPMENT

1994 Ford Tractor with backhoe Model #1320, S/N UE 27334 (tractor)
Ford Front End Loader S/N YL 24653 (attachment to tractor)
Ford Backhoe S/N WDB 1020 (attachment to tractor)

1963 WainRoy Backhoe S/N 1040

MATERIALS

All materials purchased by Mullens Water Works, and still on hand at the time of closing, will be included in this sale, including any pipe, leak repair fittings, valves, elbows, tees, etc. During the term of the Agreement of Sale, all materials (as noted above) will remain in inventory or be installed as part of the water system, and in either event, will be included in the sale at closing.

NOTE 1: The well in the warehouse is located on land owned by City Realty Company and therefore not covered under this agreement. Rights to the water in the well, and rights to access and to use and maintenance of this well can be provided by way of a lease. This lease would be for \$120.00 per year, with a term of 99 years. Lease to be executed at closing. Any construction necessary to provide the Eastern Wyoming Public Service District access to this well (such as a door and any walls around the well to separate it from the warehouse building) is NOT INCLUDED IN THIS AGREEMENT.

NOTE 2: The Tater Hill tank was built by funds from Mullens Water Works, and therefore the structure (tank) and foundation will be included in the sale, and the same is true for both of the 8" Cast Iron water mains that are connected to the tank and all valves, fittings, etc. in the 8" lines; HOWEVER, these are located on land owned by City Realty Company and therefore the land that this tank stands on, and these 8" mains are located on, are not covered under this agreement. Access to, and use of, the tank and both 8" mains can be provided by a lease. This lease would be for \$120.00 per year with a term of 99 years, and would include the use of the tank, vehicular access to the tank, and access to both of the water lines that connect to the tank. Lease to be executed at closing.

Exhibit "B"
To
Agreement of Sale

<u>Parties</u>	<u>Document</u>	<u>Size</u>	<u>Book</u>	<u>No.</u>	<u>Description</u>
Mullens Water Works, Inc.	Deed	0.11 acres (M/L)	61	234	Lot #42 / Early Street (Treatment Plant)
Mullens Water Works, Inc.	Deed	0.08 acres (M/L)	77	380	Lot #41 / Early Street (Garage)
Mullens Water Works, Inc.	Deed	1.51 acres	105	209	Above Frantz Avenue (Tank #1)
Mullens Water Works, Inc.	Deed	3.99 acres	99	285	Above Beech Street (Vacant Land)
Mullens Water Works, Inc.	Deed	0.195 & 0.058 Acres	261	484	Nuriva Intake & Treatment Plant
Mullens Water Works, Inc.	Deed	0.17 acres	249	275	Nuriva Tank
Mullens Water Works, Inc.	Deed	0.08 acres	182	26	Itmann Tank
Mullens Water Works, Inc.	Deed	0.37 acres	182	26	Itmann Treatment Plant

AGREEMENT AND ADDENDUM TO BILL OF SALE AND ASSIGNMENT

THIS AGREEMENT AND ADDENDUM TO BILL OF SALE AND ASSIGNMENT, Made and entered into as of the 23rd day of August, 2001, by and between MULLENS WATER WORKS, a West Virginia corporation ("MWW"), party of the first part, and EASTERN WYOMING PUBLIC SERVICE DISTRICT, a public service district created under the provisions of West Virginia Code §16-13A-1, et seq. ("EWPSD"), party of the second part:

W I T N E S S E T H:

That for and in consideration of the premises, terms and conditions hereinafter stated, the parties agree to amend the attached Bill of Sale and Assignment (the "Bill of Sale") as follows:

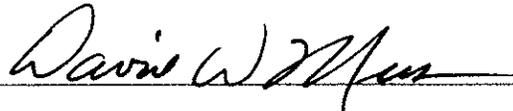
- 1) With regard to the customer accounts receivable to be transferred by the party of the first part to the party of the second part under paragraph (b) of the Bill of Sale, the parties agree that \$17,000.00 shall be the amount included in the purchase price and paid to the party of the first part at closing, and that the remainder of the accounts receivable as agreed by the parties, not to exceed a total of \$35,000.00 (which total includes the aforementioned \$17,000.00 paid at closing), shall be paid to the party of the first part within ten (10) working days of the day of closing.
- 2) With regard to the customer security deposits held by the party of the first part and to be transferred to the party of the second part under paragraph (4) of the Agreement of Sale, the parties agree that the party of the first part shall pay the amount of said security deposits to the party of the second part, along with a list of the customers who made the deposits, and the date upon which each deposit was made, within ten (10)

working days of the closing.

3) The parties acknowledge that the recent flooding in Wyoming County, West Virginia, has caused problems relating to the documents and records of the party of the first part; accordingly, the party of the first part hereby specifically agrees that (i) after the date hereof, the party of the first part shall continue to deliver to the party of the second part all Business Records, as defined in the Agreement of Sale between the parties (the "Agreement of Sale"), and all other documents, instruments and information included within the definition of Assets as defined in the Agreement of Sale, that may hereafter come within the possession or control of the party of the first part, and (ii) because the Deed delivered simultaneously herewith by the party of the first part to the party of the second part contains a general description of the real estate rights and interests to be conveyed pursuant to the Agreement of Sale rather than a specific enumeration of the instruments of conveyance under which the party of the first part owns such rights and interests, the party of the first part shall hereafter execute and deliver to the party of the second part, without consideration, any and all other and further instruments of conveyance necessary to convey of record to the party of the second part all of the real estate rights and interests that the party of the first part is obligated to convey to the party of the second part pursuant to under the Agreement of Sale.

WITNESS the following signatures and seals:

MULLENS WATER WORKS, a West
Virginia corporation,

BY: 

David W. Musser, President

CORPORATE SEAL

EASTERN WYOMING PUBLIC
SERVICE DISTRICT, a political
subdivision of the State of West Virginia,

BY: Morgan K. Davis

— Its Chairman

CORPORATE SEAL

RECORDED
INDEXED
AUG 23 2001
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AGREEMENT OF SALE

THIS AGREEMENT OF SALE, made and entered into on this the 23rd day of August, 2001, by and between **MULLENS WATER WORKS, INC.** a West Virginia corporation, with a mailing address of P. O. Box 2109, Charleston, West Virginia 25328, party of the first part, Seller, sometimes hereinafter referred to as "**MULLENS**" and the **EASTERN WYOMING PUBLIC SERVICE DISTRICT**, a political subdivision of the State of West Virginia, with offices at 316 Moran Avenue, Mullens, West Virginia 25882, party of the second part, Buyer, sometimes hereinafter referred to as "**EWPSD**".

WHEREAS, Mullens is the owner and operator of certain water treatment, storage and distribution systems in and around the Mullens and Itman areas of Wyoming County, West Virginia, ("the Water Systems"); and,

WHEREAS, Mullens is also the owner of certain inventory and pieces of equipment used in conjunction with the operation and maintenance of the Water Systems; and,

WHEREAS, EWPSD is desirous of buying and Mullens is desirous of selling certain assets utilized by it in connection with the Water System, all as more particularly set forth herein, subject to the following terms and conditions.

WITNESSETH:

That for and in consideration of the mutual covenants, agreements, representations, warranties and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties do hereby **AGREE** as follows:

1. Mullens **AGREES** to grant, bargain, sell, transfer, convey, assign and deliver to EWPSD, and EWPSD **AGREES** to purchase from Mullens, the following assets, sometimes hereinafter collectively referred to as "the Assets":

a. All treatment facilities, storage facilities, water mains, service and distribution lines, meters, valves, fittings and equipment owned by Mullens and used in connection with the Water Systems and described and listed on Exhibit "A", a copy of which is attached hereto and incorporated by reference herein, ("the Tangible Personal Property").

b. All customer accounts receivable of Mullens as of the closing that are less than sixty (60) days old as of three (3) days prior to the closing date set below and all customer accounts receivable of Mullens as of the closing that are over sixty (60) days old for which Mullens has properly executed current paying customer repayment agreements, ("the Accounts Receivable").

c. All maintenance materials, and replacement parts used in the upkeep of the Water Systems, including, but not limited to, pipes, valves, meters, meter yokes, meter boxes and lids and miscellaneous fittings in Mullens's inventory as of the closing, ("the Inventory").

d. Copies of all current customer records, meter books, and maintenance and testing records of Mullens, ("the Business Records").

e. All of the right, title and interest of whatever nature of Mullens in and to all easements, rights-of-way, deeds of easement, licenses and such other rights of ingress and egress relating to the Water Systems. There is specifically excluded from this sale all other real property owned by Mullens, a list of which is attached hereto and incorporated by reference herein as Exhibit B, which property will be leased to EWPSD for a period of ten (10) years commencing with the execution of this Agreement, for an annual lease payment of One Dollar (\$1.00), with an option for EWPSD to purchase said real estate at the end of said lease period for a price of Seventy Thousand Dollars (\$70,000.00).

2. In consideration of all of the aforesaid Assets to be conveyed and transferred to EWPSD by Mullens, pursuant to Paragraph 1 herein, EWPSD agrees to pay to Mullens in cash at closing, and Mullens agrees to accept from EWPSD, for all items mentioned in Paragraph No. 1, the sum of One Hundred Ten Thousand Dollars (\$ 110,000.00), plus an amount equal to the Accounts Receivable, as described in paragraph 1(b) herein. If there exists any indebtedness of Mullens on any of the Assets to be conveyed to EWPSD, Mullens agrees to disclose documentation of all such indebtedness and keep current all debt principal and interest payments through the date of closing.

3. Mullens will provide appropriate documentation of interim water collections to EWPSD, and, additionally, Mullens agrees to make all accounts receivable records and customer repayment agreements available for inspection by EWPSD during normal business hours.

4. Mullens agrees to transfer and deliver to EWPSD all sums of money owed by Mullens to customers as of closing for customer security deposits, including all appropriate customer deposit records and receipts on the date of closing, set forth below.

5. Mullens agrees that it will not purchase any vehicles or equipment or execute any contracts for the Water Systems without the express written consent of EWPSD after the date of this agreement, which consent shall not be unreasonable withheld, except as may be required in the ordinary course of business up to the date of closing or expiration of this agreement, whichever comes first.

6. Mullens warrants and represents unto EWPSD that all of the Assets to be sold and delivered to EWPSD pursuant to the provisions of Paragraph No. 1 herein are located in Wyoming County, West Virginia. Mullens agrees that it will not remove or dispose of any of such property from such locations without the express written consent of EWPSD, except as may be required in the ordinary course of business up to the date of delivery of possession of the Assets to EWPSD. Mullens, to the extent it has the right to do so, shall grant, transfer, convey and assign to EWPSD all warranties, express or implied, relating to the Tangible Personal Property and Inventory to be transferred to EWPSD, hereunder, and will provide to EWPSD all written documentation of said warranties and guarantees.

7. Mullens warrants and represents to EWPSD as follows:

a. Mullens is a duly organized corporation, validly existing and in good standing under the laws of the State of West Virginia.

b. David W. Musser is the duly elected and current President of Mullens and has the full right, power and authority from said corporation to enter into this Agreement of Sale on behalf of Mullens, to sell the Assets on behalf of Mullens and to execute on behalf of Mullens any and all other documents as may be necessary to consummate this transaction.

c. Mullens has or will have good and marketable title, by the date of closing, to all of the Tangible Personal Property, Inventory and Accounts Receivable to be transferred hereunder, subject to no liens, restrictions, encumbrances or security interests except as may be specifically set forth herein.

8. EWPSD represents and warrants to Mullens as follows:

a. EWPSD is a political subdivision of the State of West Virginia.

b. Morgan K. Davis is the duly elected and current Chairperson of EWPSD and has the full right, power and authority from EWPSD to enter into this agreement on behalf of EWPSD, to purchase the Assets on behalf of EWPSD and to execute on behalf of EWPSD any and

all other documents as may be necessary to consummate this transaction.

c. The purchase of the Assets of Mullens by EWPSD hereunder will not conflict with or result in a breach of the terms of any agreement or other instrument to which EWPSD is party or by which it is, or may be, bound or which would constitute a default thereunder; and

d. The members of the board of EWPSD have duly adopted resolutions authorizing and approving the execution, delivery and performance of this Agreement by EWPSD and certified copies of such resolutions will be delivered by EWPSD to Mullens at closing.

9. Mullens warrants that the sale of the Assets of Mullens hereunder will not conflict with or result in breach of the terms of any agreement or other instrument to which Mullens is a party of by which it is, or may be, bound or which would constitute a default thereunder, or result in the creation or imposition of lien, charge or encumbrance on, or to give to any third party any interest or right of any of the aforesaid Assets of Mullens.

10. The board of directors and stockholders of Mullens have duly adopted resolutions authorizing and approving the execution, delivery and performance of this agreement by Mullens and certified copies of such resolutions will be delivered by Mullens to EWPSD at closing.

11. Mullens warrants that there are no present or anticipated filings of any mechanic's liens or materialman's liens against any of the Assets of Mullens to be transferred hereunder, and that Mullens agrees to indemnify and hold harmless EWPSD as a result of any expenses, or costs, including reasonable attorney fees, as may be necessary in order to remove any such liens imposed upon the Assets transferred herein, by reason of any matter occurring prior to closing.

12. The parties agree that Mullens will retain the same risk number for purposes of worker's compensation coverage, benefits and obligations for all of its past and present employees, up to the date of closing. Any claim made for worker's compensation coverage or benefits by such employees in respect to matters occurring prior to closing, whether for temporary total disability, permanent total disability, death, reopenings or otherwise shall be the sole and exclusive responsibility of Mullens, and Mullens agrees to hold harmless and indemnify EWPSD as a result of any such claims by past or present employees of Mullens.

13. The parties agree that Mullens will be solely responsible for all retirement and/or pension related funds maintained by it for its employees, past and present, and EWPSD will have no obligation or responsibility in any manner with regard to the maintenance, investment, distribution

or payment of any such pension or employees retirement funds.

14. Mullens warrants that there are no present actions, suits, claims or other proceedings, litigation or investigations pending or threatened against Mullens, its properties and assets, by any person, firm, corporation or governmental entity which would have a material adverse effect upon the business of Mullens or the consummation of the transaction contemplated herein.

15. Mullens warrants that it possesses all of the permits and licenses necessary for the operation of the Water Systems, and that all of said permits and licenses are in full force and effect, without any material violations thereof.

16. Mullens warrants that the assets, liabilities and financial condition of its operations are, to the best of its knowledge, accurately reflected upon that certain Annual Report submitted by Mullens to the Public Service Commission of West Virginia ("PSC") for its tax year ended December 31, 2000, a copy of which is attached hereto as Exhibit "C", in respect to the period covered by such Report, and there has not been a material adverse change in the financial condition of Mullens since December 31, 2000.

17. The parties specifically agree that all warranties and representations contained herein shall survive the closing of this transaction for a period of six (6) months.

18. The parties specifically agree that EWPSD will assume only those obligations, debts or liabilities of Mullens as expressly set forth herein. All other obligations, debts and liabilities of Mullens that are not set forth herein shall remain the sole obligation of Mullens and shall not be binding in any manner or enforceable against EWPSD.

19. Mullens agrees to indemnify and hold harmless EWPSD and its directors, agents and employees from any and all claims, demands, damages, costs and expenses arising out of any act or omission relating to the use, condition or operation of any Tangible Personal Property or Inventory to be transferred pursuant to this Agreement of Sale and which occurs prior to the closing, for a period of thirty (30) days from and after the date of closing of this transaction. It is agreed that all Tangible Personal Property and Inventory to be sold hereunder will be transferred "as is" and "where is" without any express or implied warranties of any kind, including without limitation, warranties of merchantability or fitness for any particular purpose by Mullens.

20. Mullens and EWPSD each represent to the other that neither has dealt with any broker in such a manner as to incur any liability for any commission, fee or compensation whatsoever in

connection with this transaction, and each agrees to indemnify the other against any loss, cost or expense resulting from any such claim as any result from dealing with a broker.

21. Mullens and EWPSD agree that there are no covenants, conditions or restrictions which would impair or interfere in any way with the sale contemplated herein by Mullens and purchase contemplated herein by EWPSD.

22. All Assets to be sold hereunder by Mullens are sold as part of the consideration for the total price hereinabove stated, and are to be sold without encumbrances of any type or kind whatsoever. Mullens shall provide a full and complete statement of all Uniform Commercial Code (UCC) indexing statements on any of the subject personal property upon execution of this Agreement of Sale, if any. In the event that there are encumbrances of any type or kind on any of said personal property to be transferred herein, Mullens shall remove the same prior to closing of the transaction, or EWPSD may remove the same at the expense of Mullens.

23. Mullens warrants and represents to EWPSD that, to the best of its knowledge, there are no eminent domain or condemnation proceedings pending, proposed or known to Mullens, in which any portion of the Assets hereunder shall or may be taken.

24. Mullens agrees that the EWPSD and the PSC shall have the right to inspect the business records at the office of Mullens during normal business hours prior to consummation of the transaction and will further represent that, to the best of its knowledge, the same are true, accurate and correct.

25. The parties agree that Mullens will be solely responsible for any taxes that may be imposed upon it as a result of the sale of the Assets, and any other taxes including, but not limited to, state, federal and municipal taxes, withholding taxes, employment taxes, social security taxes (FICA), licenses and fees lawfully imposed upon it and attributable to any period through closing. All personal property taxes imposed or assessed upon the Assets shall be prorated as of closing on a calendar year basis.

26. All notices and other communications hereunder shall be in writing and shall be deemed to be duly given if mailed by first class, registered or certified mail, return receipt requested, addressed to the parties at the respective addresses as set forth in the first page of this Agreement of Sale, or at such other address as any party may from time to time designate for such purpose by written notice.

27. This Agreement of Sale, and the terms and conditions hereof, shall inure to the benefit of and be binding upon the respective successors and assigns of each of the respective parties hereto.

28. This Agreement of Sale contains the entire agreement between the parties. No promise, representation, warranty or covenant not included in this Agreement of Sale has been or is being relied upon by either party. Each party has relied upon its own examination of the full Agreement of Sale and provisions hereof, and the counsel of its own advisors, and the warranties, representations and covenants expressly contained in the Agreement of Sale itself. No modification or amendment of this Agreement of Sale shall be of any force or effect unless in writing duly executed by both parties.

29. Each party fully and completely acknowledges, understands and agrees that this Agreement of Sale and the transfer of the Assets as contemplated herein is expressly subject to approval of the PSC. Any condition, modification or restriction of any part of this transaction, imposed or requested by the PSC as a condition of its approval of the sale, must be agreed to in writing by both parties before it becomes binding on either party. Failure by either party to agree to any such condition, modification or restriction shall not be considered a default under, or breach of, this Agreement of Sale and either party may, upon notice to either other party, terminate this agreement if such party should not agree with such condition, modification or restriction. Mullens further acknowledges and understands that the transfer as contemplated herein will also be subject to the ability of EWPSD to obtain reasonable and adequate financing in order to properly fund the purchase of the Assets. EWPSD agrees with Mullens that it will use its best efforts to secure such financing.

30. In the event that this transaction fails to close due to a refusal or default on the part of Mullens, then and in such event, at the option of EWPSD, EWPSD may pursue its rights against Mullens, by virtue of the refusal and default of Mullens, either at law or in equity, including, but not limited to, the right of specific performance.

31. In the event that this transaction fails to close due to a refusal or default on the part of EWPSD, then and in such event, at the option of Mullens, Mullens may pursue its rights against EWPSD, by virtue of the refusal and default of EWPSD, either at law or in equity, including, but not limited to, the right of specific performance.

32. Both parties specifically acknowledge, understand and agree that it shall not be

considered an act of default by EWPSD or Mullens if the PSC does not authorize and approve the sale as contemplated herein, nor shall it be considered a default by EWPSD if after using its best efforts to secure the necessary financing that such financing does not develop.

33. It is the intent of both parties herein for Mullens to sell, and EWPSD to buy, the Assets, and, in that regard, both parties agree to cooperate fully and completely with each other to achieve this desired result.

34. The parties specifically agree that the sale of the Assets of Mullens is specifically not a sale or purchase of any shares of stock of Mullens.

35. The date of closing of this transaction shall be on a date to be set by mutual agreement, but not more than Ninety (90) days from the date an Order of the PSC approving this transfer becomes final.

36. Either party may, upon notice to the other party, terminate this Agreement in the event the PSC should not approve this Agreement and the transaction contemplated herein on or before December 31, 2001. Further, Mullens may, upon notice to EWPSD, terminate this Agreement in the event EWPSD shall not have secured the financing described in paragraph 29 hereof prior to December 31, 2001.

WITNESS the following signatures and seals.

MULLENS WATER WORKS, INC., a West Virginia corporation,

BY: David W. Musser
David W. Musser, President

CORPORATE SEAL

EASTERN WYOMING PUBLIC SERVICE DISTRICT,
a political subdivision of the State of West Virginia.

BY: Morgan K. Owen
Its Chairman

CORPORATE SEAL

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, TO-WIT:

I, Barbara B Meadows, a Notary Public in and for the County and State aforesaid, do hereby certify that David W. Musser, president of MULLENS WATER WORKS, INC., whose name is signed to the foregoing Agreement of Sale, dated the 23rd day of August, 2001, has this day acknowledged the same before me in my said county on behalf of said corporation.

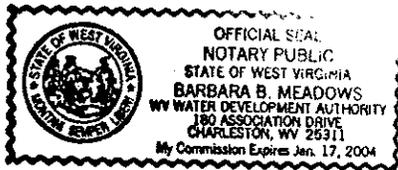
Given under my hand this 23rd day of August, 2001.

My commission expires: January 17, 2004

Barbara B Meadows

NOTARY SEAL

Notary Public



STATE OF WEST VIRGINIA,
COUNTY OF WYOMING, TO-WIT:

I, W Richard Staton, a Notary Public in and for the County and State aforesaid, do hereby certify that Morgan K. Davis, chairman of EASTERN WYOMING PUBLIC SERVICE DISTRICT, whose name is signed to the foregoing Agreement of Sale, dated the 15 day of August, 2001, has this day acknowledged the same before me in my said county on behalf of said district.

Given under my hand this 15 day of August, 2001.

My commission expires: June 19 2004

W Richard Staton

NOTARY SEAL

Notary Public

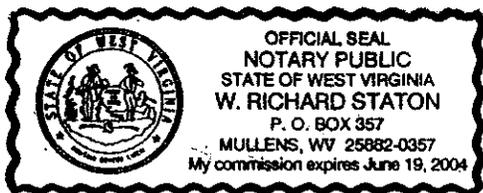


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Mullens Water Works, Inc.

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MULLENS SYSTEM

Treatment plant containing settling basin, two pressure filters, pumps, aerator, chlorinates, mixing chambers, clear well, chemical feed pumps, controls, laboratory, turbidimeter, water meter testing equipment.

Intake in Slab Fork Creek with pump.

Well-located in alley behind warehouse building, this is separate from the well currently in use in City Realty Company's warehouse (there are two wells), See Note 1 on next page.

#1 Tank - 100,000 gallon, welded steel

Tater Hill Tank - 230,000 gallon, welded steel; see Note 2 on next page.

Garage near treatment building

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Treatment plant containing filter, aerator, mixing chamber, chlorinator, pumps and controls.

Intake at mine source

Tank - 100,000 gallon, welded steel

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Treatment plant containing filter, aerator, chlorinator, pumps and well.

Tank - 100,000 gallon, welded steel

WATER MAINS

	<u>Mullens & Nuriva</u>	<u>Itmann</u>
8 inch	5,160 feet	
6 inch	21,490 feet	
4 inch	7,710 feet	7,000 feet
2 inch & smaller	19,210 feet	4,500 feet

WATER METERS AND SERVICE LINES: 1100 ± each

ALL HYDRANTS – Including valves and service lines, and including the entire fire protection system, both public and private.

EQUIPMENT

1994 Ford Tractor with backhoe Model #1320, S/N UE 27334 (tractor)
Ford Front End Loader S/N YL 24653 (attachment to tractor)
Ford Backhoe S/N WDB 1020 (attachment to tractor)

1963 WainRoy Backhoe S/N 1040

MATERIALS

All materials purchased by Mullens Water Works, and still on hand at the time of closing, will be included in this sale, including any pipe, leak repair fittings, valves, elbows, tees, etc. During the term of the Agreement of Sale, all materials (as noted above) will remain in inventory or be installed as part of the water system, and in either event, will be included in the sale at closing.

NOTE 1: The well in the warehouse is located on land owned by City Realty Company and therefore not covered under this agreement. Rights to the water in the well, and rights to access and to use and maintenance of this well can be provided by way of a lease. This lease would be for \$120.00 per year, with a term of 99 years. Lease to be executed at closing. Any construction necessary to provide the Eastern Wyoming Public Service District access to this well (such as a door and any walls around the well to separate it from the warehouse building) is **NOT INCLUDED IN THIS AGREEMENT.**

NOTE 2: The Tater Hill tank was built by funds from Mullens Water Works, and therefore the structure (tank) and foundation will be included in the sale, and the same is true for both of the 8" Cast Iron water mains that are connected to the tank and all valves, fittings, etc. in the 8" lines; HOWEVER, these are located on land owned by City Realty Company and therefore the land that this tank stands on, and these 8" mains are located on, are not covered under this agreement. Access to, and use of, the tank and both 8" mains can be provided by a lease. This lease would be for \$120.00 per year with a term of 99 years, and would include the use of the tank, vehicular access to the tank, and access to both of the water lines that connect to the tank. Lease to be executed at closing.

Exhibit "B"
To
Agreement of Sale

<u>Parties</u>	<u>Document</u>	<u>Size</u>	<u>Book</u>	<u>No.</u>	<u>Description</u>
Mullens Water Works, Inc.	Deed	0.11 acres (M/L)	61	234	Lot #42 / Early Street (Treatment Plant)
Mullens Water Works, Inc.	Deed	0.08 acres (M/L)	77	380	Lot #41 / Early Street (Garage)
Mullens Water Works, Inc.	Deed	1.51 acres	105	209	Above Frantz Avenue (Tank #1)
Mullens Water Works, Inc.	Deed	3.99 acres	99	285	Above Beech Street (Vacant Land)
Mullens Water Works, Inc.	Deed	0.195 & 0.058 Acres	261	484	Nuriva Intake & Treatment Plant
Mullens Water Works, Inc.	Deed	0.17 acres	249	275	Nuriva Tank
Mullens Water Works, Inc.	Deed	0.08 acres	182	26	Itmann Tank
Mullens Water Works, Inc. Plant	Deed	0.37 acres	182	26	Itmann Treatment

**WATER UTILITIES
(Classes C and D)**

**ANNUAL REPORT
OF**

MULLENS WATER WORKS

(Name of Respondent)

P. O. Box 2109, Charleston, W. Va. 25328

(Address of Respondent)

to the

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

for the

December 31, 2000

YEAR ENDED _____

Name, title, address and telephone number (including area code) of the person to be contacted concerning this report:

Mike Grandon, Treasurer

304/342-2721

709 Security Building, Charleston, W. Va. 25301

GENERAL INSTRUCTIONS

1. The original of this report form properly filled out and verified should be filed by the last day of the third month following the close of the calendar or established fiscal year. One copy of the report should be retained by the respondent in its files.
2. This form of annual report is prepared in conformity with the Uniform System of Accounts for Water Utilities.
3. Use ink or typewriter for reporting. Do not use pencil, hectograph, or other means which do not result in a permanent record. The spacing in this report is designed for typewriter.
4. Items of a contrary or opposite nature (such as decreases in a column providing for net increases) should be enclosed in parentheses.
5. Round off cents to the nearest whole dollar on all schedules except where cents are important.
6. The annual report should be complete in itself in all particulars. Reference to returns of former years or to other reports should not be made to take the place of required entries except as otherwise specifically authorized.
7. Where information called for herein is not given, state fully the reason for its omission. If any schedule does not apply to the respondent such fact should be shown by the words 'not applicable.'
8. Whenever schedules call for comparisons of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year or an appropriate explanation given why different figures were used.
9. If it necessary or desirable to insert additional statements for the purpose of further explanation of schedules, they should be made on durable paper conforming to this form in size and width or margin. Each insert sheet should bear the title of the schedule to which it pertains.

PART I: IDENTIFICATION

01 Exact Legal Name of Respondent MULLENS WATER WORKS		02 Year of Report 2000
03 Previous Name and Date of Change (If name changed during year) NOT APPLICABLE		
04 Address of Principal Business Office at End of Year (Street,City,State,Zip Code) 709 SECURITY BUILDING, CHARLESTON, WV 25301		
05 Name of Contact Person MICHAEL W. GRANDON		06 Title of Contact Person TREASURER
07 Address of Contact Person (Street,City,State,Zip Code) 709 SECURITY BUILDING, CHARLESTON, WV 25301		
08 Telephone of Contact Person, Including Area Code 304/342-2721	09 This Report is (1) x An Original (2) _ A Resubmission	10 Date of Report (Mo, Da, Yr) 3/28/2001
11 Name of Officer Having Custody of the Books of Account MICHAEL W. GRANDON		12 Title of Officer TREASURER
13 Address of Officer Where Books of Account Are Kept (Street,City,State,Zip Code) 709 SECURITY BUILDING, CHARLESTON, WV 25301		
14 Name of State Where Respondent Is Incorporated WEST VIRGINIA	15 Date of Incorporation 8/9/21	16 If Applicable, Reference to Law Incorporated Under NA
17 Explanation of Manner and Extent of Corporate Control (If the respondent controls or is controlled by any other corporation, business trust, or similar organization)		

PART II: ATTESTATION

The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.

01 Name H. P. MUSSER JR.	03 Signature 	Date Signed (Mo, Da, Yr) 3/28/2001
02 Title CHAIRMAN		

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
ANNUAL REPORT FOR CLASS C AND D WATER UTILITIES

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BALANCE SHEET

Note: Show the Equivalent Plant Balances for Other Departments on Lines 7-10

Assets and Other Debits (a)	Sch. Page No. (b)	Begin. Bal. This Year (c)	Ending Bal. This Year (d)	Increase or (Decrease) (e)
01 UTILITY PLANT				
02 Water Utility Plant (100-109)	7-8	760,531	787,635	27,104
03 Less: Accum. prov. for depr.				
04 and amort of water plant(110)	9	380,051	394,202	14,151
05 Net water plant		380,480	393,433	12,953
06				
07 Sewer & other utility plant		0	0	0
08 Less: Accum. prov. for depr.				
09 and amortization		0	0	0
10 Net sewer & other plant		0	0	0
11 Total net utility plant		380,480	393,433	12,953
12				
13 OTHER PROP. & INVESTMENTS				
14 Nonutility property (121)		0	0	0
15 Less: Accum. prov. for depr				
16 & amort of nonutil prop(122)		0	0	0
17 Net nonutility property		0	0	0
18 Other Investments(124)		0	0	0
19 Special funds(125)	6	0	0	0
20		0	0	
21 Total other prop & investmnts		0	0	0
22				
23 CURRENT & ACCRUED ASSETS				
24 Cash and Working Funds(131)		5,112	23,585	18,473
25 Temporary cash Investmnts(132)		0	0	0
26 Notes Receivable(141)		0	0	0
27 Customer accounts rec(142)		23,316	23,642	326
28 Other Accounts Rec.(143)		0	0	0
29 Accum. prov. for uncollect accts.		0	0	0
30 N/R from assoc cos(145)Clas C		0	0	0
31 A/R from assoc cos(146)Clas C		548	484	(64)
32 Materials and Supplies		0	0	0
33 Prepayments(166)		35,386	30,356	(5,030)
34 Other current & accr assets		0	0	0
35		0	0	0
36 Total current & accr assets		64,362	78,066	13,705

BALANCE SHEET

Note: Show the Equivalent Plant Balances for Other Departments on Lines 7-10

Assets and Other Debits (a)	Sch. Page No. (b)	Begin. Bal. This Year (c)	Ending Bal. This Year (d)	Increase or (Decrease) (e)
38 DEFERRED DEBITS				
39 Unamort debt disc & exp (181)		0	0	0
40 Xtraordinary Prop.losses(182)		0	0	0
41 Other deferred debits(183)		56,394	0	(56,394)
42				
43 Total deferred debits		56,394	0	(56,394)
44				
45 Total Assets and Other Debits		501,236	471,499	(29,736)

BALANCE SHEET (Continued)

Liabilities and Other Credits (a)	Sch. Page No. (b)	Begin. Bal. This Year (c)	Ending Bal. This Year (d)	Increase or (Decrease) (e)
01 EQUITY CAPITAL				
02 Common Capital Stock(201)	6	91,751	91,751	0
03 Preferred capital stock(204)	6	48,000	48,000	0
04 Other Paid-in capital(207)		0	0	0
05 Install rec on cap. stk (212)		0	0	0
06 Discount on cap. stock (213)		0	0	0
07 Capital stock expense (214)		0	0	0
08 Retained earnings(215-216)	5	(57,308)	(159,350)	(102,042)
09 Reacquired capital stock		0	0	0
10 Non-corp. proprietorship(218)		0	0	0
11 Total equity capital		82,443	(19,599)	(102,042)
12 LONG TERM DEBT				
13 Bonds(221)	6	0	0	0
14 Advances from assoc cos(223)	6	83,335	75,583	(7,752)
15 Other long-term debt(224)	6	0	0	0
16 Total long term debt		83,335	75,583	(7,752)
17 CURRENT & ACCRUED LIABILITIES				
18 Notes payable(231)		20,000	19,000	(1,000)
19 Accounts payable(232)		13,322	12,086	(1,236)
20 N/P to assoc cos(233) Class C		182,685	207,437	24,752
21 A/P to assoc cos(234) Class C		65,947	121,958	56,011
22 Customer Deposits(235)		7,480	5,766	(1,714)
23 Taxes accrued(236)		3,124	1,674	(1,450)
24 Interest Accrued(237)		24,977	38,529	13,552
25 Other currnt & accr liab(238)		8,441	0	(8,441)
26 Total currnt and accr liabs		325,976	406,450	80,474
27 DEFERRED CREDITS				
28 Unamort. prem. on debt (251)		0	0	0
29 Customer advs for Constr(252)		0	0	0
30 Other deferred credits(253)		0	0	0
31 Accum defer. ITC (255)		3,464	3,047	(417)
32 Total deferred credits		3,464	3,047	(417)
33 OPERATING RESERVES				
34 Property Ins. reserve (261)		0	0	0
35 Inj. & damage reserve (262)		0	0	0
36 Pension & benefit res. (263)		0	0	0
37 Misc. oper. reserve (265)		0	0	0
38 Total operating reserves		0	0	0

BALANCE SHEET (Continued)

Liabilities and Other Credits (a)	Sch. Page No. (b)	Begin. Bal. This Year (c)	Ending Bal. This Year (d)	Increase or (Decrease) (e)
39 CONTRIB IN AID OF CONSTRUCT				
40 Contributions in aid of construction (271)		0	0	0
41 ACCUM DEFERRED INCOME TAXES				
42 Accelerated amort. (281)		0	0	0
43 Liberalized dep. (282)		6,018	6,018	(0)
44 Other (283)		0	0	0
45 Total accum. def. income tx		6,018	6,018	(0)
46				
47 Total liab. & other credits		501,236	471,499	(29,737)

APPROPRIATED RETAINED EARNINGS (Account 215)

Line No.	(a)	Balance End of Year (b)
01		
02		
03	NONE	
04		
05		
06		
07		
08		
09		
10		

UNAPPROPRIATED RETAINED EARNINGS (Account 216)

Line No.	Particulars (a)	This Year (b)	Last Year (c)
16	Unappropriated Retained Earnings (at beginning of period)		
17		(57,308)	(61,092)
18			
19	Balance transferred from Income(435)	(102,042)	3,784
20	Appropriations of retained earnings(436)		
21	Dividends declared - preferred stock (437)	0	0
22	Dividends declared - common stock(438)	0	0
23	Adjustments to retained earnings (439) (Explain)	0	0
24			
25			
26	Net increase (decrease) to retained earnings	(102,042)	3,784
27	Unappropriated retained earnings (at end of period)	(159,350)	(57,308)

Notes to Pages 3 - 5

INCOME STATEMENT				
ACCOUNT (a)	Sch. Page No. (b)	This Year (c)	Last Year (d)	Increase or (Decrease) (e)
01 UTILITY OPERATING INCOME				
02 Operating Revenues (400)	11	229,745	248,224	(18,479)
03 Operating Expenses				
04 Oper. & maint. exp.(401-402)	13-14	275,306	181,820	93,486
05 Depreciation (403)	9	15,641	22,540	(6,899)
06 Amortization (404-407)	16	0	0	0
07 Non-income taxes (408.1)	16	21,007	19,921	1,086
08 Income Taxes (409.1)		0	0	0
09 Prov. for Defer IT (410.1)		0	0	0
10 IT Def. In Pr Yrs-Cr.(411.1)		0	0	0
11 ITC Carryover Defer (412.1)		0	0	0
12 ITC Rest.to Oper Inc.(412.2)		(417)	(417)	0
13 Total Operating Expenses		311,536	223,864	87,673
15 Operating Income		(81,792)	24,360	(106,152)
16 Inc. from U. P. Leases (413)		0	0	0
17 Gains(Losses) from dispos. of U. P. (414)		0	0	0
18 Total operating income		(81,792)	24,360	(106,152)
19 OTHER INC & DEDUCTIONS				
20 Other income:				
21 Inc from mdse Jobbing(415-16)		0	0	0
22 Nonutil. oper.(417)(Class C)		0	0	0
23 Nonoperating rental (418)		0	0	0
24 Interest & Dividend Inc.(419)		0	0	0
25 Funds Used Constr Allow (420)		0	0	0
26 Misc. nonoperating Inc.(421)		148	0	148
27 Gains(losses)dis of prop(422)		0	0	0
28 Total Other Income		148	0	148
29 Other Income Deductions:				
30 Misc. amortization(425)		0	0	0
31 Misc. Income deductions(426)		0	0	0
32 Total Other inc deductions		0	0	0

INCOME STATEMENT		(Continued from Page 1)		
ACCOUNT (a)	Sch. Page No. (b)	This Year (c)	Last Year (d)	Increase or (Decrease) (e)
33 Taxes Appl. to Other Income and Deductions:				
34 Non-income taxes(408.2)		0	0	0
35 Income Taxes(409.2)		0	0	0
36 Net defer taxes(410.2-411-2)		0	0	0
37 Net ITC (412.3-412.4)		0	0	0
38 Total Taxes on Other Accts		0	0	0
39 Net other Inc & deductions		0	0	0
40 INTEREST CHARGES				
41 Interest on LT debt(427)		4,935	5,176	(241)
42 Amort-debt disc and exp(428)		0	0	0
43 Amort. debt Premium-Cr.(429)		0	0	0
44 Assoc. Co.s Debt Int (430)		15,460	14,793	667
45 Other Interest Exp (431)		4	21	(18)
46 Total Interest Charges		20,398	19,990	408
47 Inc before Extra. Items		(102,042)	4,370	(106,412)
48 EXTRAORDINARY ITEMS				
49 Extraordinary income(433)		0	0	0
50 Extraordinary deduct.s (434)		0	0	0
51 Inc TX, Extra. Items (409.3)		0	(586)	586
52 Total extraordinary Items		0	(586)	586
53				
54 Net Income		(102,042)	3,784	(105,826)

(Page 1 Continued)

STATEMENT OF CASH FLOWS

The overall design of the form has been categorized in accordance with FASB #95 - Statement of Cash Flows using the direct method. For those completing the form without the assistance of an accountant, categorize receipts and disbursements using captions given and the blank lines as necessary to reconcile with cash accounts.

Cash Flows from Operating Activities include the cash effects of items normally appearing on an income statement. Other cash transactions should be reported as investing or financing activities, whichever appears to be the most appropriate for each circumstance.

Ln.	Statement of Cash Flows	Amount For Year
1	Cash Flows from Operating Activities:	
2	Cash from Customers Attributable to Operating Revenues	229,483
3	Less: Cash Paid for Operation & Maintenance Expenses	(170,487)
4	Cash Paid for Taxes Other Than Income Taxes	(21,007)
5	Income Taxes Paid	
6	Subtotal of Cash Flows from Operating Activities	37,989
7	Interest and Other Income Received	0
8	(Interest Paid)	(6,846)
9	Other Cash Inflows (Outflows) from Operating Activities:	
10	Miscellaneous Income	148
11		
12	Net Cash Provided by (Used in) Operating Activities	31,291
	Cash Flows from Investing Activities:	
	Cash Inflows:	
13	Proceeds from Sale of Utility Plant	
14	Contributions and Advances in Aid of Construction	
15	Contributions and Advances from Associated Companies	0
16	Proceeds from Sale of Investment Securities	
17	Proceeds from Disposal of Other Noncurrent Assets	
	Cash Outflows:	
18	Expenditures on Additions to Utility Plant	(27,104)
19	Refunds of Customer Advances for Construction	
20	Investment in and Advances to Associated Companies	16,000
21	Purchase of Investment Securities	
22	Acquisition of Other Noncurrent Assets	
23	Other Cash Inflows (Outflows) from Investing Activities	
24		
25		
26		
27	Net Cash Provided by (Used in) Investing Activities	(11,104)

Ln.	Statement of Cash Flows (Continued)	Amount For Year
	Cash Flows from Financing Activities:	
	Cash Inflows - Proceeds from Issuance of:	
28	Long Term Debt	
29	Preferred Stock	
30	Common Stock	
	Cash Outflows	
	Payment for Retirement of:	
31	Long Term Debt	
32	Preferred Stock	
33	Common Stock	
34	Dividends on Preferred Stock	
35	Dividends on Common Stock	
	Other Cash Inflows (Outflows) from Financing Activities:	
36	Net Increase or (Decrease) in Short Term Debt	
37	Net Increase or (Decrease) in Customer Deposits	(1,714)
38		
39		
40		
41		
42	Net Cash Provided by (Used in) Financing Activities	(1,714)
43	Net Increase (Decrease) in Cash and Cash Equivalents	18,473
44	Cash and Cash Equivalents - Beginning of Year	5,112
45	Cash and Cash Equivalents - End of Year	23,585

Ln.	Reconciliation of Net Income to Net Cash Provided by Operating Activities	Amount For Year
46	Net Income	(102,042)
	Adjustments to reconcile net income to net cash provided by operating activities	
47	Depreciation & amortization	14,151
48	Net deferred taxes & investment tax credits	(417)
49	(Allowance for funds used during construction)	0
50	(Gain) Loss recognized on disposition of assets	0
51	Amortization of debt discount (premium) on debt	0
52	Net (increase) decrease in receivables	(262)
53	(Increase) decrease in materials and supplies	0
54	(Increase) decrease in prepayments	5,030
55	Net (increase) decrease in other accrued revenues & assets	56,395
56	Increase (decrease) in accounts payable	54,775
57	Increase (decrease) in interest accrued	13,552
58	Net increase (decrease) in taxes accrued & taxes payable	(1,450)
59	Net increase (decrease) in other accrued expenses	(8,441)
60	Increase (decrease) in operating reserves	0
61	Other adjustments	
62		
63		
64		
65		
66	Net cash provided by operating activities	31,291

DETAILS OF SINKING AND OTHER SPECIAL FUNDS (Account 125)

Name of Fund (a)	Balance at Beg. of Year (b)	Additions		Deductions (e)	Balance at End of Year (f)
		Principal (c)	Income (d)		
01					
02					
03					
04	NONE				
05					
06					
07					
08					
09					
10					
11					
12					

CAPITAL STOCK (Accounts 201-204)

Class and Series of Stock (a)	Number of Shares Authorized (b)	Par Value Per Share of Par Val. Stk (c)	Stated Value Per Share of Nonpar Stock (d)	Outstanding Per Balance Sheet		Dividends Per Share This Year (g)
				Shares (e)	Amount (f)	
19 Common	100,000	\$1.00		91,751	\$91,751	\$0.00
20						
21						
24 Preferred	50,000	\$1.00		48,000	\$48,000	\$0.00
25						
26						
27						

30 Total amount outstanding without reduction for amounts held by respondent

LONG-TERM DEBT (Accounts 221-224)

Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding per Bal Sheet (d)	Interest for Year	
				% Rate (e)	Amount (f)
37 TANK LEASE	May 1, 1990	May 1, 2010	\$53,282	9	4,935
38					
39					
40					
41					
52 TOTAL	XXX	XXX	\$53,282	XXX	4,935

WATER UTILITY PLANT ACCOUNTS

1. Report by prescribed accounts the original cost of water plant in service and the additions and retirements of such plant during the year.

2. State in a footnote the general character of any adjustments in column (e).

Line No.	Acct. No.	Account	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Balance End of Year (f)
1		1. INTANGIBLE PLANT					
2	301	Organization					0
3	302	Franchise and Consents					0
4	303	Miscellaneous Intangible Plant					0
5		Total Intangible Plant	0	0	0	0	0
6		2. SOURCE OF SUPPLY PLANT					
7	310	Land and Land Rights					0
8	311	Structures and Improvements	10,457	4,815			15,272
9	312	Collect & Impound Reservoirs					0
10	313	Lake, River and Other Intakes					0
11	314	Wells and Springs		5,260			5,260
12	315	Infiltration Gallery & Tunnels					0
13	316	Supply Mains					0
14	317	Other Water Source Plant					0
15		Total source of Supply Plant	10,457	10,075	0	0	20,532
16		3. PUMPING PLANT					
17	320	Land and Land Rights					0
18	321	Structures and Improvements	514				514
19	322	Boiler Plant Equipment	20,088	1,372			21,460
20	323	Other Power Production Equip	3,082				0
21	324	Steam Pumping Equipment					3,082
22	325	Electric Pumping Equipment					0
23	326	Diesel Pumping Equipment	172,636	8,388			181,024
24	327	Hydraulic Pumping Equipment					0
25	328	Other Pumping Equipment					0
26		Total Pumping Plant	196,320	9,760	0	0	206,080
27		4. WATER TREATMENT PLANT					
28	330	Land and Land Rights					0
29	331	Structures and Improvements	12,889				12,889
30	332	Water Treatment Equipment	38,449				38,449
31		Total Water Treatment Plant	51,338	0	0	0	51,338

WATER UTILITY PLANT ACCOUNTS (Continued) CLASS C

Line No.	Acct. No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Balance End of Year (f)
1		5. TRANS. & DIST. PLANT					
2	340	Land and Land Rights	665				665
3	341	Structures and Improvements	36,671				36,671
4	342	Dist Reservoirs and Standpipes	48,340				48,340
5	343	Trans and Dist Mains	206,216	913		(1)	207,128
6	344	Fire Mains					0
7	345	Services	72,659	1,937			74,596
8	346	Meters	87,385	978			88,363
9	347	Meter Installations					0
10	348	Hydrants	9,354	3,441		1	12,796
11	349	Other Trans. and Dist Plant					0
12		Total Trans & Dist Plant	461,290	7,269	0	0	468,559
13		6. GENERAL PLANT					
14	389	Land and Land Rights	454				454
15	390	Structures & Improvements	12,345				12,345
16	391	Office Furniture and Equipment	5,145				5,145
17	392	Transportation Equipment	16,036				16,036
18	393	Stores Equipment	0				0
19	394	Tools, Shop & Garage Equipment	1,882				1,882
20	395	Laboratory Equipment	264				264
21	396	Power Operated Equipment	5,000				5,000
22	397	Communication Equipment					0
23	398	Miscellaneous Equipment					0
24	399	Other Tangible Property					0
25		Total General Plant	41,126	0	0	0	41,126
26	101	Total Water Util Plant In Service	760,531	27,104	0	0	787,635
27	102	Completed Const Not Classified					
28	103	U P In Process of Reclamation					
29	104	Utility Plant Leased to Others					
30	105	Property Held for Future Use					
31	106	Util Plant Purchased or Sold					
32	107	Construction Work In Progress					
33	108	Util Plant Acquist Adjustments					
34	109	Other Util Plant Adjustments					
35		Total Water Utility Plant	760,531	27,104	0	0	787,635

**ACCUMULATED PROVISION FOR DEPRECIATION AND
AMORTIZATION OF UTILITY PLANT (Account 110)**

Line No.	Particulars (a)	Totals (b)
01	Balance Beginning of Year	380,051
02	Credits During Year Charged To:	
03	Depreciation(403)	15,641
04	Amortization(404)	
05	Clearing Accounts	
06	Salvage	
07	Other Credits(Specify)	
08		
09		
11	Total Credits	15,641
12	Debits During Year Charged To:	
13	Book Cost of Plant Retired	(1,490)
14	Cost of Removal	
15	Other Debits(Specify)	
16		
17		
19	Total Debits	(1,490)
21	Balance End of Year	394,202

DEPRECIATION AND AMORTIZATION OF WATER PLANT(Accounts 403-404)

State below the rules by which the respondent determined the amounts of charges for the depreciation and amortization of water plant. Show the rates used in computing the depreciation and amortization charges for the year, and state if any changes has been made in the rates used or methods of determining depreciation and amortization charges from those used for the preceding year.

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30 SEE ENCLOSED DEPRECIATION SCHEDULE

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COMPANY NAME: MULLENS WATER WORKS
 FEIN: 55-0240090
 REPORT: FORM 4562 DEPRECIATION
 REPORT YEAR: 2000

PROPERTY CLASSES	COST	TAX DEPRECIATION		BOOK DEPRECIATION		STATUTORY DEDUCTIONS	ALTERNATIVE MIN. TAX DEPR.	
		SECT. 179 DEPR. & DEPR. C.I.A.C. ALLOWED	2000 DEPR. ALLOWED	2000 DEPR. ALLOWED	2000 DEPR. ALLOWED		2000 PREFERENCE DEPR.	2000 PREFERENCE DEPR.
WATER DISTRIBUTION SYSTEM	\$372,162	\$234,769	\$235	\$194,023	\$1,172	(\$937)	\$16,351	\$2,654 (\$323)
PUMPING, PURIFICATION, SERVICE & METERS	385,513	246,806	17,018	162,469	12,168	4,850	44,371	7,328 5,397
FURNITURE, LAB., SHOP AND TOOLS	7,291	2,844	594	2,844	594	0	1,884	609 39
TRANSPORTATION EQUIP.	21,036	19,225	1,707	19,225	1,707	0	12,673	1,009 698
SUBTOTALS	\$786,002	\$0 \$503,644	\$19,554	\$378,561	\$15,641	\$3,913	\$75,279	\$11,600 \$5,811
NONDEPR ASSETS	1,633							
PER BOOKS	\$787,635							

COMPANY: MULLERS WATER WORKS
 FEIN: 95-0140090
 PROPERTY CLASS: PUMPING, PURIFICATION, SERVICE & MTRM
 YEAR: 2000

ENTRY DATE	BALANCE		CURRENT YEAR		SEC. 179 DEPR. & C.I.A.C.		USFUL LIFE		DEPRECIATION ALLOWED		2000 RETIRED ASSETS		YEAR END ACCUM DEP	
	BEFORE	END OF YEAR	ADDITIONS	REMOVALS	DEPR.	C.I.A.C.	METHOD	REMAINDER	AMOUNT	AMOUNT	DEPR.	ASSETS	AMOUNT	DEPR.
PRIOR TO 1991	\$86,498	\$0	\$0	\$0	\$0	\$0	30 S/L	\$72,711	\$2,403	\$0	\$75,114			
1991	14,324	14,324					30 S/L	8,947	477		9,424			
1992	9,970	9,970					30 S/L	5,830	332		6,162			
1993	14,564	14,564					30 S/L	8,086	488		8,491			
1994	22,813	22,813					30 S/L	11,788	760		12,548			
1995	24,387	24,387					30 S/L	11,774	832		12,586			
1996	16,072	16,072					30 S/L	7,236	536		7,772			
1997	11,937	11,937					30 S/L	4,577	398		4,975			
1998	14,082	14,082					30 S/L	5,158	469		5,493			
1999	14,853	14,853					30 S/L	5,338	488		5,489			
2000	32,510	32,510					30 S/L	3,971	418		3,401			
1991	10,742	10,742					30 S/L	3,043	388		2,395			
1992	8,101	8,101					30 S/L	2,025	270		1,801			
1993	12,597	12,597					30 S/L	2,720	420		2,150			
1994	8,316	8,316					30 S/L	1,834	277		1,801			
1995	22,714	22,714					30 S/L	3,407	787		4,164			
1996	16,667	16,667					30 S/L	1,846	554		2,563			
1997	17,040	17,040					30 S/L	1,420	548		1,988			
1998	18,550	18,550					30 S/L	927	618		1,548			
1999	16,752	16,752					30 S/L	279	558		837			
2000	12,033	12,033					30 S/L	301	261		261			
	\$373,480	\$12,033	\$0	\$385,513	\$0			\$162,469	\$12,168	\$0	\$174,637			

ENTRY DATE	TAX DEPRECIATION		STATUTORY DEPRECIATION		ALTERNATIVE MINIMUM TAX DEPRECIATION	
	DEPR METHOD	DEPR ALLOWED	DEPR METHOD	DEPR ALLOWED	DEPR METHOD	DEPR ALLOWED
PRIOR TO 1981	30 ALT S/L	\$72,711	30 S/L	\$75,114	30 AMTI.SDOB	4,711
1981	15 ALT S/L	14,324	0	14,324	30 AMTI.SDOB	5,831
1982	15 ALT S/L	9,970	0	9,970	30 AMTI.SDOB	6,313
1983	15 ALT S/L	14,564	0	14,564	30 AMTI.SDOB	8,220
1984	15 ALT S/L	22,813	0	22,813	30 AMTI.SDOB	4,311
1985	15 ALT S/L	24,387	819	24,367	30 AMTI.SDOB	2,862
1986	15 ALT S/L	16,072	1,071	15,830	30 AMTI.SDOB	4,018
1987	15 ALT S/L	11,937	796	11,144	30 AMTI.SDOB	2,356
1988	15 ALT S/L	10,776	937	11,713	30 AMTI.SDOB	5,977
1989	15 ALT S/L	10,395	990	11,385	30 AMTI.SDOB	3,432
1990	15 ALT S/L	7,342	536	8,778	30 AMTI.SDOB	2,756
1991	15 ALT S/L	6,444	716	7,160	30 AMTI.SDOB	3,377
1992	15 ALT S/L	6,050	540	6,590	30 AMTI.SDOB	2,644
1993	15 ALT S/L	5,460	840	6,300	30 AMTI.SDOB	4,511
1994	15 ALT S/L	3,047	554	3,601	30 AMTI.SDOB	2,042
1995	15 ALT S/L	6,813	1,514	8,327	30 AMTI.SDOB	4,675
1996	15 ALT S/L	3,489	1,111	5,000	30 AMTI.SDOB	3,432
1997	15 ALT S/L	2,840	1,136	3,976	30 AMTI.SDOB	2,756
1998	15 ALT S/L	1,855	1,237	3,092	30 AMTI.SDOB	1,988
1999	15 ALT S/L	1,117	558	1,675	30 AMTI.SDOB	1,236
2000	15 ALT S/L	401	401	401	30 AMTI.SDOB	301
		\$246,806	\$17,018	\$263,824		\$81,639

COMPANY: MULLEN WATER WORKS
 FEIN: 88-0240999
 PROPERTY CLASS: WATER DISTRIBUTION SYSTEM
 YEAR: 2000

ENTRY DATE	BALANCE BEGINNING OF YEAR		CURRENT YEAR ADDITIONS	RETIREMENTS ASSETS YEAR	SEC. 179 DEPR. & C.I.A.C.	BOOK DEPRECIATION		3000 RETIRED ASSETS	YEAR END ACCUM DEP
	BALANCE	RETIREMENTS				DEPRECIATION ALLOWED	DEPR ASSETS		
PRIOR TO 1981	\$192,781	\$0	\$192,781			\$192,781	(\$2,289)	\$0	\$192,781
1981	20,745		20,745			7,729	418		4,921
1982	13,295		13,295			6,485	246		3,718
1983	4,877		4,877			1,427	88		6,749
1984	20,453		20,453			6,340	409		1,813
1985	8,666		8,666			1,496	117		438
1986	1,497		1,497			338	43		628
1987	2,168		2,168			578	80		9,318
1988	2,497		2,497			8,568	810		305
1989	40,843		40,843			376	29		712
1990	3,468		3,468			637	75		785
1991	3,731		3,731			666	89		863
1992	4,440		4,440			488	78		303
1993	3,788		3,788			349	27		331
1994	3,351		3,351			248	55		371
1995	2,782		2,782			102	29		347
1996	1,458		1,458			268	106		239
1997	5,310		5,310			88	89		186
1998	2,931		2,931			246	493		
1999	24,433	15,629	15,629				156		
2000						\$194,023	\$1,172	\$0	\$198,135

ENTRY DATE	TAX DEPRECIATION		STATUTORY DEDUCTIONS	YEAR END ACCUM DEP	SEC. 179 DEPR. & C.I.A.C.	ALTERNATIVE MINIMUM TAX DEPRECIATION		3000 RETIRED ASSETS	YEAR END ACCUM DEP
	DEPRECIATION ALLOWED	DEPR ASSETS				DEPRECIATION ALLOWED	DEPR ASSETS		
PRIOR TO 1981	\$158,798	(\$2,289)	\$0	\$158,539		\$158,798	(\$2,289)	\$0	\$158,539
1981	20,745		-415	20,745		7,729	418		4,921
1982	13,295		-266	13,295		6,485	246		3,718
1983	4,877		-98	4,877		1,427	88		6,749
1984	20,453		-409	20,453		6,340	409		1,813
1985	1,497		13	2,015		1,496	117		438
1986	446		3	479		338	43		628
1987	600		5	648		578	80		9,318
1988	633		8	688		8,568	810		305
1989	9,470		92	10,372		376	29		712
1990	313		6	346		637	75		785
1991	446		3	479		666	89		863
1992	742		5	648		488	78		303
1993	546		5	630		349	27		331
1994	165		9	195		248	55		371
1995	275		3	336		102	29		347
1996	112		6	144		268	106		239
1997	285		12	413		88	89		186
1998	98		6	163		246	493		
1999	274		18	374			156		
2000						\$16,381	\$2,654	\$19,685	(\$323)

COMPANY: MULLENS WATER WORKS
 FEIN: 55-0240090
 PROPERTY CLASS: TRANSPORTATION EQUIPMENT
 YEAR: 2000

ENTRY DATE	BALANCE BEGINNING OF YEAR	CURRENT YEAR ADDITIONS	RETIREMENTS ASSETS YEAR	BALANCE SEC. 179 END OF DEPR. & C.I.A.C. YEAR	BOOK DEPRECIATION				
					USEFUL LIFE	DEPR METHOD	2000 ALLOWED	2000 DEPR ASSETS	YEAR END ACCUM DEP
PRIOR TO 1981	\$5,000			\$5,000	5 S/L		\$5,000		\$5,000
94 FORD TOPPER 1995	15,000			15,000	5 S/L		13,500	1,500	15,000
1996	1,036			1,036	5 S/L		725	207	932
	\$21,036	\$0	\$0	\$21,036			\$19,225	\$1,707	\$0
				\$0					\$20,932

TAX DEPRECIATION

ENTRY DATE	USEFUL LIFE	DEPR METHOD	2000 ALLOWED	2000 DEPR ASSETS	RETIREMENTS ASSETS YEAR	YEAR END ACCUM DEP	STATUTORY DEDUCTIONS DIFFERENCES	ADR LIVES	ALTERNATIVE MINIMUM TAX DEPRECIATION					
									DEPR METHOD	2000 ALLOWED	2000 DEPR ASSETS	YEAR END ACCUM DEP	PREFERENCE	
PRIOR TO 1981	5 ALT S/L		\$5,000			\$5,000	\$0							
1995	5 ALT S/L		13,500	1,500		15,000	\$0		5 AMT1.SDDB	11,939	918	12,857	582	
1996	5 ALT S/L		725	207		932	\$0		5 AMT1.SDDB	734	91	825	116	
			\$19,225	\$1,707	\$0	\$20,932	\$0			\$12,673	\$1,009	\$13,682	\$698	

COMPANY: MULLEN'S WATER WORKS
 FEIN: 55-0240090
 PROPERTY CLASS: FURNITURE, LAB, SHOP AND TOOLS
 YEAR: 2000

ENTRY DATE	BALANCE		CURRENT	RETIRE		SEC. 179 DEPR. & C.I.A.C.	USEFUL LIFE	DEPR METHOD	2000		YEAR END ACCUM DEP
	BEGINNING OF YEAR	END OF YEAR		ASSETS	ASSETS				DEPR ALLOWED	RETIRE ASSETS	
1981	301	301					10 S/L		301		301
1984	1,048	1,048					10 S/L		1,048		1,048
1995	1,424	1,424					10 S/L		639	142	781
1997	3,150	3,150					10 S/L		788	315	1,103
1999	1,368	1,368					10 S/L		68	137	205
	\$7,291	\$0	\$0	\$7,291	\$0				\$2,844	\$594	\$0
											\$3,438

TAX DEPRECIATION

ENTRY DATE	USEFUL LIFE	DEPR METHOD	DEPRECIATION ALLOWED	2000 DEPR	RETIRE ASSETS	YEAR END ACCUM DEP	STATUTORY DEDUCTIONS DIFFERENCES	ADR LIVES	DEPR METHOD	DEPRECIATION ALLOWED	CURRENT DEPR	YEAR END ACCUM DEP	PREFERENCE DEPR
1981	10 ACES		301				0						
1984	10 ALT S/L		1,048			1,048	0						
1995	10 ALT S/L		639	142		781	0		10 AMT1.5DD8	736	103	839	19
1997	10 ALT S/L		788	315		1,103	0		10 AMT1.5DD8	1,045	316	1,361	
1999	10 ALT S/L		68	137		205	0		10 AMT1.5DD8	103	190	293	
			\$2,844	\$594	\$0	\$3,438	\$0			\$1,884	\$609	\$2,493	\$39

This Page Should Be Completed By Respondents Operating More Than One Utility Department or Water Division

INCOME STATEMENT					
WATER DEPARTMENT OR DIVISION				SEE PAGE 1	
LINE NO.	ACCOUNT (a)	Sch. Page No. (b)	This Year (c)	Last Year (d)	Incr. or (Decrease) (e)
1	UTILITY OPERATING INCOME				
2	Operating Revenues (400)	11	NOT APPLICABLE		
3	Operating Expenses:				
4	Oper. & maint. exp.(401-402)	13-14			
5	Depreciation (403)	9			
7	Non-Income taxes (408.1)	16			
8	Income Taxes (409.1)				
9	Provision for Defer IT (410.1)				
10	IT Deferd In Pr Yrs-Cr.(411.1)				
11	ITC Carryover Deferred (412.1)				
12	Total Operating Expenses				
15	Operating Income				
16	Gains(Losses) from disposition of Utility Plant (414)				
19	Total operating income				
20	DISTRIBUTION OF OTHER INCOME				
21	AND DEDUCTIONS				
22	Other income				
23	Other income deductions				
24	Taxes applicable to other inc. & deductions				
25	Net other income & deductions				
26	INTEREST CHARGES				
27	Interest on Long-Term Debt				
28	Debt discount or premium-net				
29	Other Interest				
30	Total Interest Charges				
31	Income Before extraordinary items				
32	Extraordinary Items				
34	Net income				
ADDITIONAL INFORMATION FOR WATER DEPARTMENT					
Line No.	(a)	Bal Begin. of Year (b)	Bal End of Year (c)		
39	Retirement WIP - give acct title and number this bal is incl:				
40	Contributions in aid of construction(271)				
41	Customer advances for construction(252)				
43	Prepayments(151)				
44	Accumulated deferred income taxes(281-283)				
45	Accumulated deferred investment tax credits(255)				

WATER OPERATING REVENUES ACCOUNT 400
 Where customer meters record cubic feet, multiply cubic feet by 7.48 to obtain number of gallons. Report estimated gallons for unmetered sales.

Line No.	Account (a)	Operating Revenues Amount for Year (b)	Difference from Prior Year (c)	Average Number of Customers (d)	Gallons of Water Sold 1000 omitted (e)
1	1. SALES OF WATER				
2	460. Unmetered Sales to General Customers				
3	460.1 Unmetered Sales to Residential Customers	\$4,284	(\$857)	25	5,444
4	460.2 Unmetered Sales to Commercial Customers	\$0	0	0	0
5	460.3 Unmetered Sales to Industrial Customers				
6	460.4 Unmetered Sales to Public Authorities				
7	Total	\$4,284	(\$857)	25	5,444
8	461. Metered Sales to General Customers				
9	461.1 Metered Sales to Residential Customers	170,481	2,897	933	44,325
10	461.2 Metered Sales to Commercial Customers	49,002	7,842	121	15,788
11	461.3 Metered Sales to Industrial Customers				
12	461.4 Metered Sales to Public Authorities				
13	Total	\$219,483	(\$10,739)	1,054	60,113
14	462. Private Fire Protection Service				
15	463. Public Fire Protection Service	5,592	0	1	864
16	464. Other Sales to Public Authorities	\$50	\$50		
18	466. Sales for Resale				
19	467. Interdepartmental Sales				
21	Total Sales of Water	\$227,208	(\$11,547)	1,080	66,421
23	2. OTHER OPERATING REVENUE				
24	470. Forfeited Discounts	1,783	16		
25	471. Miscellaneous Service Revenues (Class C)	753	(6,353)		
26	472. Rents from Water Property				
27	473. Interdepartmental Rents (Class C)	0	0		
28	474. Other Water Revenues	0	(596)		
30	Total Other Operating Revenues	\$2,536	(\$6,952)		
32	Total Water Operating Revenues	\$229,745	(\$16,476)		

SALES OF WATER TO GENERAL CUSTOMERS - BY MONTHS (Accounts 460-461)

Month (or Other Billing Period) (a)	Acct. 460 - Unmetered			Acct. 461 - Metered		
	Revenue	Estimated Gallons Sold (000 Omitted)	No. of Cust. (d)	Revenue	Gallons Sold (000 Omitted)	No. of Cust. (g)
	(b)	(c)		(e)	(f)	
01 January	\$400	316	28	\$19,209	5,457	1,039
02 February	\$400	296	28	19,835	5,378	1,039
03 March	\$400	316	28	15,599	3,869	1,044
04 April	\$400	490	28	17,650	4,925	1,044
05 May	\$400	316	28	17,164	4,575	1,045
06 June	\$400	611	28	20,669	6,211	1,048
07 July	\$314	525	22	18,629	5,358	1,046
08 August	\$314	583	22	18,410	5,224	1,046
09 September	\$314	440	22	16,972	4,622	1,045
10 October	\$314	568	22	18,769	5,361	1,053
11 November	\$314	586	22	19,016	5,579	1,046
12 December	\$314	397	22	17,561	4,809	1,044
13 Total	\$4,284	5,444	300	\$219,483	61,368	12,539

SALES FOR RESALE - BY MONTHS (Account 466)

1. Report below the information specified concerning water sold during the year to other water utilities or to public authorities for distribution to ultimate customers.
2. The quantities reported should be those shown by the bills rendered to the purchasers.
3. The sales should be reported by months or other billing period for each utility.
4. Attach continuation sheets as necessary.

Name of Other Water Utility	Billing Period (b)	Gallons Sold (000 Omitted) (c)	Revenue (d)
24			
25	NONE		
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			

WATER OPERATION AND MAINTENANCE EXPENSES

LINE NO.	Class C Account (a)	Amount for Year (b)	Inc. or (Dec.) from Prior Year (c)
1	1. Source of Supply Expense		
2	Operation		
3	600. Operation Labor	2,237	(1,075)
4	601. Purchased Water	0	0
5	602. Operation Supplies and Expenses	416	310
6	Maintenance		
7	605. Maintenance of Water Source Plant	1,988	1,745
8	Total Source of Supply Expense	4,641	980
9	2. Pumping Expense		
10	Operation		
11	620. Operation Labor	4,343	(1,022)
12	621. Fuel for Power Production	0	0
13	622. Fuel of Power Purchased for Pumping	23,248	3,665
14	623. Operation Supplies and Expenses	463	(730)
15	Maintenance		
16	625. Maintenance of Pumping Plant	5,213	1,683
17	Total Pumping Expenses	33,267	3,596
18	3. Water Treatment Expenses		
19	Operation		
20	630. Operation Labor	4,249	(1,116)
21	631. Chemicals	8,443	66
22	632. Operation Supplies and Expenses	2,866	1,107
23	Maintenance		
24	635. Maintenance of Water Treatment Plant	2,131	(681)
25	Total Water Treatment Expenses	17,689	(624)
26	4. Transmission and Distribution Expenses		
27	Operation		
28	640. Operation Labor	0	(1,695)
29	641. Operation Supplies and Expenses	1,480	1,411
30	Maintenance		
31	650. Maintenance of Dist. Res. and Standpipes	519	(3,441)
32	651. Maintenance of Mains	8,540	449
33	652. Maintenance of Services	3,732	(1,588)
34	653. Maintenance of Meters	3,049	(1,728)
35	654. Maintenance of Hydrants	1,241	78
36	Total Trans. and Dist. Expenses	18,561	(6,514)
37	5. Customer Account Expenses		
38	Operation		
39	901. Meter Reading Labor	1,544	(547)
40	902. Accounting and Collecting Labor	17,293	2,979
41	903. Supplies and Expenses	228	228
42	904. Uncollectible Accounts	1,025	291
43	Total Customer Account Expenses	20,091	2,952

WATER OPERATION AND MAINTENANCE EXPENSES

LINE NO.	Class C Account (a)	Amount for Year (b)	Inc. or (Dec.) from Prior Year (c)
1	8. Administrative and General Expenses		
2	Operation		
3	920. Administrative and General Salaries	0	(3,882)
4	921. Office Supplies and Other Expenses	14,399	(17)
5	922. Administrative Expenses Transferred - Cr.	0	0
6	923. Outside Services Employed	51,256	20,321
7	924. Liability, Property Insurance	6,300	(1,839)
8	925. Injuries and Damages	77,202	74,385
9	926. Employees Pensions and Benefits	22,437	994
10	928. Regulatory Commission Expenses	191	191
11	930. Miscellaneous General Expenses	355	327
12	931. Rents	5,253	2,695
13	933. Transportation Expenses	2,924	(819)
14	Maintenance		
15	935. Maintenance of General Plant	739	739
16	Total Administrative and General	181,057	93,096
17	Total Water O. & M. Expenses - Class C	275,306	93,486

LINE NO.	Class D Account (a)	Amount for Year (b)	Inc. or (Dec.) from Prior Year (c)
26	1. Plant Operation and Maintenance		
27	600. Salaries and Wages	NOT APPLICABLE	
28	620. Fuel or Power Purchased for Pumping		
29	630. Chemicals		
30	640. Supplies and Expenses		
31	660. Transportation Expenses		
32	Total Plant O. & M. Expenses		
33	2. General Expenses		
36	680. Administrative and General Salaries		
37	681. Office Supplies and Other Expenses		
38	682. Outside Services Employed		
39	684. Insurance Expense		
40	686. Employees Pensions and Benefits		
41	689. Miscellaneous General Expenses		
42	690. Uncollectible Accounts		
43	Total General Expenses		
44	Total Water O. & M. Expenses - Class D		

PURCHASED WATER

1. Report below the information called for concerning water purchased during the year.
2. The quantities reported should be those shown by the bills rendered by the vendor.
3. The purchases should be reported by months or other billing period for each vendor.
4. Attach continuation sheets as necessary.

LINE NO.	Name of Vendor (a)	Billing Period (b)	Gallons Purchased (c)	Cost (d)
1				
2	NONE			
3				
4				
5				
6				
7				
8				
9				
11				
12				
13	Total			

Distribution of Salaries and Wages

Amounts originally charged to clearing accounts should be distributed to final classifications in column (c). Estimates may be used in such distribution provided that a reasonable approximation of final classification is obtained.

LINE NO.	Particulars (a)	Direct Payroll Distributions (b)	Allocation of Amounts Charged (c)	Total (d)
25	Water Operation and Maintenance Expense	34,154		34,154
26	Sewer Operation and Maintenance Expense			
27	Other Operation and Maintenance Expense			
28	Total Utility Operation and Maintenance Exp.	34,154		34,154
29	Total Merchandise and Jobbing			
30	Total Utility Plant Construction	6,916		6,916
31	Total Utility Plant Retirements			
32	Total All Other Accounts			
33	Clearing Accounts			
36	TOTAL SALARIES AND WAGES	41,070	0	41,070
37	Total number of employees at end of year, including administrative, operating, maintenance, construction and other employees.		Water	4
38			Sewer	
39			Dept.	
40				
41				
42			Total	4
43				

44 Describe hereunder the general bases used in allocating to utility departments the
 45 several classes of expenses and salaries:

- 46 Weekly Payroll Allocation Sheets
 47
 48

AMORTIZATION (Accounts 404-407) CLASS C ONLY

LINE NO.	Net Amortization Account (a)	This Year Amount (b)	Increase or (Decrease) (c)
1	404 Limited-Term Utility Plant	NOT APPLICABLE	
2	405 Other Utility Plant		
3	406 Utility Plant Acquisition Adjustments		
4	407 Property Losses		
5	Total Amortization		

TAXES OTHER THAN INCOME TAXES (Account 408)

LINE NO.	Particulars Type of Tax (a)	Acct 408.1 Operating Income (b)	Acct 408.2 Other Income (c)
14	Business Franchise Tax	1	
15	Property Tax	4,677	
16	Business & Occupation - State	11,102	
17	Business & Occupation - City	0	
18	PSC Assessment	1,009	
19	Corporate License	130	
20	Business License	30	
21	Social Security	3,351	
22	Employment Security	707	
23	Consumers' Sales & Use Tax	0	
24	Totals	21,007	
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	Total Account 408.1 & 408.2	21,007	

MAINS(FEET)						
Line No.	Kind of Pipe on, Galvanized Iron, Coated Steel, Etc (a)	Diameter of Pipe (b)	First of Year (c)	Added (d)	Removed Or Abandoned (e)	End of Year (f)
1	TRANSMISSION MAINS:					
2	Cast Iron	8 Inch	2,300			2,300
3	Cast Iron	6 Inch	300			300
4	Asbestos Cement	6 Inch	1,400			1,400
5	PVC	6 Inch	800			800
6	Cast Iron	4 Inch	150			150
7	DISTRIBUTION MAINS					
8	Cast Iron	8 Inch	1,900			1,900
9	Cast Iron	6 Inch	14,976			14,976
10	Asbestos Cement	6 Inch	500			500
11	PVC	6 Inch	2,154			2,154
12	Cast Iron	4 Inch	2,700			2,700
13	PVC	3 Inch	3,500			3,500
14	Cast Iron	2 Inch	4,460		500	3,960
15	Duct Tile	8 Inch	100			100
16	PVC	2 Inch	2,735	1,300		4,035
17	Galvanized	1-1/2 Inch	350			350
18	Galvanized	1-1/4 Inch	345			345
19	Copper	1 Inch	2,130			2,130
20	PVC	1 Inch	640			640
21	Copper	3/4 Inch	2,513	50		2,563
22	Galvanized	3/4 Inch	0			0
23	Totals		43,953	1,350	500	44,803

SERVICES						
Report number of services						
Line No.	and Kind of Pipe (a)	Utility Owned Service In Use				Nonutility Services (f)
		First of Year (b)	Added During Yr (c)	Removed/ Discon. (d)	End of Year (e)	
31	3/4 Inch Copper	1,146			1,146	
32	3/4 Inch Iron	356			356	
33	1 Inch Copper	15			15	
34	2 Inch Iron	1			1	
35	3/4 Inch PVC	176			176	
36						
37						
38						
39	Totals	1,694			1,694	

CLASSIFICATION OF WATER METERS AT END OF YEAR
Report data for each separate water system.

Line No.	Size (a)	Residential (b)	Commercial (c)	Industrial (d)	In Public Use (e)	In Stock (f)	Total (g)	
1	5/8 inch	936	111			1047	13	1060
2	1 inch		11			11	1	12
3								
4								
5								
6	Totals	936	122	0		1058	14	1072
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								

HYDRANTS

Line No.	Description Branch or Valve Opening, and Size of Nozzles, Etc.) (a)	No. First of Year (b)	Added (c)	Retired or Removed (d)	No. End of Year (e)
23	Public Fire Protection	62		1	62
24	Private Fire Protection	3			3
25					
26	Totals	65		1	65
27					
28					

COMMUNITIES SERVED

Line No.	Name of Cities, Towns and Unincorporated Communities (a)	No. of Customers End of Year (b)	Population Served (c)	
44	Mullens & Itman, WV		1,077	4,165
45				
46				
47				
48				

POWER, PUMPING AND PURCHASED WATER STATISTICS - MULLENS DIVISION
Omit 000's in reporting gallons of water

Line No.	Particulars (a)	Gallons of Water Purchased (b)	Gallons of Water Pumped per Month by		Total all Methods (e)
			Electric Power (c)	(d)	
1	Gallons station pumping into distribution mains:				
2	January		7,883		
3	February		7,759		
4	March		7,537		
5	April		6,830		
6	May		7,083		
7	June		7,038		
8	July		6,735		
9	August		6,982		
10	September		6,213		
11	October		6,469		
12	November		6,344		
13	December		6,531		
14	Total for Year		83,404 *	(9,001)	74,403
15	Gallons pumped into distribution mains (From line 14, col. e. above)				74,403
16	Less: Gallons sold (From Page 11, line 21)				53,434
17	Losses and unaccounted for				20,969
18	Percent unaccounted for (Line 17 / Line 15)				28.18%
19	If more than 15%, indicate causes below and state what action has been taken to reduce water loss				
20	Leaks and dead meters - Find and repair				
21	*Estimated amounts used for backwashing, flushing mains, etc.				
30	POWER PUMPING:				
31	Electric:				424,270
32	a. K.W.H. used				
32	b. Name of company from which electric energy is purchased			AMERICAN ELECTRIC POWER & UNION POWER CO	
36	SOURCE OF WATER SUPPLY				
37	a. Name of River or Stream				
37	b. Name of Lake				
38	c. Number of Springs				
38	d. Number of Wells			1, an 8 inch well	
38	e. Other-explain				
44	TYPE OF SUPPLY				
45	a. Gravity or pumping			Pumping	
45	b. If a combination thereof, give gallons delivered by each				
48	RESERVOIR: (Provide additional sheets as necessary)				
49	a. Storage Capacity			532 K Gallons	
49	M. Gals. Type, i.e., concrete, brick, wood or steel tank etc.,			Steel	
50	b. Base elevation			328 feet	
51	pressure at pumps when operating			140'	
51	pressure at pumps when not operating			139'	

POWER, PUMPING AND PURCHASED WATER STATISTICS - ITMANN DIVISION
Omit 000's in reporting gallons of water

Line No.	Particulars (a)	Gallons of Water Purchased (b)	Gallons of Water Pumped per Month by		Total all Methods (e)
			Electric Power (c)	(d)	
1	Gallons station pumping into distribution mains:				
2	January		1,868		
3	February		1,970		
4	March		1,779		
5	April		1,678		
6	May		1,770		
7	June		1,668		
8	July		1,689		
9	August		1,797		
10	September		1,843		
11	October		1,932		
12	November		2,022		
13	December		2,086		
14	Total for Year		22,102 *	(732)	21,370
15	Gallons pumped into distribution mains (From line 14, col. e. above)				21,370
16	Less: Gallons sold (From Page 11, line 21)				12,987
17	Losses and unaccounted for				8,383
18	Percent unaccounted for (Line 20 / Line 18)				39.23%
19	If more than 15%, indicate causes below and state what action has been taken to reduce water loss				
20	Leaks and dead meters - find and repair				
21	*Estimated amounts used for backwashing, flushing mains, etc.				
30	POWER PUMPING:				
31	Electric:				
31	a. K.W.H. used				75,702
32	b. Name of company from which electric energy is purchased		AMERICAN ELECTRIC POWER & UNION POWER CO		
36	SOURCE OF WATER SUPPLY				
37	a. Name of River or Stream				
37	b. Name of Lake				
38	c. Number of Springs				
38	d. Number of Wells		1, a 3 inch well		
38	e. Other-explain				
44	TYPE OF SUPPLY				
45	a. Gravity or pumping		Pumping		
45	b. If a combination thereof, give gallons delivered by each				
48	RESERVOIR: (Provide additional sheets as necessary)				
49	a. Storage Capacity		55 K Gallons		
49	M. Gals. Type, i.e., concrete, brick, wood or steel tank etc.,		Steel		
50	b. Base elevation		290 feet		
51	pressure at pumps when operating		140 f		
51	pressure at pumps when not operating		139 f		

IDENTITY OF RESPONDENT

1. Exact name of respondent. **MULLENS WATER WORKS**
2. If name of respondent was changed during year, give particulars of change and date change became effective.
NOT APPLICABLE
3. Address of principal business office at end of year.
**709 SECURITY BUILDING
CHARLESTON, WEST VIRGINIA 25301**
4. Name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept.
**M. W. GRANDON, TREASURER
709 SECURITY BUILDING
CHARLESTON, WEST VIRGINIA 25301**
5. Name of State under the laws of which respondent is incorporated and and the date of incorporation.
WEST VIRGINIA AUGUST 9, 1921
6. If respondent is not incorporated, give the type of organization and date organized.
NOT APPLICABLE
7. If at anytime during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.
NOT APPLICABLE
8. State the classes of utility and other services furnished by respondent during the year.
Distribution of Water

OFFICERS AND DIRECTORS OR OFFICIALS

Report below the officers and directors of respondent at end of year. If there were any changes during year, show title, name and address of previous officer or director and date of change. List officers first, then directors, listing twice officers who are also directors.

Line No.	Name (a)	Officer Title (b)	Principal Business Address (c)
1	H. P. Musser, Jr.	Chairman	Charleston, West Virginia
2	David M. Musser	President	Charleston, West Virginia
3	Kenneth Robinette	Vice-Pres	laeger, West Virginia
4	Michael W. Grandon	Treasurer	Charleston, West Virginia
5	R.K. Hoffman	Secretary	Charleston, West Virginia
6	H. P. Musser, Jr.	Director	Charleston, West Virginia
7	David M. Musser	Director	Charleston, West Virginia
8	R.K. Hoffman	Director	Charleston, West Virginia
9	Michael W. Grandon	Director	Charleston, West Virginia
10	Robert L. Gilliam	Director	Williamson, West Virginia
11	John P. Tice	Director	Mullens, West Virginia
16	State number of meetings of board of directors held during year		3
17	State number of directors required to constitute a quorum		3
18	State total amount of directors' fees paid during yr		None

SECURITY HOLDERS AND VOTING POWERS

Report below the names and addresses of the 20 security holders of the respondent who, at the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have a right to cast on that date, if a meeting were then in order. If any such holder held in trust, give the known particulars of the trust.

Line No.	Name and address of Security Holder (a)	Number of Votes at End of Year			
		Total of votes (b)	Common Stock (c)	Preferred Stock (d)	Other stk. voting power (e)
29	H. P. Musser, Jr., Charleston, WV		37,446		
30	BT Alex Brown, Inc, Baltimore, MD		11,490		
31	Pamela Tice, Charleston, WV		8,576		
32	RL&DC Gilliam Trust, Williamson, WV		7,599		
33	Stephen Gilliam, Winter Park, FL		6,377		
34	Helen Musser, Charleston, WV		3,200		
35	D.M.&P.H.Gilliam, Trust, Titusville, FL		3,097		
36	J. F. Cerutti, Arlington, TX		1,773		
37	Rosale Conner, Mullens, WV		1,600		
38	Louise Kell, Jaffrey Center, NH		1,347		
39	Marion W. Gilliam, III, Williamson, WV		1,315		
40	Terrence E. Gilliam, Winter Park, FL		1,191		
41	Mary Helen Kirby, Bluefield, VA		825		
42	Mae B. Pullen, Marmet, WV		595		
43	Do (B. Lively), Westerville, OH		520		
44	Michael R. Downey, Tempe, AZ		500		
45	Grover Worrell & C.H.Koontz, Mullens, WV		500		
46	Strafe & Co U. Lively, Westerville, OH		480		
47	Sara L. Schrode, Upper St. Clair, PA		320		
48	Andrew D. Antoni, Mullens, WV		200		
49	Total Votes Represented by Above		88,951		
50	Total Votes of Securities With Voting Powers		91,751		

IMPORTANT CHANGES DURING THE YEAR

Hereunder give particulars concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry must be answered. However, if the word "none" states the fact it may be used in answering any inquiry, or if information is given elsewhere in the report which answers any inquiry, reference to such other schedules will be sufficient.

- 1. Changes in, and additions to franchise rights; describing (a) the actual consideration given therefor, and (b) from whom acquired. If acquired without the payment of any consideration, state that fact.
- 2. Acquisition of other companies, reorganization, merger or consolidation with other companies; give names of companies involved, particulars concerning the transactions, and reference to Commission authorization, if any.
- 3. Purchase or sale of operating units or systems such as generating plants, transmission lines, etc; specifying items, parties, dates and also reference to Commission authorization if any.
- 4. Important leaseholds acquired, given assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, Commission authorization, if any, and other conditions.
- 5. Important extensions of system giving location, new territory covered by distribution system, and dates of beginning operations.
- 6. Estimated increase or decrease in annual revenues due to important rate changes, giving basis of estimate and stating for each revenue classification the amounts of increase or decrease and the number of customers affected for each such classification.
- 7. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue, and giving Commission authorization, if any.
- 8. Changes in articles of incorporation or amendments to charter.
- 9. Additional matters of fact (not elsewhere provided for) which the respondent may desire to include in its report.

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2	NONE
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UTILITY REAL PROPERTY REPORT
 PERIOD ENDING: 06/30/2000
 ADDRESS: Mullens, WV
 DISTRICT: Mullens Municipality & Slab Fork District

UTILITY: MULLENS WATER WORKS
 COUNTY: Wyoming County

INSTRUCTION TO UTILITY:
 LIST REAL PROPERTY OWNED FOR EACH COUNTY IN WHICH YOU OPERATED PROPERTY (REAL OR PERSONAL) AT THE END OF PAST CALENDAR YEAR. LIST BY COUNTY DISTRICT, USING A SEPARATE SHEET FOR EACH DISTRICT

INSTRUCTION TO UTILITY:
 UTILITY WILL COMPLETE COLUMNS (A) - (F) APPLICABLE TO EACH REAL ESTATE PROPERTY LISTED. IF UTILITY DOES NOT OWN ANY REAL PROPERTY, INDICATE NONE --- NONE 0

INSTRUCTION TO UTILITY:
 ASSESSOR WILL VERIFY TAX MAP AND PARCEL NUMBER OR DEED BOOK AND PAGE NUMBER OF EACH REAL PROPERTY LISTED.

(A)	(B)	(C)	(D)	(E)	(F)
TAX MAP OR DEED BOOK	PARCEL OR PAGE	SIZE OR ACREAGE	PRESENT USE OF	PROPERTY ASSESSED FOR TAXES BY	FOR LAND
			NON-OPERATING, HELD FOR FUTURE USE, OR LEASED TO OTHERS	COUNTY ASSESSOR	DATE PURCHASED
BOOK 61 Map 7	Page 234 Parcel 46	Lot 42 Mullens Sub.	OPERATING		1921
BOOK 105 Map 3	Page 209 Parcel 34	1.5 Acres Mullens Sub.	OPERATING		1943
BOOK 77 Map 7	Page 380 Parcel 46	Lot 41 Mullens Sub.	OPERATING		1921
BOOK 21 Map 6	Parcel 2	3.99 Acres Mullens Sub.	OPERATING		1921
Map 137	Parcel 3.1	.195 Acres	OPERATING, Slab Fork Dist.		1971
Map 137	Parcel 3.2	.058 Acres	OPERATING, Slab Fork Dist.		1971
BOOK 249 Map 137	Page 279 Parcel 3.3	.17 Acres	OPERATING, Slab Fork Dist.		1970

(A) UTILITY: IF UTILITY DOES NOT OWN ANY REAL PROPERTY INDICATE NONE-->
 (B) UTILITY: DOES THIS PAGE LIST REAL PROPERTY ACQUIRED DURING THE PAST YEAR?
 (C) ASSESSOR'S SIGNATURE
 (D) TAX DEPARTMENT WILL OBTAIN SIGNATURE
 (E) INDICATE YES OR NO
 (F) YES () NO (X) NONE ACQUIRED

(A)	(B)	(C)	(D)	(E)	(F)
TAX MAP OR DEED BOOK	PARCEL OR PAGE	SIZE OR ACREAGE	PRESENT USE OF	PROPERTY ASSESSED FOR TAXES BY	FOR LAND
			NON-OPERATING, HELD FOR FUTURE USE, OR LEASED TO OTHERS	COUNTY ASSESSOR	DATE PURCHASED
BOOK 61 Map 7	Page 234 Parcel 46	Lot 42 Mullens Sub.	OPERATING		1921
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Map 137	Parcel 3.1	.195 Acres	OPERATING, Slab Fork Dist.		1971
Map 137	Parcel 3.2	.058 Acres	OPERATING, Slab Fork Dist.		1971
BOOK 249 Map 137	Page 279 Parcel 3.3	.17 Acres	OPERATING, Slab Fork Dist.		1970

(A) UTILITY: IF UTILITY DOES NOT OWN ANY REAL PROPERTY INDICATE NONE-->
 (B) UTILITY: DOES THIS PAGE LIST REAL PROPERTY ACQUIRED DURING THE PAST YEAR?
 (C) ASSESSOR'S SIGNATURE
 (D) TAX DEPARTMENT WILL OBTAIN SIGNATURE
 (E) INDICATE YES OR NO
 (F) YES () NO (X) NONE ACQUIRED

THE REQUESTED INFORMATION IS REQUIRED AS PART OF YOUR ANNUAL REPORT TO THE BOARD OF PUBLIC WORKS FOR PROPERTY TAX PURPOSES. THIS DATA IS REQUIRED UNDER PROVISIONS OF WEST VIRGINIA CODE 11-6. ANY INDIVIDUAL OR UTILITY FAILING TO FILE A TIMELY REPORT SHALL BE GUILTY OF A MISDEMEANOR AND LIABLE FOR A FINE OF ONE THOUSAND DOLLARS (\$1,000) FOR EACH MONTH SUCH FAILURE CONTINUES.

RESPONDENT PLEASE CHECK APPROPRIATE LINE:

Is Your Company

(a) For Profit Company

X

(b) Non-Profit Company

(c) Part of Public Service District

Are You Filing Under Same Name as Last Year

Yes X

No

Are You Filing Under Same Address as Last Year

Yes X

No

If Applicable Please State Former Name and/or Address

VERIFICATION

The foregoing report must be verified by the oath of the officer, or person duly designated, having control of the books and records of account of the utility. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

State of West Virginia

County of Kanawha

SS:

H. P. Musser, Jr. makes oath and says that
(Insert here the name of the affiant)

he is Chairman
(Insert here the official title of the affiant)

of Mullens Water Works
(Insert here the exact legal title or name of the utility)

that he has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in said report are true and that said report is a correct statement of the business and affairs of the above-named utility in respect to each and every matter set forth therein during the period from and including—

January 1, 2000, 19 , to and including December 31, 2000, 19

[Signature]
(Signature of affiant)

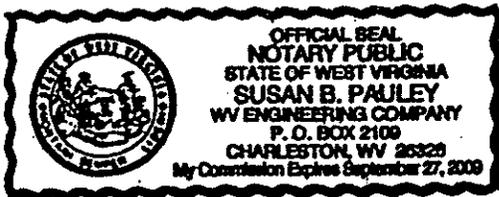
Subscribed and sworn to before me, a Notary Public in and

for the State and county above named, this 29 day of March

2000

My commission expires September 27, 2009, 19

L. S.
USE AN
IMPRES-
SION
SEAL



(Signature of officer authorized to administer oaths)

**THIS AGREEMENT OF LEASE AND
OPTION AGREEMENT**, Made this the 23rd day of August, 2001, by
and between ***Mullens Water Works***, party of the first part, hereinafter designated as
"Lessor", and ***Eastern Wyoming Public Service District***, party of the second
part, hereinafter designated as "Lessee".

W I T N E S S E T H

That for good and valuable consideration and Lessee's covenants hereinafter contained, the said Lessor does hereby LEASE and DEMISE unto the Lessee the complete and exclusive use of, and access to, the following portions of Real Property, all located in Slab Fork District, Wyoming County West Virginia, further described as follows, which are to be used to facilitate access to, and the acquisition of, sources of raw water; access to and use of water treatment plants; access to and usage of water storage tanks; and access to and usage of water transmission plant (piping, valves, etc.), which all are to be used to acquire, produce, and deliver potable water, and the access to and use of underground water main(s) (ie: pipes) and associated valves and fittings, said tank and water main(s) which are located on Lessor's property:

1. (Approx. 0.11 acres, more or less) Lot #42 of the "Lot Division of the Town of Mullens" on Early Street (Mullens Water Works Downtown Treatment Plant) and more particularly described in Deed Book 61, page 234 on record in the Wyoming County Clerk's Office.
2. (Approx. 0.08 acres, more or less) Lot #41 of the "Lot Division of the Town of Mullens" (Garage Building Behind Mullens Water Works Treatment Plant) and more particularly described in Deed Book 77, page 380 on record in the Wyoming County Clerk's Office.
3. (Approx. 1.51 acres, more or less) Parcel of land bordering the following: Frantz Avenue, Lot No. 11 of the Fairview Addition to the Town of Mullens, Slabfork District, Frantz and Deegans Addition to the Town of Mullens, (Frantz Avenue Tank Site) and more particularly described in Deed Book 105, page 209 on record in the Wyoming County Clerk's Office.
4. (Approx. 3.99 acres, more or less) Parcel of land bordering the following: Beech Street, Mullens, WV, Lot #12 of the Guyan City Addition, City of Mullens, WV (Vacant Land which could be used as a Tank Site) and more particularly described in Deed Book 99, page 285 on record in the Wyoming County Clerk's Office.
5. (Approx. 0.195 acres and 0.058 acres, more or less) Parcel of land bordering the following: West Trace Street, Mullens, WV and Trace Branch (Nuriva Intake and Treatment Plant) and more particularly described in Deed Book 261, page 484 on record in the Wyoming County Clerk's Office.
6. (Approx. 0.17 acres, more or less) Parcel of land located in Harmco, Slab Fork District, Wyoming County near a gas line owned by United Fuel Gas Company and the outcrop of Pocahontas Seam No. 4 (Nuriva Tank Site) and more particularly described in Deed Book 249, page 275 on record in the Wyoming County Clerk's

Office.

8. (Approx. 0.08 acres, more or less) Parcel of land bordering the following: WV State Route 10 and 16, and the Village of Itmann, WV ("Pump Area" and Itmann Treatment Plant) and (Approx. 0.08 acres, more or less) Parcel of land above the Village of Itmann, WV ("Water Tank Area") and both more particularly described in Deed Book 182, page 26 on record in the Wyoming County Clerk's Office.

In return for Lessee's covenants hereinafter contained, the said Lessor does hereby grant the right to access and use all potable water facilities located on said portions of real property for the purpose of operation, maintenance, repair, removal and/or replacement of said facilities and associated appurtenances.

This Lease Agreement is subject to the following **TERMS AND CONDITIONS:**

1. The term of this lease shall be for a period of ten (10) years commencing on the day on which this LEASE was made and entered into, as herein shown above; and the Lessee has the OPTION TO PURCHASE all of Lessor's right, title and interest (*i.e.*, Lessor's fee interest) in the real property described above, at any time during this LEASE AGREEMENT, up to and at the end of said AGREEMENT for the amount of Seventy Thousand Dollars (\$70,000.00), by notifying Lessor or Lessor's successor in interest in writing of Lessee's election to exercise such option.

2. The rent reserved shall be the sum of One Dollar and No/100 dollars (\$1.00) yearly, due and payable, in advance, on the second day of January each and every year without demand (Lessor will **NOT** send any notice that the rent is due), and with the understanding that there shall be a late charge of Twenty and No/100 Dollars (\$20.00) for any year in which the rent is not paid on or before the 20th day of January thereof. It is expressly understood that the rent is due IN ADVANCE, for the year in which the tank and main(s) are intended to be used. Given that the first period in which the tank property and access is leased may be less than a full year, the amount due in advance for this portion of a year will still be \$1.00. In the event that the rent is not paid in succeeding years by the last day of January, including late fees, the Lessor will take this as an indication that the Lessee intends to vacate the property, and will end the tenant relationship; or, Lessee may terminate this Lease effective as of December 31 of any year during the term of this Lease by giving the Lessor not less than 30 days' prior written notice of its election to terminate this Lease. The Lessee will be expected to give up any use of the property by the end of February of the year in which the rent is not paid in full (including late fees, if applicable).

3. There will be no security deposit required at the beginning of this LEASE.

4. During the terms of this lease all charges for any and all utility service, including any electric, TV cable, water and or sewer service, and any and all other utilities desired by the Lessee for use on these leased premises shall be paid for by Lessee to the extent used by the Lessee. It is agreed that **ALL** of the utility accounts shall be carried in

the name of the Lessee for utilities used exclusively by Lessee and that Lessor shall in no way be liable for the payment of same.

5. Lessee agrees not to commit waste to the demised property.

6. The Lessee shall be entitled to make any alterations in, or additions to, the Lessee's equipment and facilities located in or upon the demised property, including, but not limited to, major and minor upgrades, replacements, repairs, additions and removal of large equipment and facilities or other extensive improvements or alterations without first obtaining written consent of Lessor. This lease shall serve as written consent of the Lessor to allow the Lessee to improve the premises within the described leased portion of real property and easements, for the purpose of making the area usable for the purposes of continuing to operate its present and future water facilities, and to repair or alter the same.

7. Lessee shall not assign or sublet all or any part of the demised property without prior written consent of Lessor, which consent shall not be unreasonably withheld.

8. Lessee shall permit Lessor and its agents, at all reasonable times, to enter upon the property to examine the condition thereof and make necessary repairs thereto, and to show same to prospective tenants or buyers.

9. Lessor shall **NOT** be responsible for maintenance and/or upkeep of any facilities, or the vegetation on, the demised real estate.

10. Lessor covenants that it owns sole and exclusive title to the leased premises and that Lessee, by timely payment of the rent hereby reserved and performing the covenants and stipulations herein contained, shall peaceably and exclusively hold and enjoy the demised property and easements during the term of this LEASE. In the event that Lessor's right, title or interest in the leased premises shall be sold, assigned, transferred or divested in any way during the term hereof, in whole or in part, such sale, assignment, transfer or divestiture shall be made expressly subject to this Lease and to the rights of Lessee under this Lease.

11. All real estate taxes shall be the responsibility of Lessors.

12. **LESSEE HEREBY EXPRESSLY AGREES** that Lessee will, at all times during the term of this LEASE, maintain in effect full fire and extended insurance coverage (renter's insurance) on all items owned by the Lessee (items in this case is defined as contents such as, but not limited to, tanks, water mains, valves, fittings, wiring, pumps, motors, controls, plumbing, piping, etc.) which are located within the area LEASED in this AGREEMENT. It is hereby agreed that in the event of, but not limited to, an earthquake, a fire, a tornado or any other destruction, replacement of Lessee's property shall be the responsibility of the Lessee, at Lessee's sole option.

13. In case the property, or any part thereof, shall be damaged by earthquake, landslide, or fire or other unavoidable casualty, so that the same shall be rendered unfit for use and occupation, then and in such case the rent hereby reserved, or a just and proportional part thereof according to the nature and extent of the injury sustained, shall be abated until the property is usable again for the agreed upon purposes, or, in case said property shall be substantially destroyed, then, at the election of the Lessor, the tenant relationship hereby created may be terminated. It is expressly agreed, however, according to Paragraph 9. (above), that the repair and maintenance of all facilities on the demised real property, including roads, is the sole responsibility of the Lessee.

14. It is agreed that there will be no holding over after the expiration of the term of this lease.

15. The Lessor and the Lessee each shall save harmless the other from, and indemnify the other against, any and all liability, loss, damages, claims and expenses, including attorney's fees and court costs, arising from, or in connection with the other's use of the demised property and easements covered by this Lease Agreement, including any injury to, or death of, persons, or damage to property, caused by any negligence or willful misconduct of the other party, its agents, servants, undertenants, and assigns.

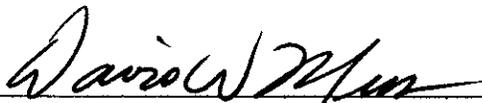
16. The Lessee shall at all times during the terms of this AGREEMENT, maintain in full force and effect, at the Lessee's expense, a policy or policies of liability insurance for the protection of the Lessee and the Lessor against liability for personal injury or death and for property damage resulting from any act or omission of the Lessee, its agents, servants, undertenants and invitees, with limits of liability of Three Hundred Thousand Dollars (\$300,000.00) for each person and Five Hundred Thousand Dollars (\$500,000.00) for each occurrence and One Hundred Thousand Dollars (\$100,000.00) property damage.

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MULLENS WATER WORKS, also known as Lessor, and **EASTERN WYOMING PUBLIC SERVICE DISTRICT**, also known as Lessee, agree to the terms and provisions of this AGREEMENT OF LEASE AND OPTION AGREEMENT.

WITNESS the following signatures and seals.

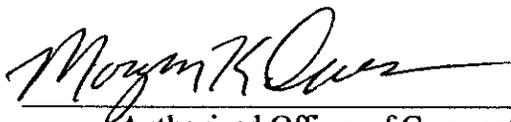
MULLENS WATER WORKS

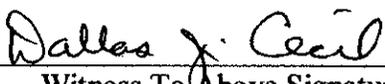
 (SEAL)
David W. Musser, President

 (SEAL)
Witness to Mr. Musser's Signature

DISTRICT

EASTERN WYOMING PUBLIC SERVICE

 (SEAL)
Authorized Officer of Corporation

 (SEAL)
Witness To Above Signature

THIS AGREEMENT OF LEASE, Made this the 23rd day of August, 2001, by and between **City Realty Company**, party of the first part, hereinafter designated as "Lessor", and **Eastern Wyoming Public Service District**, party of the second part, hereinafter designated as "Lessee".

W I T N E S S E T H

That for good and valuable consideration and Lessee's covenants hereinafter contained, the said Lessors do hereby LEASE and DEMISE unto the Lessee the following for the complete use of, and access to, an existing water tank, which is to be used to hold potable water, and the access to and use of underground water main(s) (ie: pipes) and associated valves and fittings, said tank and water main(s) which are located on Lessor's property:

- A. A *portion* of real property, defined as *a part of* the property owned by Lessor, described in Deed Book 113, Page 382 as filed in the in the Wyoming County Courthouse Clerk's Office, which reference is hereby made for the purpose of defining the *entire* property owned by Lessor, and should not be construed with that portion which is covered by this Lease. The portion of this property that is covered by this LEASE is that area of real property that contains a water tank, sometimes referred to by name as the "Tater Hill Tank", said real property more particularly described as: A parcel of ground, which measures sixty feet (60') in diameter, with its center at the center of said water tank, for a total square footage of approximately 2827 square feet. The Tater Hill Tank, for the purpose of further identification, is a welded steel tank, which has an approximate diameter of 34 feet and an approximate height of 34 feet, with a holding capacity of approximately 231,000 gallons, and is located adjacent to, or in, the "Hilltop Addition" within the town of Mullens, WV.
- B. The leased premises covered in this LEASE shall include *access* to said tank and associated water main(s) over, under and through those certain easements and rights of way listed below as Easement No. 1, and Easement No. 2, and more particularly described as follows:

Easement No. 1): That portion of land, owned by Lessor, that contains an existing road which is currently in use to access said tank, and an area on fifteen feet (15') on both sides of the centerline of said existing road, for a total width of thirty feet (30') for the entire length of the existing road on Lessor's property. It is expressly understood that this easement covers, and includes, the existing road, *AS IS*, and Lessor does not guarantee that the existing road will be adequate for such use as Lessee may require to maintain, and/or repair and/or replace and/or remove said tank and water main(s). Lessee agrees that any and all improvements to said road will be at Lessee's expense. (See Paragraph 9., below.)

Easement No. 2): A right of way consisting of fifteen feet (15') on both sides of the centerline of the above mentioned existing water main(s), for a total width of thirty feet (30') running along and with said water main(s) from the Tater Hill Tank and extending in length to the point at which the existing water main(s) exit the property owned by Lessor. It is expressly understood that this easement covers, and includes, the existing land over, under and around said existing main(s), *AS IS*, and Lessor does not guarantee that the existing access will be adequate for such use as Lessee may require to maintain, and/or repair and/or replace and/or remove said water main(s). Lessee agrees that any and all improvements to the land, herein covered by Easement No. 2, such as the cutting of a road or other improvements for access, will be at Lessee's expense. (See Paragraph 9., below.)

NOTE: It is hereby expressly understood that the Tater Hill Tank itself, as described above, and the water main(s) also herein referenced, (and the valves and fittings that are a part thereof), are *not* a part of this LEASE, **BECAUSE**, the tank and mains are or will become the property of Eastern Wyoming Public Service District as a part of the "plant" which has been or will be transferred (sold) by a separate Agreement of Sale from Mullens Water Works to Eastern Wyoming Public Service District. Therefore this LEASE shall serve only to provide the Lessee with the use, as set forth herein, of a section of property on which the tank is constructed, and Easements No. 1 and No. 2.

In return for Lessee's covenants hereinafter contained, the said Lessor does hereby grant the right to access said Tater Hill Tank and the water main(s) associated, for the purpose of operation, maintenance, repair, removal and/or replacement of said tank, water main(s) and associated appurtenances and facilities.

This Lease Agreement is subject to the following **TERMS AND CONDITIONS:**

1. The term of this lease shall be for a period of 99 years commencing on the day on which this LEASE was made and entered into, as herein shown above.
2. The rent reserved shall be the sum of One Hundred Twenty Dollars and No/100 dollars (\$120.00) yearly, due and payable, in advance, on the second day of January each and every year without demand (Lessor will *NOT* send any notice that the rent is due), and with the understanding that there shall be a late charge of Twenty and No/100 Dollars (\$20.00) for any year in which the rent is not paid on or before the 20th day of January thereof. It is expressly understood that the rent is due IN ADVANCE, for the year in which the tank and main(s) are intended to be used. Given that the first period in which the tank property and access is leased may be less than a full year, the amount due in advance for this portion of a year will be calculated by using the following formula: the number of months (counting any portions of

months as a full month) divided by 12 times \$120.00. In the event that the rent is not paid in succeeding years by the last day of January, including late fees, the Lessor will take this as an indication that the Lessee intends to vacate the property, and will end the tenant relationship; or, Lessee may terminate this Lease effective as of December 31 of any year during the term of this Lease by giving the Lessor not less than 30 days' prior written notice of its election to terminate this Lease. The Lessee will be expected to give up any use of the property by the end of February of the year in which the rent is not paid in full (including late fees, if applicable).

3. There will be no security deposit required at the beginning of this LEASE.

4. During the term of this lease Lessee agrees to conduct good faith negotiations to enter into, and continue to abide by, a Pole Attachment Agreement with Union Power Company upon terms reasonably agreeable to both parties, and to pay for such service at the rates and charges as are agreed upon by the parties by said separate Agreement, which are in effect at the time service is rendered for any and all attachments to Union Power Company power poles. During the terms of this lease all charges for any and all utility service outside of said pole attachments, including any electric, TV cable, water and or sewer service, and any and all other utilities desired by the Lessee for use on these leased premises shall be paid for by Lessee to the extent used by Lessee. It is agreed that **ALL** of the utility accounts for utilities used exclusively by Lessee shall be carried in the name of the Lessee and that Lessor shall in no way be liable for the payment of same.

5. Lessee agrees not to commit waste to the demised property.

6. The Lessee shall be entitled to make any alterations in, or additions to, the Lessee's equipment and facilities located in or upon the demised property, including, but not limited to, major and minor upgrades, replacements, repairs, additions and removal of large equipment and facilities or other extensive improvements or alterations without first obtaining written consent of Lessor. The Lessee shall not make or permit to be made any construction or changes **outside of** the leased real property and easements, without first obtaining written consent of Lessor. This lease shall serve as written consent of the Lessor to allow the Lessee to improve the premises within the described leased portion of real property and easements, for the purpose of making the area usable for the purposes of operating the existing Tater Hill Tank, and associated water main(s) and other related equipment and facilities, and all upgrades, replacements, repairs, additions and removal of equipment and facilities.

7. Lessee shall not assign or sublet all or any part of the demised property without prior written consent of Lessor, which consent shall not be unreasonably withheld.

8. Lessee shall permit Lessor and its agents, at all reasonable times, to enter upon the property to examine the condition thereof and make necessary repairs thereto, and to show same to prospective tenants or buyers.

9. Lessor shall **NOT** be responsible for maintenance and/or upkeep of the road and/or any other portions of the property, including areas covered by Easements No.

1 and No. 2, herein LEASED, and Lessee agrees that any and all maintenance, upkeep and associated road repair, brush/tree clearing, etc. necessary for use of the road and access to the main(s) will be the responsibility of Lessee.

10. Lessor covenants that it owns sole and exclusive title to the leased premises and that Lessee, by timely payment of the rent hereby reserved and performing the covenants and stipulations herein contained, shall peaceably and exclusively hold and enjoy the demised property and easements during the term of this LEASE. In the event that Lessor's right, title or interest in the leased premises shall be sold, assigned, transferred or divested in any way during the term hereof, in whole or in part, such sale, assignment, transfer or divestiture shall be made expressly subject to this Lease and to the rights of Lessee under this Lease.

11. All real estate taxes shall be the responsibility of Lessors.

12. **LESSEE HEREBY EXPRESSLY AGREES** that Lessee will, at all times during the term of this LEASE, maintain in effect full fire and extended insurance coverage (renter's insurance) on all items owned by the Lessee (items in this case is defined as contents such as, but not limited to, tanks, water mains, valves, fittings, wiring, pumps, motors, controls, plumbing, piping, etc.) which are located within the area LEASED in this AGREEMENT. It is hereby agreed that in the event of, but not limited to, an earthquake, a fire, a tornado or any other destruction, replacement of Lessee's property shall be the responsibility of the Lessee, at Lessee's sole option.

13. In case the property, or any part thereof, shall be damaged by earthquake, landslide, or fire or other unavoidable casualty, so that the same shall be rendered unfit for use and occupation, then and in such case the rent hereby reserved, or a just and proportional part thereof according to the nature and extent of the injury sustained, shall be abated until the property is usable again for the agreed upon purposes, or, in case said property shall be substantially destroyed, then, at the election of the Lessor, the tenant relationship hereby created may be terminated. It is expressly agreed, however, according to Paragraph 9. (above), that the repair and maintenance of the road and improvements for access to the water main(s) herein provided, is the sole responsibility of the Lessee, at Lessee's sole option.

14. It is agreed that any holding over after the expiration of the term of this lease shall be on a month-to-month basis, but subject to all the terms and conditions hereof. During any holding over, it is agreed that either party may end the Lease relationship by giving 30 days written notice.

15. The Lessor and the Lessee each shall save harmless the other from, and indemnify the other against, any and all liability, loss, damages, claims and expenses, including attorney's fees and court costs, arising from, or in connection with the other's use of the demised property and easements covered by this Lease Agreement, including any injury to, or death of, persons, or damage to property, caused by any negligence or willful misconduct of the other party, its agents, servants, undertenants, and assigns.

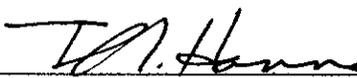
16. The Lessee shall at all times during the terms of this AGREEMENT, maintain in full force and effect, at the Lessee's expense, a policy or policies of liability insurance for the protection of the Lessee and the Lessor against liability for personal injury or death and for property damage resulting from any act or omission of the Lessee, its agents, servants, undertenants and invitees, with limits of liability of Three Hundred Thousand Dollars (\$300,000.00) for each person and Five Hundred Thousand Dollars (\$500,000.00) for each occurrence and One Hundred Thousand Dollars (\$100,000.00) property damage. Three examples of the occurrences which Lessee shall be prepared to cover by way of insurance coverage (and hold Lessor harmless from), except in the case of negligence or willful misconduct of the Lessor, its agents, servants, undertenants, and assigns, include, but are not limited to: 1) Lessee's employees, agents or invitees falling at (or off of) tank or being injured on the leased tank property; 2) Lessee's employees or agents being injured driving or operating machinery within Easement No. 1 and/or No. 2; and 3) Collapse of above mentioned Tater Hill Tank, or a major leak in said tank or associated mains, causing property damage on the Lessor's property, AND on property OTHER than Lessor's property.

CITY REALTY COMPANY, also known as Lessor, and **EASTERN WYOMING PUBLIC SERVICE DISTRICT**, also known as Lessee, agree to the terms and provisions of this LEASE AGREEMENT.

WITNESS the following signatures and seals.

CITY REALTY COMPANY

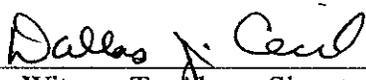
 (SEAL)
David W. Musser, President, Authorized
To Execute Contracts

 (SEAL)
Witness to Mr. Musser's Signature

DISTRICT

EASTERN WYOMING PUBLIC SERVICE

 (SEAL)
Authorized Officer of Corporation

 (SEAL)
Witness To Above Signature

THIS AGREEMENT OF LEASE, Made this the 23rd day of August, 2001, by and between **City Realty Company**, party of the first part, hereinafter designated as "Lessor", and **Eastern Wyoming Public Service District**, party of the second part, hereinafter designated as "Lessee".

W I T N E S S E T H

That for good and valuable consideration and Lessee's covenants hereinafter contained, the said Lessor does hereby LEASE and DEMISE unto the Lessee that certain portion of property, defined as the area that contains a well, more particularly described as a space which measures 5' by 5' for a total square footage of approximately 25 square feet on the outside of the first floor of the building owned by Lessee located at 301 Howard Street, Mullens, Wyoming County, West Virginia, adjacent portions of said building (these adjacent portions are herein mentioned only for identification purposes and are not included in the area covered by this lease) which have served as Offices for Union Power Company and Mullens Water Works, for the purpose of the complete use of an existing well, which is to be used by Lessee as a source of water, said well which is located on the outside of the Lessor's building, but still on Lessor's property.

NOTE: This Lease is not initially intended to serve as a Lease to allow use of the existing well on the INSIDE of the building at 301 Howard Street. HOWEVER, in the event that the Lessee decides that it is prudent and necessary to make use of this well on the INSIDE of the building, Lessor hereby agrees to LEASE and DEMISE an area inside the building, not to exceed 30' by 30' or 900 square feet for the same terms of the lease, IF, and ONLY IF, Lessee will agree to bear the expense to make all improvements to Lessor's property necessary to provide access to said 900 square foot area, and to install barriers to separate the 900 square feet from the remainder of the building; and if the Lessee in fact bears said expense, the said area shall be added to the leased premises of this Lease for no additional consideration. Said improvements *must* include construction of a door for access to the alley on the opposite side of the building from Third Street (the alley closest to the well), and construction of at least two, and possibly three walls, up to thirty feet long or wide, and from floor to ceiling in height for the necessary separation from the remainder of the building. The plan for these improvements must be approved by the Lessor in writing, including the scope, materials and methods of construction which will be used, prior to start of construction.

In return for Lessee's covenants hereinafter contained, the said Lessor does hereby grant the right to access said well and the appurtenances and facilities associated therewith, for the purpose of operation, maintenance, repair, removal and/or replacement thereof.

This Lease Agreement is subject to the following **TERMS AND CONDITIONS:**

1. The term of this lease shall be for a period of 99 years, the same commencing on the day on which this LEASE was made and entered into, as herein noted

above.

2. The rent reserved shall be the sum of One Hundred Twenty Dollars and No/100 dollars (\$120.00) yearly, due and payable, in advance, on the second day of January each and every year without demand (Lessor will **NOT** send any notice that the rent is due), and with the understanding that there shall be a late charge of Twenty and No/100 Dollars (\$20.00) for any year in which the rent is not paid on or before the 10th day of January thereof. It is expressly understood that the rent is due IN ADVANCE, for the year in which the well is intended to be used. Given that the first period in which the well is leased may be less than a full year, the amount due in advance for this portion of a year will be calculated by using the following formula: the number of months (counting any portions of months as a full month) divided by 12 times \$120.00. In the event that the rent is not paid in succeeding years by the last day of January, including late fees, the Lessor will take this as an indication that the Lessee intends to vacate the property, and will end the tenant relationship; or, Lessee may terminate this Lease effective as of December 31 of any year during the term of this Lease by giving the Lessor not less than 30 days' prior written notice of its election to terminate this Lease. The Lessee will be expected to give up any use of the well and the premises by the end of February in that same year in which the rent is not paid in full (including late fees, if applicable) by the end of January.

3. Since the Lessee may decide to make improvements to the leased premises at their own cost, the security deposit shall, in this case, be waived. It is **expressly understood**, however, that any damages to the leased premises which are the responsibility of the Lessee (as noted below in section 5.), shall either be repaired by (at the expense of) the Lessee, or such repairs will be made by the Lessor and the Lessee hereby agrees to reimburse Lessor for the reasonable amount of said expenses.

4. During the term of this lease Lessee agrees to purchase electrical service as needed from Union Power Company, and to pay for such service at the rates and charges as are in effect (and approved by the WV Public Service Commission) at the time service is rendered. During the terms of this lease all charges for additional utilities, including Municipal (garbage and/or sewer) charges, telephone, television cable and any and all other utilities shall be paid by Lessee to the extent used by Lessee. It is agreed that **ALL** of the utility accounts for utilities used exclusively by Lessee shall be carried in the name of the Lessee and that Lessor shall in no way be liable for the payment of same.

5. Lessee agrees not to commit waste to the demised premises.

6. The Lessee shall be entitled to make any alterations in, or additions to, the Lessee's equipment and facilities located in or upon the demised property, including, but not limited to, major and minor upgrades, replacements, repairs, additions and removal of large equipment and facilities or other extensive improvements or alterations without first obtaining written consent of Lessor. This lease shall serve as written consent of the Lessor to allow the Lessee(s) to improve the premises for the purpose of making the area usable as a water producing well, given that the Lessor has granted written approval as to the construction required, so that Lessee can operate said well on the premises in a

manner that does not cause an unreasonable amount of disturbance to the use of the remainder of the property by Lessor, and/or Lessor's tenants on other property.

7. Lessee shall not assign or sublet all or any part of the demised premises without prior written consent of Lessor, which consent shall not be unreasonably withheld.

8. Lessee shall permit Lessor and its agents, at all reasonable times, to enter upon the premises to examine the condition thereof and make necessary repairs thereto, and to show same to prospective tenants or buyers.

9. Lessor shall be responsible for maintenance and upkeep of the roof and exterior walls of said property and all plumbing, heating, and electrical fixtures *outside of the leased premises*, except that any damage to same which is caused by unwarranted actions of the Lessee, including, but not limited to, water damage, shall be the responsibility of the Lessee. For the purpose of this lease, *outside of the leased premises* is defined as all fixtures beyond the outside of the leased area defined in this lease. Maintenance of fixtures, including plumbing, wiring, heating, cooling and etc. located exclusively *within* the leased premises (within the walls/ceiling/floors of Lessee rented premises) will be the responsibility of Lessee. It is understood that Lessor will not attempt to heat or cool the leased portion of the premises, and that Lessee shall be responsible for same.

10. Lessor covenants that it owns sole and exclusive title to the leased premises and that Lessee, by timely payment of the rent hereby reserved and performing the covenants and stipulations herein contained, shall peaceably and exclusively hold and enjoy the demised premises during the term of this lease. In the event that Lessor's right, title or interest in the leased premises shall be sold, assigned, transferred or divested in any way during the term hereof, in whole or in part, such sale, assignment, transfer or divestiture shall be made expressly subject to this Lease and to the rights of Lessee under this Lease.

11. All real estate taxes and owner's (structure) insurance shall be the responsibility of Lessor. **LESSEE HEREBY EXPRESSLY AGREES** that Lessee will maintain in effect at all times, during the terms of this LEASE, full fire and extended insurance coverage on all items (contents) which belong to Lessee and are located within the leased premises (renter's insurance). Items, as defined for the purpose of insurance coverage in this paragraph, shall include any and all contents belonging to Lessee, such as, but not limited to, pumps, motors, controls, wiring, plumbing, piping, etc. It is hereby agreed that in the event of, but not limited to, a fire, a flood or other destruction of any kind, replacement of Lessee's property (the contents) shall be the sole responsibility of the Lessee at Lessee's sole option, and Lessor shall in no way be liable for replacement or repair of same.

12. In case the premises, or any part thereof, shall be damaged by fire or other unavoidable casualty, so that the same shall be rendered unfit for use and occupation, then and in such case the rent hereby reserved, or a just and proportional part thereof according to the nature and extent of the injury sustained, shall be abated until the premises have been duly repaired and restored by the Lessor, or, in case said premises shall be substan-

tially destroyed, then, at the election of the Lessor, the tenant relationship hereby created may be terminated.

13. It is agreed that any holding over after the expiration of the term of this lease shall be on a month-to-month basis, but subject to all the terms and conditions hereof. During any holding over, it is agreed that either party may end the Lease relationship by giving 30 days written notice.

14. The Lessor and the Lessee each shall save harmless the other from, and indemnify the other against, any and all liability, loss, damages, claims and expenses, including attorney's fees and court costs, arising from, or in connection with the other's use of the demised premises and covered by this Lease Agreement, including any injury to, or death of, persons, or damage to property, caused by any negligence or willful misconduct of the Lessee, its agents, servants, undertenants, and assigns.

15. The Lessee shall at all times during the terms of this LEASE AGREEMENT, maintain in full force and effect, at the Lessee's expense, a policy or policies of liability insurance for the protection of the Lessee and the Lessor against liability for personal injury or death and for property damage resulting from any act or omission of the Lessee, its agents, servants, undertenants and invitees, with limits of liability of Three Hundred Thousand Dollars (\$300,000.00) for each person and Five Hundred Thousand Dollars (\$500,000.00) for each occurrence and One Hundred Thousand Dollars (\$100,000.00) property damage. Examples of the occurrences which Lessee shall be prepared to cover by way of insurance coverage (and hold Lessor harmless from), except in the case of negligence or willful misconduct of the Lessor, its agents, servants, undertenants, and assigns, include, but are not limited to: 1) Lessee's employees, agents or invitees being injured on the leased premises; and 2) Lessee's well, water mains, valves or other plumbing fixtures causing property damage to the Lessor's property, AND on property OTHER than Lessor's property.

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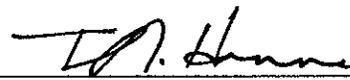
CITY REALTY COMPANY, also known as Lessor, and **EASTERN WYOMING PUBLIC SERVICE DISTRICT**, also known as Lessee, agree to the terms and provisions of this lease agreement.

WITNESS the following signatures and seals.

CITY REALTY COMPANY

 (SEAL)

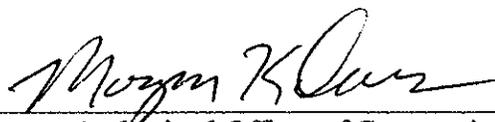
David W. Musser, President, Authorized
To Execute Contracts

 (SEAL)

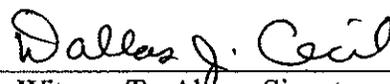
Witness to Mr. Musser's Signature

DISTRICT

EASTERN WYOMING PUBLIC SERVICE

 (SEAL)

Authorized Officer of Corporation

 (SEAL)

Witness To Above Signature

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER SYSTEM NOTE, SERIES 2001 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

CANCELLED
PAID IN FULL
DATE: 10-16-2007
BY: Barbara B. [Signature]

No. AR-1

\$360,000

KNOW ALL MEN BY THESE PRESENTS: That EASTERN WYOMING PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wyoming County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the 21st day of November, 2001, the principal sum of THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00) and the interest accrued from the date hereof to the payment date at the rate of 3.99% per annum, subject only to prepayment as hereinafter set forth.

The principal and interest of this Note are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Note is issued (i) to temporarily finance the cost of the acquisition, construction and improvement by the Issuer of a water development project (the "Project"), and (ii) to pay the costs of issuance hereof and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Notes Resolution duly adopted by the Issuer on August 15, 2001, and a Supplemental Resolution duly adopted by the Issuer on August 15, 2001 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Note are payable only from the Drinking Water Treatment Revolving Fund loan from the West Virginia Bureau for Public Health which has been committed to the Issuer, or any loan committed to the Issuer for the repayment of this Note (the "Permanent Financing"). The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of and interest on this Note. At the time the Permanent Financing is issued by the Issuer or otherwise received for the System, the Issuer shall pay the entire outstanding principal of, and accrued interest on, the Notes from the proceeds thereof.

This Note is subject to prepayment without penalty at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

CANCELLED
PAID IN FULL
DATE: 10/1/2008
BY: [Signature]

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the records of the Registrar, to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

All provisions of the Notes Legislation and the statutes under which this Note is issued shall be deemed to be part of the contract evidenced by this Note to the same extent as if written fully herein.

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

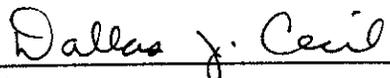
IN WITNESS WHEREOF, EASTERN WYOMING PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated August 23, 2001.

[SEAL]

EASTERN WYOMING PUBLIC
SERVICE DISTRICT


Chairman

Attest:


Secretary

CANCELLED
PAID IN FULL
DATE: 10-16-2001
BY: BBM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: August 23, 2001.

CANCELLED
PAID IN FULL
DATE: 10-16-2001
BY: BBM

Dallas J. Cecil
Dallas J. Cecil, Secretary, as Registrar

(Form of)
ASSIGNMENT

CANCELLED
PAID IN FULL
DATE: 10-16-2001
BY : BBM

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____, the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

IN THE PRESENCE OF:

173686

UNION TRUST CO. OF N.Y. 173686