EASTERN WYOMING
PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2004 A
(West Virginia DWTRF Program)

Date of Closing: August 24, 2004

BOND TRANSCRIPT

SPILMAN THOMAS & BATTLE, PLLC

$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

Closing Date: August 24, 2004

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State of West Virginia

Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A, OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13A, OF THE 2004 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

August 20, 2004

Secretary of State

jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways. (1955, c. 135; 1967, c. 105; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "the" for "said" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "and/or stormwater system" following "existing sewer system", inserted "or stormwater system" following "such sewer system"; in the second paragraph, inserted "or stormwater" following "sewage", inserted "or stormwater facilities" following "sewer facilities"; in the fourth paragraph, added "or entire stormwater works" to the end; in the sixth paragraph, deleted "such" following "fixing" and "publication of"; in the eighth paragraph, deleted "such" preceding "rates" twice; and in the last paragraph, added the proviso.

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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16-13A-25. Borrowing and bond issuance; procedure.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public utilities. — Public service districts are "public utilities" because they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434 (1997).

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§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Authority of county commissions. — The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provisions of this article. Op. Att'y Gen., June 27, 1973.

Public service district — Authority. — A public service district, which was created only for the purposes of furnishing water services, has no power to condemn real estate for sewerage facilities. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Public service district — Purpose. — The purpose for the creation of a public service district may be ascertained by a review of the order establishing the district and the history behind the creation of the district (the notice of hearing and hearings held prior to the creation of the district). Op. Att'y Gen., July 8, 1976.

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351 (1965); Shobe v. Latimer, 162 W. Va. 779, 253 S.E.2d 54 (1979).

§ 16-13A-1a. Jurisdiction of the public service commission.

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81; 1994, c. 61.)

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water or sewerage services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with (1) the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or

other uses (herein sometimes referred to as "water facilities"), (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills") or (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1986, c. 81.)

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) on its own motion by order duly adopted, (2) upon the recommendation of the public service commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county

commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and

extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. 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. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b] of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive,

all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125.)

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, and became effective June 6, 1986.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — There is no unlawful delegation of legislative power to the county courts (now county commissions) of this State under this section in violation of W. Va. Const., art. V, § 1, and art. VI, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

There is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Authority of commission and voters. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlargement or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

Authority of court. — A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Compliance. — The provisions of this section relating to the filing of the petition or motion of the county court (now county commission), the description of the territory to be embraced and like provisions are mandatory, but the use of the word "shall," in relation to the requirements for the posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

Overlapping districts. — Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may undertake to enlarge or reduce the areas of various overlapping districts or may even consolidate the overlapping districts into one district. Op. Att'y Gen., July 8, 1976.

Public corporation. — A public service

district is a public corporation and does not come within the constitutional inhibition requiring all corporations to be created by general law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Referendum. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

"Shall apply with like effect," etc. — Because a protest against creation triggers a referendum, the language "shall apply with like effect as if a district were being created" can mean only that a protest against enlargement or reduction likewise triggers a referendum. Op. Att'y Gen., Nov. 13, 1975.

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is

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entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

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The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty 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. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Compensation for additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading

meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to another state. — A public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Applied in McCloud v. Salt Rock Water Pub. Serv. Dist., 207 W. Va. 453, 533 S.E.2d 679 (2000).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-3a. Removal of members of public service board.

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per

attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings

may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and the change is effective from the filing of an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located and with the public service commission. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159; 2000, c. 199.)

Effect of amendment of 2000. — Acts 2000, c. 199, effective June 9, 2000, rewrote the section.

Compensation for performing additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his successor is employed, and his compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he shall perform and exercise such other powers and duties as may be conferred upon him by the board.

Such general manager shall be chosen without regard to his political affiliations and upon the sole basis of his administrative and technical qualifications to manage public service properties and affairs of the district and he may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water or sewer service from a municipal water of sewer system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water or sewer system or public service district from which such water or sewer service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159.)

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits

of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities or gas facilities for water, sewer or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

Eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Superior right of municipality to extend public services. — If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right under this section to extend public services, such as water and/or sewer service, which were not being previously furnished to the tract by the public service district. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

When consent of municipality needed. — Where municipality has superior right to extend social services, a public service district would need the consent of the municipality and the public service commission in order to provide such services. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

Cited in 45 Op. Att'y Gen. 506 (1953).

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall

deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided are delinquent and the owner, user and property are liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the public service commission.

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the bureau of public health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be

transported by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the bureau of public health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer facility, and the engineer for the district has certified that such sewer facilities are available to and are adequate to serve such owner, tenant or occupant, and sewage will flow by gravity or be transported by such other methods approved by the bureau of public health from such house, dwelling or building into such sewer facilities, the district may charge, and such owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner.

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the

normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601 (1983) (construing this section prior to 1980 and 1981 amendments).

Liens. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434 (1997).

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 16-13A-9a. Limitations with respect to foreclosure.

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen [§§ 16-13A-9 or 16-13A-19] of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1982, c. 74.)

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board. (1953, c. 147; 1981, c. 124.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Textbooks.
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VOLUME 5A

2001 Replacement Volume

2004 SUPPLEMENT

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(m) The board collecting such rates, fees or charges shall be obligated under reasonable rules to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities or both, and shall not restore either water facilities or sewer facilities, to any delinquent user of either until all delinquent rates, fees or charges for both water facilities, and sewer facilities, including reasonable interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105; 2001, c. 212; 2004, c. 185.)

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, inserted "deposit required for new customers; forfeiture of deposit; reconnecting deposit; tenant's deposit" in the introductory language; added the subsection designations for (c) through (m); added (d) and (e); substituted "Class II-0" for "Class II-O" in (h); substituted "within twenty days" for "within thirty days" in (k); in (*l*) substituted "twenty days" for "thirty days" and added the second sentence; and deleted "and regulations" following "reasonable rules" in (m).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-5. General manager of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-14. Items included in cost of properties.
16-13A-18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

§ 16-13A-1. Legislative findings.

Code of State Rules References. — Government of public service districts, 150 CSR 17, effective September 1, 1990.

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may

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be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways. (1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following sewerage" in the first sentence; added subdivisions (4) and (5); added the last two sentences; and made minor stylistic changes.

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of the public service commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

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(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or

consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. 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. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b], of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated

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pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in (a), capitalized "On" at the beginning of subdivision (1), and inserted "stormwater services" near the middle of the last sentence.

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor

shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this

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article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty 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. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or for furnishing stormwater services for the city, town or other municipal corporation" in the second sentence of the first paragraph.

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his or her successor is employed, and his or her compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his or her time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he or she shall perform and exercise such other powers and duties as may be conferred upon him or her by the board.

Such general manager shall be chosen without regard to his or her political affiliations and upon the sole basis of his or her administrative and technical qualifications to manage public service properties and affairs of the district and he or she may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he or she is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following "sewer" four times in the third paragraph, and made minor stylistic changes.

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as

specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, added "including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities" to the end of the first sentence.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities, stormwater facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights

of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities, a stormwater system, stormwater management program or gas facilities for water, sewer, stormwater or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways: Provided, however, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in the second paragraph, inserted "stormwater facilities" following "sewer facilities" in the proviso; in the third paragraph, inserted "a stormwater system, stormwater management program" following "sewer facilities" and "stormwater" preceding "or gas services"; in the last paragraph, added a new first proviso and redesignated the former first proviso as the second.

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates,

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fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight [§ 24-3-8], article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may

prescribe: Provided, That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the public service commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the division of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one,

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chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the division of health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the division of health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and

costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: Provided, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61; 2002, c. 272; 2003, c. 183.)

Code of State Rules References. — Rules and regulations for the government of gas utilities and gas pipeline safety, 150 CSR 4, effective July 21, 1996.

Rules and regulations for the government of sewer utilities, 150 CSR 5, effective January 2, 1996.

Rules and regulations for the government of telephone utilities, 150 CSR 6, effective October 10, 2000.

Rules and regulations for the government of water utilities, 150 CSR 7, effective February 5, 1996.

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "fees" following "rates" throughout the section; in the first paragraph, deleted "and regulations" following "needful rules" in the first sentence, inserted a new third sentence, substituted "Where water, sewer, stormwater or gas services, or any combination thereof" for "Where water, sewer and gas services" in the present fourth sentence; inserted the fifth paragraph; in the present sixth paragraph, inserted "stormwater systems or stormwater management systems" following "sewer facilities" and "stormwater" preceding "or gas bills" in the first sentence.

Effect of amendment of 2003. — Acts 2003, c. 183, effective June 6, 2003, added subsection designations; rewrote present (a)(2), and (c); in (d), substituted "division of health" for "bureau of public health," added "tenant or occupant" to the end of the next-to-last sentence, and added the last sentence; in (f), substituted "gas facilities or stormwater systems or stormwater management programs" for "stormwater systems or stormwater management systems or gas facilities" and added the proviso to the end; and made minor stylistic changes.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the

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improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "for stormwater systems . . . federal and state requirements" following the first phrase.

§ 16-13A-18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater" following "sewer" in the section heading and throughout the section.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems, stormwater systems or stormwater management systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system, stormwater system or associated stormwater management system or gas facilities, or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater systems or stormwater management systems" and "stormwater system or associated stormwater management system".

§ 16-13A-25. Borrowing and bond issuance; procedure.

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen [§ 16-13A-13], twenty [§ 16-13A-20] or twenty-four [§ 16-13A-24] of this article, without the prior consent and approval of the public service commission.

(b) The public service commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied

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with chapter five-g [§§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to: (1) Experience with the same engineering firm; or (2) completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from the waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, two thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the public service commission or a party files an objection to the request. If an objection is filed, the public service commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§§ 16-24-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the project in a manner prescribed by public service commission rules and regulations. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159; 2003, c. 184.)

Effect of amendment of 2003. — Acts 2003, c. 184, effective June 5, 2003, added subsection designations; inserted (c) and (d); in (b), substituted "a verified statement by the board members that the public service district has complied" for "evidence of compliance," deleted "in the past two years requiring engineering services" from the end of subdivision (1), and deleted "within the past two years" preceding "requiring engineering services" in subdivision (2); and rewrote the final paragraph of the section, deleting former subdivisions (a) through (e) regarding requirements for legal advertisements giving public notice of projects.

ALR references. — Remedies for sewage treatment plant alleged or deemed to be nuisance, 101 ALR5th 287.

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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 a 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 Ravencliff-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 Guyandotte 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 southessterly 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 meadnering 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 inproperty in such proposed area to e 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.

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 resoltuion 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 andhave 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 requisit 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 guyandotte 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 northwestly 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 acquistion by purchase or otherwise and the maintence 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 Easten 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.

SCIENTIFIC PAPER
ADVOCATES

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

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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

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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.

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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

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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 EWPSC. (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 Shrewsberry testified that he is a customer of the Gooney Otter

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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

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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).

Public Service Commission
of West Virginia

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

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 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:

Harold Hayden	yes
Ed Harless	yes
H. R. Davis	yes

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 _____
County Attorney

153279

EASTERN WYOMING PSD-Kenny McBride to replace Mike Davis

Motion was made by Harold Hayden and seconded by Ed Harless to approve the appointment of Kenny McBride to the board of the Eastern Wyoming PSD to replace Mike Davis who resigned.

CITIZEN PARTICIPATION PLAN—Amended to change notice days to 5

Motion was made by Ed Harless and seconded by Harold Hayden to approve the amending of the Citizen Participation Plan changing it to require five (5) days notice as opposed to fourteen (14). A copy of the complete Citizen Participation Plan is on file in the office of the County Clerk.

BANK BALANCES

Bank balances were detailed as follows: General County $316,849.89; Coal Tax $262,804.79; Coal Tax Investment $141,618.03; 911 Communications $24,719.03; Landfill $17,749.81; and Airport $4,634.27.

TAMMY SANDY-Maternity leave

Tammy Sandy reminded the Commission that she will be starting maternity leave in about six weeks and that there needs to be someone working her office during this time. She stated that Mona Tilley was willing to do it but would have to work at night or on the weekends. The Commission said that would not work as someone needs to be in the office during work hours. Mike Goode told the Commission that he would figure something out.

In view of Tammy's upcoming maternity leave budget hearings will start at 1:00 p.m. on February 20, 2002.

There being no further business the meeting was adjourned at 8:00 p.m.

H. R. Davis

H. R. Davis, President

December 18, 2002

CHARLES "BUD" THOMPSON-Resignation Eastern Wyoming PSD

Motion was made by Ed Harless and seconded by Harold Hayden to accept the letter of resignation submitted by Charles "Bud" Thompson resigning his position on the board for the Eastern Wyoming PSD.

MART LANE-appointed to Eastern Wyoming PSD Board

Motion was made by Harold Hayden and seconded by Ed Harless to appoint Mart Lane to the board for Eastern Wyoming PSD to replace Charles Thompson.

There being no further business the meeting was adjourned at 6:50 p.m.

RECYCLED PAPER
RECYCLÉ

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

153267

OATH OF OFFICE

State of West Virginia,
County of Wyoming, to-wit:

I, Kenneth W. McBride, do solemnly swear that I will support the Constitution of the United States, and the Constitution of this State, and I further swear that I will faithfully and honestly discharge my duties as a member of the board for the Eastern Wyoming Public Service District with his term expiring 01-01-07

until my successor is duly elected or appointed, and qualified according to law, to the best of my skill and judgment, so help me God.

Kenneth W. McBride, Affiant.

Taken, subscribed and sworn to before me this 5th day of March, ~~19~~ 2002

Leandra K. Rezzonico, N. P.

My Commission Expires 20th day of November, ~~19~~ 2011

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LEANDRA K. REZZONICO
WYOMING COUNTY ASSESSOR'S OFFICE
P. O. BOX 929
PINEVILLE, WV 24874
My commission expires November 20, 2011

OATH O. OFFICE

State of West Virginia,
County of Wyoming, to-wit:

I, Mart Lane, do solemnly swear that I will support the Constitution of the United States, and the Constitution of this State, and I further swear that I will faithfully and honestly discharge my duties as a member of the Eastern Wyoming Public Service District's board

ENTERED
AUG 18 2004
PRESIDENT

until my successor is duly elected or appointed, and qualified according to law, to the best of my skill and judgment, so help me God.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA R. COOK
WYOMING COUNTY CLERK'S OFFICE
PO DRAWER 309
PINEVILLE, WV 24874
My commission expires September 7, 2012

Mart Lane, Affiant.

Taken, subscribed and sworn to before me this 18th day of August, 19 2004

Linda R. Cook, N. P.

My Commission Expires 7th day of September, 19 2012

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 specially scheduled 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

Dallas J. Cecil
, Member

EASTERN WYOMING
PUBLIC SERVICE DISTRICT

P.O. Box 506
Logan, West Virginia 25601

Phone:(304) 946-2641
Fax: (304) 946-2645

MINUTES

January 6, 2004

Respectfully submitted,

Kenneth W. McBride Jr.
Mr. Kenneth W. McBride, Jr., Chair

Mr. Mart Lane, Treasurer

Dallas J. Cecil
Mr. Dallas J. Cecil, Secretary

The Eastern Wyoming Public Service District held its regular monthly meeting on Tuesday, January 6, 2004 at 6:30 p.m. in the City Council Chambers, Mullens City Hall, 316 Moran Avenue, Mullens, West Virginia. Mr. Kenneth McBride, Jr., Chairman, called the meeting to order. See attached list of those in attendance.

ELECTION OF OFFICERS - Being the first District Board Meeting of the new year, the election of the officers was discussed. A motion was made by Mr. Cecil to approve the appointment of Kenneth McBride as Chair, Mart Lane as Treasurer and Dallas Cecil as Secretary for 2004, seconded by Mr. Lane. Motion passed 3-0.

APPROVAL OF MINUTES – Minutes of the December 2, 2003 Regular Board Meeting were previously circulated by Mr. Roberts. A motion was made by Mr. Cecil to dispense with the reading of the minutes and approve the minutes as presented, seconded by Mr. Lane. Motion passed 3-0.

CUSTOMER / PUBLIC PRESENTATIONS – None.

ANNOUNCEMENTS – Mr. Roberts stated that the next regular Board Meeting is scheduled to be held on Tuesday, February 3, 2004, at 6:30 p.m. in City Council Chambers, Mullens City Hall, 316 Moran Avenue, Mullens, West Virginia.

SYSTEM OPERATIONS: Mr. Roberts stated that the financial report and the delinquent report are in the Board's packet for their review.

Mr. Roberts reported that West Virginia Rural Water Association and a company from Virginia has been assisting the District in detecting a couple of leaks in Mullens.

A discussion was held on the harassment and vandalism problems that the District has been experiencing.

H. D. Worley, Mayor of the City of Mullens, presented a Water Termination Agreement between Eastern Wyoming Public Service District and the Mullens Sanitary Board to the Board for approval and signature. A motion was made to approve the Agreement as presented, seconded by Mr. Cecil. Motion passed 3-0.

MULLENS/WYCO WATER PROJECT: Mr. David Cole, Region I Planning and Development Council, reported on the easements with Pocahontas Land and Norfolk and Southern.

Mr. Roberts presented an Addendum to the Accounting Services Agreement with Griffith and Associates for the EDA Water Project stating that the cost of services is not to exceed $10,000 to the Board for approval and signature. A motion was made by Mr. Lane to approve the Addendum to the Accounting Services Agreement for the EDA Project as presented, seconded by Mr. Cecil. Motion passed 3-0.

Mr. Roberts presented an Accounting Services Agreement for the Phase I Water Project with Griffith and Associates to the Board for approval and signature. The cost of services is not to exceed $3,500. Mr. Roberts also presented the Addendum for the Contract for Professional Services of the Small Cities Terms and Conditions to the Board for approval. A motion was made by Mr. McBride to approve the Agreement and Addendum as presented, seconded by Mr. Lane. Motion passed 3-0.

A discussion was held on the status of the easements.

Mr. David Cole, Region I Planning and Development Council, presented a letter approving Eastern Wyoming PSD's line of credit from The Peoples Bank of Mullens for Requisition No. 6 in the amount of $2,250.00 for appraisal services for the non-HUD and EDA portion of the Mullens/Wyco Water Project along with supporting invoices to the Board for approval and signature. A motion was made by Mr. McBride to approve the requisition as presented, seconded by Mr. Lane. Motion passed 3-0.

Mr. Cole presented invoices for Small Cities Block Grant Drawdown #11:

Region I PDC	$ 1,113.79
Elizabeth Hamrick	750.00
Hatfield Appraisal Co.	200.00
Moler & Staton, L.C.	2,170.00
Moler & Staton, L.C.	300.00
Mullens Advocate	132.58
Independent Herald.	107.41
Total	$ 4,773.78

Mr. McBride made a motion to approve the invoices for the SCBG Drawdown request, seconded by Mr. Cecil. Motion passed 3-0.

Mr. Roberts stated that the total of the invoices mentioned above will be submitted by Mr. Cole in the SCBG Drawdown Request to the Wyoming County Commission.

Mr. Roberts presented the revised Rule 42 for the EDA Project to the Board for review.

Mr. Roberts presented the Public Service Commission filing on the Mullens/Wyco Phase I Project to the Board for review. Mr. Roberts presented a Form 4 Application For A Certificate Of Convenience And Necessity to the Board for approval and signature. Mr. McBride made a motion to approve the document as presented, seconded by Mr. Lane. Motion passed 3-0.

ITMANN/BUD MOUNTAIN WATER PROJECT: Mr. Bob Hazelwood, Pentree, Inc. reported that they are continuing to work on the drawings on the Itmann and Bud Mountain portions of the project.

WATER SYSTEM ACQUISITIONS: Mr. McBride reported that Mr. Staton had emailed him stating that he was waiting for Mr. Milam to get his own appraisal on the Corinne Water System. Mr. Roberts stated that Mr. Staton is preparing the transfer of ownership agreements on the Welton and Buckeye Water Systems.

OTHER: None.

NEW BUSINESS: None.

EXECUTIVE SESSION: None.

ADJOURNMENT: Being no other business, a motion made by Mr. McBride and seconded by Mr. Lane, the meeting was adjourned.

EASTERN WYOMING PUBLIC SERVICE DISTRICT
January 6, 2004 Board Meeting
Attendance List

Name	Representing
Ken McBride	EWPSD
Dallas J. Cecil	EWPSD
Mark Lane	EWPSD
Bob Hazlewood	Pentree, Inc.
[illegible]	Region I PDC
Don Morgan	EWPSD/LCPSD
Rick Roberts	EWPSD/LCPSD

DWTRF
(03/26/02)

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)

W I T N E S S E T H:

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, during 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 acquisition or construction of the Project and for two years following the completion of acquisition or construction 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 and the Authority.

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 or such later date as is agreed to in writing by the 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 this Loan Agreement, 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 B 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 or such later date as is agreed to in writing by the BPH 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: Kenneth W. Buck Jr.
Its: Chairman

Attest:

Date: August 24, 2004

Dallas J. Cecil
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyon-Kosky
Its: Director

Attest:

Date: August 24, 2004

Barbara B. Meadows
Its: Secretary-Treasurer

000832/00520
03/26/02

EXHIBIT A

MONTHLY FINANCIAL REPORT

Name of Local Entity _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
_____				
_____				
4. Renewal and Replacement Fund Deposits				

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 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 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 — Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any 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.

Item 3 — Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Entity according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 — 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 Item 3. If Gross Revenues are $1,200, then$30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Entity.

The Local Entity must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

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 used herein and 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 firm[1] has ascertained that all successful

---

[1]If 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

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 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 thereof[2], 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. _____

"my firm has ascertained that".

[2]If 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 25311-1217

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 25311-1217

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, 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 $570,000
Purchase Price of Local Bonds $570,000

The Local Bonds shall bear no interest. Commencing March 1, 2006, principal of the Local Bonds is payable quarterly, together 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:

Water Revenue Bonds, Series 2001A (West Virginia DWTRF Program), dated October 16, 2001, issued in the original principal amount of $360,000.

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	4,750.00	-	4,750.00
06/01/2006	4,750.00	-	4,750.00
09/01/2006	4,750.00	-	4,750.00
12/01/2006	4,750.00	-	4,750.00
03/01/2007	4,750.00	-	4,750.00
06/01/2007	4,750.00	-	4,750.00
09/01/2007	4,750.00	-	4,750.00
12/01/2007	4,750.00	-	4,750.00
03/01/2008	4,750.00	-	4,750.00
06/01/2008	4,750.00	-	4,750.00
09/01/2008	4,750.00	-	4,750.00
12/01/2008	4,750.00	-	4,750.00
03/01/2009	4,750.00	-	4,750.00
06/01/2009	4,750.00	-	4,750.00
09/01/2009	4,750.00	-	4,750.00
12/01/2009	4,750.00	-	4,750.00
03/01/2010	4,750.00	-	4,750.00
06/01/2010	4,750.00	-	4,750.00
09/01/2010	4,750.00	-	4,750.00
12/01/2010	4,750.00	-	4,750.00
03/01/2011	4,750.00	-	4,750.00
06/01/2011	4,750.00	-	4,750.00
09/01/2011	4,750.00	-	4,750.00
12/01/2011	4,750.00	-	4,750.00
03/01/2012	4,750.00	-	4,750.00
06/01/2012	4,750.00	-	4,750.00
09/01/2012	4,750.00	-	4,750.00
12/01/2012	4,750.00	-	4,750.00
03/01/2013	4,750.00	-	4,750.00
06/01/2013	4,750.00	-	4,750.00
09/01/2013	4,750.00	-	4,750.00
12/01/2013	4,750.00	-	4,750.00
03/01/2014	4,750.00	-	4,750.00
06/01/2014	4,750.00	-	4,750.00
09/01/2014	4,750.00	-	4,750.00
12/01/2014	4,750.00	-	4,750.00
03/01/2015	4,750.00	-	4,750.00
06/01/2015	4,750.00	-	4,750.00

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2015	4,750.00	-	4,750.00
12/01/2015	4,750.00	-	4,750.00
03/01/2016	4,750.00	-	4,750.00
06/01/2016	4,750.00	-	4,750.00
09/01/2016	4,750.00	-	4,750.00
12/01/2016	4,750.00	-	4,750.00
03/01/2017	4,750.00	-	4,750.00
06/01/2017	4,750.00	-	4,750.00
09/01/2017	4,750.00	-	4,750.00
12/01/2017	4,750.00	-	4,750.00
03/01/2018	4,750.00	-	4,750.00
06/01/2018	4,750.00	-	4,750.00
09/01/2018	4,750.00	-	4,750.00
12/01/2018	4,750.00	-	4,750.00
03/01/2019	4,750.00	-	4,750.00
06/01/2019	4,750.00	-	4,750.00
09/01/2019	4,750.00	-	4,750.00
12/01/2019	4,750.00	-	4,750.00
03/01/2020	4,750.00	-	4,750.00
06/01/2020	4,750.00	-	4,750.00
09/01/2020	4,750.00	-	4,750.00
12/01/2020	4,750.00	-	4,750.00
03/01/2021	4,750.00	-	4,750.00
06/01/2021	4,750.00	-	4,750.00
09/01/2021	4,750.00	-	4,750.00
12/01/2021	4,750.00	-	4,750.00
03/01/2022	4,750.00	-	4,750.00
06/01/2022	4,750.00	-	4,750.00
09/01/2022	4,750.00	-	4,750.00
12/01/2022	4,750.00	-	4,750.00
03/01/2023	4,750.00	-	4,750.00
06/01/2023	4,750.00	-	4,750.00
09/01/2023	4,750.00	-	4,750.00
12/01/2023	4,750.00	-	4,750.00
03/01/2024	4,750.00	-	4,750.00
06/01/2024	4,750.00	-	4,750.00
09/01/2024	4,750.00	-	4,750.00
12/01/2024	4,750.00	-	4,750.00
03/01/2025	4,750.00	-	4,750.00
06/01/2025	4,750.00	-	4,750.00
09/01/2025	4,750.00	-	4,750.00
12/01/2025	4,750.00	-	4,750.00
03/01/2026	4,750.00	-	4,750.00
06/01/2026	4,750.00	-	4,750.00

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2026	4,750.00	-	4,750.00
12/01/2026	4,750.00	-	4,750.00
03/01/2027	4,750.00	-	4,750.00
06/01/2027	4,750.00	-	4,750.00
09/01/2027	4,750.00	-	4,750.00
12/01/2027	4,750.00	-	4,750.00
03/01/2028	4,750.00	-	4,750.00
06/01/2028	4,750.00	-	4,750.00
09/01/2028	4,750.00	-	4,750.00
12/01/2028	4,750.00	-	4,750.00
03/01/2029	4,750.00	-	4,750.00
06/01/2029	4,750.00	-	4,750.00
09/01/2029	4,750.00	-	4,750.00
12/01/2029	4,750.00	-	4,750.00
03/01/2030	4,750.00	-	4,750.00
06/01/2030	4,750.00	-	4,750.00
09/01/2030	4,750.00	-	4,750.00
12/01/2030	4,750.00	-	4,750.00
03/01/2031	4,750.00	-	4,750.00
06/01/2031	4,750.00	-	4,750.00
09/01/2031	4,750.00	-	4,750.00
12/01/2031	4,750.00	-	4,750.00
03/01/2032	4,750.00	-	4,750.00
06/01/2032	4,750.00	-	4,750.00
09/01/2032	4,750.00	-	4,750.00
12/01/2032	4,750.00	-	4,750.00
03/01/2033	4,750.00	-	4,750.00
06/01/2033	4,750.00	-	4,750.00
09/01/2033	4,750.00	-	4,750.00
12/01/2033	4,750.00	-	4,750.00
03/01/2034	4,750.00	-	4,750.00
06/01/2034	4,750.00	-	4,750.00
09/01/2034	4,750.00	-	4,750.00
12/01/2034	4,750.00	-	4,750.00
03/01/2035	4,750.00	-	4,750.00
06/01/2035	4,750.00	-	4,750.00
09/01/2035	4,750.00	-	4,750.00
12/01/2035	4,750.00	-	4,750.00
Total	**$570,000.00**	-	**$570,000.00** *

***Plus $718.44 one-percent administrative fee paid quarterly. Total fee over life of loan is $86,212.80.**

BOND RESOLUTION

Authorizing

EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A (WEST VIRGINIA DWTRF PROGRAM)

Adopted: August 23, 2004

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EASTERN WYOMING PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND ADDITIONS TO THE EXISTING PUBLIC WATER TREATMENT AND DISTRIBUTION FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF $570,000 IN AGGREGATE PRINCIPAL AMOUNT OF EASTERN WYOMING PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, 2004 SERIES 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 RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED 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 2004 Series A Bonds.

"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 2004 Series A 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 United Bank, Inc., Charleston, West Virginia, and its successors and assigns.

"Bonds" means, collectively, the 2004 Series A Bonds, the Prior Bonds and any additional Parity 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 2004 Series A Bonds for all or a portion of the proceeds of the 2004 Series A 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.

"Consulting Engineer" or "Consulting Engineers" means Pentree, Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.03 D 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.

"Council Act" means Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended, and in effect on the date of the adoption of this Resolution.

"Debt Service" means the scheduled amount of interest 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 Peoples Bank of Mullens, Mullens, West Virginia, and its successors and assigns.

"DWTRF Loan" means the West Virginia Drinking Water Treatment Revolving Fund Loan in the amount of $570,000.

"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 of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America including (i) such obligations which have been stripped from their

unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant to pay Costs of the Project.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as reference in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by an profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Bonds ratably as original proceeds of the Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Bonds and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged by the Issuer as security for payment of Debt Service on the Bonds;

(viii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

"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 2004 Series 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 this Resolution.

"LCPSD" means the Logan County Public Service District, or any successor thereto, which operates and maintains the System for the Issuer pursuant to an agreement dated August 30, 2001, by and between the Issuer and LCPSD.

"Managing Engineer" means the managing engineer of the Issuer or any successor thereto.

"Net Proceeds" means the face amount of the 2004 Series A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the 2004 Series A Bonds 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 2004 Series A 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.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Notes" means the Eastern Wyoming Public Service District Water System Design Notes, 2002 Series A (West Virginia Infrastructure Fund) dated June 4, 2002, issued in the original principal amount of $200,000.

"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 the Project, 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 the Project, 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 LCPSD and the Issuer, pursuant to which the LCPSD 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 West Virginia Municipal Bond Commission and its successors and assigns.

"Prior Bonds" means the Eastern Wyoming Public Service District Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), dated October 16, 2001, issued in the original principal amount of $360,000.

"Prior Resolution" means resolution of the Issuer authorizing the Prior Bonds adopted on October 10, 2001.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit by a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements" if any.

"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 the Recommended Decision entered April 16, 2004, which became a Final Order of the Public Service Commission of West Virginia (the "PSC") on May 6, 2004, with all requisite appeal periods having expired without successful appeal, and a Commission Order entered August 16, 2004, in Case No. 03-0980-PWD-CN, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the August 16, 2004 Commission Order has not expired prior to the date hereof. However, the Issuer hereby states it will not appeal the August 16, 2004 Commission Order, and the only other party to Case No. 03-0980-PWD-CN, the Commission Staff, has stated that it does not intend to appeal the August 16, 2004 Commission Order. Both orders are in full force and effect.

"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 Unites 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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolution and continued by Section 5.01(2) hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the 2004 Series A Bonds and the Prior Bonds.

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

"Revenue Fund" means the Revenue Fund established by the Prior Resolution and continued by Section 5.01(1) hereof.

"Secretary" means the Secretary of the Issuer.

"Sinking Funds" shall mean, collectively, the respective Sinking Funds established for the 2004 Series A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order 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 2004 Series A Bonds to the original purchaser, provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the 2004 Series A 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 2004 Series A Bonds, the Prior Bonds or any other obligations of the Issuer, including but not limited to the Renewal and Replacement Fund, the Reserve Accounts and Sinking Funds.

"System" means the complete existing 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.

"USEDA Grant" means the United States Economic Development Administration Grant in the amount of $1,800,000.

"USEDA Grant Agreement" means a written commitment for the payment of the United States Economic Development Administration Grant which specifies the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"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 providing, establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"WVIJDC Grant" means the West Virginia Infrastructure and Jobs Development Council Grant in the amount of $592,338.

"WVIJDC Grant Agreement" means a written commitment for the payment of the West Virginia Infrastructure and Jobs Development Council Grant which specifies the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"2004 Series A Bonds" means the $570,000 in aggregate principal amount of Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program), of the Issuer originally authorized hereby.

"2004 Series A Bonds Construction Trust Fund" means the 2004 Series A Bonds Construction Trust Fund created by Section 5.01 hereof.

"2004 Series A Bonds Reserve Account" or "Reserve Account" means the Reserve Account established in the 2004 Series A Bonds Sinking Fund pursuant to Section 5.02.

"2004 Series A Bonds Reserve Requirement" or "Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest which will become due on the 2004 Series A Bonds in the then current or any succeeding year.

"2004 Series A Bonds Sinking Fund" or "Sinking Fund" means the 2004 Series A Bonds Sinking Fund established by Section 5.02.

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. The Issuer presently owns and operates a public water system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that the Issuer acquire and construct certain additions, improvements and extensions to the existing public water facilities of the Issuer, consisting of improvements to the Issuer's water system, and replacement of portions of the water distribution system in Wyoming County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the treatment and distribution of potable water (the existing public water system of the Issuer, the Project and any further additions, betterments and improvements thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have heretofore been filed with the Issuer and to pay the cost of issuance hereof and related costs,.

C. The estimated maximum cost of the construction and acquisition of the Project is approximately $2,962,338, of which approximately $570,000 will be permanently financed by the 2004 Series A Bonds herein authorized. The remaining cost will be funded with a $1,800,000 USEDA Grant and a $592,338 WVIJDC Grant. The Issuer has heretofore issued the Notes to temporarily finance a portion of the costs of design of the Project. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of and all administrative fees on the Notes with proceeds of the WVIJDC Grant on the Closing Date.

D. It is necessary for the Issuer to issue its Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program), in the aggregate principal amount of $570,000 to permanently finance in part the cost of acquisition and construction of the Project, and to pay the cost of issuance thereof. Said costs shall be deemed to include the repayment of the principal of and administrative fee on the Notes, the 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, initial fees for the services of registrars, and the placing of the Project 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 2004 Series A Bonds or the repayment of indebtedness, incurred by the Issuer for such purposes shall be deemed part of the Costs of the Project.

E. 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 Operating Expenses of the System, the principal of and interest on the Prior Bonds, the 2004 Series A

Bonds and all sinking funds, reserve accounts and other payments provided for herein, and in the Prior Resolution.

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

G. There are outstanding obligations of the Issuer which will rank on parity with the 2004 Series A Bonds as to liens, pledge, and source of and security for payment, which obligations are designated and have the lien positions with respect to the 2004 Series A Bonds as follows:

Designation	Lien Position
Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program), dated October 16, 2001, in the original principal amount of $360,000 (the "Prior Bonds")	First Lien

The 2004 Series A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements for issuance of bonds on a parity with the Prior Bonds and the resolution authorizing the Prior Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the 2004 Series A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the 2004 Series A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. It is in the best interests of the Issuer that the 2004 Series A Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

I. 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 2004 Series A Bonds, or will have so complied prior to the issuance of the 2004 Series A Bonds, including, among other things, the obtaining of the PSC Order.

J. The Project has been approved by the Council, and the Authority, on behalf of BPH, has agreed to make the DWTRF Loan to the Issuer.

K. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner

which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 1.04. Bond Legislation Constitutes Contract. In consideration of the acceptance of the 2004 Series 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 2004 Series A Bonds.

ARTICLE II

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

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of $2,962,338 in accordance with the plans and specifications which have been prepared by the Consulting Engineers and heretofore filed in the office of the Governing Body. The proceeds of the 2004 Series A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project in an amount and otherwise compatible with the plan of financing described in the application to the Authority, the BPH and the Council.

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 Costs of the Project and paying certain costs of issuance and related costs, there shall be and hereby are authorized to be issued negotiable bonds of the Issuer. Said 2004 Series

A Bonds shall be issued as a single bond, to be designated the "Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program),", in the aggregate principal amount of $570,000, and shall have such terms as are set forth hereinafter in this Resolution or any Supplemental Resolution thereto. The proceeds of the 2004 Series A Bonds shall be deposited in the 2004 Series A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Term of Bonds. The 2004 Series A Bonds shall be issued in such principal amounts; shall bear interest 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 at such times as shall be set forth in Schedule Y to the Loan Agreement; the terms of which are incorporated herein by reference. In the event of an inconsistency between the terms hereof and said Loan Agreement, the terms of the Loan Agreement shall apply; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in this Resolution. The repayment of principal, interest and the Administrative Fee on the 2004 Series A Bonds shall be as set forth in Schedule Y to the Loan Agreement. The 2004 Series A 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 2004 Series A 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 any Supplemental Resolution thereto, the 2004 Series A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule and a record of advances attached, representing the aggregate principal amount of the 2004 Series A Bonds. The 2004 Series A Bonds shall be exchangeable at the option and expense of the Holder for another fully registered bond 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 bond; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Section 3.03. Execution of Bonds. The 2004 Series A 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 2004 Series A Bonds shall cease to be such officer of the Issuer before the 2004 Series A Bonds so signed and sealed shall have been actually sold or delivered, such 2004 Series A Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such 2004 Series A Bonds had not ceased to hold such office. Any 2004 Series A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such 2004 Series A Bonds shall hold the proper office of the Issuer, although

at the date of such 2004 Series A Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No 2004 Series A 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 3.10 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 2004 Series A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the 2004 Series A 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 2004 Series A Bonds, shall be conclusively deemed to have agreed that said 2004 Series A 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 2004 Series A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the 2004 Series A Bonds remain Outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the 2004 Series A Bonds.

The 2004 Series A 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 2004 Series A Bonds or transferring the 2004 Series A Bonds is exercised, such Bonds shall be delivered in accordance with the provisions of this Resolution. All 2004 Series A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of 2004 Series A 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 2004 Series A Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the 2004 Series A Bonds or, in the case of any proposed redemption of 2004 Series A Bonds, next preceding the date of the selection of 2004 Series A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. 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 2004 Series A 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 2004 Series A 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 3.07. Bonds Not to be Indebtedness of the Issuer. The 2004 Series A 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 in the 2004 Series A Bonds Reserve Account. No Holder of any of the 2004 Series A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the 2004 Series A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service on all the 2004 Series A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of, and interest on and other payments for the 2004 Series A Bonds and the Prior Bonds and to make the payments into the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund hereinafter established, and established in the Prior Resolution, are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the 2004 Series A Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the 2004 Series A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the 2004 Series 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 2004 Series 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 2004 Series 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 2004 Series A Bonds.

Section 3.10. Form of Bonds. The text of the 2004 Series A Bonds shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or by any Supplemental Resolution thereto adopted prior to the issuance thereof.

Section 3.11. Sale of Bonds; Ratification and Execution of Loan Agreement. The 2004 Series 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 3.12. Amended Schedule Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council 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 (or continued if previously established by the Prior Resolution) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank:

(1) Revenue Fund (established by Prior Resolution);

(2) Renewal and Replacement Fund (established by Prior Resolution); and

(3) 2004 Series A Bonds Construction Trust Fund.

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

Section 5.02. Establishment of Funds and Accounts with Commission. The special funds or accounts hereby established with the Commission are the 2004 Series A Bonds Sinking Fund, and the 2004 Series 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 created pursuant to the Prior Resolution. 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, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the principal payment for the Prior Bonds required by the Prior Resolution, and (ii) commencing 3 months prior to the first date of payment of principal of the 2004 Series A Bonds, for deposit in the 2004 Series A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the 2004 Series 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 2004 Series A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment 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, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Reserve Account for the Prior Bonds, the amount required by the Prior Resolution, and (ii) commencing 3 months prior to the first date of payment of principal of the 2004 Series A Bonds, if not fully funded upon issuance of the 2004 Series A Bonds, for deposit in the 2004 Series A Bonds Reserve Account, an amount equal to 1/120 of the 2004 Series A Bonds Reserve Requirement; provided, that no further payments shall be made into the 2004 Series 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 2004 Series A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund a sum equal to 2 1/2 % of the Gross Revenues each month (as required in the Prior Resolution and not in addition thereto), exclusive of any payments for account of any 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 any 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 2004 Series A Bonds Sinking Fund shall be used only for the purpose of paying principal of, and interest, if any, on the 2004 Series A Bonds as the same shall become due. Moneys in the 2004 Series A Bonds Reserve Account shall be used only for the purpose of paying principal of, and interest, if any, on the 2004 Series A Bonds, as the same shall come due, when other moneys in the 2004 Series A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the 2004 Series A Bonds Reserve Account shall be transferred, not less than once each year, to the 2004 Series A Bonds Construction Trust Fund prior to completion of the Project and thereafter to the 2004 Series A Bonds Sinking Fund.

Any withdrawals from the 2004 Series A Bonds Reserve Account which result in a reduction in the balance of such account to below the 2004 Series A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the 2004 Series A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on and principal of such Parity Bonds 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 2004 Series A Bonds Sinking Fund and the 2004 Series A Bonds 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. If required by the Authority, the Issuer shall make the necessary arrangements whereby required payments into such accounts are automatically debited from the Revenue Fund and electronically transferred to the Commission on the required date.

Moneys in the 2004 Series A Bonds Reserve Account and 2004 Series A Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The 2004 Series A Bonds Sinking Fund and the 2004 Series A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the 2004 Series A Bonds under the conditions and restrictions hereinafter set forth.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the 2004 Series A Bonds and the Prior Bonds in accordance with the respective principal amounts then outstanding.

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 2004 Series 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 2004 Series A Bonds Reserve Account 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 2004 Series A Bonds 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 2004 Series A Bonds shall be deposited with the Depository Bank in the 2004 Series A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project and until so expended are hereby pledged as additional security for the 2004 Series A Bonds.

Section 6.02. Disbursements From the Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority, the BPH and the Council a report listing the specific purposes for which the proceeds of the 2004 Series A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the 2004 Series A Bonds 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 Costs 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 2004 Series A Bonds 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, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the 2004 Series A Bonds 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 of the 2004 Series A Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holder of the 2004 Series A 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 2004 Series A Bonds is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The 2004 Series A 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 of any 2004 Series A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said 2004 Series A Bonds.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position. The payment of the debt service of the 2004 Series 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 on parity with the lien on said Net Revenues in favor of the holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of the Prior Bonds and the 2004 Series A Bonds herein authorized and to make the payments into the all funds and accounts, and all other payments provided for in this Resolution and the Prior Resolution are hereby irrevocably pledgedto such payments 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 Recommended Decision entered April 16, 2004, which became a Final Order of the Public Service Commission of West Virginia (the "PSC") on May 6, 2004, with all requisite appeal periods having expired without successful appeal, and a Commission Order entered August 16, 2004, in Case No. 03-0980-PWD-CN, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the August 16, 2004 Commission Order has not expired prior to the date hereof. However, the Issuer hereby states it will not appeal the August 16, 2004 Commission Order, and the only other party to Case No. 03-0980-PWD-CN, the Commission Staff, has stated that it does not intend to appeal the August 16, 2004 Commission Order. Both orders are in full force and effect.

So long as the 2004 Series 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 requirements of the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the 2004 Series 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. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided in the Prior Resolution. Additionally, so long as the 2004 Series A Bonds are outstanding and except as otherwise required by law and with the written 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 2004 Series A 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 2004 Series A Bonds Sinking Fund, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and the Administrative Fee on the 2004 Series A Bonds. Any balance remaining after the payment of the 2004 Series 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 Managing 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 Funds 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 Funds 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 Holder 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 2004 Series A 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 2004 Series A Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Resolution (as long as the Prior Bonds are Outstanding). 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 2004 Series A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Resolution 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 2004 Series A Bonds, upon any of the income and revenues of the System pledged for payment of the 2004 Series A Bonds and the interest thereon in this Resolution, or upon the System or any part hereof.

The Issuer shall give the Authority, the BPH and the Council 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. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the 2004 Series A Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided and in the Prior Resolution so long as the Prior Bonds are outstanding.

All Parity Bonds issued hereunder shall be on a parity in all respects with the 2004 Series 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 purposes of financing the costs of the design, construction or acquisition of extensions, additions, betterments or improvements to the System or refunding any outstanding Bonds 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 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 jointly 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.

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 Holder of the 2004 Series A Bonds and the Holders of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Any 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 2004 Series A 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 2004 Series 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 installing the Project. The Issuer shall permit the Authority, the BPH and the Council, 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. The Issuer shall submit to the Authority, the BPH and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any state and federal grants or other sources of financing for the Project.

The Issuer shall permit the Authority, the BPH and the Council, 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 2004 Series A 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 2004 Series A Bonds, and shall mail in each year to any Holder of 2004 Series A 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 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 of 2004 Series A Bonds and shall submit said report to the Authority, the BPH and the Council, or any other purchaser of the 2004 Series A Bonds. Such audit report submitted to the Authority, the BPH and the Council 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 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 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, the BPH and the Council, 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, the BPH and the Council, 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, the BPH and the Council 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 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 and interest on the 2004 Series A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the 2004 Series A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the 2004 Series A Bonds Reserve Requirement are on deposit in the 2004 Series A Bonds Reserve Account and all reserve accounts for obligations on a parity with the 2004 Series A Bonds, including the Prior 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 on the 2004 Series A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the 2004 Series A 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, the BPH and the Council 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 Managing 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 Managing 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, the BPH and the Council and to any Holder of any 2004 Series A 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, the BPH and the Council and to any Holder of any 2004 Series A Bonds or anyone acting for and in behalf of such Holder of any 2004 Series A 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, the BPH and the Council 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 rates, fees, rentals or other charges for the services or facilities of the System remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities provided, is delinquent and the user is liable at law until such time as all such rates, fees 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 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. 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 2004 Series 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. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 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 Issuer, the contractors and subcontractors, as their interests may appear.

(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, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Section 38-2-39.

(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.

(7) PERFORMANCE AND PAYMENT OR COMPLETION BONDS, (A) The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 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. The Issuer shall verify such bonds prior to commencement of construction of the Project.

(B) The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the BPH and the Council. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction of the Project.

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 as submitted to the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the BPH and the Council 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 by 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 shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit a final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the Issuer when the Project is 90% completed. The Issuer shall, at all times, provide operation and maintenance of the System in compliance with any and all State and Federal standards. The Issuer shall employ qualified operating personnel, properly certified by the State, before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

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 PSC and the Council necessary for the acquisition and construction of the Project

and the operation of the System and all approvals for issuance of the 2004 Series A Bonds required by State law.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holder of the 2004 Series A 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, shall take effect immediately upon delivery of the 2004 Series A Bonds, shall be for the benefit of all Registered Owners of 2004 Series A Bonds and shall be on a parity with the statutory mortgage lien of the Prior 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.

Section 7.23. Contracts. A. The Issuer shall, simultaneously with the delivery of the 2004 Series A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the 2004 Series A Bonds held in "contingency" as set forth in the Schedule B attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the BPH before expending any proceeds of the 2004 Series A Bonds made available due to bid or construction or project underruns.

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 2004 Series A 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 2004 Series A Bonds as a condition to issuance of the 2004 Series A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the 2004 Series A Bonds as may be necessary in order to maintain the status of the 2004 Series A Bonds as governmental bonds; (ii) that it shall not take, or permit to suffer to be taken, any action with respect to the Issuer's use of the proceeds of the 2004 Series A Bonds which would cause any bonds, the interest on which is exempt

from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the BPH, as the case may be, from which the proceeds of the 2004 Series A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the BPH, to ensure compliance with the covenants and agreements set forth in this Section 8.02, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the 2004 Series A Bonds and any additional information requested by the Authority.

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 2004 Series A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any 2004 Series A 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 2004 Series A Bonds set forth in this Resolution or by any Supplemental Resolution thereto, or in the 2004 Series A 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 a default occurs with respect to the Prior Bonds or the Prior Resolution; or

(D) 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, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the 2004 Series A 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 2004 Series A Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the 2004 Series A Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Registered Owners shall be on a parity with those of the Registered Owners of the Prior Bonds.

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 2004 Series A 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 2004 Series A 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 2004 Series A 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 2004 Series A 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 2004 Series A 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 2004 Series A 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 Holder of the 2004 Series 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 2004 Series 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. Prior to the issuance of the 2004 Series A Bonds, this Resolution may be amended or supplemented in any way by a Supplemental Resolution. Following the issuance of the 2004 Series A Bonds, 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 2004 Series A Bonds shall be made without the consent in writing of the Registered Owners of the 2004 Series A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the 2004 Series A 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 2004 Series A 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 2004 Series A 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, or any Supplemental Resolution thereto, 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, or the 2004 Series A 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; Prior Resolution. Except for the Prior Resolution, all orders or resolution and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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 23rd day of August, 2004.

EASTERN WYOMING PUBLIC SERVICE DISTRICT

By: _____
Chairman

By: _____
Member

By: _____
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of EASTERN WYOMING PUBLIC SERVICE DISTRICT on the 23rd day of August, 2004.

Dated: August 23, 2004.

[SEAL]

Secretary

Exhibit A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BOND 2004 SERIES A (WEST VIRGINIA DWTRF PROGRAM),

No. AR-1 $570,000

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 FIVE HUNDRED SEVENTY THOUSAND DOLLARS ($570,000) 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, June1, September 1 and December 1 of each year, commencing _____ 1, 200__, 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 Resolution) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, 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 August 24, 2004.

This Bond is issued (i) to permanently finance the cost of acquisition and construction of certain improvements and extensions to the existing water facilities of the

Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 August 23, 2004, (the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution 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 this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM), ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $360,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Resolution) to be derived from the operation of the System on a parity with the lien of the Prior Bonds, and from moneys in the reserve account created under the Bond Resolution for this Bond (the "Reserve Account") and unexpended proceeds of this Bond (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest 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 hereon, except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Bond Resolution, 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 required in any year for debt service on this Bond, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond and the Prior Bonds, provided however, that so long as the Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on this Bond in the then current or any succeeding year, and the reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, are funded at an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of this Bond are exclusively as provided in the Resolution, 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 Resolution, only upon the books of the Registrar (as defined in the Resolution), 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 Resolution, shall be applied solely to payment of the Costs of the Project and costs of issuance hereof described in the Resolution, 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 Resolution 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 August _____, 2004.

[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 2004 Series A Bonds described in and issued under the provisions of the within mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

Date: August _____, 2004.

UNITED BANK, INC.,
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

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	4,750.00	-	4,750.00
06/01/2006	4,750.00	-	4,750.00
09/01/2006	4,750.00	-	4,750.00
12/01/2006	4,750.00	-	4,750.00
03/01/2007	4,750.00	-	4,750.00
06/01/2007	4,750.00	-	4,750.00
09/01/2007	4,750.00	-	4,750.00
12/01/2007	4,750.00	-	4,750.00
03/01/2008	4,750.00	-	4,750.00
06/01/2008	4,750.00	-	4,750.00
09/01/2008	4,750.00	-	4,750.00
12/01/2008	4,750.00	-	4,750.00
03/01/2009	4,750.00	-	4,750.00
06/01/2009	4,750.00	-	4,750.00
09/01/2009	4,750.00	-	4,750.00
12/01/2009	4,750.00	-	4,750.00
03/01/2010	4,750.00	-	4,750.00
06/01/2010	4,750.00	-	4,750.00
09/01/2010	4,750.00	-	4,750.00
12/01/2010	4,750.00	-	4,750.00
03/01/2011	4,750.00	-	4,750.00
06/01/2011	4,750.00	-	4,750.00
09/01/2011	4,750.00	-	4,750.00
12/01/2011	4,750.00	-	4,750.00
03/01/2012	4,750.00	-	4,750.00
06/01/2012	4,750.00	-	4,750.00
09/01/2012	4,750.00	-	4,750.00
12/01/2012	4,750.00	-	4,750.00
03/01/2013	4,750.00	-	4,750.00
06/01/2013	4,750.00	-	4,750.00
09/01/2013	4,750.00	-	4,750.00
12/01/2013	4,750.00	-	4,750.00
03/01/2014	4,750.00	-	4,750.00
06/01/2014	4,750.00	-	4,750.00
09/01/2014	4,750.00	-	4,750.00
12/01/2014	4,750.00	-	4,750.00
03/01/2015	4,750.00	-	4,750.00
06/01/2015	4,750.00	-	4,750.00

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2015	4,750.00	-	4,750.00
12/01/2015	4,750.00	-	4,750.00
03/01/2016	4,750.00	-	4,750.00
06/01/2016	4,750.00	-	4,750.00
09/01/2016	4,750.00	-	4,750.00
12/01/2016	4,750.00	-	4,750.00
03/01/2017	4,750.00	-	4,750.00
06/01/2017	4,750.00	-	4,750.00
09/01/2017	4,750.00	-	4,750.00
12/01/2017	4,750.00	-	4,750.00
03/01/2018	4,750.00	-	4,750.00
06/01/2018	4,750.00	-	4,750.00
09/01/2018	4,750.00	-	4,750.00
12/01/2018	4,750.00	-	4,750.00
03/01/2019	4,750.00	-	4,750.00
06/01/2019	4,750.00	-	4,750.00
09/01/2019	4,750.00	-	4,750.00
12/01/2019	4,750.00	-	4,750.00
03/01/2020	4,750.00	-	4,750.00
06/01/2020	4,750.00	-	4,750.00
09/01/2020	4,750.00	-	4,750.00
12/01/2020	4,750.00	-	4,750.00
03/01/2021	4,750.00	-	4,750.00
06/01/2021	4,750.00	-	4,750.00
09/01/2021	4,750.00	-	4,750.00
12/01/2021	4,750.00	-	4,750.00
03/01/2022	4,750.00	-	4,750.00
06/01/2022	4,750.00	-	4,750.00
09/01/2022	4,750.00	-	4,750.00
12/01/2022	4,750.00	-	4,750.00
03/01/2023	4,750.00	-	4,750.00
06/01/2023	4,750.00	-	4,750.00
09/01/2023	4,750.00	-	4,750.00
12/01/2023	4,750.00	-	4,750.00
03/01/2024	4,750.00	-	4,750.00
06/01/2024	4,750.00	-	4,750.00
09/01/2024	4,750.00	-	4,750.00
12/01/2024	4,750.00	-	4,750.00
03/01/2025	4,750.00	-	4,750.00
06/01/2025	4,750.00	-	4,750.00
09/01/2025	4,750.00	-	4,750.00
12/01/2025	4,750.00	-	4,750.00
03/01/2026	4,750.00	-	4,750.00
06/01/2026	4,750.00	-	4,750.00

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2026	4,750.00	-	4,750.00
12/01/2026	4,750.00	-	4,750.00
03/01/2027	4,750.00	-	4,750.00
06/01/2027	4,750.00	-	4,750.00
09/01/2027	4,750.00	-	4,750.00
12/01/2027	4,750.00	-	4,750.00
03/01/2028	4,750.00	-	4,750.00
06/01/2028	4,750.00	-	4,750.00
09/01/2028	4,750.00	-	4,750.00
12/01/2028	4,750.00	-	4,750.00
03/01/2029	4,750.00	-	4,750.00
06/01/2029	4,750.00	-	4,750.00
09/01/2029	4,750.00	-	4,750.00
12/01/2029	4,750.00	-	4,750.00
03/01/2030	4,750.00	-	4,750.00
06/01/2030	4,750.00	-	4,750.00
09/01/2030	4,750.00	-	4,750.00
12/01/2030	4,750.00	-	4,750.00
03/01/2031	4,750.00	-	4,750.00
06/01/2031	4,750.00	-	4,750.00
09/01/2031	4,750.00	-	4,750.00
12/01/2031	4,750.00	-	4,750.00
03/01/2032	4,750.00	-	4,750.00
06/01/2032	4,750.00	-	4,750.00
09/01/2032	4,750.00	-	4,750.00
12/01/2032	4,750.00	-	4,750.00
03/01/2033	4,750.00	-	4,750.00
06/01/2033	4,750.00	-	4,750.00
09/01/2033	4,750.00	-	4,750.00
12/01/2033	4,750.00	-	4,750.00
03/01/2034	4,750.00	-	4,750.00
06/01/2034	4,750.00	-	4,750.00
09/01/2034	4,750.00	-	4,750.00
12/01/2034	4,750.00	-	4,750.00
03/01/2035	4,750.00	-	4,750.00
06/01/2035	4,750.00	-	4,750.00
09/01/2035	4,750.00	-	4,750.00
12/01/2035	4,750.00	-	4,750.00
Total	**$570,000.00**	-	**$570,000.00** *

***Plus $718.44 one-percent administrative fee paid quarterly. Total fee over life of loan is $86,212.80.**

(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:

_____

RECYCLED PAPER
SUSTAINABLE

FFIDAVIT OF PUBLICATION:

tate of West Virginia
ounty of Wyoming, to wit:

I, Charlene Cook, being first duly sworn upon my oath, do depose ıd say that I am the Asst. Legal Editor of the Mullens Advocate, Inc. a ırporation publisher of the newspaper entitled Mullens Advocate, Inc. a epublican newspaper; that I have been duly authorized by the board of rectors of such corporation to execute this affidavit of publication; that ıch newspaper has been published for more than one year prior to pub-ation of the annexed notice described below; that such newspaper is gularly published weekly, for at least fifty weeks during the calendar ear, in the Municipality of Mullens, Wyoming County, West Virginia; that ıch newspaper is a newspaper of "general circulation," as that term is efined in article three, chapter fifty-nine of the Code of West Virginia, 931, as amended, within the publication area or areas of the aforesaid unicipality and Wyoming County, West Virginia; that such newspaper verages in length four or more pages, exclusive of any cover, per issue; at such newspaper is circulated to the general public at a definite price consideration; that such newspaper is a newspaper to which the gen-al public resorts for passing events of a political, religious, commercial ıd social nature, and for current happenings, announcements, miscella-eous reading matters, advertisements, and other notices; that the

nnexed notice of _____

25''

as duly published in said newspaper once a week for 2

uccessive weeks, (Class 2). commencing with the issue of

ıe 21 day of May, 2003, and ending with the

ssue of the 28 day of May, 2003 (and was posted

the (if required) Mullens Advocate

on the 21

ay of May, 20 03): that said annexed notice was

ublished on the following dates: 5/21, 28/03

and that the cost of

ublishing said annexed notice as aforesaid was $ 208.62

Charlene Cook

Charlene Cook, Asst. Legal Editor
Mullens Advocate, Inc.

aken subscribed and sworn to before me in my said county

ıis 3 day of June, 20 03.

ly commission expires Aug 29, 2011.

Leshia A. Ratliff

Notary Public, State of West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LESHIA A. RATLIFF
P. O. BOX 603
IAEGER, WV 24844
My commission expires August 29, 2011

State of West Virginia, Wyoming County, to-wit:

I, Sandra G. Hurley, Publisher of Pineville Independent Herald, a paper published in the County aforesaid, do affirm that the notice hereto attached was published in said paper for 2 successive weeks, the first publication thereof being on the 21st day of May, 2003, and the subsequent publication on the 28th, day of May, 2003, the _____ day of _____, 2003, the _____ day of _____, 2003, the _____ day of _____, 2003, and the _____ day of _____, 2003.

Sandra G. Hurley

State of West Virginia, Wyoming County, to-wit:

_____ being duly sworn, says that she posted a copy of the annexed _____ at the front door of the Court House of said County, on the _____ day of _____, 2003.

Taken, subscribed and sworn to before me, this 28th day of May, 2003. Printer's fee $158.04

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PAULA MICKEL
WILLIAMSON DAILY NEWS
P. O. BOX 1660
WILLIAMSON, W.V. 25661
My commission expires November 19, 2011

Paula Mickel
NOTARY PUBLIC

My commission expires November 19, 2011

NOTICE OF PRE-FILING
tate of West Virginia
ublic Service Commission
harleston
OTICE IS HEREBY GIVEN that
astern Wyoming Public Service
istrict, a public utility, has given
otice to the Public Service
ommission of its intent to file an
pplication for a Certificate of
onvenience and Necessity for the
onstruction, operation and mainte-
ance of a replacement potable
ater system to serve approximately
08 customers in the central portion
f the City of Mullens, Wyoming
ounty, West Virginia.
he project will consist of approxi-
mately 32,750 feet of 16-inch and
maller diameter main, fire hydrants,
alves, individual customer meters
nd other related items. The total
roject cost is not to exceed
2,370,000.
he District intends to finance the
roject with a United States
epartment of Commerce,
conomic Development
dministration Grant of $1,800,000
nd by issuing water revenue bonds
hrough the West Virginia Safe
rinking Water Treatment Revolving
und in an amount not to exceed
570,000 at an interest rate not to
xceed 3.0 percent for a term not to
xceed 40 years. During construc-
on, the District will enter into an
rrangement with the Peoples Bank
f Mullens to provide up to $300,000
nterim financing for construction

exceed 4.75 percent.
The proposed rates will be applicable for approximately 1,040 existing customers in the City of Mullens and the communities of Nuriva, Itmann and Wyco in Wyoming County, West Virginia. Approximately 310 additional future customers will be affected in the communities of Corinne, Black Eagle, Allen Junction, Stephenson and Iroquois in Wyoming County, West Virginia.
The proposed project-related rates for the project are not to exceed the following:
First 2,000 gallons used per month $9.05 per 1,000 gallons
Next 58,000 gallons used per month $8.70 per 1,000 gallons
Next 240,000 gallons used per month $6.40 per 1,000 gallons
All over 300,000 gallons used per month $3.30 per 1,000 gallons

These rates represent the following increases overall from current rates:
($) INCREASE (%) INCREASE
Residential (4,500 gallons) 9.85 32.8
Commercial (7,100 gallons) 15.46 32.8
The proposed project-related increased rates and charges will produce approximately $25,300 annually in additional revenue in addition to the non project revenues, an increase of 5.3% over non project-related revenue requirements. The District has no resale customers.
The proposed non project-related rates are not to exceed the following:
First 2,000 gallons used per month

Next 58,000 gallons used per month $8.23 per 1,000 gallons
Next 240,000 gallons used per month $6.05 per 1,000 gallons
All over 300,000 gallons used per month $3.12
These rates represent the following increases:
($) INCREASE (%) INCREASE
Residential (4,500 gallons) 7.72 25.7
Commercial (7,100 gallons) 12.10 25.7
The proposed non project-related increased rates and charges will produce approximately $109,908 annually in additional revenue, an increase of 29.9%. The District has no resale customers.
The District intends to request interim rates not to exceed the following:
First 2,000 gallons used per month $8.57 per 1,000 gallons
Next 58,000 gallons used per month $8.23 per 1,000 gallons
Next 240,000 gallons used per month $6.05 per 1,000 gallons
All over 300,000 gallons used per month $3.12 per 1,000 gallons
These interim rates represent the following increases:
($) INCREASE (%) INCREASE
Residential (4,500 gallons) 7.72 25.7
Commercial (7,100 gallons) 12.10 25.7
The proposed interim rates and charges will produce approximately $109,908 annually in additional revenue, an increase of 29.9%. The District has no resale customers.
The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.
Service Connection Charge - $300 (Ordinary & After Project Bid)
Service Connection Charge - $100.00 (Prior to Project Bid)
Security Deposit - 2/12 of Average Annual Usage
Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application, there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.
Eastern Wyoming Public Service District, a public utility in Wyoming County, West Virginia.
Kenneth W. McBride, Jr., Chairman
EASTERN WYOMING PSD
5:21, 28

LEGAL ADVERTISEMENT

NOTICE OF PRE-FILING
State of West Virginia
Public Service Commission
Charleston

NOTICE IS HEREBY GIVEN that Eastern Wyoming Public Service District, a public utility, has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of a replacement potable water system to serve approximately 508 customers in the central portion of the City of Mullens, Wyoming County, West Virginia.

The project will consist of approximately 32,750 feet of 16 - inch and smaller diameter main, fire hydrants, valves, individual customer meters and other related items. The total project cost is not to exceed $2,370,000.

The District intends to finance the project with a United States Department of Commerce, Economic Development Administration Grant of $1,800,000 and by issuing water revenue bonds through the West Virginia Safe Drinking Water Treatment Revolving Fund in an amount not to exceed $570,000 at an interest rate not to exceed 3.0 percent for a term not to exceed 40 years. During construction, the District will enter into an arrangement with the Peoples Bank of Mullens to provide up to $300,000 interim financing for construction advances at an interest rate not to exceed 4.75 percent.

The proposed rates will be applicable for approximately 1,040 existing customers in the City of Mullens and the communities of Nuriva, Itmann, and Wyco in Wyoming County, West Virginia. Approximately 310 additional future customers will be affected in the communities of Corinne, Black Eagle, Allen Junction, Stephenson, and Iroquois in Wyoming County, West Virginia.

The proposed project-related rates for the project are not to exceed the following:

First	2,000 gallons used per month	$ 9.05 per 1,000 gallons
Next	58,000 gallons used per month	$ 8.70 per 1,000 gallons
Next	240,000 gallons used per month	$ 6.40 per 1,000 gallons
All Over	300,000 gallons used per month	$ 3.30 per 1,000 gallons

These rates represent the following increases overall from current rates:

	INCREASE ($)	INCREASE (%)
Residential (4,500 gallons)	9.85	32.8
Commercial (7,100 gallons)	15.46	32.8

The proposed project-related increased rates and charges will produce approximately $25,300 annually in additional revenue in addition to the non project revenues, an increase of 5.3% over non project-related revenue requirements. The District has no resale customers.

The proposed non-project related rates are not to exceed the following:

First	2,000 gallons used per month	$ 8.57 per 1,000 gallons
Next	58,000 gallons used per month	$ 8.23 per 1,000 gallons
Next	240,000 gallons used per month	$ 6.05 per 1,000 gallons
All Over	300,000 gallons used per month	$ 3.12 per 1,000 gallons

These rates represent the following increases overall from current rates:

	INCREASE ($)	INCREASE (%)
Residential (4,500 gallons)	7.72	25.7
Commercial (7,100 gallons)	12.10	25.7

The proposed non project-related increased rates and charges will produce approximately $109,908 annually in additional revenue, an increase of 29.9%. The District has no resale customers.

The District intends to request interim rates not to exceed the following:

First	2,000 gallons used per month	$ 8.57 per 1,000 gallons
Next	58,000 gallons used per month	$ 8.23 per 1,000 gallons
Next	240,000 gallons used per month	$ 6.05 per 1,000 gallons
All Over	300,000 gallons used per month	$ 3.12 per 1,000 gallons

The interim rates represent the following increases:

	INCREASE ($)	INCREASE (%)
Residential (4,500 gallons)	7.72	25.7
Commercial (7,100 gallons)	12.10	25.7

The proposed interim rates and charges will produce approximately $109,908 annually in additional revenue, an increase 29.9%. This District has no resale customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Service Connection Charge - $ 300 (Ordinary & After Project Bid)
Service Connection Charge - $ 100 (Prior to Project Bid)
Security Deposit - 2/12 of Average Annual Usage

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application, there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

Eastern Wyoming Public Service District, a public utility in Wyoming County, West Virginia.

Kenneth W. McBride, Jr., Chairman
EASTERN WYOMING PSD

2WKS 5/21, 28

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 323 Works

was duly published in said newspaper once a week for 1 successive weeks, (Class 1), commencing with the issue of the 11 day of Aug, 2004, and ending with the issue of the 11 day of Aug, 2004 (and was posted at the (if required) The Mullens Advocate on the 11 day of July, 2004): that said annexed notice was published on the following dates: 8/11/04

and that the cost of publishing said annexed notice as aforesaid was $ 32.30

Charlene Cook
Charlene Cook, Asst. Legal Editor
Mullens Advocate, Inc.

Taken subscribed and sworn to before me in my said county this 13 day of July 2004.

My commission expires Aug. 29, 2011

Leshia A. Ratliff
Notary Public, State of West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LESHIA A. RATLIFF
P. O. BOX 603
IAEGER, WV 24844
My commission expires August 29, 2011

NOTICE OF PUBLIC MEETING
EASTERN WYOMING PUBLIC SERVICE DISTRICT

Notice is hereby given, pursuant to West Virginia Code 8-9A-8, as amended, that a publi meeting of the Eastern Wyoming Public Service District (the "District") will be held on the 23r day of August, 2004, beginning at 10:00 a.m. at Mullens City Hall, 316 Moran Avenue, Mullen WV, at which public meeting the District will consider the adoption of a Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND ADDITIONS TO THE EXISTING PUBLIC WATER TREATMENT AND DISTRIBUTION FACILITIES AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $570,000 IN AGGREGATE PRINCIPAL AMOUNT OF EASTERN WYOMING PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, 2004 SERIES 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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The Resolution would authorize the District to issue Water Revenue Bonds (West Virginia DWTRF Program), 2004 Series A for the acquisition and construction of certain improvements and additions tot he existing public water treatment and distribution facilities of Eastern Wyoming Public Service District, and the financing of cost thereof, not otherwise provided, thereof through the issuance by the District of $570,000 in aggregate principal amount of the Bonds. The Bond Resolution would authorize the District to enter into a Loan Agreement with the West Virginia Water Development Authority (the "Authority"). A copy of the Loan Agreement is on file with the Secretary of the District for review.

All interested individuals may appear before the District and be heard.

1wk-8/11

RECYCLED PAPER
RECYCLABLE

$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

MINUTES ON ADOPTION OF BOND 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:

Kenneth W. McBride, Jr. - Chairman
Dallas J. Cecil - Secretary
Mart Lane - Treasurer

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 23rd day of August, 2004, in the City Council Meeting Room, Mullens, West Virginia. The meeting was called to order at the hour of 10:00 a.m. Kenneth McBride, Chairman, presided.

*** *** ***

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

> RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND ADDITIONS TO THE EXISTING PUBLIC WATER TREATMENT AND DISTRIBUTION FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF $570,000 IN AGGREGATE PRINCIPAL AMOUNT OF EASTERN WYOMING PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, 2004 SERIES 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 RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Mr. McBride and seconded by Mr. Lane, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

Upon motion made by Mr. Cecil and seconded by Mr. McBride, the meeting was adjourned at approximately 11:20 a.m.

Kenneth W. McBride, Jr., 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 24th day of August, 2004.

Dallas J. Cecil

Dallas J. Cecil, Secretary

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SCANNED
SCANNED

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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 16th day of August, 2004.

CASE NO. 03-0980-PWD-CN

EASTERN WYOMING PUBLIC SERVICE DISTRICT,
a public utility, Mullens, Wyoming County.
Application for a certificate of convenience and necessity to construct a replacement water system to serve the central portion of the City of Mullins, in the County of Wyoming.

COMMISSION ORDER

By Recommended Decision issued April 16, 2004, which became a Final Order on May 6, 2004, the Commission granted the above referenced certificate application.

On July 12, 2004, the Eastern Wyoming Public Service District (District) filed a petition to reopen this case to obtain approval for changes in the funding for this project. According to the petition, the total project costs have changed due to bids coming in $592,338 higher than the original estimated construction costs. The funding previously approved for the project included a loan from the West Virginia Safe Drinking Water Treatment Revolving Fund in the amount of $570,000 (at a rate of one percent (1%) for a term of 30 years), and a grant from the United States Department of Commerce, Economic Development Administration, in the amount of $1,800,000. The District states that it has obtained an additional grant in the amount of $592,338 from the West Virginia Infrastructure & Jobs Development Council.

On July 22, 2004, Commission Staff filed its "Initial and Final Joint Staff Memorandum" recommending that the Commission approve the revised funding. Staff further notes that the revised funding will have no impact on rates.

ORDER

IT IS THEREFORE ORDERED that the Eastern Wyoming Public Service District's petition to reopen this proceeding is hereby granted.

IT IS FURTHER ORDERED that the revised cost of this project of $2,962,338, is hereby approved.

IT IS FURTHER ORDERED that the revised funding for this project consisting of a grant in the amount of $592,338 from the West Virginia Infrastructure & Jobs Development Council, in addition to funding previously approved in this case consisting of a loan from the West Virginia Safe Drinking Water Treatment Revolving Fund in the amount of $570,000 (at a rate of one percent (1%) for a term of thirty years), and a grant from the United States Department of Commerce, Economic Development Administration in the amount of $1,800,000, for a total revised project cost of $2,962,338, is hereby approved.

IT IS FURTHER ORDERED that should the plans, scope, or financing for the project approved herein change for any reason, the Eastern Wyoming Public Service District must obtain prior Commission approval before continuing construction of the project.

IT IS FURTHER ORDERED that upon entry hereof this case 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.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
LHG/s
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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
5-6-04

Entered: April 16, 2004

CASE NO. 03-0980-PWD-CN

EASTERN WYOMING PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct a replacement water system to serve the central portion of the City of Mullens, Wyoming County.

RECOMMENDED DECISION

On June 26, 2003, the Eastern Wyoming Public Service District (District) filed an application for a certificate of convenience and necessity to construct a replacement water system to serve the central portion of the City of Mullens, Wyoming County, West Virginia. Included with the District's application was a request for emergency rate relief and a request that the entire application be accorded expedited treatment. In support of its request for emergency interim rate relief, the District represented that it needed a non-project related rate increase of 29.9% to offset current operating losses and provide funds for limited capital improvements. A second rate increase would take effect when the project is completed. Total rate increases associated with this filing were proposed to be 32.8%.

In support of its request for emergency interim rates, the District's accountant, Michael D. Griffith, CPA, cited the District's growing indebtedness to the Logan County Public Service District (Logan PSD), which operates the Mullens system pursuant to an operation and maintenance agreement with the District.

By a Notice of Filing issued June 26, 2003, the District was ordered to publish legal notice of its certificate application, as well as its proposed 29.9% emergency interim rate increase, in Wyoming County. The notice of filing did not require notice of the proposed total eventual rate increase of 32.8%.

On July 8, 2003, Commission Staff (Staff) filed an Initial Joint Staff Memorandum Including Emergency Interim Rate Relief Recommendation. Staff noted that it conducted a cash-flow analysis excluding principal on long-term debt, bond reserves, depreciation reserves and potential going-level adjustments, but including an $18,170 repayment to Logan County Public Service District for advanced operation and maintenance expense. Staff further took into account a mid-test-year rate increase for the District and an adjustment to going level revenue to match expenses. Based on its review, Staff recommended that the Commission grant the

District an emergency interim rate increase of 11%, instead of the requested 29.9%.

On July 16, 2003, the District filed affidavits of publication evidencing that the Notice of Filing was published in the *Pineville Independent Herald* on July 9, 2003, and in the *Mullens Advocate* on July 9, 2003. The District also filed a Certificate of Service representing that it mailed the Notice of Filing to each customer of the District on July 9, 2003.

As a result of this public legal notice, numerous protests were filed in this case.

On August 7, 2003, a Commission Order was entered which granted the District's rate request and authorized an emergency interim rate increase of 11%, to be effective on bills rendered on and after that date. The emergency interim rate increase was approved subject to refund in the event final rates established at the conclusion of this case are lower. The District was also required to initiate monthly payments to the Logan County Public Service District, to retire the $18,170 debt owed to the Logan County Public Service District. Lastly, this case was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of January 22, 2004. No due date was established for the Staff Report.

On August 28, 2003, the District filed duly executed affidavits of publication demonstrating publication of the prepared Notice of Emergency Interim Rate Increase on August 13, 2003, in the Pineville Independent Herald and the Mullens Advocate, newspapers qualified by the Secretary of State, published and of general circulation in Wyoming County, all in compliance with the Commission Order entered August 7, 2003.

Also on August 28, 2003, Commission Staff filed its Further Joint Staff Memorandum in this matter. Staff reported that the District had failed to close its books and accounts for the fiscal year ending June 30, 2003, making it impossible for Staff to complete its investigation and recommendation in this matter. Staff recommended that the District file a motion to toll the statutory time frame in this case for at least ninety (90) days and that, if that is not done, this matter should be dismissed, to be refiled when ready.

On August 29, 2003, the District filed Permits Nos. 15,760 and 15,759 issued by the West Virginia Office of Environmental Health Services approving the Eastern Wyoming Public Service District Phase I, Mullens-Wyco Water System, Contracts 1, 2 4 and 5.

On September 17, 2003, Staff filed a formal Motion to Extend ALJ's Decision Due Date in this case. Staff reported that, due to problems with the District's books, Staff needed additional time to complete its investigation. Staff requested that it be allowed until November 7, 2003, to file its report and final recommendation and that the Administrative Law Judge's decision due date be extended by thirty (30) days. A Second Further Joint Staff Memorandum was also filed on September 17, 2003, in support of Staff's motion.

On September 30, 2003, Eastern Wyoming Public Service District filed a response to Staff's motion to extend ALJ's decision due date. The District had no objection to an extension, but did not believe forty-five days was needed. The District's books for the appropriate fiscal year had recently been closed and it pledged to assist Commission Staff to complete its review.

A Commission Order was entered October 3, 2003, which established the Staff report date as October 10, 2003, but did not extend the Administrative Law Judge's decision due date.

On October 10, 2003, Commission Staff filed its Final Joint Staff Memorandum and Report in this matter. Pursuant to its review of the books, records and operations of Eastern Wyoming Public Service District for the fiscal year ended June 30, 2003, Staff recommended increased operating revenue of 28% over the approved emergency interim rates. The Staff-recommended rates were expected to generate annual operating revenues of approximately $419,641, with a cash flow surplus of $4,707 and a debt coverage ratio of 134%.

On November 13, 2003, the Applicant filed a formal response and objections to the Staff report filed in this matter on October 10, 2003. Filed with this response were additional financial exhibits in support of a higher ongoing O&M expense for the District.

On November 24, 2003, Commission Staff filed a Further Final Joint Staff Memorandum in this matter. Staff took strong exception to the response of the District filed November 13, 2003, and initiated a new set of discovery requests in order to determine if the scope of the project had changed. Answers were due within twenty (20) days.

On January 14, 2004, Commission Staff filed a formal motion to compel answers to its latest set of discovery requests.

On January 16, 2004, Eastern Wyoming Public Service District filed answers to Staff's discovery requests and extensive new documentation. Also, on that same date, the District filed a formal motion requesting that the statutory due date in this case be tolled. In support of its motion, the Applicant stated that significant new issues remain unresolved between Staff and the District and additional time to address these issues was needed.

By a Commission Order entered January 21, 2004, the motion to toll was granted and a new statutory deadline of June 21, 2004, was established. The Administrative Law Judge's decision due date was extended until April 21, 2004.

On January 22, 2004, the District filed duly executed affidavits of publication demonstrating publication of an additional formal Notice of Filing on January 14, 2004, in both the Pineville Independent Herald and the Mullens Advocate, newspapers qualified by the Secretary of State, published and of general circulation in Wyoming County, West Virginia.

This Notice of Filing contained the higher increased rates and charges proposed by the District.

By Procedural Order entered February 5, 2004, this certificate application was scheduled for hearing to be held on February 27, 2004, in Mullens, Wyoming County, West Virginia, and the Applicant was required to provide public legal notice of said hearing. A previous motion to intervene filed August 1, 2003, was also granted, and Logan County Public Service District was made a party to this proceeding.

On February 24, 2004, Commission Staff filed its Second Further Final Joint Staff Memorandum in this matter. Staff stated that this area had suffered from years of poor water quality and service and were entitled to a dependable source of quality water. The core project, known as Contract 3, is covered by this filing and will cost $2,370,000. Depending on available funding Contract 3 also contains five deductive alternate constructions. However, Staff recommended that, upon completion of any of the deductive alternates, the District should be required to reopen this case so as to adjust the operation and maintenance (O&M) expenses accordingly.

Staff stated that, under Contract 3, the construction will consist of approximately 6,150 LF of 16", 860 LF of 8", 200 LF of 6" and 1,690 LF of 4" water line; 45 LF of 8" in 20" steel casing; 3,965 LF of service line; two hundred thirty three (233) meter settings and reconnections; fourteen (14) 16", three (3) 12", twenty nine (29) 8", six (6) 6" and ten (10) 4" gate valves; twenty five (25) fire hydrants; and related appurtenances and earth work. The cost estimate for Contract 3 also included two hundred forty (240) extra water meters and an Automated Meter Reading System with an additional total estimated cost of $75,000. Completion of these installations should result in a total reduction in O&M expense of $41,737, without consideration of any of the deductive alternates. The District has been issued a State of West Virginia Office of Environmental Health Services Permit, No. 15,521 for this project. The total cost per customer for this project is $10,172, but, if the $1,800,000 grant is subtracted, the cost per customer is $2,446, which Staff believes is acceptable.

Staff stated further that this project is necessary to reduce the high O&M expenses caused by excessive line breaks and to provide the District's customers with improved modern reliable water service. The project is convenient in that it will reduce overall revenue requirements to existing and potential customers due to the decrease in O&M expenses. Based on Technical Staff's review of the plans and specifications, services provided by this project are in general conformance with the rules and regulations of the Public Service Commission.

Total estimated project costs are $2,370,000, to be financed by a loan from the West Virginia Safe Drinking Water Treatment Revolving Fund in the amount of $570,000, with an interest rate of one percent (1%) for a term of thirty (30) years, and a grant from the United States Department of Commerce, Economic Development Administration, in the amount of $1,800,000. Commitment letters for all funding have been

received and reviewed by Commission Staff. Staff designed and recommended revised rates which will provide adequate debt coverage and cash flow in support of this project.

Pursuant to its review of the financial and engineering aspects of this application and supporting information, Commission Staff made the following recommendations:

1. The Eastern Wyoming Public Service District's application for a certificate of convenience and necessity to construct a replacement water system to serve the central portion of the City of Mullens be approved;

2. Approval of the loan from the West Virginia Safe Drinking Water Treatment Revolving Fund in the amount of $570,000 for 30 years at 1.0% and the grant from the United States Department of Commerce, Economic Development Administration, in the amount of $1,800,000;

3. Approval of the Staff-recommended rates as detailed in Appendix B. The District should begin charging these rates once this project is substantially complete;

4. A copy of the bids are to be filed with the Commission immediately upon opening and tabulation to be made part of the file;

5. The District be ordered to immediately reopen this case upon completion of any of the Deductive Alternates so the Operation and Maintenance expenses may be adjusted accordingly;

6. If there are any changes in the scope of the project or if increased financing occurs, the Eastern Wyoming Public Service District be required to seek review and approval from the Commission before proceeding; and

7. The Eastern Wyoming Public Service District is to notify the Commission when its project engineer has performed the substantial completion inspection.

The hearing convened as scheduled on February 27, 2004, with all parties in attendance. The Applicant, Eastern Wyoming Public Service District, was present and represented by its attorney, W. Richard Staton. The Intervenor, Logan County Public Service District, was present and represented by its attorney, Jim Walker. The Staff of the Public Service Commission was present and represented by Staff Attorney Chris Howard. An accurate transcript consisting of twenty-six (26) pages of testimony was filed with the Executive Secretary on March 11, 2004. There were no briefs or post-hearing memoranda of law filed in this matter.

EVIDENCE

At hearing, statements of public protest, objection or support were taken first. Melissa Smith complained that notice of the hearing had been made as a formal legal notice, which most people missed, and that the hearing was held in the afternoon, as opposed to the evening. Ms. Smith was also concerned about the use of certain grant funds received by the City over the last four years. (Tr. pp. 8-9). Judith Riffe complained that the water rates had recently been increased without any improvement in service. (Tr. p. 9). Margaret Pugh lives in Wyco and is against increased rates. (Tr. p. 10).

Gary Dickson is a City Councilman in Mullens and hears many complaints concerning the old Wyoming County Public Service District and its service. He also is concerned about the impact of increased rates on customers and the number of bad meters. His meter is bad and his usage is more or less helter-skelter. People need reliable, trustworthy meters. High bills are also very hard on the fixed income recipients. (Tr. pp. 10-11). Brenda Davis also complained of erratic bills and that there is no direct payment location, or office, in Mullens. (Tr. p. 12). Jack Feller complained of any increase in rates without knowledge of what it is to be used for. (Tr. p. 13).

At this point in the hearing, the Applicant's attorney, Mr. Staton, announced that, pursuant to discussions with Commission Staff, an agreement had been negotiated. The Applicant agreed with Staff's conclusions contained in the Second Further Final Joint Staff Memorandum, except for the methodology used by Technical Staff in making the O&M adjustments. After this was noted for the record, the District agreed to accept the Staff-recommended rates. Should this case ever be reopened, the District reserved the right to actively litigate the issue of O&M adjustments. The parties agreed further that the final rates should be implemented upon completion of the project and that the interim rates should be implemented as soon as possible. (Tr. pp. 13-14).

The Staff Attorney confirmed the agreement between the parties and explained Staff's position on the O&M adjustments and the overall project. (Tr. p. 15).

Staff called its Technical Analyst, David W. Holley, as a witness in this matter. Mr. Holley explained that this project will replace existing, but outdated, mains in the City of Mullens. It is part of a larger comprehensive development to replace the treatment plant and to serve outlying areas. The Staff-recommended rates in this case were calculated simply to bring revenue up to cover current operating expense. (Tr. pp. 16-18).

Additional statements of public protest, objection or support were taken. Melissa Smith was concerned that water service might be off during construction and wondered if all sources for grants were considered. (Tr. pp. 19-20, 24-25). Ms. Riffe was concerned that more rate increases would be forthcoming, and that this project would not reach her community (Wyco) located five miles from Mullens. (Tr. pp. 20-21). Jack Feller

inquired about the total cost of this project and the percentage increase in rates. (Tr. pp. 22-23). The Staff Attorney interjected that Staff's rates represented an approximate twenty-six percent (26%) increase. (Tr. pp. 22-23). This concluded the testimony at hearing.

DISCUSSION

This case consists of two components. The District is experiencing a current cash flow deficit and, as a result, needs immediate rate relief to fund normal operations. The District has also proposed a major construction project to rehabilitate its distribution system in the core of its service territory. This particular project, known as Contract 3, is part of a larger comprehensive improvement and extension plan proposed for the entire service territory.

As demonstrated in the Staff Report filed in this matter October 10, 2003, the District is currently operating at an annual cash flow deficit of approximately $98,000. Commission Staff has recommended, and the District has agreed to, an immediate revenue increase of 28.0%, which will produce total annual operating revenues of $478,205, with a cash flow surplus of $4,924. This income is adequate and not excessive and will provide debt service coverage of 119.14%, which is sufficient under the District's bond agreements.

The Protestants in this case were obviously sincere and established that rates should not be increased without good cause. However, they produced no evidence of mismanagement or poor planning by the District which would impact rates. Additionally, statements from the Protestants concerning poor service and erratic meters gave proof to the necessity of this project. Consequently, the Staff-recommended pre-construction rates are clearly appropriate and will be approved for all service rendered on and after the date this Recommended Decision becomes a final order of the Commission.

The project which is the subject of this proceeding is one facet of a systematic improvement and extension of the existing water treatment and distribution network which will eventually bring modern, reliable and safe drinking water to a large area of eastern Wyoming County. The project is heavily grant funded and appears to be properly designed to facilitate more reliable current service and further system development.

For years, residents of the area have dealt with poor quality and unreliable service. The current distribution system is also a financial burden due to frequent line breaks and repairs. As Staff has pointed out, there is no question that this project is both convenient and necessary. In an effort to develop a comprehensive and flexible water service plan for the District's service territory, this project was repeatedly revised during its review by the Commission.

The issue concerning the methodology used by Commission Staff to determine its adjustments to O&M expenses seems to be moot. The parties are in agreement as to appropriate rates to be approved in this case, as well as other accounting and operational considerations contained in the

Staff report. Should the O&M issue resurface, the District will be free to litigate the process or procedure it believes to be correct.

Staff has designed and recommended proposed rates to go into effect upon substantial completion of the District's Contract 3 project. Due to expected savings in O&M expenses on the rehabilitated distribution system, these post-construction rates will actually decrease slightly. Adequate and not excessive revenues from operations will continue to be generated with sufficient debt service and cash flow surplus. The District has agreed to the Staff-recommended post-construction rates.

For these reasons, the District's application for a certificate of convenience and necessity filed on June 26, 2003, as revised, will be granted and the construction project detailed therein will be approved.

FINDINGS OF FACT

1. On June 26, 2003, the Eastern Wyoming Public Service District filed an application for a certificate of convenience and necessity to construct a replacement water system to serve the central portion of the City of Mullens, Wyoming County, West Virginia. The District represented that it needed a non-project related rate increase of 29.9% to offset current operating losses and provide funds for limited capital improvements. A second rate increase would take effect when the project is completed. Total rate increases associated with this filing were proposed to be 32.8%. (See application filed June 26, 2003).

2. On August 7, 2003, a Commission Order was entered which authorized an emergency interim rate increase of 11%, to be effective in bills rendered on and after that date. The emergency interim rate increase was approved subject to refund in the event final rates established at the conclusion of this case are lower. The District was also required to initiate monthly payments to the Logan County Public Service District, to retire the $18,170 debt owed to the Logan County Public Service District. (See, Commission Order entered August 7, 2003).

3. On July 16, 2003, the District filed affidavits of publication evidencing that the Commission's Notice of Filing was published in the *Pineville Independent Herald* on July 9, 2003, and in the *Mullens Advocate* on July 9, 2003. The District also filed a Certificate of Service representing that it mailed the Notice of Filing to each customer of the District on July 9, 2003. (See, Notice of Filing entered June 26, 2003; affidavits of publication and certificate of service filed July 16, 2003).

4. On October 10, 2003, Commission Staff filed its Final Joint Staff Memorandum and Report in this matter. Pursuant to its review of the books, records and operations of Eastern Wyoming Public Service District for the fiscal year ended June 30, 2003, Staff recommended increased operating revenue of 28% over the approved emergency interim rates. The Staff-recommended rates would generate annual operating revenues of approximately $419,641, with a cash flow surplus of $4,707 and a debt coverage ratio of 134%. (See, Final Joint Staff Memorandum and Reports filed October 10, 2003).

5. Staff has designed and recommended proposed increased rates in order to produce an immediate revenue increase of 28.0%. This income is adequate and not excessive and will provide debt service coverage of 119.14%, which is sufficient under the District's bond agreements. (See, Final Joint Staff Memorandum and Report filed October 10, 2003).

6. The Eastern Wyoming County Public Service District has agreed to accept the Staff-recommended preconstruction rates. (See, Tr. pp. 13-14).

7. On January 22, 2004, the District filed duly executed affidavits of publication demonstrating publication of an additional formal Notice of Filing on January 14, 2004, in both the Pineville Independent Herald and the Mullens Advocate, newspapers qualified by the Secretary of State, published and of general circulation in Wyoming County, West Virginia. This Notice of Filing contained the higher increased rates and charges initially proposed by the District. (See, affidavits of publication filed January 22, 2004).

8. This project is necessary to reduce the high O&M expenses caused by excessive line breaks and to provide the District's customers with improved modern reliable water service. The project will reduce overall revenue requirements to existing and potential customers due to the decrease in O&M expenses. Based on Technical Staff's review of the plans and specifications, the service to be provided by this project is in general conformance with the rules and regulations of the Public Service Commission. (See, Second Further Final Joint Staff Memorandum filed February 24, 2004).

9. The District has been issued a State of West Virginia Office of Environmental Health Services Permit, No. 15,521, for this project. (See, Second Further Final Joint Staff Memorandum filed February 24, 2004).

10. Total estimated project costs are $2,370,000, to be financed by a loan from the West Virginia Safe Drinking Water Treatment Revolving Fund in the amount of $570,000, with an interest rate of one percent (1%) for a term of thirty (30) years, and a grant from the United States Department of Commerce, Economic Development Administration, in the amount of $1,800,000. Commitment letters for all funding have been received and reviewed by Commission Staff. The Staff-designed and recommended revised rates will provide adequate debt coverage and cash flow for this project. (See, Second Further Final Joint Staff Memorandum filed February 24, 2004).

11. Pursuant to its review of the financial and engineering aspects of this application and supporting information, Commission Staff has made the following recommendations:

1. The Eastern Wyoming Public Service District's application for a certificate of convenience and necessity to construct a replacement water system to serve the central portion of the City of Mullens be approved;

2. Approval of the loan from the West Virginia Safe Drinking Water Treatment Revolving Fund in the amount of $570,000 for 30 years at 1.0% and the grant from the United States Department of Commerce, Economic Development Administration, in the amount of $1,800,000;

3. Approval of the Staff-recommended post-construction rates as detailed in Appendix B, to become effective once this project is substantially complete;

4. A copy of the bids be filed with the Commission immediately upon opening and tabulation to be made part of the file;

5. The District be ordered to immediately reopen this case upon completion of any of the Deductive Alternates so the Operation and Maintenance expenses may be adjusted accordingly;

6. If there are any changes in the scope of the project or if increased financing occurs, the Eastern Wyoming Public Service District be required to seek review and approval from the Commission before proceeding; and

7. The Eastern Wyoming Public Service District notify the Commission when its project engineer has performed the substantial completion inspection.

(See, Second Further Final Joint Staff Memorandum filed February 24, 2004).

12. The District has agreed to accept the Staff-recommended post-construction rates attached hereto as Appendix B. (See, Tr. pp. 13-14).

13. Pursuant to public legal notice, numerous statements of protest were filed in this matter; however, the Protestants did not produce any reliable evidence that the District does not require interim rate relief, or that this proposed project is not convenient and necessary. (See, letters, Commission case file generally; Tr., pp. 8-9, 9, 10, 10-11, 12, 13, 19-20, 20-21, 22-23, 24-25).

CONCLUSIONS OF LAW

1. The Eastern Wyoming Public Service District is currently operating with a cash flow deficit and is in need of the interim rate relief as recommended by Commission Staff.

2. The proposed construction project detailed in this application is necessary because it will improve water quality and service to current and future customers of the District, improve distribution system reliability and reduce overall operation and maintenance expenses.

3. The proposed construction project detailed in this application is convenient because a reasonable and advantageous funding package has been arranged and the resulting reduced system operation and maintenance expenses should also result in decreased rates.

ORDER

IT IS, THEREFORE, ORDERED that the Eastern Wyoming Public Service District shall be authorized to charge and collect the Staff-recommended pre-construction increased rates and charges, attached hereto as Appendix A, for all service rendered on and after the date this Recommended Decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that the application filed by Eastern Wyoming Public Service District on June 26, 2003, as revised, shall be granted, and that a certificate of convenience and necessity shall be issued for the construction and operation of the improvement project detailed in said application.

IT IS FURTHER ORDERED that the Eastern Wyoming Public Service District shall be authorized to accept, execute and close on the funding package proposed for the project herein approved, including a loan from the West Virginia Safe Drinking Water Treatment Revolving Fund in the amount of $570,000, with an interest rate of one percent (1%) for a term of thirty (30) years, and a grant from the United States Department of Commerce, Economic Development Administration, in the amount of $1,800,000.

IT IS FURTHER ORDERED that the Eastern Wyoming Public Service District is authorized to charge and collect reduced rates and charges in support of the project approved herein, as set out in the Staff-recommended post-construction rates, attached hereto as Appendix B, for all service rendered on and after the date the District's project engineer certifies the project as substantially complete. The certificate of substantial completion shall be filed with the Commission within ten (10) days of issuance.

IT IS FURTHER ORDERED that the Eastern Wyoming Public Service District shall file an original and five (5) copies of its revised tariff, containing the pre-construction rates approved in this Recommended Decision within thirty (30) days of the date this Order becomes a final order of the Commission. Additionally, the District shall file an original and five (5) copies of the post-construction rates approved in this Recommended Decision within thirty (30) days from the date the project certificated herein is certified as substantially complete.

IT IS FURTHER ORDERED that final bid summaries and tabulations for this project shall be provided to Commission Staff and, further, should the bids exceed the estimated construction cost approved herein, or if the plans, scope or terms of financing for the project change, the District shall request a reopening of this case for subsequent review and approval by the Commission, prior to commencing construction. Additionally, should any, or all, of the deductive alternate installations contained in this project be completed, the District shall file to reopen this case so as to allow Commission Staff to review and adjust the projected operation and maintenance expenses associated with these installations.

IT IS FURTHER ORDERED that this matter shall be removed from the Commission's docket of open cases.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Thomas N. Trent

Thomas N. Trent
Administrative Law Judge

TNT:mal
030980aa.wpd

EASTERN WYOMING PUBLIC SERVICE DISTRICT
CASE NO. 03-0980-PWD-CN

APPROVED RATES - PRE-CONSTRUCTION

WATER SCHEDULE NO. 1

APPLICABILITY
Applicable in entire territory served

AVAILABILITY
Available for general domestic, commercial, governmental and industrial service

RATES

First	2,000 gallons used per month	$9.70 per 1,000 gallons
Next	58,000 gallons used per month	$9.29 per 1,000 gallons
Next	240,000 gallons used per month	$6.82 per 1,000 gallons
All Over	300,000 gallons used per month	$3.51 per 1,000 gallons

MINIMUM CHARGE

5/8-inch meter	$ 19.40 per month
3/4-inch meter	$ 29.10 per month
1-inch meter	$ 48.50 per month
1-1/4-inch meter	$ 70.81 per month
1-1/2-inch meter	$ 97.00 per month
2-inch meter	$ 155.20 per month
3-inch meter	$ 291.00 per month
4-inch meter	$ 485.00 per month
6-inch meter	$ 970.00 per month
8-inch meter	$1,552.00 per month

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent to 4,500 gallons of water usage, $42.62 per month

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE
The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE - $20.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

RETURNED CHECK FOR INSUFFICIENT FUNDS

A service charge equal to the actual bank fee assessed to the District or a maximum of $15.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

LEAK ADJUSTMENT

$1.27 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

WATER SCHEDULE NO. 2

PRIVATE FIRE PROTECTION SERVICE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer:

	PER ANNUM
2-inch service line w/hydrants, sprinklers, and/or hose connections	$ 49.60
3-inch service line w/hydrants, sprinklers, and/or hose connections	$ 112.11
4-inch service line w/hydrants, sprinklers, and/or hose connections	$ 196.39
6-inch service line w/hydrants, sprinklers, and/or hose connections	$ 497.65
8-inch service line w/hydrants, sprinklers, and/or hose connections	$ 816.07
10-inch service line w/hydrants, sprinklers, and/or hose connections	$1,447.50
12-inch service line w/hydrants, sprinklers, and/or hose connections	$2,028.25

LEAK ADJUSTMENT

$1.27 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

EASTERN WYOMING PUBLIC SERVICE DISTRICT
CASE NO. 03-0980-PWD-CN

APPROVED RATES - POST-CONSTRUCTION

WATER SCHEDULE NO. 1

APPLICABILITY
Applicable in entire territory served

AVAILABILITY
Available for general domestic, commercial, governmental and industrial service

RATES

First	2,000 gallons used per month	$9.56 per 1,000 gallons
Next	58,000 gallons used per month	$9.15 per 1,000 gallons
Next	240,000 gallons used per month	$6.72 per 1,000 gallons
All Over	300,000 gallons used per month	$3.45 per 1,000 gallons

MINIMUM CHARGE

5/8-inch meter	$ 19.12 per month
3/4-inch meter	$ 28.68 per month
1-inch meter	$ 47.80 per month
1-1/4-inch meter	$ 69.79 per month
1-1/2-inch meter	$ 95.60 per month
2-inch meter	$ 152.96 per month
3-inch meter	$ 286.80 per month
4-inch meter	$ 478.00 per month
6-inch meter	$ 956.00 per month
8-inch meter	$1,529.60 per month

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent to 4,500 gallons of water usage, $41.99 per month

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE
The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE - $20.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

RETURNED CHECK FOR INSUFFICIENT FUNDS

A service charge equal to the actual bank fee assessed to the District or a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

LEAK ADJUSTMENT

$0.96 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

WATER SCHEDULE NO. 2

PRIVATE FIRE PROTECTION SERVICE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer:

	PER ANNUM
2-inch service line w/hydrants, sprinklers, and/or hose connections	$ 49.60
3-inch service line w/hydrants, sprinklers, and/or hose connections	$ 112.11
4-inch service line w/hydrants, sprinklers, and/or hose connections	$ 196.39
6-inch service line w/hydrants, sprinklers, and/or hose connections	$ 497.65
8-inch service line w/hydrants, sprinklers, and/or hose connections	$ 816.07
10-inch service line w/hydrants, sprinklers, and/or hose connections	$1,447.50
12-inch service line w/hydrants, sprinklers, and/or hose connections	$2,028.25

LEAK ADJUSTMENT

$0.96 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RECYCLED PAPER
RECYCLAGE

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince, Chairman
Cottageville
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

300 Summers Street, Suite 98
Charleston, West Virginia 2530
Telephone: (304) 558-460
Facsimile: (304) 558-460

Katy Mallory, P

Executive Secretar
Katy.Mallory@verizon.ne

July 7, 2004

Mr. Dallas Cecil, Chairman
Eastern Wyoming Public Service District
P.O. Box 907
Mullens, West Virginia 25882

Re: Eastern Wyoming Public Service District
Revised Binding Commitment Letter
Water Project 95W-127

Dear Mr. Cecil:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Eastern Wyoming Public Service District (the "District") request for revision to the Infrastructure Council's binding commitment offer of August 18, 2003 to the District for financing the construction of a public water system to serve 1) 934 existing customers on previously privately owned water system in the City of Mullins, and 2) 615 existing customers on seven small private systems and one small public system. At its July 7, 2004 meeting, the Infrastructure Council voted to revise the binding commitment as shown on the attached proposed Schedule A. The total project cost is $14,227,000.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Mark Prince

Attachments

cc: Samme Gee, Esq., Jackson Kelly
Pentree, Inc.
Debbie Legg, WVDO
Walt Ivey, BPH
Charlie Stover, AML
Rick Roberts, Logan County PSD
Susan Riggs, Esq.
Rick Staton, Esq.
Mike Griffith, CPA

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Eastern Wyoming Public Service District

By: [signature]

Its: Chairman

Date: 8/3/04

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Eastern Wyoming Public Service District
Water Project 95W-127
July 7, 2004

SCHEDULE A
Phase I

A. Approximate Amount: $ 592,338 Grant

B. Grant: $ 592,338

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition.

2. Special Conditions: None

D. Other Funding:

DWTRF loan	$ 570,000
EDA grant	$ 1,800,000

E. Total Phase I Cost: $ 2,962,338

Phase II

A. Approximate Amount: $ 228,742 Grant

B. Grant: $ 228,742

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition.

2. Special Conditions: None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

D. Other Funding:

DWTRF loan	$ 2,570,000
AML grant	$ 4,465,920
SCBG	$ 3,000,000
ARC grant	$ 1,000,000

E. Total Phase II Cost: $11,264,662

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Timothy P. Stranko
Morgantown
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley

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

Katy Mallory, PE

Executive Secretary
Katy.Mallory@verizon.net

August 18, 2003

Mr. Dallas Cecil, Chairman
Eastern Wyoming Public Service District
P.O. Box 907
Mullens, West Virginia 25882

Re: Eastern Wyoming Public Service District
Water Project 95W-127

Dear Mr. Cecil:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund grant of approximately $821,080 (the "Grant") to the Eastern Wyoming Public Service District (the "District") for above referenced water project (the "Project"). The Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Grant amounts will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Grant upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. File Certificate Case with the Public Service Commission no later than December 3, 2003;
b. Advertise for bids no later than March 5, 2004
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Grant commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Water Development Authority (the "Authority"), on behalf of the Infrastructure Council, will enter into Grant agreement with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction and financing of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; evidence of compliance with the WV Jobs Act; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person or member of the Infrastructure Council or Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Russell L. Isaacs

RLI/km
Attachments
cc: Samme Gee, Esq., Jackson & Kelly
Pentree, Inc.
Debbie Legg, WVDO
Walt Ivey, BPH
Charlie Stover, AML
Rick Roberts
Susan Riggs, Esq.
Rick Staton
Mike Griffith

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Eastern Wyoming Public Service District

By: Kenneth W. McBride Jr.

Its: Chairman

Date: 9/2/03

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Eastern Wyoming Public Service District
Water Project 95W-127
August 18, 2003

SCHEDULE A

A. Approximate Amount: $ 821,080 Grant

B. Grant: $ 821,080

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after complete advancement of all IJDC loan funding.

2. Special Conditions: None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

D. Other Funding:

DWTRF loan	$ 3,500,000
AML grant	$ 4,465,920
SCBG	$ 3,000,000
ARC grant	$ 1,000,000
EDA grant	$ 1,800,000

E. Total Project Cost: $14,587,000

F. Proposed User Rates: approximately $39.85 / 4500 gallons

Project Schedule
8/18/03

Project: Eastern Wyoming PSD
County: Wyoming
Project Number: 95W-127

IJDC grant	$ 821,080
DWTRF loan	3,500,000
SCBG	3,000,000
AML grant	4,465,920
ARC	1,000,000
EDA	1,800,000
TOTAL	$14,587,000

Action	Responsible Party	Start	Completion
Engineering Agreement	PSD / Pentree	complete	complete
PSC approval of Engineering Agreement	PSC	complete	complete
Prepare & Submit Plans & Specs to BPH	Pentree	complete	complete
Plans & Specs. Review & Approval (6 weeks)	BPH	July 25, 2003	Oct. 3, 2003
Prepare & Submit all Permit Applications	Pentree		Sept. 1, 2003
Rule 42	Mike Griffith	Sept. 1, 2003	Oct. 31, 2003
Pre-File with PSC (30 days)	Rick Staton		Nov. 3, 2003
File Certificate Case with PSC	Rick Staton		Dec. 3, 2004
Review & Approve PSC Certificate (6 months)	PSC	Dec. 3, 2003	May 7, 2004
Rights-of-way, Easements & Land Acquisition (80%)	Rick Staton		Feb. 27, 2004
Authority to Advertise	IJDC / DWTRF / AML / EDA / SCBG		Mar. 5, 2004
Advertise for Bids (1 month)	PSD / Thrasher	Mar. 12, 2004	Apr. 27, 2004
Bid Opening (90 days)	PSD / Pentree		Apr. 27, 2004
Loan Closing	Spillman, Thomas & Battle		July 6, 2004
Construction (12 months)	Pentree / PSD /Contractor	July 2004	July 2005

West Virginia Infrastructure & Jobs Development Counci

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
William P. Stafford, II, Esq.
Princeton

300 Summers Street, Suite 9
Charleston, West Virginia 253
Telephone: (304) 558-46
Facsimile: (304) 558-46

Katy Mallory, P
Executive Secretar

KMallory@ezwv.con

May 1, 2002

Mr. Dallas Cecil, Chairman
Eastern Wyoming Public Service District
P.O. Box 907
Mullens, West Virginia 25882

Re: Eastern Wyoming Public Service District
Water Project 95W-127

Dear Mr. Cecil:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Eastern Wyoming Public Service District's (the "District") revised preliminary application regarding its proposed project to construct public water system (the "Project").

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 revised preliminary application, the Infrastructure Council recommends that the District utilize a $500,000 Drinking Water Treatment Revolving Fund loan, a $3,429,826 Abandoned Mine Lands grant, a $600,000 Small Cities Block Grant and pursue a $3,000,000 Drinking Water Treatment Fund loan, a $2,400,000 Small Cities Block Grant, a $1,000,000 Appalachian Regional Council grant, a $1,800,000 EDA grant to finance this $14,587,000 Project. Please contact the Bureau of Public Health office at 558-2981, Office of AML at 759-0520 and the WV Development Office at 558-4010 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from these agencies.**

The Infrastructure Council also determined the District may be eligible for Infrastructure Fund assistance of $1,857,174. However, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the District's readiness to proceed and availability of funds in the Infrastructure Fund. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

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

Sincerely,

Russell L. Isaacs

Enclosure
cc: Walt Ivey, BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Danny Bess, AML (w/o enclosure)
Region I Planning & Development Council
Pentree, Inc.

SCIENTIFIC PAPER
SCIENTIFIC PAPER

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BOND 2004 SERIES A (WEST VIRGINIA DWTRF PROGRAM),

No. AR-1 $570,000

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 FIVE HUNDRED SEVENTY THOUSAND DOLLARS ($570,000) 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, 2006, 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 Resolution) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, 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 August 24, 2004.

This Bond is issued (i) to permanently finance the cost of acquisition and construction of certain improvements and extensions to the existing water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 August 23, 2004, (the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution 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 this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA DWTRF PROGRAM), ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $360,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Resolution) to be derived from the operation of the System on a parity with the lien of the Prior Bonds, and from moneys in the reserve account created under the Bond Resolution for this Bond (the "Reserve Account") and unexpended proceeds of this Bond (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest 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 hereon, except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Bond Resolution, 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 required in any year for debt service on this Bond, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond and the Prior Bonds, provided however, that so long as the Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on this Bond in the then current or any succeeding year, and the reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, are funded at an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of this Bond are exclusively as provided in the Resolution, 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 Resolution, only upon the books of the Registrar (as defined in the Resolution), 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 Resolution, shall be applied solely to payment of the Costs of the Project and costs of issuance hereof described in the Resolution, 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 Resolution 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 August 24, 2004.

[SEAL]

EASTERN WYOMING PUBLIC
SERVICE DISTRICT

Kenneth W. McBride
Chairman

SPECIMEN

Attest:

Dallas J. Cecil
Secretary

(CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the 2004 Series A Bonds described in and issued under the provisions of the within mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

Date: August 24, 2004.

UNITED BANK, INC., as Registrar

SPECIMEN

Authorized officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$18,400	August 24, 2004	(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 $

EXHIBIT B

DEBT SERVICE SCHEDULE

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	4,750.00	-	4,750.00
06/01/2006	4,750.00	-	4,750.00
09/01/2006	4,750.00	-	4,750.00
12/01/2006	4,750.00	-	4,750.00
03/01/2007	4,750.00	-	4,750.00
06/01/2007	4,750.00	-	4,750.00
09/01/2007	4,750.00	-	4,750.00
12/01/2007	4,750.00	-	4,750.00
03/01/2008	4,750.00	-	4,750.00
06/01/2008	4,750.00	-	4,750.00
09/01/2008	4,750.00	-	4,750.00
12/01/2008	4,750.00	-	4,750.00
03/01/2009	4,750.00	-	4,750.00
06/01/2009	4,750.00	-	4,750.00
09/01/2009	4,750.00	-	4,750.00
12/01/2009	4,750.00	-	4,750.00
03/01/2010	4,750.00	-	4,750.00
06/01/2010	4,750.00	-	4,750.00
09/01/2010	4,750.00	-	4,750.00
12/01/2010	4,750.00	-	4,750.00
03/01/2011	4,750.00	-	4,750.00
06/01/2011	4,750.00	-	4,750.00
09/01/2011	4,750.00	-	4,750.00
12/01/2011	4,750.00	-	4,750.00
03/01/2012	4,750.00	-	4,750.00
06/01/2012	4,750.00	-	4,750.00
09/01/2012	4,750.00	-	4,750.00
12/01/2012	4,750.00	-	4,750.00
03/01/2013	4,750.00	-	4,750.00
06/01/2013	4,750.00	-	4,750.00
09/01/2013	4,750.00	-	4,750.00
12/01/2013	4,750.00	-	4,750.00
03/01/2014	4,750.00	-	4,750.00
06/01/2014	4,750.00	-	4,750.00
09/01/2014	4,750.00	-	4,750.00
12/01/2014	4,750.00	-	4,750.00
03/01/2015	4,750.00	-	4,750.00
06/01/2015	4,750.00	-	4,750.00

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2015	4,750.00	-	4,750.00
12/01/2015	4,750.00	-	4,750.00
03/01/2016	4,750.00	-	4,750.00
06/01/2016	4,750.00	-	4,750.00
09/01/2016	4,750.00	-	4,750.00
12/01/2016	4,750.00	-	4,750.00
03/01/2017	4,750.00	-	4,750.00
06/01/2017	4,750.00	-	4,750.00
09/01/2017	4,750.00	-	4,750.00
12/01/2017	4,750.00	-	4,750.00
03/01/2018	4,750.00	-	4,750.00
06/01/2018	4,750.00	-	4,750.00
09/01/2018	4,750.00	-	4,750.00
12/01/2018	4,750.00	-	4,750.00
03/01/2019	4,750.00	-	4,750.00
06/01/2019	4,750.00	-	4,750.00
09/01/2019	4,750.00	-	4,750.00
12/01/2019	4,750.00	-	4,750.00
03/01/2020	4,750.00	-	4,750.00
06/01/2020	4,750.00	-	4,750.00
09/01/2020	4,750.00	-	4,750.00
12/01/2020	4,750.00	-	4,750.00
03/01/2021	4,750.00	-	4,750.00
06/01/2021	4,750.00	-	4,750.00
09/01/2021	4,750.00	-	4,750.00
12/01/2021	4,750.00	-	4,750.00
03/01/2022	4,750.00	-	4,750.00
06/01/2022	4,750.00	-	4,750.00
09/01/2022	4,750.00	-	4,750.00
12/01/2022	4,750.00	-	4,750.00
03/01/2023	4,750.00	-	4,750.00
06/01/2023	4,750.00	-	4,750.00
09/01/2023	4,750.00	-	4,750.00
12/01/2023	4,750.00	-	4,750.00
03/01/2024	4,750.00	-	4,750.00
06/01/2024	4,750.00	-	4,750.00
09/01/2024	4,750.00	-	4,750.00
12/01/2024	4,750.00	-	4,750.00
03/01/2025	4,750.00	-	4,750.00
06/01/2025	4,750.00	-	4,750.00
09/01/2025	4,750.00	-	4,750.00
12/01/2025	4,750.00	-	4,750.00
03/01/2026	4,750.00	-	4,750.00
06/01/2026	4,750.00	-	4,750.00

$570,000

Eastern Wyoming Public Service District
30 Years, 0% Interest Rate, 1.0% Administrative Fee
Closing Date: August 24, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2026	4,750.00	-	4,750.00
12/01/2026	4,750.00	-	4,750.00
03/01/2027	4,750.00	-	4,750.00
06/01/2027	4,750.00	-	4,750.00
09/01/2027	4,750.00	-	4,750.00
12/01/2027	4,750.00	-	4,750.00
03/01/2028	4,750.00	-	4,750.00
06/01/2028	4,750.00	-	4,750.00
09/01/2028	4,750.00	-	4,750.00
12/01/2028	4,750.00	-	4,750.00
03/01/2029	4,750.00	-	4,750.00
06/01/2029	4,750.00	-	4,750.00
09/01/2029	4,750.00	-	4,750.00
12/01/2029	4,750.00	-	4,750.00
03/01/2030	4,750.00	-	4,750.00
06/01/2030	4,750.00	-	4,750.00
09/01/2030	4,750.00	-	4,750.00
12/01/2030	4,750.00	-	4,750.00
03/01/2031	4,750.00	-	4,750.00
06/01/2031	4,750.00	-	4,750.00
09/01/2031	4,750.00	-	4,750.00
12/01/2031	4,750.00	-	4,750.00
03/01/2032	4,750.00	-	4,750.00
06/01/2032	4,750.00	-	4,750.00
09/01/2032	4,750.00	-	4,750.00
12/01/2032	4,750.00	-	4,750.00
03/01/2033	4,750.00	-	4,750.00
06/01/2033	4,750.00	-	4,750.00
09/01/2033	4,750.00	-	4,750.00
12/01/2033	4,750.00	-	4,750.00
03/01/2034	4,750.00	-	4,750.00
06/01/2034	4,750.00	-	4,750.00
09/01/2034	4,750.00	-	4,750.00
12/01/2034	4,750.00	-	4,750.00
03/01/2035	4,750.00	-	4,750.00
06/01/2035	4,750.00	-	4,750.00
09/01/2035	4,750.00	-	4,750.00
12/01/2035	4,750.00	-	4,750.00
Total	**$570,000.00**	-	**$570,000.00** *

***Plus $718.44 one-percent administrative fee paid quarterly. Total fee over life of loan is $86,212.80.**

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:

_____

RECYCLED PAPER
RECYCLABLE

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 Unites 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

SCANNED PAPER
RECYCLED

WEST VIRGINIA
Water Development Authority
Celebrating 30 Years of Service 1974 - 2004

$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Michael D. Griffith, certified public accountant, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program) (the "Bonds"), in the original principal amount of $570,000, by the Eastern Wyoming Public Service District (the "Issuer"), under the terms of the Bond Resolution authorizing the Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 2001 A (West Virginia DWTRF Program) (the "Prior Bonds").

WITNESS my signature on this 24th day of August, 2004.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: _____
Its: Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

RECYCLED PAPER
RECYCLÉ

$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. GRANTS
19. EXECUTION OF COUNTERPARTS

We, the undersigned Chairman and Secretary of the Public Service Board 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 Issuer's Water Revenue Bonds, 2004 Series 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 August 23, 2004 (the "Bond Resolution").

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 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of Gross Revenues, the pledge of 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 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 and construction of the Project, the operation of the System, or the pledge or security provided for the payment of the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: 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 acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids 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 to construct and operate the Project.

The Bonds are issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and the written consent of the Registered Owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

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 or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Loan Agreement

Public Service Commission Order(s)

WV Infrastructure and Jobs Development Council Approval

County Commission Orders and Public Service Commission Order regarding the Creation of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Prefiling and Notice of Public Meeting

Minutes of Board Meeting on Adoption of the Bond Resolution

2001 Bond Resolution and Supplemental Resolution

WDA Consent to Issuance of Parity Bonds

Environmental Health Services Permit

Insurance Certificates from the Issuer

United States Department of Commerce Economic Development Administration Grant Commitment Letter

WV Infrastructure and Jobs Development Council Grant Agreement

Receipt of Payment of Notes

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, West Virginia 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:

Name	Date of Commencement of Office	Date of Termination of Office

Kenneth W. McBride, Jr.	February 7, 2002	January 1, 2007
Dallas J. Cecil	March 21, 2001	January 1, 2005
Mart Lane	December 18, 2002	January 1, 2009

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

Chairman – Kenneth W. McBride, Jr.
Treasurer – Mart Lane
Secretary – Dallas J. Cecil

The duly appointed and acting Counsel to the Issuer is W. Richard Staton, 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 and construction 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 Bonds.

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, operation and financing of the Project and the System were authorized or adopted at regular or special 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 Code of West Virginia, 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. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable in accordance with the Bond Resolution and the Loan Agreement. All insurance for the System required by the Bond Resolution 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 a Recommended Decision entered April 16, 2004, which became a Final Order of the Public Service Commission of West Virginia (the "PSC") on May 6, 2004, with all requisite appeal periods having expired without successful appeal, and a Commission Order entered August 16, 2004, in Case No. 03-0980-PWD-CN, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the August 16, 2004 Commission Order has not expired prior to the date hereof. However, the Issuer hereby states it will not appeal the August 16, 2004 Commission Order, and the only other party to Case No. 03-0980-PWD-CN, the Commission Staff, has stated that it does not intend to appeal the August 16, 2004 Commission Order. Both orders are in full force and effect.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received a Recommended Decision entered April 16, 2004, which became a Final Order of the Public Service Commission of West Virginia (the "PSC") on May 6, 2004, with all requisite appeal periods having expired without successful appeal, and a Commission Order entered August 16, 2004, in Case No. 03-0980-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing of the Project. The time for appeal of the August 16, 2004 Commission Order has not expired prior to the date hereof. However, the Issuer hereby states it will not appeal the August 16, 2004 Commission Order, and the only other party to Case No. 03-0980-PWD-CN, the Commission Staff, has stated that it does not intend to appeal the August 16, 2004 Commission Order. Both orders are in full force and effect.

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. The seal impressed upon the Bonds and this certificate is the duly authorized, proper and only seal of the Issuer. The Registrar did officially authenticate and deliver the Bonds to the Authority.

14. BOND PROCEEDS: On the date hereof, the Issuer received $18,400.00 from the Authority, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with the Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: The Specimen Bond delivered concurrently herewith is a true and accurate specimen of the Bonds.

17. 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 Resolution 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.

18. GRANTS: As of the date hereof, the grant from the Economic Development Administration in the amount of $1,800,000 and the grant from the Council in the amount of $592,338 are committed for the Project and in full force and effect.

On the date hereof, the Issuer will use $206,000 from the proceeds of the Council grant to pay the entire outstanding principal of and all the administrative fees on the Issuer's Water System Design Notes, 2002 Series A (West Virginia Infrastructure Fund).

19. 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.

IN WITNESS WHEREOF, we have hereunto set our hands this 24th day of August, 2004.

[SEAL]

SIGNATURE	OFFICIAL TITLE
Kenneth W. McBride, Jr.	Chairman
Dallas J. Cecil	Secretary
Moler & Staton, L.C.	Counsel to Issuer

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MADE FROM RECYCLED

$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES 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 $570,000 Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program) (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. All capitalized words and terms used in this Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on August 23, 2004 (the "Bond Resolution").

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 August 24, 2004 the date on which the Bonds are being physically delivered in exchange for an initial advance of $18,400, being a portion of the principal amount of the Bonds, with the balance to be advanced to the Issuer as acquisition and construction of the Project progresses. To the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia Bureau for Public Health (the "BPH") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Bonds were sold on August 24, 2004 to the Authority, pursuant to a loan agreement dated August 24, 2004 by and among the Issuer, the Authority and the BPH, for an aggregate purchase price of $570,000 (100% of par), at which time, the Issuer received $18,400 from the Authority and the BPH, being more than a de minimus amount of the principal

of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued to acquire and construct certain additions, improvements and extensions to the existing public water facilities of the Issuer, consisting of improvements to the Issuer's water system, and replacement of portions of the water distribution system in Wyoming County, together with all appurtenant facilities (collectively, the "Project") and to pay the cost of issuance hereof and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September, 2005. The acquisition and construction of the Project is expected to be completed by June, 2005.

8. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $2,962,338. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Bonds	$ 570,000
U.S. Economic Development Authority Grant	$1,800,000
Infrastructure Fund Grant	$ 592,338
Total Sources	$2,962,338
USES	
Cost of Acquisition and Construction of the Project	$2,745,838
Pay off Notes	$ 206,000
Cost of Issuance of the Bonds	$ 10,500
Total Uses	$2,962,338

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued if previously established by the Prior Resolution, relative to the Bonds:

(1) Revenue Fund (established by Prior Resolution);

(2) Renewal and Replacement Fund (established by Prior Resolution);

(3) 2004 Series A Bonds Construction Trust Fund;

(4) 2004 Series A Bonds Sinking Fund; and

(5) 2004 Series A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited in the 2004 Series A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

11. Moneys held in the 2004 Series 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 2004 Series A Bonds Reserve Account (if equal to the 2004 Series A Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the 2004 Series A Bonds Construction Trust Fund, and following completion of the Project, will be deposited in the 2004 Series A Bonds Sinking Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 10 months of the date hereof.

13. The Issuer will take such steps to ensure that the Bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the 2004 Series A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the 2004 Series A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 13 months from the date of issuance thereof.

15. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

16. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

18. 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.

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

20. The Issuer shall use the Bonds proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

23. The Issuer has either (a) funded the 2004 Series A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the 2004 Series A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such 2004 Series A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the 2004 Series A Bonds Reserve Account and the 2004 Series 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.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. 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.

26. 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, rebates and rebate calculations.

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

WITNESS my signature and seal on this 24th day of August, 2004.

EASTERN WYOMING PUBLIC SERVICE DISTRICT

By: _____
Chairman

Attest:

_____
Secretary

307089

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$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF ENGINEER

I, Robert D. Hazelwood, P.E., Registered Professional Engineer, West Virginia License No. 8452 of Pentree, Incorporated, Princeton, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, improvements and extensions to the existing public water facilities (the "System") of the Eastern Wyoming Public Service District (the "Issuer"), consisting of improvements to the Issuer's water system, and replacement of portions of the water distribution system in Wyoming County, together with all appurtenant facilities (the "Project"), to be constructed primarily in Wyoming County, West Virginia, which Project is being financed in part by the proceeds of the $570,000 Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program) (the "Bonds") of the Issuer. Capitalized terms used herein which are not defined herein shall have the same meanings set forth in the Bond Resolution adopted by the Issuer on August 23, 2004, and the Loan Agreement dated August 24, 2004 (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").

2. The Bonds are being issued for the purposes of paying a portion of the costs of acquisition and construction of the Project and paying the costs of issuance hereof and related costs.

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 the BPH and any change orders approved by the Issuer, the 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 35 years, if properly constructed, 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 the Schedule B attached hereto as Exhibit A and in reliance upon the opinion of the Issuer's counsel, Moler & Staton, L.C., of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been 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 the 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 the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Michael D. Griffith, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia 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 the grants irrevocably committed therefor, are sufficient to pay the costs of the acquisition and construction of the Project approved by BPH, and (xi) 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.

[The Remainder of Page Intentionally Left Blank]

WITNESS my signature and seal on this 24th day of August, 2004.

[SEAL]

PENTREE, INCORPORATED

Robert D. Hazelwood

Robert D. Hazelwood, P.E.
West Virginia License No. 8452

307225

EXHIBIT A

Schedule B
Total Cost of Project, Sources of Funds and Cost of Financing

WEST VIRGINIA BUREAU OF PUBLIC HEALTH
SCHEDULE B
Eastern Wyoming Public Service District
Mullens Water Project #95W-127
PROJECTED COST OF PROJECT, SOURCES OF FUNDS, AND COST OF FINANCING

A. Cost of Project	Total	EDA GRANT	DWTRF LOAN	IJDC GRANT
1a. Contract 3 (base bid minus 5 deducts)	$2,232,685.00	$1,686,000.00	$513,070.00	$33,615.00
1b. Contract A (meters)	$40,000.00			$40,000.00
2. Legal & Accounting	$25,000.00			$25,000.00
4. Administration	$30,000.00	$22,800.00		$7,200.00
5. Permits	$17,800.00			$17,800.00
6. Land and Rights-of-ways	$18,969.00			$18,969.00
7a. Engineering	$253,000.00	$91,200.00		$161,800.00
7b. IJDC Design Loan Repayment	$206,000.00			$206,000.00
8. Interim Financing	$10,000.00		$10,000.00	
9. Contingency	$118,384.00	$0.00	$36,430.00	$81,954.00
10. Total of Lines 1 through 9	**$2,951,838.00**	**$1,800,000.00**	**$559,500.00**	**$592,338.00**
B. Sources of Fund				
10. Federal Grants:				
a. Economic Development Administration	$1,800,000.00			
b.				
11. State Grants:				
a.				
b.				
12. Other Grants:				
13. Any Other Source:				
a.				
b.				
14. Infrastructure Fund Grant	$592,338.00			
15. Total of Lines 10 through 14	$2,392,338.00			
16. Net Proceeds Required from Bond				
Issue (Line 9 minus Line 15)	**$559,500.00**			
C. Cost of Financing				
17. Funded Reserve Account				
18. Other Costs				
a. Bond Counsel	$10,000.00		$10,000.00	
b. Bank registrar fee	$500.00		$500.00	
19. Total Cost of Financing (lines 17 and 18)	**$10,500.00**		$10,500.00	
20. Size of Bond Issue (Line 16 plus Line 19)	**$570,000.00**			

GOVERNMENTAL AGENCY

Robert D. Hazlwood
CONSULTING ENGINEER

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Griffith & Associates Certified Public Accountants & Consultants

$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

August 24, 2004

West Virginia Water Development Authority
Charleston, West Virginia 25311

West Virginia Bureau for Public Health
Charleston, WV 25301-2616

West Virginia Infrastructure and Jobs Development Council
Charleston, WV 25301

U.S. Department of Commerce
Economic Development Administration
Philadelphia, PA 19106

Eastern Wyoming Public Service District
Mullens, West Virginia 25882

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia (the "PSC"), entered April 16, 2004, which became a Final Order of the PSC on May 6, 2004, and a Commission Order entered August 16, 2004, in Case No. 03-0980-PWD-CN, among other things, approving the rates and charges for the services of the System, and the projected operation and maintenance expenses and customer usage as furnished to us by Pentree, Incorporated, the Consulting Engineer of 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 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 "Prior Bonds") and the Issuer's Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program) (the "2004 Series A Bonds"), to be issued in the aggregate principal amount of $570,000 to the West Virginia Water Development Authority on the date hereof, as defined and described in the Bond Resolution of the Issuer adopted August 23, 2004, authorizing the 2004 Series A Bonds. It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 2004 Series A Bonds, plus the estimated average increased annual Net Revenues to be received in each of

Michael D. Griffith, CPA
michaelgriffithcpa@verizon.net
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

the 3 succeeding years after the completion of the improvements to be financed by the 2004 Series A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the 2004 Series A Bonds and the Prior Bonds.

Very truly yours,

Michael D. Griffith, CPA

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$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 24th day of August, 2004, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), and the undersigned Chairman of the Public Service Board of Eastern Wyoming Public Service District in Wyoming County, West Virginia (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, 2004 Series A (West Virginia DWTRF Program), issued as a single, fully registered Bond, in the principal amount of $570,000, dated August 24, 2004 (the "Bonds").

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

(3) The Issuer has received and hereby acknowledges receipt from the Authority the sum of $18,400, being a portion of the principal amount of the Bonds. The undersigned mutually acknowledge that the balance of such principal amount will be advanced to the Issuer as requested by the Issuer from time to time as acquisition and construction of the Project proceeds to completion.

WITNESS my signature on this 24th day of August, 2004.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B. Meadows
Its: Authorized Representative

EASTERN WYOMING PUBLIC SERVICE DISTRICT

By: Lonnie W. McBride
Its: Chairman

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EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc. as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 24th day of August, 2004, 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, 2004 Series A (West Virginia DWTRF Program), in the principal amount of $570,000, dated August 24, 2004 (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 August 23, 2004 (the "Bond Resolution");

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

(3) Executed counterparts of the loan agreement dated August 24, 2004 (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 $18,400 representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 24th day of August, 2004.

EASTERN WYOMING PUBLIC
SERVICE DISTRICT

Kenneth W. McBride Jr.
Chairman

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$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

ACCEPTANCE OF DUTIES AS REGISTRAR

UNITED BANK, INC., Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program), dated August 24, 2004, in the principal amount of $570,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Resolution authorizing issuance of the Bonds.

WITNESS my signature on this 24th day of August, 2004.

UNITED BANK, INC.

Kaff Smith

Its: Vice President

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$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar under the Bond Resolution, 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 Bond, 2004 Series A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2004, in the principal amount of $570,000 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 Bank, Inc., as Registrar.

WITNESS my signature on this 24th day of August, 2004.

UNITED BANK, INC.

Kay Smith

Vice President

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$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The Peoples Bank of Mullens, Mullens, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of the Public Service Board of Eastern Wyoming Public Service District in Wyoming County, West Virginia (the "Issuer"), adopted on August 23, 2004, authorizing the issuance of the Issuer's Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program), dated August 24, 2004, in the principal amount of $570,000, all as set forth in the Bond Resolution.

WITNESS my signature on this 24th day of August, 2004.

The Peoples Bank of Mullens

By: _____
Its: President & CEO

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WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 24, 2004

ISSUE: Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series 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: August 24, 2004 CLOSING DATE: August 24, 2004

ISSUE AMOUNT: $570,000 RATE: 0%; Administrative Fee 1%

1ST DEBT SERVICE DUE: March 1, 2006 1ST PRINCIPAL DUE: March 1, 2006

1ST DEBT SERVICE AMOUNT: $4,750 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Spilman Thomas & Battle, PLLC
Contact Person: Lee O. Hill, Esq.
Phone: 304/340-3802

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: Ken McBride
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 IJDC Note $206,000.00*

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 of and administrative fee on the District's Water System Design Notes, 2002 Series A (West Virginia Infrastructure Fund), dated June 4, 2002.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

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State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Eastern Wyoming PSD, Phase 1 Contract No. 3 PERMIT NO.: 15,521

LOCATION: Mullens COUNTY: Wyoming DATE: 1-29-2003

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Eastern Wyoming Public Service District
Post Office Box 907
Mullens, West Virginia 25882

is hereby granted approval to: install approximately 7,100 LF of 16", 7,500 LF of 12", 13,550 LF of 8", 7,500 LF of 6", 7,500 LF of 4" and 1,000 LF of 2" water line and all necessary valves and appurtenances.

Facilities are to serve Mullens and the surrounding environs in the Eastern Wyoming Public Service District, Phase 1, Contract No. 3. This project will basically make improvements to and upgrade the existing distribution system in Mullens.

NOTE: **This permit is contingent upon: 1) All new water line being disinfected, flushed and bacteriologically tested, prior to use; and 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer and water lines, with the water lines above the sewer line.**

The Environmental Engineering Division of the Beckley District Office (304-256-6666) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cmh

pc: Pentree, Inc.
Katy Mallory, P.E., WVIJDC
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, Public Service Commission
Wyoming County Health Department
OEHS-EED Beckley District Office

EW-100
(Revised 1/1/95)

Office Use Only
Date Received 12/23/02
Date Approved 1/29/03
Approved by WSD
15521

West Virginia Bureau of Public Health
Environmental Engineering Division
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

PUBLIC WATER SUPPLY SYSTEM APPLICATION FOR A PERMIT TO CONSTRUCT, ALTER, OR RENOVATE

Date 12/18/02

NAME OF APPLICANT EASTERN WYOMING PUBLIC SERVICE DISTRICT

STREET OR P.O. BOX NO. P.O. BOX 907 TELEPHONE (304) 294-8340

CITY MULLENS COUNTY WYOMING ZIP CODE 25882

NAME OF ENGINEERING FIRM Pentree, Inc.

STREET OR P.O. BOX NO. P.O. Box 1309 TELEPHONE (304)431-7800

CITY Princeton COUNTY Mercer ZIP CODE 24740

LOCATION OF PLANT	LOCATION OF SOURCE WATER
Latitude ____° ____' ____"	Latitude ____° ____' ____"
Longitude ____° ____' ____"	Longitude ____° ____' ____"

(If applying for water plant or water well permit)

IN ACCORDANCE WITH TITLE 64, SERIES 3, PUBLIC WATER SUPPLY REGULATIONS OF THE WEST VIRGINIA DIVISION OF HEALTH, WE HEREBY MAKE APPLICATION TO CONSTRUCT, ALTER, OR RENOVATE AS FOLLOWS:

1) See Attached

Contract #3 only

WSD

Rick Robert, Managing Engineer
SIGNATURE OF APPLICANT OR AUTHORIZED AGENT

NOTE: a $300 permit fee must accompany a permit application (ie: $150 permit fee for a well application). Make check or money order payable to 'West Virginia Department of Health and Human Resources.' Cash not accepted. Permit applications which include both water and sewer systems need only submit a single $300 fee.

Eastern Wyoming Public Service District
Mullens-Wyco Water System Upgrade Project

This project consists of upgrading the existing water systems in the Mullens area by constructing the following:

Contract 1 - Water treatment Plant (1400 gpm)

Contract 2 - Water storage tanks including two 545,000 gallons tanks

Contract 3 - Mullens Water System Upgrade consisting of constructing 7,100 feet of 16", 7,500 feet of 12", 13,550 feet of 8", 7,500 feet of 6", and 7,500 feet of 4" water mains.

Contract 4 - Lower Gulf Water System Upgrade consisting of constructing 22,200 feet of 16", 3,500 feet of 8", 2,600 feet of 6", and 3,100 feet of 4", and 1000 feet of 2" water mains.

Contract 5 - Upper Gulf Water System Upgrade consisting of constructing 12,000 feet of 16", 500 feet of 12", 15,000 ft of 8", 3,000 feet of 6", and 7,000 feet of 4", and 600 feet of 2" water mains.

Contract 1 will be filed for review at a later date.

RECYCLED PAPER
RECYCLABLE

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 9/3/2004

PRODUCER
CHARLES T FELLER
C V FELLRE INSURANCE AGENCY, INC
P O BOX 295
MULLENS, WV 25882

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: National Union Fire Insurance Co. of Pittsburgh	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

INSURED
EASTERN WYOMING PSD
P O BOX 506
LOGAN, WV 25601

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC		July 1, 2004	July 1, 2005	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Fire Legal	$ 1,000,000 $ $ Not Applicable $ $ No Aggregate $ No Aggregate 100,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS		July 1, 2004	July 1, 2005	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
A		GARAGE LIABILITY X ANY AUTO		July 1, 2004	July 1, 2005	AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ 1,000,000 $ 1,000,000 $ Not Applicable
		EXCESS/UMBRELLA LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS / OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $
A		OTHER Automobile Physical Damage		July 1, 2004	July 1, 2005	ACV Less $1,000 deductible	
A		Stop Gap		July 1, 2004	July 1, 2005	1,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

A $2500 per occurence deductible applies to all liability coverage.

CERTIFICATE HOLDER

ADDITIONAL INSURED AND CERTIFICATE HOLDER
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED AGENT Charles T. Feller

AUTHORIZED REPRESENTATIVE Bob Mitts

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ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 7/29/04

PRODUCER
CHARLES T FELLER
C V FELLER INSURANCE AGENCY
P O BOX 295
MULLENS, WV 25882

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
EASTERN WYOMING PSD
P O BOX 506
LOGAN, WV 25601

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: West Virginia Board of	
INSURER B: Risk & Insurance Management	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	L2761	7/1/04	7/1/05	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$1,000,000 $ $ None $1,000,000 $1,000,000 $1,000,000
A		AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	L2761	7/1/04	7/1/05	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$1,000,000 $ N/A $ N/A $ N/A
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS/UMBRELLA LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Water utility service to Eastern Wyoming County.

CERTIFICATE HOLDER

ECONOMIC DEVELOPMENT ADMINISTRATION
THE CURTIS CENTER, SUITE 140, SOUTH
INDEPENDENCE SQUIRE, WEST
~~PHILADELPHIA, PA 19106-3323~~

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 12 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL ~~IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR~~ REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE Charles T. Feller

© ACORD CORPORATION 1988

ACORD™ CERTIFICATE OF PROPERTY INSURANCE

DATE 7/29/04

PRODUCER

CHARLES T FELLER
C V FELLER INSURANCE AGENCY
P O BOX 295
MULLENS, WV 25882

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A: West Virginia Board of Risk & Insurance Management

COMPANY B:

COMPANY C:

COMPANY D:

INSURED

EASTERN WYOMING PSD
P O BOX 506
LOGAN, WV 25601

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY	LIMITS
A	[X] PROPERTY CAUSES OF LOSS [ ] BASIC [ ] BROAD [X] SPECIAL [ ] EARTHQUAKE [ ] FLOOD	P2761	7/1/04	7/01/05	[X] BUILDING [X] PERSONAL PROPERTY [ ] BUSINESS INCOME [ ] EXTRA EXPENSE [ ] BLANKET BUILDING [ ] BLANKET PERS PROP [ ] BLANKET BLDG & PP	$850,000 $ 50,000 $ $ $ $ $ $ $
	[ ] INLAND MARINE TYPE OF POLICY CAUSES OF LOSS [ ] NAMED PERILS [ ] OTHER					$ $ $ $ $ $
	[ ] CRIME TYPE OF POLICY					$ $ $
	[ ] BOILER & MACHINERY					$ $
A	[X] OTHER FIDELITY BOND	P2761	7/1/04	7/1/05		$2,000,000

LOCATION OF PREMISES/DESCRIPTION OF PROPERTY

Property consists of various buildings and personal property, owned by Eastern Wyoming PSD and declared to Board of Risk & Ins. Mgt.

SPECIAL CONDITIONS/OTHER COVERAGES

CERTIFICATE HOLDER

ECONOMIC DEVELOPMENT ADMINISTRATION
THE CURTIS CENTER, SUITE 140, SOUTH
INDEPENDENCE SQUARE, WEST
PHILADELPHIA, PA 19106-3323

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 12 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE: Charles T. Feller

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RECYCLED PAPER
RECYCLABLE

U.S. DEPARTMENT OF COMMERCE
Economic Development Administration
The Curtis Center
Suite 140 South
Independence Square West
Philadelphia, Pennsylvania 19106-3323

In reply refer to:
Investment No.: 01-79-07694

Mr. Dallas Cecil
Chairman
Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, West Virginia 25882

Dear Mr Cecil:

We are pleased to inform you that the Economic Development Administration (EDA) has approved a Financial Assistance Award, in an amount not to exceed $1,800,000, in response to the Eastern Wyoming Public Service District's Application for Federal Assistance to construct and install water lines and related improvements to provide adequate public water service to business areas in the Town of Mullens.

The total project cost is $2,370,000, which is based on the line item estimates contained in Attachment No 1.

Enclosed are three signed copies of the Financial Assistance Award. The agreement of the Recipient to the terms and conditions of the Award should be indicated by the signature of the principal official of the Recipient on each of the three signed copies of the Financial Assistance Award. Two of the executed copies should be returned within 30 days after receipt to the Director, Philadelphia Regional Office, Economic Development Administration, The Curtis Center, Suite 140 South, Independence Square West, Philadelphia, Pennsylvania 19106.

You are cautioned not to make any commitments in reliance on this Award, nor to enter into negotiations relative hereto, until you have carefully reviewed the terms and conditions and have determined that you are in compliance or can comply therewith. Any commitments or undertakings entered into prior to obtaining the approval of the Government in accordance with its regulations and requirements will be at your own risk.

Sincerely,

Paul M. Raetsch
Regional Director

Enclosures

FORM CD-450
(REV 10/98)

U.S. DEPARTMENT OF COMMERCE

FINANCIAL ASSISTANCE AWARD

☒ GRANT ☐ COOPERATIVE AGREEMENT

ACCOUNTING CODE

RECIPIENT NAME Eastern Wyoming Public Service District	AWARD NUMBER 01-79-07694
STREET ADDRESS 316 Moran Avenue	FEDERAL SHARE OF COST $1,800,000
CITY, STATE, ZIP CODE Mullens, West Virginia 25882	RECIPIENT SHARE OF COST $ 570,000
AWARD PERIOD From date of approval to 36 months after approval.	TOTAL ESTIMATED COST $2,370,000

AUTHORITY (42 U.S.C. 3141) Public Works and Economic Development Act of 1965, as amended by the Economic Development Administration Reform Act of 1998

CFDA NO. AND PROJECT TITLE 11-300; The project will consist of the construction and installation, as appropriate, of approximately 35,000 linear feet of water lines, as well as valves, fire hydrants, meters, and necessary appurtenances to provide adequate public water service to the Town of Mullens, Wyoming County, West Virginia. By providing adequate water service to the business areas of the Town, the project will help to preserve, restore and create businesses and jobs.

This Award approved by the Grants Officer is issued in triplicate and constitutes an obligation of Federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions checked below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Grants Officer and the third document shall be retained by the Recipient. If not signed and returned without modification by the Recipient within 30 days of receipt, the Grants Officer may unilaterally terminate this Award.

- ☒ Economic Development Administration Standard Terms and Conditions Title II Public Works and Development Facilities and Development Facilities and Economic Adjustment Construction Components, March 1999
- ☒ Special Award Conditions
- ☒ Line Item Budget
- ☐ 15 CFR Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Non-Profit, and Commercial Organizations
- ☒ 15 CFR Part 24, Uniform Administrative Requirements for Grants and Agreements to State and Local Governments
- ☐ OMB Circular A-21, Cost Principles for Educational Institutions
- ☒ OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- ☐ OMB Circular A-122, Cost Principles for Nonprofit Organizations
- ☐ 48 CFR Part 31, Contract Cost Principles and Procedures
- ☒ OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
- ☐ Other(s)

SIGNATURE OF DEPARTMENT OF COMMERCE GRANTS OFFICER	TITLE Regional Director	DATE SEP 26 2002
TYPED NAME AND SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL Dallas J. Cecil Dallas J. Cecil	TITLE Chairman, Eastern Wyoming PSD	DATE 10-07-02

EXHIBIT "A"

U. S. DEPARTMENT OF COMMERCE
Economic Development Administration (EDA)

PUBLIC WORKS AND DEVELOPMENT FACILITIES AND
ECONOMIC ADJUSTMENT CONSTRUCTION COMPONENTS

Award No.: 01-79-07694

RECIPIENT: Eastern Wyoming Public Service District

SPECIAL AWARD CONDITIONS

1. PROJECT DEVELOPMENT TIME SCHEDULE: The Recipient agrees to the following Project development time schedule:

Time allowed after receipt of Financial Assistance Award for:

Return of the Affirmed Financial Assistance Award	30 days
Start of Construction	18 months
Construction Period	18 months

Project Closeout - All Project closeout documents, including final financial information and any required program reports, will be submitted to the Government not more than 90 days after the date the Recipient accepts the completed Project from the contractor(s).

The Recipient will pursue diligently the development of the Project so as to ensure completion of the Project and submission of closeout documents within this time schedule. Moreover, the Recipient will notify the Government, in writing, of any event which could delay substantially the achievement of the Project within the prescribed time limits. The Recipient further acknowledges that failure to meet the development time schedule may result in the Government's taking action to terminate the Award in accordance with the regulations set forth at 15 CFR 24.43 (53 Fed. Reg. 8048-9, 8102, March 11, 1988).

2 GOALS FOR WOMEN AND MINORITIES IN CONSTRUCTION: Department of Labor regulations set forth in 41 CFR 60-4 establish goals and timetables for participation of minorities and women in the construction industry. These regulations apply to all Federally-assisted construction contracts in excess of $10,000. The Recipient will comply with these regulations and will obtain compliance with 41 CFR 60-4 from contractors and subcontractors employed in the completion of the Project by including such notices, clauses and provisions in the Solicitations for Offers or Bids as required by 41 CFR 60-4.

The goal for the participation of women in each trade area will be as follows:

From April 1, 1981, until further notice: 6.9 percent

All changes to this goal, as published in the Federal Register in accordance with the Office of Federal Contract Compliance Programs regulations at 41 CFR 60-4.6, or any successor regulations, hereafter will be incorporated by reference into these Special Award Conditions.

Goals for minority participation will be as prescribed by Appendix B-80, Federal Register, Volume 45, No. 194, October 3, 1980, or subsequent publications. The Recipient will include the "Standard Federal Equal Employment Opportunity Construction Contract Specifications" (or cause them to be included, if appropriate) in all Federally-assisted contracts and subcontracts. Goals and timetables for minority and female participation may not be less than those published pursuant to 41 CFR 60-4 6

3. PROJECT DEFINITION: The Recipient agrees that the Project will consist of the construction and installation, as appropriate, of approximately 35,000 linear feet of water lines, as well as valves, fire hydrants, meters, and necessary appurtenances to provide adequate public water service to the Town of Mullens, Wyoming County, West Virginia. By providing adequate water service to the business areas of the Town, the project will help to preserve, restore, and create businesses and jobs. (Hereinafter, the water lines and other improvements described above being constructed and installed as part of the Project will be referred to as the Project's water infrastructure improvements)

All activities undertaken as part of the Project must be consistent with the Project activities contained in the Application for Federal Assistance ("Application") submitted to EDA, dated May 22, 2002, as amended. In the case of any conflicts between the activities contained in the Application and those contained in the terms and conditions relating to the Financial Assistance Award for the Project, the terms and conditions will prevail. Any changes to the Project must have the prior written approval of EDA.

4. EXPIRATION OF AVAILABILITY OF AWARD FUNDS: Because the award funds for the Project by statute are available until expended, the provisions of Public Law 101-510, enacted November 5, 1990, section 1405, amending sub chapter IV of chapter 15, title 31, U.S.C., are not applicable to the award for the Project. Therefore, the Project's Standard Terms and Conditions are modified to delete Part A, Section 3.

5. DELAYED PROGRESS: If significant construction (as determined by EDA) is not commenced within two years of approval of the Project or by the date estimated for start of construction in the investment award (or the expiration of any extension granted in writing by EDA), whichever is later, the EDA award will be suspended automatically and may be terminated if EDA determines, after consultation with the Recipient, that construction to completion cannot reasonably be expected to proceed promptly and expeditiously.

6. ARCHITECT/ENGINEER AGREEMENT: Prior to the disbursement of any funds for the Project by EDA, the Recipient will submit to the Government for its approval an Architect/Engineer Agreement that meets the requirements of Section I of the EDA publication, "Requirements for Approved Construction Projects", as well as the competitive procurement standards of Department of Commerce Regulations at 15 CFR Part 24 or 15 CFR Part 14, as applicable. The fee for basic Architect/Engineer services will be a lump sum or an agreed maximum and no part of the fees for other services will be based on a cost-plus-a-percentage-of-cost or a cost using a multiplier.

7. EVIDENCE OF GOOD TITLE: Prior to the disbursement of any funds for the Project by EDA, the Recipient will provide evidence to EDA, satisfactory to the Government, that the Recipient has obtained good and merchantable title, free and clear of all mortgages and foreclosable liens, on all improvements, land, rights-of-way, and easements necessary for the completion and satisfactory operation of the Project's water infrastructure improvements. This Special Award Condition modifies the Project's Standard Terms and Conditions, Part A, Section 7 in order to provide a time frame for compliance. Evidence of acceptable title will be in the form of an opinion from counsel.

8. EDA PROPERTY INTEREST: It is understood by the Recipient that the awarding to EDA of a first priority unsubordinated lien, other security interest, or declaration of trust, as referenced in Part K, Section 4 of the Project's Standard Terms and Conditions, is not required in regard to the Project's water infrastructure improvements. It is further understood that all other provisions of Part K of the Standard Terms and Conditions will remain in full force and effect.

9. USE OF THE PROJECT'S WATER INFRASTRUCTURE IMPROVEMENTS AS SECURITY: It is understood by the Recipient that the Project's water infrastructure improvements are subject to the provisions of 13 CFR 314.6(a). This regulation prohibits the use by the Recipient of the Project's water infrastructure improvements to secure a mortgage or deed of trust or to otherwise be used as collateral or encumbered, except to secure a grant or loan made by a public body participating in the same project, unless EDA at its discretion waives the provisions of 13 CFR 314.6(a) under the provisions of 13 CFR 314.6(c).

10. TRANSFER OF TITLE TO THE PROJECT'S WATER INFRASTRUCTURE IMPROVEMENTS: It is understood by the Recipient, in keeping with the provisions of 13 CFR 314, that no transfer of title to the Project's water infrastructure improvements may take place during the useful life of the Project without prior approval of EDA. EDA approval of any such transfer of title will take place only if title is being transferred to another entity, eligible for EDA assistance, which has been approved by EDA as a joint Recipient or as a substitute Recipient for the EDA award funds.

11 USEFUL LIFE: It is understood that the useful life of the Project is twenty (20) years.

12 USE OF PROJECT INCOME: In affirming this Financial Assistance Award, the Recipient agrees to use the income generated from the use of the Project's water infrastructure improvements in the following order of priority:

A. Administration, operation, and maintenance of the Project's water infrastructure improvements for the useful life of the Project in a manner consistent with good property management practice and in accordance with the established building codes. This may include, where applicable, the repayment of indebtedness resulting from any legal encumbrances (e.g. mortgage) on the Project's water infrastructure improvements.

B. Economic development activities that are authorized for support by EDA, provide such activities are within Wyoming County, West Virginia.

Prior to the final disbursement of investment award funds for the Project, the Recipient will develop and furnish to the Government for approval an income and re-utilization plan to demonstrate an intent that the funds generated by the Project's water infrastructure improvements will be expended for the purposes established above. Any changes made to the plan during the useful life of the Project also will be submitted to the Government for its review and approval.

13. OPERATION AND MAINTENANCE AGREEMENT: Prior to the final disbursement of funds by EDA for the Project, the Recipient will submit to EDA evidence, which is satisfactory to the Government, that the Project's water infrastructure improvements will be subject to an agreement with the Logan County Public Service District assuring that the Project's water infrastructure improvements will be operated and maintained by the organizations consistent with EDA's property management requirements, exclusive of the lien provisions of Part K, Section 4 of the Standard Terms and Conditions.

14. USE OF THE REGION I PLANNING AND DEVELOPMENT COUNCIL TO PROVIDE PROJECT ADMINISTRATION: It is understood that the Recipient intends to contract with the Region I Planning and Development Council to provide administration services for the Project. The provisions of 13 CFR 316.19 require that EDA approve the employment of the Region I Planning and Development Council to provide administration services for the Project. EDA approval will not be given until the Recipient provides to EDA evidence, which is satisfactory to the Government, that the requirements of 13 CFR 316.19 have been satisfied in regard to the provision by the Region I Planning and Development Council of project administration services. Failure to obtain EDA's approval of the utilization of the Region I Planning and Development Council for Project administration will cause costs incurred by the Region I Planning and Development Council for Project administration to be disallowed as Project costs.

15. PERFORMANCE MEASURES: The Recipient agrees to report on program performance measures and program outcomes in such form and at such intervals as may be prescribed by EDA in compliance with the Government Performance and Results Act of 1993. Performance measures and reporting requirements that presently apply to program activities funded by this award are enclosed for your information, but are subject to change. EDA will advise the Recipient in writing, within a reasonable period prior to the time of submission of the reports, in the event that there are any modifications in the performance measures

16. FEDERAL SHARE OF PROJECT COSTS: EDA participation in total eligible Project costs will be limited to the EDA award amount or the EDA share of total allowable Project costs, based on the area's investment rate eligibility at the time of award, whichever is less.

17. REPORT ON UNLIQUIDATED OBLIGATIONS: All Recipients of an EDA investment award of more than $100,000 whose award has not been fully disbursed as of the end of each reporting period are required to submit a financial report to EDA annually on the status of un-reimbursed obligations. The report will provide information on the amount of allowable Project expenses that have been incurred by the Recipient but not claimed for reimbursement as of the end of the reporting period. The report will be as of September 30 of each year and must be submitted annually until the final award payment is made by EDA. The report will be submitted to EDA no later than October 30 of each year. Noncompliance with this requirement will result in the suspension of EDA award disbursements. Standard Form 269A, Financial Status Report, will be used for this purpose. Instructions for completing and filing the report will be furnished to the Recipient at least 60 days before the report is due.

Form ED-508
(Rev.10-98)

Attachment No. 1

U. S. DEPARTMENT OF COMMERCE
Economic Development Administration

PUBLIC WORKS PROJECT COST CLASSIFICATIONS

EDA Award No.01-79-07694 State - West Virginia County - Wyoming

Cost Classification	Original Proposed	Approved
Administrative and legal expenses	$ 82,000	$ 82,000
Land, structures, rights-of-way, appraisals, etc.	10,000	10,000
Relocation expenses and payments	5,000	-0- (a)
Architectural and engineering fees	253,000	130,000 (b)
Other architectural and engineering	-0-	18,000 (b)
Project inspection fees	-0-	110,000 (b)
Site Work	-0-	-0-
Demolition and removal	-0-	-0-
Construction	1,980,000	1,800,000 (c)
Equipment	-0-	-0-
Miscellaneous	-0-	-0-
Contingencies	40,000	220,000 (d)
TOTAL PROJECT COSTS	$2,370,000	$2,370,000

Remarks:
(a) Costs transferred to the appropriate line item.
(b) Inappropriate costs transferred to correct line items. Costs reflect consistency with EDA's experience with similar projects.
(c) Costs reduced to be made consistent with estimate provided by the Recipient.
(d) Costs increased to an appropriate amount for this type of project consistent with EDA's experience.

U.S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION
Philadelphia Regional Office
The Curtis Center - Suite 140 South
Independence Square West
Philadelphia, Pennsylvania 19106

August 3, 2004

Mr. Kenneth McBride
Eastern Wyoming Public Service District
316 Moran Avenue
Mullens, WV 25882

RE: EDA Grant 01-79-07694
Waterline Extension

Dear Mr. McBride

We are in receipt of your letter dated June 7, 2004 requesting an extension of time to start construction. Therefore, I have on this date amended Exhibit "A" of the Grant Agreement as follows:

Special Condition No.1
Start of Construction.....November 26, 2004
Completion of Construction..... May 26, 2006

All other terms and conditions of the Grant Agreement shall remain in full force and effect.

The signature of your principal official and approval of your attorney, on the original and copy of this letter will indicate your acceptance of the revised terms. Return the accepted original letter to me at the above address. If you have any questions, please contact Megan Rogers Coll, of this office at 215-597-8719.

Please retain the executed copy of the accepted letter for your records.

Sincerely,

Paul M. Raetsch
Regional Director

APPROVED AND ACCEPTED:

Date: 8/10/04

By: Kenneth W. McBride Chairman

APPROVED AS VALID ACCEPTANCE:

Date:_____

By:_____

RECYCLED PAPER
RECYCLABLE

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL(the "Council") and EASTERN WYOMING PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $592,338 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Authority and the Governmental Agency hereby agree as follows:

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council 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.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

EASTERN WYOMING
PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson
Date: August 24, 2004

(SEAL)

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: August 24,2004

(SEAL)

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

000832/00466
07/20/04

Exhibit A

Project Description

The Project consists of construction of a replacement water system to serve the central portion of the City of Mullens, Wyoming County, West Virginia, together with all appurtenant facilities.

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EASTERN WYOMING PUBLIC SERVICE DISTRICT
Water Revenue Bonds, 2004 Series A
(West Virginia DWTRF Program)

CLOSING MEMORANDUM

To: Financing Team

From: Lee O. Hill, Esquire

Date: August 24, 2004

---

1. DISBURSEMENT TO EASTERN WYOMING PUBLIC SERVICE DISTRICT

Payor:	West Virginia Water Development Authority/West Virginia Bureau for Public Health
Source:	2004 Series A Bonds Proceeds
Amount:	$18,400
Date:	August 24, 2004
Form:	Wire Transfer
Payee:	Eastern Wyoming Public Service District
Bank:	The Peoples Bank of Mullens
Routing #:	051503556
Account #:	11-301-8
Account:	Eastern Wyoming Public Service District Mullens-Wyco Water Project
Contact:	Mr. Ron Bowling (Phone: 294-7115, Fax: 294-7147)

2. DISBURSEMENT TO EASTERN WYOMING PUBLIC SERVICE DISTRICT

Payor:	West Virginia Water Development Authority/West Virginia Infrastructure and Jobs Development Council Fund
Source:	Infrastructure Fund Grant Proceeds
Amount:	$155,025
Date:	August 24, 2004
Form:	Wire Transfer
Payee:	Eastern Wyoming Public Service District
Bank:	The Peoples Bank of Mullens
Routing #:	051503556
Account #:	11-301-8
Account:	Eastern Wyoming Public Service District Mullens-Wyco Water Project
Contact:	Mr. Ron Bowling (Phone: 294-7115, Fax: 294-7147)

3. EASTERN WYOMING PUBLIC SERVICE DISTRICT DISBURSEMENT TO MUNICIPAL BOND COMMISSION

Payor:	Eastern Wyoming Public Service District
Source:	Infrastructure Fund Water Grant
Amount:	$206,000
Date:	August 24, 2004
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 and administrative fee on the District's Water System Design Notes, 2002 Series A (West Virginia Infrastructure Fund) (the "Notes")

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$570,000
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, 2004 SERIES A
(WEST VIRGINIA DWTRF PROGRAM)

RECEIPT OF PAYMENT OF NOTES

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Water System Design Notes, 2002 Series A (West Virginia Infrastructure Fund) (the "Notes"), of Eastern Wyoming Public Service District (the "Issuer"), dated June 4, 2002, in the original aggregate principal amount of $200,000, bearing no interest, hereby certifies that it has received the sum of $206,000 from the Issuer and that such sum is sufficient to pay the entire outstanding principal amount of the Notes and the administrative fee thereon to the date hereof and discharge the liens, pledges and encumbrances securing the Notes.

Dated this 24th day of August, 2004.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B. Meadows
Authorized Representative

320313

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CANCELLED
PAID IN FULL
DATE: 8.24.04
BY: Barbara B Mandeville

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
EASTERN WYOMING PUBLIC SERVICE DISTRICT
WATER SYSTEM DESIGN NOTES, 2002 SERIES A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. 1 $ 200,000

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 assigns, on the 5th day of May, 2005, the principal sum of Two Hundred Thousand Dollars ($200,000.00), 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 hereto and incorporated herein by reference as a part hereof. The Administrative Fee (as defined in the hereinafter described Note Resolution) shall be payable in the amounts and on the dates as set forth in the Loan Agreement (as hereinafter defined). This Note shall bear no interest.

The principal of this Note and the Administrative Fee 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 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 Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated June 4, 2002, by and between the Issuer and the Authority, on behalf of the Council.

This Note is issued (i) temporarily financing a portion of the costs of design of improvements, additions and extensions to the existing water treatment and distribution system including a new water treatment plant, water storage tanks, and distribution lines, together with all appurtenant facilities (the "Project"), and (ii) paying the costs of issuance hereof and related costs. The existing water treatment and distribution system, 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 of the Code of West Virginia, 1931, as amended,

CANCELLED
PAID IN FULL
DATE: 3-24-04
BY : [illegible]

and a Note Resolution duly adopted by the Issuer on April 2, 2002, and is subject to all the terms and conditions thereof.

The principal of this Note is payable only from and secured by a first lien on (1) the proceeds of any grants (other than Infrastructure Fund grants and the 2002 Small Cities Block Grant), received by the Issuer for the System; (2) the proceeds of any revenue bonds (other than revenue bonds issued pursuant to the Bureau for Public Health's binding commitment letters for Project 2001W-625/99DWTRF001), refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of this Notes; and (3) Surplus Revenues (as defined in the Note Resolution), if any. The moneys from these sources shall be deposited into the Note Payment Fund established under the Note Resolution for the prompt payment of the principal of this Note. In the event no grants (other than Infrastructure Fund grants and the 2002 Small Cities Block Grant) are received by the Issuer for the System or no revenue bonds (other than revenue bonds issued pursuant to the Bureau for Public Health's binding commitment letters for Project 2001W-625/99DWTRF001), refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than Infrastructure Fund grants and the 2002 Small Cities Block Grant) are received for the System, (ii) the date any revenue bonds (other than revenue bonds issued pursuant to the Bureau for Public Health's binding commitment letters for Project 2001W-625/99DWTRF001), refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than Infrastructure Fund grants and the 2002 Small Cities Block Grant) are received for the system or any revenue bonds (other than revenue bonds issued pursuant to the Bureau for Public Health's binding commitment letters for Project 2001W-625/99DWTRF001), refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the outstanding principal of, and the Administrative Fee on, the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than Infrastructure Fund grants and the 2002 Small Cities Block Grant) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years, provided that, the holders of any outstanding bonds secured by Net Revenues of the System shall consent to the payment of the Notes from Net Revenues generated from such project. In the event no grants (other than Infrastructure Fund grants and the 2002 Small Cities Block Grant) are received for the system or no revenue bonds (other than revenue bonds issued pursuant to the Bureau for Public Health's binding commitment letters for Project 2001W-625/99DWTRF001), refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date

CANCELLED
PAID IN FULL
DATE 8-24-94
BY :

of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

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 Note Resolution, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Note Resolution. Remedies provided the Authority are exclusively as provided in the Note Resolution, 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 Note Resolution, only by transfer of registration upon the books of Eastern Wyoming Public Service District to be made at the request of the Owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer duly executed by the Owner hereof 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 design of the Project and the costs of issuance and related costs described in the Note Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor 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 Note Resolution 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.

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 June 4, 2002.

[SEAL]

EASTERN WYOMING
PUBLIC SERVICE DISTRICT

By: Dallas J. Cecil
Chairman

Attest:

Kenneth W. McBride Jr.
Secretary

CANCELLED
PAID IN FULL
DATE: 8.24.04
BY : BAM

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$178,809.00	June 4, 2002	(7)	$	
(2)	$ 21,191.00	July 15, 2002	(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $ ~~178,809.00~~ $200,000.00

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 June 4, 2002.

[SEAL]

EASTERN WYOMING
PUBLIC SERVICE DISTRICT

By: Dallas J. Cecil
Chairman

Attest:

Kenneth W. McBride
Secretary

CANCELLED
PAID IN FULL
DATE: 8.24.04
BY: BBM

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SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

August 24, 2004

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

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

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

U.S. Department of Commerce
Economic Development Administration
The Curtis Center – Suite 140 South
Independence Square West
Philadelphia, PA 19106

Eastern Wyoming Public Service District
Post Office Box 907
Mullens, West Virginia 25882

Re: Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Public Service Board of Eastern Wyoming Public Service District in Wyoming County, West Virginia (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $570,000 Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program), dated the date hereof (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 Code of West Virginia, 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on August 23, 2004, (the "Bond Resolution"), to acquire and construct certain additions, improvements and extensions to the existing public water facilities of the Issuer, consisting of improvements to the Issuer's water

Spilman Center 300 Kanawha Boulevard, East Post Office Box 273 Charleston, West Virginia 25321-0273
www.spilmanlaw.com 304.340.3800 304.340.3801 fax
Charleston Morgantown Parkersburg Weirton

system, and replacement of portions of the water distribution system in Wyoming County, together with all appurtenant facilities (collectively, the "Project"), and paying the costs of issuance hereof and related costs. The existing water treatment and distribution system, the Project, and any further improvements or extensions thereto are herein called the "System".

We have examined the applicable provisions of the Act, the Bond Resolution and a Loan Agreement, dated August 24, 2004, 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 to the Authority, bearing no interest with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing on March 1, 2006, and maturing on December 1, 2035, all as set forth in the Bonds and the Schedule Y attached to the Loan Agreement. The Bonds are subject to the Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement. 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 Resolution and the Loan Agreement. All capitalized items used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution 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 Resolution, 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, and 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 and the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

3. The Bond Resolution 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 Resolution 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. The Bonds are payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Bond Resolution.

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 any 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.

This opinion is rendered as of the date hereof. We are under no obligation to, nor will we, update or revise this opinion due to events occurring after the date hereof which change the facts or law upon which this opinion is based.

This opinion is rendered to the addressees set forth above solely for their use in connection with the transactions contemplated under the Bond Resolution, is solely for the benefit of those addressees, and their respective successors and assigns; and, except where we have given our prior written consent, may not be relied upon by anyone else or used for any purpose other than in connection with the consummation of the transactions contemplated in the Bond Resolution.

All counsel to the transaction may rely on this opinion as if expressly addressed to them.

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

Very truly yours,

Spilman Thomas & Battle, PLLC

Spilman Thomas & Battle, PLLC

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Law Offices

MOLER & STATON, L. C.

D. Grove Moler (Retired)
W. Richard Staton

August 24, 2004

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

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

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

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

U.S. Department of Commerce
Economic Development Administration
The Curtis Center – Suite 140 South
Independence Square West
Philadelphia, PA 19106

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

Re: Eastern Wyoming Public Service District
Water Revenue Bonds, 2004 Series 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 Eastern Wyoming Public Service District Water Revenue Bonds, 2004 Series A (West Virginia DWTRF Program) (the "Bonds"). As such counsel, we have reviewed copies of the approving opinion of Spilman Thomas & Battle, PLLC, as bond counsel, a loan agreement dated August 24, 2004, including all schedules and exhibits

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Phone: (304) 294-7313 • Toll Free: 800-488-0815 • Fax: (304) 294-7324 • www.statonlaw.com

Re: Eastern Wyoming Public Service District
Water Revenue Bonds, 2004 Series A
(West Virginia DWTRF Program)

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"), the Bond Resolution duly adopted by the Issuer on August 23, 2004 (the "Bond Resolution"), 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 Resolution and 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 Resolution 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 Resolution, 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

Re: Eastern Wyoming Public Service District
Water Revenue Bonds, 2004 Series A
(West Virginia DWTRF Program)

of the Bonds the acquisition, construction and improvement of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Wyoming County, the West Virginia Infrastructure and Jobs Development Council, the West Virginia Bureau of Public Health, and the Public Service Commission of West Virginia. The Issuer has received the Recommended Decision entered April 16, 2004, which became a Final Order of the Public Service Commission of West Virginia (the "PSC") on May 6, 2004, with all requisite appeal periods having expired without successful appeal, and a Commission Order entered August 16, 2004, in Case No. 03-0980-PWD-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project and the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the August 16, 2004 Commission Order has not expired prior to the date hereof. However, the Issuer hereby states it will not appeal the August 16, 2004 Commission Order, and the only other party to Case No. 03-0980-PWD-CN, the Commission Staff, has stated that it does not intend to appeal the August 16, 2004 Commission Order. Both orders are in full force and effect.

7. The Issuer has received a grant in the amount of $592,338.00 from the West Virginia Infrastructure and Jobs Development Council and a grant in the amount of $1,800,000.00 from the U.S. Department of Commerce Economic Development Administration for the Project.

8. We have ascertained that the successful bidder has made the required provisions for all insurance and payment and performance bonds and verified such insurance policies and bonds for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (i) are in compliance with the contracts; (ii) are adequate in form, substance and amount to protect the various interests of the Issuer; (iii) have been executed by duly authorized representatives of the proper parties; (iv) meet the requirements of the Act and the Resolution; and (v) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

9. To the best of our knowledge, there is no litigation, 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 and the Bond Resolution, the acquisition, construction and improvement of the Project,

Re: Eastern Wyoming Public Service District
Water Revenue Bonds, 2004 Series A
(West Virginia DWTRF Program)

the operation of the System, the validity of the Bonds or pledge of the Net Revenues set forth in the Bond Resolution.

All counsel to this transaction may rely upon this opinion.

Sincerely,
MOLER & STATON, L. C.

W. Richard Staton

WRS/plq

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Law Offices

MOLER & STATON, L. C.

D. Grove Moler (Retired)
W. Richard Staton

August 24, 2004

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

Walter M. Ivey, P.E. Manager
Infrastructure & Capacity Development
Environmental Engineering Division
Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Katy Mallory, Executive Secretary
West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

Re: Eastern Wyoming Public Service District
Water Revenue Bonds, 2004 A
(West Virginia DWTRF Program)

Dear Mr. Ivey and Mrs Mallory:

This firm represents Eastern Wyoming Public Service District (the "District") with regard to a proposed project to acquire and construct certain additions, improvements and extensions to the existing public water facilities of the District, consisting of improvements to the District's water system, and replacement of portions of the water distribution system in Wyoming County together with all appurtenant facilities (the "Project"), and provides this final title opinion on behalfof the District to satisfy the requirements of the West Virginia Drinking Water Treatment Revolving Fund program ("DWTRF") and the West Virginia Infrastructure and Jobs Development Council with regard to the DWTRF and the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the District has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Pentree, Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Wyoming County, West Virginia, the county in which the Project is to be located, and in my opinion, the District has acquired legal title or such other estate or interest in the necessary site components for

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Re: Eastern Wyoming Public Service District
Water Revenue Bonds, 2004 A
(West Virginia DWTRF Program)

the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

The following is schedule A which are easements obtained by the owner of the property:

See attached chart of Schedule A.

The following is schedule B which are being acquired by eminent domain and the necessary filings have been made in the Circuit Court of Wyoming County, West Virginia:

See attached chart of Schedule B.

5. That all deeds or other documents which have been acquired to date by the District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the District.

Sincerely,
MOLER & STATON, L. C.

W. Richard Staton

WRS/plq

EASTERN WYOMING PSD
MULLENS-WYCO WATER PROJECT
SCHEDULE A

R/W No.	R/W MAP NO.	CONTRACT MAP NO.	TAX MAP & PARCEL NO.	PROPERTY OWNER	DEED BOOK & PAGE NO.	EASEMENT LENGTH, FEET	SIGNED	DATE RECORDED	Book/Page	TITLE EXAM	ADDRESS	COMMENTS
2	1	M1	01/8	Atkins, Hyle Edward et ux	350/837	65	7/19/03	3/15/04	420/259	9/10/03	1211 Davis Street, Mullens, WV	Easement recorded
3	2	M2	02/107	Richmond, Ruth (Richard Davidson)	159/114	85	1/12/04	3/15/04	420/213	9/10/03	1421 Highland Ave., Mullens, WV 25882	Easement recorded
4	2	M2	02/106	White, Arlon E. or Zelma	395/772	40	7/19/03	3/15/04	420/312	9/10/03	Box 96, Mullens, WV 25882	Easement recorded
5	2	M2	02/41	Thomas, Wallace E. & Betty J.	327/800	60	12/16/03	3/15/04	420/300	12/12/03	606 Moran Ave, Mullens, WV 25882	Easement recorded
6	2	M2	02/230	Fulford, Ida Kay	331/81	50	7/25/03	3/15/04	420/283	9/10/03	915 White Avenue, Mullens, WV 25882	Easement recorded
7	2	M2	02/229	Lankford, Dovie Marie	399/716	50	7/22/03	3/15/04	420/336	9/10/03	913 White Avenue, Mullens, WV 25882	Easement recorded
8	2	M2	02/226	Thorn, Melvin H. & Kathy F.	278/545	50	7/19/03	3/15/04	420/306	9/10/03	911 White Avenue, Mullens, WV 25882	Easement recorded
8A	2	M2	02/105	Stewart, Judith J.	386/929	120	7/19/03	3/15/04	420/294	9/10/03	913 Moran Avenue, Mullens, WV 25882	Easement recorded

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11	3	M12	04/420	City Realty Corporation	113/141	50	5/6/04	6/2/04	422/010	9/10/03	Box 2109, Charleston, WV 25328	City Realty conveyed Property to Ea Wyoming PSD
12	3	M8	04/421	Worley, J. David & Phillis B.	336/984	55	7/22/03	3/15/04	420/318	9/10/03	715 Highland Ave., Mullens, WV 25882	Easement recorded
13	3	M8	04/426	City Realty Corporation	113/141	20	5/6/04	6/2/04	422/010	9/10/03	Box 2109, Charleston, WV 25328	City Realty conveyed Property to Ea Wyoming PSD
14	3	M8	04/427	City Realty Corporation	113/141	75	5/6/04	6/2/04	422/010	9/10/03	Box 2109, Charleston, WV 25328	City Realty conveyed Property to Ea Wyoming PSD
15	3	M8	04/428	City Realty Corporation	113/141	55	5/6/04	6/2/04	422/010	9/10/03	Box 2109, Charleston, WV 25328	City Realty conveyed Property to Ea Wyoming PSD
16	4	M10	02/207	Cozort, Louise D.	WB28/78 1	60	7/19/03	3/15/04	420/271	9/10/03	511 Church Street, Mullens, WV 25882	Easement recorded
18	6	M15	04/153	City of Mullens	414/291	25	7/25/03	3/15/04		9/10/03	City of Mullens (FEMA)	Easement recorded
19	6	M15	04/154	City of Mullens	414/291	35	7/25/03	3/15/04	420/217	9/10/03	City of Mullens (FEMA)	Easement recorded
20	6	M15	04/155	City of Mullens	414/291	55	7/25/03	3/15/04	420/223	9/10/03	City of Mullens (FEMA)	Easement recorded

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21	6	M15	04/156	City of Mullens	413/926	65	7/25/03	3/15/04	420/229	9/10/03	City of Mullens (FEMA)	Easement recorded
23	6	M15	04/158	Lambert, Lynette	399/839	60	7/25/03	3/15/04	420/330	9/10/03	Box 912, Mullens, WV 25882	Easement recorded
25	8	M17	04/216	Fannin, Rose Marie c/o Jason Fannin	401/768	75			421/880	9/10/03	Box 1038, Pineville, WV 24874	Easement recorded
26	8	M17	04/217	Fannin, Rose Marie c/o Jason Fannin	401/768	50			421/880	9/10/03	Box 1038, Pineville, WV 24874	Easement recorded
27	8	M17	04/217.1	City of Mullens	419/937	50	7/25/03	3/15/04	420/235	9/10/03	City of Mullens (FEMA)	Easement recorded
28	8	M17	04/219	City of Mullens	413/937	20	7/25/03	3/15/04	420/241	9/10/03	City of Mullens (FEMA)	Easement recorded
29	8	M18	04/224	First Community Bank, Inc.	352/601	145	9/18/03	3/15/04	420/277	9/10/03	Box 989, Bluefield, VA 24605	Easement recorded
31	9	M18	04/232	City of Mullens	413/932	35	7/25/03	3/15/04	420/247	9/10/03	City of Mullens (FEMA)	Easement recorded
32	9	M18	04/233	City of Mullens	413/942	45	7/25/03	3/15/04	420/253	9/10/03	City of Mullens (FEMA)	Easement recorded
33	9	M18	04/237	Smith, Eva (aka Lenford Burrell)	385/422	45	7/25/03	3/15/04	420/265	9/10/03		Easement recorded

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34	9	M18	04/239	Burrell, Lenford E. & Bobbie E.	364/239	40	7/25/03	3/15/04	420/265	9/10/03	Box 149, Bud WV 24716	Easement recorded
35	9	M18	04/234	Little General Store, Inc.	383/590	50		3/15/04	420/289	9/10/03	Box 908, Beckley WV 25801	Easement recorded
36	8	M17	7/188	Johnson, Terry and Sheila	403/633	40	7/25/03	3/15/04	420/324	9/10/03		Easement recorded

EASTERN WYOMING PSD
MULLENS-WYCO WATER PROJECT
SCHEDULE B

TAX MAP & PARCEL NO.	PROPERTY OWNER	DEED BOOK & PAGE NO.	ADDRESS	COMMENTS
1/5	Bryce Peterson Financial Group	391/312	1209 Davis Street, Mullens, WV	Filed Suit in the Circuit Court of Wyoming County, West Virginia
04/288 and 288.1	Reilley, Richard Joseph & Dawn Michelle	346/371	Box 96, Mullens, WV 25882	Filed Suit in the Circuit Court of Wyoming County, West Virginia
04/157	Bolen, L. G. et al	69/488	No Address Listed	Filed Suit in the Circuit Court of Wyoming County, West Virginia
04/159	Tunstalle, Tumera V.	397/188	210 Virginia Street, Mullens WV 25882	Filed Suit in the Circuit Court of Wyoming County, West Virginia