

**NEW HAVEN PUBLIC SERVICE DISTRICT
Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)**

Date of Closing: March 29, 2001

BOND TRANSCRIPT

STEPTOE & JOHNSON PLLC

Vincent A. Collins, Esquire
3rd and Main Street
Bank One Center, Sixth Floor
Clarksburg, WV 26302
(304)624-8161
collinva@steptoe-johnson.com

John C. Stump, Esquire
707 Virginia Street, East
Bank One Center, Seventh Floor
Charleston, WV 25326
(304)353-8196
stumpjc@steptoe-johnson.com

NEW HAVEN PUBLIC SERVICE DISTRICT

**Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)**

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Infrastructure Council Loan Agreement
4. DWTRF Loan Agreement
5. Public Service Commission Orders
6. Infrastructure Council Approval
7. Cross-Receipt for Bonds and Bond Proceeds
8. Direction to Authenticate and Deliver Bonds
9. Specimen Series 2001 A Bond
10. Specimen Series 2001 B Bond
11. Financing Statement
12. Certificate of Filing of Financing Statement

OPINIONS OF COUNSEL

13. Approving Opinion on Series 2001 A Bond of Steptoe & Johnson PLLC, Bond Counsel

14. Approving Opinion on Series 2001 B Bond of Steptoe & Johnson PLLC, Bond Counsel

15. Opinion of Counsel to Issuer
16. Title Opinion
17. Opinion of Counsel to Company

CERTIFICATES

18. General Certificate of Issuer and Attorney
19. Certificate of Company
20. Certificate of Engineer, with Schedules Attached
21. Certificate as to Use of Proceeds
22. Certificate of Certified Public Accountant
23. Certificate of Letter of Credit Bank

DOCUMENTS OF THE ISSUER

24. County Commission Order on Creation and Enlargement of District
25. County Commission Orders Appointing Current Boardmembers
26. Oaths of Office of Current Boardmembers
27. Rules of Procedure
28. Affidavit of Publication on Borrowing
29. Minutes of Current Year Organizational Meeting and on Adoption of Bond Resolution and Supplemental Resolution
30. Municipal Bond Commission New Issue Reports

MISCELLANEOUS DOCUMENTS

31. Acceptance by Fayette County National Bank of Appointment as Depository Bank
32. Acceptance by Branch Banking and Trust Company of Duties as Registrar
33. Certificate of Registration of Bonds
34. Registrar's Agreement
35. Agreement between Issuer and Company
36. Letters of Credit and Related Documents
37. Evidence of EDA Grant
38. Evidence of AML Grant
39. Series 2000 A and Series 2000 B Bond Resolution
40. Series 2000 C and Series 2000 D Bond Resolution
41. Consent of Prior Bondholder
42. Closing Memorandum

03/12/01
658590/00002

NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2001 B
(WEST VIRGINIA DWTRF PROGRAM)

BOND RESOLUTION

Table of Contents

Subject	Page
ARTICLE I	
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01 Authority for this Resolution	2
Section 1.02 Findings	2
Section 1.03 Bond Legislation Constitutes Contract	4
Section 1.04 Definitions	5
ARTICLE II	
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01 Authorization of Acquisition and Construction of the Project	13
ARTICLE III	
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01 Authorization of Bonds	14
Section 3.02 Terms of Bonds	14
Section 3.03 Execution of Bonds	15
Section 3.04 Authentication and Registration	15
Section 3.05 Negotiability, Transfer and Registration	15
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	16

Section 3.07	Bonds not to be Indebtedness of the Issuer	16
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	17
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds	17
	FORM OF SERIES 2001 A BOND	19
	FORM OF SERIES 2001 B BOND	28
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	37
Section 3.12	"Amended Schedule" Filing	37

ARTICLE IV INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms	38
Section 4.02	Terms of and Security for Notes; Trust Indenture	38
Section 4.03	Notes are Special Obligations	38
Section 4.04	Letters of Credit	38

ARTICLE V FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	39
Section 5.02	Establishment of Funds and Accounts with Commission	39
Section 5.03	System Revenues; Flow of Funds	40

ARTICLE VI BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	45
Section 6.02	Disbursements From the Bond Construction Trust Funds	46

ARTICLE VII ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	48
Section 7.02	Bonds not to be Indebtedness of the Issuer	48
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	48
Section 7.04	Initial Schedule of Rates and Charges	48
Section 7.05	Sale of the System	49

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	50
Section 7.07	Parity Bonds	51
Section 7.08	Books; Records and Audit	53
Section 7.09	Rates	55
Section 7.10	Operating Budget and Monthly Financial Report	55
Section 7.11	Engineering Services and Operating Personnel	56
Section 7.12	No Competing Franchise	57
Section 7.13	Enforcement of Collections	57
Section 7.14	No Free Services	57
Section 7.15	Insurance and Construction Bonds	57
Section 7.16	Connections	59
Section 7.17	Completion, Operation and Maintenance of Project; Permits and Orders	59
Section 7.18	Statutory Mortgage Lien	59
Section 7.19	Compliance with Loan Agreement and Law	60
Section 7.20	Securities Laws Compliance	60
Section 7.21	Contracts; Public Releases	60

**ARTICLE VIII
INVESTMENT OF FUNDS; USE OF PROCEEDS**

Section 8.01	Investments	61
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	61

**ARTICLE IX
DEFAULT AND REMEDIES**

Section 9.01	Events of Default	63
Section 9.02	Remedies	63
Section 9.03	Appointment of Receiver	64

**ARTICLE X
PAYMENT OF BONDS**

Section 10.01	Payment of Bonds	66
---------------	------------------	----

**ARTICLE XI
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation	67
Section 11.02	Bond Legislation Constitutes Contract	67
Section 11.03	Severability of Invalid Provisions	67

Section 11.04	Headings, Etc.	67
Section 11.05	Notices	67
Section 11.06	Conflicting Provisions Repealed	68
Section 11.07	Covenant of Due Procedure, Etc.	69
Section 11.08	Public Notice of Proposed Financing	69
Section 11.09	Effective Date	70
	SIGNATURES	70
	CERTIFICATION	71
	EXHIBIT A	72
	ATTACHMENT 1	73

NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$995,325 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN \$732,646 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 B (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, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS 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 RESOLVED BY THE PUBLIC SERVICE BOARD OF NEW HAVEN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. New Haven Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, consisting of various water treatment, transmission, distribution and storage facilities in Fayette County, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$1,727,971 in two series, being the Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$995,325 (the "Series 2001 A Bonds"), and the Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than \$732,646 (the "Series 2001 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after

completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee (as hereinafter defined) for the Series 2001 B 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, the acquisition or construction of the Project and the placing of 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, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2001 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and its Series 2001 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds and the Series 2001 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of \$1,241,000 (the "Series 2000 A Bonds"); (2) Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of \$9,004,675 (the "Series 2000 B Bonds"); (3) Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of \$1,605,000 (the "Series 2000 C Bonds"); and (4) Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), dated September 21, 2000, issued in the original aggregate principal amount of \$767,354 (the "Series 2000 D Bonds") (collectively, the "Prior Bonds"). Prior to the issuance of the Series 2001 A Bonds and the Series 2001 B Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2001 A Bonds and the Series 2001 B Bonds on a

parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated November 27, 1996, as amended (the "Agreement"), by and between the Issuer and West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2001 A Bonds, the Series 2001 B Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Company will obtain, and pay the fees associated with, letters of credit, surety bonds or other credit facilities to fund the Reserve Accounts (as hereinafter defined) for the benefit of the Commission, to be drawn upon in the event that at any time payments under the Agreement are inadequate to provide funds for the Issuer to make all payments required hereunder. In the event the Company will not obtain such letters of credit, surety bonds or other credit facilities, the Issuer shall obtain such letters of credit, surety bonds or other credit facility or fund the Reserve Accounts in the amounts required herein and in the Loan Agreement.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2001 A Bonds and the Series 2001 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2001 A Bonds and the Series 2001 B Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 A Bonds and the Series 2001 B Bonds by those who shall be the 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 equal benefit, protection and security of the Registered Owners of any and all of such Series 2001 A Bonds and the Series 2001 B Bonds, all which shall be of equal rank and

without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2001 B Bonds.

"Agreement" means initially, the Agreement, dated November 27, 1996, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 A Bonds and the Series 2001 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

"Bondholder," "Holder of the Bonds," "Holder," "Registered 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 Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond 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, the Series 2001 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by 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 Series 2001 A Bonds and the Series 2001 B Bonds for all or a portion of the proceeds of the Series 2001 A Bonds and the Series 2001 B Bonds, respectively, from the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"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.

"Company" means the West Virginia-American Water Company, a West Virginia corporation.

"Consulting Engineers" means Stafford Consultants, 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 or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

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

"FDIC" means the Federal Deposit Insurance Corporation and 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.

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

"Government 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.

"Grants" means all moneys received by the Issuer on account of any Grant for the Project, including but not limited to, the EDA Grant and the AML Grant.

"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, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. The initial Gross Revenues anticipated to be received by the Issuer will be limited to the amounts payable by the Company to the Issuer under the Agreement.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"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 the System in the normal operation of its business and affairs.

"Issuer" means New Haven Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means, collectively, the letter of credit or letters of credit, surety bond or other credit facility obtained by the Company or the Issuer to fund the Reserve

Accounts for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2001 A Bonds from the Issuer by the Authority and by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2001 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2001 A Bonds and the Series 2001 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System 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, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, 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 of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"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 designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 2000 A Bonds, the Series 2000 B Bonds, the Series 2000 C Bonds, and the Series 2000 D Bonds.

"Prior Resolution" means, collectively, the resolution of the Issuer adopted on February 22, 2000, as supplemented by the supplemental resolution of the Issuer adopted March 2, 2000, authorizing the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, and the resolution of the Issuer adopted on September 18, 2000, as supplemented by the supplemental resolution of the Issuer adopted September 18, 2000, authorizing the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds.

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must

mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2001 A Bonds, the Series 2001 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2001 A Bonds and the Series 2001 B Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Resolution and continued hereby.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Resolution.

"Series 2001 A Bonds Construction Trust Fund" means the Series 2001 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established in the Series 2001 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"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" means the Series 2001 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2001 B Bonds" means the Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program) of the Issuer, authorized by this Resolution.

"Series 2001 B Bonds Construction Trust Fund" means the Series 2001 B Bonds Construction Fund established by Section 5.01 hereof.

"Series 2001 B Bonds Reserve Account" means the Series 2001 B Bonds Reserve Account established in the Series 2001 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 B 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 B Bonds in the then current or any succeeding year.

"Series 2001 B Bonds Sinking Fund" means the Series 2001 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2001 A Bonds, the Series 2001 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers

specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2001 A Bonds and the Series 2001 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2001 A Bonds and the Series 2001 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2001 A Bonds, the Series 2001 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete waterworks system of the Issuer, as extended and improved by the Project, and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system 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.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$3,279,589, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 A Bonds and the Series 2001 B 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 financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated to be \$3,279,589, of which approximately \$995,325 will be obtained from proceeds of the Series 2001 A Bonds, approximately \$732,646 will be obtained from proceeds of the Series 2001 B Bonds, approximately \$1,195,000 will be obtained from an EDA grant, and approximately \$356,618 will be obtained from the leftover proceeds of the Series 2000 B Bonds.

The Issuer has applied for, and anticipates receiving, a grant from the Division of Environmental Protection, Office of Abandoned Mine Lands ("AML") in the amount of approximately \$1,090,049. In the event that the Issuer receives a binding commitment from AML for the aforementioned grant, and the other funding agencies concur, the Project shall be expanded to include the AML grant, as set forth in the Schedule B, Final Total Cost of Project, Sources of Funds and Cost of Financing attached hereto as Attachment 1 (the "Final Schedule B"). Provided that a binding commitment letter from AML is received, and the other funding agencies concur in the expansion of the Project as outlined in the Final Schedule B, the Issuer hereby authorizes the acquisition and construction of the expanded project at a total project cost of \$4,369,638 and the execution of contracts for the expanded project.

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 capitalizing interest on the Series 2001 A Bonds and the Series 2001 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2001 A Bonds and the Series 2001 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2001 A Bonds and the Series 2001 B Bonds of the Issuer. The Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$995,325, and "Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program)," in the principal amount of not more than \$732,646, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 A Bonds and the Series 2001 B Bonds remaining after capitalizing interest on the Series 2001 A Bonds and the Series 2001 B Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2001 A Bonds and the Series 2001 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable 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 a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2001 A Bonds and the Series 2001 B 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 or private debts under the laws of the United States of America. Interest, if any, on the Series 2001 A Bonds and the Series 2001 B Bonds, 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 the Supplemental Resolution, the Series 2001 A Bonds and the Series 2001 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 A Bonds and the Series 2001 B Bonds. The Series 2001 A Bonds and the Series 2001 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series 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. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2001 A Bonds and the Series 2001 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2001 A Bonds and the Series 2001 B Bonds shall cease to be such officer of the Issuer before the Series 2001 A Bonds and the Series 2001 B Bonds so signed and sealed have been actually sold and 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 such 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 in 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 3.04. Authentication and Registration. No Series 2001 A Bond nor Series 2001 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof 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 Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 A Bond and the Series 2001 B Bond shall be deemed to have been executed by the Bond Registrar if manually 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 Series 2001 A Bonds and the Series 2001 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 A Bonds and the Series 2001 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2001 A Bonds and the Series 2001 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 A Bonds and the Series 2001 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2001 A Bonds and the Series 2001 B Bonds.

The registered Series 2001 A Bonds and the Series 2001 B Bonds shall be transferable 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 Series 2001 A Bonds and the Series 2001 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. 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 obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 A Bond or Series 2001 B 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 as 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 satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled 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 Series 2001 A Bonds and the Series 2001 B 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. No holder or holders of the Series 2001 A Bonds and the Series 2001 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds and the Series 2001 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2001 A Bonds and the Series 2001 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a 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, if any, on and other payments for the Prior Bonds, the Series 2001 A Bonds and the Series 2001 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 A Bonds and the Series 2001 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 A Bonds and the Series 2001 B Bonds to the original purchasers upon receipt of the documents set forth below:

- (i) If other than the Authority, a list of the names in which the Series 2001 A Bonds and the Series 2001 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (ii) 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 and the Series 2001 B Bonds to the original purchasers;
- (iii) An executed and certified copy of the Bond Legislation;
- (iv) An executed copy of the Loan Agreement;
- (v) A copy of the Agreement;
- (vi) A copy of the Letter of Credit; and
- (vii) The unqualified approving opinion of bond counsel on the Series 2001 A Bonds and the Series 2001 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 A Bonds and the Series 2001 B Bonds shall be in substantially the following form, with such omissions,

insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2001 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), 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 _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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 Infrastructure and Jobs Development Council (the "Council"), 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 Council, dated _____, 2001.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2001, and a Supplemental Resolution duly adopted by the Issuer on _____, 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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,004,675 (THE "SERIES 2000 B BONDS"); (3) WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,605,000 (THE "SERIES 2000 C BONDS"); (4) WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$767,354 (THE "SERIES 2000 D BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2001, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$732,646 (THE "SERIES 2001 B BONDS").

THE SERIES 2000 A BONDS, THE SERIES 2000 B BONDS, THE SERIES 2000 C BONDS, AND THE SERIES 2000 D BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2001 B Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the

Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for 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, including the Series 2001 B Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2001 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the 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, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NEW HAVEN 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 _____,
2001.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(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		\$	<u> </u>

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 2001 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2001 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), 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 _____ 1, 20 ____, 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 _____ 1, 20 ____, as set forth on EXHIBIT B attached hereto.

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 _____, 2001.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this

Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, 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 _____, 2001, and a Supplemental Resolution duly adopted by the Issuer on _____, 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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,004,675 (THE "SERIES 2000 B BONDS"); (3) WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,605,000 (THE "SERIES 2000 C BONDS"); (4) WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$767,354 (THE "SERIES 2000 D BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2001, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$995,325 (THE "SERIES 2001 A BONDS").

THE SERIES 2000 A BONDS, THE SERIES 2000 B BONDS, THE SERIES 2000 C BONDS, AND THE SERIES 2000 D BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2001 A Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for 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, including the Series 2001 A Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2001 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the 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, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NEW HAVEN 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 _____, 2001.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2001.

BRANCH BANKING AND TRUST COMPANY, as
Registrar

Authorized Officer

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2001 A Bonds and the Series 2001 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, 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, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council the respective amended schedules, the forms of which will be provided by the BPH and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$1,500,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a Supplemental Resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Grants, the Surplus Revenues and the letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$1,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 hereby 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 and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Series 2001 A Bonds Construction Trust Fund (a sub-account within the New Haven PSD Construction Account); and
- (3) Series 2001 B Bonds Construction Trust Fund (a sub-account within the New Haven PSD Construction Account).

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolution) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2000 A Bonds Sinking Fund (established by the Prior Resolution);
- (2) Series 2000 A Bonds Reserve Account (established by the Prior Resolution);
- (3) Series 2000 B Bonds Sinking Fund (established by the Prior Resolution);
- (4) Series 2000 B Reserve Account (established by the Prior Resolution);
- (5) Series 2000 C Bonds Sinking Fund (established by the Prior Resolution);
- (6) Series 2000 C Bonds Reserve Account (established by the Prior Resolution);

- (7) Series 2000 D Bonds Sinking Fund (established by the Prior Resolution);
- (8) Series 2000 D Bonds Reserve Account (established by the Prior Resolution);
- (9) Series 2001 A Bonds Sinking Fund;
- (10) Series 2001 A Bonds Reserve Account (to be funded with the Letter of Credit);
- (11) Series 2001 B Bonds Sinking Fund;
- (12) Series 2001 B Bonds Reserve Account (to be funded with the Letter of Credit).

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 Bond Legislation 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses of the System not otherwise paid by the Company pursuant to the Agreement.
- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2000 C Sinking Fund, the amount required by the Prior Resolution for payment of interest on the Series 2000 C Bonds.
- (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 Series 2000 A Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 2000 A Bonds; (ii) for deposit in the Series 2000 B Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 2000 B Bonds; (iii) for deposit in the Series 2000 C Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the

principal of the Series 2000 C Bonds; (iv) for deposit in the Series 2000 D Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 2000 D Bonds; (v) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the 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 payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (vi) commencing 3 months prior to the first date of payment of principal of the Series 2001 B Bonds, for deposit in the Series 2001 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 B 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 B 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, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

(5) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2001 A Bonds and the Series 2001 B Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 2001 A Bonds and the Series 2001 B Bonds or for any lawful purpose of the System.

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

All investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2001 A Bonds and the Series 2001 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds and the Series 2001 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional 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 thereof.

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund and the Series 2001 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 A Bonds and the Series 2001 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2001 A Bonds and the Series 2001 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account, the

Series 2001 B Bonds Sinking Fund and the Series 2001 B 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 at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 A Bonds and the Series 2001 B Bonds, respectively, under the conditions and restrictions set forth herein.

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 the Series 2001 B 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 for the Series 2001 B Bonds.

C. Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreements and submit a copy of said form, together 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 their respective charges and 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 sum insured by the maximum amounts insured by FDIC in all funds and accounts 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, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2001 A Bonds and the Series 2001 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall first be deposited with the Commission in the Series 2001 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2001 A Bonds for the period commencing on the date of issuance of the Series 2001 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2001 B Bonds, there shall first be deposited with the Commission in the Series 2001 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2001 B Bonds for the period commencing on the date of issuance of the Series 2001 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project 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.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2001 B Bonds.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the respective Bond Construction Trust Funds and shall comply with all requirements with respect to the disposition of such funds set forth in the Bond Legislation.

F. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series

2001 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2001 B Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, or Project Administrator, as appropriate, 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.

The Issuer shall expend all proceeds of the Series 2001 A Bonds within 3 years of the date of issuance of the State's general obligation bonds, the proceeds of which were used to make the loan to the Issuer.

B. 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 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

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

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, or Project Administrator, as appropriate 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 respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation 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 Series 2001 A Bonds and the Series 2001 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 A Bonds and the Series 2001 B 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 the Series 2001 A Bonds and the Series 2001 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds and the Series 2001 B 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 Bond Legislation. No Holder or Holders of any Series 2001 A Bonds and the Series 2001 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds and the Series 2001 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2001 A Bonds and the Series 2001 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2001 A Bonds and the Series 2001 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

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 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 Final Orders of the Public Service Commission of West Virginia entered September 12, 1997, in Case No. 96-1477-W-PWD-PC-CN, and April 12, 1999, in Case No. 99-0146-W-PC.

So long as the Series 2001 A Bonds and the Series 2001 B 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, fees and charges initially established for the System in connection with the Series 2001 A Bonds and the Series 2001 B 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, fees 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 or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2001 A Bonds and the Series 2001 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH and the Council, 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 fully pay 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, with respect to the Series 2001 A Bonds and the Series 2001 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the BPH and the Council, or, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2001 A Bonds and the Series 2001 B Bonds. Any balance remaining after the payment of the Series 2001 A Bonds and the Series 2001 B Bonds and interest, if any, thereon 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 Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then 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 a professional 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, with the consent of the BPH, the Council and the Authority, be remitted to the Commission for deposit in the Sinking Funds. Payment of such proceeds into the Sinking Funds, the Revenue Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

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. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any 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 Series 2001 A Bonds and the Series 2001 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 A Bonds and the Series 2001 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2001 A Bonds and the Series 2001 B 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 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 lien of the Series 2001 A Bonds and the Series 2001 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2001 A Bonds and the Series 2001 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 A Bonds and the Series 2001 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the BPH and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds and the Series 2001 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and 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 payments from the Company under the Agreement shall not be less than 100% 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.

In the event the Agreement is no longer in place, 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 3 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 3 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently 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 lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2001 A Bonds and the Series 2001 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 and the Series 2001 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, 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 Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, the BPH and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at 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 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 inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction and commencement of operation 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 Bond Legislation 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 and as prescribed by the Public Service Commission of West Virginia. 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 institute 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 Council, the BPH, the Authority, or any other original purchaser of the Series 2001 A Bonds and the Series 2001 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 A Bonds and the Series 2001 B 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 Bond Legislation, 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 thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2001 A Bonds and the Series 2001 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2001 A Bonds and the Series 2001 B Bonds. Such audit report submitted to the Authority, the Council 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 Bond Legislation and that the revenues of the System are adequate to meet the Issuer's 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 Council and the BPH, or their agents and representatives, to enter and inspect the Project site 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 Council 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 Purchaser, the Authority, the Council and the BPH 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 Exhibit D of the Loan Agreement for the Series 2001 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2001 A Bonds and the Series 2001 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established 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 the 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 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 A Bonds and the Series 2001 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 A Bonds and the Series 2001 B Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the Agreement is no longer in place, the Issuer shall annually, at least 45 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 30 days of 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 a professional 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 a professional 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 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 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 respective Loan Agreements, 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. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form 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 Authority, the BPH and the Council 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 Authority, the BPH and the Council 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, the BPH and the Council 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 employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the Agreement to fulfil compliance with this covenant.

Unless otherwise waived by the BPH, the Issuer 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 Issuer shall notify the BPH in writing of such receipt.

Unless otherwise waived by the BPH, the Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

In the event that the Agreement is no longer in effect, and to the extent required by law, 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 7.12 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 7.13. 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 Public Service Commission of West Virginia and other laws of the State of West Virginia.

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 Public Service Commission of West Virginia, 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 Public Service Commission of West Virginia, 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 7.14. 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. 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 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2001 A Bonds and the Series 2001 B 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 Revenue Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Revenue 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) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting 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, Chapter 38, Article 2, Section 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.

B. 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.

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 and the Issuer shall verify such insurance prior to commencement of construction. 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.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete or cause to be completed under the Agreement 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 federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2001 A Bonds and the Series 2001 B Bonds are outstanding. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil compliance with this covenant. Pursuant to the Agreement, the Company has agreed to operate and maintain the System at its own expense.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, 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 all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 A Bonds and the Series 2001 B 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 Series 2001 A Bonds and the Series 2001 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH and the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the BPH and the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Securities Laws 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 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2001 A Bonds and the Series 2001 B 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 Council and the BPH for written approval. The Issuer shall obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2001 A Bonds and the Series 2001 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2001 A Bonds and the Series 2001 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority, the Council and the BPH 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 ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation 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 written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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 each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2001 A Bonds and the Series 2001 B Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; 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 and the Series 2001 B Bonds as a condition to issuance of the Series 2001 A Bonds and the Series 2001 B 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 Series 2001 A Bonds and the Series 2001 B Bonds as may be necessary in order to maintain the status of the Series 2001 A Bonds and the Series 2001 B Bonds as

governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2001 A Bonds and the Series 2001 B 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 BPH or the Council, as the case may be, from which the proceeds of the Series 2001 A Bonds and the Series 2001 B 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 or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, 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 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2001 A Bonds and the Series 2001 B Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2001 A Bonds and the Series 2001 B Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 A Bonds and the Series 2001 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 A Bonds and the Series 2001 B 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 Registrar or any other Paying Agent or a Holder of a Bond; or
- (3) 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; or
- (4) If default occurs with respect to the Prior Bonds or the Prior Resolution.

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 and the Bond Legislation 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 Series 2001 A Bonds and the Series 2001 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2001 A Bonds and the Series 2001 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2001 A Bonds and the Series 2001 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies

of the Holders of the Series 2001 A Bonds and the Series 2001 B Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2001 A Bonds and the Series 2001 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, 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 such Bonds, any Registered Owner of the Series 2001 A Bonds and the Series 2001 B Bonds 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 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 Series 2001 A Bonds and the Series 2001 B 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 Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its 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 exercise.

Whenever all that is due upon the Series 2001 A Bonds and the Series 2001 B Bonds and interest thereon and under any covenants of this Bond Legislation 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 Bond Legislation 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 or her or it, 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 Series 2001 A Bonds and the Series 2001 B 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 completion of the Project and 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 Bond Legislation, and the title to and ownership of the 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 and the Series 2001 B 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 and the Series 2001 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2001 A Bonds and the Series 2001 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 A Bonds and the Series 2001 B 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 Series 2001 A Bonds and the Series 2001 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 A Bonds and the Series 2001 B 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, if any, out of the funds herein respectively 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 Series 2001 A Bonds and the Series 2001 B Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2001 A Bonds and the Series 2001 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation 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 Series 2001 A Bonds and the Series 2001 B 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. Notices. All notices to be sent to the Issuer, the Company, the Authority, the BPH or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

New Haven Public Service District
Fayette County Courthouse
Fayetteville, West Virginia 25840
Attention: Chairman

COMPANY:

West Virginia-American Water Company
P. O. Box 1906
Charleston, West Virginia 25327-1906
Attention: President

AUTHORITY:

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

BPH:

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Secretary

All notices to be sent to the Issuer hereunder shall also be sent to the Company, and all notices to be sent to the BPH or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the Prior Resolution and the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Resolution and the Loan Agreement. In the event of any conflict

between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. 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 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 of West Virginia 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 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in New Haven Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

- (a) The maximum amount of the Bonds to be issued;
- (b) The maximum interest rate and terms of the Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 27th day of March, 2001.

Chairman

A handwritten signature in cursive script, appearing to read "M. R. J.", is written over a horizontal line. The signature is positioned to the right of the word "Chairman".

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of NEW HAVEN PUBLIC SERVICE DISTRICT on the 27th day of March, 2001.

Dated: March 29, 2001.

[SEAL]


Secretary

03/26/01
658590/00001

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.

Fayette County Regional Water System

Schedule B (Final)

UDC Loan #, DWTR Loan #, AML Grant

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

A. Cost of Project	Total	UDC Loan	DWTRF Loan	AML
Funding Percentages				
1. Construction Costs	1,912,368.25	107,672.35	714,646.00	1,090,049.90
<i>Contract 9</i>	716,538.50	0.00	308,111.56	408,426.94
<i>Contract 9a</i>	1,195,829.75	107,672.35	406,534.44	681,622.96
2. Technical Services	0.00	0.00	0.00	0.00
<i>a. Design</i>				
<i>b. Bidding/Construction</i>				
<i>c. Resident Project Representative</i>				
<i>d. Special Services</i>				
3. Legal and Fiscal	20,204.00	20,204.00	0.00	0.00
<i>a. Attorneys Fees (Easements, PSC, etc)</i>	20,054.00	20,054.00	0.00	0.00
<i>Phil Tissus</i>	17,318.00	17,318.00		
<i>Joel Nunes/Gray</i>	2,736.00	2,736.00		
<i>b. Accountant/Audit</i>	150.00	150.00		
4. Administration	20,800.00	20,000.00	0.00	0.00
<i>a. Region 4 PDC</i>	20,000.00	20,000.00		
<i>b.</i>				
5. Sites and Other Lands	54,500.00	54,500.00	0.00	0.00
<i>a. Land Acquisition Costs/Easement</i>	18,000.00	18,000.00	0.00	0.00
<i>Fee Acquisitions</i>	13,000.00	13,000.00		
<i>Easements</i>	5,000.00	5,000.00		
<i>b. Appraisals or Other Related Costs</i>	5,000.00	5,000.00		
<i>c. Permits</i>	31,500.00	31,500.00	0.00	0.00
<i>DOH Inspection Fee</i>	30,000.00	30,000.00		
<i>DOH Bond</i>	500.00	500.00		
<i>Railroad Easements</i>	0.00	0.00		
<i>Health Dept/NDES</i>	1,000.00	1,000.00		
6. Other Costs	39,500.00	39,500.00	0.00	0.00
<i>a. Interim Financing Costs</i>	37,500.00	37,500.00		
<i>b. Arch Survey</i>	1,000.00	1,000.00		
<i>c. Legal Ads</i>	1,000.00	1,000.00		
7.				
8. Contingency	115,992.00	114,742.00	1,250.00	0.00
9. Total of Lines 1 through 8	2,162,564.25	356,618.35	715,896.00	1,090,049.90
B. Sources of Funds				
10. Federal Grants:	0.00		0.00	
<i>a.</i>				
<i>b.</i>				
11. State Grants:	1,090,049.90		0.00	
<i>a. AML</i>	1,090,049.90			
12. Other Grants:	0.00		0.00	
13. Any Other Source: ¹	356,618.35		0.00	
<i>k. UDC Loan</i>	356,618.35			
14. Infrastructure Fund Grant	0.00		0.00	
15. Total Lines 10 through 14	1,446,668.25		0.00	
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	715,896.00		715,896.00	
C. Cost of Financing				
17. Funded Reserve Account ² /Letter of Credit	500.00		500.00	
18. Other Costs ²	16,250.00		16,250.00	
<i>a. Bond Counsel</i>	16,000.00		16,000.00	
<i>b. Bank Fees (Registrar)</i>	250.00		250.00	
19. Total Cost of Financing (Lines 17 and 18)	16,750.00		16,750.00	
20. Size of Bond Issue (Line 16 plus Line 19)	732,646.00		732,646.00	

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO ADDITIONALLY SECURE THE BONDS; 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 New Haven Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective March 27, 2001 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$995,325 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN \$732,646 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 B (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, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, 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 Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Series 2001 B (West Virginia DWTRF Program) of the Issuer (collectively, the "Bonds" and individually, the "Series 2001 A Bonds" and the "Series 2001 B Bonds"), in the respective aggregate principal amounts not to exceed \$995,325 and \$732,646, and has authorized the execution and delivery of the loan agreement relating to the Series 2001 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the loan agreement relating to the Series 2001 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A 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 amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement, the Letter of Credit for the Series 2001 A Bonds and the Letter of Credit for the Series 2001 B Bonds (collectively, the "Letter of Credit") have 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 Letter of Credit be approved, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices 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 NEW HAVEN 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 following bonds of the Issuer:

A. Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$995,325. The Series 2001 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2041, and shall bear no interest. The principal of the Series 2001 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2041, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2001 A Bonds. The Series 2001 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2001 A Bonds.

B. Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$732,646. The Series 2001 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2032, and shall bear no interest. The principal of the Series 2001 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2001 B Bonds. The Series 2001 B 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, so long as the Authority shall be the registered owner of the Series 2001 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2001 B Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, 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, the Council 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 will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the respective Reserve Accounts for the Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Accounts be funded in the amounts required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 5. The Issuer does hereby appoint and designate Branch Banking and Trust Company, 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 does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 7. The Issuer does hereby appoint and designate Fayette County National Bank, Fayetteville, West Virginia, to serve as Depository Bank under the Resolution.

Section 8. Series 2001 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2001 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 B Bonds Sinking Fund as capitalized interest.

Section 10. Series 2001 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 A Bonds Reserve Account. The Series 2001 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of \$51,048.

Section 11. Series 2001 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 B Bonds Reserve Account. The Series 2001 B Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of \$48,848.

Section 12. The balance of the proceeds of the Series 2001 A Bonds and the Series 2001 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2001 A Bonds and the Series 2001 B Bonds and related costs.

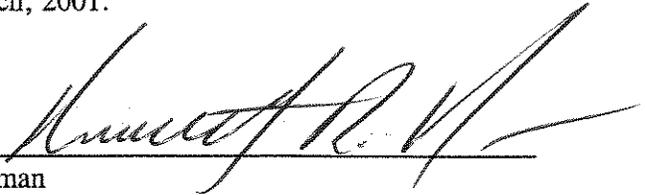
Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about March 29, 2001.

Section 14. The acquisition and construction of the Project and the financing thereof in part 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 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 27th day of March, 2001.


Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on the 27th day of March, 2001.

Dated: March 29, 2001.

[SEAL]


Secretary

03/26/01
658590/00002

IC-1
(4/6/00)

LOAN AGREEMENT

THIS 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 on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

NEW HAVEN PUBLIC SERVICE DISTRICT
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority 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 made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.6 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined,

to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

1.9 "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.

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.11 "System" means the project owned by the Governmental Agency, 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 Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Governmental Agency 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 Governmental Agency 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 Governmental Agency, 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 or any interest therein is approved by the Authority and Council.

2.4 The Governmental Agency agrees that the Authority and the Council and their 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 Governmental Agency further agrees that the Authority and the Council and their duly authorized agents and representatives shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency 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 Governmental Agency shall permit the Authority and the Council, acting by and through their directors 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 Governmental Agency shall submit to the Authority and the Council such documents and information as they 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 Governmental Agency agrees that it will permit the Authority and the Council and their agents and representatives to have access to the records of the Governmental Agency 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 Governmental Agency 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 Governmental Agency 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 Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) 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 Governmental Agency, 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 Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency 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 Governmental Agency shall provide and maintain competent and adequate engineering services satisfactory to the Council 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. Such engineer shall certify to the Authority, the Council and the Governmental Agency 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.

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Council, 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.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, 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 Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency 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;

(c) The Governmental Agency 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 Governmental Agency 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 the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) The Governmental Agency 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 the Council shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the 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 the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency 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 the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(h) 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 the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

(i) 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 shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council 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 Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency 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 Governmental Agency 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, the Council and the Governmental Agency. 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 Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) 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 Governmental Agency 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 of the System, as more fully set forth in Schedule X attached hereto and 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 Governmental Agency shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, 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 Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency 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 the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency 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 Governmental Agency 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 Governmental Agency 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;

(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 Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually 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 the Council, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency 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 the Council 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, 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 Governmental Agency 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 financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, 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 Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency 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 Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D 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 Governmental Agency 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 Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, 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 the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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;

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding 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.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted 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 recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X 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.

4.5 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 Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency 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 Governmental Agency 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 Governmental Agency defaults in the payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority 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 shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency 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 or this Loan Agreement.

6.2 The Governmental Agency 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 Governmental Agency fails to make any such rebates as required, then the Governmental Agency 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.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority and the Council 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.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council 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 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 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 Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 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.

7.5 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.

7.6 No waiver by either 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.

7.7 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.

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

7.9 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency 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.

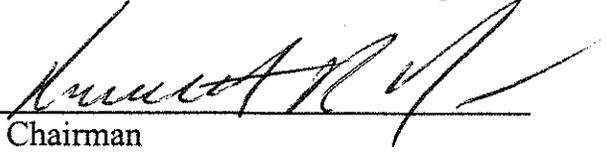
7.10 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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.

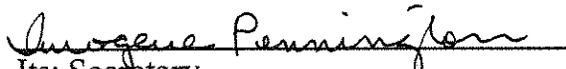
NEW HAVEN PUBLIC SERVICE DISTRICT

(SEAL)

By: 
Its: Chairman

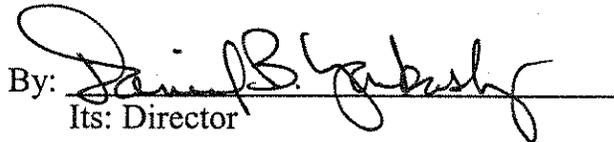
Attest:

Date: March 19, 2001


Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: 
Its: Director

Attest:

Date: March 22, 2001

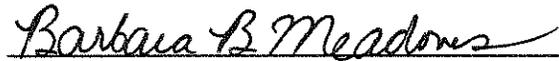

Its: Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings 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 Infrastructure and Jobs Development Council (the "Council"), 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 [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council 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 the Schedule B attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been 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 [DEP/BPH/PSC] 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, ²the 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 set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, 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 interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, 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 Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency 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 Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

3. The Governmental Agency 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 Governmental Agency and constitute valid and binding obligations of the Governmental Agency enforceable against the Governmental Agency 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 Governmental Agency to the Authority and are valid and legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross 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 the 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,

EXHIBIT C

[Form of Monthly Financial Report]

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - __

Report Month: _____

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

Witnesseth my signature this ____ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest	\$ _____
Principal	\$ _____
Total:	\$ _____
Reserve Account:	\$ _____

Witness my signature this ____ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$995,325
Purchase Price of Local Bonds	\$995,325

The Local Bonds shall bear no interest. Commencing June 1, 2002, principal of the Local Bonds is payable quarterly. 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 Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency 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 Governmental Agency:

- a) Water Revenue Bonds, Series 2000A, dated March 2, 2000, issued in the original aggregate principal amount of \$1,241,000.
- b) Water Revenue Bonds, Series 2000B, dated March 2, 2000, issued in the original aggregate principal amount of \$9,004,675.
- c) Water Revenue Bonds, Series 2000C, dated September 21, 2000, issued in the original aggregate principal amount of \$1,605,000.
- d) Water Revenue Bonds, Series 2000D, dated September 21, 2000, issued in the original aggregate principal amount of \$767,354.

New Haven Public Service District (West Virginia)

Loan of \$995,325

40 Years, 0% Interest Rate

Closing Date: March 29, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	6,381.00	-	6,381.00
9/01/2002	6,381.00	-	6,381.00
12/01/2002	6,381.00	-	6,381.00
3/01/2003	6,381.00	-	6,381.00
6/01/2003	6,381.00	-	6,381.00
9/01/2003	6,381.00	-	6,381.00
12/01/2003	6,381.00	-	6,381.00
3/01/2004	6,381.00	-	6,381.00
6/01/2004	6,381.00	-	6,381.00
9/01/2004	6,381.00	-	6,381.00
12/01/2004	6,381.00	-	6,381.00
3/01/2005	6,381.00	-	6,381.00
6/01/2005	6,381.00	-	6,381.00
9/01/2005	6,381.00	-	6,381.00
12/01/2005	6,381.00	-	6,381.00
3/01/2006	6,381.00	-	6,381.00
6/01/2006	6,381.00	-	6,381.00
9/01/2006	6,381.00	-	6,381.00
12/01/2006	6,381.00	-	6,381.00
3/01/2007	6,381.00	-	6,381.00
6/01/2007	6,381.00	-	6,381.00
9/01/2007	6,381.00	-	6,381.00
12/01/2007	6,381.00	-	6,381.00
3/01/2008	6,381.00	-	6,381.00
6/01/2008	6,381.00	-	6,381.00
9/01/2008	6,381.00	-	6,381.00
12/01/2008	6,381.00	-	6,381.00
3/01/2009	6,381.00	-	6,381.00
6/01/2009	6,381.00	-	6,381.00
9/01/2009	6,381.00	-	6,381.00
12/01/2009	6,381.00	-	6,381.00
3/01/2010	6,381.00	-	6,381.00
6/01/2010	6,381.00	-	6,381.00
9/01/2010	6,381.00	-	6,381.00
12/01/2010	6,381.00	-	6,381.00
3/01/2011	6,381.00	-	6,381.00
6/01/2011	6,381.00	-	6,381.00
9/01/2011	6,381.00	-	6,381.00
12/01/2011	6,381.00	-	6,381.00
3/01/2012	6,381.00	-	6,381.00
6/01/2012	6,381.00	-	6,381.00
9/01/2012	6,381.00	-	6,381.00
12/01/2012	6,381.00	-	6,381.00
3/01/2013	6,381.00	-	6,381.00

New Haven Public Service District (West Virginia)

*Loan of \$995,325
40 Years, 0% Interest Rate*

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2013	6,381.00	-	6,381.00
9/01/2013	6,380.00	-	6,380.00
12/01/2013	6,380.00	-	6,380.00
3/01/2014	6,380.00	-	6,380.00
6/01/2014	6,380.00	-	6,380.00
9/01/2014	6,380.00	-	6,380.00
12/01/2014	6,380.00	-	6,380.00
3/01/2015	6,380.00	-	6,380.00
6/01/2015	6,380.00	-	6,380.00
9/01/2015	6,380.00	-	6,380.00
12/01/2015	6,380.00	-	6,380.00
3/01/2016	6,380.00	-	6,380.00
6/01/2016	6,380.00	-	6,380.00
9/01/2016	6,380.00	-	6,380.00
12/01/2016	6,380.00	-	6,380.00
3/01/2017	6,380.00	-	6,380.00
6/01/2017	6,380.00	-	6,380.00
9/01/2017	6,380.00	-	6,380.00
12/01/2017	6,380.00	-	6,380.00
3/01/2018	6,380.00	-	6,380.00
6/01/2018	6,380.00	-	6,380.00
9/01/2018	6,380.00	-	6,380.00
12/01/2018	6,380.00	-	6,380.00
3/01/2019	6,380.00	-	6,380.00
6/01/2019	6,380.00	-	6,380.00
9/01/2019	6,380.00	-	6,380.00
12/01/2019	6,380.00	-	6,380.00
3/01/2020	6,380.00	-	6,380.00
6/01/2020	6,380.00	-	6,380.00
9/01/2020	6,380.00	-	6,380.00
12/01/2020	6,380.00	-	6,380.00
3/01/2021	6,380.00	-	6,380.00
6/01/2021	6,380.00	-	6,380.00
9/01/2021	6,380.00	-	6,380.00
12/01/2021	6,380.00	-	6,380.00
3/01/2022	6,380.00	-	6,380.00
6/01/2022	6,380.00	-	6,380.00
9/01/2022	6,380.00	-	6,380.00
12/01/2022	6,380.00	-	6,380.00
3/01/2023	6,380.00	-	6,380.00
6/01/2023	6,380.00	-	6,380.00
9/01/2023	6,380.00	-	6,380.00
12/01/2023	6,380.00	-	6,380.00
3/01/2024	6,380.00	-	6,380.00
6/01/2024	6,380.00	-	6,380.00
9/01/2024	6,380.00	-	6,380.00
12/01/2024	6,380.00	-	6,380.00
3/01/2025	6,380.00	-	6,380.00

New Haven Public Service District (West Virginia)

*Loan of \$995,325
40 Years, 0% Interest Rate*

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2025	6,380.00	-	6,380.00
9/01/2025	6,380.00	-	6,380.00
12/01/2025	6,380.00	-	6,380.00
3/01/2026	6,380.00	-	6,380.00
6/01/2026	6,380.00	-	6,380.00
9/01/2026	6,380.00	-	6,380.00
12/01/2026	6,380.00	-	6,380.00
3/01/2027	6,380.00	-	6,380.00
6/01/2027	6,380.00	-	6,380.00
9/01/2027	6,380.00	-	6,380.00
12/01/2027	6,380.00	-	6,380.00
3/01/2028	6,380.00	-	6,380.00
6/01/2028	6,380.00	-	6,380.00
9/01/2028	6,380.00	-	6,380.00
12/01/2028	6,380.00	-	6,380.00
3/01/2029	6,380.00	-	6,380.00
6/01/2029	6,380.00	-	6,380.00
9/01/2029	6,380.00	-	6,380.00
12/01/2029	6,380.00	-	6,380.00
3/01/2030	6,380.00	-	6,380.00
6/01/2030	6,380.00	-	6,380.00
9/01/2030	6,380.00	-	6,380.00
12/01/2030	6,380.00	-	6,380.00
3/01/2031	6,380.00	-	6,380.00
6/01/2031	6,380.00	-	6,380.00
9/01/2031	6,380.00	-	6,380.00
12/01/2031	6,380.00	-	6,380.00
3/01/2032	6,380.00	-	6,380.00
6/01/2032	6,380.00	-	6,380.00
9/01/2032	6,380.00	-	6,380.00
12/01/2032	6,380.00	-	6,380.00
3/01/2033	6,380.00	-	6,380.00
6/01/2033	6,380.00	-	6,380.00
9/01/2033	6,380.00	-	6,380.00
12/01/2033	6,380.00	-	6,380.00
3/01/2034	6,380.00	-	6,380.00
6/01/2034	6,380.00	-	6,380.00
9/01/2034	6,380.00	-	6,380.00
12/01/2034	6,380.00	-	6,380.00
3/01/2035	6,380.00	-	6,380.00
6/01/2035	6,380.00	-	6,380.00
9/01/2035	6,380.00	-	6,380.00
12/01/2035	6,380.00	-	6,380.00
3/01/2036	6,380.00	-	6,380.00
6/01/2036	6,380.00	-	6,380.00
9/01/2036	6,380.00	-	6,380.00
12/01/2036	6,380.00	-	6,380.00
3/01/2037	6,380.00	-	6,380.00

New Haven Public Service District (West Virginia)

*Loan of \$995,325
40 Years, 0% Interest Rate*

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2037	6,380.00	-	6,380.00
9/01/2037	6,380.00	-	6,380.00
12/01/2037	6,380.00	-	6,380.00
3/01/2038	6,380.00	-	6,380.00
6/01/2038	6,380.00	-	6,380.00
9/01/2038	6,380.00	-	6,380.00
12/01/2038	6,380.00	-	6,380.00
3/01/2039	6,380.00	-	6,380.00
6/01/2039	6,380.00	-	6,380.00
9/01/2039	6,380.00	-	6,380.00
12/01/2039	6,380.00	-	6,380.00
3/01/2040	6,380.00	-	6,380.00
6/01/2040	6,380.00	-	6,380.00
9/01/2040	6,380.00	-	6,380.00
12/01/2040	6,380.00	-	6,380.00
3/01/2041	6,380.00	-	6,380.00
Total	995,325.00	-	995,325.00

YIELD STATISTICS

Bond Year Dollars.....	\$20,469.89
Average Life.....	20.566 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.22E-10
Bond Yield for Arbitrage Purposes.....	1.22E-10
All Inclusive Cost (AIC).....	1.22E-10

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	20.566 Years

SCHEDULE Z

None.

DWTRF
(4/7/00)

LOAN AGREEMENT

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

NEW HAVEN PUBLIC SERVICE DISTRICT (Local Entity)

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Entity

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

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

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

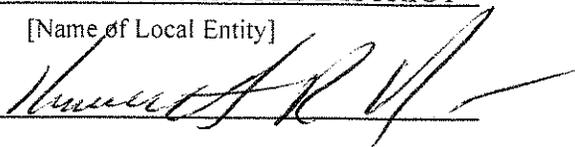
IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

NEW HAVEN PUBLIC SERVICE DISTRICT

[Name of Local Entity]

(SEAL)

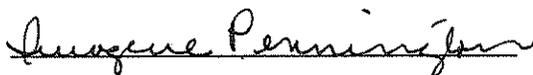
By: _____



Its: Chairman

Attest:

Date: March 19, 2001



Its Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____



Its: Director

Attest:

Date: March 22, 2001

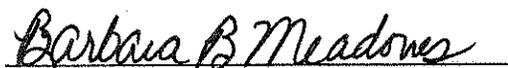

Secretary-Treasurer

EXHIBIT A

[Form of Monthly Financial Report]

[Name of Local Entity]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

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

Witnesseth my signature this _____ day of _____, _____.

[Name of Local Entity]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

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

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

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

[SEAL]

By: _____

West Virginia License No. _____

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

EXHIBIT D

Special Conditions

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

EXHIBIT E

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission
on behalf of _____ on _____
[Local Entity] [Date]

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

[Opinion of Bond Counsel for Local Entity]

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>732,646</u>
Purchase Price of Local Bonds	\$ <u>732,646</u>

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

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

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

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

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

(1) Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of \$1,241,000; (2) Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of \$9,004,675; (3) Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of \$1,605,000; and (4) Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), dated September 21, 2000, issued in the original aggregate principal amount of \$767,354.

New Haven Public Service District (West Virginia)

Loan of \$732,646

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: March 29, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	6,106.00	-	6,106.00
9/01/2002	6,106.00	-	6,106.00
12/01/2002	6,106.00	-	6,106.00
3/01/2003	6,106.00	-	6,106.00
6/01/2003	6,106.00	-	6,106.00
9/01/2003	6,106.00	-	6,106.00
12/01/2003	6,106.00	-	6,106.00
3/01/2004	6,106.00	-	6,106.00
6/01/2004	6,106.00	-	6,106.00
9/01/2004	6,106.00	-	6,106.00
12/01/2004	6,106.00	-	6,106.00
3/01/2005	6,106.00	-	6,106.00
6/01/2005	6,106.00	-	6,106.00
9/01/2005	6,106.00	-	6,106.00
12/01/2005	6,106.00	-	6,106.00
3/01/2006	6,106.00	-	6,106.00
6/01/2006	6,106.00	-	6,106.00
9/01/2006	6,106.00	-	6,106.00
12/01/2006	6,106.00	-	6,106.00
3/01/2007	6,106.00	-	6,106.00
6/01/2007	6,106.00	-	6,106.00
9/01/2007	6,106.00	-	6,106.00
12/01/2007	6,106.00	-	6,106.00
3/01/2008	6,106.00	-	6,106.00
6/01/2008	6,106.00	-	6,106.00
9/01/2008	6,106.00	-	6,106.00
12/01/2008	6,106.00	-	6,106.00
3/01/2009	6,106.00	-	6,106.00
6/01/2009	6,106.00	-	6,106.00
9/01/2009	6,106.00	-	6,106.00
12/01/2009	6,106.00	-	6,106.00
3/01/2010	6,106.00	-	6,106.00
6/01/2010	6,106.00	-	6,106.00
9/01/2010	6,106.00	-	6,106.00
12/01/2010	6,106.00	-	6,106.00
3/01/2011	6,106.00	-	6,106.00
6/01/2011	6,106.00	-	6,106.00
9/01/2011	6,106.00	-	6,106.00
12/01/2011	6,106.00	-	6,106.00
3/01/2012	6,106.00	-	6,106.00
6/01/2012	6,106.00	-	6,106.00
9/01/2012	6,106.00	-	6,106.00
12/01/2012	6,106.00	-	6,106.00
3/01/2013	6,106.00	-	6,106.00

New Haven Public Service District (West Virginia)

Loan of \$732,646

30 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2013	6,106.00	-	6,106.00
9/01/2013	6,106.00	-	6,106.00
12/01/2013	6,105.00	-	6,105.00
3/01/2014	6,105.00	-	6,105.00
6/01/2014	6,105.00	-	6,105.00
9/01/2014	6,105.00	-	6,105.00
12/01/2014	6,105.00	-	6,105.00
3/01/2015	6,105.00	-	6,105.00
6/01/2015	6,105.00	-	6,105.00
9/01/2015	6,105.00	-	6,105.00
12/01/2015	6,105.00	-	6,105.00
3/01/2016	6,105.00	-	6,105.00
6/01/2016	6,105.00	-	6,105.00
9/01/2016	6,105.00	-	6,105.00
12/01/2016	6,105.00	-	6,105.00
3/01/2017	6,105.00	-	6,105.00
6/01/2017	6,105.00	-	6,105.00
9/01/2017	6,105.00	-	6,105.00
12/01/2017	6,105.00	-	6,105.00
3/01/2018	6,105.00	-	6,105.00
6/01/2018	6,105.00	-	6,105.00
9/01/2018	6,105.00	-	6,105.00
12/01/2018	6,105.00	-	6,105.00
3/01/2019	6,105.00	-	6,105.00
6/01/2019	6,105.00	-	6,105.00
9/01/2019	6,105.00	-	6,105.00
12/01/2019	6,105.00	-	6,105.00
3/01/2020	6,105.00	-	6,105.00
6/01/2020	6,105.00	-	6,105.00
9/01/2020	6,105.00	-	6,105.00
12/01/2020	6,105.00	-	6,105.00
3/01/2021	6,105.00	-	6,105.00
6/01/2021	6,105.00	-	6,105.00
9/01/2021	6,105.00	-	6,105.00
12/01/2021	6,105.00	-	6,105.00
3/01/2022	6,105.00	-	6,105.00
6/01/2022	6,105.00	-	6,105.00
9/01/2022	6,105.00	-	6,105.00
12/01/2022	6,105.00	-	6,105.00
3/01/2023	6,105.00	-	6,105.00
6/01/2023	6,105.00	-	6,105.00
9/01/2023	6,105.00	-	6,105.00
12/01/2023	6,105.00	-	6,105.00
3/01/2024	6,105.00	-	6,105.00
6/01/2024	6,105.00	-	6,105.00
9/01/2024	6,105.00	-	6,105.00
12/01/2024	6,105.00	-	6,105.00
3/01/2025	6,105.00	-	6,105.00

New Haven Public Service District (West Virginia)

Loan of \$732,646

30 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2025	6,105.00	-	6,105.00
9/01/2025	6,105.00	-	6,105.00
12/01/2025	6,105.00	-	6,105.00
3/01/2026	6,105.00	-	6,105.00
6/01/2026	6,105.00	-	6,105.00
9/01/2026	6,105.00	-	6,105.00
12/01/2026	6,105.00	-	6,105.00
3/01/2027	6,105.00	-	6,105.00
6/01/2027	6,105.00	-	6,105.00
9/01/2027	6,105.00	-	6,105.00
12/01/2027	6,105.00	-	6,105.00
3/01/2028	6,105.00	-	6,105.00
6/01/2028	6,105.00	-	6,105.00
9/01/2028	6,105.00	-	6,105.00
12/01/2028	6,105.00	-	6,105.00
3/01/2029	6,105.00	-	6,105.00
6/01/2029	6,105.00	-	6,105.00
9/01/2029	6,105.00	-	6,105.00
12/01/2029	6,105.00	-	6,105.00
3/01/2030	6,105.00	-	6,105.00
6/01/2030	6,105.00	-	6,105.00
9/01/2030	6,105.00	-	6,105.00
12/01/2030	6,105.00	-	6,105.00
3/01/2031	6,105.00	-	6,105.00
6/01/2031	6,105.00	-	6,105.00
9/01/2031	6,105.00	-	6,105.00
12/01/2031	6,105.00	-	6,105.00
3/01/2032	6,105.00	-	6,105.00
Total	732,646.00	-	732,646.00 *

YIELD STATISTICS

Bond Year Dollars.....	\$11,770.75
Average Life.....	16.066 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.39E-12
Bond Yield for Arbitrage Purposes.....	1.39E-12
All Inclusive Cost (AIC).....	0.9369533%

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	16.066 Years

*Plus \$923.41 one-percent administrative fee paid quarterly. Total fee over the life of the loan is \$110,809.20.

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 12th day of September, 1997.

CASE NO. 96-0317-W-PWD-PC

WEST VIRGINIA-AMERICAN WATER COMPANY
and SALEM-GATEWOOD PUBLIC SERVICE DISTRICT
Petition for consent and approval of the
sale of water and utility assets of Salem-
Gatewood Public Service District to West
Virginia-American Water Company.

and

Case No. 96-1477-W-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
COUNTY COMMISSION OF FAYETTE COUNTY,
and NEW HAVEN PUBLIC SERVICE DISTRICT.
Joint petition for Commission approval
of agreement and related transactions,
and for expansion of New Haven Public
Service District; and joint application
for a certificate of convenience and
necessity to construct the Fayette
Plateau Treatment Plant.

COMMISSION ORDER

On December 2, 1996, West Virginia-American Water Company (WVAWC), the County Commission of Fayette County (County) and New Haven Public Service District (District) filed a Joint Application for Consent and Approval to Agreement and Approval of the Related Transactions and Certain Ratemaking Treatment; and for Certificate of Convenience and Necessity for the Construction of Facilities (Joint

Application). The Joint Application seeks Commission approval of: (1) a proposed operation and maintenance (O&M) agreement between WVAWC and the District; (2) various financial arrangements, including a capital lease, between WVAWC and County; (3) rate making described in the O&M agreement; (4) a certificate of convenience and necessity to construct various facilities (the Project), including a water treatment plan (the Fayette Plateau Treatment Plant); and (5) the County's expansion of the District's service area. The joint applicants also moved to consolidate these proceedings.

By Order dated June 24, 1997, the Commission rescinded its previously issued referral order in Case No. 96-1477-W-PWD-PC-CN and retained the consolidated cases for its determination. The Order additionally established a procedural schedule for the cases.

The pre-filed testimony in this case indicates that the Project will provide water to approximately 1,600 customers, or over 4,000 people, not currently receiving service from a water supply systems. The new facilities will serve approximately 8,850 customers in total, or over 25,000 people. In addition to the Fayette Plateau Treatment Plant, the Project facilities to be constructed include a 500,000 gallon water storage tank, two other storage tanks, and approximately 60 miles of transmission and distribution mains. In addition, WVAWC's current treatment facilities in Oak Hill, Mossy, and Ansted will be removed from service, and all of these systems will receive water from the Fayette Plateau Treatment Plant. See Pre-filed Testimony of David

B. Schultz.

On August 21, 1997, the Affiliated Construction Trades Foundation (ACT) filed a petition to intervene in Case No. 96-1477-W-PWD-PC-CN. On August 25, 1997, ACT filed pre-filed testimony and comments on funding with respect to the project proposed in Case No. 96-1477-W-PWD-PC-CN.

On August 27, 1997, the West Virginia-American Water Company (WVAWC) filed its response to ACT's petition to intervene, stating its opposition thereto.

On August 29, 1997, the parties filed with the Commission a letter of understanding setting forth the parties' agreements in principle, subject to the preparation and execution of a joint stipulation in these cases.

By Order issued on September 2, 1997, the Commission granted ACT's petition to intervene with respect to issues relevant to Case No. 96-1477-W-PWD-PC-CN.

The hearing in these matters commenced as scheduled on September 3, 1997 and reconvened on September 5, 1997.

At the hearing on September 3, 1997, WVAWC, Commission Staff and the CAD informed the Commission that they had reached an agreement in

principle regarding the issues in these consolidated cases, and were working together on drafting a written stipulation for filing with the Commission on September 5, 1997. The intervenor, ACT clarified its issues in this case to the Commission and explained that it would not joined in the written stipulation because it did not anticipate that the written stipulation would address its concerns. All of the parties, including ACT, represented to the Commission that they had agreed not to cross-examine each others' witnesses, and that all pre-filed testimony would be offered into the record unchallenged.

Following statements by counsel, numerous members of the public located in the areas to be served by the proposed Project and representing businesses, residents, and local government, made statements in favor of the Fayette Plateau Treatment plant and the Project. No member of the public expressed any opposition to the Project. The hearing was adjourned and continued until September 5, 1997.

On September 5, 1997, the hearing was reconvened and WVAWC, Commission Staff and CAD offered into evidence the Joint Stipulation and Agreement for Settlement (Stipulation), attached hereto as Attachment 1, in resolution of these consolidated cases. Michael A. Miller, Vice President and Treasurer of WVAWC, testified in support of the Stipulation. Following Mr. Miller's testimony, counsel for the intervenor further clarified the intervenor's concerns as follows: (i) The intervenor requests that in the event that the proposed financing

currently sought by the District proves to be unavailable to the District, and the District incurs greater costs than anticipated in connection with its portion of the Project, then the Use Fee obligation of WVAWC set forth in paragraphs 56, 57, and 58 of the Stipulation, not be limited as proposed in the Stipulation, and (ii) The intervenor requests that the Commission order that in the event the District proposes in the future to sell to WVAWC the facilities constructed and owned by the District in connection with this Project, that such sale be at fair market value.¹

The Commission has reviewed and considered the pre-filed testimony in this case, the Stipulation and the issues raised by ACT. The Commission is of the opinion that the Stipulation is a reasonable resolution of the issues in these consolidated cases, and that it should be adopted. Accordingly, the petitions filed in each of these cases should be approved as provided in the Stipulation.

With respect to ACT's first issue regarding the Use Fee, we note that if the proposed funding for the District's portion of the Project is not obtained, the Joint applicants shall be required by the provisions of this Order to reopen this proceeding for approval of revised financing. At such time, the Commission would consider the reasonableness and sufficiency of the Use Fee as the repayment mechanism for such revised refinancing.

¹The facilities proposed to be constructed by the District are described in the pre-filed testimony of Edward L. Shutt.

With respect to ACT's second issue regarding the possible future transfer of District properties to WVAWC, we similarly note that the District and WVAWC would be required by *West Virginia Code § 24-2-12* to obtain Commission approval for any sale of District assets to WVAWC. If such a transaction is proposed, the public would be provided notice and an opportunity to object to the terms of such sale. Accordingly, we have considered both of ACT's concerns but it is not necessary or appropriate to take any additional action with respect to ACT's concerns at this time.

FINDINGS OF FACT

1. On December 2, 1996, West Virginia-American Water Company (WVAWC), the County Commission of Fayette County (County) and New Haven Public Service District (District) filed a joint application seeking Commission approval of: (1) a proposed operation and maintenance (O&M) agreement between WVAWC and NHPSD; (2) various financial arrangements, including a capital lease, between WVAWC and County; (3) rate making described in the O&M agreement; (4) a certificate of convenience and necessity to construct various facilities (the Project), including a water treatment plan (the Fayette Plateau Treatment Plant); and (5) the County's expansion of NHPSD's service area.

2. The joint applicants also moved to consolidate these proceedings.

3. By Order dated June 24, 1997, the Commission rescinded its previously issued referral order in Case No. 96-1477-W-PWD-PC-CN and retained the consolidated cases for its determination. The Order additionally established a procedural schedule for the cases.

4. The pre-filed testimony in this case indicates that the Project will provide water to approximately 1,600 customers, or over 4,000 people, not currently receiving service from a water supply systems.

5. The new facilities will serve approximately 8,850 customers in total, or over 25,000 people. In addition to the Fayette Plateau Treatment Plant a 500,000 gallon water storage tank, and two other storage tanks, approximately 60 miles of transmission and distribution mains will be constructed. In addition, WVAWC's current treatment facilities in Oak Hill, Mossy, and Ansted will be removed from service, and all of these systems will receive water from the Fayette Plateau Treatment Plant. *See Pre-filed Testimony of David B. Schultz.*

6. On August 21, 1997, ACT filed a petition to intervene in Case No. 96-1477-W-PWD-PC-CN. On August 25, 1997, ACT filed pre-filed testimony and comments on funding with respect to the project proposed in Case No. 96-1477-W-PWD-PC-CN.

7. On August 27, 1997, the West Virginia-American Water Company

(WVAWC) filed its response to ACT's petition to intervene, stating its opposition thereto.

8. On August 29, 1997, the parties filed with the Commission a letter of understanding setting forth the parties' agreements in principle subject to the preparation and execution of a Joint Stipulation.

9. By Order issued on September 2, 1997, the Commission granted ACT's petition to intervene with respect to issues relevant to Case No. 96-1477-W-PWD-PC-CN.

10. The hearing in these matters commenced as scheduled on September 3, 1997 and reconvened on September 5, 1997.

11. At the hearing on September 3, 1997, WVAWC, Commission Staff and the CAD informed the Commission that they had reached an agreement in principle regarding the issues in these consolidated cases, and were working together on drafting a written stipulation for filing with the Commission on September 5, 1997.

12. Also at the September 3, 1997 hearing, the intervenor, ACT, clarified its issues in this case to the Commission and explained that it would not join in the written stipulation because it anticipated that the written stipulation would not address its concerns.

13. All of the parties, including ACT, represented to the Commission that they had agreed not to cross-examine each others' witnesses, and that all pre-filed testimony would be offered into the record unchallenged.

14. Following the statements by counsel, numerous members of the public located in the areas to be served by the proposed Project and representing businesses, residents, and local government, made statements in favor of the Fayette Plateau Treatment plant and the Project.

15. No member of the public expressed any opposition to the Project. The hearing was adjourned and continued until September 5, 1997.

16. On September 5, 1997, the hearing was reconvened and WVAWC, Commission Staff and CAD offered into evidence the Stipulation and Agreement for Settlement, attached hereto as Attachment 1, in resolution of this case.

17. Michael A. Miller, Vice President and Treasurer of WVAWC, testified in support of the Stipulation.

18. Following Mr. Miller's testimony, counsel for the intervenor further clarified the intervenor's concerns as follows: (i) The intervenor requests that in the event that the proposed financing

currently sought by the District proves to be unavailable to the District, and the District incurs greater costs than anticipated in connection with its portion of the Project, then the Use Fee obligation of WVAWC set forth in paragraphs 56, 57, and 58 of the Stipulation, not be limited as proposed in the Stipulation, and (ii) The intervenor requests that the Commission order that in the event the District proposes in the future to sell to WVAWC the facilities constructed and owned by the District in connection with this Project, that such sale be at fair market value.

CONCLUSIONS OF LAW

1. The Joint Stipulation and Agreement for Settlement is a reasonable resolution of the issues in these consolidated cases and should be adopted.

2. The petitions filed in each of these cases should be granted as provided in the Joint Stipulation.

3. With respect to ACT's first issue regarding the Use Fee, if the proposed funding for the District's portion of the Project is not obtained, the Joint applicants shall be required by the provisions of this Order to reopen this proceeding for approval of revised financing. At such time, the Commission would consider the reasonableness and sufficiency of the Use Fee as the repayment mechanism for such revised refinancing.

4. With respect to ACT's second issue regarding the possible future transfer of District properties to WVAWC, the District and WVAWC would be required by West Virginia Code § 24-2-12 to obtain Commission approval for any sale of District assets to WVAWC. If such a transaction is proposed, the public would be provided notice and an opportunity to object to the terms of such sale.

5. It is not necessary or appropriate to take any action with respect to ACT's concerns at this time.

ORDER

IT IS THEREFORE ORDERED that: (i) the proposed Operation and Maintenance Agreement between WVAWC and the District, (ii) the proposed financing methodology, including the use of Industrial Development Bonds, a capital lease between WVAWC and the Fayette County Commission, and the payment of a Use Fee by WVAWC to the District, (iii) the Step Rate Increases and rate base treatment for the facilities to be constructed, and (iv) the expansion of the District's boundaries, as the foregoing are further described in the Joint Stipulation and Agreement for Settlement attached hereto as Attachment 1, and subject to the contingencies set forth in paragraphs 43, 44 and 46 of the Stipulation, are hereby approved.

IT IS FURTHER ORDERED that the sale of the water utility assets of Salem-Gatewood Public Service District to WVAWC as contemplated by

the Stipulation is hereby approved subject to the contingencies set forth in paragraphs 43, 44 and 46 of the Stipulation.

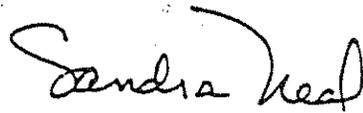
IT IS FURTHER ORDERED that the joint applications for a certificates of convenience and necessity to construct the facilities described in the Joint Application and the Stipulation are hereby granted contingent upon the contingencies described in paragraphs 43, 44, and 46 of the Stipulation.

IT IS FURTHER ORDERED that the proposed funding of the Project, as contemplated in the Joint Application and in the Stipulation is hereby approved.

IT IS FURTHER ORDERED that if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction.

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 Neal
Executive Secretary

990146com031299.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 12th day of March, 1999.

CASE NO. 99-0146-W-PC

WEST VIRGINIA-AMERICAN WATER COMPANY,
NEW HAVEN PUBLIC SERVICE DISTRICT; AND
THE COUNTY COMMISSION OF FAYETTE COUNTY

Petition for consent and approval for changes to the scope, terms and/or financing of the Fayette County project pursuant to the Commission Order in Case No. 96-1477-W-PWD-PC-CN entered September 12, 1997.

COMMISSION ORDER

On January 22, 1999, West Virginia-American Water Company filed a letter with the Commission requesting authority to change the implementation dates and amounts of the step rate increases previously approved in Case No. 96-1477-W-PWD-PC-CN, to finance costs of the Company's Fayette County project. The Company's requests are based on the fact that whereas the original estimate of the Company's project costs was \$23.51 million, final costs based on bids received are \$28.270 million.

As approved in Case No. 96-1477-W-PWD-PC-CN, the current schedule of step rate increases would permit the Company to recover a total of \$3.186 million through step rate increases as follows: (1) effective July 15, 1999, the Company would implement a step rate increase based on actual costs for work in progress (CWIP) as of May 31, 1999, adjusted by a true-up for the portion of CWIP recognized in the Company's last rate case, Case No. 98-0246-W-42T, and (2) effective when the project is certified as complete on or about January 1, 2000, the Company would implement a second step rate increase based on total CWIP expended. The September 12, 1997 Order in Case No. 96-1477-W-PWD-PC-CN stated that "if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction."

In the current filing, the Company proposes to suspend implementation of the first step rate increase until September 15, 1999, and implementation of the second, true-up, rate increase until September 1, 2000. The Company would increase the total amount of the step rate increases from \$3.186 million to \$3.351 million. The increase is based on project costs of \$26.246 million, which is less than the actual total project cost estimate of \$28.270 million. The Company would absorb the carrying cost for this difference and seek to include the difference in costs in its rate base in its next rate case to be filed following expiration of the current rate moratorium on March 1, 2001. Commission Staff and CAD will be free to take any position they deem appropriate as to the inclusion of the incremental amount in the Company's rate base.

If the changes are approved, the Company would file supporting calculations and tariff sheets for the first step rate increase no later than July 15, 2000 and include in such filing CWIP through July 15, 2000. The Company would file true-up calculations for CWIP through August 15, 2000 as soon as such information becomes available, and not to exceed the total project cost of \$26.246 million.

The Company's letter states that it has consulted with Staff and CAD regarding the relief requested in this filing, and that neither party objects to the Company's requests.

On February 19, 1999, Commission Staff filed its Initial and Final Joint Staff Memorandum in this proceeding. Staff recommended that the Company's requests be granted and that it be permitted to change the implementation and amounts of the step rate increases related to the Fayette County project.

Upon review of the Company's filing, and the Staff recommendation, the Commission deems the requested changes to the step rate increases reasonable and will grant this petition.

FINDINGS OF FACT

1. On January 22, 1999, West Virginia-American Water Company filed a letter with the Commission requesting authority to change the implementation dates and amounts of the step rate increases previously approved in Case No. 96-1477-W-PWD-PC-CN, to finance costs of the Company's Fayette County project.

2. The Company's requests are based on the fact that whereas the original estimate of the Company's project costs was \$23.51 million, final costs based on bids received are \$28.270 million.

3. As approved in Case No. 96-1477-W-PWD-PC-CN, the current schedule of step rate increases would permit the Company to recover a total of \$3.186 million through step rate increases as follows: (1) effective July 15, 1999 the Company would implement a step rate increase based on actual costs for work in progress (CWIP) as of May 31, 1999, adjusted by a true-up for the portion of CWIP recognized in the Company's last rate case, Case No. 98-0246-W-42T, and (2) when the project is certified as complete on or about January 1, 2000, the Company would implement a second step rate increase based on total CWIP expended.
4. The September 12, 1997 Order in Case No. 96-1477-W-PWD-PC-CN stated that "if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction."
5. In the current filing, the Company proposes to suspend implementation of the first step rate increase until September 15, 1999, and implementation of the second, true-up, rate increase until September 1, 2000. The Company would increase the total amount of the step rates from \$3.186 million to \$3.351 million.
6. The increase is based on project costs of \$26.246 million, which is less than the total project cost estimate of \$28.270 million.
7. The Company would absorb the carrying cost for this difference and seek to include the difference in costs in its rate base in its next rate case to be filed following expiration of the current rate moratorium on March 1, 2001. Commission Staff and CAD will be free to take any position they deem appropriate as to the inclusion of the incremental amount in the Company's rate base.
8. If the changes are approved, the Company would file supporting calculations and tariff sheets for the first step rate increase no later than July 15, 2000 and include in such filing CWIP through July 15, 2000. The Company would file true-up calculations for CWIP through August 15, 2000 and tariff sheets for the second step rate increase as soon as such information becomes available, and not to exceed the total project cost of \$26.246 million.
9. Staff and CAD do not object to the Company's requests.
10. On February 19, 1999, Commission Staff filed its Initial and Final Joint Staff Memorandum in this proceeding. Staff recommended that the Company's requests be granted and that it be permitted to change the implementation and amounts of the step rate increases related to the Fayette County project.

CONCLUSION OF LAW

Upon review of the Company's filing, and the Staff recommendation, the Commission deems the requested changes to the step rates related to this Project reasonable and will grant this petition.

ORDER

IT IS THEREFORE ORDERED that the Company's petition for consent and approval for changes to the scope, terms and/or financing of the Fayette County project is hereby granted and the Company shall be permitted to implement step rate increases for recovery of \$3.351 million instead of the \$3.186 million previously authorized in Case No. 96-1477-W-PWD-PC-CN.

IT IS FURTHER ORDERED that the Company shall file supporting calculations and tariff sheets for the first step rate increase no later than July 15, 2000 and include in such filing CWIP through July 15, 2000.

IT IS FURTHER ORDERED that the Company shall file true-up calculations for CWIP through August 15, 2000 and tariff sheets for the second step rate increase as soon as such information becomes available.

IT IS FURTHER ORDERED that upon Commission approval of each of the Company's supporting calculations to be filed by July 15, 2000 and true-up calculations to be filed as soon as possible, the Company shall be authorized to implement the first step rate increase on September 15, 1999, and implement the second, true-up, rate increase on September 1, 2000.

IT IS FURTHER ORDERED that the increased step rates are based on total project costs of \$26.246 million although actual costs are estimated at \$28.270 million.

IT IS FURTHER ORDERED that the Company may seek inclusion of the incremental cost of this project, above \$26.246 million, in its rate base calculation submitted in its next rate proceeding.

IT IS FURTHER ORDERED that Commission Staff and CAD are free to take any position they deem appropriate as to the Company's inclusion of the incremental amount in rate base in the Company's next rate proceeding.

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.

JML/seg
990146c.wpd

A True Copy, Teste:



Sandra Squire
Executive Secretary

**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 12th day of April, 1999.

CASE NO. 99-0146-W-PC

**WEST VIRGINIA-AMERICAN WATER COMPANY
NEW HAVEN PUBLIC SERVICE DISTRICT AND
THE COUNTY COMMISSION OF FAYETTE COUNTY**

Petition for consent and approval for changes to the scope,
terms and/or financing of the Fayette County project
pursuant to the Commission Order in Case No.
96-1477-PSD-PC-CN entered September 12, 1997.

AMENDED COMMISSION ORDER

By Order issued March 12, 1999, the Commission granted the Motion of the West
Virginia-American Water Company (Company) to change the implementation dates and
amounts of the step rate increases previously approved in Case No. 96-1477-PSD-PC-CN,
to finance costs of the Company's Fayette County project.

On March 18, 1999, the Company filed a letter requesting certain changes to the
Commission's Order.

The Commission will reissue the Order in its entirety, as follows.

On January 22, 1999, the Company filed a letter with the Commission requesting authority to change the implementation dates and amounts of the step rate increases previously approved in Case No. 96-1477-W-PWD-PC-CN, to finance costs of the Company's Fayette County project. The Company's requests are based on the fact that whereas the original estimate of the Company's project costs was \$23.51 million, final costs based on bids received are \$28.270 million.

As approved in Case No. 96-1477-PSD-PC-CN, the schedule of step rate increases permitted the Company to recover a total of \$3.186 million through step rate increases as follows: (1) effective July 15, 1999 the Company was to implement a step rate increase based on actual costs for work in progress (CWIP) as of May 31, 1999, and (2) effective when the project was certified as complete, which was then estimated to be on or about January 1, 2000, the Company was to implement a second step rate increase based on total CWIP expended. The September 12, 1997 Order in Case No. 96-1477-PSD-PC-CN stated that "if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction."

In the current filing, the Company proposes to delay implementation of the first step rate increase from July 15, 1999 to September 15, 1999, and delay implementation of the second, true-up, rate increase from January 1, 2000 to September 15, 2000. The

Company also proposes to increase the total amount of the step rate increases from \$3.186 million to \$3.351 million. The increase is based on project costs of \$26.246 million, which is less than the actual total project cost estimate of \$28.270 million. The Company proposes to absorb the carrying cost for this difference and will seek to include the difference in costs in its rate base in its next rate case to be filed following expiration of the current rate moratorium on March 1, 2001. Commission Staff and CAD will be free to take any position they deem appropriate as to inclusion of the incremental amount in the Company's rate base.

If the Commission grants the authority requested in the Company's current filing, the Company will file supporting calculations and tariff sheets for the first step rate increase no later than July 1, 1999 and include in such filing CWIP through May 31, 1999 and estimates of CWIP through July 31, 1999. The Company will file true-up calculations for CWIP through July 31, 1999, as soon as such information becomes available. The Company will file supporting calculations and tariff sheets for the second, true-up step rate increase no later than July 15, 2000, to include CWIP through July 15, 2000, and estimates of CWIP through completion of the Project. Actual CWIP through August 15, 2000 will be filed as soon as such information becomes available. Taken all together, the CWIP amounts filed in support of both step rate increases shall not exceed the total Project cost of \$26.246 million.

The Company's January 22, 1999 filing states that the Company has consulted with Staff and CAD regarding the relief requested in this filing, and that neither party objects to the Company's requests.

On February 19, 1999, Commission Staff filed its Initial and Final Joint Staff Memorandum in this proceeding. Staff recommended that the Company's requests be granted and that it be permitted to change the implementation and amounts of the step rate increases related to the Fayette County project.

The Commission has reviewed the Company's filing and determines that upon Commission review of the calculations filed in support of the first step rate increase, the Company will be allowed to implement the first step rate increase on September 15, 1999. Upon Commission review of the calculations filed in support of the second step rate increase, the Company will be allowed to implement the second step rate increase on September 15, 2000. Furthermore, the Commission will approve the increase in the amount of project costs to be recovered through the step rate increases, from \$3.186 million to \$3.351 million.

FINDINGS OF FACT

1. On January 22, 1999, the Company filed a letter with the Commission requesting authority to change the implementation dates and amounts of the step rate

increases previously approved in Case No. 96-1477-W-PWD-PC-CN, to finance costs of the Company's Fayette County project. The Company's requests are based on the fact that whereas the original estimate of the Company's project costs was \$23.51 million, final costs based on bids received are \$28.270 million.

2. As approved in Case No. 96-1477-PSD-PC-CN, the schedule of step rate increases permitted the Company to recover a total of \$3.186 million through step rate increases as follows: (1) effective July 15, 1999, the Company was to implement a step rate increase based on actual costs for work in progress (CWIP) as of May 31, 1999, and (2) effective when the project was certified as complete, which was then estimated to be on or about January 1, 2000, the Company was to implement a second step rate increase based on total CWIP expended.

3. The September 12, 1997 Order in Case No. 96-1477-PSD-PC-CN stated that "if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction."

4. In the current filing, the Company proposes to delay implementation of the first step rate increase from July 15, 1999 to September 15, 1999, and delay implementation of the second, true-up, rate increase from January 1, 2000 to September

15, 2000.

5. The Company also proposes to increase the total amount of the step rate increases from \$3.186 million to \$3.351 million. The increase is based on project costs of \$26.246 million, which is less than the actual total project cost estimate of \$28.270 million. The Company proposes to absorb the carrying cost for this difference and will seek to include the difference in costs in its rate base in its next rate case to be filed following expiration of the current rate moratorium on March 1, 2001. Commission Staff and CAD will be free to take any position they deem appropriate as to inclusion of the incremental amount in the Company's rate base.

6. If the Commission grants the authority requested in the current filing, the Company will file supporting calculations and tariff sheets for the first step rate increase no later than July 1, 1999, and include in such filing CWIP through May 31, 1999 and estimates of CWIP through July 31, 1999. The Company will file true-up calculations for CWIP through July 31, 1999, as soon as such information becomes available.

7. If the Commission grants the authority requested in the current filing, the Company will file supporting calculations and tariff sheets for the second, true-up step rate increase no later than July 15, 2000, to include CWIP through July 15, 2000, and estimates of CWIP through completion of the Project. Actual CWIP through August 15,

2000 will be filed as soon as such information becomes available.

8. Taken all together, the CWIP amounts filed in support of both step rate increases shall not exceed total project cost of \$26.246 million.

9. The Company's January 22, 1999 filing states that the Company has consulted with Staff and CAD regarding the relief requested in this filing, and that neither party objects to the Company's requests.

10. On February 19, 1999, Commission Staff filed its Initial and Final Joint Staff Memorandum in this proceeding. Staff recommended that the Company's requests be granted and that it be permitted to change the implementation and amounts of the step rate increases related to the Fayette County project.

CONCLUSIONS OF LAW

1. The Commission's Order issued March 12, 1999 should be replaced in its entirety with this Order.

2. Upon Commission review of the calculations filed in support of the first step rate increase, the Company will be allowed to implement the first step rate increase on

September 15, 1999.

3. Upon Commission review of the calculations filed in support of the second step rate increase, the Company will be allowed to implement the second step rate increase on September 15, 2000.

4. The Commission will approve the increase in the amount of project costs to be recovered through the step rate increases, from \$3.186 million to \$3.351 million.

ORDER

IT IS THEREFORE ORDERED that this Order replaces the Commission's March 12, 1999 Order, in its entirety.

IT IS FURTHER ORDERED that the Company's petition for consent and approval for changes to the scope, terms and/or financing of the Fayette County project is hereby granted, as provided herein.

IT IS FURTHER ORDERED that the Company shall be permitted to implement step rate increases for recovery of \$3.351 million instead of the \$3.186 million previously authorized in Case No. 96-1477-W-PWD-PC-CN.

IT IS FURTHER ORDERED that the Company will file supporting calculations and tariff sheets for the first step rate increase no later than July 1, 1999 and include in such filing CWIP through May 31, 1999 and estimates of CWIP through July 31, 1999.

IT IS FURTHER ORDERED that the Company will file true-up calculations for CWIP through July 31, 1999, as soon as such information becomes available.

IT IS FURTHER ORDERED that upon Commission review of the calculations in support of the first step rate increase, the Company may implement the first step rate increase on September 15, 1999.

IT IS FURTHER ORDERED that the Company will file supporting calculations and tariff sheets for the second, true-up step rate increase no later than July 15, 2000, to include CWIP through July 15, 2000, and estimates of CWIP through completion of the Project.

IT IS FURTHER ORDERED that the Company will file actual CWIP through August 15, 2000 as soon as such information becomes available, but not to exceed the total Project cost of \$26.246 million.

IT IS FURTHER ORDERED that upon Commission review of the calculations filed in support of the second step rate increase, the Company may implement the second step rate increase on September 15, 2000.

IT IS FURTHER ORDERED that the increased step rates are based on total project costs of \$26.246 million although actual costs are estimated at \$28.270 million.

IT IS FURTHER ORDERED that taken all together, the CWIP amounts filed in support of both step rate increases shall not exceed total project cost of \$26.246 million.

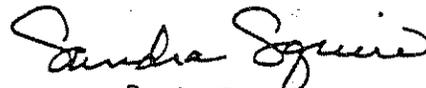
IT IS FURTHER ORDERED that the Company may seek inclusion of the incremental cost of this project, above \$26.246 million, in its rate base calculation submitted in its next rate proceeding.

IT IS FURTHER ORDERED that Commission Staff and CAD are free to take any position they deem appropriate as to the Company's inclusion of the incremental amount in rate base in the Company's next rate proceeding.

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
Executive Secretary

JML:seg
990146ca.wpd

961477comg032001.wpd

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 20th day of March, 2001.

CASE NO. 96-1477-W-PWD-PC-CN (Petition to reopen pending)

WEST VIRGINIA AMERICAN WATER COMPANY,
NEW HAVEN PUBLIC SERVICE DISTRICT AND
THE COUNTY COMMISSION OF FAYETTE COUNTY

COMMISSION ORDER

On March 2, 2001, West Virginia-American Water Company (Company), New Haven Public Service District (District) and the County Commission of Fayette County (County Commission) filed a joint petition to reopen this case to request approval of construction and funding arrangements for Phase III of the Fayette County Project in advance of a March 22, 2001 closing. The parties further seek approval to expand the scope of Phase III to include additional line extensions made possible by greater than expected grant monies.

The parties propose the following funding plan for Phase III:

- | | | |
|----|---|------------|
| 1. | Infrastructure and Jobs Development Council (IJDC)
un-borrowed balance of \$10,000 loan approved for Phase I; 40 years at 0% interest) | \$ 995,325 |
| 2. | Economic Development Administration Grant (EDA Grant) | 1,195,000 |
| 3. | Unspent contingency from IJDC loan for Phase I
(Contracts 1 through 6B) | 356,618 |

4.	Third Drinking Water Treatment Revolving Fund loan (DWTRF Loan) (30 years at 0% interest and 1% administrative fee)	732.646
5.	Abandoned Mines Lands grant (AML Grant)	<u>1,090,050</u>
	TOTAL	\$4,369,639

The District's receipt of the AML Grant will allow new extensions to be constructed in several areas adjacent to the Contract 9 area which were not included in Phase III as originally certificated by the Commission. These areas include Gaymont, Chestnutburg Road, Russell Hill and Willis Road (collectively, the Contract 9a Extensions). The Contract 9a Extensions include approximately 46,800 feet of water distribution line and will serve approximately 139 customers who did not previously have access to a public water supply. The parties included the plans for the Contract 9a Extensions with this petition to reopen and represented that the specifications for the Contract 9a Extensions are identical to those for the other Fayette County Project

The parties requested expedited treatment of this petition to reopen so that the parties can close on the funding in time to meet a DWTRF Loan closing deadline and prior to the end of April 2001, when construction bids expire.

On March 9, 2001, Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum regarding this petition to reopen. Staff noted that repayment for the loans included in the proposed funding for Phase III will be paid through the Use Fee previously approved for the Fayette County Project. Staff further noted that the essential aspects of the project have not changed. All the construction originally proposed in Contracts 7 and 9 which are included in Phase III will still occur. The parties propose to add Contract 9a to the areas described above to make use of the AML Grant in the amount of \$1,090,050. Staff recommended that the Commission reopen this proceeding for the purpose of approving the proposed financing and the expanded scope of Phase III on an expedited basis.

DISCUSSION

Upon review of the filings, the Commission finds that the proposed financing is reasonable. Furthermore, expansion of the scope of Phase III to include the Contract 9a Extensions is both desirable and appropriate. The Commission will reopen this proceeding, and approve the proposed financing and expanded scope of the project.

FINDINGS OF FACT

1. On March 2, 2001, West Virginia-American Water Company (Company), New Haven Public Service District (District) and the County Commission of Fayette County (County Commission) filed a joint petition to reopen this case to request approval of construction and funding arrangements for Phase III of the Fayette County Project in advance of a March 22, 2001 closing. The parties further seek approval to expand the scope of Phase III to include additional line extensions made possible by greater than expected grant monies.
2. The District has received an Abandoned Mine Lands grant that will allow new extensions to be constructed in several areas adjacent to the Contract 9 area which were not included in Phase III as originally certificated by the Commission. These areas include Gaymont, Chestnutburg Road, Russell Hill and Willis Road (collectively, the Contract 9a Extensions).
3. The Contract 9a Extensions include approximately 46,800 feet of water distribution line and will serve approximately 139 customers who did not previously have access to a public water supply.
4. The parties requested expedited treatment of this petition to reopen so that the parties can close on the funding in time to meet a DWTRF Loan closing deadline and prior to the end of April 2001, when construction bids expire.
5. The essential aspects of the project have not changed and all construction originally proposed in Contracts 7 and 9 which are included in Phase III will still occur.
6. Staff recommends that the Commission reopen this proceeding for the purpose of approving the proposed financing and the expanded scope of Phase III on an expedited basis.

CONCLUSION OF LAW

This proceeding should be reopened for the purpose of approving the proposed funding of Phase III of the Fayette County Project, and to approve the expanded scope of Phase III to include the Contract 9a Extensions.

ORDER

IT IS THEREFORE ORDERED that this proceeding is hereby reopened.

IT IS FURTHER ORDERED that the proposed funding for Phase III of the Fayette County Project is hereby approved as follows:

1.	Infrastructure and Jobs Development Council (IJDC) un-borrowed balance of \$10,000 loan approved for Phase I; 40 years at 0% interest)	\$ 995,325
2.	Economic Development Administration Grant (EDA Grant)	1,195,000
3.	Unspent contingency from IJDC loan for Phase I (Contracts 1 through 6B)	356,618
4.	Third Drinking Water Treatment Revolving Fund loan (DWTRF Loan) (30 years at 0% interest and 1% administrative fee)	732,646
5.	Abandoned Mines Lands grant (AML Grant)	<u>1,090,050</u>
	TOTAL	\$4,369,639

IT IS FURTHER ORDERED that expansion of the scope of Phase III of the Fayette County Project to include the Contract 9a Extensions identified above is hereby approved.

IT IS FURTHER ORDERED that upon entry of this order this case shall be removed from the Commission's docket of active cases.

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

JML/ljm
961477cg.wpd

A True Copy. Teste:


Sandra Squire
Executive Secretary

Yvonne Collins



West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman

St. Albans

James L. Harrison, Sr., Vice Chairman

Princeton

Lloyd P. Adams, P.E.

Wheeling

Sheirl L. Fletcher

Morgantown

DEC 30 1997

Stafford Consultants

980 One Valley Square
Charleston, West Virginia 25301

Telephone: (304) 558-4607

Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

December 23, 1997

Kenneth R. Hayes, Chairman

New Haven Public Service District

P. O. Box 99

Lansing, WV 25862

Re: Binding Commitment Letter
Fayette County Regional Water Project 95W-108

Dear Mr. Hayes:

The West Virginia Infrastructure and Jobs Development Council (Council) provides this binding offer of a loan of approximately \$10,000,000 (Loan) for the Fayette County Commission/New Haven Public Service District's (District) proposed project to construct a new regional water treatment and distribution system to serve approximately 1,170 new customers (Project). The source of funds for the Loan will be a portion of the proceeds from an anticipated Infrastructure General Obligation Bond issue and this Loan commitment is contingent upon the availability of those proceeds in the Infrastructure Fund. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received bids for the Project. The Council will set aside a portion of the next available bond proceeds to be deposited in the Infrastructure Fund to make this Loan upon the District's compliance with the program requirements. The Loan agreement will be between the District and the West Virginia Water Development Authority (Authority), who is the administrator of the Infrastructure Fund, acting on behalf of the Council.

This Loan commitment is also contingent upon the District meeting the following schedule:

- a. Submit plans and specifications for the Project to the Bureau for Public Health no later than September 3, 1998.
- b. Submit, no later than September 3, 1998, a title opinion which indicates that 80% of all necessary easements and rights-of-way, and 100% of the title(s) to tracts necessary for the completion of the project are acquired.
- c. Advertise for construction bids no later than November 1, 1998.
- d. Close the Loan no later than February 23, 1999.

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

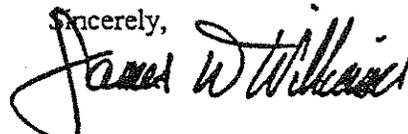
Kenneth R. Hayes, Chairman
December 23, 1997
Page 2

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the 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 Council if any of the other dates on the attached schedule have not or will not be met.

The Authority will enter into a Loan agreement with the District following receipt of the completed Schedule B (the form of which is attached hereto); a final, nonappealable order from the Public Service Commission authorizing construction of the Project and approving the Loan; evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; requisite bond-related documents and opinions in a form and substance satisfactory to the Authority and the Council and any other documents requested by the Council. Following execution of the Loan agreement, the Council will establish a closing date.

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

If the District has any questions regarding this Loan commitment, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,

James D. Williams

JDW/bh

Attachments

cc: Chris E. Jarrett
Edward L. Shutt, P.E.
John Witt
David W. Pollard
W. D. Smith

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Council, and one to the Authority at 180 Association Drive Charleston, WV 25311-1571.

New Haven Public Service District

By: _____

Its: _____

Date: _____

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

New Haven Public Service District
Fayette County Regional Water System
Project 95W-108
December 23, 1997

SCHEDULE A

A. Approximate Amount: \$10,000,000 - Loan

B. Loan:

1. Maturity Date: 40 years from date of loan closing
2. Loan Advancement Date(s): Monthly, upon receipt of proper requisition, after complete advancement of all other funding.
3. Interest Rate: 0%.
4. Debt Service Commencement Date: The quarter following completion of construction, which date must be identified prior to loan closing.
5. Special Conditions (if any):

C. If Grant:

1. a. Grant Advancement Date(s):
2. Special Conditions (if any)

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

D. Other Funding Sources:

1. Drinking Water Treatment Revolving Fund
 - a. Amount: \$1,241,000
 - b. Maturity Date:
 - c. Interest Rate:
2. Small Cities Block Grant
 - a. Amount: \$1,250,000
3. West Virginia American Water Company
 - a. Amount: \$23,346,063

E. Proposed User Rates:

Average: \$25.27/4500 gallons

NEW HAVEN PUBLIC SERVICE DISTRICT
Fayette County Regional Water Project 95W-108

	ACTION	RESPONSIBLE PARTY	SCHEDULED START	SCHEDULED FINISH
1	Prepare & Submit P&S to BPH	Stafford Consultants	11/01/97	09/03/98
2	R/W's, Easements & Land Acquisitions	Attorney	03/30/98	09/03/98
3	Prepare & Submit Permit Application	Stafford Consultants	03/30/98	09/03/98
4	Operation and Maintenance Agreement	Attorney		Complete
5	File Certificate Case w/ PSC	Attorney		Complete
6	District Boundary Adjustment	Attorney/County		
6a	Fayette County	Attorney/County	01/07/98	03/30/98
6b	Public Service Commission	Attorney/County	04/01/98	09/03/98
7	P&S Review and Approval Process	BPH	09/03/98	10/15/98
8	Authority to Advertise	IJDC	10/15/98	10/15/98
9	Review & Approve PSC Certificate	PSC		11/97
10	Advertise for Bids	Stafford Consultants	11/01/98	11/01/98
11	Bid Opening	Stafford Consultants	12/10/98	12/10/98
12	Loan Closing	Bond Counsel	02/23/99	02/23/99
13	Start Construction	Contractor	03/01/99	12/01/99



West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheirl L. Fletcher
Morgantown

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

November 10, 1997

John Witt
Fayette County Commission
P. O. Box 307
Fayetteville, WV 25840

Fay. Regional

Re: New Haven Public Service District
Water System Extension Project 95W-108

Dear Mr. Witt:

Reference is hereby made to that certain letter dated June 10, 1997 to W. D. Smith, on behalf of the Fayette County Commission/New Haven Public Service Commission (Commission), from the West Virginia Infrastructure and Jobs Development Council (Council) wherein the Council notified the Commission that it may be eligible for Infrastructure Fund assistance of approximately \$17,329,126 for the Commission's proposed project to construct a new regional water supply system to serve approximately 1,170 new customers.

The Council, at its November 5, 1997 meeting, voted to offer the Commission a binding commitment for an Infrastructure Fund loan of \$10,000,000. The Council also determined that in order to receive the proposed binding commitment, the Commission must adhere to a certain project schedule. Any binding commitment that is issued will be contingent upon the availability of funds in the Infrastructure Fund.

Please contact Susan J. Riggs at the above telephone number to establish the necessary project schedule and finalize the proposed binding commitment.

Sincerely,

James D. Williams
James D. Williams

JDW/bh

cc: W. D. Smith
Chris Jarrett
Kenneth Hayes

West Virginia Infrastructure & Jobs Development Council

Public Members:

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

300 Summers Street, Suite 930
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

December 6, 2000

Mr. Ken Hayes
New Haven Public Service District
Box 89
Lansing, West Virginia 25862

Re. New Haven Public Service District
Regional Water Project 95W-108
Contracts 7 and 9

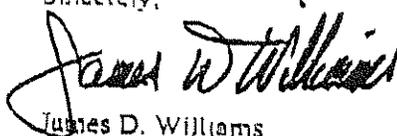
Dear Mr. Hayes:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the New Haven Public Service District's (the "District") request for revised funding for proposed project contracts 7a, 7b, 9 and 9a which adds 158 customers to the previously submitted application. These customers are in the areas of Gaymont, Chestnutburg Road, Russell Hill, Beauty Mountain and Willistown Road (the "Project").

Upon consideration of the request, the Council recommends that the District utilize a Drinking Water Treatment Revolving Fund loan of \$698,646, utilize an EDA grant of \$1,195,000, utilize \$993,325 Infrastructure Fund loan, \$500,000 remaining from an Infrastructure Fund loan contingency and pursue an Abandoned Mine Lands (AML) grant of \$1,158,240 to finance the Project. Please contact the AML office at 759-0521 for specific information on the steps the District needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from the AML program.

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

Sincerely,



James D. Williams

JDW/km

cc: W.D. Smith, Region IV
Ed Shutt, Stafford Consultants
Walt Ivey, PE, BPH
Dan Bickerton, WVAWC

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of New Haven Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 29th day of March, 2001, the Authority received the Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$995,325, numbered AR-1 (the "Series 2001 A Bonds"), and the Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), of the Issuer, in the principal amount of \$732,646, numbered BR-1 (the "Series 2001 B Bonds"), both issued as a single, fully registered Bond, and both dated March 29, 2001.

2. At the time of such receipt, all the Series 2001 A Bonds and the Series 2001 B Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2001 A Bonds, of the sum of \$34,572, being a portion of the principal amount of the Series 2001 A Bonds. The balance of the principal amount of the Series 2001 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2001 B Bonds, of the sum of \$16,750, being a portion of the principal amount of the Series 2001 B Bonds. The balance of the principal amount of the Series 2001 B Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 29th day of March, 2001.

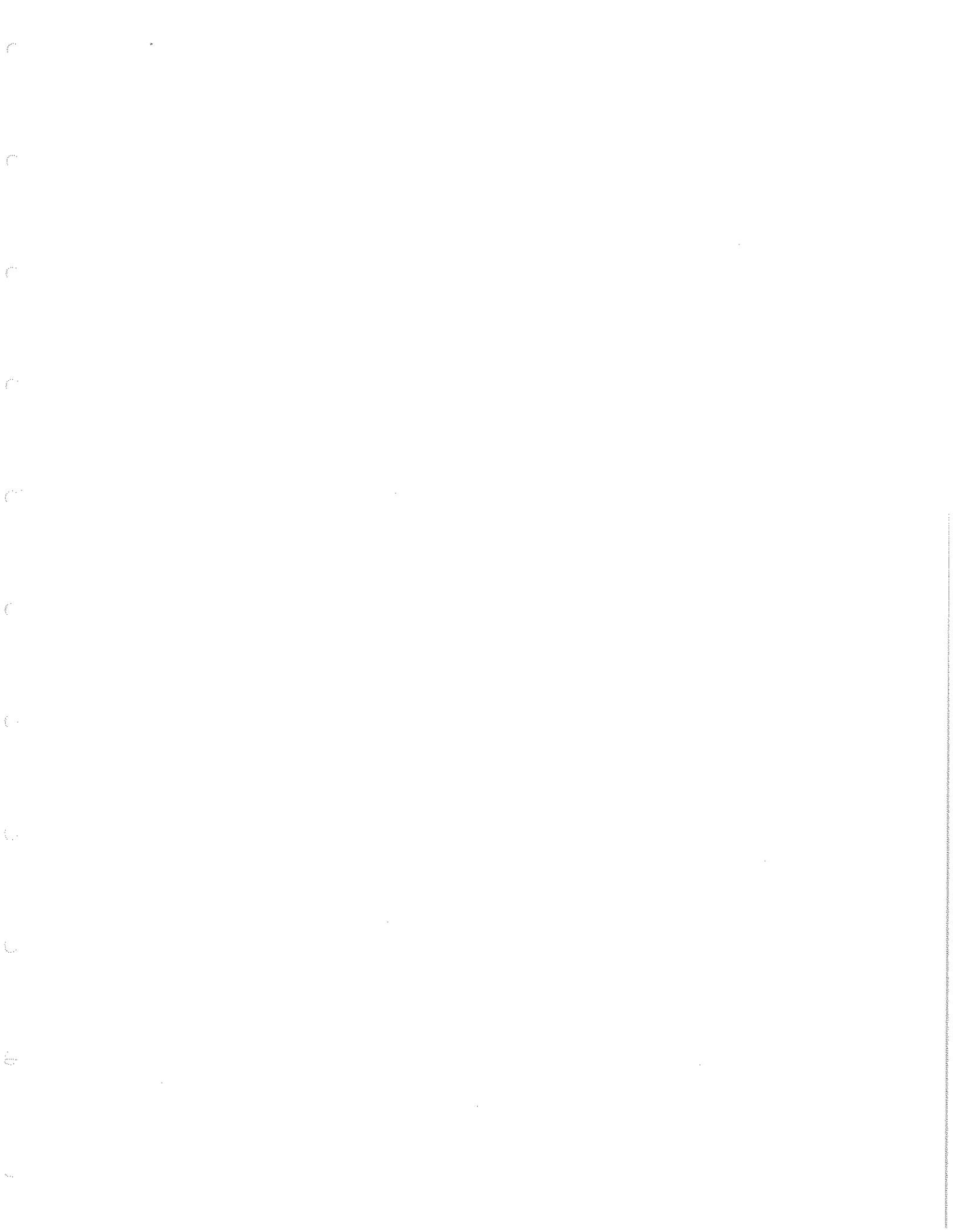
WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B. Meadows
Authorized Representative

NEW HAVEN PUBLIC SERVICE DISTRICT

[Signature]
Chairman

03/26/01
658590/00002



NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

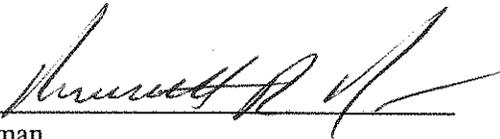
- (1) Bond No. AR-1, constituting the entire original issue of the New Haven Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), in the Public Service District principal amount of \$995,325 (the "Series 2001 A Bonds"), and Bond No. BR-1, constituting the entire original issue of the New Haven Public Service District Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), in the principal amount of \$732,646 (the "Series 2001 B Bonds"), both dated March 29, 2001 (collectively, the "Bonds"), executed by the Chairman and the Secretary of New Haven Public Service District (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on March 27, 2001, and a Supplemental Resolution duly adopted by the Issuer on March 27, 2001 (collectively, the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above-described Bonds, duly certified by the Secretary of the Issuer;
- (3) Executed counterparts of the loan agreement for the Series 2001 A Bonds, dated March 22, 2001, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council, and a loan agreement for the Series 2001 B Bonds, dated March 22, 2001, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (collectively, the "Loan Agreements"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Bonds.

You are hereby requested and authorized to deliver the Series 2001 A Bonds to the Authority upon payment to the Issuer of the sum of \$34,572, representing a portion of the principal amount of the Series 2001 A Bonds. You are also hereby requested and authorized to deliver the Series 2001 B Bonds to the Authority upon payment to the Issuer of the sum of \$16,750, representing a portion of the principal amount of the Series 2001 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 29th day of March, 2001.

NEW HAVEN PUBLIC SERVICE DISTRICT


Chairman

03/26/01
658590/00002

CH431508.2

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$995,325

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of NINE HUNDRED NINETY FIVE THOUSAND THREE HUNDRED TWENTY FIVE DOLLARS (\$995,325), 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 June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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 Infrastructure and Jobs Development Council (the "Council"), 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 Council, dated March 22, 2001.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on March 27, 2001, and a Supplemental Resolution duly adopted by the Issuer on March 27, 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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,004,675 (THE "SERIES 2000 B BONDS"); (3) WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,605,000 (THE "SERIES 2000 C BONDS"); (4) WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$767,354 (THE "SERIES 2000 D BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 29, 2001, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$732,646 (THE "SERIES 2001 B BONDS").

THE SERIES 2000 A BONDS, THE SERIES 2000 B BONDS, THE SERIES 2000 C BONDS, AND THE SERIES 2000 D BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2001 B Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the

Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for 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, including the Series 2001 B Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2001 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the 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, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NEW HAVEN 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 March 29, 2001.

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 29, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar


Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 34,572	03/29/01	(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		\$	_____

New Haven Public Service District (West Virginia)

Loan of \$995,325

40 Years, 0% Interest Rate

Closing Date: March 29, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	6,381.00	-	6,381.00
9/01/2002	6,381.00	-	6,381.00
12/01/2002	6,381.00	-	6,381.00
3/01/2003	6,381.00	-	6,381.00
6/01/2003	6,381.00	-	6,381.00
9/01/2003	6,381.00	-	6,381.00
12/01/2003	6,381.00	-	6,381.00
3/01/2004	6,381.00	-	6,381.00
6/01/2004	6,381.00	-	6,381.00
9/01/2004	6,381.00	-	6,381.00
12/01/2004	6,381.00	-	6,381.00
3/01/2005	6,381.00	-	6,381.00
6/01/2005	6,381.00	-	6,381.00
9/01/2005	6,381.00	-	6,381.00
12/01/2005	6,381.00	-	6,381.00
3/01/2006	6,381.00	-	6,381.00
6/01/2006	6,381.00	-	6,381.00
9/01/2006	6,381.00	-	6,381.00
12/01/2006	6,381.00	-	6,381.00
3/01/2007	6,381.00	-	6,381.00
6/01/2007	6,381.00	-	6,381.00
9/01/2007	6,381.00	-	6,381.00
12/01/2007	6,381.00	-	6,381.00
3/01/2008	6,381.00	-	6,381.00
6/01/2008	6,381.00	-	6,381.00
9/01/2008	6,381.00	-	6,381.00
12/01/2008	6,381.00	-	6,381.00
3/01/2009	6,381.00	-	6,381.00
6/01/2009	6,381.00	-	6,381.00
9/01/2009	6,381.00	-	6,381.00
12/01/2009	6,381.00	-	6,381.00
3/01/2010	6,381.00	-	6,381.00
6/01/2010	6,381.00	-	6,381.00
9/01/2010	6,381.00	-	6,381.00
12/01/2010	6,381.00	-	6,381.00
3/01/2011	6,381.00	-	6,381.00
6/01/2011	6,381.00	-	6,381.00
9/01/2011	6,381.00	-	6,381.00
12/01/2011	6,381.00	-	6,381.00
3/01/2012	6,381.00	-	6,381.00
6/01/2012	6,381.00	-	6,381.00
9/01/2012	6,381.00	-	6,381.00
12/01/2012	6,381.00	-	6,381.00
3/01/2013	6,381.00	-	6,381.00

New Haven Public Service District (West Virginia)

Loan of \$995,325

40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2013	6,381.00	-	6,381.00
9/01/2013	6,380.00	-	6,380.00
12/01/2013	6,380.00	-	6,380.00
3/01/2014	6,380.00	-	6,380.00
6/01/2014	6,380.00	-	6,380.00
9/01/2014	6,380.00	-	6,380.00
12/01/2014	6,380.00	-	6,380.00
3/01/2015	6,380.00	-	6,380.00
6/01/2015	6,380.00	-	6,380.00
9/01/2015	6,380.00	-	6,380.00
12/01/2015	6,380.00	-	6,380.00
3/01/2016	6,380.00	-	6,380.00
6/01/2016	6,380.00	-	6,380.00
9/01/2016	6,380.00	-	6,380.00
12/01/2016	6,380.00	-	6,380.00
3/01/2017	6,380.00	-	6,380.00
6/01/2017	6,380.00	-	6,380.00
9/01/2017	6,380.00	-	6,380.00
12/01/2017	6,380.00	-	6,380.00
3/01/2018	6,380.00	-	6,380.00
6/01/2018	6,380.00	-	6,380.00
9/01/2018	6,380.00	-	6,380.00
12/01/2018	6,380.00	-	6,380.00
3/01/2019	6,380.00	-	6,380.00
6/01/2019	6,380.00	-	6,380.00
9/01/2019	6,380.00	-	6,380.00
12/01/2019	6,380.00	-	6,380.00
3/01/2020	6,380.00	-	6,380.00
6/01/2020	6,380.00	-	6,380.00
9/01/2020	6,380.00	-	6,380.00
12/01/2020	6,380.00	-	6,380.00
3/01/2021	6,380.00	-	6,380.00
6/01/2021	6,380.00	-	6,380.00
9/01/2021	6,380.00	-	6,380.00
12/01/2021	6,380.00	-	6,380.00
3/01/2022	6,380.00	-	6,380.00
6/01/2022	6,380.00	-	6,380.00
9/01/2022	6,380.00	-	6,380.00
12/01/2022	6,380.00	-	6,380.00
3/01/2023	6,380.00	-	6,380.00
6/01/2023	6,380.00	-	6,380.00
9/01/2023	6,380.00	-	6,380.00
12/01/2023	6,380.00	-	6,380.00
3/01/2024	6,380.00	-	6,380.00
6/01/2024	6,380.00	-	6,380.00
9/01/2024	6,380.00	-	6,380.00
12/01/2024	6,380.00	-	6,380.00
3/01/2025	6,380.00	-	6,380.00

New Haven Public Service District (West Virginia)

Loan of \$995,325

40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2025	6,380.00	-	6,380.00
9/01/2025	6,380.00	-	6,380.00
12/01/2025	6,380.00	-	6,380.00
3/01/2026	6,380.00	-	6,380.00
6/01/2026	6,380.00	-	6,380.00
9/01/2026	6,380.00	-	6,380.00
12/01/2026	6,380.00	-	6,380.00
3/01/2027	6,380.00	-	6,380.00
6/01/2027	6,380.00	-	6,380.00
9/01/2027	6,380.00	-	6,380.00
12/01/2027	6,380.00	-	6,380.00
3/01/2028	6,380.00	-	6,380.00
6/01/2028	6,380.00	-	6,380.00
9/01/2028	6,380.00	-	6,380.00
12/01/2028	6,380.00	-	6,380.00
3/01/2029	6,380.00	-	6,380.00
6/01/2029	6,380.00	-	6,380.00
9/01/2029	6,380.00	-	6,380.00
12/01/2029	6,380.00	-	6,380.00
3/01/2030	6,380.00	-	6,380.00
6/01/2030	6,380.00	-	6,380.00
9/01/2030	6,380.00	-	6,380.00
12/01/2030	6,380.00	-	6,380.00
3/01/2031	6,380.00	-	6,380.00
6/01/2031	6,380.00	-	6,380.00
9/01/2031	6,380.00	-	6,380.00
12/01/2031	6,380.00	-	6,380.00
3/01/2032	6,380.00	-	6,380.00
6/01/2032	6,380.00	-	6,380.00
9/01/2032	6,380.00	-	6,380.00
12/01/2032	6,380.00	-	6,380.00
3/01/2033	6,380.00	-	6,380.00
6/01/2033	6,380.00	-	6,380.00
9/01/2033	6,380.00	-	6,380.00
12/01/2033	6,380.00	-	6,380.00
3/01/2034	6,380.00	-	6,380.00
6/01/2034	6,380.00	-	6,380.00
9/01/2034	6,380.00	-	6,380.00
12/01/2034	6,380.00	-	6,380.00
3/01/2035	6,380.00	-	6,380.00
6/01/2035	6,380.00	-	6,380.00
9/01/2035	6,380.00	-	6,380.00
12/01/2035	6,380.00	-	6,380.00
3/01/2036	6,380.00	-	6,380.00
6/01/2036	6,380.00	-	6,380.00
9/01/2036	6,380.00	-	6,380.00
12/01/2036	6,380.00	-	6,380.00
3/01/2037	6,380.00	-	6,380.00

New Haven Public Service District (West Virginia)

*Loan of \$995,325
40 Years, 0% Interest Rate*

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2037	6,380.00	-	6,380.00
9/01/2037	6,380.00	-	6,380.00
12/01/2037	6,380.00	-	6,380.00
3/01/2038	6,380.00	-	6,380.00
6/01/2038	6,380.00	-	6,380.00
9/01/2038	6,380.00	-	6,380.00
12/01/2038	6,380.00	-	6,380.00
3/01/2039	6,380.00	-	6,380.00
6/01/2039	6,380.00	-	6,380.00
9/01/2039	6,380.00	-	6,380.00
12/01/2039	6,380.00	-	6,380.00
3/01/2040	6,380.00	-	6,380.00
6/01/2040	6,380.00	-	6,380.00
9/01/2040	6,380.00	-	6,380.00
12/01/2040	6,380.00	-	6,380.00
3/01/2041	6,380.00	-	6,380.00
Total	995,325.00	-	995,325.00

YIELD STATISTICS

Bond Year Dollars.....	\$20,469.89
Average Life.....	20.566 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.22E-10
Bond Yield for Arbitrage Purposes.....	1.22E-10
All Inclusive Cost (AIC).....	1.22E-10

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	20.566 Years

(Form of)

ASSIGNMENT

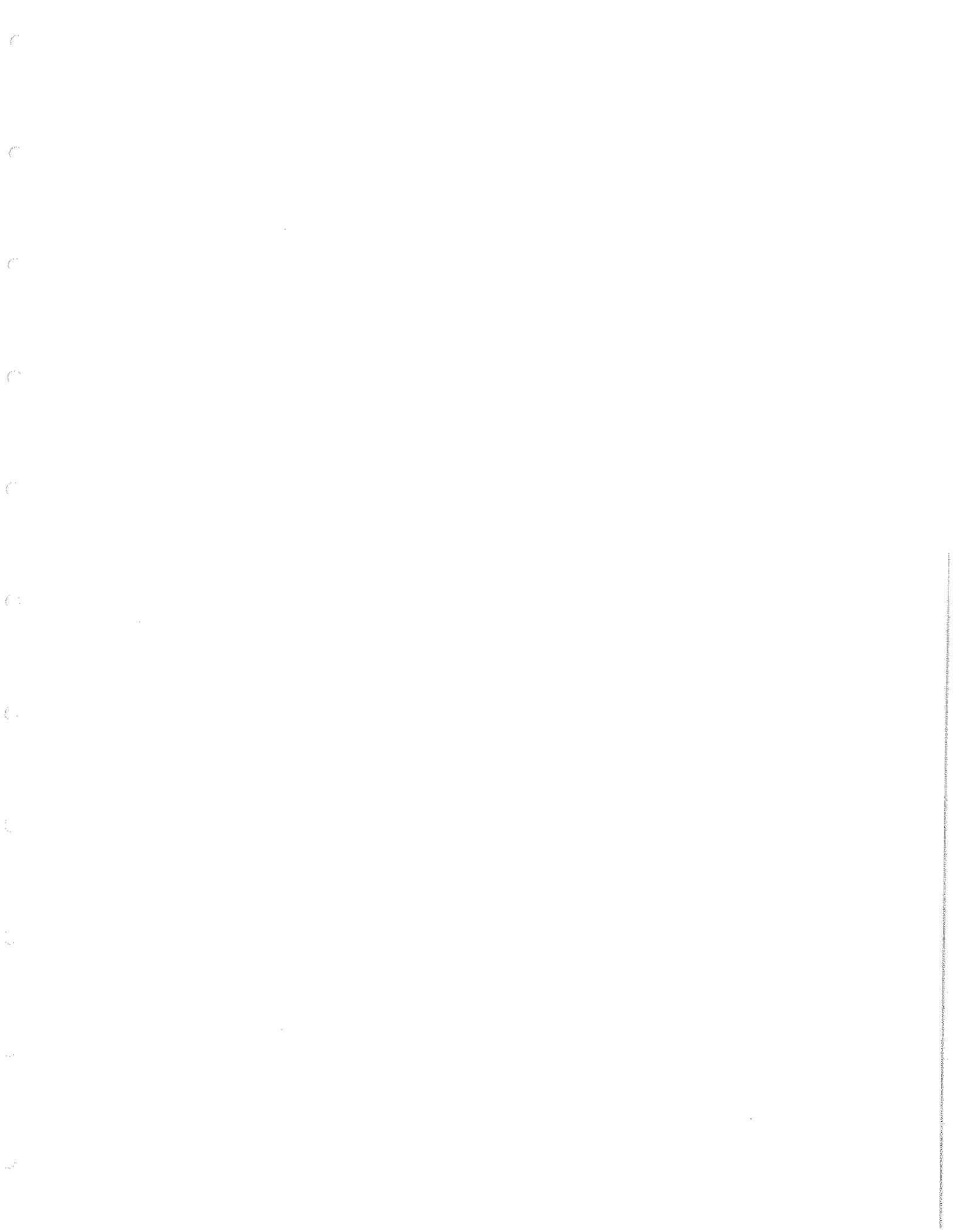
FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

03/26/01
658590/00002



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2001 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1

\$732,646

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SEVEN HUNDRED THIRTY TWO THOUSAND SIX HUNDRED FORTY SIX DOLLARS (\$732,646), 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 June 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 June 1, 2002, as set forth on EXHIBIT B attached hereto.

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 March 22, 2001.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, 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 March 27, 2001, and a Supplemental Resolution duly adopted by the Issuer on March 27, 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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,004,675 (THE "SERIES 2000 B BONDS"); (3) WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,605,000 (THE "SERIES 2000 C BONDS"); (4) WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$767,354 (THE "SERIES 2000 D BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 29, 2001, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$995,325 (THE "SERIES 2001 A BONDS").

THE SERIES 2000 A BONDS, THE SERIES 2000 B BONDS, THE SERIES 2000 C BONDS, AND THE SERIES 2000 D BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2001 A Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and

proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for 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, including the Series 2001 A Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2001 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the 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, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NEW HAVEN 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 March 29, 2001.

[SEAL]



Chairman

ATTEST:



Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 29, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Charles S. Morgan
Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 16,750	03/29/01	(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		\$ _____	

New Haven Public Service District (West Virginia)

Loan of \$732,646

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: March 29, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	6,106.00	-	6,106.00
9/01/2002	6,106.00	-	6,106.00
12/01/2002	6,106.00	-	6,106.00
3/01/2003	6,106.00	-	6,106.00
6/01/2003	6,106.00	-	6,106.00
9/01/2003	6,106.00	-	6,106.00
12/01/2003	6,106.00	-	6,106.00
3/01/2004	6,106.00	-	6,106.00
6/01/2004	6,106.00	-	6,106.00
9/01/2004	6,106.00	-	6,106.00
12/01/2004	6,106.00	-	6,106.00
3/01/2005	6,106.00	-	6,106.00
6/01/2005	6,106.00	-	6,106.00
9/01/2005	6,106.00	-	6,106.00
12/01/2005	6,106.00	-	6,106.00
3/01/2006	6,106.00	-	6,106.00
6/01/2006	6,106.00	-	6,106.00
9/01/2006	6,106.00	-	6,106.00
12/01/2006	6,106.00	-	6,106.00
3/01/2007	6,106.00	-	6,106.00
6/01/2007	6,106.00	-	6,106.00
9/01/2007	6,106.00	-	6,106.00
12/01/2007	6,106.00	-	6,106.00
3/01/2008	6,106.00	-	6,106.00
6/01/2008	6,106.00	-	6,106.00
9/01/2008	6,106.00	-	6,106.00
12/01/2008	6,106.00	-	6,106.00
3/01/2009	6,106.00	-	6,106.00
6/01/2009	6,106.00	-	6,106.00
9/01/2009	6,106.00	-	6,106.00
12/01/2009	6,106.00	-	6,106.00
3/01/2010	6,106.00	-	6,106.00
6/01/2010	6,106.00	-	6,106.00
9/01/2010	6,106.00	-	6,106.00
12/01/2010	6,106.00	-	6,106.00
3/01/2011	6,106.00	-	6,106.00
6/01/2011	6,106.00	-	6,106.00
9/01/2011	6,106.00	-	6,106.00
12/01/2011	6,106.00	-	6,106.00
3/01/2012	6,106.00	-	6,106.00
6/01/2012	6,106.00	-	6,106.00
9/01/2012	6,106.00	-	6,106.00
12/01/2012	6,106.00	-	6,106.00
3/01/2013	6,106.00	-	6,106.00

New Haven Public Service District (West Virginia)

Loan of \$732,646

30 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2013	6,106.00	-	6,106.00
9/01/2013	6,106.00	-	6,106.00
12/01/2013	6,105.00	-	6,105.00
3/01/2014	6,105.00	-	6,105.00
6/01/2014	6,105.00	-	6,105.00
9/01/2014	6,105.00	-	6,105.00
12/01/2014	6,105.00	-	6,105.00
3/01/2015	6,105.00	-	6,105.00
6/01/2015	6,105.00	-	6,105.00
9/01/2015	6,105.00	-	6,105.00
12/01/2015	6,105.00	-	6,105.00
3/01/2016	6,105.00	-	6,105.00
6/01/2016	6,105.00	-	6,105.00
9/01/2016	6,105.00	-	6,105.00
12/01/2016	6,105.00	-	6,105.00
3/01/2017	6,105.00	-	6,105.00
6/01/2017	6,105.00	-	6,105.00
9/01/2017	6,105.00	-	6,105.00
12/01/2017	6,105.00	-	6,105.00
3/01/2018	6,105.00	-	6,105.00
6/01/2018	6,105.00	-	6,105.00
9/01/2018	6,105.00	-	6,105.00
12/01/2018	6,105.00	-	6,105.00
3/01/2019	6,105.00	-	6,105.00
6/01/2019	6,105.00	-	6,105.00
9/01/2019	6,105.00	-	6,105.00
12/01/2019	6,105.00	-	6,105.00
3/01/2020	6,105.00	-	6,105.00
6/01/2020	6,105.00	-	6,105.00
9/01/2020	6,105.00	-	6,105.00
12/01/2020	6,105.00	-	6,105.00
3/01/2021	6,105.00	-	6,105.00
6/01/2021	6,105.00	-	6,105.00
9/01/2021	6,105.00	-	6,105.00
12/01/2021	6,105.00	-	6,105.00
3/01/2022	6,105.00	-	6,105.00
6/01/2022	6,105.00	-	6,105.00
9/01/2022	6,105.00	-	6,105.00
12/01/2022	6,105.00	-	6,105.00
3/01/2023	6,105.00	-	6,105.00
6/01/2023	6,105.00	-	6,105.00
9/01/2023	6,105.00	-	6,105.00
12/01/2023	6,105.00	-	6,105.00
3/01/2024	6,105.00	-	6,105.00
6/01/2024	6,105.00	-	6,105.00
9/01/2024	6,105.00	-	6,105.00
12/01/2024	6,105.00	-	6,105.00
3/01/2025	6,105.00	-	6,105.00

New Haven Public Service District (West Virginia)

Loan of \$732,646

30 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2025	6,105.00	-	6,105.00
9/01/2025	6,105.00	-	6,105.00
12/01/2025	6,105.00	-	6,105.00
3/01/2026	6,105.00	-	6,105.00
6/01/2026	6,105.00	-	6,105.00
9/01/2026	6,105.00	-	6,105.00
12/01/2026	6,105.00	-	6,105.00
3/01/2027	6,105.00	-	6,105.00
6/01/2027	6,105.00	-	6,105.00
9/01/2027	6,105.00	-	6,105.00
12/01/2027	6,105.00	-	6,105.00
3/01/2028	6,105.00	-	6,105.00
6/01/2028	6,105.00	-	6,105.00
9/01/2028	6,105.00	-	6,105.00
12/01/2028	6,105.00	-	6,105.00
3/01/2029	6,105.00	-	6,105.00
6/01/2029	6,105.00	-	6,105.00
9/01/2029	6,105.00	-	6,105.00
12/01/2029	6,105.00	-	6,105.00
3/01/2030	6,105.00	-	6,105.00
6/01/2030	6,105.00	-	6,105.00
9/01/2030	6,105.00	-	6,105.00
12/01/2030	6,105.00	-	6,105.00
3/01/2031	6,105.00	-	6,105.00
6/01/2031	6,105.00	-	6,105.00
9/01/2031	6,105.00	-	6,105.00
12/01/2031	6,105.00	-	6,105.00
3/01/2032	6,105.00	-	6,105.00
Total	732,646.00	-	732,646.00 *

YIELD STATISTICS

Bond Year Dollars.....	\$11,770.75
Average Life.....	16.066 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.39E-12
Bond Yield for Arbitrage Purposes.....	1.39E-12
All Inclusive Cost (AIC).....	0.9369533%

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	16.066 Years

*Plus \$923.41 one-percent administrative fee paid quarterly. Total fee over the life of the loan is \$110,809.20.

(Form of)

ASSIGNMENT

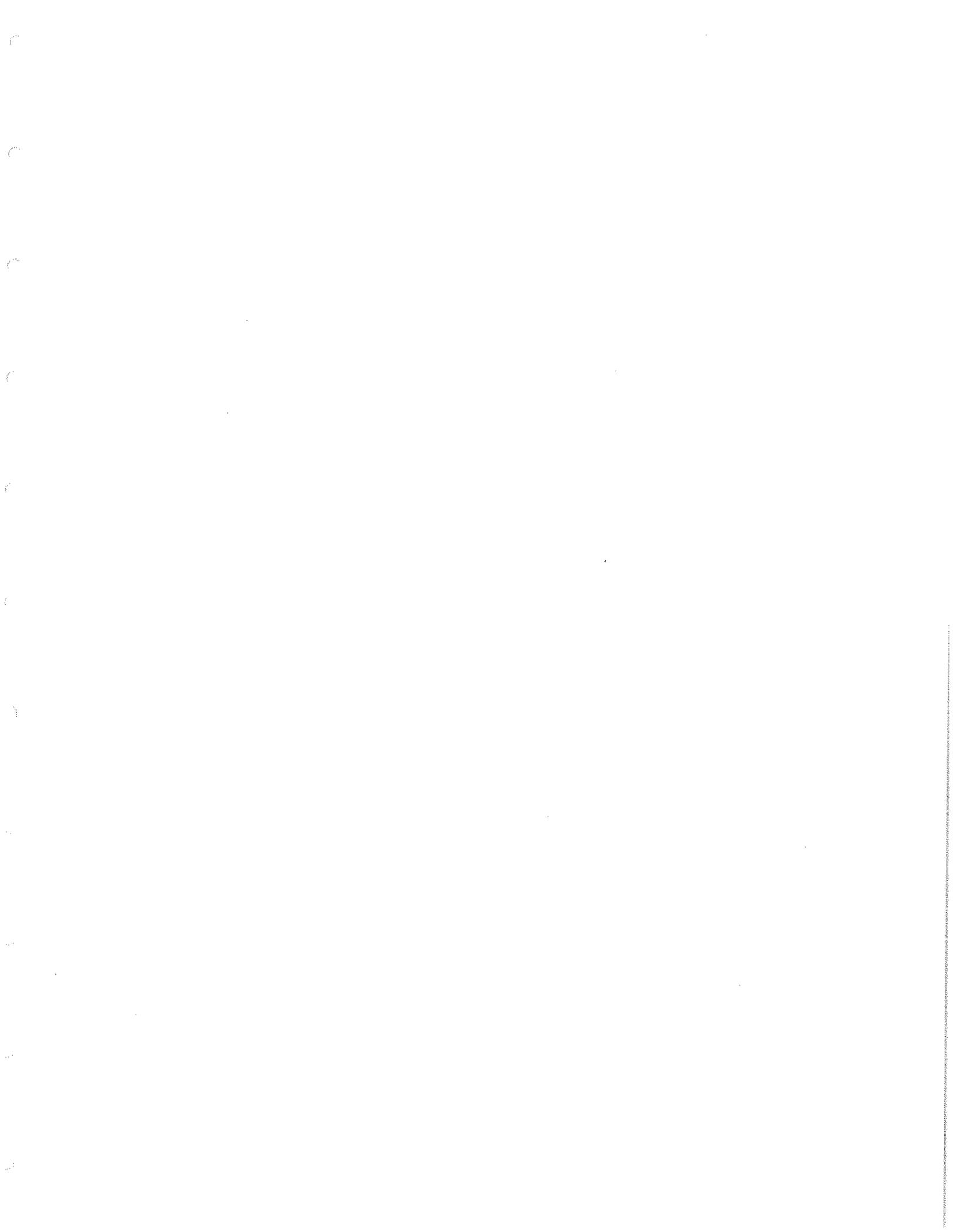
FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

03/26/01
658590/00002



of original filing, filing officer should return third copy as a Termination Statement.

At a later time, secured party may

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

1 Debtor(s) (Last Name First) and address(es) New Haven Public Service District Fayette County Courthouse Fayetteville, WV 25840	2 Secured Party(ies) and address(es) WV Water Development Authority 180 Association Drive Charleston, WV 25311	3 Maturity date (if any): 3/1/2004 For Filing Officer (Date, Time, Number and Filing Office) (A) 0557706 01 APR -4 PM 2: 21 WV SEC. OF STATE FILED
---	---	--

4 This financing statement covers the following types (or items) of property:
 See Schedule I attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check If covered: Proceeds of Collateral are also covered Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

New Haven Public Service District WV Water Development Authority

By [Signature] [Signature]
 Chairman Signature(s) of Debtor(s) Director Signature(s) of Secured Party(ies)

2 FILING OFFICER COPY - NUMERICAL

SCHEDULE I
TO NEW HAVE PUBLIC SERVICE DISTRICT
FINANCING STATEMENT

All Net Revenues from the System; the System; all funds in the Revenue Fund, the Series 2001 A Bonds Construction Trust Fund, the Series 2001 A Bonds Sinking Fund; the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Construction Trust Fund, the Series 2001 B Bonds Sinking Fund, the Series 2001 B Bonds Reserve Account, and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System 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, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, 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 of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Revenue Fund" means the Revenue Fund created by the Prior Resolution and continued by the Bond Resolution as described below.

"Series 2001 A Bonds Construction Trust Fund" means the Series 2001 A Bonds Construction Trust Fund established by Section 5.01 of the Bond Resolution as described below.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established in the Series 2001 A Bonds Sinking Fund pursuant to Section 5.02 of the Bond Resolution as described below.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund established by Section 5.02 of the Bond Resolution as described below.

"Series 2001 B Bonds Construction Trust Fund" means the Series 2001 B Bonds Construction Trust Fund established by Section 5.01 of the Bond Resolution as described below.

"Series 2001 B Bonds Reserve Account" means the Series 2001 B Bonds Reserve Account established in the Series 2001 B Bonds Sinking Fund pursuant to Section 5.02 of the Bond Resolution as described below.

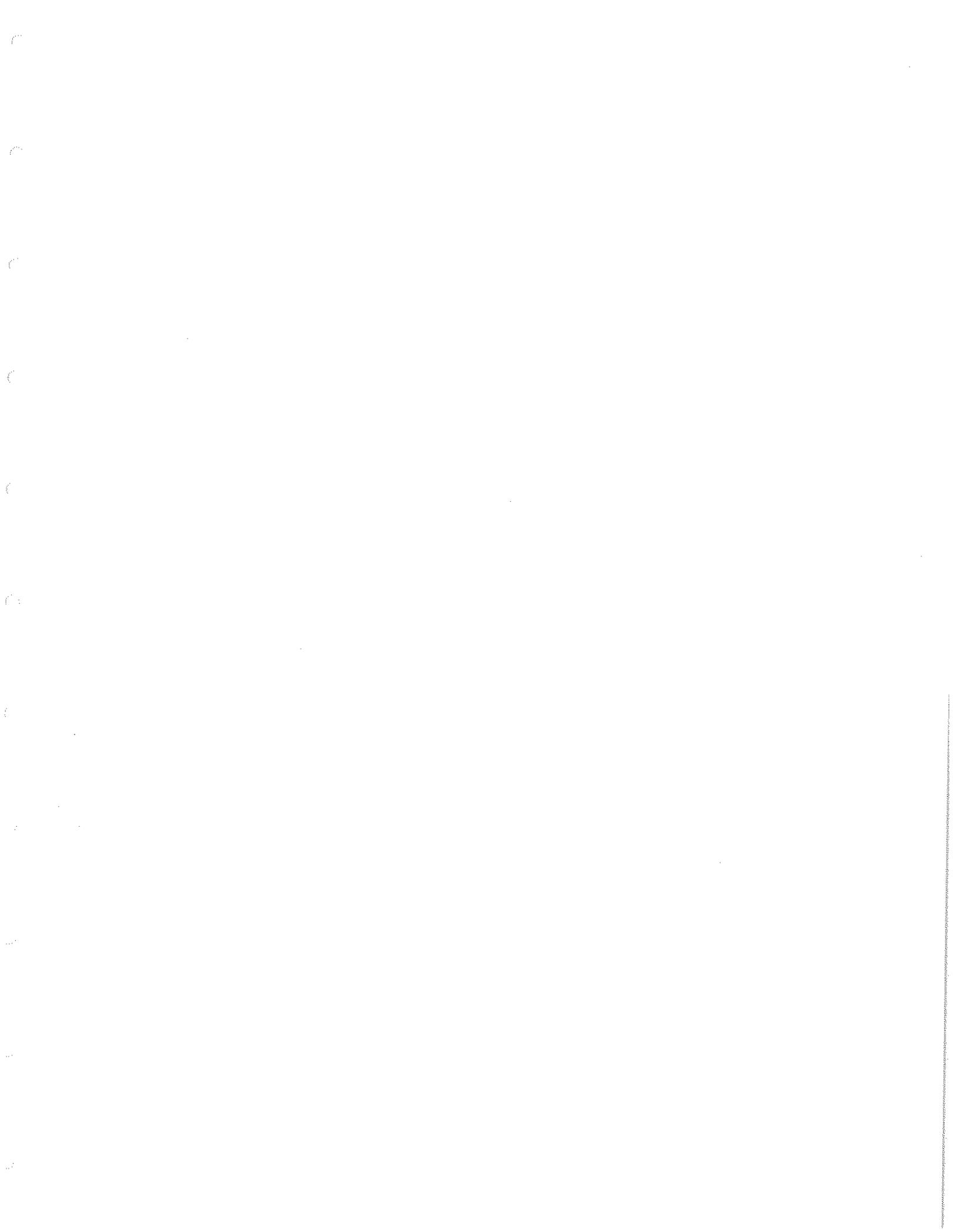
"Series 2001 B Bonds Sinking Fund" means the Series 2001 B Bonds Sinking Fund established by Section 5.02 of the Bond Resolution as described below.

"System" means the complete waterworks system of the Issuer, as extended and improved by the Project, and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system from any sources whatsoever.

Other terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Resolution authorizing the New Haven Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Series 2001 B (West Virginia DWTRF Program), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

03/14/01
658590.00002

CH436229.1



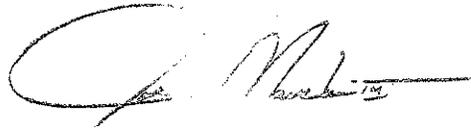
NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund), and
Series 2001 B (West Virginia DWTRF Program)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby
certify that on April 4, 2001, at the hour set forth below, there was filed in my office:

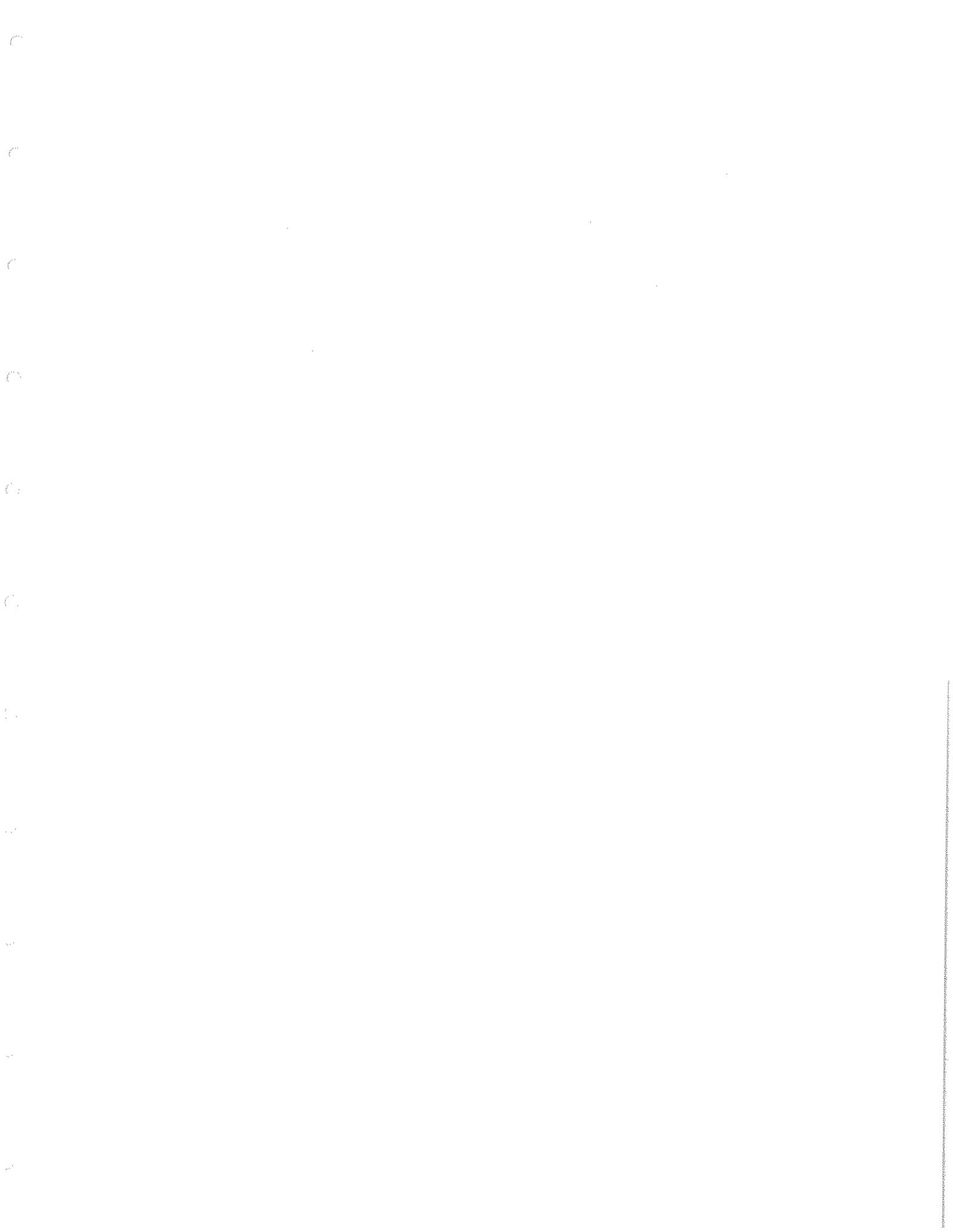
(1) A FINANCING STATEMENT between the New Haven
Public Service District, as debtor, and West Virginia Water Development
Authority, as secured party, filed at the hour of 2:21 p.m. as Financing
Statement No. 557706.



[SEAL]

Secretary of State of the State of West Virginia

04/04/01
658590.00002



March 29, 2001

New Haven Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by New Haven Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$995,325 Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated March 22, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2041, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31,

Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued March 29, 2001, in the stated amount of \$51,048, by Branch Banking and Trust Company, Charleston, West Virginia, for funding the Series 2001 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on March 27, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 27, 2001 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation 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 by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.
3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
4. The Letter of Credit and issuance thereof have been duly approved by the Issuer.
5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable 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 the pledge of Net Revenues in favor of the holders of the Series 2001 B Bonds

and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest, if any, on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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

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

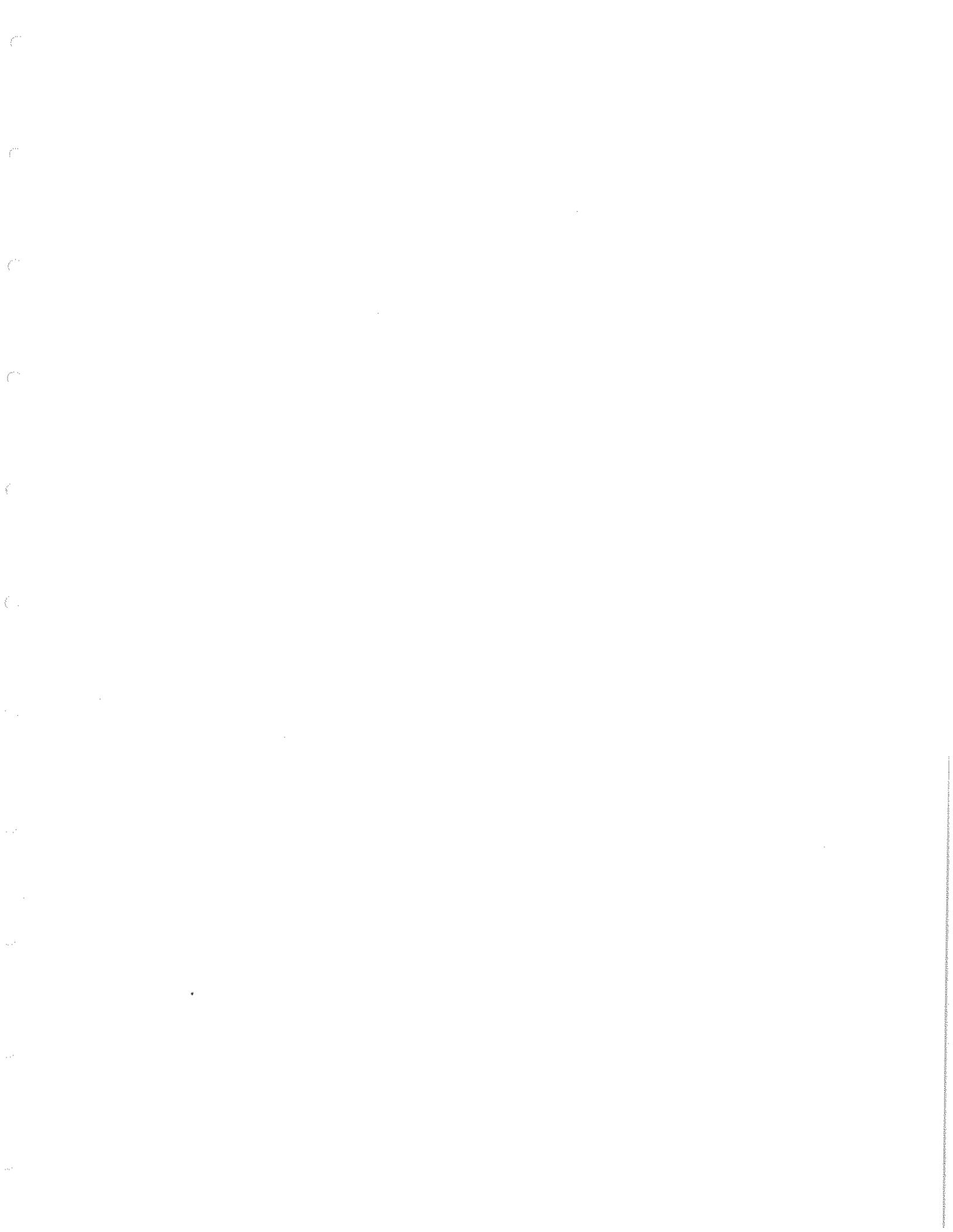
We have examined the executed and authenticated Bond numbered AR-1 and in our opinion the form of said bond and its execution and authentication are regular and proper.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,



STEPTOE & JOHNSON PLLC



March 29, 2001

New Haven Public Service District
Water Revenue Bonds, Series 2001 B
(West Virginia DWTRF Program)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by New Haven Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$732,646 Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated March 22, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued March 29, 2001, in the stated amount of \$48,848, by Branch Banking and Trust Company, Charleston, West Virginia, for funding the Series 2001 B Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on March 27, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 27, 2001 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation 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 by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended by the Issuer so as to affect adversely 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 Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Letter of Credit and issuance thereof have been duly approved by the Issuer.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable 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 the pledge of Net Revenues in favor of the holders of the Series 2001 A Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest, if any, on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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

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

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

New Haven Public Service District, et al.
Page 4

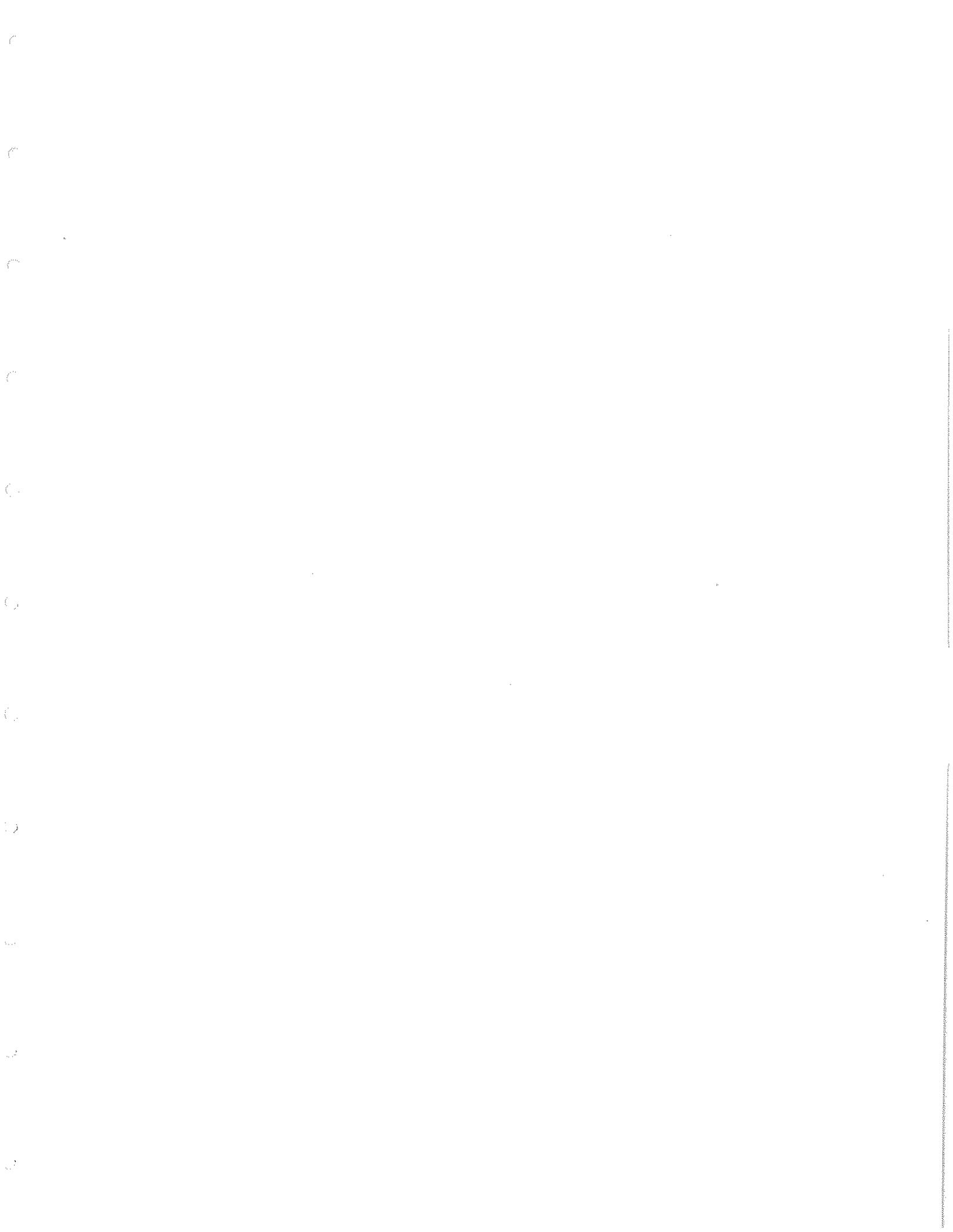
All counsel to this transaction may rely upon this opinion as if specifically
addressed to them.

Very truly yours,


STEPTOE & JOHNSON PLLC

03/26/01
658590/00002

CH431155.3



LAW OFFICES OF
PHILIP J. TISSUE
303 Jones Avenue
Oak Hill, West Virginia 25901
(304) 469-4431

March 29, 2001

New Haven Public Service District
Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001B (West Virginia DWTRF Program)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to New Haven Public Service District, a public service district in Fayette County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2001 A Bonds, dated March 22, 2001, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a loan agreement for the Series 2001 B Bonds, dated March 22, 2001, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on March 27, 2001, the Supplemental Resolution duly adopted by the Issuer on March 27, 2001, (collectively, the "Bond Legislation"), the Agreement dated November 27, 1996, by and between the Issuer and West

Virginia-American Water Company, including all amendments (collectively the "Agreement"), the Letters of Credit dated March 29, 2000, in the respective stated amounts of Fifty One Thousand Forty-eight Dollars (\$51,048.00), and Forty Eight Thousand Eight Hundred Forty-eight Dollars (\$48,848.00), from Branch Banking and Trust Company, Charleston, West Virginia (collectively, the "Letter of Credit"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Fayette 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 meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

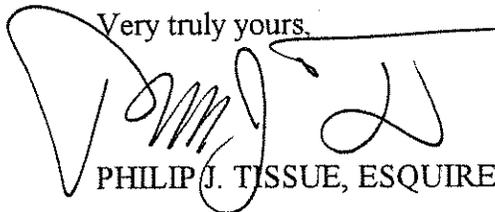
1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.
3. The Letter of Credit and the issuance thereof have been duly approved by the Issuer.
4. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
5. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.
6. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.
7. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Fayette County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia.
8. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Agreement, the Letter of Credit, the Bonds and the Bond Legislation, the

acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

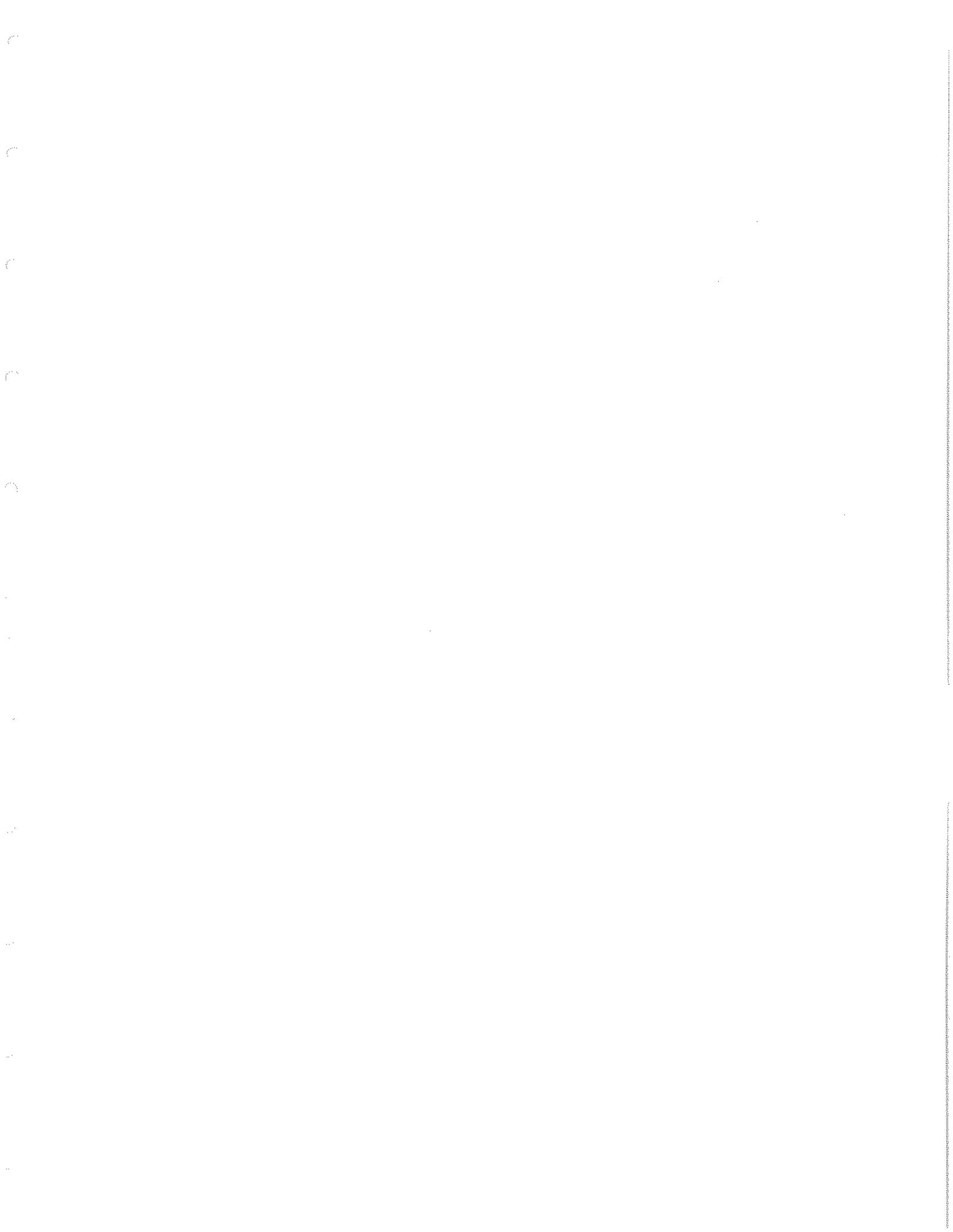
9. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,



PHILIP J. TISSUE, ESQUIRE



LAW OFFICES OF

PHILIP J. TISSUE

303 JONES AVENUE
OAK HILL, WEST VIRGINIA 25901

TELEPHONE 304/469-4431 • FAX 304/469-4844
ptissue@inetone.net

March 29, 2001

FILENO.
547

New Haven Public Service District
P.O. Box 89
Lansing, West Virginia 25862

U. S. Department of Commerce
Economic Development Administration
c/o Megan Coll, P.E. Senior Projects Engineer
The Curtis Center - Suite 140 South
Independence Square West
Philadelphia, Pennsylvania 19106

West Virginia Water Development Authority
c/o Mr. Daniel B. Yonkosky, Director
180 Association Drive
Charleston, West Virginia 25311-1571

West Virginia Infrastructure and Jobs Development
Council
c/o Katy Mallory, P.E.
380 One Valley Square
Charleston, West Virginia 25301

Re: New Haven Public Service District, a public corporation
Fayette County Regional Water Project
Contracts 7A - 7B, Fayette County, West Virginia

Dear Ladies and Gentlemen:

I represent New Haven Public Service District with respect to a proposed project to construct a new regional water treatment and distribution system to serve the public in Fayette County, West Virginia (the "Project"), and provide this final title opinion on behalf of New Haven Public Service District to satisfy your agency's requirements with respect to the financing for this part of the Project. Please be advised of the following:

March 29, 2001

Page 2

1. That I am of the opinion that the New Haven Public Service 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 full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the New Haven Public Service District has obtained all necessary permits and approvals for the construction of the Project.

3. That I have investigated and researched, 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 Stafford Consultants, 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 Fayette County, West Virginia, the county in which the Project is to be located, and, in my opinion, the New Haven Public Service District has acquired legal title or such other estate or interest in all of the necessary site components for the Project; including all of the easements and/or rights of way, with the exception of those listed in paragraph five (5), 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.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the office of the Clerk of the Circuit Court of Fayette County, West Virginia, to permit the New Haven Public Service District a right of entry for the purpose of the construction, operation and maintenance of the project on the subject properties. The New Haven Public Service District's title thereto is defeasible in the event the New Haven Public Service District does not satisfy any judgement and/or award in the proceedings for acquisition of said properties and my certification is subject to the following pending matters of litigation:

Name:

Tax Map and Parcel:

James R. Ramsey and
Myrtle L. Ramsey, his wife

62D-0030

Berman Medley

62D-0035

March 29, 2001

Page 3

John M. Ashley, et als.

51-0119

J. J. Smith and Jean Smith,
his wife

63-0017

Edith Epps

62D-42

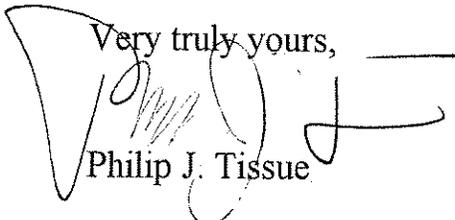
Based on my evaluation of these cases, I do not believe, but cannot say with an absolute certainty, that any of these will proceed to trial, and in fact, all are fairly close to settlement without trial.

6. That all deeds or other documents which have been acquired to date by the New Haven Public Service District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal interest of the New Haven Public Service District.

7. That New Haven Public Service District has obtained from the West Virginia Department of Highways a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans.

If you have any questions regarding any of the information contained in this final title opinion, or need anything further whatsoever from me prior to authorizing this Project, please do not hesitate to let me know.

Very truly yours,


Philip J. Tissue

PJT:rvp

LAW OFFICES OF

PHILIP J. TISSUE

303 JONES AVENUE
OAK HILL, WEST VIRGINIA 25901

TELEPHONE 304/469-4431 • FAX 304/469-4844
ptissue@inetone.net

March 29, 2001

FILENO.
547

New Haven Public Service District
P.O. Box 89
Lansing, West Virginia 25862

West Virginia Bureau for Public Health
c/o Walt Ivey, P.E.
815 Quarrier Street, Suite 418
Charleston, West Virginia 25307-2616

Division of Environmental Protection
c/o Mr. Charlie Stover, Chief Design Administrator
10 McJunkin Road
Nitro, West Virginia 25143

West Virginia Infrastructure and Jobs Development
Council
c/o Katy Mallory, P.E.
380 One Valley Square
Charleston, West Virginia 25301

West Virginia Water Development Authority
c/o Mr. Daniel B. Youkosky
180 Association Drive
Charleston, West Virginia 25311

Re: New Haven Public Service District, a public corporation
Fayette County Regional Water Project
Contract 9, Fayette County, West Virginia

March 29, 2001

Page 2

Dear Ladies and Gentlemen:

I represent New Haven Public Service District with respect to a proposed project to construct a new regional water treatment and distribution system to serve the public in Fayette County, West Virginia (the "Project"), and provide this final title opinion on behalf of New Haven Public Service District to satisfy your agency's requirements with respect to the financing for this part of the Project. Please be advised of the following:

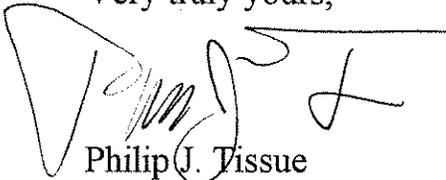
1. That I am of the opinion that the New Haven Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.
2. That the New Haven Public Service District has obtained all necessary permits and approvals for the construction of the Project.
3. That I have investigated and researched, 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 Stafford Consultants, 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 Fayette County, West Virginia, the county in which the Project is to be located, and, in my opinion, the New Haven Public Service District has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all of the easements and/or rights of way sufficient to assure undisturbed use and possession the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.
5. That all deeds or other documents which have been acquired to date by the New Haven Public Service District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal interest of the New Haven Public Service District.
6. That New Haven Public Service District has obtained from the West Virginia Department of Highways a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans.

March 29, 2001

Page 3

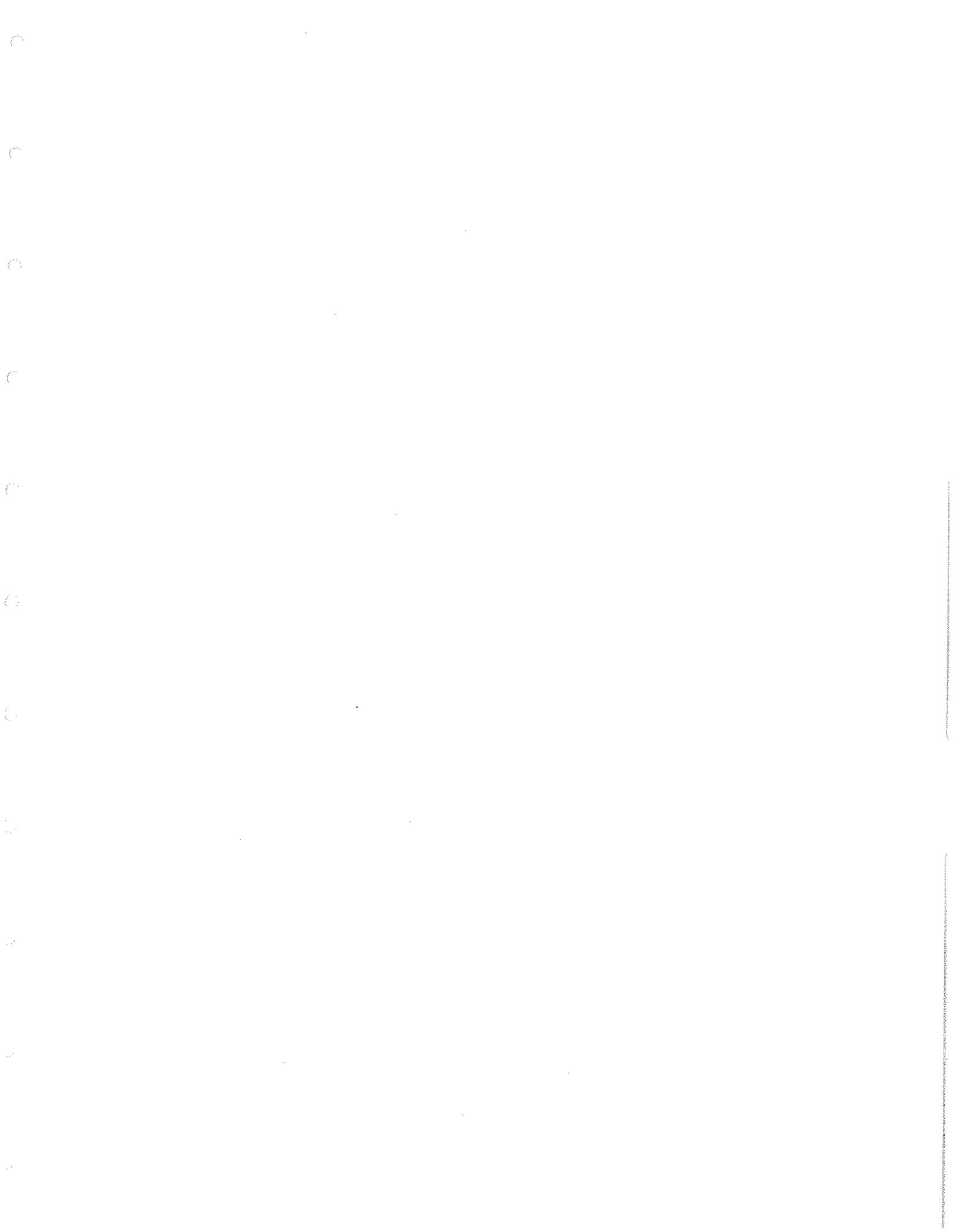
If you have any questions regarding any of the information contained in this final title opinion, or need anything further whatsoever from me prior to authorizing this Project, please do not hesitate to let me know.

Very truly yours,



Philip J. Tissue

PJT:rvp



JACKSON & KELLY PLLC

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

<http://www.jacksonkelly.com>

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40588
TELEPHONE 859-256-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

217 WEST BURKE STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

March 29, 2001

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development
Authority
Charleston, West Virginia

New Haven Public Service District
Lansing, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Stephoe & Johnson
Charleston, West Virginia

Re: New Haven Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with (1) an Agreement dated November 27, 1996, by and between New Haven Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make payments to the Issuer in amounts and at times sufficient to permit the Issuer to pay the principal of, interest, if any, on and administrative fee, if any, for the above-captioned Bonds (the "Bonds"), and (2) the applications and agreements by the Company for, and the execution and delivery by the Company of certain promissory notes in connection with, the issuance by Branch Banking and Trust Company (the "Bank") of its Letters of Credit dated March 29, 2001 (collectively, the "Letter of Credit"), in the respective amounts of \$51,048 and \$48,848, for funding the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account, respectively. The Bonds are being issued by the Issuer under Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on March 27, 2001, as supplemented by the Supplemental

Resolution duly adopted by the Issuer on March 27, 2001 (collectively, the "Bond Resolution"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

The Bonds have been sold to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement for the Series 2001 A Bonds, dated March 22, 2001, and a loan agreement for the Series 2001 B Bonds, dated March 22, 2001 (collectively, the "Loan Agreement"). The Bonds are to be paid from Net Revenues derived from the operation of the System. Such Net Revenues consist solely of payments to be made by the Company to the Issuer under the Agreement. The Bonds are further secured by a Letter of Credit that may be drawn upon by the West Virginia Municipal Bond Commission, as Paying Agent for the Bonds, in the event Net Revenues are insufficient or unavailable to pay any installment of principal of or interest, if any, on the Bonds when due. The Company has entered into all necessary agreements with the Bank to obtain the Letter of Credit.

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Good Standing and the By-laws of the Company, and all amendments thereto, the Agreement, the Letters of Credit, the applications, agreements and promissory notes executed and delivered by the Company in connection with the Letters of Credit, and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Company) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the Company with respect thereto without independently verifying the same.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.

3. To 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, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

4. To our knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Company is a party do not and will not violate, conflict with, or constitute or result in a breach of or default under, the Articles of Incorporation or By-laws of the Company or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Company is a party, by which the Company or its properties are bound or which may otherwise be applicable to the Company.

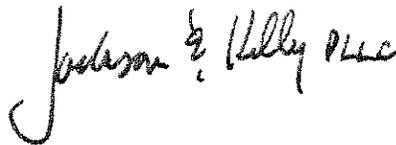
5. The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and the Company have received the Commission Orders of the Public Service Commission of West Virginia entered on March 12, 1999, and April 12, 1999, in Case No. 99-0146-W-PC, and the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997, January 5, 2000, February 28, 2000, June 12, 2000, September 15, 2000, and March 20, 2001, in Case No. 96-1477-W-PWD-PC-CN and Case No. 96-0137-W-PWD-PC, among other things, granting to the Issuer a certificate of public

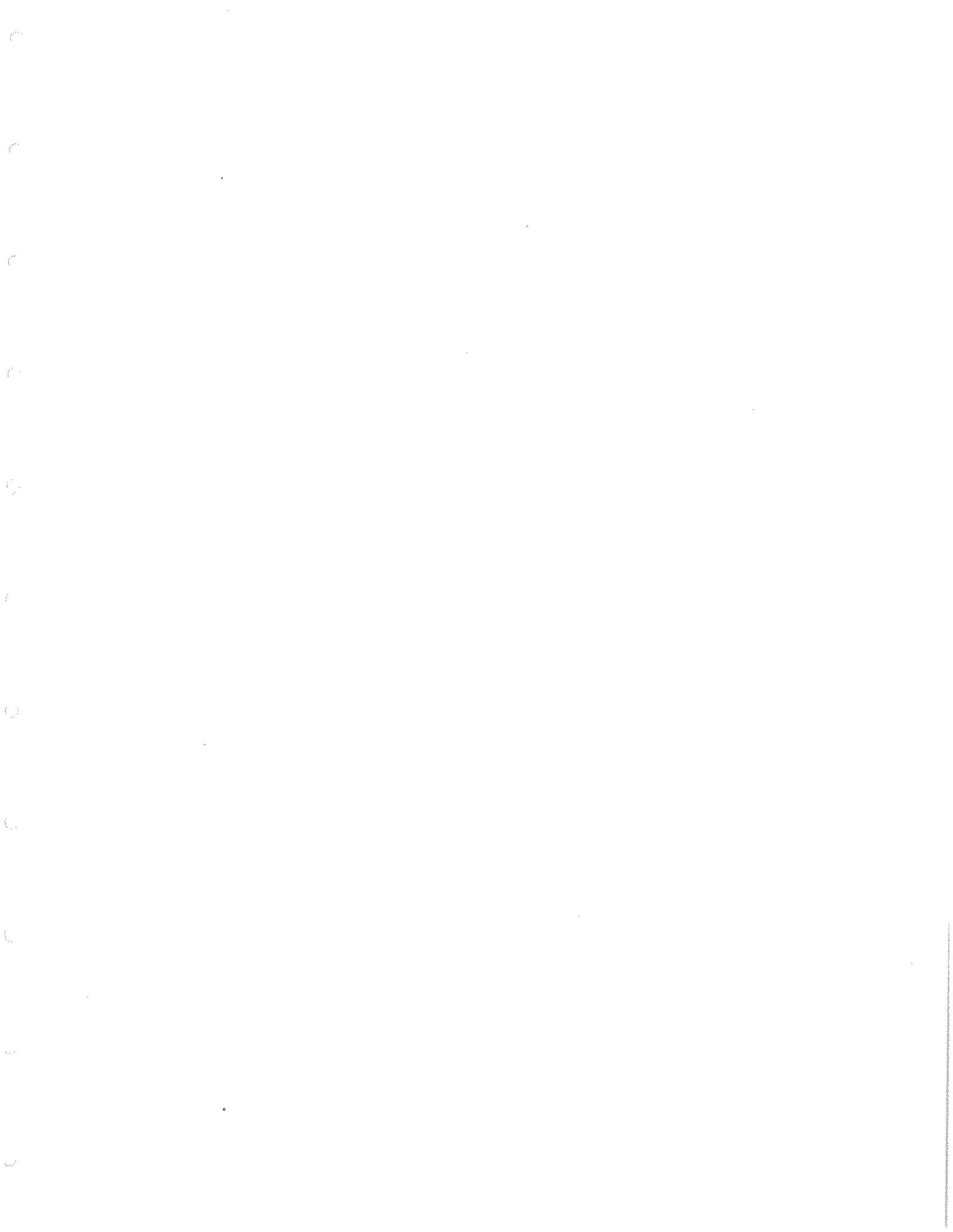
West Virginia American-Water
Company, et al.
March 29, 2001
Page 4

convenience and necessity for the Project, establishing the rates for the System and approving the financing for the Project. The time for appeal of all such Commission Orders, except the Commission Order dated March 20, 2001, has expired prior to the date hereof. The time for appeal of the Commission Order dated March 20, 2001, has not expired prior to the date hereof. The parties to such order have stated, however, that they will not appeal such order and such order is not subject to appeal by any entity which is not a party thereto.

6. The Issuer and the Company have duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jackson & Kelly LLC". The signature is written in dark ink and is positioned below the typed phrase "Very truly yours,".



NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (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 AND AGREEMENT
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 ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. LETTERS OF CREDIT
19. GRANTS, ETC.

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of New Haven Public Service District in Fayette County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Series 2001 B (West Virginia DWTRF Program), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2001 A Bonds" and the "Series 2001 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of

the Issuer duly adopted March 27, 2001, and a Supplemental Resolution of the Issuer duly adopted March 27, 2001 (collectively, the "Bond Legislation"), when used herein.

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 or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Agreement, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, 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 AND AGREEMENT:** There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds and the Series 2001 B Bonds as to liens, pledge, source of and security for payment, being the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of \$1,241,000 (the "Series 2000 A Bonds"), Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of \$9,004,675 (the "Series 2000 B Bonds"), Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of \$1,605,000 (the "Series 2000 C Bonds"), and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), dated September 21, 2000, issued in the original aggregate principal amount of \$767,354 (the "Series 2000 D Bonds") (collectively, the "Prior Bonds"). The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance

of the Series 2001 A Bonds and the Series 2001 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the terms and provisions of the Prior Resolution and no default exists with respect to the Prior Bonds.

The Agreement is in full force and effect and the Company is making the required payments thereunder.

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, altered, supplemented or changed in any way unless modification appears from later documents also listed below.

Bond Resolution

Supplemental Resolution

DWTRF Loan Agreement

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Agreement between Issuer and Company

Letter of Credit and Related Documents

Evidence of EDA Grant

Evidence of AML Grant

Series 2000 A and Series 2000 B Bond Resolution

Series 2000 C and Series 2000 D Bond Resolution

Consent of Prior Bondholder

Closing Memorandum

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Kenneth R. Hayes	October 29, 1998	October 29, 2004
Imogene Pennington	January 30, 2001	January 30, 2007
Ann Berry	May 5, 1999	October 29, 2002

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

Chairman	-	Kenneth R. Hayes
Secretary/Treasurer	-	Imogene Pennington

The duly appointed and acting counsel to Issuer is Philip J. Tissue, of Oak Hill, 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

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, 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, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, 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 Legislation. All insurance for the System required by the Bond Legislation 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 and has met the requirements of the Loan Agreement.

11. RATES: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997, in Case No. 96-1477-W-PWD-PC-CN, and on March 12, 1999, and April 12, 1999, in Case No. 99-0146-W-PC, 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 such Commission Orders has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997, January 5, 2000, February 28, 2000, June 12, 2000, September 15, 2000 and March 20, 2001, in Case No. 96-1477-W-PWD-PC-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. With the exception of the Commission Order dated March 20, 2001, the time for appeal of all such Commission Orders has expired prior to the date hereof. The time for appeal of the Commission Order entered on March 20, 2001, has not expired prior to the date hereof. The Issuer hereby states that it will not appeal such Commission Order. The other parties to such order have also stated that they will not appeal such Commission Order.

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 for each series of the Bonds, dated the date hereof, by his or her 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 or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received \$34,572 from the Authority and the Council, being a portion of the principal amount of the Series 2001 A Bonds and \$16,750 from the Authority and the BPH, being a portion of the principal amount of the Series 2001 B 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: The Issuer has published any required notice with respect to, among other things, the amount of the Bonds, the interest rate and terms of the Bonds, the acquisition and construction of the Project, the anticipated user rates and charges, and the date of filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens 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 Legislation and/or the Project, including, without limitation, with respect

to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. **LETTERS OF CREDIT:** On the date hereof, upon the delivery of the Bonds, the Letters of Credit shall be delivered to the Commission to fund the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account.

19. **GRANTS, ETC.:** As of the date hereof, the grant from the United States Department of Commerce, Economic Development Administration, in the amount of \$1,195,000, and the leftover proceeds of the Series 2000 B Bonds in the amount of \$356,618 are committed for the Project. The Issuer has applied for a grant from the Office of Abandoned Mine Lands and Reclamation ("AML") in the amount of \$1,090,049. In the event that the grant from AML is received, the Issuer, shall modify the scope of the project as set forth in Attachment 1 to the Bond Authorizing Resolution.

WITNESS our signatures and the official seal of NEW HAVEN PUBLIC SERVICE DISTRICT on this 29th day of March, 2001.

[CORPORATE SEAL]

SIGNATURE

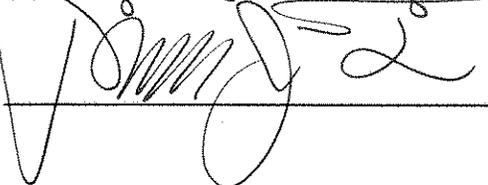
OFFICIAL TITLE



Chairman



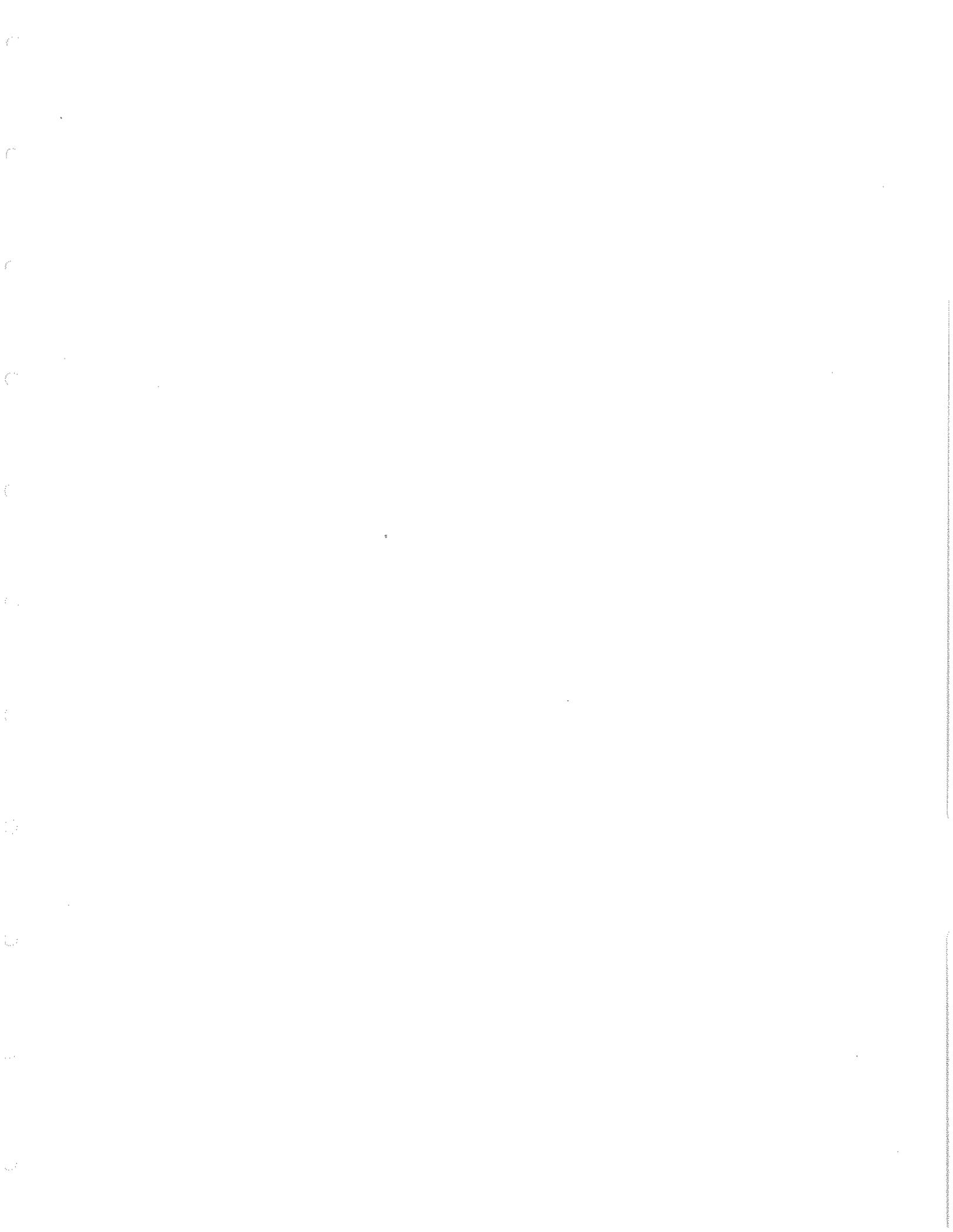
Secretary



Counsel to Issuer

03/26/01
658590/00002

CH431515.2



NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND GOOD STANDING
3. CERTIFICATION OF COPIES OF DOCUMENTS
4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS
5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT
6. NO LITIGATION
7. AGREEMENTS AND OBLIGATIONS
8. NO CHANGE IN CONDITION
9. LETTER OF CREDIT
10. PUBLIC SERVICE COMMISSION ORDERS

The undersigned VICE PRESIDENT of WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation located within and incorporated under the laws of the State of West Virginia (the "Company"), HEREBY CERTIFIES in connection with the authorization, execution and delivery of an Agreement, dated November 27, 1996, by and between New Haven Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make certain payments to the Issuer to permit the Issuer to pay when due, its \$995,325 aggregate principal amount of Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and its \$732,646 aggregate principal amount of Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program) (collectively, the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority"), pursuant to a Bond Resolution of the Issuer adopted March 27, 2001, as supplemented by a Supplemental Resolution of the Issuer adopted March 27, 2001, (collectively, the "Bond Resolution"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Resolution, as follows:

1. **INCUMBENCY AND SIGNATURES:** The undersigned are and were at all relevant times the duly elected, qualified and serving Vice President and Secretary of the Company, both duly elected or appointed by the Board of Directors of the Company, and are familiar with the terms of the transactions described in the Documents, herein defined. Set forth below are our true and genuine signatures.

2. **DUE INCORPORATION AND GOOD STANDING:** The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the Agreement and the other Documents, herein defined.

3. **CERTIFICATION OF COPIES OF DOCUMENTS:** The copies of the below-listed documents (the "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:

Certified copy of Certificate of Good Standing.

Agreement between Issuer and Company.

Letters of Credit and Related Documents.

4. **AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS:** The Company has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Documents.

5. **EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT.** The Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, and is in full force and effect as of the date hereof. The Agreement constitutes a valid and legally binding agreement and obligation of the Company enforceable in accordance with its terms, except (i) as the same shall be subject to limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the Agreement by the Company and the compliance with the provisions thereof will not

conflict with, result in a breach of the terms, conditions or provisions of or constitute a default under, or result in the creation or any imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to, the Articles of Incorporation or By-laws of the Company or the terms of any indenture, mortgage, deed of trust, loan agreement, undertaking or other agreement, document or instrument to which the Company is a party or bound or to which any of the property or assets of the Company are subject, nor will such action conflict with, result in a material breach of, constitute a default under or result in a violation of any statute, law, ordinance, judgment, ruling, decree, order, rule or regulation to which the Company is subject or to which any of its properties are subject or which is applicable to the transactions described herein; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental authority or body is required for the execution and delivery of the Agreement by the Company or in connection with the Project, the Agreement or the transactions contemplated thereby, except those already obtained.

6. **NO LITIGATION:** No litigation, proceeding, suit, inquiry, action or investigation at law or in equity is pending or, to the knowledge of the undersigned, threatened (or is there any basis therefor), against or affecting the Company in or before or by any court, public board or administrative body, which would restrain or enjoin the execution or delivery of the Documents or the performance of any obligations of the Company contained therein or matters in connection therewith, or in any way contesting or affecting the Documents, or attempting to limit, restrain, enjoin or prevent the Company from functioning and making the payments required thereunder, or which questions the validity of the Documents or any documents or the transactions contemplated thereby, or contesting the corporate existence of the Company, or wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition of the Company, the validity or enforceability of the Documents, the Company's ability to perform its obligations under the Documents or the corporate existence or powers of the Company. There is no action or proceeding pending or threatened that would liquidate or dissolve the Company.

7. **AGREEMENTS AND OBLIGATIONS:** All agreements, covenants, arrangements and conditions to be complied with or satisfied and all obligations to be performed by the Company pursuant to or in connection with the Documents or the transactions contemplated thereby on or prior to the date of such documents have been complied with, satisfied and performed and there are no defaults or events of default under the Documents or such documents which have occurred and are continuing.

8. **NO CHANGE IN CONDITION:** There have been no undisclosed material adverse changes in the financial condition of the Company since the offer by the Authority to purchase the Bonds of the Issuer.

9. **LETTERS OF CREDIT:** The Company has obtained and will maintain one or more Letters of Credit, including all extensions thereof, or renewal or replacement Letters of Credit, to fund the respective reserve accounts for the Bonds, so long as the Bonds are outstanding, unless such requirement is waived by the Council and the BPH. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with the Letters of Credit, which payments shall be in addition to any other payments to be made by the Company under the Agreement with respect to the Bonds or otherwise to the Issuer.

10. **PUBLIC SERVICE COMMISSION ORDERS:** The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and the Company have received the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997, January 5, 2000, February 28, 2000, June 12, 2000, September 15, 2000, and March 20, 2001, in Case No. 96-1477-W-PWD-PC-CN and Case No. 96-0137-W-PWD-PC, and the Commission Orders entered on March 12, 1999, and April 12, 1999, in Case No. 99-0146-W-PC, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, establishing the rates for the System and approving the financing for the Project. With the exception of the Commission Order dated March 20, 2001, the time for appeal of all such Commission Orders has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order entered on March 20, 2001, has not expired prior to the date hereof. However, the Company hereby states that it will not appeal such Commission Order. The other parties to such Commission Order have also stated that they will not appeal such Commission Order and such Commission Order is not subject to appeal by any entity which is not a party thereto.

IN WITNESS WHEREOF, I have hereunto set my hand on this 29th day of
March, 2001.

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Mill
Vice President

ATTEST:

Nancy M. Stunkard
Assistant Secretary

03/26/01
658590/00002



STAFFORD CONSULTANTS INCORPORATED

Engineering, Design, and Consulting

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Series 2001 B (West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

We, Jack D. Stafford, Registered Professional Engineer, West Virginia License No. 6753 and Edward L. Shutt, Registered Professional Engineer, West Virginia License No. 7314, of Stafford Consultants, Incorporated, Princeton, West Virginia, hereby certify as follows:

1. Stafford Consultants, Incorporated, is engineer for the acquisition and construction of certain improvements and extensions to the existing public waterworks facilities (the "Project") of New Haven Public Service District (the "Issuer") to be constructed in Fayette County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on March 27, 2001, the Loan Agreement for the Series 2001 A Bonds dated March 22, 2001, by and between the Issuer and the West Virginia Infrastructure Jobs and Development Council (the "Council"), and the Loan Agreement for the Series 2001 B Bonds dated March 22, 2001, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH").

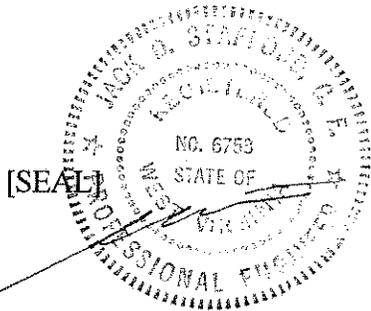
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project, and (ii) paying costs of issuance of the Bonds and related costs.

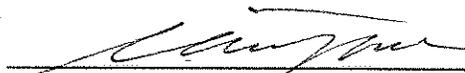
3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by Stafford Consultants, Incorporated, and approved by the BPH pursuant to the Office of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, and any change orders approved by the Issuer, the BPH, the Council and all necessary governmental bodies; (ii) the Project design is adequate for its intended purpose and when constructed, in our profession opinion, has an anticipated useful life of at least forty 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 the Schedule B as attached hereto as EXHIBIT B; (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 in the Office of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, 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 the following 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: (a) BPH Office of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, (b) West Virginia NPDES Permit No. WV0115100, (c) West Virginia Division of Highways Permits and other permits listed in EXHIBIT A, attached hereto, and (d) orders of the Public Service Commission of West Virginia entered on September 12, 1997 and January 5, 2000, February 28, 2000, June 12, 2000, September 15, 2000 and March 20, 2001, in Case Nos. 96-1477-W-PWD-PC-CN and on March 12, 1999 and April 12, 1999, in Case No. 99-0146-W-OC, and, in our professional opinion, no other permits are required; (ix) the net proceeds of the Bonds, together with other funds irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (x) attached hereto as EXHIBIT B is the final amended "Initial Schedule B - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

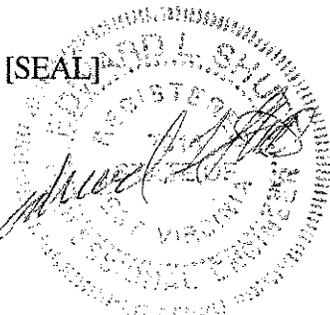
WITNESS our signatures and seals on this 29th day of March 2001.

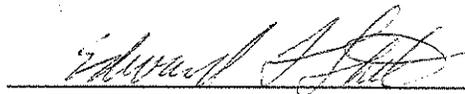
STAFFORD CONSULTANTS, INCORPORATED





Jack D. Stafford, P.E.
West Virginia License No. 6753





Edward L. Shutt, P.E.
West Virginia License No. 7314

Attachments

EXHIBIT A

**WV BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES PERMITS**

<u>Contract No.</u>	<u>Permit No.</u>
7	14,659
9	14,660
9A	14,800

WEST VIRGINIA DIVISION OF HIGHWAYS PERMITS

<u>Contract No.</u>	<u>Permit No.</u>
7	09-99-0088
9	09-99-0087
9A	09-01-0047
9A Willis Road (Deductive Alternate No. 1)	09-01-0084

OTHER PERMITS

Contract No. 7	NPDES	WV0115100 Reg. # WVGO72025
Contract No. 7	Public Land	P-00-IV/10-0659
Contract No. 9	NPDES	WV0115100 Reg. #WVG072024
Contract No. 9	Public Land	P-00-IV/10-0658
Contract No. 9A	NPDES	WV0115100 Reg. #WVG072210
Contract No. 9A	Public Land	P-01-IV/10-0233
Contract No. 9A	Corps of Engineers	Nationwide #12 - Utility Line 200100099

EXHIBIT B

Fayette County Regional Water System
Initial Schedule B

UDC Loan # , DWTR Loan #

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

A. Cost of Project			
Funding Percentages	Total	UDC Loan	DWTRF Loan
1. Construction Costs	716,538.50	1,892.50	714,646.00
Contract 9	716,538.50	1,892.50	714,646.00
2. Technical Services	0.00	0.00	0.00
a. Design			
b. Bidding/Construction			
c. Resident Project Representative			
d. Special Services			
3. Legal and Fiscal	20,204.00	20,204.00	0.00
a. Attorneys Fees (Easements, PSC, etc)	20,054.00	20,054.00	0.00
Phil Tissue	17,318.00	17,318.00	
Joel Nunn/Gray	2,736.00	2,736.00	
b. Accountant/Audit	150.00	150.00	
4. Administration	20,000.00	20,000.00	0.00
a. Region 4 PDC	20,000.00	20,000.00	
b.			
5. Sites and Other Lands	54,500.00	54,500.00	0.00
a. Land Acquisition Costs/Easement	18,000.00	18,000.00	0.00
Fee Acquisitions	13,000.00	13,000.00	
Easements	5,000.00	5,000.00	
b. Appraisals or Other Related Costs	5,000.00	5,000.00	
c. Permits	31,500.00	31,500.00	0.00
DOH Inspection Fee	30,000.00	30,000.00	
DOH Bond	500.00	500.00	
Railroad Easements	0.00	0.00	
Health Dept/NDES	1,000.00	1,000.00	
6. Other Costs	39,500.00	39,500.00	0.00
a. Interim Financing Costs	37,500.00	37,500.00	
b. Arch Survey	1,000.00	1,000.00	
c. Legal Ads	1,000.00	1,000.00	
7.			
8. Contingency	221,771.85	220,521.85	1,250.00
9. Total of Lines 1 through 8	1,072,514.35	356,618.35	715,896.00
B. Sources of Funds			
10. Federal Grants:	0.00		0.00
a.			
b.			
11. State Grants:	0.00		0.00
a.	0.00		
12. Other Grants:	0.00		0.00
13. Any Other Source: ¹	356,618.35		0.00
a. UDC Loan	356,618.35		
14. Infrastructure Fund Grant	0.00		0.00
15. Total Lines 10 through 14	356,618.35		0.00
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	715,896.00		715,896.00
C. Cost of Financing			
17. Funded Reserve Account ² /Letter of Credit	500.00		500.00
18. Other Costs ³	16,250.00		16,250.00
a. Bond Counsel	16,000.00		16,000.00
b. Bank Fees (Registrar)	250.00		250.00
19. Total Cost of Financing (Lines 17 and 18)	16,750.00		16,750.00
20. Size of Bond Issue (Line 16 plus Line 19)	732,646.00		732,646.00

GOVERNMENTAL AGENCY

CONSULTING ENGINEER

DATE 3-27-01

DATE 3-27-01

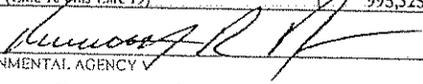
¹ Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation
² Consult with bond counsel and the Council before assuming a funded reserve.

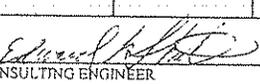
³ For example, fees of accountants, bond counsel and local counsel for the Governmental Agency.

Fayette County Regional Water System
 Schedule B (Estimate Only)
 JJDC Loan, EDA Grant

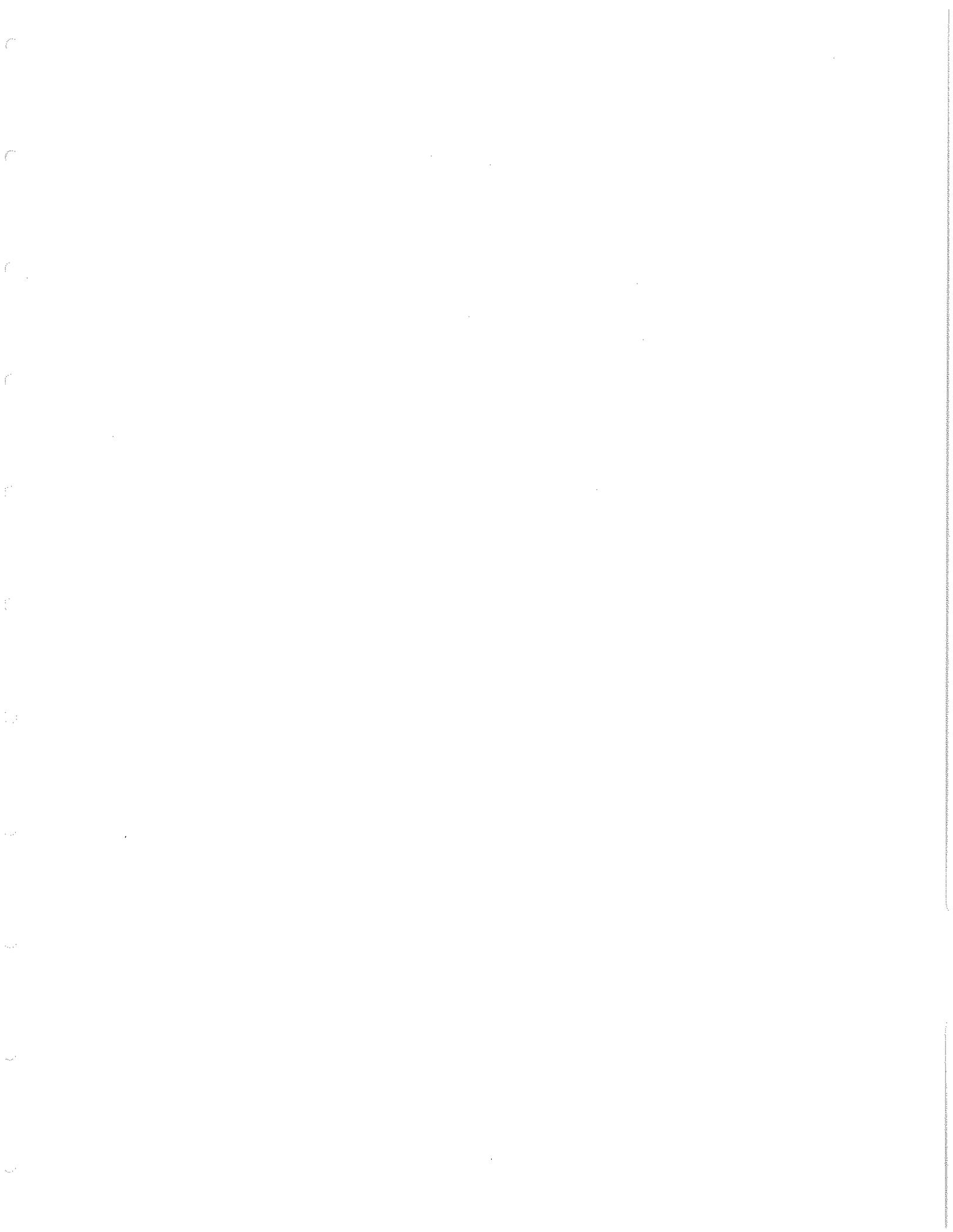
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	JJDC Loan	EDA Grant
Funding Percentages		45.4%	54.6%
1. Construction Costs	1,842,665.00	836,569.91	1,006,095.09
Contract 7	1,842,665.00	836,569.91	1,006,095.09
2. Technical Services	0.00	0.00	0.00
a. Design			
b. Bidding/Construction			
c. Resident Project Representative			
d. Special Services		0.00	0.00
3. Legal and Fiscal	31,050.00	14,096.70	16,953.30
a. Attorneys Fees (Easements, PSC, etc)	29,900.00	13,574.60	16,325.40
Phil Tissue	23,820.00	10,814.28	13,005.72
Joel Nunes/Gray	6,080.00	2,760.32	3,319.68
b. Accountant/Audit	1,150.00	522.10	627.90
4. Administration	40,000.00	18,160.00	21,840.00
a. Region 4 PDC	40,000.00	18,160.00	21,840.00
b.	0.00	0.00	0.00
5. Sites and Other Lands	36,000.00	16,344.00	19,656.00
a. Land Acquisition Costs/Easement	10,000.00	4,540.00	5,460.00
Fee Acquisitions	5,000.00	2,270.00	2,730.00
Easements	5,000.00	2,270.00	2,730.00
b. Appraisals or Other Related Costs	3,000.00	1,362.00	1,638.00
c. Permits	23,000.00	10,442.00	12,558.00
DOH Inspection Fee	21,500.00	9,761.00	11,739.00
DOH Bond	500.00	227.00	273.00
Railroad Easements	0.00		
Health Dept/NDES	1,000.00	454.00	546.00
6. Other Costs	33,632.00	15,268.93	18,363.07
a. Interim Financing Costs	31,632.00	14,360.93	17,271.07
b. Arch Survey	1,000.00	454.00	546.00
c. Legal Ads	1,000.00	454.00	546.00
7.			
8. Contingency	190,228.00	78,135.47	112,092.53
Contingency (Egypt Road)	159,659.00	72,485.19	87,173.81
Project Contingency	30,569.00	5,650.28	24,918.72
9. Total of Lines 1 through 8	2,173,575.00	978,575.00	1,195,000.00
B. Sources of Funds			
10. Federal Grants:	1,195,000.00		
a. EDA Grant	1,195,000.00		
b.	0.00		
11. State Grants:	0.00		
a.	0.00		
12. Other Grants:	0.00		
13. Any Other Source: ¹			
a.			
14. Infrastructure Fund Grant	0.00		
15. Total Lines 10 through 14	1,195,000.00		
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	978,575.00	978,575.00	
C. Cost of Financing			
17. Funded Reserve Account² / Letter of Credit	500.00	500.00	
18. Other Costs³	16,250.00	16,250.00	
a. Bond Counsel	16,000.00	16,000.00	
b. Bank Fees (Registrar)	250.00	250.00	
c.	0.00	0.00	
19. Total Cost of Financing (Lines 17 and 18)	16,750.00	16,750.00	
20. Size of Bond Issue (Line 16 plus Line 19)	995,325.00	995,325.00	


 GOVERNMENTAL AGENCY
 DATE 7-5-01


 CONSULTING ENGINEER
 DATE 3-05-01

¹ Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation
² Consult with bond counsel and the Council before assuming a funded reserve.
³ For example, fees of accountants, bond counsel and local counsel for the Governmental Agency.



NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of New Haven Public Service District in Fayette County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$995,325 Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), and \$732,646 Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), of the Issuer, both dated March 29, 2001 (collectively, the "Bonds" or individually the "Series 2001 A Bonds" and the "Series 2001 B Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on March 27, 2001 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 29, 2001, the date on which the Bonds are being physically delivered in exchange for \$34,572, being a portion of the principal amount of the Series 2001 A Bonds and \$16,750, being a portion of the principal amount of the Series 2001 B Bonds, and 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

Infrastructure and Jobs Development Council (the "Council") or the West Virginia Bureau for Public Health (the "BPH"), 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 Series 2001 A Bonds were sold on March 29, 2001, to the Authority, pursuant to a loan agreement dated March 22, 2001, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$995,325 (100% of par), at which time, the Issuer received \$34,572 from the Authority and the Council, being the first advance of the principal amount of the Series 2001 A Bonds. No accrued interest has been or will be paid on the Series 2001 A Bonds. The balance of the principal amount of the Series 2001 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2001 B Bonds were sold on March 29, 2001, to the Authority, pursuant to a loan agreement dated March 22, 2001, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$732,646 (100% of par), at which time, the Issuer received \$28,127 from the Authority and the BPH, being the first advance of the principal amount of the Series 2001 B Bonds. No accrued interest has been or will be paid on the Series 2001 B Bonds. The balance of the principal amount of the Series 2001 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter (in any event, not more than 1 month from March 29, 2001), enter into agreements which require the Issuer to expend in excess of 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of the net sale proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the respective Reserve Accounts 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 August 1, 2002. The acquisition and construction of the Project is expected to be completed by May 1, 2002.

9. The total cost of the Project is estimated at \$3,279,589. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2001 A Bonds	\$ 995,325.00
Proceeds of the Series 2001 B Bonds	\$ 732,646.00
EDA Grant	\$ 1,195,000.00
Leftover Proceeds From the Series 2000 B Bonds	<u>\$ 356,618.00</u>
Total Sources	<u>\$ 3,279,589.00</u>

USES

Costs of Acquisition and Construction of the Project	\$ 3,246,089.00
Costs of Issuance	<u>\$ 33,500.00</u>
Total Uses	<u>\$ 3,279,589.00</u>

The total cost of the Project is estimated to be at least equal to the gross proceeds of the Bonds and the grants described above.

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

- (1) Revenue Fund;
- (2) Series 2001 A Bonds Construction Trust Fund;
- (3) Series 2001 B Bonds Construction Trust Fund;
- (4) Series 2000 A Bonds Sinking Fund;
- (5) Series 2000 A Bonds Reserve Account;
- (6) Series 2000 B Bonds Sinking Fund;
- (7) Series 2000 B Bonds Reserve Account;
- (8) Series 2000 C Bonds Sinking Fund;
- (9) Series 2000 C Bonds Reserve Account;
- (10) Series 2000 D Bonds Sinking Fund;

- (11) Series 2000 D Bonds Reserve Account;
- (12) Series 2001 A Bonds Sinking Fund;
- (13) Series 2001 A Bonds Reserve Account (to be funded with the Letter of Credit);
- (14) Series 2001 B Bonds Sinking Fund; and
- (15) Series 2001 B Bonds Reserve Account (to be funded with the Letter of Credit).

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) All proceeds of the Series 2001 A Bonds will be deposited in the Series 2001 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 Series 2001 A Bonds and related costs.

(2) All proceeds of the Series 2001 B Bonds will be deposited in the Series 2001 B 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 Series 2001 B Bonds and related costs.

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

13. Moneys held in the Series 2001 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2001 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2001 B Bonds Sinking Fund and Series 2001 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2001 B Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be

deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

14. 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 14 months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2001 A Bonds Reserve Account, if any, all of the proceeds of the Series 2001 A Bonds will be expended on the Project within 17 months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2001 B Bonds Reserve Account, if any, all of the proceeds of the Series 2001 B Bonds will be expended on the Project within 17 months from the date of issuance thereof.

18. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

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

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

21. 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.

22. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

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

24. The Issuer shall use the Bond proceeds solely for the costs of the Project.

25. The Bonds are not federally guaranteed.

26. 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 governmental bonds.

27. The Issuer has either (a) funded the Series 2001 A Bonds Reserve Account and Series 2001 B 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; (b) created the Series 2001 A Bonds Reserve Account and Series 2001 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2001 A Bonds Reserve Account and Series 2001 B Bonds Reserve Account hold 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; or (c) purchased letter(s) of credit in amounts sufficient to satisfy the purchasers of the Bonds to fund the Series 2001 A Bonds Reserve Account and Series 2001 B Bonds Reserve Account. Moneys in the Series 2001 A Bonds Reserve Account and Series 2001 B Bonds Reserve Account, if any, and the Series 2001 A Bonds Sinking Fund and Series 2001 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

28. 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.

29. 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.

30. 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.

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

WITNESS my signature on this 29th day of March, 2001.

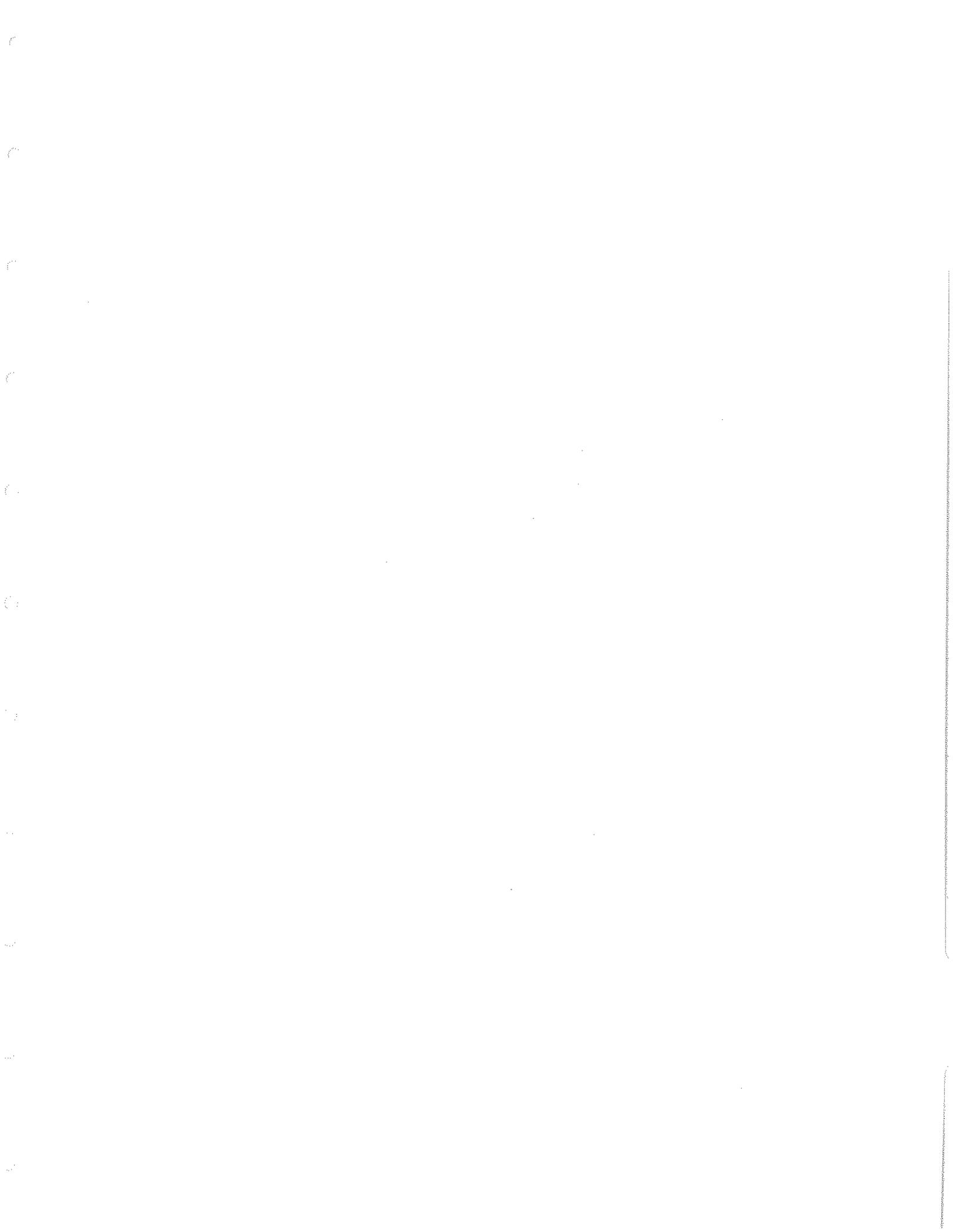
NEW HAVEN PUBLIC SERVICE DISTRICT

A handwritten signature in black ink, appearing to be "Robert R. ...", written over a horizontal line.

Chairman

03/26/01
658590/00001

CH436355.3





March 29, 2001

New Haven Public Service District
Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

West Virginia Water
Development Authority
Charleston, West Virginia

West Virginia Bureau for
Public Health
Charleston, West Virginia

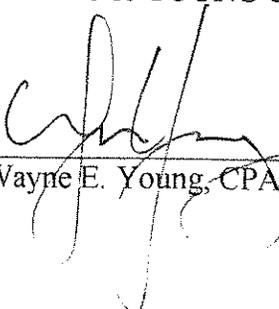
New Haven Public Service District
Lansing, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

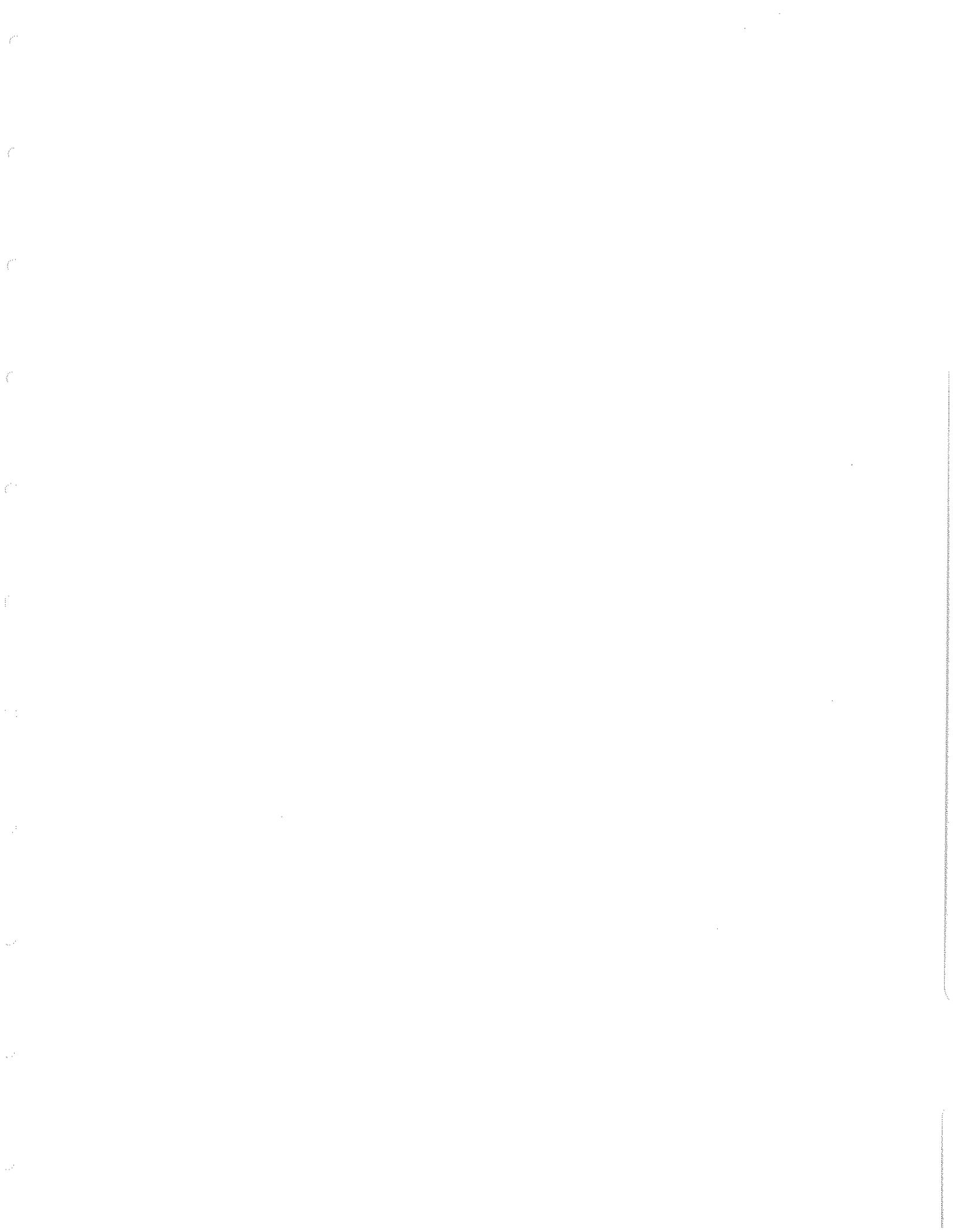
Ladies and Gentlemen:

Based upon the use fees to be made by West Virginia-American Water Company (the "Company") to New Haven Public Service District (the "District or Issuer"), under that certain Agreement dated as of November 27, 1996, as amended (the "Agreement"), by and between the Company and the District, as approved in the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997, February 28, 2000, and June 12, 2000, in Case No. 96-1477-W-PWD-PC-CN, it is our opinion that such use fee payments will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will be sufficient to pay 100% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), to be issued in the respective original aggregate principal amounts of \$995,325 and \$732,646 to the West Virginia Water Development Authority on the date hereof, and the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), Water Revenue Bonds 2000 C (West Virginia Water Development Authority), and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), currently outstanding.

Very truly yours,
ADKINS & YOUNG CPAs



Wayne E. Young, CPA



NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

CERTIFICATE OF LETTER OF CREDIT BANK

The undersigned Senior Vice President of BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Bank"), hereby certifies in connection with the issuance by the Bank of its Letter of Credit, No. 9570527271-00014, dated March 29, 2001, in the amount of \$51,048 (the "Series 2001 A Letter of Credit"), for the account of New Haven Public Service District (the "Issuer"), and its Letter of Credit, No. 9570527271-00015, dated March 29, 2001, in the amount of \$48,848 (the "Series 2001 B Letter of Credit" and, collectively with the Series 2001 A Letter of Credit, the "Letters of Credit"), for the account of the Issuer, for and on behalf of the Bank, as follows:

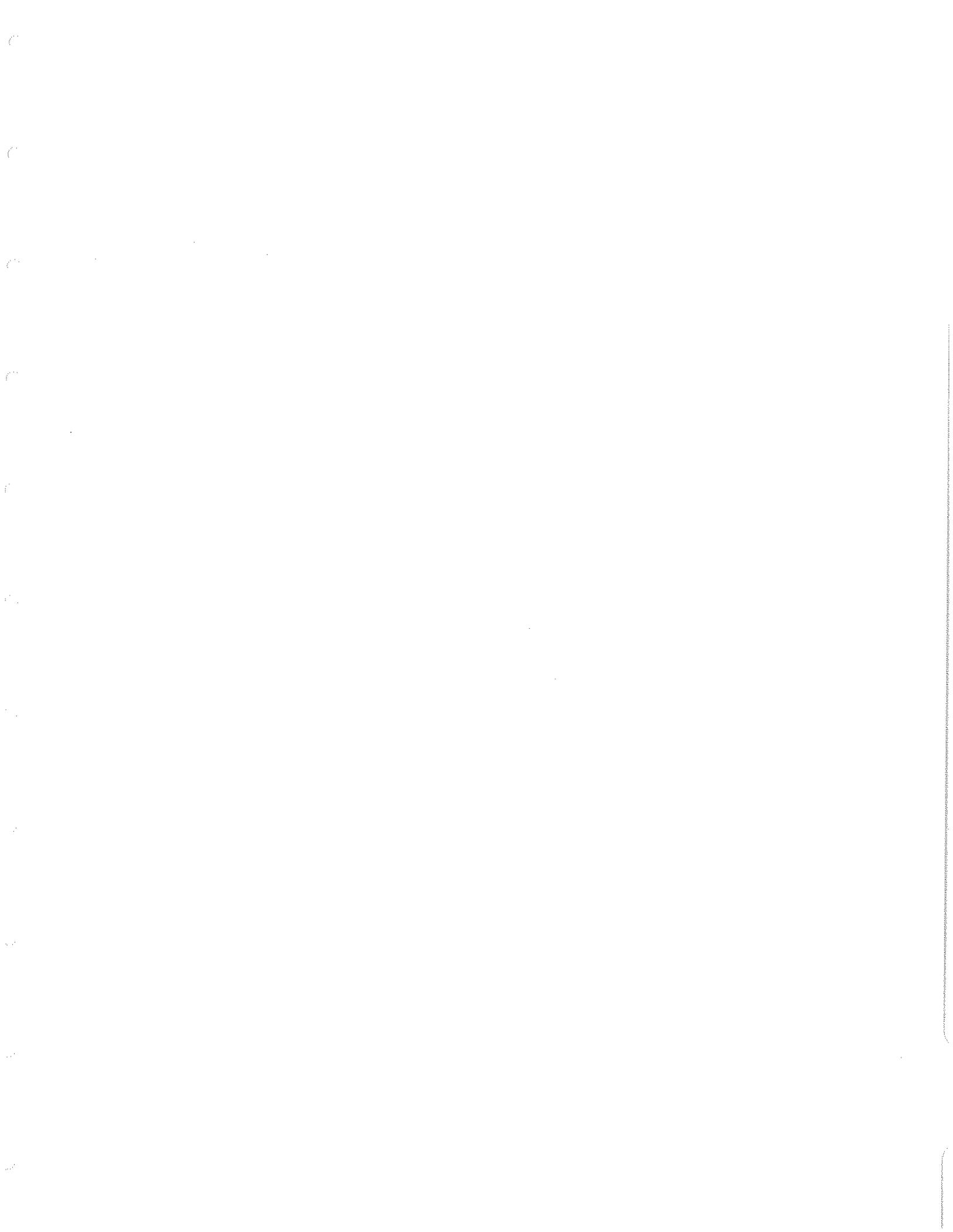
1. The Bank is a national banking association under the laws of the United States of America and qualified to do business in the State of West Virginia, with the power and authority to issue and deliver the Letters of Credit under applicable provisions of law.
2. The Letters of Credit have been duly authorized, executed and delivered by the Bank.
3. The Series 2001 A Letter of Credit is provided to fund the Series 2001 A Bonds Reserve Account and secures the payment of up to \$51,048, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 22, 2001, in the principal amount of \$995,325. The Series 2001 A Letter of Credit has been delivered by the Bank pursuant to an Application and Agreement for Standby Letter of Credit dated March 29, 2001, and a Note and Security Agreement dated March 29, 2001.
4. The Series 2001 B Letter of Credit is provided to fund the Series 2001 B Bonds Reserve Account and secures the payment of up to \$48,848, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated March 22, 2001, in the principal amount of \$732,646. The Series 2001 B Letter of Credit has been delivered by the Bank pursuant to an Application and Agreement for Standby Letter of Credit dated March 29, 2001, and a Note and Security Agreement, March 29, 2001.

IN WITNESS WHEREOF, BRANCH BANKING AND TRUST COMPANY,
has caused this Certificate to be executed by a duly authorized officer, this 29th day of
March, 2001.

BRANCH BANKING AND TRUST COMPANY

By: J. M. Bras
Senior Vice President

03/26/01
658590/00002



AN ORDER WHEREBY THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA, PROPOSES ON ITS OWN MOTION THE EXPANSION OF THE NEW HAVEN PUBLIC SERVICE DISTRICT AND THE MERGER OF THE BECKWITH PUBLIC SERVICE DISTRICT AND THE MOSSY PUBLIC SERVICE DISTRICT INTO NEW HAVEN PUBLIC SERVICE DISTRICT, TO BE KNOWN AS "NEW HAVEN PUBLIC SERVICE DISTRICT" FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, OPERATING, MAINTAINING AND IMPROVING A PUBLIC WATER SYSTEM OR PUBLIC SEWAGE SYSTEM, OR BOTH, FOR THE RESIDENTS OF THE SERVICE AREAS OF THESE UNINCORPORATED COMMUNITIES OF FAYETTE COUNTY AND FIXING A DATE FOR HEARING OF SAID MOTION AND PROVIDING FOR THE PUBLICATION OF NOTICE OF SUCH HEARING.

WHEREAS, it is found and determined to be desirable and proper and in accordance with Chapter 16, Article 11A of the Code of West Virginia for this commission to fix a date of hearing and to provide for the publication of this order.

NOW, THEREFORE, upon its own motion it is hereby ORDERED by the County Commission of Fayette County, West Virginia, as follows:

Section 1: The County Commission of Fayette County finds and declares that it is in all respects desirable and proper for the County Commission on its own motion to propose the expansion and the merger of public service districts in order to preserve the public health, comfort, and convenience of said service areas. The motion proposing the expansion of New Haven Public Service District and the merger of said public service districts was duly filed, seconded and carried.

Section 2: The County Commission of Fayette County does declare and find the following matters and things to be suitable, proper and in accordance with Chapter 16, Article 11A of the Code of West Virginia:

(a) The name and corporate title of said public service district shall be the "New Haven Public Service District".

(b) The territory to be embraced in said public service district shall be as follows:

Beginning at the south west corner of the Mossy Public Service District area, said point having a latitude of $37^{\circ}57'00''$ and longitude of $81^{\circ}17'51''$; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;

Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of $N 33^{\circ}00'17''$ and a longitude of $W 81^{\circ}17'19''$; thence following the Page-Kincaid boundary North 0.68 miles to a point having a latitude of $N 33^{\circ}01'05''$ and a longitude of $W 81^{\circ}11'15''$; thence following the Page-Kincaid Public Service District boundary $N 45^{\circ}10' W 1.04$ miles to a point having a latitude of $N 33^{\circ}01'41''$ and a longitude of $W 81^{\circ}11'06''$ which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Public Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of $N 33^{\circ}03'04''$ and a longitude of $W 81^{\circ}12'09''$; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of $33^{\circ}02'45''$ and a longitude of $81^{\circ}11'50''$;

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with

the existing Backwash Public Service District and having a latitude of N 89°03'00" and a longitude of W 81°09'00";

Thence departing the Backwash Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 3.68 miles to a point in Route 6073 having a latitude of N 89°08'00" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said Backwash boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 89°11'48" and a longitude of W 81°04'09"; thence in an easterly direction 13.93 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 89°09'12" and a longitude of W 80°51'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'00" and a longitude of W 80°49'47"; thence west 10.00 miles leaving the Meadow River and the Greenbrier County line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'00" and a longitude of W 81°11'51";

Thence departing the existing New Haven Public Service District boundary and running 10.00 miles with the New River in a southerly direction to a point in the New River at the mouth of Bushong Creek having a latitude of N 37°49'17" and a longitude of W 81°14'00"; thence extending 12.00 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Massey, the town limits of Oak Hill, Salem-Gatewood Public Service District, Aruckle Public Service District, Wolf Creek Public Service District, and Area Public Service District.

(c) The purpose of said public service district shall be to construct, maintain, maintain, and improve a public water system or a public sewage system, or both, within such territory and also outside of such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A, of Chapter 13, of the Code of West Virginia, nor does such territory include within its limits any city, incorporated town or other municipal corporation or any part thereof.

Section 3: That upon the merger of the Districts, New Haven Public Service District shall be the surviving entity and the Commission shall have jurisdiction over the merged district in accordance with West Virginia Code 16-13A et al, specifically including, but not limited to, appointing the members of the public service board of the District.

Section 4: That on the 4th day of February, 1993, being a day in the Regular Session of this Commission, at 10:30 A.M., E.D.S.T., on said day in the County Commission Room in the Court House, this Commission will conduct a public hearing on the expansion of New Haven Public Service District and merger of the proposed public service districts into New Haven Public Service District for the purpose of considering and determining the feasibility thereof and to consider and determine if the construction, maintenance and operation of said public service district will be conducive to the preservation of public health, comfort and convenience of residents of said areas, at which time and place all persons residing in or owning or having any interest in property in the proposed consolidated public service district may appear before this County Commission and shall have an opportunity to be heard for or against the consolidation of said public service districts.

Section 5: The Clerk of this Commission is hereby ORDERED and DIRECTED to cause notice of such meeting and hearing to be given by the publication of this order. This order shall be published in the Fayette

Tribune and Montgomery Herald newspapers of general circulation published in Fayette County, as a class, legal advertisement in compliance with the provisions of Chapter 20, Article 3 of the official Code of West Virginia of 1931, as amended.

Section 6: That the Clerk of the Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days prior to the hearing set forth herein.

By the Order of the County Commission of Fayette County this day January 13, 1993.

THE COUNTY COMMISSION OF FAYETTE COUNTY

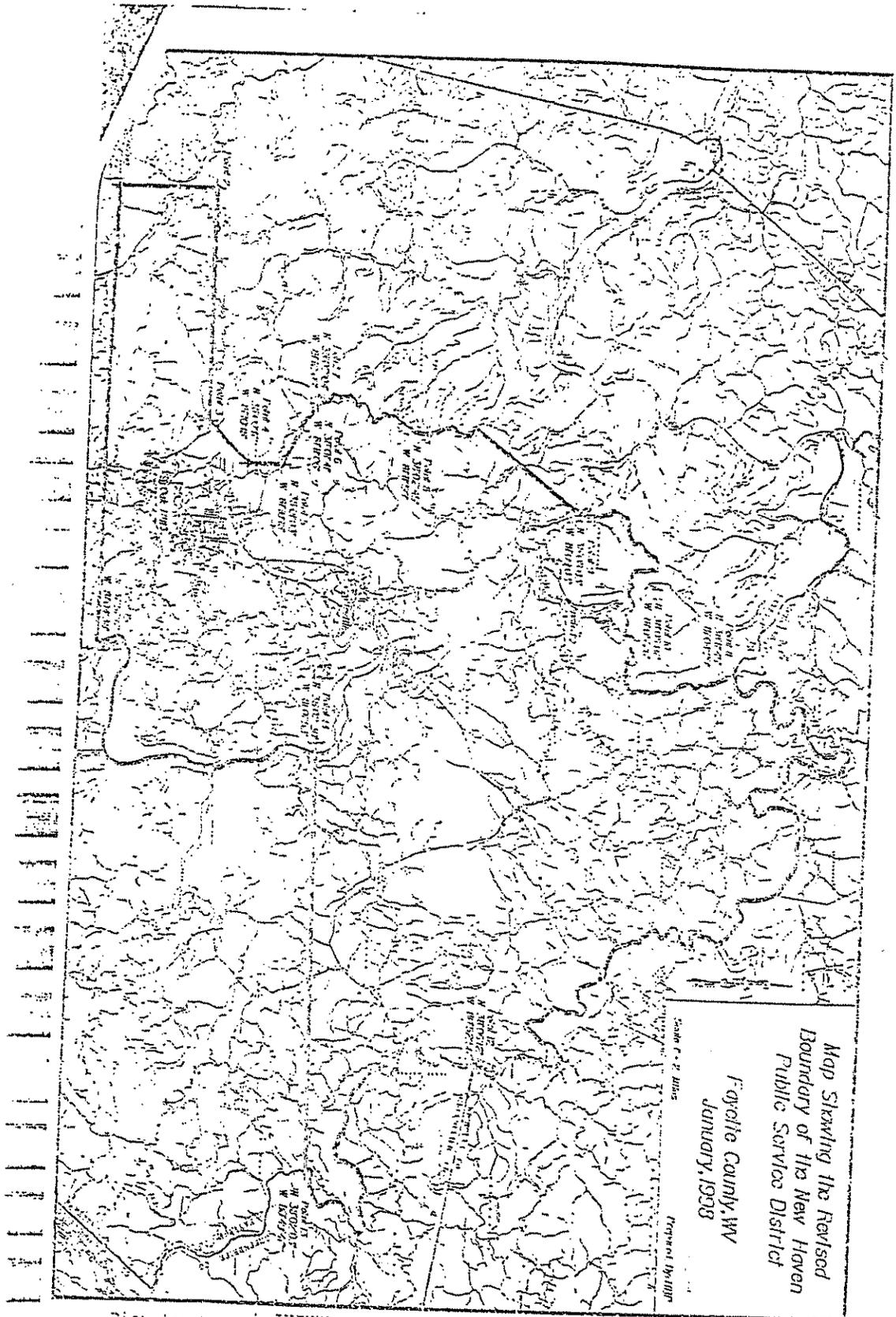
John H. Witt
President

John H. Lutz
Commissioner

[Signature]
Commissioner

ATTEST:

Kevin E. Holliday
Clerk



... following the Page-Kincaid public Service District boundary, defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.69 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of 38°02'43" and a longitude of 81°11'50".

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeast along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with

BEFORE THE COUNTY COMMISSION OF FAYETTE COUNTY

A RESOLUTION AND ORDER EXPANDING THE NEW HAVEN PUBLIC SERVICE DISTRICT AND MERGING BECKWITH PUBLIC SERVICE DISTRICT AND MOSSY PUBLIC SERVICE DISTRICT INTO NEW HAVEN PUBLIC SERVICE DISTRICT TO BE KNOWN AS "NEW HAVEN PUBLIC SERVICE DISTRICT" FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, OPERATING, MAINTAINING AND IMPROVING A PUBLIC WATER SYSTEM OR PUBLIC SEWAGE SYSTEM, OR BOTH, FOR THE RESIDENTS OF THE SERVICE AREAS OF THESE UNINCORPORATED COMMUNITIES OF FAYETTE COUNTY.

WHEREAS, the County Commission of Fayette County, West Virginia, did heretofore, by Resolution and Order adopted on January 15, 1998, propose the expansion of New Haven Public Service District and the merger of Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District;

WHEREAS, by said January 15, 1998, Resolution and Order, the County Commission of Fayette County did set a hearing on the proposed expansion of New Haven Public Service District and the merger of Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District; filed with the Clerk of the County Commission of Fayette County a copy of the Resolution and Order; notified the Clerk of the County Commission of Fayette County of the date, time, location, and purpose of said hearing; required notice of said hearing be given by Class I legal publication in Fayette County and required the Clerk of the County Commission of Fayette County to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission;

WHEREAS, notice of the February 4, 1998, hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code §16-13A-2, and all interested parties have been afforded an opportunity of being heard for and against the expansion of New Haven Public Service District and the merger of Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District, but no written protest has been filed by the requisite number of qualified voters registered and residing within the existing boundaries of the Districts, and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a Resolution and Order, subject to the approval of the Public Service Commission of West Virginia, expanding New Haven Public Service District and merging Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District for the preservation of the public health, comfort, and convenience for the areas presently served by the Districts.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED by the County Commission of Fayette County as follows:

1. That the County Commission of Fayette County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, expands New Haven Public Service District and merges Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District.

The service area of the expanded and merged New Haven Public Service District

shall be particularly defined as follows:

Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of $37^{\circ}57'27''$ and longitude of $81^{\circ}17'54''$; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;

Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of $N 38^{\circ}00'17''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid boundary North 0.83 miles to a point having a latitude of $N 38^{\circ}01'03''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid Public Service District boundary $N 45^{\circ}00' W 1.04$ miles to a point having a latitude of $N 38^{\circ}01'41''$ and a longitude $W 81^{\circ}11'06''$ which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Public Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of $N 38^{\circ}02'04''$ and a longitude of $W 81^{\circ}12'09''$; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of $38^{\circ}02'45''$ and a longitude of $81^{\circ}11'50''$;

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeastly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of $N 38^{\circ}08'03''$ and a longitude of $W 81^{\circ}09'03''$;

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 3.63 miles to a point in Route 66/3 having a latitude of $N 38^{\circ}08'07''$ and a longitude of $W 81^{\circ}05'25''$; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of $N 38^{\circ}11'45''$ and a longitude of $W 81^{\circ}04'29''$; Thence in an easterly direction 25.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of $N 38^{\circ}06'12''$ and a longitude of $W 80^{\circ}52'56''$, which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of $N 38^{\circ}02'03''$ and a longitude of $W 80^{\circ}49'47''$; thence west 19.93 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of $N 38^{\circ}02'30''$ and a longitude of $W 81^{\circ}01'53''$;

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly

direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°04'38"; thence extending 12.69 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District, Wolf Creek Public Service District, and Ames Public Service District.

2. That the County Commission of Fayette County shall have jurisdiction over the expanded and merged district in accordance with West Virginia Code §16-13A et al. specifically including, but not limited to, appointing members of the public service board of the District.

3. That the Clerk of the Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days following the adoption hereof.

Entered into the permanent record of Fayette County this day 4th day of February, 1998.

COUNTY COMMISSION OF FAYETTE COUNTY
WEST VIRGINIA

John E. West
PRESIDENT

[Signature]
COMMISSIONER

John W. Lyle
COMMISSIONER

ATTEST:

Kelvin C. Holliday
CLERK

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

A RESOLUTION AND ORDER FIXING A DATE OF HEARING ON THE CREATION OF A PROPOSED PUBLIC SERVICE DISTRICT IN THE NEW HAVEN DISTRICT OF FAYETTE COUNTY, WEST VIRGINIA, AND PROVIDING FOR PUBLICATION OF A NOTICE OF SUCH HEARING.

WHEREAS, there appeared before the County Commission of Fayette County, West Virginia, Herbert Zickarsosa of the NUTTALL PUBLIC SERVICE DISTRICT and Neil Richardson of J. H. MILAM, INC., CONSULTING ENGINEERS, Dunbar, West Virginia, representing the residents and property owners in that certain geographical area of the New Haven Districts, more particularly described below,

AND, WHEREAS, the said persons asked the Commissioners of said Commission to create a Public Service District within the area above described, and to be known as the New Haven Public Service District; thus combining the NUTTALL and MOUNTAIN COVE PUBLIC SERVICE DISTRICTS, and

WHEREAS, pursuant to provisions of Article 13-A of Chapter 16 of the Code of West Virginia, as amended, the County Commission is required to fix a date for hearing on the Creation of a proposed Public Service District;

NOW, THEREFORE, be it and it is hereby RESOLVED and ORDERED by the County Commission of Fayette County, West Virginia, as follows:

SECTION 1: That the County Commission of Fayette County, West Virginia, proposes to create a Public Service District in the area of the New Haven District, as described below.

SECTION 2: That it is proposed that the name and corporate title of said Public Service District shall be the "New Haven Public Service District".

SECTION 3: That the territory to be embraced in the said Public Service District shall be as follows:

BEGINNING at a point in the Gauley River, said point being a common corner of the Nicholas, Fayette, and Greenbrier County boundaries and having a latitude of N 38° 06' 12" and a longitude of W 80° 52' 56";

THENCE, in a southern direction 11.00 miles with the boundary of Greenbrier County to a point having a latitude of N 35° 02' 30" and a longitude of W 80° 49' 47";

THENCE, West, 10.98 miles leaving the Gauley River and running to a point in the New River having a latitude of N 38° 00' 30" and a longitude of W 81° 01' 53";

THENCE, in a northwest direction, 11.36 miles with the New River to a point in the Valley Magisterial District having a latitude of N 38° 08' 03" and a longitude of W 81° 09' 03";

THENCE, in a northeastern direction 5.43 miles with the boundary of the Valley Magisterial District to a point in Route 60/3 having a latitude of N 33° 06' 07" and a longitude of W 81° 05' 26";

THENCE, in a northeast direction 4.36 miles leaving Route 60/3 and continuing with the boundary of the Valley Magisterial District to a point in Gauley River, which is in the boundary of Nicholas County having a latitude of N 38° 11' 45" and a longitude of W 81° 04' 09";

THENCE, in a eastern direction 25.90 miles with the Gauley River and the boundary of Nicholas County to the point of BEGINNING, containing an area of 124.1 square miles, all of which is in the New Haven Magisterial District, Fayette County, and excluding the Town of Ansted.

SECTION 4: That the purpose of said Public Service District shall be to construct and/or acquire by purchase

or otherwise and to maintain, operate, improve and extend facilities and properties supplying water and sewage disposal services in such territory and also outside such territory to the extent permitted by law;

SECTION 5: That the territory described above does not include within its limits the territory of any other Public Service District organized under Article 12-A of Chapter 16 of the West Virginia Code, but will change the NUTTALL and MOUNTAIN COVE PUBLIC SERVICE DISTRICTS' boundaries to the above described boundaries, nor does such territory include within its limits any city, incorporated town or other municipal corporation, as the Town of Amsted is excluded from this Public Service District.

SECTION 6: That on February 8, 1971, at the hour of 11:00 o'clock, a.m., this County Commission shall meet in the Fayette County Courthouse at Fayetteville, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed Public Service District, at which time and place, all persons residing in, owning or having any interest in property in the area embraced by the proposed Public Service District may appear before this Court and shall have an opportunity to be heard for and against the creation of said District, and at such hearing, the County Commission shall consider and determine the feasibility of creation of the proposed Public Service District.

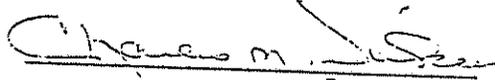
SECTION 7: That the County Commission Clerk of Fayette County, West Virginia, is hereby authorized to cause due and sufficient notice of such hearing to be

published in The Fayette Tribune, a newspaper
of general circulation in the County of Fayette,
West Virginia, as required by law.

WHEREUPON, the Court declared the motion duly carried and said Resolution
and Order duly adopted.

Upon motion and vote, the meeting adjourned.

JAN 4 1973


President

ATTEST:


Clerk

IN THE COUNTY COMMISSION OF FAYETTE COUNTY WEST VIRGINIA

RESOLUTION AND ORDER CREATING THE NEW HAVEN PUBLIC SERVICE DISTRICT TO INCLUDE THE TOWN OF ANSTED, ALL IN FAYETTE COUNTY WEST VIRGINIA, TO BE KNOWN AS THE NEW HAVEN PUBLIC SERVICE DISTRICT OF FAYETTE COUNTY WEST VIRGINIA

WHEREAS, it is now deemed desirable by the said County Commission of Fayette County, West Virginia, to adopt a Resolution and Order creating The New Haven Public Service District to include the Town of Ansted, all in Fayette County, West Virginia, to be known as The New Haven Public Service District of Fayette County, West Virginia; this Resolution and Order being pursuant to the Resolution and Order entered herein August 6, 1980, and further being pursuant to the Notice of Public Hearing and the Hearing held herein September 24, 1980;

NOW, THEREFORE,

BE IT, and it is hereby resolved and ordered by the County Commission of Fayette County, West Virginia, as follows:

SECTION 1. That a public service district to be known as New Haven Public Service District of Fayette County, West Virginia, including the Town of Ansted in said County and State, is hereby created, and said district shall have the following described boundaries:

BEGINNING at a point in the Gauley River, said point being a common corner of the Nicholas, Fayette, and Greenbrier County boundaries and having a latitude of N 38° 06' 12" and a longitude of W 80° 52' 56";

THENCE, in a southern direction 11.00 miles with the boundary of Greenbrier County to a point having a latitude of N 29° 02' 00"

THENCE, west, 10.98 miles leaving the Gauley River and running to a point in the New River having a latitude of $N 38^{\circ} 02' 30''$ and a longitude of $W 81^{\circ} 01' 53''$;

THENCE, in a northwest direction, 11.36 miles with the New River to a point in the Valley Magisterial District having a latitude of $N 38^{\circ} 08' 03''$ and a longitude of $W 81^{\circ} 09' 03''$;

THENCE, in a northeastern direction 5.68 miles with the boundary of the Valley Magisterial District to a point in Route 60/3 having a latitude of $N 38^{\circ} 08' 07''$ and a longitude of $W 81^{\circ} 05' 26''$;

THENCE, in a northeast direction 4.36 miles leaving Route 60/3 and continuing with the boundary of the Valley Magisterial District to a point in Gauley River, which is in the boundary of Nicholas County having a latitude of $N 38^{\circ} 11' 45''$ and a longitude of $W 81^{\circ} 04' 29''$;

THENCE, in an eastern direction 26.90 miles with the Gauley River and the boundary of Nicholas County to the point of beginning, containing an area of 124.1 square miles including the Town of Ansted, all of which is within the New Haven Magisterial District of Fayette County, West Virginia.

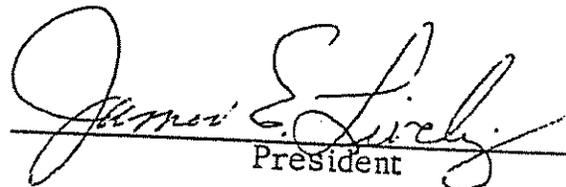
SECTION 2. That said Public Service District so created shall have the name and corporate title of "The New Haven Public Service District," and shall constitute a public corporation and a political subdivision of the State of West Virginia, having all the rights and powers conferred upon Public Service Districts by the laws of the State of West Virginia, particularly

Article 13-A, of Chapter 16, of the West Virginia Code, as amended.

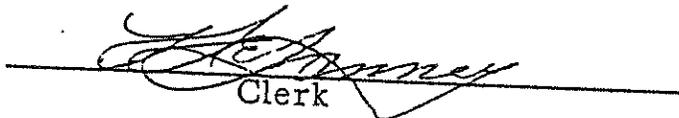
SECTION 3. That the County Commission of Fayette County, West Virginia, has determined that the territory within Fayette County, West Virginia, having the boundaries herein described and set forth, is so situate that the construction or acquisition by purchase, or otherwise, and the maintenance, operation, improvement and extension of properties and facilities supplying both water and sewerage disposal services in such territory by said Public Service District, shall be conducive to the preservation of the public health, comfort, and convenience of the residents thereof.

Adopted by the County Commission of Fayette County, West Virginia, on this the 29 day of OCTOBER, 1980.

By:


President

ATTEST:


Clerk

AT A SPECIAL SESSION OF THE COUNTY COMMISSION OF FAYETTE
COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT
THE COURTHOUSE THEREOF ON FRIDAY,
THE 14TH DAY OF JULY, 2000, A.D.

MEMBERS: GENE CARTE, JR., PRESIDENT
and JOHN L. WITT, JR. and JOHN H. LOPEZ,
COMMISSIONERS OF THE COUNTY

ORDER PROPOSING THE MERGER OF AMES PUBLIC
SERVICE DISTRICT WITH AND INTO NEW HAVEN PUBLIC
SERVICE DISTRICT; DESCRIBING THE PROPOSED SERVICE
TERRITORY OF THE MERGED DISTRICT; SCHEDULING A
HEARING ON THE PROPOSED MERGER; AND PROVIDING
FOR THE PUBLICATION, POSTING AND NOTIFICATION TO
THE PUBLIC SERVICE COMMISSION THEREOF.

WHEREAS, Ames Public Service District ("Ames") is a public service district
created by order of the County Commission of Fayette County, West Virginia (the "County
Commission") as a public service district with both water and sewer authority;

WHEREAS, New Haven Public Service District ("New Haven") is a public
service district created by order of the County Commission as a public service district with
both water and sewer authority;

WHEREAS, Ames is situated entirely within the service territory of New Haven;

WHEREAS, New Haven and West Virginia-American Water Company (the
"Company") have cooperated with the County Commission in the development, acquisition and
construction of a regional water project known as the Fayette Plateau Regional Water Project
(the "Project");

WHEREAS, New Haven and the Company propose to extend new water
distribution lines to the area of Ames Heights, Fayette County and to provide finished water
to current customers of Ames from the new water treatment plant being constructed as part of
the Project (the "New Plant"); and

WHEREAS, in order to permit New Haven and the Company to extend water
distribution lines and water from the New Plant to the Ames Heights area, it is necessary and
desirable to merge Ames with and into New Haven (the "Proposed Merger").

NOW, THEREFORE, it is ORDERED by The County Commission of Fayette County, West Virginia as follows:

1. The County Commission hereby finds and determines that the Proposed Merger will be conducive to the preservation of public health, comfort and convenience of the citizens of Fayette County, and in particular the citizens of the Ames Heights area.

2. The County Commission, on its own motion and subject to approval of the Public Service Commission of West Virginia (the "PSC"), proposes the merger of Ames with and into New Haven, with the resulting service territory of New Haven to be particularly described as follows:

Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of $37^{\circ}57'27''$ and longitude of $81^{\circ}17'54''$; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;

Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of $N 38^{\circ}00'17''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of $N 38^{\circ}01'03''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid Public Service District boundary $N 45^{\circ}00' W 1.04$ miles to a point having a latitude of $N 38^{\circ}01'41''$ and a longitude $W 81^{\circ}11'06''$ which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Public Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of $N 38^{\circ}02'04''$ and a longitude of $W 81^{\circ}12'09''$; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of $38^{\circ}02'45''$ and a longitude of $81^{\circ}11'50''$;

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the

Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of N 38°08'03" and a longitude of W 81°09'03";

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.68 miles to a point in Route 60/3 having a latitude of N 38°08'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29"; Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°01'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°04'38"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District and Wolfe Creek Public Service District.

On the Effective Date as defined in Section 3 hereof, the description of service territory in this Section 2 is intended to supersede and replace the various legal descriptions of New Haven's service territory in the prior orders of the County Commission.

3. The County Commission further proposes that the Proposed Merger become effective on the later to occur of the following dates (the "Effective Date"): (i) the date on which the PSC enters a final order approving the Proposed Merger, and (ii) the date on which the construction of the New Plant and the water distribution lines to serve Ames customers has been substantially completed and water service from the New Plant is available to the Ames customers.

4. At ³12:00 a.m. on Thursday, August 3, 2000 at the hearing room of the County Commission in the Fayette County Courthouse, Fayetteville, West Virginia, the County Commission will hold a public hearing on the Proposed Merger, which hearing date is not more than forty days nor fewer than twenty days from the date of this Order. All persons residing in or owning or having any interest in property in the territory encompassed by the Proposed Merger shall have an opportunity to be heard for and against the Proposed Merger.

5. The Clerk of the County Commission of ^{Fayette}~~Cabell~~ County (the "Clerk") is directed to cause notice of the hearing in substantially the form attached as Exhibit A hereto (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be published as a Class I legal advertisement in compliance with W. Va. Code § 59-3-1, et seq., as amended, in The Fayette Tribune. The publication date for each such publication shall be at least ten days prior to the date set for the hearing.

6. The Clerk is further directed to cause notice of the hearing in substantially the form attached as Exhibit A (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be posted in at least five conspicuous public places within the territory to be encompassed by the Proposed Merger. The posting shall occur at least ten days prior to the date set for the hearing.

7. The Clerk is further directed to provide the Executive Secretary of the PSC with a certified copy of this Order at least ten days before the hearing and to indicate in the accompanying letter the time and place of the hearing.

8. This Order shall become effective immediately upon entry.

By Order of the County Commission of Fayette County, West Virginia this 14TH
day of July, 2000.

THE COUNTY COMMISSION OF FAYETTE
COUNTY, WEST VIRGINIA

absent
PRESIDENT

John L. Witt
COMMISSIONER

John H. Lopez
COMMISSIONER

Attest:

Kevin C. Holliday
Clerk

Exhibit A

NOTICE OF HEARING ON THE PROPOSED MERGER OF
AMES PUBLIC SERVICE DISTRICT WITH AND INTO
NEW HAVEN PUBLIC SERVICE DISTRICT

On July 14, 2000, the County Commission of Fayette County (the "County Commission") proposed the merger of Ames Public Service District with and into New Haven Public Service District ("New Haven"). If the proposed merger is approved, New Haven's service territory will be particularly described as follows:

Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of $37^{\circ}57'27''$ and longitude of $81^{\circ}17'54''$; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;

Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of $N 38^{\circ}00'17''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of $N 38^{\circ}01'03''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid Public Service District boundary $N 45^{\circ}00' W 1.04$ miles to a point having a latitude of $N 38^{\circ}01'41''$ and a longitude $W 81^{\circ}11'06''$ which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Pubic Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of $N 38^{\circ}02'04''$ and a longitude of $W 81^{\circ}12'09''$; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of $38^{\circ}02'45''$ and a longitude of $81^{\circ}11'50''$;

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of N 38°08'03" and a longitude of W 81°09'03";

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.68 miles to a point in Route 60/3 having a latitude of N 38°08'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29"; Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°01'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°04'38"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District and Wolfe Creek Public Service District.

The County Commission will hold a public hearing on the proposed merger at 10:00 a.m. on Thursday, August 3, 2000 in the County Commission hearing room in the Fayette County Courthouse, Fayetteville, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the merged service territory of New Haven shall have an opportunity to be heard for and against the proposed merger.

\s\ Kelvin Holliday
Clerk of the County Commission of
Fayette County, West Virginia

BEFORE THE PUBLIC SERVICE BOARD OF
AMES PUBLIC SERVICE DISTRICT

RESOLUTION APPROVING PLAN TO NOTIFY CURRENT CUSTOMERS OF AMES PUBLIC SERVICE DISTRICT OF LIMITED SERVICE LINE REPLACEMENT PLAN; AUTHORIZING NOTICE OF SUCH PLAN TO BE DISTRIBUTED TO CUSTOMERS OF AMES PUBLIC SERVICE DISTRICT; AUTHORIZING THE IMPOSITION OF A PAYMENT PLAN ON CERTAIN AMES PUBLIC SERVICE DISTRICT CUSTOMERS AFTER THE EFFECTIVE DATE OF THE MERGER OF AMES PUBLIC SERVICE DISTRICT WITH AND INTO NEW HAVEN PUBLIC SERVICE DISTRICT; PROVIDING NOTICE OF DELINQUENCIES TO NEW HAVEN PUBLIC SERVICE DISTRICT; AND PROVIDING FOR USE OF BALANCE OF AMES PUBLIC SERVICE DISTRICT FUNDS.

WHEREAS, New Haven Public Service District ("New Haven") is participating in the construction of a regional water project in Fayette County, West Virginia (the "Project");

WHEREAS, the County Commission of Fayette County (the "County Commission") has proposed the merger of Ames Public Service District ("Ames") with and into New Haven for the purpose of extending water service from the Project to the Ames Heights area (the "Merger");

WHEREAS, although the Merger was approved by the County Commission on August 3, 2000, the Merger will not be effective until it is approved by the Public Service Commission of West Virginia (the "Commission");

WHEREAS, New Haven anticipates constructing new water distribution lines in the Ames area prior to approval of the Merger;

WHEREAS, the location of the new water distribution lines may necessitate the replacement of the service lines of certain Ames customers;

WHEREAS, certain Ames customers whose service lines must be replaced may be delinquent in their water payments to Ames (if any, the "Delinquent Ames Customers"), and the Public Service Board of Ames desires that any Delinquent Ames Customers be required to enter into a payment plan with New Haven or its agent and to have their service lines replaced from a source other than funds of Ames;

WHEREAS, Public Service Commission rules nonetheless require that all customers whose existing points of service will be moved have their service lines replaced, even if their accounts are delinquent, and New Haven and West Virginia-American Water Company (the "Company") will be required to replace them;

WHEREAS, engineers for New Haven, in cooperation with Ames and the Company, have developed a plan (the essential terms of which are summarized in Exhibit A hereto) (the "Plan") to address the need to replace those service lines; and

WHEREAS, the Public Service Board of Ames approves the Plan and desires to authorize New Haven or its agent to distribute notice of the Plan in substantially the form attached hereto as Exhibit A to Ames customers.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF AMES PUBLIC SERVICE DISTRICT AS FOLLOWS:

1. Ames hereby approves the Plan and authorizes New Haven or its agent to distribute a notice in substantially the form attached hereto as Exhibit A to the current customers of Ames.

2. Ames will pay from its existing funds the cost of those customers who qualify for service line replacement under the Plan if those customers are current in their water bills to Ames. If there are any customers who qualify for service line replacement under the Plan and who do not current in their water bills to Ames, either New Haven or its agent will replace their service lines.

3. Ames pledges its continued cooperation with the Company and New Haven in the execution and implementation of the Plan.

4. On or before the Effective Date of the Merger, Ames will request that New Haven, in cooperation with the Company, impose a payment plan on the Ames customers with delinquent accounts with Ames, whether or not they must have their service lines replaced under the Plan. Ames will provide detailed information on the delinquencies to the Company or New Haven.

5. If there are any funds available to Ames after Ames pays for service line replacement as described in Section 2 hereof, Ames will formally recommend to the Fayette County Commission that the balance be devoted to a specified charitable purpose.

6. This Resolution shall be effective immediately upon adoption.

DATED this 7th day of August, 2000.

NEW HAVEN PUBLIC SERVICE DISTRICT

Paul L. ...
Chairman, Public Service Board

William ...
Secretary

**PLAN FOR SELECTED REPLACEMENT OF SERVICE LINES
ON CONSTRUCTION OF NEW DISTRIBUTION SYSTEM**

In August 2000, Bill Enyart & Sons, Inc., is expected to begin construction of a new water distribution system in the Ames Heights area for New Haven Public Service District. Stafford Consultants, Inc., has been working with customers to flag the locations for new meter boxes. Stafford has attempted, in most instances, to locate the meter box near your existing service line when the new distribution line is located on the same side of your dwelling as your existing service line.

Please review the proposed location of the new meter box (marked by the yellow flag) in relation to the location of your existing service line. If the yellow flag is more than five feet from your existing service line, Stafford will move the flag so that it is located within five feet. This will allow the contractor to connect the existing service line to the meter box without the need to replace the service line. If your flag is more than five feet from your service line, please call Ed Shutt or Cathy Durham at 304/425-9555 or call and leave a message for Clyde King at 304/658-5304 and provide the user number written on the flag.

If your existing service line is on the opposite side of your dwelling from the yellow flag, please locate your existing service line and call Clyde King at 304/658-5304. He will help you to determine a suitable location for the construction of a new service line from the meter box to the nearest point of your existing service line. This work will be performed by New Haven PSD or its agent at no cost to you. You will be required to sign a temporary construction easement to complete this work.

Whether the meter box is connected to your existing service line or a new service line, you will own the service line, just as you do now. New Haven PSD will not assume any ongoing responsibility to maintain or repair the service line.

This program is not intended to replace deteriorating or defective service lines or house plumbing. The water quality and operating pressures in the new distribution system will be higher than the Ames PSD system. If your existing service line is deteriorating or defective, you may want to install a new one, since you will be responsible to pay for all water which runs through the meter, even if there is a leak in your service line.

Ames PSD believes that those customers who have not been paying their water bills should not receive new service lines. Therefore, Ames PSD will only replace the service lines of customers in good standing. However, Public Service Commission regulations require that all qualifying customers receive new service lines, not just those who are current in their water payments. If you qualify to have your service line replaced and if you still owe any water bills from December 1996 through today, New Haven PSD or its agent will pay for your new service line. However, you will be required to pay all of your

delinquent water bills or to enter into a payment plan with New Haven. If you do not, you will not receive water service when the new water distribution system becomes operational. Ames PSD soon will be providing its books of account showing delinquencies since December 1996 to New Haven. If you receive notice of a delinquency, we urge you to pay it or to enter into a payment plan.

Ames PSD will be merged into New Haven PSD as part of the Fayette County Regional Water Plan. If you have any further questions, please contact _____ at _____.

Chairman, New Haven Public Service District

NOTICE OF HEARING ON THE PROPOSED MERGER OF
AMES PUBLIC SERVICE DISTRICT WITH AND INTO
NEW HAVEN PUBLIC SERVICE DISTRICT

On July 14, 2000, the County Commission of Fayette County (the "County Commission") proposed the merger of Ames Public Service District with and into New Haven Public Service District ("New Haven"). If the proposed merger is approved, New Haven's service territory will be particularly described as follows:

Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of $37^{\circ}57'27''$ and longitude of $81^{\circ}17'54''$; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;

Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of $N 38^{\circ}00'17''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of $N 38^{\circ}01'03''$ and a longitude of $W 81^{\circ}10'18''$; thence following the Page-Kincaid Public Service District boundary $N 45^{\circ}00' W$ 1.04 miles to a point having a latitude of $N 38^{\circ}01'41''$ and a longitude $W 81^{\circ}11'06''$ which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Public Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of $N 38^{\circ}02'04''$ and a longitude of $W 81^{\circ}12'09''$; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of $38^{\circ}02'45''$ and a longitude of $81^{\circ}11'50''$;

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of N 38°08'03" and a longitude of W 81°09'03";

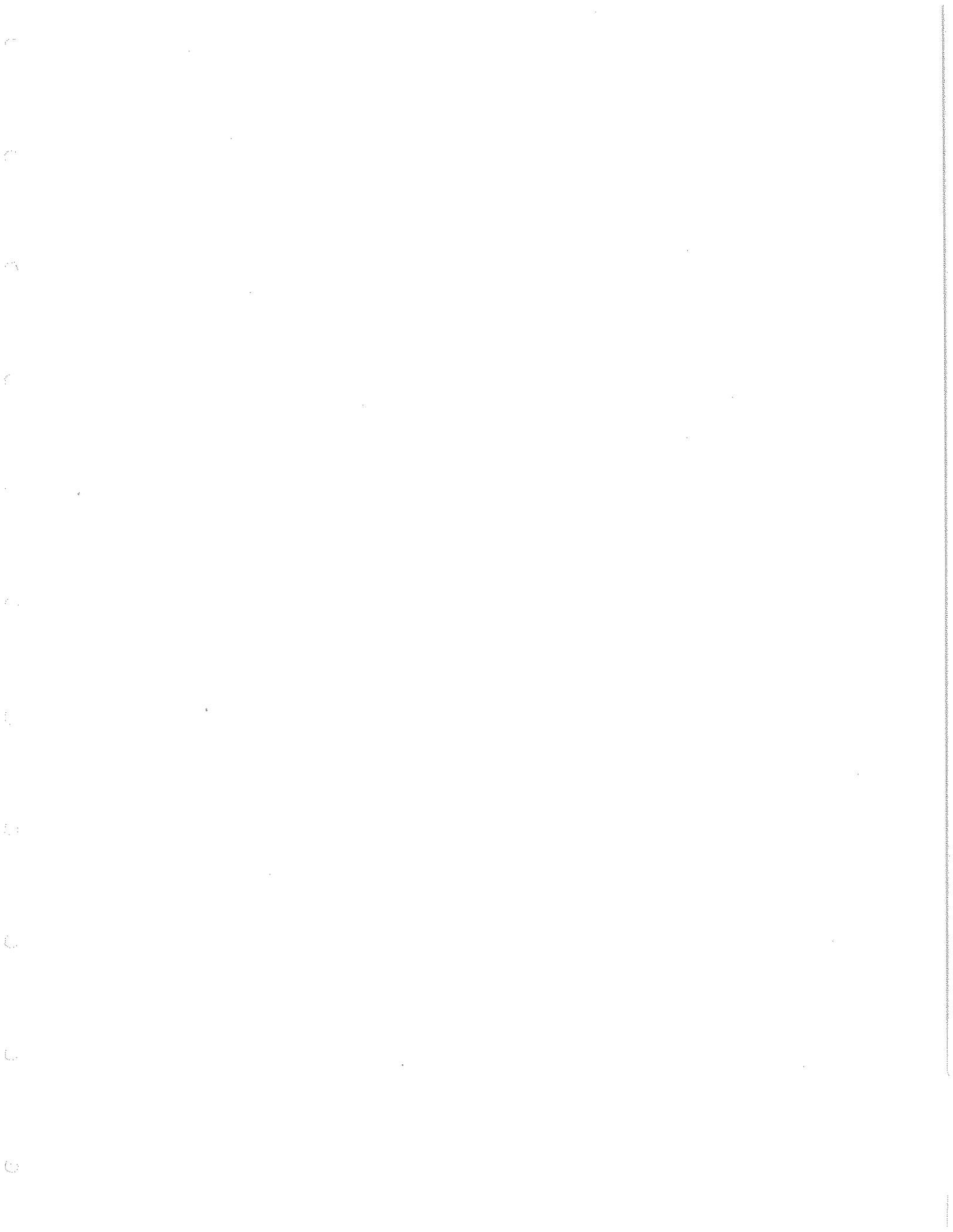
Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.68 miles to a point in Route 60/3 having a latitude of N 38°08'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29"; Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°01'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°04'38"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District and Wolfe Creek Public Service District.

The County Commission will hold a public hearing on the proposed merger at a special meeting of the County Commission at 10:30 a.m. on Thursday, August 3, 2000 in the County Commission hearing room in the Fayette County Courthouse, Fayetteville, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the merged service territory of New Haven shall have an opportunity to be heard for and against the proposed merger.

\s\ Kelvin Holliday
Clerk of the County Commission of
Fayette County, West Virginia

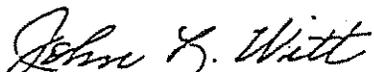


FAYETTE COUNTY COMMISSION

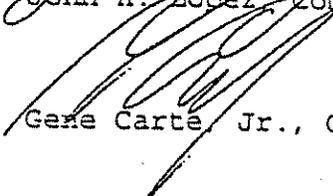
On this the 9th day of July, 1997, it appearing to the Commission that the term of office of Ms. Imogene Pennington, as a member of the New Haven Public Service District expired on October 29, 1994, and upon recommendation of the Board it is hereby ordered that Ms. Imogene Pennington be and she is hereby reappointed as a Commissioner of said New Haven Public Service District as and of October 29, 1994, to serve for and during a period of six years, said term to expire October 29, 2000.

This order not having been presented on October 29, 1994, is entered nunc pro tunc.

FAYETTE COUNTY COMMISSION

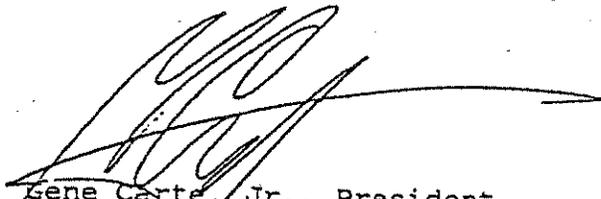

John L. Witt, President


John H. Lopez, Commissioner

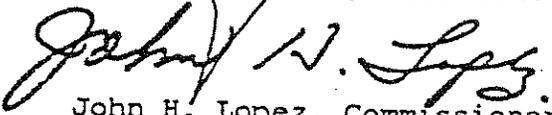

Gene Carte, Jr., Commissioner

FAYETTE COUNTY COMMISSION

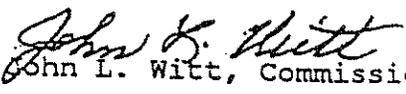
On this the 5th day of May, 1999, it appearing to the Fayette County Commission that due to the resignation of Mr. Frank Hill a vacancy exists for a Board Member of the New Haven Public Service District and upon recommendation of the Commission, it is hereby ordered that Ann Berry of Winona, West Virginia, be appointed to fill the unexpired term of Frank Hill on said New Haven Public Service District, said term to expire October 29, 2002.



Gene Carte, Jr., President



John H. Lopez, Commissioner



John L. Witt, Commissioner

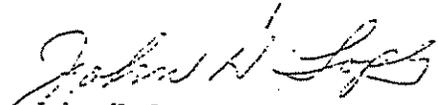
FAYETTE COUNTY COMMISSION

On this the 15th day of January, 1993, it appearing to the Commission that the term of office of Mr. Kenneth Hayes of Victor, West Virginia, as a member of the New Haven Public Service District expired on October 29, 1992, and upon recommendation of the Board it is hereby ordered that Mr. Kenneth Hayes be and he is hereby re-appointed as a Commissioner of said New Haven Public Service District as and of October 29, 1992, to serve for and during a period of six years, said term to expire October 29, 1998.

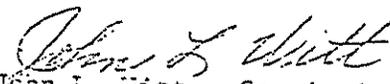
FAYETTE COUNTY COMMISSION



Gene Carte, Jr., President



John H. Lopez, Commissioner



John L. Witt, Commissioner

BEFORE THE COUNTY COMMISSION OF FAYETTE COUNTY

RESOLUTION AND ORDER *NUNC PRO TUNC* APPOINTING
KENNETH R. HAYES TO THE PUBLIC SERVICE BOARD OF
NEW HAVEN PUBLIC SERVICE DISTRICT

WHEREAS, Kenneth R. Hayes was appointed to the Public Service Board of New Haven Public Service District on January 15, 1993, for a term to expire on October 29, 1998;

WHEREAS, The County Commission of Fayette County can find no record of the re-appointment of Kenneth R. Hayes and he has continued to serve on the Public Service Board of New Haven Public Service District to the present date;

WHEREAS, The County Commission of Fayette County has not appointed any other individual to serve as Kenneth R. Hayes's replacement on the Public Service Board of New Haven Public Service District;

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order *nunc pro tunc* appointing Kenneth R. Hayes to the Public Service Board of New Haven Public Service District effective October 29, 1998, for a term to expire on October 29, 2004.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED, by The County Commission of Fayette County, West Virginia, as follows:

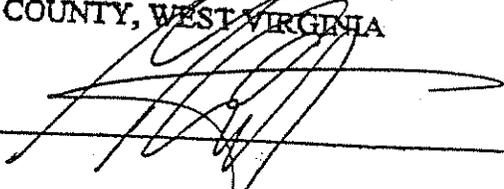
1. That The County Commission of Fayette County, West Virginia, does hereby appoint Kenneth R. Hayes to the Public Service Board of New Haven Public Service District effective as of October 29, 1998, for a term to expire on October 29, 2004.

Entered *NUNC PRO TUNC* in the permanent record of Fayette County, West Virginia, this 23rd day of February, 2000.

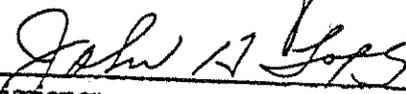
Executed on the 23rd day of February, 2000.

THE COUNTY COMMISSION OF
FAYETTE COUNTY, WEST VIRGINIA

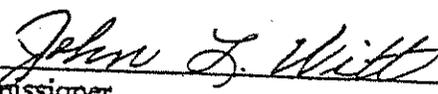
President



Commissioner



Commissioner



ATTEST:

Clerk



OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commission/Member of the New Haven Public Service District for a 6 year term of office

in said county and state to the best of my skill and judgment: SO HELP ME GOD.

X Imogene Pennington
Imogene Pennington

Subscribed and sworn to before me in my said county and state this the

22nd day of February, ~~19~~ 2000

Stephanie J. Harrah
Deputy County Clerk



OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner/
Member of the New Haven Public Service District for a six year term
of office

in said county and state to the best of my skill and judgment: SO HELP ME GOD.

Ann Berry
Ann Berry

Subscribed and sworn to before me in my said county and state this the

22nd day of February, ~~19~~ 2000

Stephanie J. Harrah
Deputy County Clerk

4.78

5.11



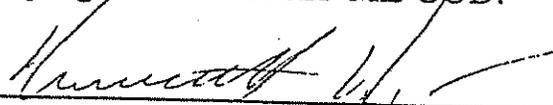
OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

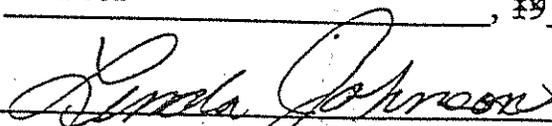
I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner/Member of the New Haven Public Service District for a six
year term of office

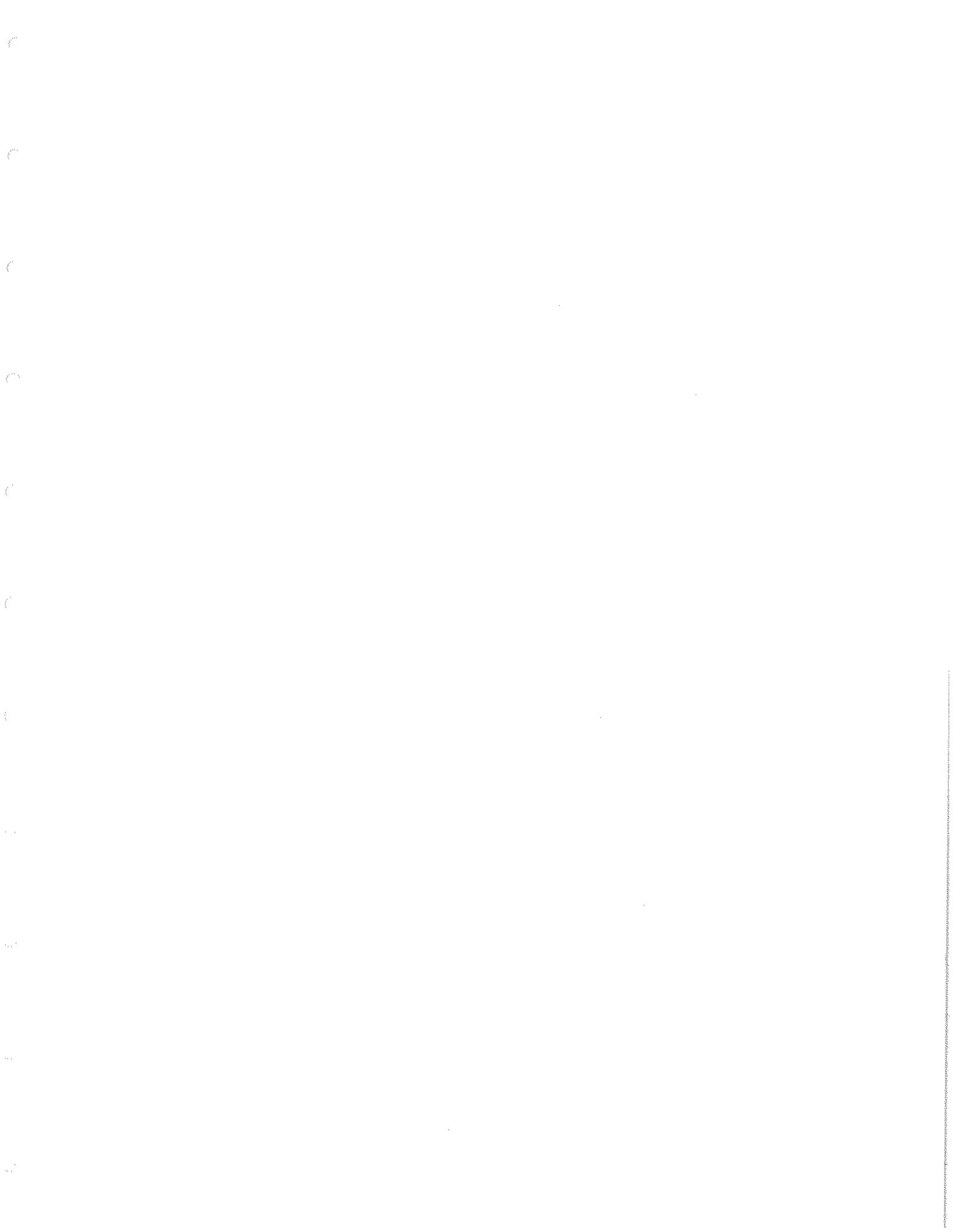
in said county and state to the best of my skill and judgment: SO HELP ME GOD.


Kenneth Hayes

Subscribed and sworn to before me in my said county and state this the

2nd day of March, 19 2000


Deputy County Clerk



RULES OF PROCEDURE
NEW HAVEN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: NEW HAVEN PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at the County Commission Meeting Room in the Fayette County Courthouse, in Fayetteville, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed New Haven Public Service District, 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 Public Service Board of this District shall be those persons appointed by The County Commission of Fayette 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 Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary 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 Public Service 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 Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 1st and 3rd Monday 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 Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service 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 membership 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 thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 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 Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service 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. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Fayette County Courthouse or such other place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Secretary of the Public Service Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled 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. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Fayette County Courthouse or such other place fixed for the regular meetings of the Public Service Board not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service 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 Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all

meetings at which he or she shall preside. The Chairman 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 Chairman 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 Chairman, 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 Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

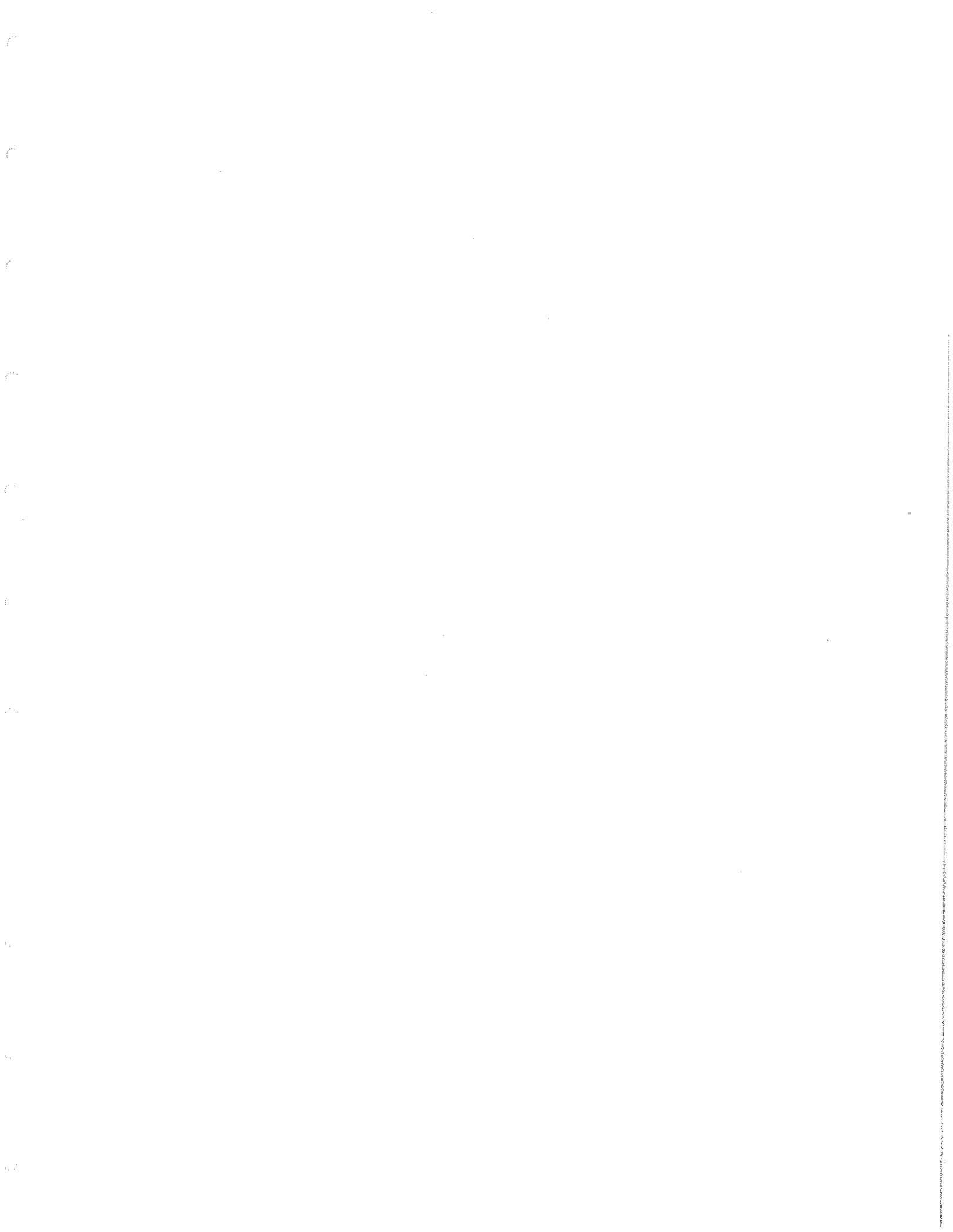
ARTICLE VII

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 shall be made at any special meeting unless notice of the intention to propose 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 22nd day of February, 2000.



The Fayette Tribune

ESTABLISHED IN 1897

417 MAIN STREET
OAK HILL, WEST VIRGINIA 25901
TELEPHONE: 469-3373

CERTIFICATE OF PUBLICATION Fee for Publication \$ 158.22

I, Robert R. Hammond, publisher of The Fayette Tribune, a semi-weekly newspaper, published in the City of Oak Hill, County of Fayette, State of West Virginia, do hereby declare that the herewith attached, was published in said newspaper in its issue date the 10th and 17th day of March, 1997

(Signed)



Robert R. Hammond
Publisher

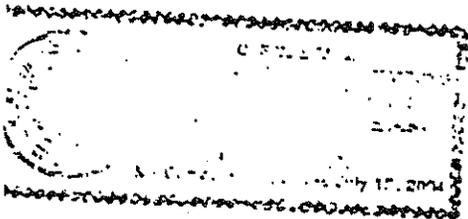
SIGNED AND SWORN TO and before me this 17th day of March, 1997

(Signed)



Notary Public

My Commission Expires July 13, 2004



RECEIVED
SOCIAL SERVICES OFFICE

97 APR -1 PM 2:35

RECEIVED

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
CHARLESTON

CASE NO. 96-1477-PWD-PC-CN
WEST VIRGINIA-AMERICAN WATER COMPANY, a public utility, THE
COUNTY COMMISSION OF FAYETTE COUNTY AND NEW HAVEN PUBLIC
SERVICE DISTRICT, a public utility.

Joint Application for certificate of convenience and necessity for the
construction of facilities to provide potable water to unserved areas of
Fayette County and to stabilize and enhance the availability of raw water
and finished water supplies for other areas to be served with water service
within Fayette County.

NOTICE OF FILING

WHEREAS, on December 2, 1996, West Virginia-American Water
Company ("Company"), County Commission of Fayette County ("County
Commission") and New Haven Public Service District ("District"), filed a
joint application for a certificate of convenience and necessity to provide
potable water to unserved areas of Fayette County and to stabilize and
enhance the availability of raw and finished water supplies for other areas
to be served with water service within Fayette County ("Project"); and

WHEREAS, the joint applicants estimate that construction will cost approximately \$41,900,000 and will be financed by \$23.3 million for the project through a traditional mix of debt and equity by the Company, and will utilize the issuance of Industrial Development Bonds through the County Commission and \$18.6 million through the District consisting of \$12,028,000 from a loan evidenced by revenue bonds of the District, at an interest rate not to exceed 3% and repayable over a period not to exceed forty (40) years, from the West Virginia Jobs Development and Infrastructure Council which District revenue bonds are to be repaid from the proceeds of a "use fee" paid by the Company to the District and \$6,551,000 in grants to be raised from various public sources, such as the Infrastructure Council Governor's Small Cities Block Grants, Appalachian Regional Commission, Abandoned Mine Lands, West Virginia Economic Development Authority and the Army Corps of Engineers; and

WHEREAS, District's portion of the Project consists of approximately \$18.6 million, principally for water transmission and distribution lines to provide enhanced service to some customers in the area or new water service to various currently unserved areas of Fayette County with water from the Project, including Meadow Fork, Sanger Road, Ansted and vicinity, Route 60-West of Ansted, Route 19 south of Fayetteville, the areas currently served by Salem-Gatewood Public Service District, and unserved areas of the District including Victor Shade Creek, Hobewell, Mountain Cove, Eastern Hico, Western Hico, Lavista, Lookout, Ames Heights, Winona, Lansing, and Edmond. The District will operate and maintain the system service these areas through a written operation maintenance agreement with the Company; and

WHEREAS, the Company has requested in the joint application and anticipates implementing a Special Project Step Rate to be included in the Company's rate structure for the impact of the construction expenditures

for the Project. Company anticipates filing for Commission implementation of such Special Project Step Rates at least seventy-five days in advance of the date of those rate changes.

WHEREAS, under the operation and maintenance agreement between the District and the Company, it is the intention of the joint applicants that the rates which the customers of the District will be charged will mirror those of the Company as approved from time to time by the Public Service Commission of West Virginia.

WHEREAS, the rates of the Company will change as a result of certain rate increases to which the Company is currently entitled and may change as a result of certain other rate increases which the Company has pending on request or may file before the Commission; and

WHEREAS, the District anticipates that the customers who will be served by the Project at the completion of the Project will be charged the following monthly rates based on the known rate increases to which the Company is currently entitled and the Special Project Step Rates requested in this case, not to exceed:

Available for general, domestic, commercial and industrial service.

Rate:

First 2,000 gallons used per month at the minimum charge. Next 28,000 gallons used per month \$5,1050 per 1,000 gallons. Next 870,000 gallons user per month \$3,2286 per 1,000 gallons. Next 8,100,000 gallons used per month \$2,8775 per 1,000 gallons. All over 9,000,000 gallons used per month \$2,0781 per 1,000 gallons.

Minimum Charge

No bill will be rendered for less than the following amount according to the size of each meter installed, to wit: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters:

3/4-inch meter or less*	\$14.14 per month
1-inch meter	33.91 per month
1-1/2 inch meter	66.85 per month
2-inch meter	106.37 per month
3-inch meter	198.59 per month
4-inch meter	330.35 per month
6-inch meter	659.71 per month
8-inch meter	1054.96 per month

*All residential customers shall be served through a 5.8-inch meter; provided, however, that the District may install a larger meter when reasonably necessary. This restriction shall not apply to residential meters currently in service. The District has also applied for or will apply for a tap fee of \$250 that will be charged to prospective customers who tap onto the water line after construction of the district's portion of the Project proceeds past their residence. Further, the Company has indicated in the Joint Application that certain potential customers who were asked to participate in the Project, but elected not to do so, and who later request service from the Company may be subject to a capacity charge. The property and amount of such a capacity charge will not be decided in this proceeding.

The Application of the District shall be filed with the Commission on April 20, 1997. Anyone desiring to make objection to the Application must do so in writing, within thirty (30) days after the publication of this notice to P.O. Box 812, Charleston, West Virginia 25323.

Legal No. 124

(T) 3-10-97, 3-17-97

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

March 08, 2001

STATE OF WEST VIRGINIA
 COUNTY OF FAYETTE, to wit:

I, Martha Simmons, being duly sworn upon my oath, do depose and say that I Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Fayette Tribune, 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 twice-weekly for at least fifty weeks during the calendar year, in the municipality of Oak Hill, Fayette 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 county; 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 of 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 NOTICE OF PUBLIC MEETING
 (Description of notice)
 was duly published in said newspaper once a week for one successive weeks (Class 1), commencing with the issue of the 8th day of March, 2001, and ending with the issue of the 8th day of March, 2001, (and was posted at the Fayette County Courthouse on the 8th day of March, 2001); that said annexed notice was published on the following dates: 03/08/01 and that the cost of publishing said annexed notice as aforesaid was \$ 34.04

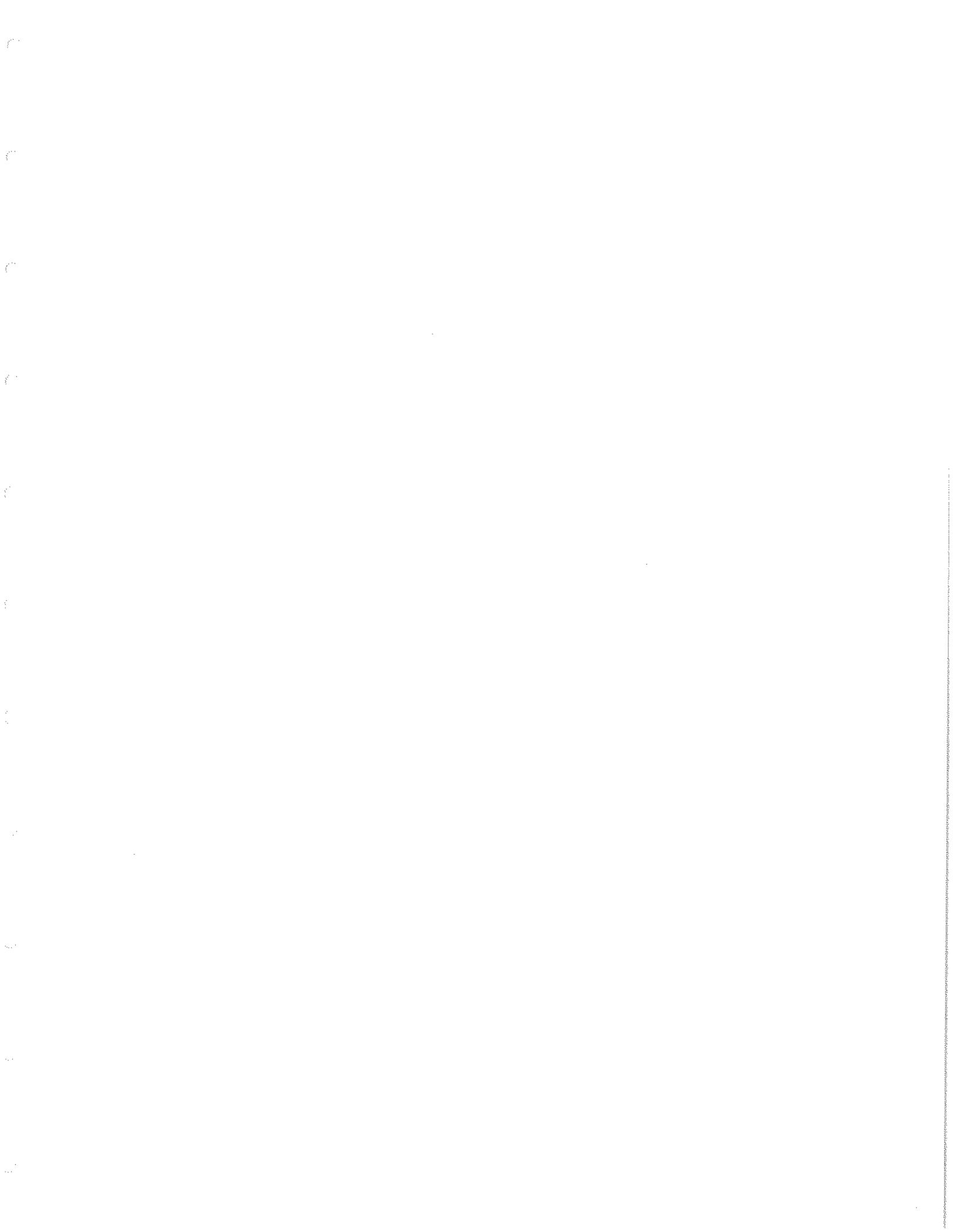
Signed Martha Simmons
 Martha Simmons
 Legal Clerk
 Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
8th day of March, 2001
 My commission expires March 27, 2001

Chas. E. Fulford
 Notary Public of Raleigh County,
 West Virginia
 My Commission Expires _____

COPY OF PUBLICATION

<p>NOTICE OF PUBLIC MEETING OF THE PUBLIC SERVICE BOARD OF NEW HAVEN PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION</p> <p>A meeting of the Public Service Board of New Haven Public Service District (the "PSD") will be held to consider for adoption the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Monday, March 19, 2001, at 11:00 a.m., prevailing time, in the Fayette County Commission Hearing Room at the Fayette County Courthouse located at 100 Court Street, Fayetteville, Fayette County, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:</p> <p>RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$995,325 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$732,646 IN AGGREGATE PRINCIPLE AMOUNT OF WATER REVENUE BONDS SERIES 2001 B (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</p>	<p>THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.</p> <p>The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public waterworks system of the issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the PSD.</p> <p>At the meeting the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.</p> <p>Dated: March 2, 2001. /s/ Imogene Pennington Secretary 03-08-THUR-1-FT; LG 191.</p>
---	---



NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2000 B (West Virginia DWTRF Program)

MINUTES ON ELECTION OF OFFICERS FOR YEAR 2001,
ADOPTION OF BOND RESOLUTION
AND ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned Secretary of the Public Service Board of New Haven Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

The Public Service Board of New Haven Public Service District met in regular session, pursuant to notice duly given, on the 27th day of March, 2001, at Fayetteville, West Virginia, at the hour of 10:00 a.m.

PRESENT: Kenneth R. Hayes - Chairman and Member
Imogene Pennington - Secretary and Member
Ann Berry - Member

ABSENT: None

Kenneth R. Hayes, acted as Chairman, presided, and Imogene Pennington, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, following nomination and vote for each office, the following members were elected to the following offices for the 2001 calendar year:

Kenneth R. Hayes - Chairman
Imogene Pennington - Secretary

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$995,325 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN \$732,646 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 B (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, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO

SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

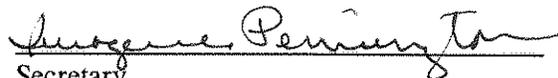


Chairman

CERTIFICATION

I further 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 29th day of March, 2001.


Secretary

03/26/01
658590/00002

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

NEW ISSUE REPORT FORM
Date of Report March 29, 2001

ISSUE: New Haven Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund)

ADDRESS: Fayette County Courthouse, Fayetteville, WV 25840 COUNTY: Fayette

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 29, 2001 CLOSING DATE: March 29, 2001

ISSUE AMOUNT: \$ 995,325 RATE: 0%

1ST DEBT SERVICE DUE: June 1, 2002 1ST PRINCIPAL DUE: June 1, 2002

1ST DEBT SERVICE AMOUNT: \$ 6,381 PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Fayette County National Bank
Contact Person: Yvonne Pratt
Phone: (304) 574-1212

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mr. David Pollard
Position: Resource Coordinator, Fayette County Commission
Phone: (304) 574-1200 ext. (258)

OTHER: WV Infrastructure and Jobs Development
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund: \$ _____
_____ To Other: \$ _____

NOTES: Series 2001 A Bonds Reserve Account to be funded with a letter of credit from Branch Banking and Trust Company delivered at closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

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

NEW ISSUE REPORT FORM

Date of Report: March 29, 2001

ISSUE: New Haven Public Service District Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program)

ADDRESS: Fayette County Courthouse, Fayetteville, WV 25840 COUNTY: Fayette

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 29, 2001 CLOSING DATE: March 29, 2001

ISSUE AMOUNT: \$ 732,646 RATE: 0%; 1% Administrative Fee

1ST DEBT SERVICE DUE: June 1, 2002 1ST PRINCIPAL DUE: June 1, 2002

1ST DEBT SERVICE AMOUNT: \$ 6,106 PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Fayette County National Bank
Contact Person: Yvonne Pratt
Phone: (304) 574-1212

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Mr. David Pollard
Position: Resource Coordinator, Fayette County
Commission
Phone: (304) 574-1200 ext. (258)

OTHER: WV Bureau for Public Health
Contact Person: Walt Ivey, P.E.
Function: Manager, Infrastructure and Capacity
Development Department
Phone: (304) 558-2981

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____
_____ Check _____
_____ IGT _____
To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: \$ _____

NOTES: Series 2001 B Bonds Reserve Account to be funded with a letter of credit from Branch Banking and Trust Company delivered at closing

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

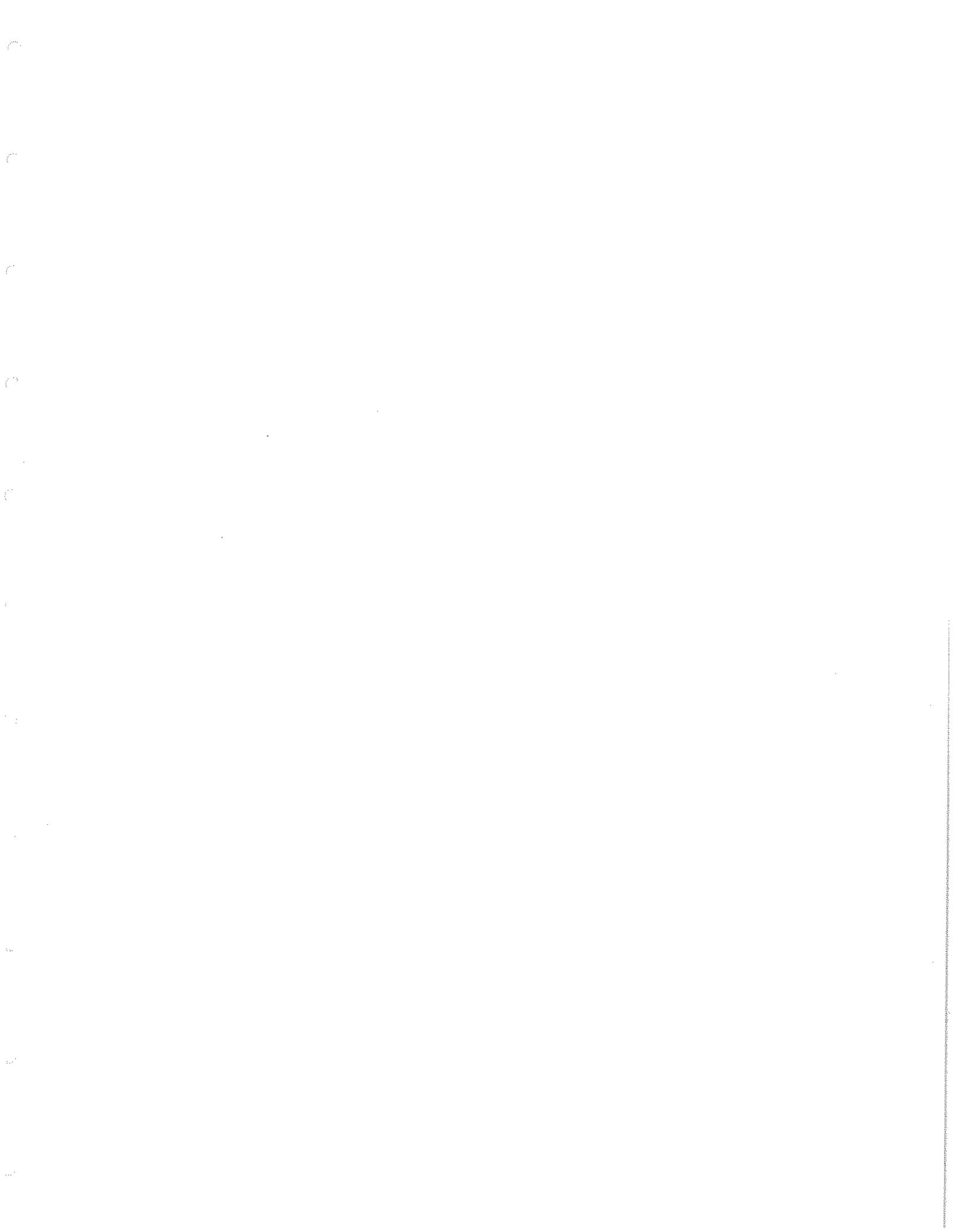
The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

03/26/01
658590.00002



NEW HAVEN PUBLIC SERVICE DISTRICT

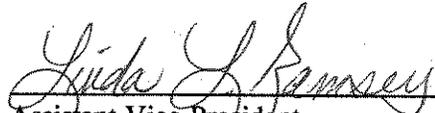
Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

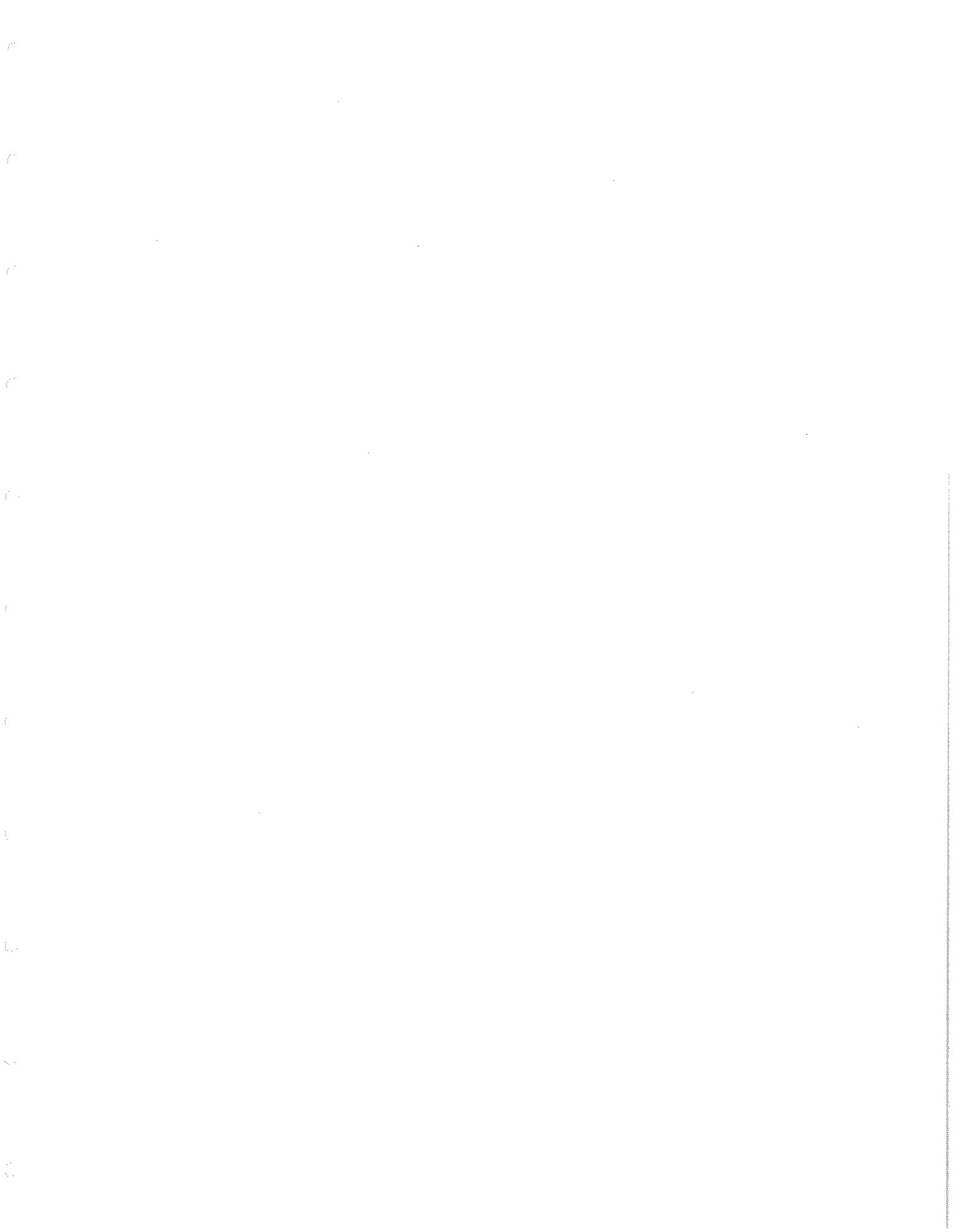
The Fayette County National Bank, Fayetteville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of New Haven Public Service District (the "Issuer") adopted by the Issuer on March 27, 2001, and a Supplemental Resolution adopted by the Issuer on March 27, 2001 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), both dated March 29, 2001, issued in the respective original aggregate principal amounts of \$995,325 and \$732,646 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 29th day of March, 2001.

FAYETTE COUNTY NATIONAL BANK


~~Assistant Vice President~~
SVP & Cashier

03/26/01
658590/00002



NEW HAVEN PUBLIC SERVICE DISTRICT

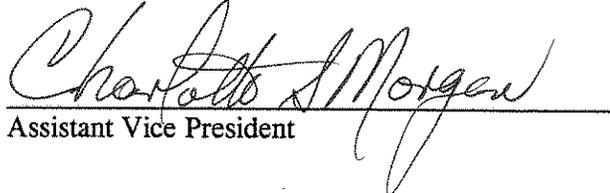
Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

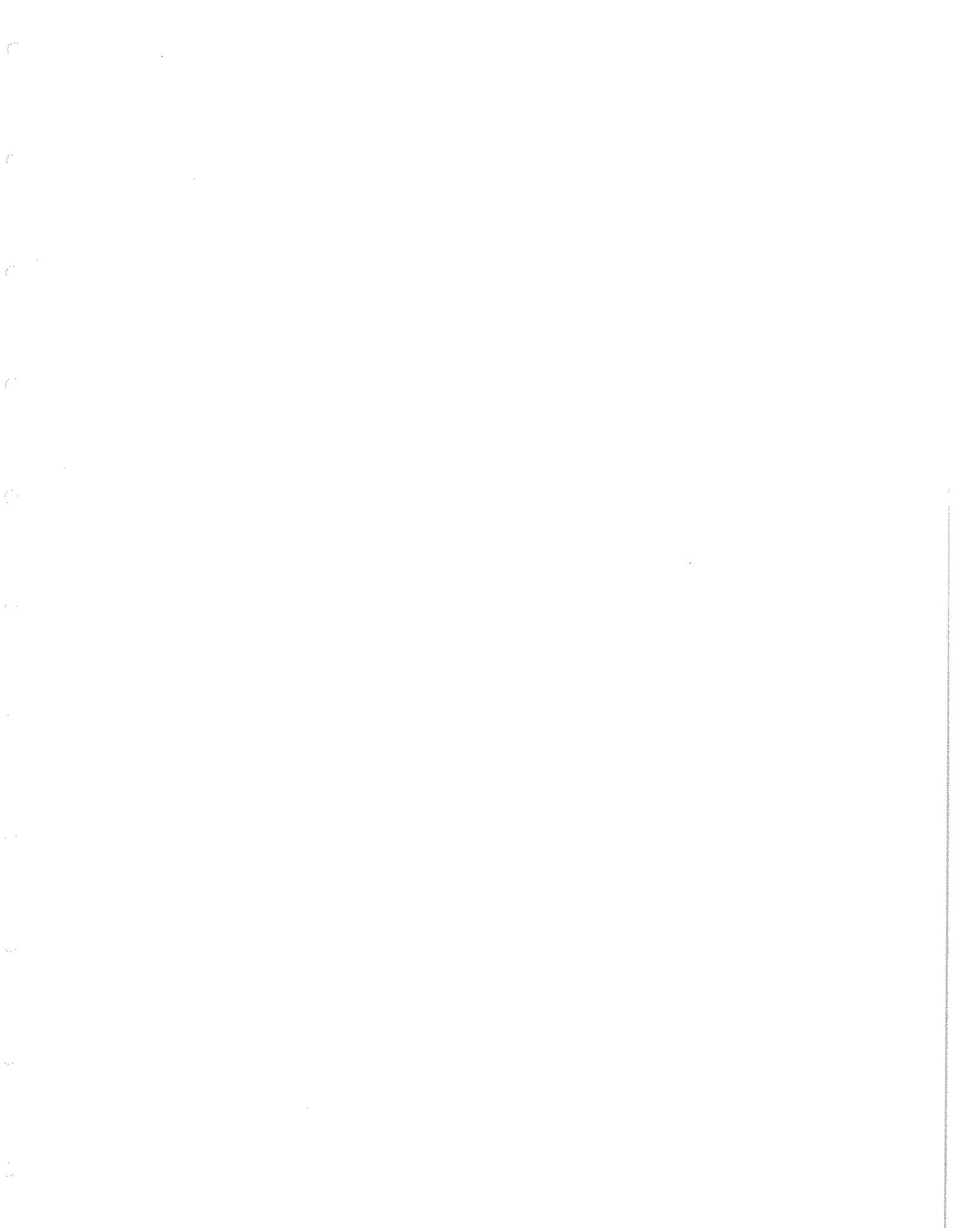
BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the New Haven Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), both dated March 29, 2001, issued in the respective original aggregate principal amounts of \$995,325 and \$732,646 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 29th day of March, 2001.

BRANCH BANKING AND TRUST COMPANY


Assistant Vice President

03/26/01
658590/00002



NEW HAVEN PUBLIC SERVICE DISTRICT

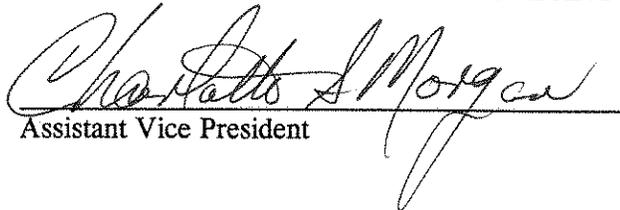
Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of New Haven Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated March 29, 2001, in the principal amount of \$995,325, numbered AR-1, and the single, fully registered Water Revenue Bond, Series 2001 B (West Virginia DWTRF Program), of the Issuer, dated March 29, 2001, in the principal amount of \$732,646, numbered BR-1, were 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 Branch Banking and Trust Company, National Association, as Registrar.

WITNESS my signature on this 29th day of March, 2001.

BRANCH BANKING AND TRUST COMPANY


Assistant Vice President

03/28/01
658590.00002

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 29th day of March, 2001, by and between NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$995,325 Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), and \$732,646 Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted March 27, 2001, and a Supplemental Resolution of the Issuer duly adopted March 27, 2001 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.
2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.
3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.
4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.
5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.
6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.
7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

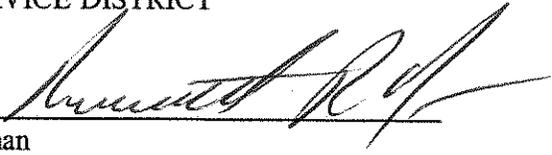
ISSUER: New Haven Public Service District
Post Office Box 99
Lansing, West Virginia 25862
Attention: Chairman

REGISTRAR: Branch Banking and Trust Company
Post Office Box 1793
300 Summers Street, 6th Floor
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

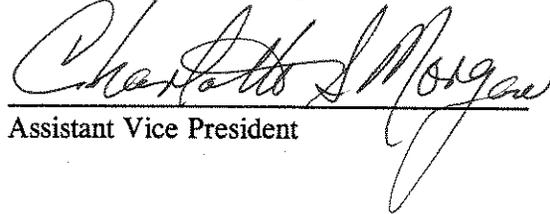
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

NEW HAVEN PUBLIC
SERVICE DISTRICT



Chairman

BRANCH BANKING AND
TRUST COMPANY



Assistant Vice President

03/26/01
658590/00002

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION



Branch Banking & Trust Co.

Trust Department

300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

March 22, 2001

New Haven Public Service District

RE: Invoice

**NEW HAVEN PUBLIC SERVICE DISTRICT WATER REVENUE BONDS,
SERIES A (WV INFRASTRUCTURE FUND) AND SERIES B (WV DWTRF)**

One time fee for services as Registrar and Authenticating Agent..... \$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326

THIS AGREEMENT is made as of this 27th day of November 1996, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and the NEW HAVEN PUBLIC SERVICE DISTRICT ("NHPSD"), a public service district created under the provisions of W. Va. Code § 16-13A-1.

WITNESSETH:

WHEREAS, Company, by Agreements previously submitted to the Public Service Commission of West Virginia ("Public Service Commission") has requested approval to acquire the water utility assets of the Salem-Gatewood Public Service District ("SGPSD") and the Mossy Public Service District ("MPSD"), and to extend service to those prospective customers located within the territory of the Beckwith Public Service District ("BPSD")(SGPSD, MPSD, BPSD and NHPSD being hereinafter collectively referred to as the "Districts"); and

WHEREAS, Districts believe that the responsibilities of the Districts include assisting in bringing quality potable water at reasonable rates to the citizens of Fayette County and in developing and advancing the business prosperity, health and economic welfare of the citizens of Fayette County; and

WHEREAS, in furtherance of those responsibilities, Company and NHPSD, as agent for the Districts under the form of Intergovernmental Agreement dated November __, 1996, discussed in the Joint Application to the Public Service Commission ("Commission") hereinafter referred to, propose to file a Joint Application ("Joint Application") with the Company to the Public Service Commission advancing a Fayette County Regional Water Supply Plan ("Plan") which seeks approval for a proposed water project involving the construction of a new water treatment plant ("Fayette Plateau Treatment

Plant') and related transmission and distribution mains and pumping and storage facilities (the "Project") to be constructed as public/private partnership designed to bring water service from the Fayette Plateau Treatment Plant to various areas of Fayette County; and

WHEREAS, under the transactions described in the Joint Application and in this Agreement, the NHPSD will assume certain responsibilities on behalf of the Districts other than the NHPSD under the Intergovernmental Agreement also discussed in the Joint Application for the Project; and

WHEREAS, the NHPSD believes that in the fulfillment of its responsibilities it should finance or assist in the financing of the cost of, or undertake the construction of, certain portions of the Project in order to extend water service to currently unserved or under served areas of Fayette County and to interconnect the existing facilities of the Districts with the Company's proposed Fayette Plateau Treatment Plant and proposed or existing transmission and distribution systems; and

WHEREAS, Company intends to purchase, or has purchased, the water utility assets of SGPSD, MPSD, and the Town of Ansted ("Ansted") and construct water transmission and distribution facilities as a part of these acquisitions or as a part of the Project (such Company-purchased or Company-constructed facilities being hereinafter collectively referred to as the "Company Facilities"); and

WHEREAS, following completion of the acquisition or construction by the Company of the Company Facilities, the Company Facilities will be conveyed by Company to County Commission pursuant to the Industrial Development Bond and Commercial

Development Act W. Va. Code §§13-2C-1, et seq. (the "Bond Act") in exchange for the Industrial Development Bonds ("IDB Bonds") of the County Commission; and

WHEREAS, the Company Facilities will then be leased by County Commission to the Company under a Capital Lease ("Capital Lease") for a period of 40 years, in exchange for a lease payment by Company sufficient to pay debt service on the IDB Bonds; and

WHEREAS, NHPSD proposes to construct and own certain other water distribution facilities ("NHPSD Facilities") more fully described in Section IA of this Agreement, such areas to be served and the NHPSD Facilities to be built being identified on maps attached as Exhibit A to this Agreement; and

WHEREAS, upon completion of the construction of the NHPSD Facilities by NHPSD, Company is prepared to assume the responsibility for operating and maintaining the NHPSD Facilities and pay the NHPSD a use fee ("Use Fee") for the right to use the NHPSD Facilities; and

WHEREAS, NHPSD has determined that (i) Company's Fayette Plateau Treatment Plant is the best available source of potable water for serving the customers to be served by the NHPSD Facilities and (ii) Company has the experience and ability to manage and operate the NHPSD Facilities; and

WHEREAS, Company has sufficient treatment capacity at its proposed Fayette Plateau Treatment Plant in Fayette County, West Virginia, to supply the current and estimated future needs of the Company's customers and the customers to be served by the Company Facilities and the NHPSD Facilities; and

WHEREAS, NHPSD believes it is in the best interests of the customers of the NHPSD for Company to operate, maintain, repair, and replace the NHPSD Facilities after their construction by the NHPSD.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Agreement and which are not to be construed as mere recitals, the covenants and agreements contained herein, and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the Company, County Commission and NHPSD agree as follows:

I. CONSTRUCTION OF COMPANY AND NHPSD FACILITIES.

After the conditions precedent described in Section XIV have been satisfied, the NHPSD and Company shall proceed promptly and diligently to construct the following facilities:

A. NHPSD Facilities.

NHPSD shall, at its sole cost and expense, purchase, install and own the NHPSD Facilities listed on Exhibit B. The NHPSD Facilities to be constructed by NHPSD will be constructed at a total estimated cost of approximately \$18.6 million.

B. Company Facilities to be Acquired or Constructed.

Company shall purchase from the Districts or Ansted or design, purchase, install, and own the Company Facilities listed on Exhibit B. The NHPSD Facilities and the Company Facilities to be constructed by the Company will be located on or attached to the Company's system at the locations indicated on the more detailed maps of the Company Facilities and NHPSD Facilities attached as Exhibit A to this Agreement. The Company

Facilities to be constructed or acquired by Company will be purchased or constructed at a total estimated cost of approximately \$23.8 million, an amount supported by (i) the estimated number of customers to be served by the Company Facilities or the NHPSD Facilities (ii) the improvements and betterments which will result to the Company's system and (iii) the elimination of a treatment plant and raw water supply upgrade at the Company's existing Oak Hill Plant that will otherwise be required if the Project is not constructed.

II. SUPPLY OF WATER TO CUSTOMERS SERVED BY THE PROJECT.

A. Quality and Quantity of Water. Upon completion of construction of the Project contemplated under this Agreement, Company agrees to provide to all customers served by the Project, subject to the terms, conditions, undertakings, agreements, and limitations provided in this Agreement, the total water requirements of those customers. The water delivered to customers shall be of the same quality as that supplied to the customers in the Company's Oak Hill District. Customers served from the Company's existing Oak Hill System or from the Company Facilities purchased or constructed by Company will be charged the rates and charges of the Company from time to time established for the Company pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall be paid for the water supplied to the NHPSD customers in the manner set forth in Section VII of this Agreement.

B. Monitoring of Water Quality. Company shall monitor the water quality and be responsible for compliance with all state and federal standards for furnishing water to the public.

C. Possible Water Shortage. In the event of an extended shortage of water, or if the supply of water from Company is otherwise diminished or impaired, the supply of water to the customers shall be reduced or diminished in approximately the same proportion as the supply of the water to customers of Company's Oak Hill District is reduced or diminished. Any notification given to Company's Oak Hill District customers of any anticipated shortage of water shall also be given to customers of the Company and the NHPSD.

III. TERM OF THIS AGREEMENT.

The term of this Agreement shall extend for forty (40) years from the date hereof and thereafter may continue in effect from year to year after the 40-year term of the Agreement by mutual consent of the parties; provided, however, that the Company and NHPSD may agree mutually to terminate this Agreement at any time after (i) the payment to the owners of the IDB Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due on the IDB Bonds and (ii) the payment by the NHPSD of any loans or borrowings from the Infrastructure Council or any other lender funding the construction of the NHPSD Facilities.

IV. PLANS AND SPECIFICATIONS FOR NHPSD FACILITIES.

A. Approval of Plans and Specifications. Because of the importance of a properly designed and constructed system and because of the Company's obligation, at its expense under this Agreement, to operate, maintain and repair the NHPSD Facilities, NHPSD has agreed to retain the services of Company engineers or an engineering firm retained by the Company, and Company has agreed to provide the engineering services for

the Project, including preparing the necessary plans and specifications and preparing estimates of the cost of construction of NHPSD Facilities. The cost of such engineering services shall be paid by the Company and considered as a portion of the cost of the Project by the Company as shown on Exhibit B to this Agreement.

B. Company as Contractor. If Company also acts as contractor for the NHPSD, Company shall be responsible for insuring that the construction of the NHPSD Facilities is conducted in accordance with the Plans and Specifications.

V. OPERATION AND MAINTENANCE OF NHPSD FACILITIES BY COMPANY.

A. Company to Operate. Following the construction of the NHPSD Facilities, Company hereby agrees, at its cost, except as otherwise noted in this Agreement, to operate, maintain, repair, and replace (i) NHPSD Facilities described in Section IA of this Agreement and (ii) all water line additions and extensions thereto made with the written approval of Company and NHPSD.

B. Replacement of Unit of Property. In the event Company, under the terms of this Agreement, is required to install, relocate or replace any "unit of property" within the NHPSD Facilities as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), the Company shall make such installation, relocation or replacement at its cost; provided, however, that in every such instance the unit of property shall be, and remain, the property of Company (unless purchased by NHPSD from Company after termination of this Agreement as provided in Section X hereof) and shall be properly includable in the depreciable utility plant of the Company in calculating its cost of service and resulting rates.

C. Ownership of Units of Property. The County and NHPSD agree that, in those instances in which the Company installs, replaces or relocates any unit of property on the NHPSD distribution system pursuant to the provisions of subsection B of this Section V, the NHPSD shall, simultaneously therewith, grant to Company a right to use all of the related rights-of-way, easements, licenses or other property interests necessary for Company to have and own such unit of property in the location and manner in which it is installed, replaced or relocated on the NHPSD system.

VI. PAYMENT BY COMPANY FOR USE OF NHPSD FACILITIES.

In exchange for the benefits of having the Company's Fayette Plateau Treatment Plant connected to the Company's Oak Hill distribution system and to the NHPSD customers through the NHPSD Facilities, Company will pay NHPSD for the use of the NHPSD Facilities the Use Fee in an amount equal to the debt service on the proposed loan from the Infrastructure and Jobs Development Council ("Infrastructure Council") but not to exceed \$380,000 per year and only until the debt of the NHPSD approved by the Infrastructure Council has been paid in full. This Use Fee shall be paid directly to the account of NHPSD and will be paid on a monthly basis at the time of the other payments provided in paragraph V hereof.

VII. READING METERS, BILLING OF CUSTOMERS, AND PAYMENT TO NHPSD.

A. Meter Reading. All customers served directly from the NHPSD Facilities under this Agreement shall be the customers of NHPSD. Company shall read all meters of the customers of NHPSD and render bills to those customers, as agent for and on behalf of NHPSD, in a manner consistent with the meter reading and billing practices of

Company employed in billing its own customers, such bills to be rendered and collected by Company on behalf of NHPSD and to be computed based on the usage of each NHPSD customer at the rates of NHPSD from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. It is the intention of the Company and the NHPSD that the rates of NHPSD mirror the rates of the Company.

B. Bills to NHPSD Customers. The bills delivered to each customer on behalf of NHPSD shall reflect the amount due for the water used (such amount to be determined by applying the rates of NHPSD to the consumption of water by customers as determined by monthly or estimated meter readings). The bills delivered to the customers will be delivered by, and payable to, Company as agent for NHPSD.

C. Payment to Company. Company, in consideration of the respective rights, duties, obligations, agreements, and undertakings of the parties under this Agreement, shall be entitled to receive an amount for water service rendered to the NHPSD customers equal to the consumption of each such NHPSD customer at Company rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall prepare and deliver a monthly statement to NHPSD which shall reflect the total amount collected by Company as agent for NHPSD and the total amount retained by Company for the water service provided to customers at the respective rates of NHPSD and Company. A NHPSD customer shall be charged a municipal B & O surcharge on his usage only if that customer resides within a municipality which imposes such a surcharge. In addition, the monthly statement to be provided to NHPSD by Company will also include the costs of any additions or extensions, and related refunds, made at the cost of the NHPSD under

Section VIII, and the cost of any fire hydrants under Section XII installed at the cost of the NHPSD.

D. Payment for NHPSD Expenses. In addition to such other obligations, duties and responsibilities set forth in this Agreement, Company also agrees to pay directly to vendors the reasonable costs, related to performing under this Agreement, of the following four items on behalf of NHPSD, up to a maximum aggregate amount for all four items of Eight Thousand Dollars (\$8,000) in each calendar year during the term hereof, upon the receipt of an invoice for such costs from the vendor, which has been approved by NHPSD for payment and forwarded by NHPSD to Company:

1. Legal and Accounting Expenses
2. Liability Insurance and Bonds
3. Regulatory Commission Fees
4. Miscellaneous Supplies.

In the event that either Company or NHPSD determines that the maximum aggregate amount of \$8,000 is not adequate or sufficient to pay the reasonable costs of the above-mentioned four items, then either party may petition the Utilities Division of the Public Service Commission of West Virginia to audit and review the costs incurred by NHPSD for said items and to fix the maximum aggregate amount for said items which Company will pay pursuant to this subsection D; provided, however, that Company shall have the right to contest the amount so fixed by petitioning the Commission to review the determination of the Utilities Division.

E. As a part of the costs and expenses described in subsection D of this Section VII, NHPSD agrees to have its accountants review, at least annually, at the expense

of NHPSD, the system of accounts maintained by Company for NHPSD and report the results of the review to NHPSD and Company.

VIII. FUTURE ADDITIONS TO AND FUTURE EXTENSION OF NHPSD FACILITIES.

A. Adequacy of Facilities for Future Water Use. Company and NHPSD are aware that there may be future additions and extensions to serve customers from the NHPSD Facilities. In addition to the other requirements set forth in this Agreement, NHPSD and Company hereby specifically agree that such additions and extensions will be made only if, in the opinion of Company, Company's Fayette Plateau Treatment Plant has sufficient treatment capacity and distribution and pumping facilities, including transmission and distribution mains, adequate to serve NHPSD's customers and if Company believes it otherwise economically feasible to meet the total then present and anticipated needs of both the NHPSD's customers, the customers served from the facilities acquired by Company from the Districts and the other customers of Company's Oak Hill District.

B. Future Additions. All future additions to NHPSD Facilities constructed by NHPSD shall be subject to this Agreement; provided, however, that future additions to the system must be approved by Company and NHPSD.

C. Future Extensions. Customer extensions from NHPSD Facilities will be installed by Company. When NHPSD receives a request for a customer extension, NHPSD shall notify Company in writing within fifteen days of its receipt of said request. Company shall contract on its own behalf with the customer requesting the extension and make the installation pursuant to the Water Rules of the Commission. All customers attaching to the customer extension shall be considered customers of Company for billing

purposes at the rates of Company. The customer extension shall be, without further cost or expense of any kind, the property of Company.

D. Refunds. Refunds made pursuant to the Water Rules of the Commission to customers contracting with Company pursuant to subparagraph VIIC shall be the sole responsibility of Company, and the cost of such extensions, to the extent refunded or reimbursed to customers pursuant to the Commission's Water Rules, shall be properly includable in Company's depreciable utility plant in calculating Company's cost of service and resulting rates.

IX. INSTALLATION OF DOMESTIC SERVICES.

After the construction of the NHPD Facilities, including service lines and meter settings for existing customers, provided for in this Agreement has been completed, Company shall install, in accordance with the Water Rules of the Commission, domestic service lines, including the tap on NHPD Facilities and the service line from NHPD Facilities to the established curb line or within the public right-of-way nearest the main. This installation shall include the meter setting. All such service lines from the NHPD Facilities to the NHPD customer's property line, meter settings, and taps shall be constructed and installed by Company at its expense and shall be the property of Company. Company shall install all meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain, and replace the meters.

X. TRANSFER TO COMPANY UPON TERMINATION OF THE AGREEMENT; EXTENSION OF AGREEMENT.

A. Option to Transfer or Retain. Upon the termination of this Agreement, which termination shall not occur until defeasance or payment of the Infrastructure Loan,

NHPSD shall pay Company for all water delivered to NHPSD customers through the termination date of this Agreement in accordance with the provisions of Section VII of this Agreement, and, at its option, NHPSD may either (i) convey all of the NHPSD Facilities to Company and Company agrees to accept ownership and the responsibility to operate, maintain, repair, and replace the NHPSD Facilities or (ii) retain the NHPSD Facilities and pay Company as provided in subsection B of this Section X.

B. If NHPSD Retains. Upon termination of the Agreement and if NHPSD desires to retain the NHPSD Facilities, NHPSD agrees that it will purchase from Company at the depreciated original cost all water meters installed on NHPSD's distribution system at the time of such termination, all units of property installed, replaced or relocated by Company on the NHPSD system under Section V of this Agreement and all service lines from the NHPSD Facilities to the NHPSD customers' property line, meter settings, and taps installed at the cost of the Company and reflected on the books of the Company at the time of the termination of the Agreement. Further, NHPSD agrees that, if it elects to retain the NHPSD Facilities upon termination of the Agreement, NHPSD will reimburse Company for any tax expense incurred by Company as a result of this Agreement, plus interest as hereinafter provided, reduced by the tax refunds, if any, which Company may obtain as a result of the termination of this Agreement.

C. Method and Calculation of Payment to Company. Upon written notice of termination of the Agreement, the Company shall, within thirty (30) days of such written notice of termination, provide to NHPSD (i) the estimate of the total of all payments for water provided by Company, (ii) the cost of all items described in subparagraph B of this

Section X, and (iii) the total accrued depreciation applicable to any of such items. If NHPSD elects to retain NHPSD Facilities, NHPSD agrees that it will pay to Company the total amount of the items described in subsection B over a three-year period with such payments to be made in thirty-six (36) equal monthly payments of principal, plus accrued interest at the "Prime Rate," as defined below, commencing forty-five (45) days after termination of the Agreement. The Prime Rate shall be the prime rate as shown in The Wall Street Journal being defined therein as the "base rate on corporate loans at large U.S. money center commercial banks" and reported as the "PRIME RATE" under the heading "Money Rates," as those terms shall be from time to time changed. The Prime Rate shall change not more often than the first day of each calendar quarter, and for each calendar quarter it shall be determined on the last day of the preceding calendar quarter on which The Wall Street Journal is published with the aforesaid prime rate quotation. In the event that The Wall Street Journal ceases to publish such rates, the Prime Rate shall be the prime rate established by One Valley Bank, National Association, of Charleston, West Virginia, from time to time.

D. Extension of Agreement. Nothing in this Agreement shall be deemed to preclude the parties from extending the Agreement for an additional period to be mutually agreed upon by the parties.

XI. INSTALLATION OF PRIVATE FIRE PROTECTION SERVICES.

After the proposed construction provided for in this Agreement has been completed, additional fire services, approved by NHPSD, may be installed by Company from the NHPSD Facilities, but only in accordance with the Water Rules of the Commission. Fire service will be installed by Company at the expense of the applicant and will be billed by

Company to the applicant and paid by the applicant directly to Company at a rate equal to the then approved Company's private protection rate.

XII. INSTALLATION OF FIRE HYDRANTS.

After the original construction provided for in this Agreement has been completed, public fire protection facilities approved by County and NHPSD may be installed on NHPSD Facilities covered by this Agreement at the request of an appropriate governmental unit, and installation shall be made pursuant to the Water Rules of the Commission, provided that all such fire hydrants shall have a flow capability of at least 500 GPM at 20 psi residential pressure for a sustained period of time.

XIII. SERVICE AREAS.

It is expressly understood and agreed by Company and NHPSD:

A. Company Right to Serve. Company shall be permitted to install and maintain such Company lines, pumps, tanks, or other facilities within or adjoining the service areas of the NHPSD as are necessary to enjoy and fulfill its rights and obligations under this Agreement, subject to the terms and conditions set forth in this Agreement.

B. Company Customers. Except as otherwise provided in this Agreement, all persons residing outside of NHPSD's water service area, as defined above, and served, either at present or in the future, by Company shall be considered customers of Company.

C. Use of NHPSD Facilities After Termination. Company shall have the right, even after termination of this Agreement, to transfer water through NHPSD Facilities, and all future additions and future extensions thereto, and to serve customers who may be

connected, directly or indirectly, to Company water mains, whether inside or outside NHPSD's service area, provided there is no additional expense to NHPSD.

XIV. CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT.

The Company and NHPSD understand and agree that this Agreement, and the obligations of each of them hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement.

A. Funding. NHPSD shall have received a firm commitment for the necessary funding that it may require to enable them to carry out their obligations to construct the Project under this Agreement.

B. Rates. The Commission shall have approved the rates requested by NHPSD and Company in the Joint Petition, or any supplements thereto, filed with the Commission seeking approval of this Agreement and any of the related transactions.

C. Requisite Permits. NHPSD shall have acquired all necessary permits from all applicable state and federal agencies and shall provide evidence to Company, satisfactory to counsel for Company, that it has all of the necessary rights-of-way, easements, licenses or permits necessary for the installation of the NHPSD Facilities; provided, however, that in the event that it is later discovered that NHPSD does not have a right-of-way or easement for a portion of the NHPSD Facilities, this condition precedent shall be deemed satisfied if the NHPSD acquires such right-of-way or easement, and the related right of entry, by eminent domain at no cost to Company.

D. Approval of Public Service Commission. The Commission shall have approved this Agreement, the Capital Lease, and the Agreements with the Districts by

Company, and all of their terms, conditions, undertakings, agreements, and limitations thereto, and shall have granted certificates of convenience and necessity for the construction of NHPSD Facilities and the Company Facilities. Specifically, and without in any way limiting the generality of this condition, the Order approving this Agreement, the Capital Lease, the Agreements with the Districts and the transactions contemplated thereby shall:

(1) Authorize the inclusion in depreciable utility plant of the Company any amounts expended by Company for the cost of purchasing or installing the Company Facilities, and of installing, replacing or relocating any water lines or facilities on the NHPSD system which are defined as a "unit of property," in the NARUC Uniform System of Accounts and which are relocated or replaced by Company at its cost pursuant to Section V of this Agreement and the cost to Company to install service lines, meter settings, and taps on the NHPSD Facilities pursuant to Section IX;

(2) Authorize the Company to include in depreciable utility plant an amount equal to the tax expense, if any, associated with the obligations assumed by Company under the Agreement to the extent that the construction of the NHPSD Facilities and other facilities undertaken by the NHPSD, or the undertaking by Company to operate, maintain, repair or replace the NHPSD Facilities under this Agreement, causes the cost of such NHPSD construction, or any part thereof, to constitute taxable income or otherwise to generate tax expense for Company;

(3) Authorize the implementation of the Step Rate Increases requested in the Joint Application;

(4) Authorize the payment of the Use Fee by the Company to NHPSD and the recovery of the Use Fee in the Company's cost of service calculation; and

(5) Authorize the consolidation, merger, or change in boundaries of the Districts and any increase in the size or scope of the boundaries of the NHPSD as may be requested by the District.

E. No Adverse Ruling. The Commission shall not have attached to its Order any terms, conditions or limitations which shall adversely affect this Agreement, the Agreements of Purchase, the Lease or the economic feasibility of the Project between the parties insofar as requiring any of the parties to take any action or refrain from taking any action which, in the opinion of their respective counsel, might require them, or any of them, to breach any of their obligations under any Mortgage Indenture, as supplemented, or any other agreement to which any of them might be a party.

XV. REPRESENTATIONS AND WARRANTIES.

A. NHPSD Representations and Warranties. NHPSD represents and warrants to Company as follows:

(1) The execution, delivery, and performance of this Agreement by NHPSD has been duly authorized, and this Agreement constitutes a valid and binding obligation of NHPSD enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by NHPSD will not violate any provisions of law, violate the terms or conditions of the Bonds or the Trust Indenture describing the various funds and the security for the Bonds, or violate any other instruments relating to the construction of the NHPSD Facilities.

B. Company Representations and Warranties. Company represents and warrants to NHPSD as follows:

(1) The execution, delivery, and performance of this Agreement by Company have been duly authorized, and this Agreement constitutes a valid and binding obligation of Company enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by Company will not violate any provisions of Company's indentures.

XVI. ASSIGNABILITY.

This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XVII. NOTICE.

Any notice, demand or request given hereunder shall be deemed sufficient if in writing and sent by certified mail, postal charges prepaid, to West Virginia-American Water Company, Attention: President, P. O. Box 1906, Charleston, West Virginia 25327 and to New Haven Public Service District, P. O. Box 99, Lansing, West Virginia 25862, or to such address as the parties shall indicate by written notice to the other party.

XVIII. CAPTIONS.

The captions preceding the text of the sections of this Agreement are inserted solely for convenience and reference and shall not be used to construe, interpret or affect any provision of this Agreement.

IN WITNESS WHEREOF, West Virginia-American Water Company, a corporation, and New Haven Public Service District, a public service district have caused

this Agreement to be signed, by their proper officers thereunto duly authorized, all as of the day and year first above written.

Witness:

Vanessa Steers

WEST VIRGINIA-AMERICAN WATER
COMPANY

By

[Signature]
Its PRES.

NEW HAVEN PUBLIC SERVICE DISTRICT

Witness:

Michael Albert

By

[Signature]
Its Chairman

CHASFS3:50666

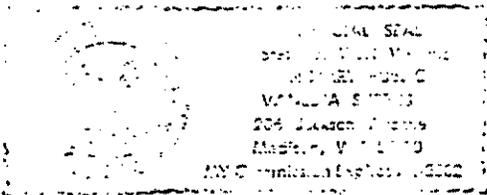
STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 27th day of November, 1996, by Chris Jarrett, President of West Virginia-American Water Company, a West Virginia corporation, on behalf of the corporation.

My commission expires July 6, 2002

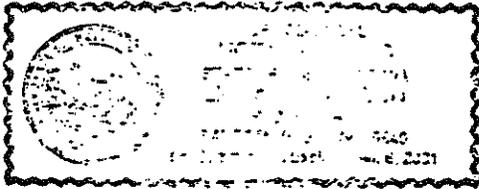
Vanessa Steers
Notary Public



STATE OF WEST VIRGINIA
COUNTY OF FAYETTE, to-wit:

The foregoing instrument was acknowledged before me this 27th day of
November, 1996, by Kenneth Hayes, Chairman of the New Haven
Public Service District, on behalf of the New Haven Public Service District.

My commission expires Feb 6, 2001



Dennis K. Johnson
Notary Public

CHASFS3:50666

This FIRST AMENDMENT TO AGREEMENT made as of March 2, 2000 ("First Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended ("NHPSD").

WITNESSETH:

WHEREAS, Company and NHPSD entered into an agreement dated as of November 27, 1996 (the "Agreement"), pursuant to which the Company undertook to take certain actions relating to the operation and maintenance of certain water transmission and distribution facilities in connection with the Fayette Plateau Regional Water Project (the "Project");

WHEREAS, under Article III of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, the parties wish to amend Article III of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as NHPSD's repayment obligations on any revenue bonds or notes of NHPSD issued to finance all or a portion of NHPSD's acquisition or construction of any water facilities that are part of the Project.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this First Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Article III of the Agreement is hereby amended as follows:

“The term of the Agreement shall extend for forty years from the date of this First Amendment and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and NHPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, if any, and redemption premium, if any, on any revenue bonds or notes of NHPSD issued to finance all or a portion of NHPSD’s acquisition or construction of any water facilities that are part of the Project.”

2. Except as amended and modified herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this First Amendment to Agreement to be signed, by their duly authorized officers, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER
COMPANY

By: Michael A. Miller
Michael A. Miller
Its Vice President

NEW HAVEN PUBLIC SERVICE
DISTRICT

By: [Signature]
Its Chairman

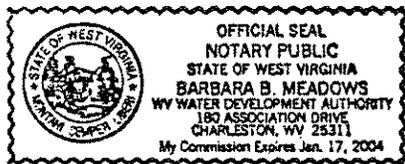
STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 2nd day of March, 2000, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires January 17, 2004.

Barbara B Meadows
Notary Public

[SEAL]



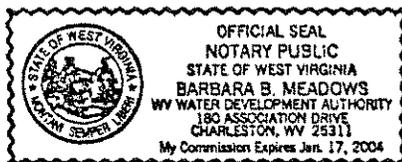
STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 2nd day of March, 2000, by Kenneth R. Hayes, Chairman of New Haven Road Public Service District, a public corporation, on behalf of said corporation.

My commission expires January 17, 2004.

Barbara B Meadows
Notary Public

[SEAL]



This RESTATED FIRST AMENDMENT TO AGREEMENT made as of September 21, 2000 ("Restated First Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended ("NHPSD").

WITNESSETH:

WHEREAS, Company and NHPSD entered into an agreement dated as of November 27, 1996 (the "Agreement"), pursuant to which the Company undertake the operation and maintenance of certain water transmission and distribution facilities in connection with the Fayette Plateau Regional Water Project (the "Project");

WHEREAS, under Article III of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, under Article VI of the Agreement, the Company agreed to pay a "Use Fee" for the use of the NHPSD Facilities;

WHEREAS, the parties wish (i) to amend Article III of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as NHPSD's debt service obligations on any revenue bonds or notes of NHPSD currently outstanding or hereafter issued to finance all or a portion of NHPSD's acquisition or construction of water facilities that are part of the Project (collectively, the "Loans") and (ii) to amend Article VI of the Agreement to make the Company's Use Fee obligation in an amount equal to NHPSD's outstanding debt service obligations on the Loans.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Restated First Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Article III of the Agreement is hereby amended to read in its entirety as follows:

“The term of the Agreement shall extend for forty years from the date of this First Amendment and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and NHPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, and redemption premium, if any, on any revenue bonds or notes of NHPSD currently outstanding or hereafter issued to finance all or a portion of NHPSD’s acquisition or construction of any water facilities that are part of the Project.”

2. Article VI of the Agreement is hereby amended to read in its entirety as follows:

“In exchange for the benefits of having the Company’s Fayette Plateau Treatment Plant connected to the Company’s Oak Hill distribution system and to the NHPSD customers through the NHPSD Facilities, Company will pay a Use Fee in monthly payments directly to the account of NHPSD (or, at NHPSD’s election, to the West Virginia Municipal Bond Commission on behalf of NHPSD) in an aggregate amount that is sufficient to permit NHPSD to meet its debt service obligations related to loans previously made or to

be made to NHPSD in connection with the Project from the following sources (collectively, the "Loans"), whether or not the approximate principal amounts or expected issuance dates specified below for Loans to be made to NHPSD are correct:

- a. The West Virginia Water Development Authority ("WDA"), from proceeds of a WDA public bond issue under WDA's Loan Program III, including but not limited to a loan in the approximate aggregate principal amount of \$1,605,000 expected to be made on September 21, 2000;
- b. The WDA, on behalf of the West Virginia Infrastructure and Jobs Development Council, including but not limited to a loan in the aggregate principal amount of \$9,004,675 made on March 2, 2000; and
- c. The WDA, on behalf of the West Virginia Bureau for Public Health, including but not limited to a loan in the aggregate principal amount of \$1,241,000 made on March 2, 2000, and a loan in the approximate aggregate principal amount of \$767,354 expected to be made on September 21, 2000.

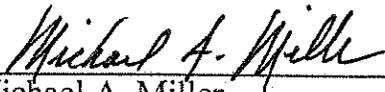
Notwithstanding the foregoing, Company's obligation to make the aggregate monthly debt service payments shall continue only for so long as NHPSD's repayment obligations on the Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

3. Except as amended and modified herein, the Agreement shall remain in full force and effect.

4. This Restated First Amendment is a restatement of a First Amendment to the Agreement dated March 2, 2000 (the "First Amendment"), and is intended to replace and supersede the First Amendment in its entirety.

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Restated First Amendment to Agreement to be signed, by their duly authorized officers, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER
COMPANY

By: 
Michael A. Miller
Its Vice President.

NEW HAVEN PUBLIC SERVICE
DISTRICT

By: 
Its Chairman

STATE OF WEST VIRGINIA,

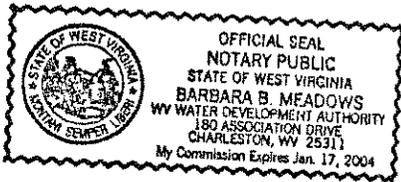
COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 27th day of September, 2000, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires January 17, 2004.

Barbara B Meadows
Notary Public

[SEAL]



STATE OF WEST VIRGINIA,

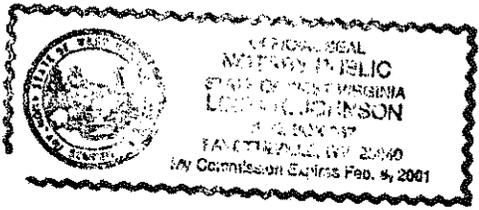
COUNTY OF ~~KANAWHA~~ ^{Fayette}, to-wit:

The foregoing instrument was acknowledged before me this 18 day of September, 2000, by Kenneth R. Hayes, Chairman of New Haven Public Service District, a public corporation, on behalf of said corporation.

My commission expires February 6, 2001.

Linda K. Johnson
Notary Public

[SEAL]



This SECOND RESTATEMENT OF FIRST AMENDMENT TO AGREEMENT made as of March 29, 2001 ("Second Restatement"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended ("NHPSD").

WITNESSETH:

WHEREAS, Company and NHPSD entered into an agreement dated as of November 27, 1996, as amended (the "Agreement") pursuant to which the Company undertook the operation and maintenance of certain water transmission and distribution facilities in connection with the Fayette Plateau Regional Water Project (the "Project");

WHEREAS, under Article III of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, under Article VI of the Agreement, the Company agreed to pay a "Use Fee" for the use of the NHPSD Facilities;

WHEREAS, the parties wish (i) to amend Article III of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as NHPSD's debt service obligations on any revenue bonds or notes of NHPSD currently outstanding or hereafter issued to finance all or a portion of NHPSD's acquisition or construction of water facilities that are part of the Project (collectively, the "Loans") and (ii) to amend Article VI of the Agreement to make the Company's Use Fee obligation in an amount equal to NHPSD's outstanding debt service obligations on the Loans.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Second Restatement and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Article III of the Agreement is hereby amended to read in its entirety as follows:

“The term of the Agreement shall extend for forty years from the date of this Second Restatement and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and NHPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, and redemption premium, if any, on any revenue bonds or notes of NHPSD currently outstanding or hereafter issued to finance all or a portion of NHPSD’s acquisition or construction of any water facilities that are part of the Project.”

2. Article VI of the Agreement is hereby amended to read in its entirety as follows:

“In exchange for the benefits of having the Company’s New River Regional Water Treatment Plant connected to the Company’s Oak Hill distribution system and to the NHPSD customers through the NHPSD Facilities, Company will pay a Use Fee in monthly payments directly to the account of NHPSD (or, at NHPSD’s election, to the West Virginia Municipal Bond Commission on behalf of NHPSD) in an aggregate amount that is sufficient to permit NHPSD to meet its debt service obligations related to loans previously made or to

be made to NHPSD in connection with the Project from the following sources (collectively, the "Loans"), whether or not the approximate principal amounts or expected issuance dates specified below for Loans to be made to NHPSD are correct:

- a. The West Virginia Water Development Authority ("WDA"), from proceeds of a WDA public bond issue under WDA's Loan Program III, including but not limited to a loan in the approximate aggregate principal amount of \$1,605,000 made on September 21, 2000;
- b. The WDA, on behalf of the West Virginia Infrastructure and Jobs Development Council, including but not limited to (i) a loan in the aggregate principal amount of \$9,004,675 made on March 2, 2000; and (ii) a loan in the approximate aggregate principal amount of \$995,325 expected to be made on March 29, 2001; and
- c. The WDA, on behalf of the West Virginia Bureau for Public Health, including but not limited to (i) a loan in the aggregate principal amount of \$1,241,000 made on March 2, 2000; (ii) a loan in the aggregate principal amount of \$767,354 made on September 21, 2000; and (iii) a loan in the approximate aggregate principal amount of \$732,646 expected to be made on March 29, 2001.

Notwithstanding the foregoing, Company's obligation to make the aggregate monthly debt service payments shall continue only for so long as NHPSD's repayment obligations on the Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

3. Except as amended and modified herein, the Agreement shall remain in full force and effect.

4. This Second Restatement of Amendment is a further restatement of a Restated First Amendment to Agreement dated September 21, 2000 (the "Restated First Amendment"), and is intended to replace and supersede the Restated First Amendment in its entirety.

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Second Restatement to be signed, by their duly authorized officers, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER
COMPANY

By: Michael A. Miller
Michael A. Miller
Its Vice President

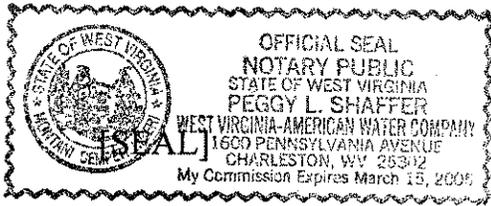
NEW HAVEN PUBLIC SERVICE
DISTRICT

By: [Signature]
Its Chairman

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 29th day of March, 2001, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires March 15, 2005.

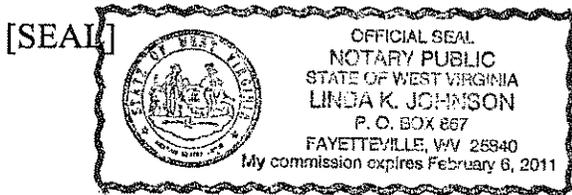


Peggy L. Shaffer
Notary Public

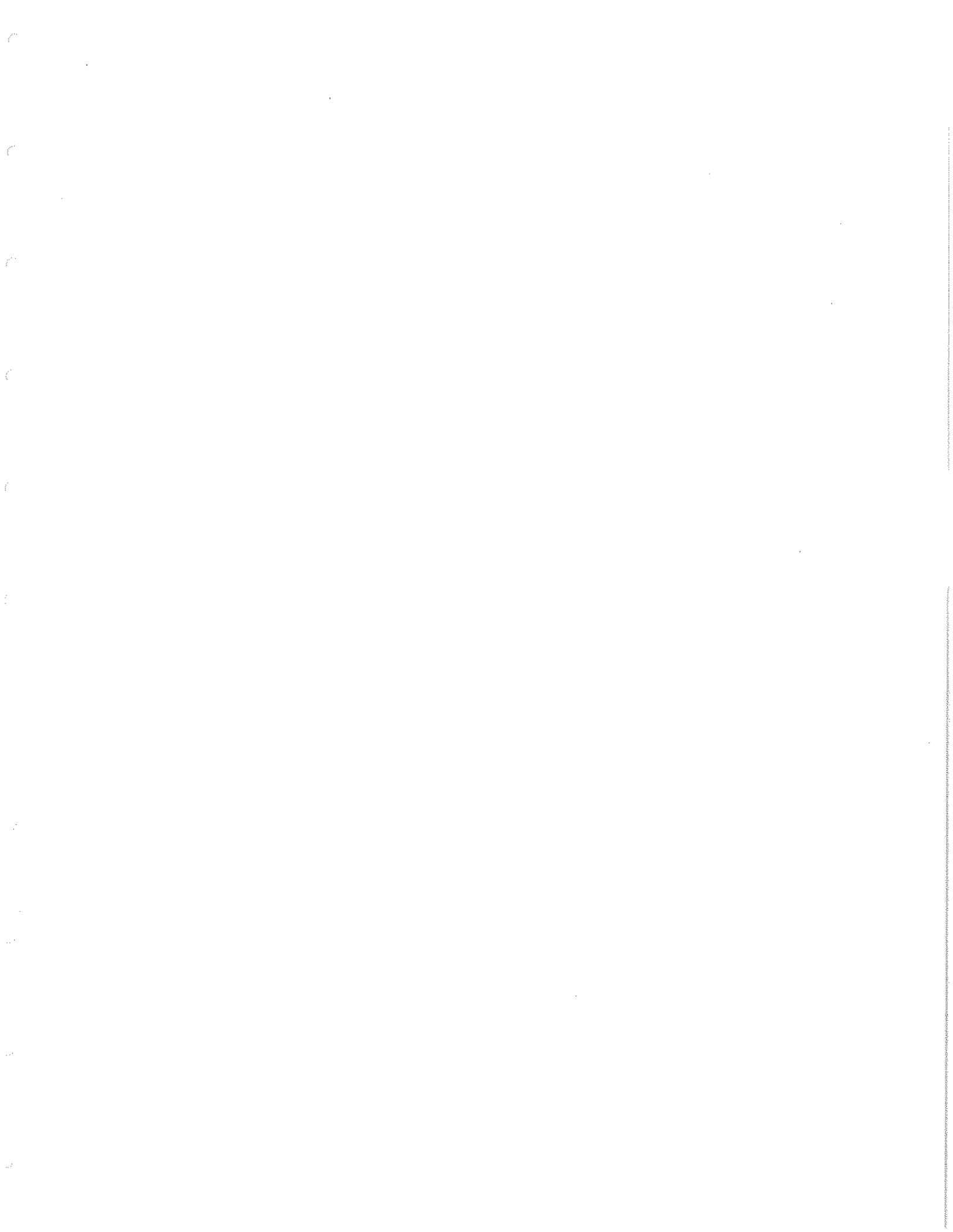
STATE OF WEST VIRGINIA,
COUNTY OF Fayette, to-wit:

The foregoing instrument was acknowledged before me this 27 day of March, 2001, by Kenneth R. Hayes, Chairman of New Haven Public Service District, a public corporation, on behalf of said corporation.

My commission expires Feb 6, 2011.



Linda K. Johnson
Notary Public



BRANCH BANKING AND TRUST COMPANY

ADDRESS: 300 summers st, charleston, WV 25326

PHONE NUMBER: 304-348-7368

CONTACT NAME: J M BIAS

IRREVOCABLE STANDBY LETTER OF CREDIT		LETTER OF CREDIT NO. <u>957-0527271 / 00014</u>	
		DATE <u>MARCH 29, 2004</u>	
ADVISING BANK		APPLICANT	
		WEST VIRGINIA AMERICAN WATER COMPANY PO BOX 1906 CHARLESTON, WV 25327	
BENEFICIARY		AMOUNT	
THE WEST VIRGINIA MUNICIPAL BOND COMMISSION 8 CAPITOL ST TERMINAL BLDG. SUITE 500 CHARLESTON WV 25301		51,048.00	
		EXPIRY DATE	
		MARCH 29, 2004 <small>(FOR PRESENTATION AT OUR COUNTERS)</small>	
<p>GENTLEMEN,</p> <p>WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR</p> <p>AVAILABLE BY YOUR DRAFT(S) <u>SIGHT</u></p> <p>DRAWN ON <u>"BRANCH BANKING & TRUST CO"</u></p> <p>DRAFT(S) MUST BE MARKED - "DRAWN UNDER BRANCH BANKING AND TRUST COMPANY CREDIT NO. <u>957-0527271 / 00014</u></p> <p>WHICH MUST BE ACCOMPANIED BY THIS LETTER AND THE FOLLOWING DOCUMENTATION:</p> <p>SEE THE ATTACHMENT 1, INCORPORATED AND MADE A PART HEREOF FOR ALL PURPOSES, FOR ADDITIONAL DOCUMENTS REQUIRED TO ACCOMPANY DRAFT(S), AND FOR ADDITIONAL PROVISIONS AND SPECIAL INSTRUCTIONS.</p>			
SPECIAL INSTRUCTIONS			
<p>THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.</p> <p>WE HEREBY ENGAGE WITH BENEFICIARY THAT DRAFTS PRESENTED IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION AT OUR COUNTERS AND THAT DRAFTS ACCEPTED WITHIN THE TERMS OF THIS CREDIT WILL BE DULY HONORED AT MATURITY.</p> <p>VERY TRULY YOURS</p> <p>BRANCH BANKING AND TRUST COMPANY</p> <p style="text-align: right;"><i>J. Mark Bias, SVP</i> _____ AUTHORIZED SIGNATURE</p>			

ACCOUNT# / NOTE#
9570527271 00014



**Branch Banking and Trust Co.
Attachment 1 to
Irrevocable Standby Letter of Credit**

Our Letter of Credit 9570527271-00014 : **Issuance Date:** March 29, 2001
Amount: Up to \$51,048.00 **Expiration Date:** March 29, 2004
(Fifty one thousand forty
eight dollars and no/100)

Name & Address of Beneficiary:
The West Virginia Municipal Bond
Commission on behalf of the
Registered Owners of New Haven
Public Service District Water
Revenue Bonds, Series 2001-A
(West Virginia Infrastructure Fund)
8 Capitol Street/Terminal Bldg.
Suite 500
Charleston, WV 25301

Name & Address of Account Party:
New Haven Public Service District
David Pollard Resource Coordinator
Fayette County Commission
Fayette County Courthouse
Fayetteville, WV-25840

Name & Address of Applicant:
West Virginia-American Water Company
1600 Pennsylvania Ave
P.O. Box 1906
Charleston, WV 25327

1. The Credit Amount is available only upon our receipt of:
 - (a) Your draft or drafts drawn at sight on Branch Banking and Trust Co. bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.
 - (b) Your signed statement reading: "New Haven Public Service District is in monetary default of those certain New Haven Public Service District Water Revenue Bonds, Series 2001A (West Virginia Infrastructure Fund), dated March 29, 2001 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #9570527271-00014 does not exceed the amount of such monetary default."

JMB
3/21/01

WV Municipal Bond Commission
Letter of Credit #9570527271-00014
Attachment 1-Page 2

- (c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.
2. This Credit may not be transferred or assigned.
 3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.
 4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond March 29, 2011, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond March 29, 2011.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at BB&T Square 300 Summers Street in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Corporate Banking, Branch Banking and Trust Co., 300 Summers Street., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

JMB
3/21/01

BRANCH BANKING AND TRUST COMPANY

ADDRESS: 300 summers st, charleston, WV 25326

PHONE NUMBER: 304-348-7368

CONTACT NAME: J M BIAS

IRREVOCABLE STANDBY LETTER OF CREDIT		LETTER OF CREDIT NO. <u>957-0527271 / 00015</u>	
		DATE <u>MARCH 29, 2001</u>	
ADVISING BANK	APPLICANT		
	WEST VIRGINIA AMERICAN WATER COMPANY PO BOX 1906 CHARLESTON, WV 25327		
BENEFICIARY	AMOUNT		EXPIRY DATE
THE WEST VIRGINIA MUNICIPAL BOND COMMISSION 8 CAPITOL STREET TERMINAL BLDG SUITE 500 CHARLESTON WV 25301	48,848.00		MARCH 29, 2004
	(FOR PRESENTATION AT OUR COUNTERS)		
<p>GENTLEMEN.</p> <p>WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR</p> <p>AVAILABLE BY YOUR DRAFT(S) <u>SIGHT</u></p> <p>DRAWN ON: "BRANCH BANKING & TRUST CO."</p> <p>DRAFT(S) MUST BE MARKED - "DRAWN UNDER BRANCH BANKING AND TRUST COMPANY CREDIT NO. <u>957-0527271 / 00015</u>"</p> <p>WHICH MUST BE ACCOMPANIED BY THIS LETTER AND THE FOLLOWING DOCUMENTATION:</p> <p>SEE THE ATTACHMENT 1, INCORPORATED AND MADE A PART HEREOF FOR ALL PURPOSES, FOR ADDITIONAL DOCUMENTS REQUIRED TO ACCOMPANY DRAFT(S), AND FOR ADDITIONAL PROVISIONS AND SPECIAL INSTRUCTIONS.</p>			
SPECIAL INSTRUCTIONS			
<p>THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.</p> <p>WE HEREBY ENGAGE WITH BENEFICIARY THAT DRAFTS PRESENTED IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION AT OUR COUNTERS AND THAT DRAFTS ACCEPTED WITHIN THE TERMS OF THIS CREDIT WILL BE DULY HONORED AT MATURITY.</p> <p>VERY TRULY YOURS</p> <p>BRANCH BANKING AND TRUST COMPANY</p>			
			<p><i>J. Mark Bias, SVP</i></p> <p>_____ AUTHORIZED SIGNATURE</p>

ACCOUNT# / NOTE#
9570527271 00015



**Branch Banking and Trust Co.
Attachment 1 to
Irrevocable Standby Letter of Credit**

Our Letter of Credit 9570527271-00015

Issuance Date: March 29, 2001

Amount: Up to \$48,848.00
(Forty eight thousand eight
hundred forty eight dollars and no/100)

Expiration Date: March 29, 2004

Name & Address of Beneficiary:
The West Virginia Municipal Bond
Commision on behalf of the
Registered Owners of New Haven
Public Service District Water
Revenue Bonds, Series 2001B
(West Virginia DWTRF Program)
8 Capitol Street/Terminal Bldg.
Suite 500
Charleston, WV 25301

Name & Address of Account Party:
New Haven Public Service District
David Pollard Resource Coordinator
Fayette County Commission
Fayette County Courthouse
Fayetteville, WV 25840

Name & Address of Applicant:
West Virginia-American Water Company
1600 Pennsylvania Ave
P.O. Box 1906
Charleston, WV 25327

1. The Credit Amount is available only upon our receipt of:
 - (a) Your draft or drafts drawn at sight on Branch Banking and Trust Co. bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.
 - (b) Your signed statement reading: "New Haven Public Service District is in monetary default of those certain New Haven Public Service District Water Revenue Bonds, Series 2001B (West Virginia DWTRF Program), dated March 29, 2001 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #9570527271-00015 does not exceed the amount of such monetary default."

JTB
3/29/01

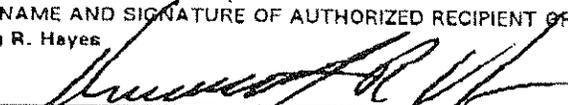
WV Municipal Bond Commission
Letter of Credit #9570527271-00015
Attachment 1-Page 2

- (c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.
2. This Credit may not be transferred or assigned.
 3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.
 4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond March 29, 2011, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond March 29, 2011.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at BB&T Square 300 Summers Street in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Corporate Banking, Branch Banking and Trust Co., 300 Summers Street., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

J¹⁶
3/27/11

FORM CD-450 (REV 10/98)		U.S. DEPARTMENT OF COMMERCE		<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> COOPERATIVE AGREEMENT	
FINANCIAL ASSISTANCE AWARD				ACCOUNTING CODE	
RECIPIENT NAME New Haven Public Service District		AWARD NUMBER 01-01-07261			
STREET ADDRESS P. O. Box 89		FEDERAL SHARE OF COST \$ 1,195,000			
CITY, STATE, ZIP CODE Lansing, West Virginia 25862		RECIPIENT SHARE OF COST \$ 995,000			
AWARD PERIOD From date of approval to 24 months after approval.		TOTAL ESTIMATED COST \$ 2,190,000			
AUTHORITY (42 U.S.C. 3149) Public Works and Economic Development Act of 1965, as amended by the Economic Development Administration Reform Act of 1998 (P.L. 105-393)					
CFDA NO. AND PROJECT TITLE 11-300 An Economic Adjustment Program implementation project consisting of the construction/installation of approximately 70,000 linear feet of water lines and associated infrastructure from the current terminus of the water system near Spyrock to serve the communities of Winona, Lookout, and Divide in Fayette County, West Virginia.					
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.					
<input checked="" type="checkbox"/> Economic Development Administration Standard Terms and Conditions Title II Public Works and Development Facilities and Development Facilities and Economic Adjustment Construction Components, March 1999					
<input checked="" type="checkbox"/> Special Award Conditions					
<input checked="" type="checkbox"/> Line Item Budget					
<input type="checkbox"/> 15 CFR Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Non-Profit, and Commercial Organizations					
<input checked="" type="checkbox"/> 15 CFR Part 24, Uniform Administrative Requirements for Grants and Agreements to State and Local Governments					
<input type="checkbox"/> OMB Circular A-21, Cost Principles for Educational Institutions					
<input checked="" type="checkbox"/> OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments					
<input type="checkbox"/> OMB Circular A-122, Cost Principles for Nonprofit Organizations					
<input type="checkbox"/> 48 CFR Part 31, Contract Cost Principles and Procedures					
<input checked="" type="checkbox"/> OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations					
<input type="checkbox"/> Other(s)					
SIGNATURE OF DEPARTMENT OF COMMERCE GRANTS OFFICER 		TITLE Regional Director		DATE SEP 22 2000	
TYPED NAME AND SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL Kenneth R. Hayes 		TITLE Chairman		DATE 10-2-00	

Form ED-508
(Rev.10-98)

Attachment No. 1

U. S. DEPARTMENT OF COMMERCE
Economic Development Administration

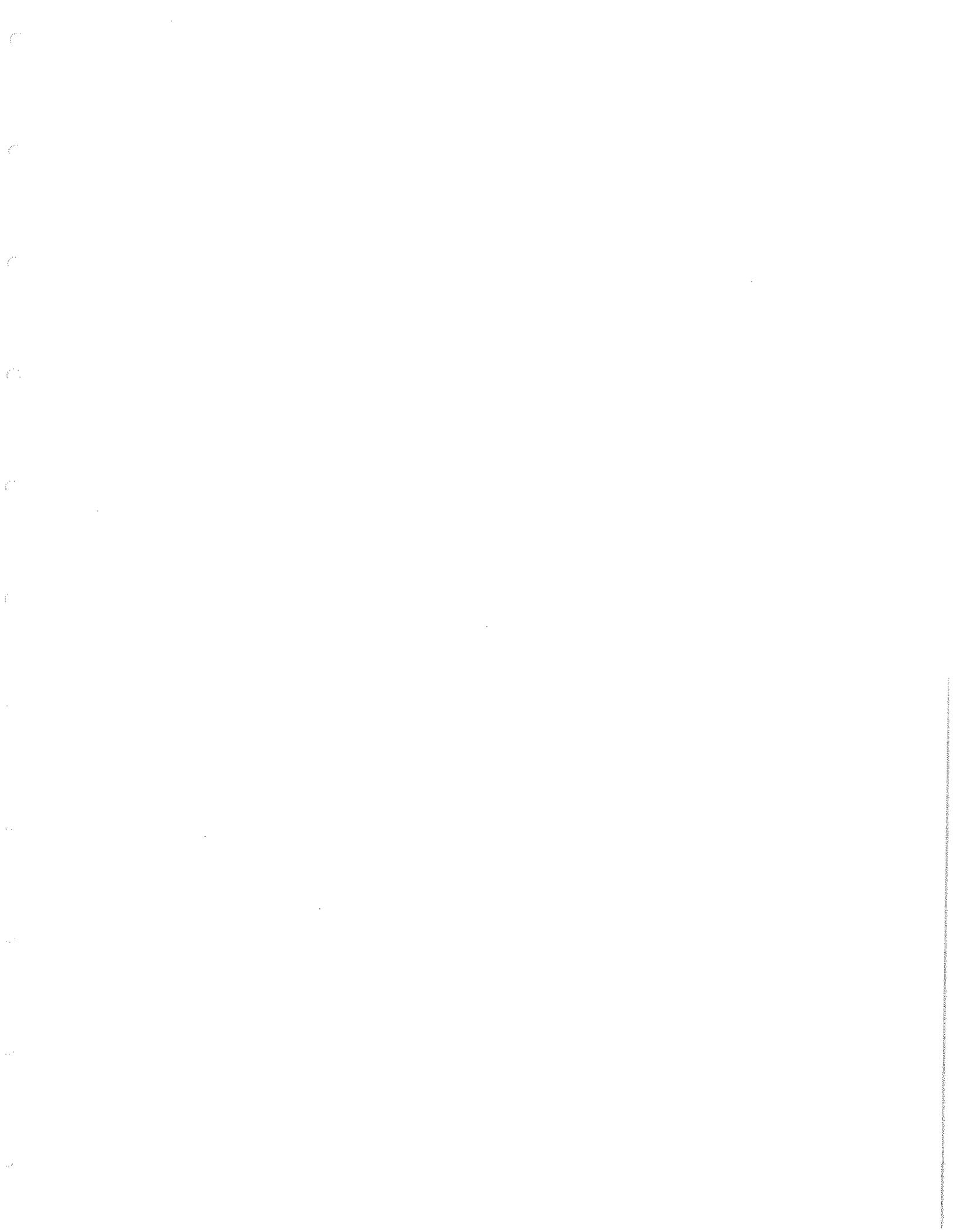
PUBLIC WORKS PROJECT COST CLASSIFICATIONS

EDA Award No.: 01-79-07261 State - West Virginia County - Fayette

<u>Cost Classification</u>	<u>Original Proposed</u>	<u>Approved</u>
Administrative and legal expenses	\$ 57,368	\$ 90,000 (a) (b) (c)
Land, structures, rights-of-way, appraisals, etc.	34,032	34,000 (c)
Relocation expenses and payments		
Architectural and engineering fees		
Other architectural and engineering	0	1,000 (b)
Project inspection fees		
Demolition and removal		
Site Work		
Construction	1,947,585	1,950,000 (c)
Equipment		
Miscellaneous	33,000	0 (b)
Contingencies	<u>118,340</u>	<u>115,000 (c)</u>
TOTAL PROJECT COSTS	\$2,190,325	\$2,190,000 (c)

Remarks:

- (a) Includes Interim financing.
(b) Costs transferred from miscellaneous to correct line item
(c) Rounded.





Office of Abandoned Mine Lands
10 McJunkin Road
Nitro, WV 25143-2506
Phone: 304-759-0521
Fax: 304-759-0527

West Virginia Division of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Director

March 1, 2001

Mr. Kenny Hayes, Chairman
New Haven Public Service District
P. O. box 89
Lansing, WV 25862

RE: Fayette Regional Water System
Extensions to Gaymont and Edmond

Dear Mr. Hayes:

The Office of Abandoned Mine Lands (AML) has completed an engineering feasibility study to determine the eligibility of the above referenced extensions for AML funds and what percentage AML will participate. The results of that study indicated that AML can participate at a level of 57% of the construction cost of these extensions.

Having already received the actual bid prices for these two extensions, (Contracts 9 and 9a) set at \$1,912,368.25 for what appears as the eligible AML area, the AML is committing to 57% of that figure which would be \$1,090,049.90.

Upon the execution of a "Memorandum of Understanding" (MOU) and a purchase order between the New Haven PSD and the AML, these funds will be made available for this project. I will begin preparation of a MOU immediately for this project with the assistance of our Office of Legal Services.

Should you have any questions or need any assistance, please feel free to contact me at (304) 759-0521.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles D. Stover".

Charles D. Stover, Acting Chief
Office Abandoned Mine Lands

cc: W. D. Smith, Region 4 PD&C
500 B Main St.
Summersville, WV 26651
file



Office of Abandoned Mine Lands & Reclamation
10 McJunkin Road
Nitro, West Virginia 25143-2506
(304) 759-0521
Fax (304) 759-0527

West Virginia Division of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Director

March 1, 2001

Walter Ivey, P.E.
Bureau for Public Health
Morrison Building, Room 416
815 Quarrier Street
Charleston, WV 25301

Re: Federal Matching Funds

Dear Mr. Ivey:

During the last several days questions have arisen as to the allowability of Federal funds being used as a match for other Federal funds. According to our Federal guidelines (FAM), funds obtained from one Federal Program cannot be used as a match for another Federal Program. Exceptions to this rule do not apply in this case. We asked our OSM Grants Coordinator to render an opinion on this particular situation. According to OSM, a Federal loan does not fall into this category and may be used as a match against a Federal Grant. Enclosed is a copy of the authorizing e-mail.

Should you have any questions or need additional information, please do not hesitate to contact this office.

Sincerely,

Charles D. Stover, Acting Chief
Office of Abandoned Mine Lands
and Reclamation

CDS:fe

Enclosures

FRANCI ENGLE - Local Water Authority Matching Funds

Page 1

From: "Lafayette Vance" <LVANCE@OSMRE.GOV>
To: <cstover@mail.dep.state.wv.us>
Date: Wed, Feb 28, 2001 3:45 PM
Subject: Local Water Authority Matching Funds

During our telephone conversation February 28, 2001, you asked whether a local water authority's Federally subsidized loan could be used as its 43% matching funds for a water project that is 57% AML funded. You said that the local water authority would repay the loan from charges for the water.

The Federal Assistance Manual (FAM) states at Paragraph 1-400-20D, that funds obtained under other Federal grant programs may not be used to fulfill the matching requirement of any Office of Surface Mining (OSM) grant, unless the funds are considered revenue sharing or come from block grants.

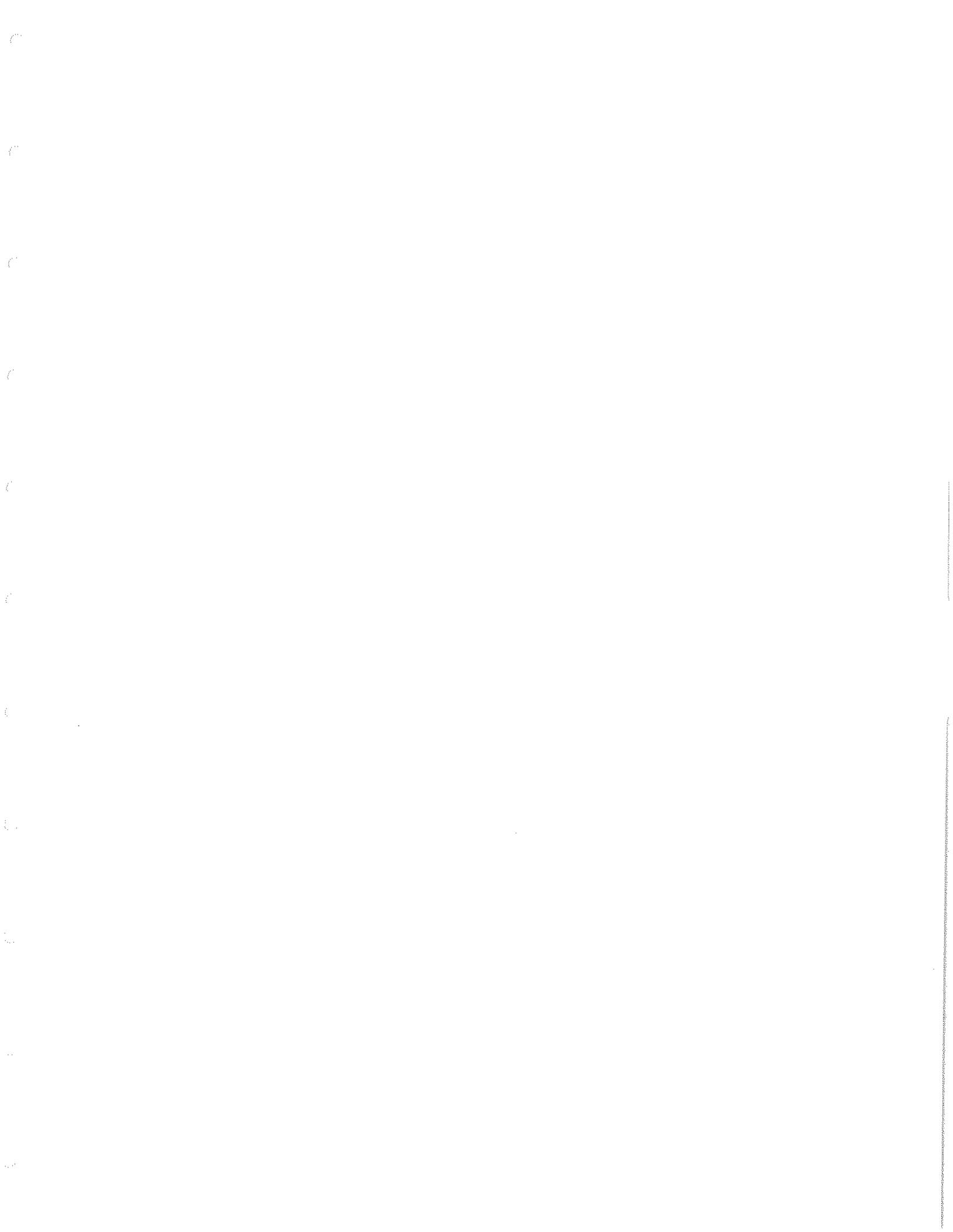
I discussed this with an OSM Field Solicitor Staff Attorney who told me that a loan may be differentiated from a grant. And as long as the funds are truly a loan and not a Federal Grant, such funds may be used as match.

In answer to your question, the local water authority can use the loan to fulfill the 43% matching requirement of the OSM grant.

Please let me know if you have any questions.

Have a great day!
Lafayette Vance

CC: <FENGLE@mail.dep.state.wv.us>, "Roger Calhoun" <RC...



NEW HAVEN PUBLIC SERVICE DISTRICT

**WATER REVENUE BONDS,
SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

Table of Contents

Subject	Page
ARTICLE I	
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01 Authority for this Resolution	1
Section 1.02 Findings	1
Section 1.03 Bond Legislation Constitutes Contract	4
Section 1.04 Definitions	4
ARTICLE II	
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01 Authorization of Acquisition and Construction of the Project	12
ARTICLE III	
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01 Authorization of Bonds	13
Section 3.02 Terms of Bonds	13
Section 3.03 Execution of Bonds	14
Section 3.04 Authentication and Registration	14
Section 3.05 Negotiability, Transfer and Registration	14
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	15

Section 3.07	Bonds not to be Indebtedness of the Issuer	15
Section 3.08	Bonds Secured by Pledge of Net Revenues	16
Section 3.09	Delivery of Bonds	16
Section 3.10	Form of Bonds	16
	FORM OF SERIES 2000 A BOND	18
	FORM OF SERIES 2000 B BOND	26
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	34
Section 3.12	"Amended Schedule" Filing	34

ARTICLE IV INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms	35
Section 4.02	Terms of and Security for Notes; Trust Indenture	35
Section 4.03	Notes are Special Obligations	35
Section 4.04	Letters of Credit	35

ARTICLE V FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	36
Section 5.02	Establishment of Funds and Accounts with Commission	36
Section 5.03	System Revenues; Flow of Funds	36

ARTICLE VI BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	41
Section 6.02	Disbursements From the Bond Construction Trust Fund	42

ARTICLE VII ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	44
Section 7.02	Bonds not to be Indebtedness of the Issuer	44
Section 7.03	Bonds Secured by Pledge of Net Revenues	44
Section 7.04	Initial Schedule of Rates and Charges	44
Section 7.05	Sale of the System	45

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	46
Section 7.07	Parity Bonds	46
Section 7.08	Books; Records and Audit	47
Section 7.09	Rates	49
Section 7.10	Operating Budget and Monthly Financial Report	50
Section 7.11	Engineering Services and Operating Personnel	50
Section 7.12	No Competing Franchise	51
Section 7.13	Enforcement of Collections	51
Section 7.14	No Free Services	52
Section 7.15	Insurance and Construction Bonds	52
Section 7.16	Connections	53
Section 7.17	Completion, Operation and Maintenance of Project; Permits and Orders	53
Section 7.18	Statutory Mortgage Lien	54
Section 7.19	Compliance with Loan Agreement and Law	54
Section 7.20	Securities Laws Compliance	55
Section 7.21	Contracts; Public Releases	55

ARTICLE VIII INVESTMENT OF FUNDS

Section 8.01	Investments	56
--------------	-------------	----

ARTICLE IX DEFAULT AND REMEDIES

Section 9.01	Events of Default	57
Section 9.02	Remedies	57
Section 9.03	Appointment of Receiver	58

ARTICLE X PAYMENT OF BONDS

Section 10.01	Payment of Bonds	60
---------------	------------------	----

ARTICLE XI MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	61
Section 11.02	Bond Legislation Constitutes Contract	61

Section 11.03	Severability of Invalid Provisions	61
Section 11.04	Headings, Etc.	61
Section 11.05	Notices	61
Section 11.06	Conflicting Provisions Repealed	62
Section 11.07	Covenant of Due Procedure, Etc.	63
Section 11.08	Effective Date	63
	SIGNATURES	63
	CERTIFICATION	64
	EXHIBIT A	65

NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,241,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN \$10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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, RATIFYING AND CONFIRMING LOAN AGREEMENTS 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 RESOLVED BY THE PUBLIC SERVICE BOARD OF NEW HAVEN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation"), is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. New Haven Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer does not presently own or operate a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed a public waterworks system of the Issuer, consisting of a new water distribution system to serve approximately _____ new customers, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$11,241,000 in two series, being the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than \$1,241,000 (the "Series 2000 A Bonds"), and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$10,000,000 (the "Series 2000 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2000 A Bonds and the Series 2000 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee (as hereinafter defined) for the Series 2000 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 Series 2000 A Bonds and the Series 2000 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of 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 Series 2000 A Bonds and the Series 2000 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") and its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated November 27, 1996, as amended (the "Agreement"), by and between the Issuer and the West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. In lieu of funding the Reserve Accounts (as hereinafter defined) with cash, the Company will obtain letters of credit for the benefit of the Commission, to be drawn upon in the event that at any time payments under the Agreement are inadequate to provide funds for the Issuer to make all payments required hereunder. In the event the Company will not obtain such letters of credit, the Issuer shall obtain such letters of credit or fund the Reserve Accounts in the amounts required herein and in the Loan Agreement.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for

rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 A Bonds and the Series 2000 B Bonds by those who shall be the 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 equal benefit, protection and security of the Registered Owners of any and all of such Series 2000 A Bonds and the Series 2000 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement for the Series 2000 A Bonds.

"Agreement" means initially, the Agreement, dated November 27, 1996, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

"Bondholder," "Holder of the Bonds," "Holder," "Registered 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 Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond 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 2000 A Bonds and the Series 2000 B Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by 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 Series 2000 A Bonds and the Series 2000 B Bonds for all or a portion of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds from the Authority.

"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.

"Company" means the West Virginia-American Water Company, a West Virginia corporation.

"Consulting Engineers" means Stafford Consultants, 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 or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

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

"FDIC" means the Federal Deposit Insurance Corporation and 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.

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

"Government 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.

"Grants" means all moneys received by the Issuer on account of any Grant for the Project, including but not limited to, the Small Cities Block Grant.

"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, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. The initial Gross Revenues anticipated to be received by the Issuer will be limited to the amounts payable by the Company to the Issuer under the Agreement.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"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 the System in the normal operation of its business and affairs:

"Issuer" means New Haven Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means, collectively, the letter of credit or letters of credit from a bank obtained by the Company or the Issuer to fund the Reserve Accounts for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority and by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2000 A Bonds and the Series 2000 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System 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, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, 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 of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds, and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"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 designated as such for the Series 2000 A Bonds and the Series 2000 B Bonds in the Supplemental Resolution.

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements)

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Reserve Accounts" means, collectively, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2000 A Bonds" means the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, authorized by this Resolution.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2000 B Bonds" means the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2000 A Bonds and the Series 2000 B Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2000 A Bonds and the Series 2000 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other

obligations of the Issuer, including, without limitation, any reserve account which may hereafter be established.

"System" means the complete new waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system 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.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$12,491,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated to be \$12,491,000, of which \$1,241,000 will be obtained from proceeds of the Series 2000 A Bonds, \$10,000,000 will be obtained from proceeds of the Series 2000 B Bonds, and \$1,250,000 will be obtained from the Small Cities Block Grant.

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 capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2000 A Bonds and the Series 2000 B Bonds of the Issuer. The Series 2000 A Bonds and the Series 2000 B Bonds shall be issued each as a single bond, designated respectively as "Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program)," in the principal amount of not more than \$1,241,000, and "Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than \$10,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, if any, shall be deposited in or credited to the respective Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, 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 a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 A Bonds and the Series 2000 B 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 or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds 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 the Supplemental Resolution, the Series 2000 A Bonds and the Series 2000 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2000 A Bonds and the Series 2000 B Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully

registered Bond or Bonds of the same series 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. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 A Bonds and the Series 2000 B Bonds shall cease to be such officer of the Issuer before the Series 2000 A Bonds and the Series 2000 B Bonds so signed and sealed have been actually sold and 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 Series 2000 A Bonds and the Series 2000 B 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 in 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 3.04. Authentication and Registration. No Series 2000 A Bonds and the Series 2000 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation 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 Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 A Bonds and the Series 2000 B Bond shall be deemed to have been executed by the Bond Registrar if manually 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 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 A Bonds and the Series 2000 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 A Bonds and the Series 2000 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 A Bonds and the Series 2000 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2000 A Bonds and the Series 2000 B Bonds shall be transferable 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 Series 2000 A Bonds and the Series 2000 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled 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 obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 A Bonds and the Series 2000 B 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 as 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 satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the 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 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds and the Series 2000 B 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. No holder or holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably with each other 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 2000 A Bonds and the Series 2000 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 A Bonds and the Series 2000 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 A Bonds and the Series 2000 B 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 2000 A Bonds and the Series 2000 B 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 2000 A Bonds and the Series 2000 B Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement;

E. A copy of the Agreement;

F. A copy of the Letter of Credit; and

G. The unqualified approving opinion of bond counsel on the Series 2000 A Bonds and the Series 2000 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 A Bonds and the Series 2000 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), 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 _____ 1, 20____, 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 _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

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 _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); and (ii) to pay

certain costs of issuance for the Bonds of this Series (the "Bonds") 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 (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2000 B BONDS").

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 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 said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for 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, including the Series 2000 B Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 A Bonds Reserve

Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the 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, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NEW HAVEN 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 _____,
2000.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(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 \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____). 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 _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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 Infrastructure and Jobs Development Council (the "Council"), 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 Council, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") 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 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2000 A BONDS").

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 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 said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for 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, including the Series 2000 A Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the 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, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NEW HAVEN 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 _____, 2000.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, 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 \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 A Bonds and the Series 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, 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, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council the respective amended schedules, the forms of which will be provided by the BPH and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$2,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a Supplemental Resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Grants, the Surplus Revenues and the letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund;
- (2) Series 2000 A Bonds Construction Trust Fund; and
- (3) Series 2000 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2000 A Bonds Sinking Fund;
- (2) Series 2000 A Bonds Reserve Account (to be funded with the Letter of Credit);
- (3) Series 2000 B Bonds Sinking Fund; and
- (4) Series 2000 B Bonds Reserve Account (to be funded with the Letter of Credit).

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 Bond Legislation 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 in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses of the System not otherwise paid by the Company pursuant to the Agreement.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3 of the amount of principal which will mature and become due on the Series 2000 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 2000 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, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 B 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 2000 B 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, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account, in the amounts required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

(4) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 2000 A Bonds and the Series 2000 B Bonds or for any lawful purpose of the System.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bonds Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account created hereunder, and all amounts required for said funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2000 A Bonds and the Series 2000 B 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 such day is not a business day, then the next succeeding business day) deposit with the Commission the Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds.

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 their respective charges and 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 sum insured by the maximum amounts insured by FDIC in all funds and accounts 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, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission 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.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 A Bonds and the Series 2000 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 A Bonds for the period commencing on the date of issuance of the Series 2000 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 B Bonds for the period commencing on the date of issuance of the Series 2000 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2000 A Bonds shall be applied as directed by the BPH and any remaining proceeds of the Series 2000 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. 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 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 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 as Exhibit B, 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.

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council, of 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 respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation 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 Series 2000 A Bonds and the Series 2000 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 A Bonds and the Series 2000 B 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 the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds and the Series 2000 B 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 Bond Legislation. No Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. 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 Final Order of the Public Service Commission of West Virginia entered September 12, 1997, in Case No. 96-1477-W-PWD-PC-CN.

In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 A Bonds and the Series 2000 B Bonds shall prove to be insufficient to produce the amounts required by 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 amounts required by this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2000 A Bonds and the Series 2000 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH and the Council, 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 fully pay 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, with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, the BPH and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds. Any balance remaining after the payment of the Series 2000 A Bonds and the Series 2000 B Bonds and interest, if any, thereon 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 Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then 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 a professional 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, with the consent of the BPH, the Council and the Authority, be remitted to the Commission for deposit in the Sinking Funds. Payment of such proceeds into the Sinking Funds, the Revenue Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

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. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any 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 Series 2000 A Bonds and the Series 2000 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2000 A Bonds and the Series 2000 B 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 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 lien of the Series 2000 A Bonds and the Series 2000 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2000 A Bonds and the Series 2000 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, except with the prior written consent of the Authority, the BPH and the Council 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 2000 A Bonds and the Series 2000 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any outstanding Bonds, or both such purposes.

In the event the Agreement is no longer in place, no Parity Bonds shall be issued at any time, however, unless and until 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not 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 Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 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 the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently 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 lien on the revenues of the System and their source of and

security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2000 A Bonds and the Series 2000 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2000 A Bonds and the Series 2000 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, 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 Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, the BPH and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at 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 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 inspect all records pertaining to the operation 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 shall 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 Bond Legislation 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 and as prescribed by the Public Service Commission of West Virginia. 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 institute 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 Council, the BPH, the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds and the Consulting Engineer, 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 Bond Legislation, 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 thereto, and the Single Audit Act, or any successor thereto, 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 the Series 2000 A Bonds and the Series 2000 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds. Such audit report submitted to the BPH, the Authority 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 Bond Legislation and that the revenues of the System are adequate to meet the Issuer's 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 BPH, the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority 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 BPH, the Authority 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 Exhibit D of the Loan Agreement for the Series 2000 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established 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 the 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 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 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 30 days of 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 a professional 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 a professional 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 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 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, the BPH and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form 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 Authority, the BPH and the Council, 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 Authority, the BPH and the Council 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, the BPH, the Council 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.

Unless otherwise waived by the BPH, the Issuer 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 Issuer shall notify the BPH in writing of such receipt.

Unless otherwise waived by the BPH, the Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

In the event that the Agreement is no longer in effect, and to the extent required by law, 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 7.12. 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 7.13. 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 Public Service Commission of West Virginia and other laws of the State of West Virginia.

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 Public Service Commission of West Virginia, 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 Public Service Commission of West Virginia, 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 7.14. 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. 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 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2000 A Bonds and the Series 2000 B 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 Revenue Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Revenue 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) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting 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, Chapter 38. Article 2. Section 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.

B. 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 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.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall 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 federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2000 A Bonds and the Series 2000 B Bonds are outstanding. To the extent operation and maintenance is done by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil compliance with this covenant.

The Issuer shall obtain all permits 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 and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 A Bonds and the Series 2000 B 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 Series 2000 A Bonds and the Series 2000 B Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer shall comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the BPH and the Council with copies of all documents submitted to the Authority.

The Issuer shall also to comply with all applicable laws, rules and regulations issued by the Authority, the BPH, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Securities Laws Compliance. The Issuer shall 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 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds and the Series 2000 B 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 and the Council for written approval. The Issuer shall obtain the written approval of the BPH and the Council before expending any proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds held in "contingency" as set forth in the respective schedules attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the written approval of the BPH and the Council before expending any proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the BPH, the Council 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 Bond Legislation 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 written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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 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 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 each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 A Bonds and the Series 2000 B Bonds are Outstanding.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 A Bonds and the Series 2000 B Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 A Bonds and the Series 2000 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 A Bonds and the Series 2000 B 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, Registrar or any other Paying Agent or a Holder of a Bond; or
- (3) 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 Series 2000 A Bond and the Series 2000 B 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 and the Bond Legislation 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 Series 2000 A Bonds and the Series 2000 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall be on a parity with each other.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 A Bonds and the Series 2000 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 A Bonds and the Series 2000 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 A Bonds and the Series 2000 B 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, Registrar or any other Paying Agent or a Holder of a Bond; or

(3) 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 Series 2000 A Bond and the Series 2000 B 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 and the Bond Legislation 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 Series 2000 A Bonds and the Series 2000 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds. and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2000 A Bonds and the Series 2000 B Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, 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 such Bonds, any Registered Owner of a Series 2000 A Bond and the Series 2000 B 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 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 Series 2000 A Bonds and the Series 2000 B 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 Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its 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 exercise.

Whenever all that is due upon the Series 2000 A Bonds and the Series 2000 B Bonds and interest thereon and under any covenants of this Bond Legislation 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 Bond Legislation 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 or her or it, 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 Series 2000 A Bonds and the Series 2000 B 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 completion of the Project and 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 Bond Legislation, and the title to and ownership of the 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 2000 A Bonds and the Series 2000 B 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 2000 A Bonds and the Series 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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 2000 A Bonds and the Series 2000 B 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 2000 A Bonds and the Series 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 A Bonds and the Series 2000 B 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 Series 2000 A Bonds and the Series 2000 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 A Bonds and the Series 2000 B 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, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively 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 the Series 2000 A Bonds and the Series 2000 B Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation 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 Series 2000 A Bonds and the Series 2000 B 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. Notices. All notices to be sent to the Issuer, the Company, the Authority, the BPH or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

New Haven Public Service District
Post Office Box 99
Lansing, West Virginia 25862
Attention: Chairman

COMPANY:

West Virginia-American Water Company
P. O. Box 1906
Charleston, West Virginia 25327-1906
Attention: President

AUTHORITY:

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

BPH:

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure Council
980 One Valley Square
Charleston, West Virginia 25301
Attention: Executive Secretary

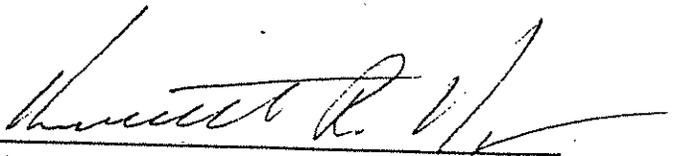
All notices to be sent to the Issuer hereunder shall also be sent to the Company, and all notices to be sent to the BPH or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. 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 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 of West Virginia 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 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this February 22, 2000.



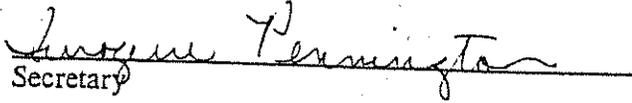
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of NEW HAVEN PUBLIC SERVICE DISTRICT on February 22, 2000.

Dated: March 2, 2000.

[SEAL]


Secretary

02/16/00
658590/99001

EXHIBIT A

Loan Agreements included in bond transcript as Documents 3 and 4.

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM) AND WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO ADDITIONALLY SECURE THE BONDS; 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 New Haven Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective February 22, 2000 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,241,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN \$10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, 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 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and Series 2000 B (West Virginia Infrastructure Fund) of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed \$1,241,000 and \$10,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2000 A Bonds, 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 loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A 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 amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement, the Letter of Credit for the Series 2000 A Bonds and the Letter of Credit for the Series 2000 B Bonds (collectively, the "Letter of Credit") have 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 Letter of Credit be approved, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices 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 NEW HAVEN 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 following bonds of the Issuer:

A. The Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,241,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2031, and shall bear no interest. The principal of the Series 2000 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, and ending March 1, 2031, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2000 A Bonds. The Series 2000 A 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, so long as the Authority shall be the registered owner of the Series 2000 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2000 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

B. The Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$9,004,675. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2040, and shall bear no interest. The principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, and ending March 1, 2040, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 B Bonds.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, 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, the Council 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 will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the respective Reserve Accounts for the Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Accounts be funded in the amounts required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, 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 does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 7. The Issuer does hereby appoint and designate Fayette County National Bank, Fayetteville, West Virginia, to serve as Depository Bank under the Resolution.

Section 8. Series 2000 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2000 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 B Bonds Sinking Fund as capitalized interest.

Section 10. Series 2000 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 A Bonds Reserve Account. The Series 2000 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of \$82,736.

Section 11. Series 2000 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 B Bonds Reserve Account. The Series 2000 B Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of \$461,784.

Section 12. The balance of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments 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 pursuant to the Loan Agreement on or about March 2, 2000.

Section 14. The acquisition and construction of the Project and the financing thereof in part 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 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof and shall supercede and replace all prior Supplemental Resolutions of the Issuer related to the Bonds.

Adopted this 2nd day of March, 2000.


Chairman

CERTIFICATION

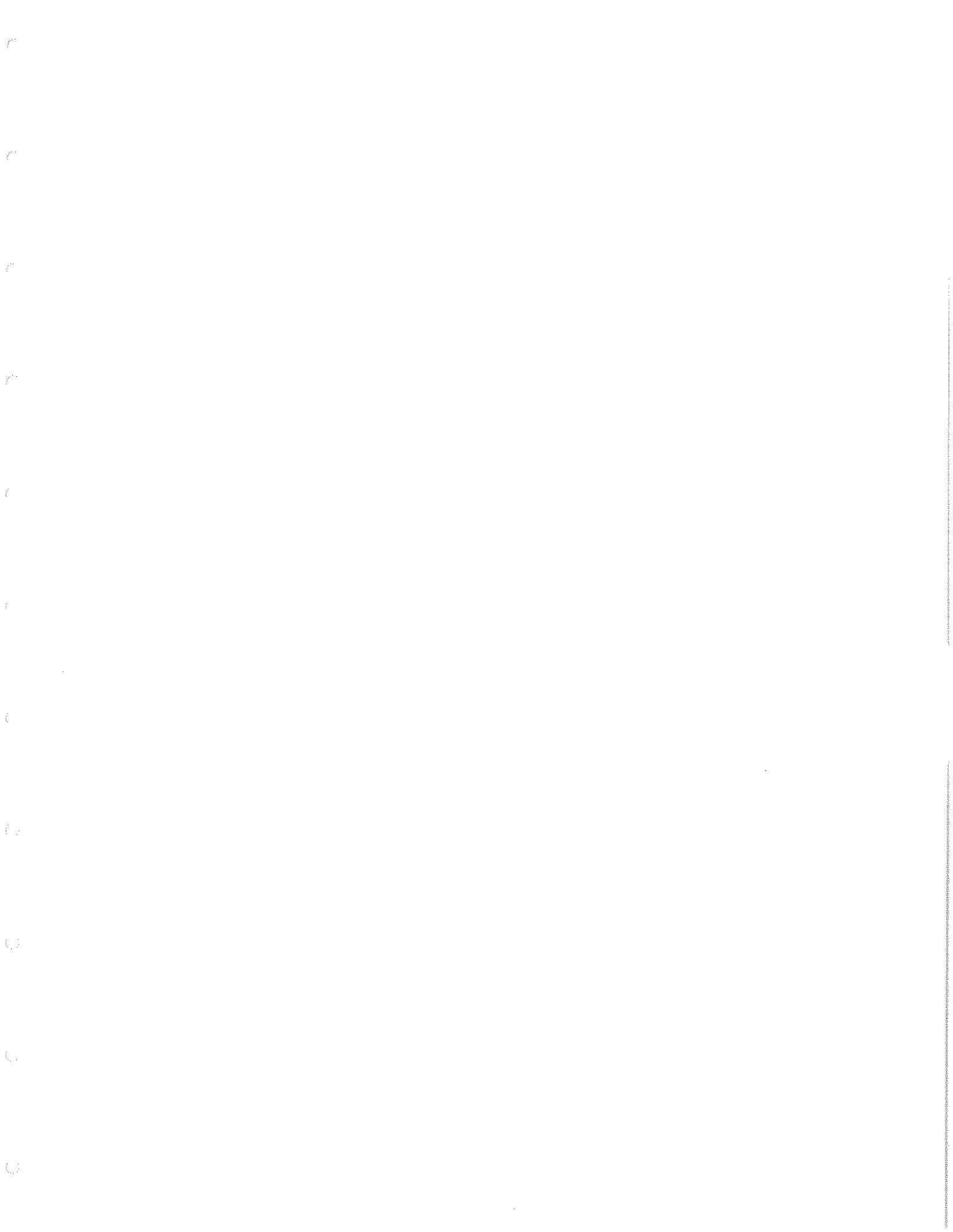
Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on the 2nd day of March, 2000.

Dated: March 2, 2000.

[SEAL]

Lawrence Pennington
Secretary

02/29/00
658590/99001



NEW HAVEN PUBLIC SERVICE DISTRICT

**WATER REVENUE BONDS,
SERIES 2000 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND
SERIES 2000 D
(WEST VIRGINIA DWTRF PROGRAM)**

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	13
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Bond Registrar; Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	15

Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	17
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds	18
	FORM OF SERIES 2000 C BOND	19
	FORM OF SERIES 2000 D BOND	26
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	35
Section 3.12	"Amended Schedule" Filing	35

ARTICLE IV INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms	36
Section 4.02	Terms of and Security for Notes; Trust Indenture	36
Section 4.03	Notes are Special Obligations	36
Section 4.04	Letters of Credit	36

ARTICLE V FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	37
Section 5.02	Establishment of Funds and Accounts with Commission	37
Section 5.03	System Revenues; Flow of Funds	37

ARTICLE VI BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	43
Section 6.02	Disbursements From the Bond Construction Trust Funds	44

ARTICLE VII ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	46
Section 7.02	Bonds not to be Indebtedness of the Issuer	46
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	46
Section 7.04	Initial Schedule of Rates and Charges	46
Section 7.05	Sale of the System	47

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	48
Section 7.07	Parity Bonds	49
Section 7.08	Books; Records and Audit	51
Section 7.09	Rates	53
Section 7.10	Operating Budget and Monthly Financial Report	53
Section 7.11	Engineering Services and Operating Personnel	54
Section 7.12	No Competing Franchise	55
Section 7.13	Enforcement of Collections	55
Section 7.14	No Free Services	55
Section 7.15	Insurance and Construction Bonds	56
Section 7.16	Connections	57
Section 7.17	Completion, Operation and Maintenance of Project; Permits and Orders	57
Section 7.18	Tax Covenants	58
Section 7.19	Statutory Mortgage Lien	58
Section 7.20	Compliance with Loan Agreement and Law	58
Section 7.21	Securities Laws Compliance	59
Section 7.22	Contracts; Public Releases	59

**ARTICLE VIII
INVESTMENT OF FUNDS; USE OF PROCEEDS**

Section 8.01	Investments	60
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	60

**ARTICLE IX
DEFAULT AND REMEDIES**

Section 9.01	Events of Default	62
Section 9.02	Remedies	62
Section 9.03	Appointment of Receiver	63

**ARTICLE X
PAYMENT OF BONDS**

Section 10.01	Payment of Bonds	65
---------------	------------------	----

**ARTICLE XI
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation	66
Section 11.02	Bond Legislation Constitutes Contract	66

Section 11.03	Severability of Invalid Provisions	66
Section 11.04	Headings, Etc.	66
Section 11.05	Notices	66
Section 11.06	Conflicting Provisions Repealed	67
Section 11.07	Covenant of Due Procedure, Etc.	67
Section 11.08	Public Notice of Proposed Financing	68
Section 11.09	Effective Date	68
	SIGNATURES	68
	CERTIFICATION	69
	EXHIBIT A	70

NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,605,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$767,354 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 D (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, RATIFYING AND CONFIRMING LOAN AGREEMENTS 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 RESOLVED BY THE PUBLIC SERVICE BOARD OF NEW HAVEN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 22C, Article 1, of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. New Haven Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, consisting of various water treatment, transmission, distribution and storage facilities in Fayette County, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$2,372,354 in two series being the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) in the aggregate principal amount of not more than \$1,605,000 (the "Series 2000 C Bonds"), and the Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) in the aggregate principal amount of not more than \$767,354 (the "Series 2000 D Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee (as hereinafter defined), 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, the acquisition or construction of the Project and the placing of 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, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 40 years.

E. It is in the best interests of the Issuer that its Series 2000 C Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, and its Series 2000 D Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

F. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2000 C Bonds and the Series 2000 D Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of \$1,241,000 (the "Series 2000 A Bonds") and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of \$9,004,675 (the "Series 2000 B Bonds") (collectively, the "Prior Bonds"). Prior to the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated November 27, 1996, as amended (the "Agreement"), by and between the Issuer and West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, and to make payments into all funds and accounts and other payments provided for herein.

H. The Company will obtain, and pay the fees associated with, letters of credit, surety bonds or other credit facilities to fund the Reserve Accounts (as hereinafter defined) for the benefit of the Commission, to be drawn upon in the event that at any time payments under the Agreement are inadequate to provide funds for the Issuer to make all payments required hereunder. In the event the Company will not obtain such letters of credit, surety bonds or other credit facilities, the Issuer shall obtain such letters of credit, surety bonds or other credit facility or fund the Reserve Accounts in the amounts required herein and in the Loan Agreement.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and

operation of the Project and the System and issuance of the Series 2000 C Bonds and the Series 2000 D Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 C Bonds and the Series 2000 D Bonds by those who shall be the 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 equal benefit, protection and security of the Registered Owners of any and all of such Series 2000 C Bonds and the Series 2000 D Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2000 C Bonds and the Series 2000 D Bonds.

"Agreement" means initially, the Agreement, dated November 27, 1996, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 C Bonds and the Series 2000 D Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

"Bondholder," "Holder of the Bonds," "Holder," "Registered 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 Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond 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 2000 C Bonds and the Series 2000 D Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by 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 Series 2000 C Bonds and the Series 2000 D Bonds for all or a portion of the proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, from the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"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.

"Company" means the West Virginia-American Water Company, a West Virginia corporation.

"Consulting Engineers" means Stafford Consultants, 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 or

portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

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

"FDIC" means the Federal Deposit Insurance Corporation and 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.

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

"Government 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.

"Grants" means all moneys received by the Issuer on account of any Grant for the Project, including but not limited to, the Army Corps of Engineers Grant.

"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, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. The initial Gross Revenues anticipated to be received by the Issuer will be limited to the amounts payable by the Company to the Issuer under the Agreement.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"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 the System in the normal operation of its business and affairs.

"Issuer" means New Haven Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means, collectively, the letter of credit or letters of credit, surety bond or other credit facility obtained by the Company or the Issuer to fund the Reserve Accounts for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, providing for the purchase of the Series 2000 C Bonds from the Issuer by the Authority and by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2000 D Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2000 C Bonds and the Series 2000 D Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System 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, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, 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 of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"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 designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 2000 A Bonds and the Series 2000 B Bonds.

"Prior Resolution" means the resolution of the Issuer adopted on February 22, 2000, as supplemented by the supplemental resolution of the Issuer adopted March 2, 2000, authorizing the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import

Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2000 C Bonds, the Series 2000 D Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2000 C Bonds and the Series 2000 D Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Resolution and continued hereby.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2000 C Bonds" means the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) of the Issuer, authorized by this Resolution.

"Series 2000 C Bonds Construction Trust Fund" means the Series 2000 C Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 C Bonds Reserve Account" means the Series 2000 C Bonds Reserve Account established in the Series 2000 C Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 C Bonds in the then current or any succeeding year.

"Series 2000 C Bonds Sinking Fund" means the Series 2000 C Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 D Bonds" means the Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) of the Issuer, authorized by this Resolution.

"Series 2000 D Bonds Construction Trust Fund" means the Series 2000 D Bonds Construction Fund established by Section 5.01 hereof.

"Series 2000 D Bonds Reserve Account" means the Series 2000 D Bonds Reserve Account established in the Series 2000 D Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 D Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 D Bonds in the then current or any succeeding year.

"Series 2000 D Bonds Sinking Fund" means the Series 2000 D Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 C Bonds, the Series 2000 D Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2000 C Bonds and the Series 2000 D Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 C Bonds and the Series 2000 D Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2000 C Bonds and the Series 2000 D Bonds or any other obligations of the Issuer, including, without limitation, any Sinking Fund or Reserve Account which may hereafter be established.

"System" means the complete waterworks system of the Issuer, as extended and improved by the Project, and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system 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. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$4,249,580, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 C Bonds and the Series 2000 D 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 financing plan submitted to the Authority and the BPH.

The cost of the Project is estimated to be \$4,249,580, of which approximately \$1,605,000 will be obtained from proceeds of the Series 2000 C Bonds, approximately \$767,354 will be obtained from proceeds of the Series 2000 D Bonds and approximately \$1,877,226 will be obtained from a grant by the Army Corps of Engineers.

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 capitalizing interest on the Series 2000 C Bonds and the Series 2000 D Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 C Bonds and the Series 2000 D Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued Series 2000 C Bonds and the Series 2000 D Bonds of the Issuer. The Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority)," in the principal amount of not more than \$1,605,000, and "Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program)," in the principal amount of not more than \$767,354, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds remaining after capitalizing interest on the Series 2000 C Bonds and the Series 2000 D Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 C Bonds and the Series 2000 D Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable 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 a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 C Bonds and the Series 2000 D 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 or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, 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 the Supplemental Resolution, the Series 2000 C Bonds and the Series 2000 D Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances (with respect to the Series 2000 D Bonds only) and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 C Bonds and the Series 2000 D Bonds. The Series 2000 C Bonds and the Series 2000 D Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series 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. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2000 C Bonds and the Series 2000 D Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 C Bonds and the Series 2000 D Bonds shall cease to be such officer of the Issuer before the Series 2000 C Bonds and the Series 2000 D Bonds so signed and sealed have been actually sold and 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 such 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 in 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 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2000 C Bonds and the Series 2000 D Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2000 C Bond nor Series 2000 D Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof 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 Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 C Bond and the Series 2000 D Bond shall be deemed to have been executed by the Bond Registrar if manually 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 Series 2000 C Bonds and the Series 2000 D Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 C Bonds and the Series 2000 D Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 C Bonds and the Series 2000 D Bonds shall be

conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 C Bonds and the Series 2000 D Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2000 C Bonds and the Series 2000 D Bonds.

The registered Series 2000 C Bonds and the Series 2000 D Bonds shall be transferable 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 Series 2000 C Bonds and the Series 2000 D Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled 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 obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 C Bond or Series 2000 D 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 as 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 satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the 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 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 C Bonds and the Series 2000 D 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. No holder or holders of the Series 2000 C Bonds and the Series 2000 D Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 C Bonds and the Series 2000 D Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 C Bonds and the Series 2000 D Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a 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, if any, on and other payments for the Prior Bonds, the Series 2000 C Bonds and the Series 2000 D Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 C Bonds and the Series 2000 D Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 C Bonds and the Series 2000 D Bonds to the original purchasers upon receipt of the documents set forth below:

- (i) If other than the Authority, a list of the names in which the Series 2000 C Bonds and the Series 2000 D Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 C Bonds and the Series 2000 D Bonds to the original purchasers;
- (iii) An executed and certified copy of the Bond Legislation;
- (iv) An executed copy of the Loan Agreement;
- (v) A copy of the Agreement;
- (vi) A copy of the Letter of Credit; and
- (vii) The unqualified approving opinion of bond counsel on the Series 2000 C Bonds and the Series 2000 D Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 C Bonds and the Series 2000 D Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2000 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in annual installments on _____ 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The Administrative Fee (as defined in the hereafter described Bond Legislation) on this Bond shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, as set forth on Exhibit A attached hereto.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, as set forth on Exhibit A attached hereto. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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 upon the terms and

conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,004,675 (THE "SERIES 2000 B BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$767,354 (THE "SERIES 2000 D BONDS").

THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 D Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 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 or the interest hereon except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 D Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 C Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the 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 and interest on this Bond.

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

IN WITNESS WHEREOF, NEW HAVEN 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 _____, 2000.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION
as Registrar

Authorized Officer

EXHIBIT A
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 2000 D BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 D
(WEST VIRGINIA DWTRF PROGRAM)

No. DR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), 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 _____ 1, 20____, 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 _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

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 _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this

Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, 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 _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (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 ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,004,675 (THE "SERIES 2000 B BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,605,000 (THE "SERIES 2000 C BONDS").

THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 C Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 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 said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, 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 100% of the maximum amount payable in any year for 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, including the Series 2000 C Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 D Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. 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 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the 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, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NEW HAVEN 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 _____,
2000.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 D Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, 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 \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 C Bonds and the Series 2000 D Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, 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, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the BPH a schedule, the forms of which will be provided by the BPH and the Authority, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$2,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a Supplemental Resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Grants, the Surplus Revenues and the letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 hereby 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 and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Series 2000 C Bonds Construction Trust Fund; and
- (3) Series 2000 D Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolution) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2000 A Bonds Sinking Fund (established by the Prior Resolution);
- (2) Series 2000 A Bonds Reserve Account (established by the Prior Resolution);
- (3) Series 2000 B Bonds Sinking Fund (established by the Prior Resolution);
- (4) Series 2000 B Reserve Account (established by the Prior Resolution);
- (5) Series 2000 C Bonds Sinking Fund;
- (6) Series 2000 C Bonds Reserve Account (to be funded with the Letter of Credit);
- (7) Series 2000 D Bonds Sinking Fund; and
- (8) Series 2000 D Bonds Reserve Account (to be funded with the Letter of Credit).

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 Bond Legislation 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses of the System not otherwise paid by the Company pursuant to the Agreement.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 7 months prior to the first date of payment of interest on the Series 2000 C Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2000 C Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 C Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 C Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest 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 Series 2000 A Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 2000 A Bonds; (ii) for deposit in the Series 2000 B Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 2000 B Bonds; (iii) commencing 13 months prior to the first date of payment of principal of the Series 2000 C Bonds, for deposit in the Series 2000 C Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 C Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 C Bonds Sinking Fund and the next annual principal payment date

is less than 13 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (iv) commencing 3 months prior to the first date of payment of principal of the Series 2000 D Bonds, for deposit in the Series 2000 D Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 D 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 2000 D 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, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority and the BPH.

(5) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2000 C Bonds and the Series 2000 D Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority and the BPH.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 2000 C Bonds and the Series 2000 D Bonds or for any lawful purpose of the System.

Moneys in the Series 2000 C Bonds Sinking Fund and the Series 2000 D Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, as the same shall become due. Moneys in the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account shall be used only for the purpose of paying principal of and interest,

if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 C Bonds Sinking Fund and the Series 2000 D Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 C Bonds Sinking Fund and the Series 2000 D Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2000 C Bonds and the Series 2000 D Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 C Bonds Sinking Fund and the Series 2000 D Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 C Bonds and the Series 2000 D Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 C Bonds and the Series 2000 D Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 C Bonds Sinking Fund, the Series 2000 C Bonds Reserve Account, the Series 2000 D Bonds Sinking Fund and the Series 2000 D 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 at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 C Bonds Sinking Fund, the Series 2000 C Bonds Reserve Account, the Series 2000 D Bonds Sinking Fund and the Series 2000 D Bonds

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

The Series 2000 C Bonds Sinking Fund, the Series 2000 C Bonds Reserve Account, the Series 2000 D Bonds Sinking Fund and the Series 2000 D Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, under the conditions and restrictions set forth herein.

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 2000 C Bonds and the Series 2000 D 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 respective Loan Agreements for the Series 2000 C Bonds and the Series 2000 D Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreements and submit a copy of said form, together 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 their respective charges and 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 sum insured by the maximum amounts insured by FDIC in all funds and accounts 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, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 C Bonds and the Series 2000 D Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 C Bonds, there shall first be deposited with the Commission in the Series 2000 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 C Bonds for the period commencing on the date of issuance of the Series 2000 C Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2000 D Bonds, there shall first be deposited with the Commission in the Series 2000 D Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 D Bonds for the period commencing on the date of issuance of the Series 2000 D Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. The remaining moneys derived from the sale of the Series 2000 C Bonds shall be deposited with the Depository Bank in the Series 2000 C Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 C Bonds.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 D Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 D Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 D Bonds.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the respective Bond Construction Trust Funds and shall comply with all requirements with respect to the disposition of such funds set forth in the Bond Legislation.

F. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series

2000 C Bonds shall be applied as directed by the Authority and any remaining proceeds of the Series 2000 D Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 C Bonds Construction Trust Fund shall be made only after submission to the Depository Bank, of 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.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2000 C Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2000 C Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from such funds. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

The Issuer shall expend all proceeds of the Series 2000 C Bonds within 3 years of the date of issuance of the Authority's Bonds, the proceeds of which were used to make the loan of the Issuer.

B. 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 2000 D Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 D 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 as

Exhibit B, in compliance with the Issuer's 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 respective Bonds Construction Trust
Funds shall be invested and reinvested in Qualified Investments at the written direction of the
Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation 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 Series 2000 C Bonds and the Series 2000 D Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 C Bonds and the Series 2000 D 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 the Series 2000 C Bonds and the Series 2000 D Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 C Bonds and the Series 2000 D 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 Bond Legislation. No Holder or Holders of any Series 2000 C Bonds and the Series 2000 D Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 C Bonds and the Series 2000 D Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 C Bonds and the Series 2000 D Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

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 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 Final Order of the Public Service Commission of West Virginia entered September 12, 1997, in Case No. 96-1477-W-PWD-PC-CN.

So long as the Series 2000 C Bonds and the Series 2000 D 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, fees and charges initially established for the System in connection with the Series 2000 C Bonds and the Series 2000 D 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, fees 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 or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2000 C Bonds and the Series 2000 D Bonds are outstanding and except as otherwise required by law or 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 fully pay 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, with respect to the Series 2000 C Bonds and the Series 2000 D Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the BPH, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds. Any balance remaining after the payment of the Series 2000 C Bonds and the Series 2000 D Bonds and interest, if any, thereon 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 Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then 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 a professional 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, with the consent of the BPH and the Authority, be remitted to the Commission for deposit in the Sinking Funds. Payment of such proceeds into the Sinking Funds, the Revenue Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

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. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any 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 Series 2000 C Bonds and the Series 2000 D Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2000 C Bonds and the Series 2000 D 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 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 lien of the Series 2000 C Bonds and the Series 2000 D Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2000 C Bonds and the Series 2000 D Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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. 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. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the BPH under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2000 C Bonds and the Series 2000 D Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and 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 payments from the Company under the Agreement shall not be less than 100% 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.

In the event the Agreement is no longer in place, 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 3 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 3 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently 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 lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2000 C Bonds and the Series 2000 D Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2000 C Bonds and the Series 2000 D Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, 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 Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the BPH, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. 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 installation 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 inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction and commencement of operation 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 Bond Legislation 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 and as prescribed by the Public Service Commission of West Virginia. 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 institute 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, the Authority, or any other original purchaser of the Series 2000 C Bonds and the Series 2000 D Bonds, and shall mail in each

year to any Holder or Holders of the Series 2000 C Bonds and the Series 2000 D 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 Bond Legislation, 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 thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 C Bonds and the Series 2000 D Bonds, and shall submit said report to the BPH and the Authority, or any other original purchaser of the Series 2000 C Bonds and the Series 2000 D 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 Bond Legislation and that the revenues of the System are adequate to meet the Issuer's 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 and the BPH, or their agents and representatives, to enter and inspect the Project site 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 Purchaser, the Authority and the BPH 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

Exhibit D of the Loan Agreement for the Series 2000 D Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds, equitable rates or charges for the use of and service rendered by the System shall be established 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 the 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 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 C Bonds and the Series 2000 D Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the Agreement is no longer in place, the Issuer shall annually, at least 45 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 30 days of 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 a professional 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 a professional 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 respective Loan Agreements, and forward a copy of such report to the Authority and the BPH by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form 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 Authority and the BPH, 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 Authority and the 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, 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 employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the Agreement to fulfil compliance with this covenant.

Unless otherwise waived by the BPH, the Issuer shall require the Consulting Engineers to submit Record Drawings, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

Unless otherwise waived by the BPH, the Issuer shall submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

In the event that the Agreement is no longer in effect, and to the extent required by law, 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 7.12. 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 7.13. 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 Public Service Commission of West Virginia and other laws of the State of West Virginia.

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 Public Service Commission of West Virginia, 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 Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, 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 of either system 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. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. 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. 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 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2000 C Bonds and the Series 2000 D 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 Revenue Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Revenue 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) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting 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, Chapter 38, Article 2, Section 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.

B. 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.

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 and the BPH and the Issuer shall verify such insurance prior to commencement of construction. 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.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete or cause to be completed under the Agreement 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 federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2000 C Bonds and the Series 2000 D Bonds are outstanding. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil

compliance with this covenant. Pursuant to the Agreement, the Company has agreed to operate and maintain the System at its own expense.

The Issuer has obtained all permits 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 and the Council necessary for the financing, acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 C Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

B. FURTHER ACTIONS. The Issuer will take any and all actions that may be deemed necessary by the Authority so that the interest on the obligations of the Authority, the proceeds of which were used by the Authority to purchase the Series 2000 C Bonds, will be and remain excludable from gross income for federal income tax purposes.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 C Bonds and the Series 2000 D 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 Series 2000 C Bonds and the Series 2000 D Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH with copies of all documents submitted to the Authority.

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

acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws 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. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 C Bonds and the Series 2000 D 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 Authority, if requested, and the BPH for written approval. The Issuer shall obtain the written approval of the Authority and the BPH before expending any proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority and the BPH before expending any proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the BPH 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 ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation 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 written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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 except as otherwise provided herein with respect to the Rebate Fund. 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 each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 C Bonds and the Series 2000 D Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; 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 2000 C Bonds and the Series 2000 D Bonds as a condition to issuance of the Series 2000 C Bonds and the Series 2000 D 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 Series 2000 C Bonds and the Series 2000 D Bonds as may be necessary in order to maintain the status of the Series 2000 C Bonds and the Series 2000 D Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2000 C Bonds and the Series 2000 D 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 BPH or the Council, as the case may be, from which the proceeds of the Series 2000 C Bonds and the Series 2000 D 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 or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, 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 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 C Bonds and the Series 2000 D Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2000 C Bonds and the Series 2000 D Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 C Bonds and the Series 2000 D Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 C Bonds and the Series 2000 D 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 Registrar or any other Paying Agent or a Holder of a Bond; or

(3) 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.

(4) If default occurs with respect to the Prior Bonds or the Prior Resolution.

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 and the Bond Legislation 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 Series 2000 C Bonds and the Series 2000 D Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2000 C Bonds and the Series 2000 D Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2000 C Bonds and the Series 2000 D Bonds, or

the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 C Bonds and the Series 2000 D Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2000 C Bonds and the Series 2000 D Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, 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 such Bonds, any Registered Owner of the Series 2000 C Bonds and the Series 2000 D Bonds 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 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 Series 2000 C Bonds and the Series 2000 D 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 Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its 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 exercise.

Whenever all that is due upon the Series 2000 C Bonds and the Series 2000 D Bonds and interest thereon and under any covenants of this Bond Legislation 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 Bond Legislation 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 or her or it, 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 Series 2000 C Bonds and the Series 2000 D 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 completion of the Project and 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 Bond Legislation, and the title to and ownership of the 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 2000 C Bonds and the Series 2000 D 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 2000 C Bonds and the Series 2000 D Bonds shall thereupon cease, terminate and become void and be discharged and satisfied; provided that, so long as the Authority is the Registered Owner of the Bonds, the Issuer shall not redeem any of the Bonds without the prior written consent of the Authority, and any such redemption authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds of the Authority, the redemption premium payable on the applicable water development revenue bonds of the Authority redeemable as a consequence of such redemption of the Bonds and the costs and expenses of the Authority in effecting any such redemption, all as prescribed in the Loan Agreement.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 C Bonds and the Series 2000 D Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 C Bonds and the Series 2000 D 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 Series 2000 C Bonds and the Series 2000 D Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 C Bonds and the Series 2000 D 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, if any, out of the funds herein respectively 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 Series 2000 C Bonds and the Series 2000 D Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 C Bonds and the Series 2000 D Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation 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 Series 2000 C Bonds and the Series 2000 D 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. Notices. All notices to be sent to the Issuer, the Company, the Authority, or the BPH shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

New Haven Public Service District
Fayette County Courthouse
Fayetteville, West Virginia 25840
Attention: Chairman

COMPANY:

West Virginia-American Water Company
P. O. Box 1906
Charleston, West Virginia 25327-1906
Attention: President

AUTHORITY:

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

BPH:

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301
Attention: Environmental Engineering

All notices to be sent to the Issuer hereunder shall also be sent to the Company, and all notices to be sent to the BPH hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement. In the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. 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 of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required

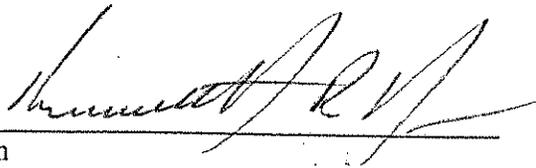
by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in New Haven Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

- (a) The maximum amount of the Bonds to be issued;
- (b) The maximum interest rate and terms of the Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 18th day of September, 2000.



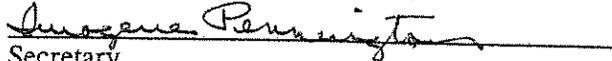
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of NEW HAVEN PUBLIC SERVICE DISTRICT on the 18th day of September, 2000.

Dated: September 21, 2000.

[SEAL]


Secretary

09/15/00
658590/00001

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program).

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNTS; APPROVING THE RESTATED FIRST AMENDMENT TO THE AGREEMENT; 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 New Haven Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 18, 2000 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC

SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,605,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$767,354 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 D (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, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, 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 Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Series 2000 D (West Virginia DWTRF Program) of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 C Bonds" and the "Series 2000 D Bonds"), in the respective aggregate principal amounts not to exceed \$1,605,000 and \$767,354, and has authorized the execution and delivery of the loan agreement relating to the Series 2000 C Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the loan agreement relating to the Series 2000 D Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 22C, Article 1 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 amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer and the Company have agreed to amend the Agreement dated November 27, 1996, by entering into the Restated First Amendment to Agreement dated September 21, 2000 (the "Restated First Agreement");

WHEREAS, the Issuer has determined it desirable to purchase from One Valley Bank, National Association, Charleston, West Virginia, and the Company has agreed to pay for such purchase, a Letter of Credit, No. 00-051, dated September 21, 2000, in the amount of \$104,815 (the "Series 2000 C Letter of Credit"), and a Letter of Credit, No. 00-048, dated September 1, 2000, in the amount of \$51,160 (the "Series 2000 D Letter of Credit" and collectively with the Series 2000 C Letter of Credit, the "Letter of Credit") to fund the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account respectively;

WHEREAS, the Loan Agreement, the Restated First Amendment and the Letter of Credit have 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 Restated First Amendment and the Letter of Credit be approved, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices 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 NEW HAVEN 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 following bonds of the Issuer:

A. Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of \$1,605,000. The Series 2000 C Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2040, and shall bear interest at the rates

per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, payable semiannually on June 1 and December 1 of each year, beginning December 1, 2000. The Series 2000 C Bonds shall be payable in annual installments of principal on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 C Bonds. The Series 2000 C Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 C Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1.75% of the principal amount of the Series 2000 C Bonds set forth in the Schedule Y attached to the Loan Agreement. The Authority will purchase the Series 2000 C Bonds at the price of \$1,510,000.

B. Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered DR-1, in the principal amount of \$767,354. The Series 2000 D Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2031, and shall bear no interest. The principal of the Series 2000 D Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 D Bonds. The Series 2000 D 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, so long as the Authority shall be the registered owner of the Series 2000 D Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2000 D Bonds set forth in the Schedule Y attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer does hereby authorize, 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.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the Restated First Amendment, a copy of which is incorporated herein by reference, and the execution and delivery of the Restated First Amendment by the Chairman, and the

performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved.

Section 5. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the respective Reserve Accounts for the Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Accounts be funded in the amounts required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 6. The Issuer does hereby appoint and designate One Valley Bank, National Association, 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 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 8. The Issuer does hereby appoint and designate Fayette County National Bank, Fayetteville, West Virginia, to serve as Depository Bank under the Resolution.

Section 9. Series 2000 C Bonds proceeds in the amount of \$101,299 shall be deposited in the Series 2000 C Bonds Sinking Fund as capitalized interest.

Section 10. Series 2000 D Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 D Bonds Sinking Fund as capitalized interest.

Section 11. Series 2000 C Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 C Bonds Reserve Account. The Series 2000 C Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of \$104,815.

Section 12. Series 2000 D Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 D Bonds Reserve Account. The Series 2000 D Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of \$51,160.

Section 13. The balance of the proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project,

including, without limitation, costs of issuance of the Series 2000 C Bonds and the Series 2000 D Bonds and related costs.

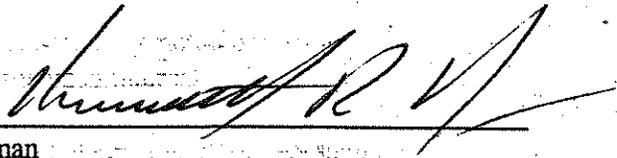
Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 21, 2000.

Section 15. The acquisition and construction of the Project, and the financing thereof in part 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 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of September, 2000.


Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on the 18th day of September, 2000.

Dated: September 21, 2000.

[SEAL]

Amogene Pennington
Secretary

09/15/00
659590/00001



State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

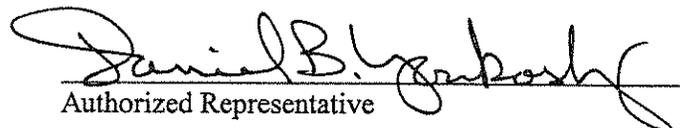
March 29, 2001

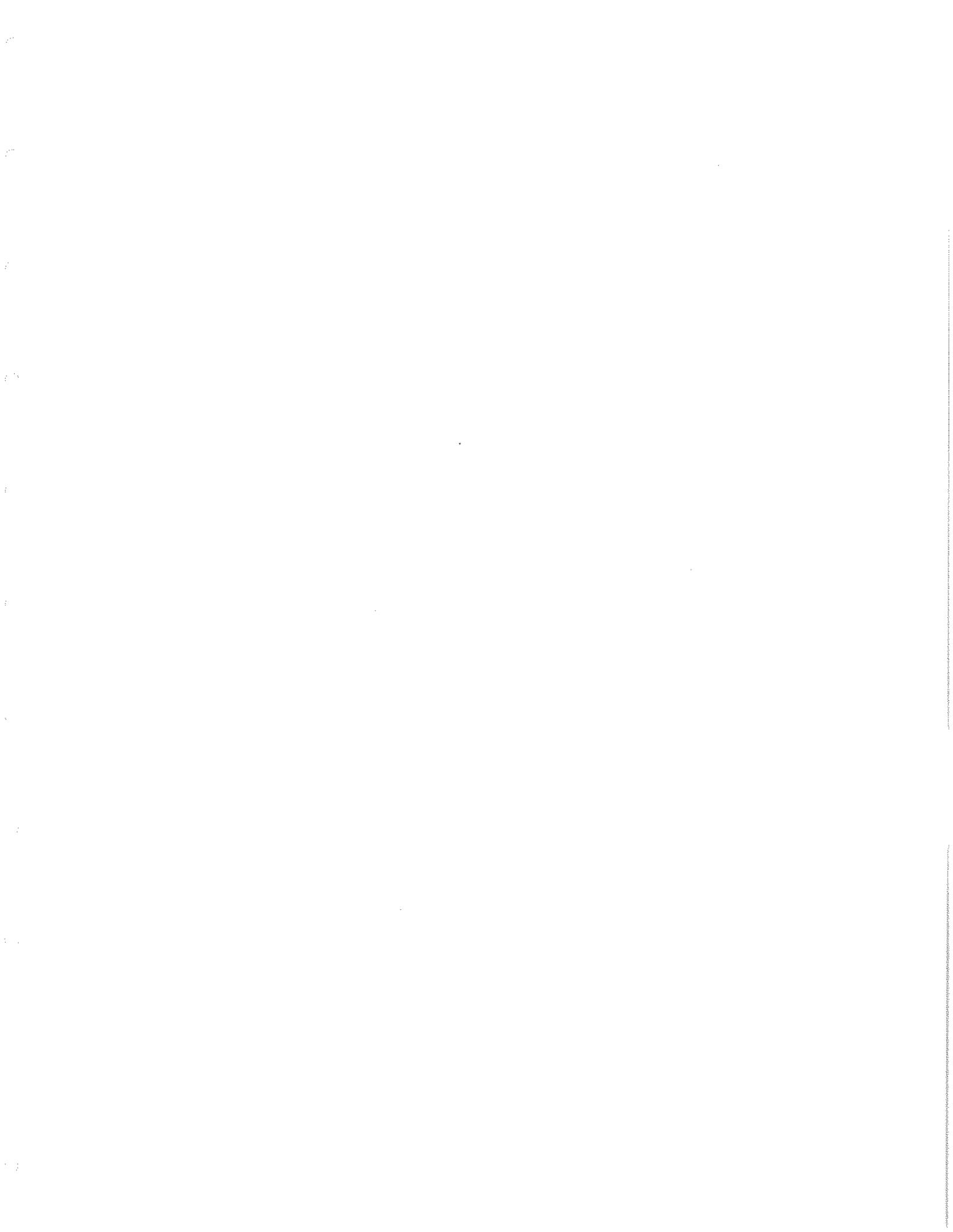
New Haven Public Service District
Water Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund) and
Series 2001 B (West Virginia DWTRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of the Issuer's certified public accountant stating that the parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 2000 A Bonds, Series 2000 B Bonds, Series 2000 C Bonds and Series 2000 D Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), and Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program) (collectively, the "Bonds"), in the respective original aggregate principal amounts of \$995,325 and \$732,646 by New Haven Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) (the "Series 2000 A Bonds"), Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) (the "Series 2000 B Bonds"), Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) (the "Series 2000 C Bonds") and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) (the "Series 2000 D Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative



CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: March 29, 2001
Re: Closing Memo - New Haven Public Service Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) and Series 2001 B (West Virginia DWTRF Program)

1. DISBURSEMENTS TO NEW HAVEN PUBLIC SERVICE DISTRICT

- A. Payor: West Virginia Infrastructure Fund
Source: Series 2001 A Bonds Proceeds
Amount: \$34,572
Form: Wire Transfer
Payee: New Haven Public Service District
Bank: Fayette County National Bank
Routing #: 051502201
Account #: 1401114
Contact: Linda L. Ramsey (304) 574-1212
Account: New Haven PSD Construction Account
- B. Payor: West Virginia DWTRF Program
Source: Series 2001 B Bonds Proceeds
Amount: \$16,750
Form: Wire Transfer
Payee: New Haven Public Service District
Bank: Fayette County National Bank
Routing #: 051502201
Account #: 1401114
Contact: Linda L. Ramsey (304) 574-1212
Account: New Haven PSD Construction Account

2. **DISBURSEMENTS BY NEW HAVEN PUBLIC SERVICE DISTRICT FROM BOND PROCEEDS**

A. Payor: New Haven Public Service District
Source: Series 2001 A Bonds Proceeds
Amount: \$510.48
Form: Check
Payee: Branch Banking and Trust Company
Purpose: Letter of Credit Fee for Series 2001 A Bonds Reserve Account

B. Payor: New Haven Public Service District
Source: Series 2001 B Bonds Proceeds
Amount: \$500.00
Form: Check
Payee: Branch Banking and Trust Company
Purpose: Letter of Credit Fee for Series 2001 B Bonds Reserve Account