NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

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NEW HAVEN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING 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 $680,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 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 A LOAN AGREEMENT 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 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 construction of a water line extension, Phase II-A of the Fayette County Regional Water Project, to provide potable water utility service to approximately ninety-four customers on Stringtown Road, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks systems 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 has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of the Waterworks System Design Revenue Bonds, Series 2007 A, dated October 23, 2007, issued in the original aggregate principal amount of $52,801 (the "Series 2007 A Bonds").

D. The Series 2007 A Bonds were issued pursuant to a Resolution of the Issuer previously enacted for such purpose.

E. It is deemed necessary and desirable for the Issuer to pay the Series 2007 A Bonds.

F. The Issuer intends to pay the Series 2007 A Bonds and 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") on behalf of the West Virginia Infrastructure and Jobs Development Council.

G. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $_680,000 in a single series being the Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), (the "Series 2009 B Bonds"), to pay the Series 2007 A 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, 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.

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

I. It is in the best interests of the Issuer that its Series 2009 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 Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

J. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2009 B Bonds as to liens, pledge, source of and security for payment being the Issuer's: (i) 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); (ii) 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"); (iii) 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"); (iv) 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"); (v) Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 29, 2001, issued in the original aggregate principal amount of $995,325 (the "Series 2001 A Bonds"); (vi) Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated March 29, 2001, issued in the original aggregate principal amount of $732,646 (the "Series 2001 B Bonds"); and (vii) Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), dated January 16, 2009, issued in the original aggregate principal amount of $802,000 (the "Series 2009 A Bonds") (collectively, the "Prior Bonds").

The Series 2009 B Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2009 B Bonds, the Issuer will obtain (i) a 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 certain of the Holders of the Prior Bonds to the issuance of the Series 2009 B Bonds on a parity with the Prior Bonds. After payment of the Series 2007 A Bonds, other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

K. 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 2009 B Bonds, and to make payments into all funds and accounts and other payments provided for herein.

L. 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.

M. 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 2009 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 2009 B Bonds or such final order will not be subject to appeal or rehearing.

N. 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 2009 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 2009 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"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 2009 B 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 2009 B Bonds and the Prior 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.

"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 2009 B Bonds for all or a portion of the proceeds of the Series 2009 B Bonds 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, 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.

"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 grant moneys received by the Issuer for the Project.

"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 the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, providing for the purchase of the Series 2009 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2009 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 Bonds in the Supplemental Resolution.

"Prior Bonds" means the Series 2000 A Bonds, Series 2000 B Bonds, Series 2000 C Bonds, Series 2000 D Bonds, Series 2001 A Bonds, Series 2001 B Bonds, and Series 2009 A Bonds.

"Prior Resolution" means the resolutions authorizing the Prior 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 for Series 2009 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account.

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

"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) dated March 2, 2000, issued in the original aggregate principal amount of $1,241,000.

"Series 2000 B Bonds" means 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.

"Series 2000 C Bonds" means the 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.

"Series 2000 D Bonds" means the Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) dated September 21, 2000, issued in the original aggregate principal amount of $767,354.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) dated March 29, 2001, issued in the original aggregate principal amount of $995,325.

"Series 2001 B Bonds" means the Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program) dated March 29, 2001, issued in the original aggregate principal amount of $732,646.

"Series 2007 A Bonds" means the Water System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) dated October 23, 2007, issued in the original aggregate principal amount of $52,801.

"Series 2009 A Bonds" means the Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund) dated January 16, 2009, issued in the original aggregate principal amount of $802,000.

"Series 2009 B Bonds" means the Water Revenue Bonds, Series 2009 B (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2009 B Bonds Construction Trust Fund" means the Series 2009 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established in the Series 2009 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2009 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 2009 B Bonds in the then current or any succeeding year.

"Series 2009 B Bonds Sinking Fund" means the Series 2009 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 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 2009 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2009 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 2009 B 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 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 AND PAYMENT OF THE SERIES 2007 A BONDS

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 $2,265,000, 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 2009 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 and the Council.

The cost of the Project is estimated to be $2,265,000, of which approximately $680,000 will be obtained from proceeds of the Series 2009 B Bonds, approximately $1,500,000 will be obtained from a Small Cities Block Grant and approximately $85,000 will be from funds contributed by the Company.

Section 2.02. Authorization of Payment of the Series 2007 A Bonds. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and interest on, if any, the Series 2007 A Bonds on the Closing Date. The cost of which will be paid from the proceeds of the Series 2009 B Bonds. Upon payment of the Series 2007 A Bonds, any funds pledged in favor of the holders of the Series 2007 A Bonds imposed by the resolution authorizing the Series 2007 A Bonds are hereby ordered terminated, discharged and released.

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 2009 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2009 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 Series 2009 B Bonds of the Issuer. The Bonds shall be issued in as a single bond, designated as "Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $680,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 B Bonds remaining after capitalizing interest on the Series 2009 B Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2009 B Bonds shall be issued in such principal amount; 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 2009 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 2009 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 2009 B Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2009 B Bonds. The Series 2009 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 2009 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 2009 B Bonds shall cease to be such officer of the Issuer before the Series 2009 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. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2009 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2009 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 2009 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 2009 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 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 2009 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 2009 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 2009 B Bonds.

The registered Series 2009 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 2009 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 2009 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 2009 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 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 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 2009 B Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with 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 Series 2009 B Bonds and the Prior 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 2009 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate,

register and deliver the Series 2009 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 2009 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 2009 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 2009 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 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 2009 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2009 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: This ___ day of _____, 2009, 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, _____ to and including _____ 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 _____, 2009.

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 the Series 2007 A Bonds; and (iii) to pay certain costs of issuance of 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 _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (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"); (5) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $995,325 (THE "SERIES 2001 A BONDS"); (6) WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $732,646 (THE "SERIES 2001 B BONDS"); AND (7) WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $802,000 (THE "SERIES 2009 A BONDS") (COLLECTIVELY, 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 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 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 2009 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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: _____, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within 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 2009 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement 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 and the Council a schedule, the forms of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolution) 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 (established by Prior Resolution); and

(2) Series 2009 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolution) 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 (established by Prior Resolution);

(2) Series 2000 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(3) Series 2000 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 2000 B Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(5) Series 2000 C Bonds Sinking Fund (established by Prior Resolution);

(6) Series 2000 C Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(7) Series 2000 D Bonds Sinking Fund (established by Prior Resolution);

(8) Series 2000 D Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Resolution);

(10) Series 2001 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(11) Series 2001 B Bonds Sinking Fund (established by Prior Resolution);

(12) Series 2001 B Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(13) Series 2009 A Bonds Sinking Fund (established by Prior Resolution);

(14) Series 2009 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(15) Series 2009 B Bonds Sinking Fund; and

(16) Series 2009 B Bonds Reserve Account (to be funded with 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 the interest payments on the Series 2000 C Bonds and required by Prior Resolution;

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the principal payments due on the Prior Bonds as required by Prior Resolution; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2009 B Bonds, for deposit in the

Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 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 2009 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 2009 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 2009 B Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority 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 2009 B Bonds and Prior 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 or 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 2009 B Bonds or for any lawful purpose of the System.

Moneys in the Series 2009 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 B Bonds, as the same shall become due. Moneys in the Series 2009 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 B Bonds as the same shall come due, when other moneys in the Series 2009 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2009 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 Bond Construction Trust Fund, 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 2009 B Bonds, and then to the next ensuing principal payment due thereon.

As and when additional Bonds are issued ranking on a parity with the Series 2009 B Bonds, provision shall be made for additional payments into the 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 2009 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2009 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, if any, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2009 B Bonds and the Prior 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 2009 B Bonds Sinking Fund and the Series 2009 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 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 B Bonds 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 2009 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 complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement 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.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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.

H. 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 2009 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 B Bonds, there shall first be deposited with the Commission in the Series 2009 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 2009 B Bonds for the period commencing on the date of issuance of the Series 2009 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2009 B Bonds, there shall be deposited with the Commission the amount set forth in the Supplemental Resolution to pay the outstanding principal of and interest, if any, on the Series 2007 A Bonds.

C. The remaining moneys derived from the sale of the Series 2009 B Bonds shall be deposited with the Depository Bank in the Series 2009 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 2009 B Bonds.

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

Section 6.02. Disbursements From the Bond Construction Trust Fund. To make disbursements from the Series 2009 B Bonds Construction Trust Fund, 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 from the proceeds of the Series 2009 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2009 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 stating that:

(a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2009 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2009 B Bonds shall be applied as directed by the Council.

The Issuer shall expend all proceeds of the Series 2009 B 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.

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 2009 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 2009 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 2009 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 2009 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 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 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 2009 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2009 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 Company 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 Company and the Issuer have received the Final Order of the Public Service Commission of West Virginia entered on March 18, 2008 in Case No. 07-0998-W-42T approving the rates and charges for the services of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal The Issuer hereby adopts such rates and charges.

So long as the Series 2009 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 2009 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 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority 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 2009 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 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 2009 B Bonds. Any balance remaining after the payment of the Series 2009 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 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 2009 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 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 2009 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 2009 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 2009 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 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 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 2009 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority 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 2009 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 2009 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 2009 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 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 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 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 Authority, or any other original purchaser of the Series 2009 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2009 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), 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 2009 B Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2009 B Bonds. Such audit report submitted to 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 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 and commencement of operation 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 Purchaser, the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2009 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 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 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. 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 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 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 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 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 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.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority 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 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.

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 2009 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 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 2009 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 fulfill 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 and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 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 2009 B Bonds and 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 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 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 7.21. 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; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 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 Authority and the Council for written approval. The Issuer shall obtain the written approval of the Authority and the Council before expending any proceeds of the Series 2009 B 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 Council before expending any proceeds of the Series 2009 B Bonds made available due to bid or construction or project underruns.

C. The Issuer 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 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 2009 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 2009 B Bonds as a condition to issuance of the Series 2009 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 2009 B Bonds as may be necessary in order to maintain the status of the Series 2009 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 2009 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 or the Council, as the case may be, from which the proceeds of the Series 2009 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 Council, 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 2009 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2009 B Bonds or any Prior 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 2009 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 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.

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 2009 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 2009 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2009 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 B Bonds shall be on a parity with the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 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 2009 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2009 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 2009 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 2009 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 2009 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, 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
Rt. 1, Box 123 C
Fayetteville, West Virginia 25480
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

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 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; provided that, in the event of any conflict between the resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

Section 11.07. 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.

[Remainder of Page Intentionally Blank]

Adopted this 10th day of August, 2009.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on the 10th day of August, 2009.

Dated: August 12, 2009.

[SEAL]

Secretary

08.05.09
658590.00003

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 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 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT 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 ACCOUNT; APPROVING THE AMENDMENT TO OPERATION AND MAINTENANCE 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 August 10, 2009 (the "Resolution") entitled:

RESOLUTION AUTHORIZING 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 $680,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS,

SERIES 2009 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 A LOAN AGREEMENT 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 2009 B (West Virginia Infrastructure Fund) of the Issuer (the "Series 2009 B Bonds"), in the aggregate principal amounts not to exceed $680,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2009 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A 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 Issuer and the Company have agreed to amend the Operation and Maintenance Agreement dated November 27, 1996, by entering into the Fifth Amendment to Agreement dated August 12, 2009 (the "Amendment to Agreement");

WHEREAS, the Issuer has determined it desirable to purchase from Branch Banking & Trust Company, Charleston, West Virginia, and the Company has agreed to pay for such purchase, a Letter of Credit, dated August 12, 2009, in the amount of $35,328 (the "Letter of Credit") to fund the Series 2009 B Bonds Reserve Account;

WHEREAS, the Loan Agreement, the Amendment to Agreement 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 Amendment to Agreement 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 Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $680,000. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2049, and shall bear no interest. The principal of the Series 2009 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, to and including June 1, 2049, 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 2009 B Bonds. The Series 2009 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 2009 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, 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 Council and the Authority.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the Amendment to Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Amendment to Agreement by the Chairman, and the

performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the Reserve Account for the Series 2009 B Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Account be funded in the amount 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 The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 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 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Sinking Fund as capitalized interest.

Section 10. Series 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Reserve Account. The Series 2009 B Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $35,328.

Section 11. Series 2009 B Bonds proceeds in the amount of $51,613.85 shall be deposited with the Municipal Bond Commission to pay the outstanding principal balance of and all accrued interest on, if any, the Issuer's Waterworks System Design Revenue Bonds, Series 2007 A dated October 23, 2007 in the original aggregate principal amount of $52,801 (the "Series 2007 A Bonds").

Section 12. The balance of the proceeds of the Series 2009 B Bonds shall be deposited in or credited to the Bonds Construction Trust Fund as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2009 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 August 12, 2009.

Section 14. The payment of the Series 2007 A Bonds and 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 Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 17 The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

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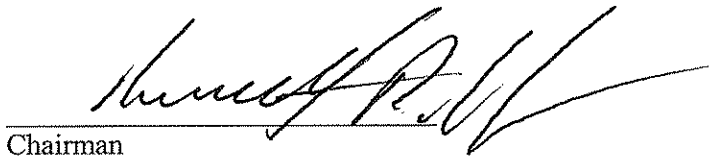
Adopted this 10th day of August, 2009.



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 10th day of August, 2009.

Dated: August 12, 2009.

[SEAL]

Secretary

08.05.09
658590.00003

IC-1
(08/09)

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
(2006W-951)

(Governmental Agency)

W I T N E S S E T H:

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 Department 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, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and 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 acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

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 or such later date as is agreed to in writing by the Council.

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 notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether 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. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

(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 regarding the use of the proceeds of the Local Bonds, 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 making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(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; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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 bonds which are the source of money used to purchase the Local 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 this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The 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 and the Council 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 the Council 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 the Council 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 Department 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 or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council 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
Date: August 12, 2009

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: August 12, 2009

Attest:

_____
Its: Secretary-Treasurer

{C1576149.1}

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 firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

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, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project 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. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
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, 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

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the 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 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

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

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

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

EXHIBIT 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 $680,000
Purchase Price of Local Bonds $680,000

The Local Bonds shall bear no interest. Commencing March 1, 2011, principal on 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 authorize the Commission to electronically debit its monthly payments. The Commission 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:

(i) New Haven Public Service District 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;

(ii) New Haven Public Service District 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;

(iii) New Haven Public Service District 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;

(iv) New Haven Public Service District Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), dated September 21, 2000, issued in the original aggregate principal amount of $767,354;

(v) New Haven Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 29, 2001, issued in the original aggregate principal amount of $995,325;

(vi) New Haven Public Service District Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated March 29, 2001, issued in the original aggregate principal amount of $732,646; and

(vii) New Haven Public Service District Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), dated January 16, 2009, issued in the original aggregate principal amount of $802,000.

Number of New Customers to Be Served: 85
Location: Stringtown and Sunday Road areas of Northern Fayette County

SCHEDULE Y
DEBT SERVICE SCHEDULE

New Haven PSD

0% Interest Rate

40 Years from Closing Date

Dated Date 8/12/09

Delivery Date 8/12/09

Period Ending	Principal	Interest	Debt Service
8/12/09			
3/1/11	4,416		4,416
6/1/11	4,416		4,416
9/1/11	4,416		4,416
12/1/11	4,416		4,416
3/1/12	4,416		4,416
6/1/12	4,416		4,416
9/1/12	4,416		4,416
12/1/12	4,416		4,416
3/1/13	4,416		4,416
6/1/13	4,416		4,416
9/1/13	4,416		4,416
12/1/13	4,416		4,416
3/1/14	4,416		4,416
6/1/14	4,416		4,416
9/1/14	4,416		4,416
12/1/14	4,416		4,416
3/1/15	4,416		4,416
6/1/15	4,416		4,416
9/1/15	4,416		4,416
12/1/15	4,416		4,416
3/1/16	4,416		4,416
6/1/16	4,416		4,416
9/1/16	4,416		4,416
12/1/16	4,416		4,416
3/1/17	4,416		4,416
6/1/17	4,416		4,416
9/1/17	4,416		4,416
12/1/17	4,416		4,416
3/1/18	4,416		4,416
6/1/18	4,416		4,416
9/1/18	4,416		4,416
12/1/18	4,416		4,416
3/1/19	4,416		4,416
6/1/19	4,416		4,416
9/1/19	4,416		4,416
12/1/19	4,416		4,416
3/1/20	4,416		4,416
6/1/20	4,416		4,416
9/1/20	4,416		4,416
12/1/20	4,416		4,416
3/1/21	4,416		4,416
6/1/21	4,416		4,416
9/1/21	4,416		4,416
12/1/21	4,416		4,416

	New Haven PSD			
	0% Interest Rate			
	40 Years from Closing Date			
	Period Ending	Principal	Interest	Debt Service
	3/1/22	4,416		4,416
	6/1/22	4,416		4,416
	9/1/22	4,416		4,416
	12/1/22	4,416		4,416
	3/1/23	4,416		4,416
	6/1/23	4,416		4,416
	9/1/23	4,416		4,416
	12/1/23	4,416		4,416
	3/1/24	4,416		4,416
	6/1/24	4,416		4,416
	9/1/24	4,416		4,416
	12/1/24	4,416		4,416
	3/1/25	4,416		4,416
	6/1/25	4,416		4,416
	9/1/25	4,416		4,416
	12/1/25	4,416		4,416
	3/1/26	4,416		4,416
	6/1/26	4,416		4,416
	9/1/26	4,416		4,416
	12/1/26	4,416		4,416
	3/1/27	4,416		4,416
	6/1/27	4,416		4,416
	9/1/27	4,416		4,416
	12/1/27	4,416		4,416
	3/1/28	4,416		4,416
	6/1/28	4,416		4,416
	9/1/28	4,416		4,416
	12/1/28	4,416		4,416
	3/1/29	4,416		4,416
	6/1/29	4,416		4,416
	9/1/29	4,416		4,416
	12/1/29	4,416		4,416
	3/1/30	4,416		4,416
	6/1/30	4,416		4,416
	9/1/30	4,416		4,416
	12/1/30	4,416		4,416
	3/1/31	4,416		4,416
	6/1/31	4,416		4,416
	9/1/31	4,416		4,416
	12/1/31	4,416		4,416
	3/1/32	4,416		4,416
	6/1/32	4,416		4,416
	9/1/32	4,416		4,416
	12/1/32	4,416		4,416
	3/1/33	4,416		4,416
	6/1/33	4,415		4,415
	9/1/33	4,415		4,415
	12/1/33	4,415		4,415
	3/1/34	4,415		4,415

New Haven PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/34	4,415		4,415
9/1/34	4,415		4,415
12/1/34	4,415		4,415
3/1/35	4,415		4,415
6/1/35	4,415		4,415
9/1/35	4,415		4,415
12/1/35	4,415		4,415
3/1/36	4,415		4,415
6/1/36	4,415		4,415
9/1/36	4,415		4,415
12/1/36	4,415		4,415
3/1/37	4,415		4,415
6/1/37	4,415		4,415
9/1/37	4,415		4,415
12/1/37	4,415		4,415
3/1/38	4,415		4,415
6/1/38	4,415		4,415
9/1/38	4,415		4,415
12/1/38	4,415		4,415
3/1/39	4,415		4,415
6/1/39	4,415		4,415
9/1/39	4,415		4,415
12/1/39	4,415		4,415
3/1/40	4,415		4,415
6/1/40	4,415		4,415
9/1/40	4,415		4,415
12/1/40	4,415		4,415
3/1/41	4,415		4,415
6/1/41	4,415		4,415
9/1/41	4,415		4,415
12/1/41	4,415		4,415
3/1/42	4,415		4,415
6/1/42	4,415		4,415
9/1/42	4,415		4,415
12/1/42	4,415		4,415
3/1/43	4,415		4,415
6/1/43	4,415		4,415
9/1/43	4,415		4,415
12/1/43	4,415		4,415
3/1/44	4,415		4,415
6/1/44	4,415		4,415
9/1/44	4,415		4,415
12/1/44	4,415		4,415
3/1/45	4,415		4,415
6/1/45	4,415		4,415
9/1/45	4,415		4,415
12/1/45	4,415		4,415
3/1/46	4,415		4,415
6/1/46	4,415		4,415

New Haven PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/46	4,415		4,415
12/1/46	4,415		4,415
3/1/47	4,415		4,415
6/1/47	4,415		4,415
9/1/47	4,415		4,415
12/1/47	4,415		4,415
3/1/48	4,415		4,415
6/1/48	4,415		4,415
9/1/48	4,415		4,415
12/1/48	4,415		4,415
3/1/49	4,415		4,415
6/1/49	4,416		4,416
	680,000		680,000

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 6th day of August 2009.

CASE NO. 08-1287-PWD-CN-PC (REOPEN)

NEW HAVEN PUBLIC SERVICE DISTRICT and
WEST VIRGINIA-AMERICAN WATER COMPANY,
Application for a certificate of convenience and
necessity to construct a potable waterline extension
(Phase III-A) to serve the Stringtown Road area of Fayette County

COMMISSION ORDER

The Commission reopens this case and approves the amendment to an agreement between West Virginia-American Water Company ("WVAWC") and the New Haven Public Service District ("District") without approving the specific terms and conditions thereof.

BACKGROUND

On July 31, 2008, the District filed a application for a Certificate of Convenience and Necessity for a proposed water line extension project. On March 31, 2009, the Division of Administrative Law Judges entered a Recommended Decision approving the application. (Final April 20, 2008)

On June 18 2009, the District and WVAWC jointly filed an Petition to Reopen this proceeding for Commission approval of the Fifth Restatement to the First Amendment ("Fifth Restatement") of the Operation and Maintenance Agreement ("Agreement") between the WVAWC and the District.

In the Petition to Reopen, Petitioners indicated that it is necessary to amend the Agreement to ensure that its term coincides with the debt service repayment obligations of the District loan from the West Virginia Infrastructure and Jobs Development Council (Phase III-A Loan) for the Phase III-A Extensions to the Fayette County Regional Water Project, the construction of and financing for which were approved in the Recommended Decision entered on March 31, 2009, in this proceeding (Final April 20, 2009).

Petitioners represented that the Fifth Restatement contains one change from prior restatements--to add a reference to the Phase III-A Loan, which will also have the effect of extending the term of the Agreement to coincide with the term of the Phase III-A Loan.

Petitioners represented that a closing for the financing of the Phase III-A Extension project, including the issuance of bonds representing the Phase III-A Loan, has been scheduled for mid-July, 2009, and cannot be further delayed without jeopardizing existing bids for construction of the project.

On July 13, 2009, the Commission Staff ("Staff") filed its Initial and Final Joint Staff Memorandum recommending that the Commission reopen the case and approve the Fifth Restatement.

DISCUSSION

The Commission reviewed the requests made in the Petition to Reopen and finds them to be reasonable and appropriate. Accordingly, the Commission will reopen the case and approve the Fifth Restatement without approving the specific terms and condition thereof. The Commission notes that the Fifth Restatement of the Agreement is between two utilities regulated by the Commission, therefore WVAWC should be a party to this case.

FINDINGS OF FACT

1. On June 18, 2009, Petitioners jointly filed a Petition to Reopen this proceeding for Commission approval of the form of a Fifth Restatement of the Agreement between the WVAWC and the District.

2. Petitioners indicated that it is necessary to amend the Agreement to ensure that its term coincides with the District's debt service repayment obligations on the District's loan for the Phase III-A Extensions to the Fayette County Regional Water Project, the construction of and financing for which were previously approved in this proceeding.

3. On June 18, 2009, Staff filed a memorandum recommending that the Commission reopen this matter and approve the Fifth Restatement of the Agreement

4. WVAWC was not originally a party to this case but is a party to the Fifth Restatement and is a utility regulated by the Commission.

CONCLUSIONS OF LAW

1. It is reasonable and appropriate to reopen this case and join WVAWC as a necessary party to this case. The style of the case should be modified, as above, to reflect WVAWC as a joint applicant. The case number should also be modified to reflect the petition for consent to approve the Fifth Agreement.

2. It is reasonable and appropriate to approve the Fifth Restatement without approving the specific terms and conditions thereof.

ORDER

IT IS THEREFORE ORDERED that the Petition to Reopen filed on June 18, 2009, by New Haven Public Service District and West Virginia-American Water Company is hereby granted.

IT IS FURTHER ORDERED that the Fifth Restatement of the First Amendment to Operation and Maintenance Agreement between West Virginia-American Water Company and the New Haven Public Service District is hereby approved without approving the specific terms and conditions thereof.

IT IS FURTHER ORDERED that, except as modified herein, the Recommended Decision entered on March 3, 2009 (Final April 20, 2009) shall remain in full force and effect.

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

IT IS FURTHER ORDERED that the Commission Executive Secretary serve a copy of this Order upon all parties of record by **facsimile** and United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire
Sandra Squire
Executive Secretary

MEB;tt
081287cc.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

4/20/2009

Entered: March 31, 2009

CASE NO. 08-1287-PWD-CN

NEW HAVEN PUBLIC SERVICE DISTRICT,
Lansing, Fayette County.
Application for a certificate of convenience and necessity to construct a potable waterline extension (Phase III-A) to serve the Stringtown Road area of Fayette County.

RECOMMENDED DECISION

On July 31, 2008, New Haven Public Service District (District) filed an application for a certificate of convenience and necessity to construct a water line extension, Phase III-A of the Fayette County Regional Water Project, to provide potable water utility service to approximately ninety-four (94) customers on Stringtown Road within the District's service area. The estimated cost of the project is $2,226,000 and will be funded through a Small Cities Block Grant (SCBG) in the amount of $1,500,000, a West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan in the amount of $486,000 and a contribution from West Virginia-American Water Company (WVAWC) in the amount of $240,000. Because the proposed project will result in no increase to the District's current rates, the District requested a waiver of the requirement to file a Rule 42 Exhibit.

By Commission Order dated July 31, 2008, the District was directed to provide notice of the filing of the certificate application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Fayette County, West Virginia, making due return to the Commission of proper certification of publication immediately after publication. The Notice directed that anyone desiring to make objection to the certificate application or intervene in said proceeding must do so, in writing, within thirty (30) days after publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increase, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application based upon the evidence submitted in the application and the Commission's review thereof.

By Order dated August 13, 2008, the Commission referred this matter to the Division of Administrative Law Judges for further disposition, with a decision due date of on or before December 15, 2008, if no protests to the certificate application were filed within the thirty-day

protest period, and on or before February 26, 2009, if protests to the certificate application were filed.

On August 26, 2008, the District filed an affidavit of publication reflecting that the Notice of Filing was published on August 18, 2008, in The Fayette Tribune, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Fayette County, West Virginia.

On August 28, 2008, Staff Attorney Ronald E. Robertson, Jr., filed an Initial Joint Staff Memorandum to which was attached an Initial Internal Memorandum dated August 25, 2008, prepared by Nathan Nelson, Utilities Analyst II, Water and Wastewater Division, and David W. Holley, Technical Analyst Associate, Engineering Division. Commission Staff reported that additional specified information was needed from the District for it to complete its investigation of the certificate application filed herein on July 31, 2008, and file a final substantive recommendation. Commission Staff also recommended that the District's request for a waiver of the requirement to file a Rule 42 Exhibit be approved.

Also, on August 28, 2008, Commission Staff filed its First Set of Interrogatories, Data Request or Requests for Information directed to the District.

On October 23, 2008, the Commission received a copy of a letter from the WVIJDC to the District which set forth the WVIJDC's binding offer to the District of an $802,000 loan and a $34,010 grant.

On October 28, 2008, the District filed its Response to Commission Staff's First Set of Interrogatories, Data Request or Requests for Information.

On October 29, 2008, the District filed a Motion to Toll for 90 Days Statutory Deadlines and Decision Due Dates. As grounds for said Motion, the District stated that additional time was required to finalize the financing for its proposed water line extension project.

Also on October 29, 2008, Mr. Robertson filed a Further Joint Staff Memorandum recommending that the District's Motion to Toll the statutory and Administrative Law Judge decision due dates be granted.

On October 31, 2008, the District filed an Amended Response to Commission Staff's First Set of Interrogatories, Data Request or Requests for Information. The District stated, in pertinent part, that its proposed water line extension project would be funded through an SCBG in the amount of $1,500,000, a WVIJDC loan in the amount of $680,000 and a contribution from WVAWC in the amount of $85,000.

By Commission Order dated November 14, 2008, the statutory due date was tolled and extended until April 27, 2009. The Administrative Law Judge decision due date of December 15, 2008, was extended until March 15, 2009.

By Procedural Order dated January 26, 2009, Commission Staff was directed to file on or before February 2, 2009, its final substantive recommendations regarding the application filed herein.

On February 2, 2009, the Commission received a copy of a letter from the District to the West Virginia Water Development Authority (WDA) regarding funding for the District's proposed water line extension project at issue in this proceeding.

Also on February 2, 2009, the Commission received a copy of a letter from the Governor's Office to the Fayette County Commission regarding commitment of funds for the $1,500,000 SCBG.

Also on February 2, 2009, Mr. Robertson filed a Second Further Joint Staff Memorandum setting forth that Commission Staff was awaiting information from the WVIJDC regarding commitment of funds for the District's $680,000 loan and that, upon receipt of that information, it would file its final recommendation.

On February 5, 2009, the District filed a Motion to Toll for 60 Days Statutory Deadlines and Decision Due Dates. As grounds for said Motion, the District stated that additional time was required to finalize the WVIJDC's commitment to the District of the $680,000 loan associated with the water line extension project at issue in this proceeding.

On February 6, 2009, Mr. Robertson filed a Third Further Joint Staff Memorandum recommending that the District's second Motion to Toll the Statutory and Administrative Law Judge decision due dates be granted.

By Commission Order dated February 6, 2009, the statutory deadline in this proceeding and the Administrative Law Judge decision due dates were tolled and extended for sixty (60) days. The current decision due date is May 14, 2009.

On February 9, 2009, the Commission received a copy of a letter directed to the WDA from the District's project engineer regarding the status of the District's proposed water line extension project at issue in this proceeding.

On March 2, 2009, counsel for the District filed a copy of the preliminary title opinion he had prepared and provided to the District.

On March 6, 2009, the Commission received copies of the binding commitment letter of the WVIJDC to issue a $680,000 loan to the District for the District's line extension project at issue in this proceeding.

On March 12, 2009, Mr. Robertson filed a Final Joint Staff Memorandum to which was attached a Final Staff Internal Memorandum dated March 12, 2009, prepared by Mr. Nelson and Mr. Holley. Mr. Holley reported that the proposed project, once completed, will become part of the Fayette County Regional Water Project System. The source of water for the project will be WVAWC's Fayette/Bachman Plant, which commenced operations in December 2000 and draws water from Hawks Nest Lake. All operation and maintenance of the District's facilities is conducted by WVAWC and will be billed according to WVAWC's current tariff.

The proposed project will be constructed under two (2) contracts. The first contract, Contract 16A, will include the construction of approximately 23,615 linear feet of 8" water main, 5,905 linear feet of 6" water main and 5,325 linear feet of 2" water main, approximately 2,964 linear feet of service line, eighteen (18) fire hydrants and all related valves and appurtenances. The second contract, Contract 16B, will include the construction of one (1) 104,100-gallon water storage tank and all related appurtenances. A summary of the total project costs, which Commission Staff deemed reasonable, is as follows, to-wit:

Construction		$1,843,318
Engineering:		
Basic	$94,900	
Special	11,800	
Construction Inspection	77,400	
		184,100
Land, Rights-of-Way, Appraisals		20,000
Permits/Bonds		16,970
Legal		15,000
Administrative		40,000
Interim Financing		15,000
Project Contingency		130,612
Total		$2,265,000

Commission Staff noted that the cost per customer is approximately $25,450 when based upon the total project cost, which it believed to be high for a water project, but was approximately $7,640 per customer when based upon only the loan amount of $680,000, which was deemed to be more reasonable. The customer density was calculated to be 13.5 per mile, which is low, but acceptable due to the low cost per customer. The cost of the project in terms of cost per feet of main was calculated to be approximately $64 per foot, which was deemed by Commission Staff to be reasonable, as were the engineering fees. Additional operation and maintenance expenses due to the proposed project were not provided by the District nor considered by Commission Staff, since all operation and maintenance will be provided by WVAWC.

Mr. Holley also noted that all required permits associated with the District's proposed water line extension project, including Permit No. 18,055 issued by the State of West Virginia Office of Environmental Health Services on July 16, 2008, had been obtained.

Mr. Holley went on to note that the District's proposed water line extension will provide safe potable water to potentially ninety-four (94) customers, a large percentage of whom currently have wells contaminated with coliform and e-coli bacteria. Additionally, the construction of the water storage tank at the existing Midland Trail tank site will provide additional capacity to meet current Bureau of Public Health regulations as well as allow for future expansion of the District's water system.

Commission Financial Staff reported that funding for the proposed project now consists of a $1,500,000 SCBG, a WVIJDC loan in the amount of $680,000 at 0% interest, to be paid over a 40-year period, and a contribution from WVAWC in the amount of $85,000. The WVIJDC loan will require an annual debt payment of $17,000, and a debt reserve of $1,700

annually. According to Commission Financial Staff, essentially the debt service is to be paid by WVAWC through an annual "use fee" paid by WVAWC in an amount sufficient to repay the required annual debt service. Commission Financial Staff also noted that all funding commitment letters have been submitted as part of the record in this proceeding.

Commission Financial Staff went on to note that the District's current rates and charges mirror those of WVAWC and that all revenues and expenses of the District are absorbed by WVAWC in connection with its operation of the District. Since there will be no rate increase for either the District's customers or WVAWC as a result of the project at issue in this proceeding, Commission Staff recommended that the District's request for a waiver of the requirement to file a Rule 42 Exhibit be granted. For the same reason, Commission Financial Staff noted that it had not prepared a cash flow statement detailing the proposed project's impact upon the District's finances. However, Commission Staff did perform an economic analysis of the investment by WVAWC in the proposed project using the factors approved in Case No. 07-0998-W-42T. This economic analysis, a copy of which was attached to Staff's Final Staff Internal Memorandum as Attachment 1, demonstrated that WVAWC's investment in the proposed project is reasonable and that WVAWC's projected rate of return on its investment is comparable to its currently allowed rate of return.

Based upon its review of the District's certificate application, supporting data and documents submitted therewith, Commission Staff recommended that:

1. The District be granted a certificate of convenience and necessity to construct the above-referenced project for an amount not to exceed $2,265,000;

2. The project funding, consisting of an SCBG in the amount of $1,500,000, a WVIJDC loan in the amount of $680,000, at 0% interest for forty (40) years, and a WVAWC contribution in the amount of $85,000, be approved;

3. If there is any change in the plans and/or scope of the project or if a change in financing affects rates, the District obtain prior Commission approval of such changes;

4. If there are changes in the project financing that do not affect rates, the District file an affidavit duly executed by its accountant verifying that the District's rates and charges are not affected;

5. The District file a certified bid tabulation with the Commission for all construction contracts associated with the proposed project as soon as they become available;

6. The District file a copy of the certificate of substantial completion for each contract associated with the proposed project as soon as they become available; and

7. The District's request for a waiver of the requirement to file a Rule 42 Exhibit be granted.

DISCUSSION

The District's proposed water line extension project will serve approximately ninety-four (94) potential new customers on Stringtown Road within the District's service area and will provide those customers, a large percentage of whom presently rely on marginally suitable unsafe well water, with a safe, reliable water source. As noted by Commission Staff, the quality of the well water in the project area is highly suspect due to e-coli and coliform bacteria contamination. The need to eliminate such well water as a source of drinking water is readily apparent. Accordingly, the certificate application filed herein will be granted. The financing for the proposed project, consisting of an SCBG in the amount of $1,500,000, a WVIJDC loan in the amount of $680,000, at 0% interest for forty (40) years, and a WVAWC contribution in the amount of $85,000, will also be approved, since they result in no rate increase for the District's customers and, therefore, do not impose an undue financial burden on the District's current or potential new customers. Also, since the proposed project will have no adverse rate impact upon the District's customers and will result in no adjustments to the District's tariff, the request for a waiver of the requirement to file a Rule 42 Exhibit will be granted.

FINDINGS OF FACT

1. On July 31, 2008, New Haven Public Service District filed an application for a certificate of convenience and necessity to construct a water line extension, Phase III-A of the Fayette County Regional Water Project, to provide potable water utility service to approximately ninety-four (94) customers on Stringtown Road within the District's service area. The District also requested a waiver of the requirement to file a Rule 42 Exhibit. (See, application filed July 31, 2008).

2. On August 26, 2008, the District filed an affidavit of publication reflecting that, in compliance with the Commission's July 13, 2008 Order, the Notice of Filing of the District's certificate application was published on August 18, 2008, in The Fayette Tribune, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Fayette County, West Virginia. (See, affidavits of publication filed August 26, 2008).

3. No protests or objections were received to the District's certificate application within the thirty-day response period, which expired on September 18, 2008, or as of the date of this Order. (See, case file generally).

4. The total estimated cost of the proposed project is $2,265,000. The proposed project will be financed by a Small Cities Block Grant in the amount of $1,500,000, a West Virginia Infrastructure and Jobs Development Council loan in the amount of $680,000, at 0% interest repayable over a period of forty (40) years, and an $85,000 contribution from West Virginia American Water Company, and there will be no increase in the District's current rates and charges as a result of the proposed

project. (See, application filed July 31, 2008; Final Joint Staff Memorandum and attachment filed March 12, 2009).

5. The project area is not currently served by a public water supply. A large percentage of the wells serving residents in the project area are contaminated by coliform or e-coli bacteria. The District also needs extra storage capacity to meet current Bureau of Public Health regulations, as well as provide for future system expansion. (See, application filed July 31, 2008; Final Joint Staff Memorandum and attachment filed March 12, 2009).

6. Commission Staff recommended that the District's certificate application be granted; that the proposed project funding be approved; and that the District's request for a waiver of the requirement to file a Rule 42 Exhibit be granted. (See, Final Joint Staff Memorandum and attachment filed March 12, 2009).

CONCLUSIONS OF LAW

1. The public convenience and necessity requires the issuance of a certificate of convenience and necessity to the New Haven Public Service District to provide a safe, reliable water source for approximately ninety-four (94) potential new customers in the Stringtown Road/Clifty areas in Fayette County, West Virginia.

2. It is reasonable to approve the financing of the project, which consists of a Small Cities Block Grant in the amount of $1,500,000, a West Virginia Infrastructure and Jobs Development Council loan in the amount of $680,000, at 0% interest repayable over a period of forty (40) years, and a contribution from West Virginia American Water Company in the amount of $85,000.

3. The proposed project is economically feasible since adequate funding has been secured and the proposed project costs will not require an increase in the District's current rates.

4. Since no protests were filed after proper notice of the application was given, a certificate of convenience and necessity should be granted to the New Haven Public Service District for the proposed project, as recommended by Commission Staff, without need for a formal hearing.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed herein on July 31, 2008, by the New Haven Public Service District, to construct a water line extension, Phase III-A of the Fayette County Regional Water Project, to provide water service to approximately ninety-four (94) new customers in the Stringtown Road/Clifty areas of Fayette County, West Virginia, be, and hereby is, granted.

IT IS FURTHER ORDERED that the financing of the project, which consists of a Small Cities Block Grant in the amount of $1,500,000, a West Virginia Infrastructure and Jobs Development Council loan in the amount of $680,000, at a 0% interest rate, repayable over a forty (40) year period, and an $85,000 contribution from West Virginia American Water Company, be, and hereby is, approved.

IT IS FURTHER ORDERED that the District's request for a waiver of the requirement to file a Rule 42 Exhibit be, and hereby is, granted.

IT IS FURTHER ORDERED that the New Haven Public Service District submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the New Haven Public Service District file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that, if there are any changes in the plans and/or scope of the project or if a change in financing affects rates, the New Haven Public Service District shall obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are changes in the project financing that do no affect rates, the New Haven Public Service District shall file herein an affidavit duly executed by its accountant verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the New Haven Public Service District comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

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

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

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

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

Commission sooner than five (5) days after approval of such waiver by the Commission.

John P. Carter
Administrative Law Judge

JPC:cdk
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P.S.C. W. Va. No. 8
Canceling P.S.C. W. Va. No. 7

NEW HAVEN PUBLIC SERVICE DISTRICT

a public corporation

of

HICO, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Hopewell, Victor, Lansing, Edmond, Lookout, Wynona, Ames Heights, Lavista, Shade Creek, Mountain Cove and vicinity, Fayette County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued April 17, 2008

Effective March 28, 2008

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 07-0998-W-42T

Issued by NEW HAVEN PUBLIC SERVICE DISTRICT, a public utility

By_____

_____
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY OF SERVICE

Available for residential, commercial and industrial service.

RATE

First	1,500	gallons used per month	at the minimum charge
Next	28,500	gallons used per month	$ 8.8077 per 1,000 gallons
Next	870,000	gallons used per month	$ 5.8000 per 1,000 gallons
Next	8,100,000	gallons used per month	$ 4.2200 per 1,000 gallons
All Over	9,000,000	gallons used per month	$ 2.7450 per 1,000 gallons

(C) MINIMUM CHARGE

No bill will be rendered for less than the following amount, according to the size of the 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	$ 19.86 per month
1 inch meter	48.66 per month
1 - 1/2 inch meter	96.66 per month
2 inch meter	154.30 per month
3 inch meter	288.75 per month
4 inch meter	480.80 per month
6 inch meter	960.97 per month
8 inch meter	1,537.19 per month

INCREMENTAL COST OF WATER

$.30 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY

The company's tariffs are net. On all current usage bills not paid within twenty-one (21) days of the date of bill, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the company, not to exceed $15.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

RECONNECTION CHARGE

When it has been necessary to discontinue water service to any premises on account of non-payment of any charges for water service, a charge of twenty dollars ($20.00) will be made to cover the cost of turning on the water service. This charge will not apply where the company has a disconnection agreement with a sewer utility and is entitled to collect a reconnection charge from the sewer utility for such reconnection for non-payment of sewer charges. This charge may be added to a past due balance and included in the outstanding balance under a deferred payment agreement.

SERVICE CONNECTION (TAP) FEE

Applicable to the entire Service Territory of West Virginia-American Water Company.

AVAILABILITY OF SERVICE

Available for residential, commercial, industrial, other public authority and sales for resale customers.

CONNECTION (TAP) FEES

All Meter Sizes Connected	$300.00

Issued: April 17, 2008

Effective: March 28, 2008

Issued under authority of an order of the Public Service Commission of West Virginia in Case No. 04-0373-W-42T (West Virginia-American Water Company).

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 18th day of March 2008.

CASE NO. 07-0998-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY
Tariff Rule 42 application to increase water rates and charges.

COMMISSION ORDER

By this Order, the Commission adopts a Joint Stipulation and Agreement for Settlement in resolution of this rate proceeding. The approved rates and charges are approved for use by West Virginia-American Water Company for service rendered on and after March 28, 2008.

Background

West Virginia-American Water Company (WVAWC or Company) filed this general rate case on June 1, 2007, and by Commission Order issued June 27, 2007, the Commission suspended the requested rates and charges until 12:01 a.m., Friday, March 28, 2008, unless otherwise ordered. As originally filed, WVAWC requested increased revenues of $24,065,516, or approximately 24.9% annually, for furnishing water utility service to approximately 166,000 customers in 19 West Virginia counties.

During the course of this proceeding, the Commission's Consumer Advocate Division (CAD), Putnam County and Lavalette Public Service Districts (collectively, the Public Systems), the Kanawha County Commission and the Regional Development Authority of Charleston, Kanawha County, West Virginia Metropolitan Region (together County), Kanawha Valley Chemical Manufacturers, Inc. and Steel of West Virginia, Inc. (Industrials), and the City of Charleston (the City) petitioned for, and were granted, intervenor status. *See* Commission Orders issued July 27, 2007 and September 21, 2007.

On October 22, 2007, WVAWC filed a revised rate application and supporting Rule 42 Financial Exhibit that reduced its rate increase request to $22,508,991, a 6.47% decrease from the original increase request.

On July 23, 2007, WVAWC filed its direct testimony and on November 14, 2007, Commission Staff (Staff), CAD, County, City and Industrials filed their direct testimonies.

The Commission's Division of Administrative Law Judges (ALJ Division) scheduled five public comment hearings in locations throughout WVAWC's service territory, the last of which occurred on December 12, 2007. *See*, Hearing Transcripts of public comment hearings held, each at 6:30 p.m.: on December 3, 2007 in Charleston; on December 5, 2007 in Huntington; on December 6, 2007 in Princeton; on December 10, 2007 in Oak Hill; and on December 12, 2007 in Madison. The Commission conducted the evidentiary hearing on December 17, 2007. *See* Hearing Transcript of December 17, 2007 evidentiary hearing.

The record and case file of this proceeding reflect that WVAWC satisfied all public notice, mailing, posting and publication requirements with respect to the filing of its rate case, and the several public hearings. *See* affidavits of publication filed December 17, 2007 and as supplemented on December 26, 2007.

At the December 17, 2007 evidentiary hearing, the witnesses who testified supported a Joint Stipulation and Agreement for Settlement filed by WVAWC, Staff and CAD on December 3, 2007 (Initial Joint Stipulation) recommending that the Commission approve an overall revenue increase of $14.75 million. The Public Systems and County signed the Initial Joint Stipulation for the purpose of indicating no objection. The City did not sign, but did not object to, the Initial Joint Stipulation. The Industrials did not sign, and objected to, the Initial Joint Stipulation. Five witnesses, WVAWC witnesses Paul Herbert and Michael A. Miller, CAD witness Randall R. Short, and Staff witnesses Dixie L. Kellmeyer and Robert McDonald, testified in support of the Initial Joint Stipulation and stood cross-examination on their positions.

At the close of hearing, the Commission stated that it would communicate in the near future with the parties regarding the briefing schedule.

By Order issued December 21, 2007, the Commission returned the Initial Joint Stipulation to the parties and requested that the parties meet to discuss the matter further and to discuss the settlement further. The Commission directed that any new or revised stipulation include some description of the parties' positions on substantive issues that allowed the parties to reach an agreed overall revenue requirement, rate design, and class cost of service calculation. Furthermore, the Commission provided that in the event the parties failed to reach an uncontested settlement, any further or revised stipulation describe all resolved and unresolved issues in this case and indicate the reasonableness of the parties' treatment of unresolved issues within the context of the overall settlement. The Commission also established a schedule for the filing of a revised stipulation and briefs.

On January 7, 2008, WVAWC, Staff, CAD, the City and the Industrials filed an amended Joint Stipulation and Agreement for Settlement that amended and revised the Initial Joint Stipulation (such Initial Joint Stipulation, as so amended, being hereinafter referred to

as the "Joint Stipulation"). On January 11, 2008, the County also signed the Joint Stipulation. The City of Charleston and the County endorsed the Joint Stipulation solely to acknowledge their lack of opposition to the Joint Stipulation, and not to evidence their support for the Joint Stipulation. The Public Systems declined to sign the Joint Stipulation.

On January 7, 2008, the Public Systems filed a letter stating two reasons for their refusal to sign the Joint Stipulation. First, the Public Systems believed that if they signed the Joint Stipulation, they might be foreclosed from raising an argument in the next Company rate case that updated customer usage and demand data should be filed with the rate case instead of at a later date and that such filing should consist of twelve months of data. Second, the Public Systems objected to the agreed $250,000 reduction in rate recovery from the industrial class because the Public Systems do not believe the record supports treating the industrial class different from the resale class.

WVAWC, CAD, Industrials, Public Systems, and Staff filed Initial Briefs. WVAWC and the Industrials filed Reply Briefs.

DISCUSSION

The Joint Stipulation seeks Commission approval of an increase in WVAWC's annual revenues of $14.75 million effective March 28, 2008, through an across-the-board rate increase to WVAWC's volumetric rates and charges except for 1) public fire protection rates that shall remain frozen at historical levels pursuant to prior Commission Order, and 2) certain high-usage rate blocks applicable to the Industrials. *See* Joint Stipulation, pp. 4-5. The Joint Stipulation contains an agreed-upon method of calculating the WVAWC revenue requirement and states that the pre-filed testimony and exhibits are adequate to support the Joint Stipulation. *Id.* p. 5.

Although the parties noted that the positions taken in the Joint Stipulation were only for purposes of developing a reasonable settlement of this proceeding and may be contested in future Company proceedings, they agreed that the Commission should approve the Joint Stipulation on findings that the individual agreements are reasonable in the context of the overall settlement in this case. *Id.* pp. 8-19. The Joint Stipulation describes the parties' compromises and agreements with respect to the agreed-upon calculations and is attached in full text to this Order. As a consequence, the Commission will not repeat those descriptions in this Order, and the Joint Stipulation is incorporated in this Order by this reference. *Id.*

The parties agreed that the Commission should approve the Joint Stipulation and find that the Company's annual revenue deficiency under presently authorized rates is $14,750,000, despite the fact that the parties' resolutions would support a finding that the Company's annual revenue deficiency is actually $14,754,625, which is $4,625 more than the agreed-upon amount. *Id.* p. 19.

To secure the Industrials' support of the Joint Stipulation, the Joint Stipulation provides that WVAWC will forego recovery of $250,000 from high-usage customers. This will be accomplished by adjusting the rate blocks in excess of 900,000 gallons on the Company's tariffs, which will limit the Company's rate recovery to $14.5 million under the billing units used in this case. *Id.* pp. 19-20. Because rate design is likely to be contested in future rate cases and the outcome of a litigated decision on rate design is uncertain, the parties request the Commission to adopt the following resolution of certain issues addressed in the Joint Stipulation:

1) The tariff attached to the Joint Stipulation that reduces the Company's revenue requirement to be collected from the industrial class of customers by $250,000 is fair and reasonable. *Id.* pp. 20-21.

2) The Company has agreed to collect usage and demand data (U&D data) incident to filing its next general rate case and file customer U&D data as soon as possible after its availability, but at least 45 days prior to the time by which other parties are required to file direct testimony in the Company's next rate case. If 45 days do not remain in the procedural schedule between the date the Company files the updated U&D data and the date when other parties' direct testimony is due in the Company's next rate case, the Company has agreed in the Joint Stipulation that it will request that the Commission toll the statutory suspension period as necessary to allow at least 45 days for other parties to file direct testimony after the date the Company files the updated U&D data. *Id.* p. 21.

3) The Company will file with its next general rate case a class cost of service study that includes the updated U&D data. If the Company files its next rate case prior to the end of summer 2008 peaking period, and thus prior to the Company's compilation of the updated U&D data, the Company will provide parties to the rate case copies of updated U&D data on a weekly basis as it becomes available between the date of filing of the rate case and the date the Company files an update to the cost of service study. Furthermore, after filing the updated cost of service containing the updated U&D data, the Company agrees to the expedited discovery process regarding the U&D data and cost of service study set forth in the Joint Stipulation. *Id.* pp. 21-22.

Under the Joint Stipulation, the parties have explicitly reserved the right to take different positions or espouse different ratemaking principles and treatments in future regulatory proceedings involving the Company. *Id.* pp. 23-24.

As noted in the Commission's December 21, 2007 Order and in Commission practice generally, the Commission values stipulations and appreciates the efforts of parties to reach reasonable and just settlements in rate and other proceedings. Stipulations are a significant assistance to the Commission in carrying out its statutory duties and frequently resolve many cases in a prompt, fair, reasonable and expedited fashion based on the arms-length negotiations of the parties. This can reduce litigation costs for the benefit of all parties and the ratepayers.

The settling parties to this case have put forth a substantial, diligent and good faith effort to reach agreement, and the Joint Stipulation demonstrates that the cost of service and rate design resolutions in this case are fair and reasonable. The Joint Stipulation reflects substantial compromises by the settling parties evidenced by modification of each party's respective position in this case.

The procedures and agreements set forth in subparagraphs 11(b)(2) and (3) of the Joint Stipulation that govern WVAWC's future collection and filing of updated U&D data in its next general rate application are fair and reasonable and should be approved.

The Commission understands that the parties to stipulations present their agreements on rate design and cost of service issues as reasonable resolutions in the context of the settlement of that particular rate case and that, unless specifically provided in the stipulation, do not intend their agreements to bind them in future proceedings.

The Public Systems' decision not to sign the Joint Stipulation in this case does not affect the reasonableness of the resolutions reached in the settlement. The Public Systems did not present any evidence on the Company's revenue requirement or its allocated cost of service. *See* Hearing Transcript. The evidence filed in this case supports an across-the-board allocation of the agreed-upon revenue requirement. Notwithstanding evidence in support of that allocation, because of (i) the age of the empirical U&D data on which the cost of service studies were based and (ii) the Company's desire to obtain the Industrials' support for a rate settlement, the Joint Stipulation reflects a Company concession to recover less in revenue than the amount to which it might have otherwise been entitled. The Industrials presented evidence in the form of cross-examination that led to the Company's agreement to a revenue concession in favor of the industrial class of customers. That revenue concession was not imposed on other customers. *See* Tr. pp. 22-31. The Public Systems did not submit any evidence to show that the Company's revenue deficiency or rate design were not supported by the record. *See* Tr. generally.

Further, we note that the Public Systems signed the Initial Joint Stipulation that proposed rates applicable to the Public Systems that are identical to those now presented in the Joint Stipulation. *See* Initial Joint Stipulation, Exh. 1, and Joint Stipulation, Exh. 1. The Commission concludes, therefore, that the record supports the Joint Stipulation and that the Joint Stipulation does not discriminate against the Public Systems.

Turning to the Public Systems' objection to the Joint Stipulation's agreements regarding the timing of WVAWC's updated U&D data, the Commission notes that the Public Systems will be free, in the Company's next rate case, to take issue with the adequacy, timing, and scope of the updated U&D data and class cost of service study.

Accordingly, the Commission concludes that the Joint Stipulation should be adopted in resolution of the issues presented in this case, and that the rates and charges set forth in

Exhibit 1 thereto should be in effect for service rendered by the Company on and after March 28, 2008.

FINDINGS OF FACT

1. WVAWC originally requested increased revenues of $24,065,516, or approximately 24.9% annually. *See* Company's filing of June 1, 2007. By filing on October 22, 2007, WVAWC reduced its rate increase request by 6.47% to $22,508,991. *See* amended filing of October 22, 2007.

2. Prior to the Commission's evidentiary hearing on December 17, 2007, the ALJ Division conducted five public comment hearings in locations throughout WVAWC's service territory. *See*, Hearing Transcripts of public comment hearings held, each at 6:30 p.m.: on December 3, 2007 in Charleston; on December 5, 2007 in Huntington; on December 6, 2007 in Princeton; on December 10, 2007 in Oak Hill; and on December 12, 2007 in Madison.

3. WVAWC satisfied all public notice, mailing, posting and publication requirements with respect to the filing of its rate case, and the several public hearings. *See* affidavits of publication filed December 17, 2007 and as supplemented on December 26, 2007.

4. At the December 17, 2007 evidentiary hearing, witnesses testified in support of the Initial Joint Stipulation filed on December 3, 2007, and signed by WVAWC, Staff and CAD. *See* December 17, 2007 Hearing transcript; Joint Exh. 1. The Public Systems and County signed the Initial Joint Stipulation for the purpose of indicating no objection. *See* Joint Exh. 1. The City did not sign, but did not object to, the Initial Joint Stipulation. The Industrials did not sign, and objected to, the Initial Joint Stipulation.

5. The Public Systems did not present evidence on the Company's revenue requirement or its allocated cost of service. *See* December 17, 2007 Hearing transcript.

6. By Order issued December 21, 2007, the Commission returned the Initial Joint Stipulation to the parties and, among other things, requested that the parties meet to discuss the matter further and to discuss the settlement further. *See* December 21, 2007 Commission Order.

7. On January 7, 2008, WVAWC, Staff, CAD, the City and the Industrials filed a Joint Stipulation. On January 11, 2008, the County also signed the Joint Stipulation. The City and the County endorsed the Joint Stipulation solely to acknowledge their lack of opposition, but not to support it. The Public Systems declined to sign the Joint Stipulation. *See* January 7 and January 11, 2008 case filings.

8. On January 7, 2008, the Public Systems filed a letter stating two reasons for their refusal to sign the Joint Stipulation.

9. The Joint Stipulation seeks Commission approval of an increase in WVAWC's annual revenues of $14.75 million effective March 28, 2008, through an across-the-board rate increase to WVAWC's volumetric rates and charges except for 1) public fire protection rates that shall remain frozen at historical levels pursuant to prior Commission Order, and 2) certain high-usage rate blocks applicable to the Industrials. *See* Joint Stipulation, pp. 4-5.

10. The Joint Stipulation contains an agreed-upon method of calculating the WVAWC revenue requirement. *Id.* p. 5.

11. Although the parties noted that the parties are likely to contest the agreed-upon calculations in future Company rate cases, they agreed that the Commission should approve the Joint Stipulation on findings that the individual agreements are reasonable in the context of the overall settlement. *Id.* pp. 8-19.

12. The parties agreed that the Commission should approve the Joint Stipulation on a finding that the Company's annual revenue deficiency under presently authorized rates is $14,750,000, despite the fact that the parties' resolutions would support a finding that the Company's annual revenue deficiency is actually $14,754,625, which is $4,625 more than the agreed-upon amount. *Id.* p. 19.

13. To secure the Industrials' support of the Joint Stipulation, the settlement provides that WVAWC will forego recovery of $250,000 from high-usage customers. This will be accomplished by adjusting the rate blocks in excess of 900,000 gallons on the Company's tariffs, which will limit the Company's rate recovery to $14.5 million. *Id.* pp. 19-20.

CONCLUSIONS OF LAW

1. The Commission values stipulations in rate and other proceedings because they resolve many cases in a prompt, fair, reasonable and expedited fashion based on the arms-length negotiations of the parties and can reduce litigation costs.

2. The Joint Stipulation demonstrates the reasonableness of the cost of service and rate design resolutions contained therein. The Joint Stipulation reflects substantial compromises by the settling parties evidenced by modification of each party's respective position in this case.

3. Although the evidence filed in this case supports an across-the-board allocation of the agreed-upon revenue requirement, the settling parties' agreement that WVAWC will forego $250,000 of its revenue requirement for the purpose of settling this case is reasonable and should be approved.

4. The procedures and agreements set forth in subparagraphs 11(b)(2) and (3) of the Joint Stipulation that govern WVAWC's future filing of updated U&D data in its next general rate application are fair and reasonable and should be approved.

5. The settling parties' agreements on rate design and cost of service issues are reasonable in the context of the settlement of this rate case, and will not bind the settling parties in future WVAWC rate cases.

6. The Public Systems' decision not to sign the Joint Stipulation does not affect the reasonableness of the resolutions of the settlement.

7. The Industrials presented evidence in the form of cross-examination that led to the Company's agreement to a revenue concession in favor of the industrial class of customers. *See* Tr. p. 22-31.

8. Because the Public Systems did not present evidence on either the Company's revenue requirement or allocated cost of service, and because the Public Systems did not object to rates set forth in the Initial Joint Stipulation and identical to those now presented in the Joint Stipulation, it is reasonable to conclude that the record supports the Joint Stipulation and that the Joint Stipulation does not discriminate against the Public Systems.

9. The Public Systems will be free, in the Company's next rate case, to take issue with the adequacy, timing, and scope of the Company's updated U&D data and class cost of service study.

10. The Commission should adopt the Joint Stipulation in resolution of the issues presented in this rate case, and the rates and charges set forth on Exhibit 1 thereto should be in effect for service rendered by the Company on and after March 28, 2008.

ORDER

IT IS THEREFORE ORDERED that the Amended Joint Stipulation and Agreement for Settlement attached to this Order as Attachment A is adopted in resolution of the issues presented in this case.

IT IS FURTHER ORDERED that the proposed rates set forth on Exhibit 1 to the Joint Stipulation are hereby approved for all service rendered by WVAWC on and after March 28, 2008.

IT IS FURTHER ORDERED that within thirty days of the date of this Order, the Company shall file an original and six copies of its revised tariff setting forth the rates approved herein.

IT IS FURTHER ORDERED that upon entry hereof this case is closed and shall be removed from the Commission's open docket.

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

A True Copy, Teste:

Sandra Squire
Executive Secretary

JML/klm
070998cg.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 07-0998-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY
Rule 42T tariff filing to increase
water rates and charges.

AMENDED JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to W. Va. Code § 24-1-9(f) and Rule 13(d) of the Public Service Commission's Rules of Practice and Procedure, and certain Commission Orders and proceedings described below, West Virginia-American Water Company ("Company"); the Staff of the Public Service Commission of West Virginia ("Staff" and "Commission," respectively); the Consumer Advocate Division of the Commission ("CAD"); and the Kanawha Valley Chemical Manufacturers and SWVA, Inc. ("Industrials"), collectively the "Parties," join in this Amended Joint Stipulation and Agreement for Settlement ("Amended Joint Stipulation").

In this Amended Joint Stipulation, the Parties propose and recommend to the Commission a settlement ("Settlement") of Company's pending general rate case, PSC Case No. 07-0998-W-42T. In this Amended Joint Stipulation, the Parties have agreed and recommend to the Commission that the Commission approve and establish a fair and

reasonable set of rates to meet Company's current cost of service and the revenue requirement set forth herein. In support of this Amended Joint Stipulation, the Parties state that:

1. On June 1, 2007, Company filed revised tariff sheets reflecting increased operating revenues of $24,065,516, or approximately 24.9% annually, for furnishing water service to approximately 166,000 customers in Boone, Braxton, Cabell, Clay, Fayette, Harrison, Jackson, Kanawha, Lewis, Lincoln, Logan, Mason, Mercer, Putnam, Raleigh, Roane, Summers, Wayne and Webster Counties, such rates originally to become effective July 1, 2007.

2. On June 27, 2007, in accordance with W. Va. Code § 24-2-4a, the Commission entered an Order that, among other things, suspended the rates and charges, deferred their use until 12:01 a.m., on March 28, 2008, and instituted a formal investigation into the reasonableness of the rates and charges contained in the revised tariff sheets and the supporting data filed by Company.

3. During the course of this proceeding, CAD, Putnam Public Service District and Lavalette Public Service District ("Public Systems"); the County Commission of Kanawha County and the Regional Development Authority of Charleston, Kanawha County, West Virginia, Metropolitan Region (together, the "County"), City of Charleston ("City"); and the Industrials filed petitions to intervene.

4. Through Commission Orders dated July 27, 2007, September 21, 2007, and December 7, 2007, the Commission granted all petitions to intervene.

5. On July 23, 2007, Company filed its direct testimony and exhibits. Staff, CAD, County, City, and SWVA filed their direct testimony and exhibits on November 14, 2007.

6. The Parties undertook extensive discovery, both of a formal and informal nature, including an examination of the books and records of Company and a review of extensive data responses and other documents provided by Company.

7. On October 22, 2007, Company filed a Revised Rule 42 Exhibit, thereby reducing its rate increase request to $22,508,691, a 6.47% decrease from the initial filing.

8. Company represents that it has satisfied all posting and publication requirements and provided evidence thereof to the Commission.

9. The Parties have attempted to negotiate a resolution of this case during pre-hearing conferences held on November 2 and 19, 2007, in other correspondence, and telephone discussions, some of which involved the Intervenors. The Parties have attempted to address or eliminate certain of the issues in this case and to reach an overall resolution of those issues. Based on those discussions and negotiations, the Parties other than the Industrials reached the Settlement in principle on November 19, 2007, the detailed terms of which were embodied in the Parties' Joint Stipulation ("Initial Joint Stipulation") filed December 3, 2007. The Parties have since participated in a

Commission hearing held December 17, 2007, and, in response to the Commission Order entered December 21, 2007, resumed their negotiations with all parties to this proceeding.

10. This Amended Joint Stipulation will have no effect whatsoever until and unless approved by the Commission in all of its material terms. Pending such approval of this Amended Joint Stipulation and the Settlement, the Parties reserve their rights to fully advocate their positions on the basis of all the evidence, unlimited by the terms of the Settlement. However, in the interest of certainty before the Commission, the Parties agree that, as a result of the Settlement, the proposed rates and charges in the tariff attached as Exhibit 1 to this Amended Joint Stipulation are fair and reasonable and agree and recommend that the Commission should approve those rates and charges to be effective on March 28, 2008. The particulars of the Settlement, all of which the Parties believe to be elements of a fair and reasonable resolution of this case, are:

(a) The Parties agree that a fair and reasonable resolution of this proceeding is an increase in annual revenues of $14.750 million effective March 28, 2008, as reflected in the Parties' negotiated resolution of certain issues in this proceeding as more fully described below;

(b) As shown on Exhibit 1, Company's volumetric rates and charges will be increased across-the-board, except for (i) public fire protection rates, which shall continue to remain frozen at historical levels pursuant to previous Commission Order,

and (ii) certain high-usage rate blocks applicable to the Industrials. The increase shall be effective on March 28, 2008;

(c) The Parties continue to support the Settlement after further negotiations subsequent to entry of the December 21, 2007, Commission Order, and now agree for purposes of effecting the Settlement and in consideration of the December 21, 2007, Commission Order, to the method of calculating the revenue requirement reflected in this Amended Joint Stipulation, but reiterating their agreement that the prefiled testimony and exhibits are adequate to support the Settlement. The Parties support and recommend this Amended Joint Stipulation, and the particular resolution of issues recited below, as a fair and reasonable determination of Company's revenue requirement based on the positions they have taken in the case, in discussions leading to the Settlement, to the Initial Joint Stipulation, and to this Amended Joint Stipulation;

(d) Company's request to implement the low-income discount tariff requested in its filing is withdrawn and will not be addressed in the Settlement;

(e) Company shall not be required pursuant to § 4.8.a.7 of the Water Rules to accept payments for water and/or sewer service at the customer's premises in lieu of disconnecting service for non-payment, and in lieu of payments being tendered at a customer's premises, a customer shall be afforded no less than one hour in which to remit payment using an authorized electronic payment service or at authorized collection agencies of Company;

(f) This Joint Stipulation and Settlement shall have no effect on the line extension multiplier pursuant to § 5.5.e.4.D of the Water Rules as previously agreed to by Company and Staff in Case No. 04-1731-W-PC; and

(g) Company shall engage an independent consultant to study and submit a written report with recommendations for a comprehensive plan to reduce unaccounted for water, and the report shall include estimates of capital expenditures necessary to achieve quantifiable improvement ("Water Study and Report"). The engagement by the Company of the consultant is subject to the following conditions:

(1) By December 14, 2007, Company shall submit to Staff and CAD a draft request for proposal for the Water Study and Report ("RFP") and shall include a list of potential consultants, including background and qualifications of providers to the extent practicably available ("Potential Consultant List");

(2) By January 11, 2008, Staff and CAD shall respond with any recommended refinements to the RFP and may remove consultants from the Potential Consultant List;

(3) Following responses from the CAD and Staff, Company shall send the RFP to consultants on the Potential Consultants List, with responses due on or about February 1, 2008;

(4) Following receipt of responses to the RFP, Staff and the CAD shall each have five business days to indicate in writing that they find either the proposed cost or the

proposed scope of the Water Study and Report to be unacceptable for purposes of this Joint Stipulation (the "Withdrawal of Support"). In the absence of a Withdrawal of Support, then Company shall award a contract for the Water Study and Report as soon as practicable. In the event of a Withdrawal of Support, then the Company, Staff and CAD shall work together to promptly resolve the issues leading to the Withdrawal of Support. Should a reasonable joint resolution not be achieved within five business days, then the Company may proceed with, modify, or abandon the Water Study and Report, in its discretion, and in the event of an abandonment by the Company, the Company shall have no further obligations in respect of the Water Study and Report;

(5) In the absence of a Withdrawal of Support, (i) the Water Study and Report shall be due by May 2, 2008, and (ii) should the completion of the Water Study and Report be delayed beyond that date for any reason, the filing of the Water Study and Report shall be deemed for purposes of the suspension period under W. Va. Code § 24-2-4a to have been filed on the 30th day preceding the filing of the Water Study and Report, in which case the Company agrees to (A) file a timely motion with the Commission for an extension of the statutory suspension period by the same number of days by which the filing of the Water Study and Report was delayed beyond May 2, 2008, and (B) to take all other steps reasonably necessary to ensure that the Other Parties will have the benefit of a procedural schedule (including the filing of the Other Parties' direct testimony) that is consistent with the extended suspension period;

(6) Irrespective of any Withdrawal of Support, all communications that relate to the Water Study and Report between the Company and the consultant engaged to conduct and prepare the Water Study and Report, including, but not limited to, letters of engagement and contracts, are to be made available to Staff, the CAD, or any party to this proceeding within five business days of any request and without the need to file a formal data request; and

(7) In the absence of a Withdrawal of Support, the cost of the Water Study and Report shall be deemed by the other Parties to be recoverable by the Company in future rate proceedings, except to the extent that the consultant fails in a material way to fulfill the terms and conditions of its contract.

11. Pursuant to the Commission Order entered December 21, 2007, the Parties have negotiated further and resolved each issue relevant to Company's overall revenue requirement, rate design, and class cost of service calculation.

(a) The Parties have resolved the issues relevant to Company's overall revenue requirement for purposes of this proceeding as summarized on Exhibit 2, and as particularly described below. The issues are listed in the context of their impact upon Company's revenue requirement, with appropriate annotations to the evidentiary record reflecting the Parties' positions prior to the Settlement. Exhibit 2 resolves each such issue in the context of an overall settlement relative to Company's position in its original

filing, in which it sought approval of rates adequate to generate an additional $24,065,516 in annual revenues.

(1) Company's amended Rule 42 exhibit reduced Company's request for additional annual revenue to $22,508,991, based primarily upon Company's concessions with respect to reclassification of maintenance expenses and going-level revenues.[a] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 1, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(2) Company's filing was predicated on terminal rate base at the end of the historical test-year (12-31-06) for all the 2006 Utility Plant additions and other rate base elements that Company believes to be non-revenue producing and non-expense reducing. Both the Staff and the CAD filed testimony recommending rate base be determined strictly on a thirteen-month average basis, both indicating that Company had not substantiated the non-revenue producing and non-expense reducing nature of the 2006 rate base items. While this issue is likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that the Staff's position on rate base is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's proposed rate base by approximately

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[a] See Co. Ex. 2, including cover letter, and Mr. Miller's testimony at page 45 of the December 17, 2007, hearing transcript.

$9,205,000, and Company's revenue requirement by $1,047,028.[b] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 2, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(3) Company's filing included historical test-year management fee expense reduced by a number of one-time, nonrecurring expenses totaling $1,015,835. In addition Company requested an adjustment to reflect a three percent increase related to salary increases that would occur in 2007 and 2008, the time which rates from this case would be in effect. Both the Staff and the CAD indicated in their testimony that the three percent post-test year increase should be eliminated based on that increase not meeting the known and measurable test. The CAD made further adjustments to Company's adjusted historical test-year management fee expense to limit the management fees to a three percent per year increase over the management fees included in Company's 2004 rate case, which would have further reduced Company's recovery of management fees as compared with the test year amount. While this issue is likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of finding that Staff's and CAD's recommended disallowance of Company's proposed 3% increase in test year management fees (but not the CAD's additional reduction of management fees below test

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[b] See Co. Ex. 1, Statement B, Co. Ex. 2, Statement B, Co. Ex. JLW-A, pages 5-6, CAD Ex. 1, pages 6-16, Staff Ex. 5, pages 8-11, Staff Ex. 6, Statement B, and the testimony of Mr. Miller and Mr. Short at pages 56, 57, 61, 94 and 95 of the December 17, 2007, hearing transcript.

year levels) is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $280,495.[c] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 3, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(4) The Staff made a number of relatively minor adjustments to employee benefit costs based upon updated employee contribution rates, workers compensation premiums and capitalization ratios. The CAD made no adjustments to benefit costs from Company's filing. While these issues are likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that Staff's proposed adjustments to employee benefits, workers' compensation expense, and capital ratio are reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $36,246.[d] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 4, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(5) Company proposed a two-year amortization of the rate case expense for this proceeding. Both the Staff and the CAD proposed a three-year amortization of

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[c] Staff Ex. 5, pages 5-6; Co. Ex. MAM-A, pages 35-40; Co. Ex. PLB-A, PLB-1; CAD Ex. 1, pages 25-33.

[d] Staff Ex. 4, pages 3-4; Co. Ex. JLW-A, pages 11-12.

the rate case expense, citing their positions from past rate cases. The Staff also indicated the disallowance of the amortization requested for the prior depreciation study which will be nonrecurring in the rate year. While this issue is likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that Staff's proposed adjustments to rate case expense are reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $195,200.[e] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 5, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(6) Company proposed a "low income tariff" that, if approved, would have provided a twenty-five percent discount for any customer who demonstrated income at or below federal poverty guidelines. The Staff indicated in their testimony that such a tariff was discriminatory and should be addressed through legislation. While this issue is likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that Company's withdrawal of a low-income tariff is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding

[e] Staff Ex. 3, page 2; Co. Ex. JLW-A, page 13; CAD Ex. 1, pages 33-34.

reduces Company's revenue requirement by $106,328.[f] The effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 6, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(7) Company in its filing proposed adding $600,000 to its historical test-year maintenance expense to provide for additional tank site and road repairs, and additional valve maintenance. Company indicated the additional tank site and road maintenance was needed to bolster system security. The valve maintenance program was needed to improve service, improve liability claims and address unaccounted for water levels. Both the Staff and the CAD eliminated these additional expenses in their testimony, citing the absence of these expenses in the historical test-year. While these issues are likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that one-quarter of Company's proposed adjustment to tank site access maintenance and valve operations is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation based on the service benefits to be gained, which finding reduces Company's revenue requirement by $478,476.[g] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 7, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

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f Co. Ex. MAM-A, pages 55-57; Staff Ex. 4, page 10.

g Staff Ex. 3, page 3; Co. Ex. JLW-A, page 13; CAD Ex. 1, pages 34-37.

(8) Based on the adjustments to rate base described in paragraph (2) above, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that depreciation expense should be synchronized to reflect Staff's rate base and is thus reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $237,568.[h] The effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 8, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(9) Company's filing included an estimate of the property taxes to be paid in 2007. During the audit and discovery process of the case the actual 2007 property tax bills were provided. Both the Staff and the CAD included the lower 2007 actual property taxes in their recommendations and also included lower payroll taxes for changes in payroll as described in subparagraph (16) below. The Parties agree that the Commission can and should approve the Settlement on the basis of a finding that general taxes should be adjusted to reflect other adjustments to Company's filing and, thus, is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $102,123.[i] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 9, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

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h Co. Ex. JRW-A, pages 13-14; CAD Ex. 1, pages 37-38.

i Staff Ex. 3, page 4; CAD Ex. 1, page 38.

(10) The Company capital structures used by Company, the Staff and the CAD were all very similar in the percentage make-up of Debt, Preferred Stock, and Common Equity. The Staff and the CAD witnesses both recommended minor adjustments to the cost of short-term debt. Notwithstanding the conclusions of Dr. Vilbert, who determined ROEs ranging from 12.25% to 13.5%, Company requested ROE to be established at 11.25%, the Staff recommended an ROE of 9.52%, and the CAD recommended an ROE of 9.375%. While these issues are likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that Staff's proposed capital structure is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, and that Company's cost of equity capital is agreed to be 10.0%, which findings reduce Company's revenue requirement by $3,119,171.[j] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 10, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(11) Due to the capital structure used by the Parties as described in paragraph (10) above, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that the Staff's capital structure and cost of debt correctly calculated Company's weighted cost of debt and interest synchronization and

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[j] Co. Ex. MAM-A, pages 9-12, 28-35; Co. Ex. MAM-1, pages 1-2; Co. Ex. MJV-A,; CAD Ex. 1, pages 5-6; CAD Ex. 2; Staff Ex. 2.

thus is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $41,972.[k] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 11, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(12) Company used a "parent company loss adjustment" methodology in its filing that produced an effective federal income tax ("FIT") rate of 26.54%. Company made numerous adjustments to the taxable income of the various American Water Works Company, Inc. ("AWW") subsidiaries, including eliminating tax losses of regulated subsidiaries, eliminating tax losses of non-regulated AWW subsidiaries, and eliminating tax losses associated with the Change of Control costs and the capital cost related to the premium paid by RWE AG for the AWW common stock. The CAD calculated an effective FIT rate of 21.02% using the Company adjustments related to the Change of Control tax losses, but including the losses of non-regulated AWW subsidiaries. The Staff calculated an effective FIT rate of 12.71% by including the taxable losses of the regulated AWW subsidiaries, the non-regulated AWW subsidiaries, and the Change of Control tax losses. Recognizing that this issue is likely to be contested in future rate cases involving Company and other utilities and that the outcome of a litigated decision on this issue would be uncertain, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that the CAD's composite federal income

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k See footnote j.

tax rate of 21.02% is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation based on the evidence presented by all the parties, which finding reduces Company's revenue requirement by $1,626,148.[l] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 12, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(13) Company used a three-year average ratio of uncollectible expenses to revenue to determine the uncollectible expense in its filing. The Staff adjusted Company's revenue in this calculation to include B&O taxes. The Parties agree that the Commission can and should approve the Settlement on the basis of a finding that Staff's calculation of uncollectible expense is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $43,911.[m] The effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 13, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(14) In its filing, Company did not adjust forfeited discounts for the impact of adjusting historical test-year revenues to reflect 365 days of billed revenue. During the course of the Staff's audit, the Staff discovered this omission. The Parties agree that the Commission can and should approve the Settlement on the basis of a

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[l] CAD Ex. 1, pages 38-42; Co. Ex. MAM-A, pages 41-50; Co. Ex. MAM-6, pages 1-2; Staff Ex. 2, pages 13-14; Staff Ex. 5, pages 6-8; Staff Ex. 6, Schedule 5, pages 1-2.

[m] Co. Ex. JLW-A, page 11; Staff Ex. 5, page 5.

finding that the Staff's adjustment to increase going-level revenues for forfeited discounts is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $26,360.[n] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 14, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(15) Company used actual historical test-year B&O surcharge revenue and local B&O expense in its filing. The Staff recommended that both the local B&O revenue and expense should offset. While this issue is likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that the Staff's adjustment to increase going-level revenues for the local B&O tax is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which finding reduces Company's revenue requirement by $145,080.[o] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 15, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(16) In its filing, the Company requested that non-union wage increases for 2008 be recognized in this case based on the salary administration policy of Company. In addition, Company requested recognition of two additional management

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[n] Co. Ex. JLW-A, pages 4-5; Staff Ex. 5, page 4.

[o] Staff Ex. 5, page 4; Co Ex. JRW-A, pages 4-5.

employee positions, one of which is currently filled and the other to be filled in January 2008. Both the Staff and the CAD recommended that neither the 2008 salary increase for non-union employees nor the two additional employees be recognized. While these issues are likely to be contested in future rate case proceedings of Company and other utilities, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that the Staff's and the CAD's adjustment to reduce labor expense is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, which reduces Company's revenue requirement by $268,261.[P] The aggregate effect of the Parties' resolution of this issue for purposes of the Settlement is shown on line 16, page 1 of 1 of Exhibit 2 to this Amended Joint Stipulation.

(17) As shown on Exhibit 2 to this Amended Joint Stipulation, the foregoing resolutions of the issues would support a finding that Company's annual revenue deficiency under presently authorized rates is $14,754,625, which is $4,625 more than the agreed settlement amount reflected in this Amended Joint Stipulation. Nevertheless, the Parties agree that the Commission can and should approve the Settlement on the basis of a finding that Company's annual revenue deficiency under presently authorized rates is $14,750,000.

(b) In order to add the Industrials to the Parties to the Settlement, and in recognition of the position of the Industrials described in subparagraph (1) below,

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[P] Staff Ex. 5, pages 4-5; CAD Ex. 1, pages 17-18; JRW A, pages 7-8.

Company has agreed to forego recovery of $250,000 from high-usage customers by adjusting the rate blocks in excess of 900,000 gallons as shown on the tariffs attached as Exhibit 1. This adjustment will limit the Company's rate recovery to $14.500 million. Recognizing that the rate design issue is likely to be contested in future rate cases involving the Company and other utilities and that the outcome of a litigated decision on this issue would be uncertain, the Parties have further resolved the issues relevant to Company's rate design and class cost of service allocation in the context of the overall Settlement as follows:

(1) Company proposed an across-the-board increase based on the cost of service provided in Company Exhibits PRH-A and PRH-1. Staff Exhibit 4 also recommends an across-the-board increase, citing the principles of gradualism and the fact that the Company's demand factors had not been updated since 2000. No other party to this case provided testimony regarding the cost of service allocation. At the Evidentiary hearing, the Industrials questioned whether the class cost of service studies submitted by Company and Staff would support an across-the-board increase. The Parties agree that the class cost of service study filed in this case, and the empirical data supporting it, could be interpreted to generally support a finding that a substantially across-the-board allocation of Company's overall revenue requirement, is reasonable and appropriate[q]. However, the parties further agree that in order to resolve their differing positions the

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q Staff Ex. 4, pages 6-12; Co. Ex. PRH-A, pages 4-12.

Commission should approve the tariff attached as Exhibit 1 which effectively reduces the amount of the revenue requirement to be collected from the industrial class of customers by $250,000.

(2) In light of the fact that it has historically been a "summer-peaking" water utility, and recognizing the fact that Company may file its next rate case prior to the end of summer 2008 peaking period and thus without the benefit of updated customer usage and demand data in its class cost of service study, Company agrees that it will file the updated customer usage and demand data as soon as possible after its availability but at least 45 days prior to the time by which the other parties are required to file their direct testimony. If there are not 45 days left in the procedural schedule between the date Company files the updated information and the date when the other parties' direct testimony is due, then Company agrees it will request a tolling of the statutory suspension period as may be necessary to allow the other parties at least 45 days to file their direct testimony after the date on which the updated customer usage and demand data are filed.

(3) Company shall file in its next general rate case a class cost of service study at the time the general rate case is filed, and include with or supplement that study with the customer usage and demand data described in (2), above. If the filing of Company's next rate case occurs prior to end of the summer 2008 peaking period and thus before the accumulation and compilation of the updated usage and demand data, Company agrees to provide the parties to that general rate case copies of the updated

usage and demand data collected or generated for use in preparing the update to the class cost of service study on a weekly basis as that data becomes available between the filing of the general rate case and the filing of the update to the cost of service study.. After filing the updated cost of service containing the updated usage and demand data, Company agrees to an expedited discovery process regarding the updated usage and demand data and cost of service study as follows; (i) Company shall file objections to such discovery requests within five (5) days, and (ii) to provide responses to such discovery requests within ten (10) days of receipt of the discovery request.

(c) The Parties acknowledge and represent to the Commission that each and every provision of this paragraph 11 is a reasonable resolution of each such issue, to which each of the Parties has agreed within the overall context of the Settlement.

12. The Amended Joint Stipulation and Settlement are based upon the Parties' analyses of the existing and foreseeable financial condition of Company and the existing statutory and regulatory framework that imposes certain obligations upon Company.

13. The Parties support this Settlement and this Amended Joint Stipulation and state that it resolves all issues raised in Company's rate case. Based on the record, the Parties agree and recommend that the Commission accept this Amended Joint Stipulation in complete resolution of this case.

14. Nothing in this Amended Joint Stipulation shall prevent Company from filing with the Commission and entering into Special Contracts for specific customers

which provide rates that are different from those set forth in Company's filed tariffs and from seeking Commission approval of rate experiments of limited application. Nothing in this Amended Joint Stipulation shall prevent the other Parties from taking whatever position they deem appropriate in relation to any such proposed Special Contracts or rate experiments.

15. This Amended Joint Stipulation is entered into subject to the acceptance and approval of the Commission. It results from a review of all filings in this case, the Commission Orders entered December 7 and 21, 2007, the evidence presented at the December 17, 2007, hearing, and extensive negotiation both before and after the issuance of the December 21 Commission Order. This Amended Joint Stipulation reflects substantial compromises and modifications by the Parties of their respective positions asserted in this case and is being proposed to expedite and simplify the resolution of these proceedings and other matters in the context of an overall Settlement. It is made without any admission or prejudice to any positions that any of the Parties might adopt during subsequent litigation in this or any future proceeding.

16. The Parties adopt this Amended Joint Stipulation as being in the public interest, without adopting any of the compromise positions set forth herein as ratemaking principles applicable to future regulatory proceedings, except as may otherwise be provided herein. The Parties note that in the December 21, 2007 Order, the Commission indicated its appreciation of the reluctance of parties to stipulated settlements to be bound

in future cases by virtue of their agreements on substantive issues in a settled case, and that a disclaimer of the type appearing in the preceding sentence, which is part of virtually every settlement agreement filed with the Commission, should be respected as it fosters the development of settlements in contested cases without prejudice to the parties entering into the settlement. December 21 Order at 2-3. The Parties' willingness to execute this Amended Joint Stipulation is predicated upon the disclaimer in the first sentence of this paragraph 16 and the Commission's endorsement of such disclaimers as provided in the December 21, 2007 order. Moreover, the Parties affirmatively state that in recommending to the Commission that it can and should approve the Settlement on the basis of a finding that a particular adjustment is reasonable in the context of the overall Settlement reflected in this Amended Joint Stipulation, no inference can or should be made as to the willingness of any Party to recommend or support the same or a similar resolution of the same issue in a future case, either in the context of the Party's evidentiary presentation in such future case or its position during settlement negotiations in such future case. The Parties further acknowledge that it is the Commission's prerogative to accept, reject, or modify any stipulation. However, each component of the Settlement, and in particular the resolution of each disputed issue and the provisions of this paragraph 16, is integral to the others. None of the Parties advocates the Commission's resolution of any issue as proposed in this Amended Joint Stipulation other than in the context of their support for the Settlement as a whole. Accordingly, in

the event that the Amended Joint Stipulation is modified or rejected by the Commission, it is expressly understood that the Parties are not bound to accept the Amended Joint Stipulation as modified or rejected, and may avail themselves of whatever rights are available to them under law and the Commission's Rules of Practice and Procedure.

17. The other parties to this case that have endorsed this Amended Joint Stipulation (i.e., those other than the Company, the Staff, the CAD, and the Industrials) are not parties to and have not approved the terms of the Settlement. These parties, however, have agreed not to oppose the Settlement or the approval of the Amended Joint Stipulation by the Commission.

WHEREFORE, the Parties on the basis of all of the foregoing respectfully recommend and request that the Commission make appropriate findings of fact and conclusions of law adopting and approving the Amended Joint Stipulation in its entirety, including the attached Exhibits 1 and 2.

Respectfully submitted,

John Philip Melick (State Bar #2522)
Christopher L. Callas (State Bar #5991)
Counsel for West Virginia-American Water Company

Meyishi Blair (State Bar #360)
Counsel for the Staff of the Public Service Commission of West Virginia

David A. Sade (State Bar #3229)
Counsel for the Consumer Advocate

Lee F. Feinberg (State Bar #1173)
Counsel for Kanawha Valley Chemical Manufacturers, and SWVA, Inc.

Thomas N. Hanna (State Bar #1581)
Counsel for the County Commission of Kanawha County and the Regional Development Authority of Charleston, Kanawha County, W. Va. Metropolitan Region (solely to acknowledge their lack of opposition to the Joint Stipulation, not their support for it)

Lee F. Feinberg (State Bar #1173)
Counsel for City of Charleston (solely to acknowledge the City's lack of opposition to the Joint Stipulation, not its support of it)

WHEREFORE, the Parties on the basis of all of the foregoing respectfully recommend and request that the Commission make appropriate findings of fact and conclusions of law adopting and approving the Amended Joint Stipulation in its entirety, including the attached Exhibits 1 and 2.

Respectfully submitted,

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Christopher L. Callas (State Bar #5991)
Counsel for West Virginia-American Water Company

Meyishi Blair (State Bar #360)
Counsel for the Staff of the Public Service Commission of West Virginia

David A. Sade (State Bar #3229)
Counsel for the Consumer Advocate

Lee F. Feinberg (State Bar #1173)
Counsel for Kanawha Valley Chemical Manufacturers, and SWVA, Inc.

Thomas N. Hanna (State Bar #1581)
Counsel for the County Commission of Kanawha County and the Regional Development Authority of Charleston, Kanawha County, W. Va. Metropolitan Region (solely to acknowledge their lack of opposition to the Joint Stipulation, not their support for it)

Lee F. Feinberg (State Bar #1173)
Counsel for City of Charleston (solely to acknowledge the City's lack of opposition to the Joint Stipulation, not its support of it)

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Respectfully submitted,

John Philip Melick (State Bar #2522)
Christopher L. Callas (State Bar #5991)
Counsel for West Virginia-American Water Company

John Clerelle #8057
Meyishi Blair (State Bar #360)
Counsel for the Staff of the Public Service Commission of West Virginia

David A. Sade (State Bar #3229)
Counsel for the Consumer Advocate

Lee F. Feinberg (State Bar #1173)
Counsel for Kanawha Valley Chemical Manufacturers, and SWVA, Inc.

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Counsel for the County Commission of Kanawha County and the Regional Development Authority of Charleston, Kanawha County, W. Va. Metropolitan Region (solely to acknowledge their lack of opposition to the Joint Stipulation, not their support for it)

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Respectfully submitted,

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Counsel for the Staff of the Public Service Commission of West Virginia

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Counsel for the Consumer Advocate

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Counsel for Kanawha Valley Chemical Manufacturers, and SWVA, Inc.

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Lee F. Feinberg

Lee F. Feinberg (State Bar #1173)
Counsel for City of Charleston (solely to acknowledge the City's lack of opposition to the Joint Stipulation, not its support of it)

EXHIBIT 1

General Service Territory

	Rates Effective July 1, 2005	Current Rates	Proposed Rates	
GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL WATER SERVICE.				
5/8 -inch meter	17.28	17.28	19.86	1.1493
3/4-inch meter	17.28	17.28	19.86	1.1493
1 -inch meter	42.33	42.33	48.66	1.1495
1 1/2 -inch meter	84.08	84.08	96.66	1.1496
2 -inch meter	134.22	134.22	154.30	1.1496
3 -inch meter	251.18	251.18	288.75	1.1496
4 -inch meter	418.24	418.24	480.80	1.1496
6 -inch meter	835.94	835.94	960.97	1.1496
8 -inch meter	1,337.19	1,337.19	1,537.19	1.1496
First 1,500 gallons				
Next 28,500 gallons	7.6617	7.6617	8.8077	1.1496
Next 870,000 gallons	5.0000	5.0000	5.8000	1.1600
Next 8,100,000 gallons	3.8400	3.8400	4.2200	1.0990
All over 9,000,000 gallons	2.8000	2.8000	2.7460	0.9804
WHOLESALE WATER SERVICE.				
5/8 -inch meter	17.28	17.28	19.86	1.1493
3/4-inch meter	17.28	17.28	19.86	1.1493
1 -inch meter	42.33	42.33	48.66	1.1495
1 1/2 -inch meter	84.08	84.08	96.66	1.1496
2 -inch meter	134.22	134.22	154.30	1.1496
3 -inch meter	251.18	251.18	288.75	1.1496
4 -inch meter	418.24	418.24	480.80	1.1496
6 -inch meter	835.94	835.94	960.97	1.1496
8 -inch meter	1,337.19	1,337.19	1,537.19	1.1496
First 1,500 gallons				
Next 28,500 gallons	7.6617	7.6617	8.8077	1.1496
Next 870,000 gallons	5.0000	5.0000	5.7478	1.1496
Next 8,100,000 gallons	3.8400	3.8400	4.4143	1.1496
All over 9,000,000 gallons	2.7064	2.7064	3.1112	1.1496
PRIVATE FIRE SERVICE				
2 - INCH SERVICE		69.59	80.00	1.1496
3 - INCH SERVICE		158.23	181.90	1.1496
4 - INCH SERVICE		277.81	319.36	1.1496
6 - INCH SERVICE		704.18	809.50	1.1496
8 - INCH SERVICE		1,154.78	1,327.50	1.1496
10 - INCH SERVICE		2,048.71	2,355.13	1.1496
12 - INCH SERVICE		2,870.79	3,300.17	1.1496

West Virginia American Water
Case No. 07-0998-W-42T
Revenue Deficiency Calculation for Settlement

Overall Weighted Cost of Capital	7.95%
Return on Equity	10.00%
Rate Base	401,308,541
Return on Rate Base	31,904,029
Federal Taxes	4,639,182
State Taxes	1,735,603
Operation & Maintenance Expenses	51,577,485
Depreciation Expense	14,064,490
Taxes Other Than Income Taxes	13,298,899
Subtotal	117,217,688
Going Level Revenues	103,341,198
Subtotal	13,876,490
Additional Uncollectibles	239,468
Additional B & O	638,667
Revenue Increase	14,754,625

	Revenue Requirement	Revenue Requirement Difference
Original Filing	24,065,516	
Adjustments to Company's Original Filing:		
1. Revision to Filing to primarily reflect maintenance reclass & going-level revenues	22,508,991	(1,556,525)
2. Reduction to Rate Base	21,461,963	(1,047,028)
3. Remove 3% Inflation in Man. Fees	21,181,468	(280,495)
4. Used Staff's adjustments to Benefit, Work. Comp. costs and Capital ratio	21,145,222	(36,246)
5. Used Staff's 3-Year Amtz. Of Rate Case Expense	20,950,022	(195,200)
6. Withdrew Low Income Tariff Request	20,843,694	(106,328)
7. Recognize 1/2 Tank Maintenance & Valve Operation	20,365,218	(478,476)
8. Synchronize Depreciation to revised rate base	20,127,650	(237,568)
9. Staff Changes to Property & Payroll Taxes	20,025,527	(102,123)
10. Used Staff's Capital Structure & Reduced ROE to 10.00 %	16,906,356	(3,119,171)
11. Used Staff's Weighted Costs of Debt	16,864,384	(41,972)
12. Used CAD's Composite Rate for FIT of 21.02 %	15,238,237	(1,626,148)
13. Staff's adjustment to Uncollectible	15,194,326	(43,911)
14. Staff's adjustment to Forfeited Discounts	15,167,966	(26,360)
15. Staff's adjustment to B & O Taxes	15,022,886	(145,080)
16. Staff's Adj. to eliminate pay raise 3% and 2 new salaried positions	14,754,625	(268,261)

West Virginia American Water
Case No. 07-0998-W-42T
Company Calculated Capitalization for the Settlement

	Capital Structure	% of total	Effective Cost To Co	Weighted Cost
Short Term Debt	2,207,284	0.53%	4.62%	0.02%
Long Term Debt	243,273,156	58.68%	6.55%	3.85%
Preferred Stock	2,199,304	0.53%	8.62%	0.05%
Common Equity	166,887,622	40.26%	10.00%	4.03%
Total Capitalization	414,567,366	100.00%		7.95%

WEST VIRGINIA
Infrastructure & Jobs Development Council

RECEIVED
2009 MAR 11 PM 2 22
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela Chestnut
Executive Director

Barbara J. Pauley
Administrative Secretary

February 25, 2009

Kenneth Hayes, Chairman
New Haven PSD
Route 1, Box 123-C
Fayetteville, WV 25840

Re: New Haven Public Service District
2006W-951 Binding Commitment
(Action Required by March 16, 2009)

Dear Mr. Hayes:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund loan of approximately $680,000 (Loan) to the New Haven Public Service District (District) for the above referenced water project (Project). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amounts will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

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

a. Prepare and submit the Preliminary Title Opinion no later than March 30, 2009;

b. Advertise for bids no later than June 30, 2009. (The District must receive authority from the Infrastructure Council before bidding the project.)

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

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

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

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

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

Sincerely,

Kenneth Lowe, Jr.

Attachments

cc: Bob DeCrease, P.E., BPH (via e-mail)
Samme Gee, Jackson Kelly (via e-mail)
Ed Shutt, P.E., Stafford Consultants, Inc. (via e-mail)
W. D. Smith, Region IV Planning & Development Council (via e-mail)
Ron Robertson, Staff Attorney, PSC (via e-mail)

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

New Haven Public Service District

By: _____

Its: Chairman

Date: 3-9-09

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

New Haven Public Service District
Water Project 2006W-951
February 25, 2009

SCHEDULE A

A. Approximate Amount: $ 680,000 Loan

B. Loan: $ 680,000

1. Maturity Date: 40 years from date of closing.

2. Interest Rate: 0%

3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition.

4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

5. Special Conditions: None

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

C.	Other Funding:	WVAWC	$ 85,000
		SCBG	1,500,000
D.	Total Project Cost:		$2,265,000

WEST VIRGINIA
Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Barbara J. Pauley
Administrative Secretary

December 5, 2008

Kenneth Hayes, Chairman
New Haven PSD
P.O. Box 178
Oak Hill, WV 25901

Re: New Haven Public Service District
2002W-708 Revised Binding Commitment
(Action Required by January 31, 2009)

Dear Mr. Hayes:

As a result of bids and under the terms of the previous commitment, the West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this revised binding offer of an additional Infrastructure Fund grant of $104,930 (Grant) to the New Haven Public Service District (District) for the above referenced water project (Project). The additional Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference.

All other conditions of the June 25, 2008 binding commitment remain in effect. A revised Schedule A is enclosed.

If the District has any questions regarding this commitment, please contact the Council at the below-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob DeCrease, P.E., BPH (w/o enclosure) (via e-mail)
Ed Shutt, P.E., Stafford Consultants, Inc.
Angela Chestnut, P.E., WVDEP – AML
Dan Bickerton, WVAWC
John Stump, Steptoe & Johnson
Region 4-Planning & Development Council

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

RECEIVED
JUN 13 2008
STAFFORD CONSULTANTS

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

June 11, 2008

Kenneth Hayes, Chairman
New Haven Public Service District
Route 1, Box 123-C
Fayetteville, West Virginia 25840

Re: New Haven Public Service District
Water Project 2006W-951

Dear Mr. Hayes:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the New Haven Public Service District / Fayette County Commission's (the "District") revised preliminary application to construct water line, a water storage tank, valves, hydrants, service lines, meter settings and all appurtenances (the "Project").

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

Upon consideration of the revised preliminary application, the Council determined that the District should utilize an $85,000 West Virginia American Water Company contribution and pursue a $1,500,000 Small Cities Block Grant to fund this $2,265,000 project. Please contact the West Virginia Development Office at 558-4010 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

The Council also determined that the District may be eligible for a $680,000 Infrastructure Fund loan (0%, 40 years) pending final determination of the project's eligibility and readiness to proceed. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Council's pending list of projects.

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

Sincerely,

Kenneth Lowe, Jr.

Enclosure
cc: Bob DeCrease, P.E., BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Dan Bickerton, WVAWC
Region IV Planning & Development Council
Ed Shutt, Stafford Consultants, Inc.

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

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 this 12th day of August, 2009 as follows:

1. On the 12th day of August, 2009, the Authority received the Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $680,000, numbered BR-1 (the "Series 2009 B Bonds"), issued as a single, fully registered Bond dated August 12, 2009.

2. At the time of such receipt, all the Series 2009 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 2009 B Bonds, of $124,720 being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B 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.

[Remainder of Page Intentionally Blank]

WITNESS our respective signatures on the day and year first written above

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

NEW HAVEN PUBLIC SERVICE DISTRICT

Chairman

08.05.09
658590.00003

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 12th day of August, 2009:

(1) Bond No. BR-1, constituting the entire original issue of New Haven Public Service District Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), in the principal amount of $680,000 (the "Series 2009 B Bonds"), dated August 12, 2009 (the "Bonds"), executed by the Chairman and Secretary of New Haven Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on August 10, 2009, and a Supplemental Resolution duly adopted by the Issuer on August 10, 2009 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2009 B Bonds, dated August 12, 2009, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement");

(4) A copy of the Agreement between the Issuer and West Virginia-American Water Company;

(5) A copy of the Letter of Credit; and

(6) Executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2009 B Bonds to the Authority upon payment to the Issuer of the sum of $124,720, representing a portion of the principal amount of the Series 2009 B 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 forms of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

NEW HAVEN PUBLIC SERVICE DISTRICT

Chairman

08.05.09
658590.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2009 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $680,000

KNOW ALL MEN BY THESE PRESENTS: This 12th day of August, 2009, 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 SIX HUNDRED EIGHTY THOUSAND DOLLARS ($680,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011 to and including June 1, 2049, 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 August 12, 2009.

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 the Series 2007 A Bonds; and (iii) to pay certain costs of issuance of 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 August 10, 2009, and a Supplemental Resolution duly adopted by the Issuer on August 10, 2009 (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"); (5) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $995,325 (THE "SERIES 2001 A BONDS"); (6) WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $732,646 (THE "SERIES 2001 B BONDS"); AND (7) WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $802,000 (THE "SERIES 2009 A BONDS") (COLLECTIVELY, 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 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 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 2009 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 the day and year first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: August 12, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $124,720	August 12, 2009	(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

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate

40 Years from Closing Date

Dated Date	8/12/2009
Delivery Date	8/12/2009

Period Ending	Principal	Interest	Debt Service
8/12/2009			
3/1/2011	4,416		4,416
6/1/2011	4,416		4,416
9/1/2011	4,416		4,416
12/1/2011	4,416		4,416
3/1/2012	4,416		4,416
6/1/2012	4,416		4,416
9/1/2012	4,416		4,416
12/1/2012	4,416		4,416
3/1/2013	4,416		4,416
6/1/2013	4,416		4,416
9/1/2013	4,416		4,416
12/1/2013	4,416		4,416
3/1/2014	4,416		4,416
6/1/2014	4,416		4,416
9/1/2014	4,416		4,416
12/1/2014	4,416		4,416
3/1/2015	4,416		4,416
6/1/2015	4,416		4,416
9/1/2015	4,416		4,416
12/1/2015	4,416		4,416
3/1/2016	4,416		4,416
6/1/2016	4,416		4,416
9/1/2016	4,416		4,416
12/1/2016	4,416		4,416
3/1/2017	4,416		4,416
6/1/2017	4,416		4,416
9/1/2017	4,416		4,416
12/1/2017	4,416		4,416
3/1/2018	4,416		4,416
6/1/2018	4,416		4,416
9/1/2018	4,416		4,416
12/1/2018	4,416		4,416
3/1/2019	4,416		4,416
6/1/2019	4,416		4,416
9/1/2019	4,416		4,416
12/1/2019	4,416		4,416
3/1/2020	4,416		4,416
6/1/2020	4,416		4,416
9/1/2020	4,416		4,416
12/1/2020	4,416		4,416
3/1/2021	4,416		4,416
6/1/2021	4,416		4,416
9/1/2021	4,416		4,416
12/1/2021	4,416		4,416

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2022	4,416		4,416
6/1/2022	4,416		4,416
9/1/2022	4,416		4,416
12/1/2022	4,416		4,416
3/1/2023	4,416		4,416
6/1/2023	4,416		4,416
9/1/2023	4,416		4,416
12/1/2023	4,416		4,416
3/1/2024	4,416		4,416
6/1/2024	4,416		4,416
9/1/2024	4,416		4,416
12/1/2024	4,416		4,416
3/1/2025	4,416		4,416
6/1/2025	4,416		4,416
9/1/2025	4,416		4,416
12/1/2025	4,416		4,416
3/1/2026	4,416		4,416
6/1/2026	4,416		4,416
9/1/2026	4,416		4,416
12/1/2026	4,416		4,416
3/1/2027	4,416		4,416
6/1/2027	4,416		4,416
9/1/2027	4,416		4,416
12/1/2027	4,416		4,416
3/1/2028	4,416		4,416
6/1/2028	4,416		4,416
9/1/2028	4,416		4,416
12/1/2028	4,416		4,416
3/1/2029	4,416		4,416
6/1/2029	4,416		4,416
9/1/2029	4,416		4,416
12/1/2029	4,416		4,416
3/1/2030	4,416		4,416
6/1/2030	4,416		4,416
9/1/2030	4,416		4,416
12/1/2030	4,416		4,416
3/1/2031	4,416		4,416
6/1/2031	4,416		4,416
9/1/2031	4,416		4,416
12/1/2031	4,416		4,416
3/1/2032	4,416		4,416
6/1/2032	4,416		4,416
9/1/2032	4,416		4,416
12/1/2032	4,416		4,416
3/1/2033	4,416		4,416
6/1/2033	4,415		4,415
9/1/2033	4,415		4,415
12/1/2033	4,415		4,415
3/1/2034	4,415		4,415

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2034	4,415		4,415
9/1/2034	4,415		4,415
12/1/2034	4,415		4,415
3/1/2035	4,415		4,415
6/1/2035	4,415		4,415
9/1/2035	4,415		4,415
12/1/2035	4,415		4,415
3/1/2036	4,415		4,415
6/1/2036	4,415		4,415
9/1/2036	4,415		4,415
12/1/2036	4,415		4,415
3/1/2037	4,415		4,415
6/1/2037	4,415		4,415
9/1/2037	4,415		4,415
12/1/2037	4,415		4,415
3/1/2038	4,415		4,415
6/1/2038	4,415		4,415
9/1/2038	4,415		4,415
12/1/2038	4,415		4,415
3/1/2039	4,415		4,415
6/1/2039	4,415		4,415
9/1/2039	4,415		4,415
12/1/2039	4,415		4,415
3/1/2040	4,415		4,415
6/1/2040	4,415		4,415
9/1/2040	4,415		4,415
12/1/2040	4,415		4,415
3/1/2041	4,415		4,415
6/1/2041	4,415		4,415
9/1/2041	4,415		4,415
12/1/2041	4,415		4,415
3/1/2042	4,415		4,415
6/1/2042	4,415		4,415
9/1/2042	4,415		4,415
12/1/2042	4,415		4,415
3/1/2043	4,415		4,415
6/1/2043	4,415		4,415
9/1/2043	4,415		4,415
12/1/2043	4,415		4,415
3/1/2044	4,415		4,415
6/1/2044	4,415		4,415
9/1/2044	4,415		4,415
12/1/2044	4,415		4,415
3/1/2045	4,415		4,415
6/1/2045	4,415		4,415
9/1/2045	4,415		4,415
12/1/2045	4,415		4,415
3/1/2046	4,415		4,415
6/1/2046	4,415		4,415

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2046	4,415		4,415
12/1/2046	4,415		4,415
3/1/2047	4,415		4,415
6/1/2047	4,415		4,415
9/1/2047	4,415		4,415
12/1/2047	4,415		4,415
3/1/2048	4,415		4,415
6/1/2048	4,415		4,415
9/1/2048	4,415		4,415
12/1/2048	4,415		4,415
3/1/2049	4,415		4,415
6/1/2049	4,416		4,416
	680,000		680,000

(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:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 12, 2009

New Haven Public Service District
Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

New Haven Public Service District
Fayetteville, 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 $680,000 Water Revenue Bonds, Series 2009 B (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 August 12, 2009, 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 March 1, 2011, to and including June 1, 2049, 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"); (ii) paying the Waterworks System Design Revenue Bonds, Series 2007 A; and (iii) paying certain costs of issuance for the Bonds and related costs.

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We have also examined an executed Letter of Credit issued August 12, 2009 in the stated amount of $35,328 (the "Letter of Credit") by PNC Bank, National Association, Pittsburgh, Pennsylvania, for funding the Series 2009 B Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on August 10, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 10, 2009 (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 created 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 Issuer's: (i) 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); (ii) 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"); (iii) 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"); (iv) 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"); (v) Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 29, 2001, issued in the original aggregate principal amount of $995,325 (the "Series 2001 A Bonds"); (vi) Water Revenue Bonds, Series

2001 B (West Virginia DWTRF Program), dated March 29, 2001, issued in the original aggregate principal amount of $732,646 (the "Series 2001 B Bonds"); and (vii) Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), dated January 16, 2009, issued in the original aggregate principal amount of $802,000 (the "Series 2009 A 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 the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

8. A portion of the proceeds of the Bonds has been applied to repay the Issuer's Waterworks System Design Revenue Bonds, Series 2007 A, dated October 23, 2007 (the "Series 2007 A Bonds"). The Series 2007 A Bonds have been paid within the meaning and with the effect expressed in the Series 2007 A Bonds Resolution, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 2007 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission, stating that it has received payment for the entire outstanding principal and that the Series 2007 A Bonds have been paid in full.

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.

Very truly yours,

STEPTOE & JOHNSON PLLC

08.05.09
658590.00003

LAW OFFICES OF
PHILIP J. TISSUE

303 JONES AVENUE
OAK HILL, WEST VIRGINIA 25901

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

August 9, 2009

New Haven Public Service District
Water Revenue Bonds, Series 2009 B
(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

Steptoe & Johnson, PLLC
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 2009 B Bonds, dated August 12, 2009, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on ___August 10, 2009, the Supplemental Resolution duly adopted by the Issuer on August 10, 2009 (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 Letter of Credit dated August 12, 2009, in the stated amount of $35,328, from PNC Bank, National Association, Pittsburgh, Pennsylvania (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 Agreement is valid and enforceable and has been approved by the Public Service Commission. The Agreement has been extended to the date of maturity of the Series 2009 B Bonds.

5. 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.

6. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

7. 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.

8. 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.

9. The Issuer and the Company have received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project and the operation of the System. The Issuer and the Company have received a Recommended Decision of the Public Service Commission of West Virginia entered on March 31, 2009 which became final order on April 20, 2009 in Case No. 08-1287-PWD-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 and Commission Order dated August 6, 2009 approving the Agreement. The time for appear of the April 20, 2009 order has expired prior to the date hereof. The time for appeal of the August 6, 2009 order has not expired prior to the date hereof; however, the parties to such Commission Order have stated that they do not intend to appeal such Order. Such Orders are in full force and effect.

10. 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 Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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@earthlink.net

August 7, 2009

Katy Mallory, P.E.
West Virginia Infrastructure and Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

Angela Chestnut
WV Department of Environmental Protection
601 57th Street SE
Charleston, WV 25304

Re: New Haven Public Service District, a public corporation
Fayette County Regional Water Project/Stringtown Road
Waterline Extension Project No. 08-1287-PWD-CN
Contract No. 16

Dear Ladies:

I represent New Haven Public Service District with regard to a proposed project to extend the North Fayette regional water treatment and distribution system set forth above to serve approximately ninety-four (94) additional customers (the "Project"), and provide this final title opinion on behalf of New Haven Public Service District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council"), with regard to the Infrastructure Fund financing proposed for 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 the full power and authority to construct, operate and maintain the Project as approved by the Division of Environmental Protection/Bureau for Public Health.

2. That the New Haven Public Service District has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of, and am familiar with, the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by 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 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 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 (easements) must be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the County Commission of Fayette County, West Virginia, to permit the New Haven Public Service District a right of-entry for the purpose of construction, operation and maintenance of the subject facilities 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 resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to the pending litigation:

Name **Tax Map** **Parcel**

i. Kristie Brackett, et als; tax map number 20, parcel number 45;

ii. Warden Abners; tax map number 20; parcel number 14;

iii. Gail Clark; tax map number 20; parcel number 38.

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 approval for 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 preliminary title opinion, or need anything further whatsoever from me prior to authorizing this Project for bid, please do not hesitate to let me know.

Very truly yours,

Philip J. Tissue

PJT/prc
cc: Ed Shutt
Kenneth Hayes
Terri Kiser, Region IV

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

August 12, 2009

New Haven Public Service District
Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

New Haven Public Service District
Fayetteville, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

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 issuance by PNC Bank, Pittsburgh, Pennsylvania (the "Bank"), of its Letter of Credit dated August 12, 2009 (the "Letter of Credit"), in the amount of $35,328, for funding the Series 2009 B Bonds Reserve Account. The Bonds are being issued by the Issuer under Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and pursuant to a Bond Resolution duly adopted by the Issuer on August 10, 2009, as supplemented by the Supplemental Resolution duly adopted by the Issuer on August 10, 2009 (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 facilities of the Issuer (the "Project"); (ii) paying the Waterworks System Design Revenue Bonds, Series 2007 A; and (iii) 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 2009 B Bonds, dated August 12, 2009 (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 Existence and the By-laws of the Company, and all amendments thereto, the Agreement, the Letter 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 and validly existing 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.

Very truly yours,

Jackson Kelly PLLC

JACKSON KELLY PLLC

C1580378

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

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. AGREEMENT
13. PUBLIC SERVICE COMMISSION ORDERS
14. SIGNATURES AND DELIVERY
15. BOND PROCEEDS
16. PUBLICATION OF NOTICE OF FILING
17. SPECIMEN BONDS
18. CONFLICT OF INTEREST
19. LETTER OF CREDIT
20. GRANTS
21. EXECUTION OF COUNTERPARTS

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 this 12th day of August, 2009 in connection with the Issuer's Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2009 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 August 10, 2009, and a Supplemental Resolution of the Issuer duly adopted August 10, 2009 (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 bonds or obligations of the Issuer which will rank on a parity with the Series 2009 B Bonds as to liens, pledge, source of and security for payment being the Issuers: (1) Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original 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 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 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 principal amount of $767,354 (the "Series 2000 D Bonds"); (5) Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 29, 2001, issued in the original principal amount of $995,325 (the "Series 2001 A Bonds"); (6) Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated March 29, 2001, issued in the original principal amount of $732,646 (the "Series 2001 B Bonds"); and (7) Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), dated January 16, 2009, issued in the original principal amount of $802,000 (the "Series 2009 A Bonds") (collectively, the "Prior Bonds").

The Series 2009 B Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2009 B Bonds, the Issuer will obtain (i) a 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 2009 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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

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

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 Small Cities Block Grant

Evidence of Company Contribution

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:

Name	Date of Commencement of Office	Date of Termination of Office
Kenneth R. Hayes, Chairman	July 31, 2007	July 31, 2013
Loren Fox, Member	July 30, 2009	July 30, 2015
Imogene Pennington, Member	July 31, 2005	July 31, 2011
Roma Lively, Member	July 30, 2009	July 30, 2015
Eula Ewing	August 31, 2007	July 31, 2011

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 2009 are as follows:

Chairman	-	Kenneth R. Hayes
Secretary	-	Imogene Pennington

Eula Ewing was appointed Secretary for the August 10, 2009 meeting of the Issuer and for the Closing.

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 Order of the Public Service Commission of West Virginia entered on March 18, 2008, in Case No. 07-0998-W-42T, 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 Final Orders has expired prior to the date hereof without any appeal.

12. AGREEMENT: The Agreement is valid and binding and has been approved by the Public Service Commission. The term of the Agreement has been extended to the date of maturity of the Series 2009 B Bonds.

13. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated March 31, 2009, which became final order on April 20, 2009 in Case No. 08-1287-PWD-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 and Commission Order dated August 6, 2009 approving the Agreement. The time for appeal of the Recommended Decision dated April 20, 2009 has expired prior to the date hereof without any appeal. The

time for appeal of the Commission Order dated August 6, 2009 has not expired prior to the date hereof without any appeal; however, the parties to such Commission Order have stated that they do not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Commission Order. Such Orders are in full force and effect.

14. 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.

15. BOND PROCEEDS: On the date hereof, the Issuer received $124,720 from the Authority and the Council, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. PUBLICATION OF NOTICE OF FILING: The Issuer has published any required notice with respect to, among other things, 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.

17. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

18. 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.

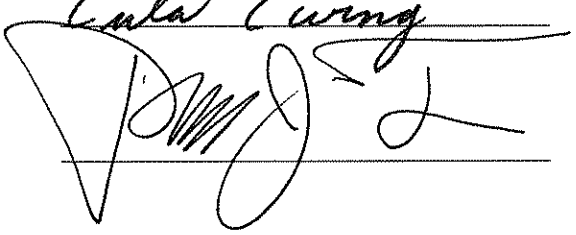
19. LETTERS OF CREDIT: On the date hereof, upon the delivery of the Bonds, the Letters of Credit shall be delivered to the Commission to fund the Series 2009 B Bonds Reserve Account.

20. GRANTS: As of the date hereof, the grant from the Small Cities Block Grant in the amount of $1,500,000 and the contribution from the Company in the amount of $85,000 are committed for the Project.

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

WITNESS our signatures and the official seal of NEW HAVEN PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

08.05.09
658590.00003

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND EXISTENCE
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

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 this 12th day of August, 2009 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, the Issuer's $680,000 aggregate principal amount of Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), pursuant to a Bond Resolution of the Issuer adopted August 10, 2009, as supplemented by a Supplemental Resolution of the Issuer adopted August 10, 2009 (collectively, the "Bond Legislation"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Legislation, 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 EXISTENCE: The Company is a corporation duly created and validly existing 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 Existence

Agreement

Letter of Credit

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, and 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. LETTER OF CREDIT: The Company has obtained and will maintain the Letter of Credit, including all extensions thereof, or renewal or replacement Letter of Credit, to fund the reserve account for the Bonds, so long as the Bonds are outstanding, unless such requirement is waived by the Authority and the Council. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with the Letter 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.

IN WITNESS WHEREOF, I have hereunto set my hand on the day and year first written above.

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Miller

Vice President

ATTEST:

Secretary

08.05.09
658590.00003

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Edward L. Shutt, P.E., Registered Professional Engineer, West Virginia License No. 7314 of Stafford Consultants, Inc., Princeton, West Virginia, hereby certify this 12th day of August, 2009 as follows:

1. My company is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing public waterworks system (the "System") of New Haven Public Service District (the "Issuer") to be constructed primarily 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. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on August 10, 2009, as supplemented by the Supplemental Resolution adopted by the Issuer on August 10, 2009, the Loan Agreement for the Series 2009 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 12, 2009 (collectively, the "Loan Agreement").

2. The Series 2009 B Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying the Waterworks System Design Revenue Bonds, Series 2007 A; and (iii) paying costs of issuance 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 my company and approved by the Council and the West Virginia Bureau for Public Health (the "BPH"), 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 forty (40) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Philip J. Tissue, Counsel to the District 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 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 the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Griffith and Associates of even date herewith, the use fees to be received by the Issuer from the Company under the Agreement dated May 27, 1998, as amended, 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 the BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve 85 new customers in the Stringtown and Sunday Road areas of Northern Fayette County.

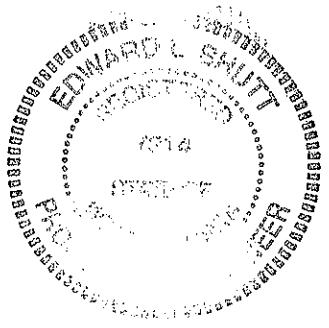
[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.

STAFFORD CONSULTANTS, INC.

(SEAL)

Edward L. Shutt, P.E.
West Virginia License No. 7314



03.09.09
658590.00003

NEW HAVEN PSD
SCHEDULE B

A. COST OF PROJECT	TOTAL	IJDC Design Loan	Total Minus Design Loan	IJDC	SCBG	WVAWC
1 Construction						
Contract One - lines	1,442,699.00	0.00	1,442,699.00	161,699.00	1,200,000.00	81,000.00
Contract Two	214,000.00	0.00	214,000.00	74,000.00	140,000.00	0.00
2 Technical Services - Stafford						
Mapping	12,000.00	12,000.00	0.00	0.00	0.00	0.00
Preliminary Design	30,000.00	30,000.00	0.00	0.00	0.00	0.00
Final Design	24,430.00	3,589.16	20,840.84	20,840.84	0.00	0.00
Bidding / Negotiating	14,000.00	0.00	14,000.00	14,000.00	0.00	0.00
Contruction Administration	42,200.00	0.00	42,200.00	42,200.00	0.00	0.00
Resident Project Representative	96,300.00	0.00	96,300.00	0.00	96,300.00	0.00
Soils Investigation	3,500.00	0.00	3,500.00	3,500.00	0.00	0.00
Property Surveying	1,200.00	0.00	1,200.00	0.00	1,200.00	0.00
Easement Maps	1,500.00	150.00	1,350.00	1,350.00	0.00	0.00
Arch. Sur. Coord./Environ. Asses.	2,800.00	0.00	2,800.00	2,800.00	0.00	0.00
Warranty Period Services	1,500.00	0.00	1,500.00	1,500.00	0.00	0.00
Record Drawings	2,500.00	0.00	2,500.00	0.00	2,500.00	0.00
Meetings	2,000.00	0.00	2,000.00	2,000.00	0.00	0.00
Pre Existing Phase IIIA Additional Services	3,561.84	3,561.84	0.00	0.00	0.00	0.00
Finance Charge	4,000.00	0.00	4,000.00	0.00	0.00	4,000.00
3 Interim Financing						
Registrar - Design Loan	500.00	500.00	0.00	0.00	0.00	0.00
Bond Counsel - Design Loan	3,000.00	3,000.00	0.00	0.00	0.00	0.00
4 Legal	22,000.00	0.00	22,000.00	22,000.00	0.00	0.00
5 Permits and legal ads						
WV Dept. of Highways Bond/Insp.	10,851.05	0.00	10,851.05	10,851.05	0.00	0.00
NPDES Stormwater	1,720.00	0.00	1,720.00	1,720.00	0.00	0.00
Bureau for Public Health	300.00	0.00	300.00	300.00	0.00	0.00
DNR	75.00	0.00	75.00	75.00	0.00	0.00
Legal Ads	583.36	0.00	583.36	583.36	0.00	0.00
6 Administrative	60,000.00	0.00	60,000.00	0.00	60,000.00	0.00
7 Lands & ROWs	20,000.00	0.00	20,000.00	20,000.00	0.00	0.00
8 Project Contingency	232,279.75	0.00	233,466.90	233,466.90	0.00	0.00
9 Total Design Loan - IJDC						
Principal amount (Note: amount less than $52,801 as payments have been made)			51,480.00	51,480.00	0.00	0.00
MBC fee			133.85	133.85	0.00	0.00
10 TOTAL of Lines 1 through 9	2,249,500.00	52,801.00	2,249,500.00	664,500.00	1,500,000.00	85,000.00
B. COST OF FINANCING						
11 Funded Reserve	0.00		0.00	0.00		0.00
12 Registrar	500.00		500.00	500.00		0.00
13 Bond Counsel	15,000.00		15,000.00	15,000.00		0.00
14 Cost of Issuance (lines 11 through 13)	15,500.00		15,500.00	15,500.00	0.00	0.00
15 TOTAL PROJECT COST line 10 plus line 14	2,265,000.00		2,265,000.00	680,000.00	1,500,000.00	85,000.00
C. SOURCES OFOTHER FUNDS						
16 Federal Grants (SCBG)	1,500,000.00		1,500,000.00	0.00	1,500,000.00	0.00
17 State Grants	0.00		0.00	0.00	0.00	0.00
18 Other Grants	0.00		0.00	0.00	0.00	0.00
19 Any Other Source (WVAWC)	85,000.00		85,000.00	0.00	0.00	85,000.00
20 TOTAL GRANTS Lines16 through 19	1,585,000.00		1,585,000.00	0.00	1,500,000.00	85,000.00
21 Size of Bond Issue (line 15 minus Line 20)	**680,000.00**		**680,000.00**	**680,000.00**	**0.00**	**0.00**

New Haven PSD

August 13, 2009
Date

Stafford Consultants

August 13, 2009
Date

EDWARD L. SHUTT
REGISTERED
7314
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

August 12, 2009

New Haven Public Service District
Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

New Haven Public Service District
Fayetteville, West Virginia

Ladies and Gentlemen:

Based upon the use fees to be paid by West Virginia-American Water Company (the "Company") to New Haven Public Service District (the "Issuer"), under that certain Agreement dated as of November 27, 1996, as amended (the "Agreement"), by and between the Company and the Issuer, it is our opinion that such 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 2009 B (West Virginia Infrastructure Fund), to be issued in the original aggregate principal amount of $__680,000 to the West Virginia Water Development Authority on the date hereof (the "Series 2009 B Bonds"), and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's: (1) Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original 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 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 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 principal amount of $767,354 (the "Series 2000 D Bonds"); (5) Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 29, 2001, issued in the original principal amount of $995,325 (the "Series 2001 A Bonds"); (6) Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated March 29, 2001, issued in the original principal amount of $732,646 (the "Series 2001 B Bonds"); and (7) Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), dated January 16, 2009, issued in the original principal amount of $802,000 (the "Series 2009 A Bonds") (collectively, the "Prior Bonds").

It is further our opinion 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 Series 2009 B Bonds and the Prior Bonds.

Very truly yours,

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

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

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

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 $680,000 Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), of the Issuer, dated August 12, 2009 (the "Series 2009 B Bonds"), hereby certify this 12th day of August, 2009 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 August 10, 2009 as supplemented by Supplemental Resolution duly adopted on August 10, 2009 (collectively, 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 August 12, 2009, the date on which the Bonds are being physically delivered in exchange for $124,720, being a portion of the principal amount of the Series 2009 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") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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 2009 B Bonds were sold on August 12, 2009, to the Authority, pursuant to a loan agreement dated August 12, 2009, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $680,000

(100% of par), at which time, the Issuer received $124,720 from the Authority and the Council, being the first advance of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued 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"); (ii) paying the Waterworks System Design Revenue Bonds, Series 2007 A; and (iii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter (in any event, not more than 6 months from the date hereof, enter into agreements which require the Issuer to expend in excess of 5% of the aggregate principal amount 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 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 constituting capitalized interest, if any, and proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before January 1, 2011. The acquisition and construction of the Project is expected to be completed by July 1, 2010.

8. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $2,265,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2009 B Bonds	$680,000.00
Small Cities Block Grant	$1,500,000.00
Company Contribution	$85,000.00
Total Sources	$2,265,000.00
USES	
Costs of Acquisition and Construction of the Project	$2,197,886.15
Payment of Series 2007 A Bonds	$51,613.85
Costs of Issuance	$15,500.00
Total Uses	$2,265,000.00

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2009 B Bonds:

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

(2) Series 2009 B Bonds Construction Trust Fund;

(3) Series 2009 B Bonds Sinking Fund; and

(4) Series 2009 B Bonds Reserve Account (to be funded with the Letter of Credit);

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2009 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2009 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 2009 B Bonds Reserve Account.

(3) Bond proceeds in the amount of $51,613.85 will be deposited with the Commission to pay the entire principal of and interest, if any, on the Series 2007 A Bonds.

(4) The balance of the proceeds of the Series 2009 B Bonds will be deposited in the Series 2009 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 2009 B Bonds and related costs.

11. Moneys held in the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 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 2009 B Bonds Sinking Fund and Series 2009 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2009 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 Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 6 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2009 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2009 B Bonds Reserve Account, if any, all of the proceeds of the Series 2009 B Bonds will be expended on the Project within 12 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

16. 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.

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

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

19. The 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.

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

21. The Issuer shall use the Bond proceeds solely for the costs of the Project.

22. The Bonds are not federally guaranteed.

23. 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 or public purpose bonds.

24. The Issuer has either (a) funded the Series 2009 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 2009 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 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 2009 B Bonds Reserve Account. Moneys in the Series 2009 B Bonds Reserve Account, if any, and the Series 2009 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.

25. 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.

26. All proceeds of the Series 2009 B Bonds shall be used for payment of the costs of the Project within 3 years the date hereof.

27. 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.

28. 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.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on the day and year first written above.

NEW HAVEN PUBLIC
SERVICE DISTRICT

Chairman

08.05.09
658590.00003

WEST VIRGINIA MUNICIPAL BOND COMMISSION ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

WATER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

THE UNDERSIGNED OFFICER OF PNC BANK, NATIONAL ASSOCIATION, PITTSBURGH, PENNSYLVANIA (THE "BANK") HEREBY CERTIFIES IN CONNECTION WITH THE ISSUANCE BY THE BANK OF ITS LETTER OF CREDIT NO. 18111668-00-000, DATED AUGUST 12, 2009, IN THE AMOUNT OF US$35,328.00 (THE "LETTER OF CREDIT"), FOR THE ACCOUNT OF THE WEST VIRGINIA MUNICIPAL BOND COMMISSION ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AS REGISTERED OWNER OF THE NEW HAVEN PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND) (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 IS ABLE TO DO BUSINESS IN THE STATE OF WEST VIRGINIA WITH THE POWER AND AUTHORITY TO ISSUE AND DELIVER THE LETTER OF CREDIT UNDER APPLICABLE PROVISIONS OF LAW.

2. THE LETTER OF CREDIT HAS BEEN DULY AUTHORIZED, EXECUTED AND DELIVERED BY THE BANK.

3. THE BANK HAS BEEN INFORMED THAT THE LETTER OF CREDIT IS PROVIDED TO FUND THE SERIES 2009 B BONDS RESERVE ACCOUNT AND SECURE THE PAYMENT OF UP TO US$35,328.00, WHICH WE ARE ADVISED IS EQUAL TO TWO YEAR'S DEBT SERVICE ON THE ISSUER'S WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 12, 2009. THE LETTER OF CREDIT HAS BEEN DELIVERED BY THE BANK PURSUANT TO AN APPLICATION FOR IRREVOCABLE STANDBY LETTER OF CREDIT DATED JUNE 19, 2009.

IN WITNESS WHEREOF, PNC BANK, NATIONAL ASSOCIATION HAS CAUSED THIS CERTIFICATE TO BE EXECUTED BY A DULY AUTHORIZED OFFICER, THIS 12TH DAY OF AUGUST, 2009.

PNC BANK, NATIONAL ASSOCIATION

BY: _____
AUTHORIZED OFFICER

Aug 2000

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 there 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 are 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

Chairman, Public Service Board

Secretary

Exhibit A Notice to Customers of Ames Public Service District

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

7/14/00

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°57'27" and longitude of 81°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°00'17" and a longitude of W 81°10'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00'W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°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°02'04" and a longitude of W 81°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°02'45" and a longitude of 81°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 1:00 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 ~~Cabell~~ Fayette 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. Sopp
COMMISSIONER

Attest:

Kelvin C. Holliday
Clerk

C0404900.2

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°57'27" and longitude of 81°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;
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> 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°00'17" and a longitude of W 81°10'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°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°02'04" and a longitude of W 81°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°02'45" and a longitude of 81°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

7/2000

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°57'27" and longitude of 81°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°00'17" and a longitude of W 81°10'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°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°02'04" and a longitude of W 81°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°02'45" and a longitude of 81°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

1998

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 desirous 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°57'27" and longitude of 81°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°00'17" and a longitude of W 81°10'18"; thence following the Page-Kincaid boundary North 0.89 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°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°02'04" and a longitude of W 81°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°02'45" and a longitude of 81°11'50";

Thence departing the Page-Kincaid Public Service District boundary and extending 5.0 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, 5.83 miles to a point in Route 60/3 having a latitude of N 38°03'07" 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°04'39"; 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°53'56", 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 12.69 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 etal. 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

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

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 13A 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 made, 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 13A 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 system, said point having a latitude of 37°57'0" and longitude of 81°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 Dick 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°00'17" and a longitude of W 81°11'22"; thence following the Page-Kincaid boundary North 0.95 miles to a point having a latitude of N 38°01'01" and a longitude of W 81°11'18"; thence following the Page-Kincaid Public Service District boundary N 45°10' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°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°03'04" and a longitude of W 81°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°02'45" and a longitude of 81°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°08'10" and a longitude of W 81°09'01";

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, 5.88 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°04'39"; Thence in an easterly direction 38.90 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°18'12" 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°02'03" 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 on the New River having a latitude of N 38°02'10" 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 Dunlap Creek having a latitude of N 37°57'17" and a longitude of W 81°04'13"; 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, Wolf Creek Public Service District, and Ames Public Service District.

(b) The purpose of said public service district shall be to construct, acquire, 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.

(c) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A, of Chapter 16, 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, 1998, 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 conductive 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 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 I legal advertisement in compliance with the provisions of Chapter 59, Article 1 of the Official Code of West Virginia of 1931, as amended.

Section 5: 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, 1998.

THE COUNTY COMMISSION OF FAYETTE COUNTY

John K. White
President

John N. Lopez
Commissioner

Commissioner

ATTEST:

Kathryn E. Holliday
Clerk

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°02'45" and a longitude of 81°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

10/29/1980 38/170

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 Hearin 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 latitud[illegible]

THENCE, west, 10.98 miles leaving the Gauley River and running to a point in the New River having a latitude of N 38° 02' 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 5.68 miles with the boundary of the Valley Magisterial District 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 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' 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 Virgina.

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: James E. Lively
President

ATTEST:

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 Richardson of the NUTTALL PUBLIC SERVICE DISTRICT and Neil Richardson of J. E. MILLS, 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 GATE 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 38° 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° 02' 30" and a longitude of W 81° 02' 52";

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' 31" and a longitude of W 81° 09' 03";

THENCE, in a northeastern direction 5.65 miles with the boundary of the Valley Magisterial District to a point in Route 60/3 having a latitude of N 38° 08' 07" and a longitude of W 81° 05' 29";

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' 29";

THENCE, in a 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, 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 13-A of Chapter 16 of the West Virginia Code, but will change the MUSCALL 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 Ansted 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

ORDER MERGING AMES PUBLIC SERVICE DISTRICT WITH AND INTO NEW HAVEN PUBLIC SERVICE DISTRICT TO EXPAND THE NEW HAVEN PUBLIC SERVICE DISTRICT BOARD MEMBERS TO FIVE.

Pursuant to the provisions of Article 16, Chapter 13A, Section 3 of the Code of West Virginia, as amended, on the 15th day of August, 2001, the County Commission of Fayette County expanded and established a five member New Haven Public Service District Board and appointed the following members to said New Haven Public Service District with initial terms of these appointees commencing as of August 1, 2001, and for the term of years designated:

Kenneth Hayes	July 30, 2007
Imogene Pennington	July 30, 2005
Ann Berry	July 30, 2005
Loren Fox	July 30, 2003
Roma Lively	July 30, 2003

The powers, duties, management and control of the New Haven Public Service District Board shall be vested in this Public Service District in accordance with the provision of Article 16, Chapter 13A, Section 3 of the Code of West Virginia.

The new members of the New Haven Public Service District

FAYETTE COUNTY COMMISSION

On this the 31st day of August, 2007, it appearing to the Fayette County Commission that due to the death of Ms. Ann Berry a vacancy exists for a Board Member of the New Haven Public Service District and upon recommendation of the New Haven Public Service District, it is hereby ordered that Eula Ewing of Hico, West Virginia, be appointed to fill the unexpired term of Ann Berry on said New Haven Public Service District, said term to expire July 31, 2011.

Kenneth L. Eskew, President

John H. Lopez, Commissioner

Matthew D. Wender, Commissioner

FAYETTE COUNTY COMMISSION

On this the 2nd day of September, 2005, 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 July 31, 2005, 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 July 31, 2005, to serve for and during a period of six years, said term to expire July 31, 2011.

This order not having been presented on July 31, 2005, is entered nunc pro tunc.

FAYETTE COUNTY COMMISSION

Matthew D. Wender, President

John H. Lopez, Commissioner

Kenneth L. Eskew, Commissioner

On this the 6th day of July, 2007, it appearing to the Commission that the term of office of Mr. Kenneth Hayes, as a member of the New Haven Public Service District will expire on July 31, 2007, and upon recommendation of the Board it is hereby ordered that Mr. Kenneth Hayes be and he is hereby reappointed as a Commissioner of said New Haven Public Service District as and of July 31, 2007, to serve for and during a period of six years, said term to expire July 31, 2013.

FAYETTE COUNTY COMMISSION

Kenneth L. Eskew, President

John H. Lopez, Commissioner

Matthew D. Wender, Commissioner

FAYETTE COUNTY COMMISSION

On this the 26th day of June 2009, it appearing to the Commission that the term of office of Mr. Loren Fox, as a member of the New Haven Public Service District expires on July 30, 2009, and upon recommendation of the Board it is hereby ordered that Mr. Loren Fox be and he is hereby reappointed as a Commissioner of said New Haven Public Service District as and of July 30, 2009, to serve for and during a period of six years, said term to expire July 30, 2015.

FAYETTE COUNTY COMMISSION

Kenneth L. Eskew, President

John H. Lopez, Commissioner

Matthew D. Wender, Commissioner

Jul 25 09 07:30a

FAYETTE COUNTY COMMISSION

On this the 26th day of June 2009, it appearing to the Commission that the term of office of Mr. Roma Lively, as a member of the New Haven Public Service District expires on July 30, 2009, and upon recommendation of the Board it is hereby ordered that Mr. Roma Lively be and he is hereby reappointed as a Commissioner of said New Haven Public Service District as and of July 30, 2009, to serve for and during a period of six years, said term to expire July 30, 2015.

FAYETTE COUNTY COMMISSION

Kenneth L. Eskew, President

John H. Lopez, Commissioner

Matthew D. Wender, Commissioner

Jul 25 09 07:28a

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Kenneth Hayes, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of member New Haven PSD, in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

July 19, 2007
Date

Signature

Taken, sworn to and subscribed to before me this 19th day of July, 2007, 2007 by Kenneth Hayes.

My Commission expires February 6, 2011.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA K. JOHNSON
P. O. BOX 557
FAYETTEVILLE, WV 25840
My commission expires February 6, 2011

Notary Public

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Imogene Pennington do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of New Haven PSD member, in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

9-8-05
Date

Imogene Pennington
Signature

Taken, sworn to and subscribed to before me this 8 day of September, 2005 by Imogene Pennington.

My Commission expires Feb 6, 2011.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA K. JOHNSON
P. O. BOX 857
FAYETTEVILLE, WV 25840
My commission expires February 6, 2011

Linda K. Johnson
Notary Public

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Ronna M. Lively, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of New Haven P.S.D., in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

May 15, 2003
Date

Ronna M. Lively
Signature

Taken, sworn to and subscribed to before me this 15th day of May, 2003 by Ronna M. Lively.

My Commission expires Nov 7th 2004.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LEE R. TINCHER
FAYETTE INS. AGENCY & LEES LICENSE SERV.
1402-2 EAST MAIN STREET
OAK HILL, WV 25901
My Commission Expires November 7, 2004

Notary Public

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Eula A. Ewing, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of New Haven Public Service District, in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

September 7, 2007
Date

Eula A. Ewing
Signature

Taken, sworn to and subscribed to before me this 7th day of September, 2007 by Eula A. Ewing.

My Commission expires March 6, 2017.

Traci L. Sutphin
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TRACI L. SUTPHIN
FAYETTE COUNTY COMMISSION
100 COURT STREET, P. O. BOX 509
FAYETTEVILLE, WV 25840
My commission expires March 6, 2017

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Loren J. Fox, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Board Member, New Haven PSD, in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

3-19-2002
Date

Loren J. Fox
Signature

Taken, sworn to and subscribed to before me this 19 day of March, 2002 by Loren J. Fox.

My Commission expires Sept. 27, 2003.

Edith Jarrett
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
EDITH JARRETT
SALEM-GATEWOOD PSD
RT. 1, BOX 284
FAYETTEVILLE, WV 25840
My Commission Expires September 27, 2003

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
EDITH JARRETT
SALEM-GATEWOOD PSD
RT. 1, BOX 284
FAYETTEVILLE, WV 25840
My Commission Expires September 27, 2003

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 New Haven Public Service District (the "District") will be located at Rt. 1, Box 123C, Fayette County, 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 shall be inscribed the corporate seal.

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Board of the District (the "Board") 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 Board resign or otherwise become legally disqualified to serve as a member of the 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 Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and

request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Board 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 Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Board, two (2) members shall constitute a quorum. Each member of the Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least two (2) 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. 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 the Board, and the date, time, place and purpose of all special meetings of the 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 Board at the front door or bulletin board of the front door or bulletin board of the Fayette County Courthouse and the office of the District and, if different from the office, at the front door or bulletin board of the place fixed for regular meetings of the Board not less than three (3) business days before a regularly scheduled meeting is to be held, stating the date, time and place fixed and entered of record by the 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 locations by the Secretary of the Board not less than three (3)

business days before such regular meeting is to be held. The agenda listing the matters requiring official action that may be addressed at the meeting may be amended up to two (2) business days prior to the meeting. 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 Board at the front door or bulletin board of the office of the District and at the front door or bulletin board of the Fayette County Courthouse and front door or bulletin board of the place fixed for the regular meetings of the Board not less than two (2) business days before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. In addition, a copy of the agenda listing the matters requiring official action that may be addressed at the meeting for each special meeting shall be posted at the same locations by the Secretary of the Board not less than two (2) business days before such special meeting is to be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

For the purposes of calculating the number of days in any notice period based upon business days, Saturdays, Sundays, legal holidays and the day of the meeting are not counted.

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 11 day of June, 2007.

Chairman

Secretary

motion by Loren Fox
second by Roma Lively

CH893651.1

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS

BECKLEY, WEST VIRGINIA 25801

August 18, 2008

STATE OF WEST VIRGINIA
COUNTY OF FAYETTE, to wit:

I, Michelle Dunn, being duly sworn upon my oath, do depose and say that I am Legal Advertising Clerk for Beckley Newspapers, 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 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 FILING
(Description of notice)

was duly published in said newspaper once a week for one successive weeks (Class 1), commencing with the issue of the 18th day of August, 2008, and ending with the issue of the 18th day of August, 2008, (and was posted at the Fayette County Courthouse on the 18th day of August, 2008); that said annexed notice was published on the following dates:

08/18/08

and that the cost of publishing said annexed notice as aforesaid was $ 131.96

Signed Michelle Dunn
Michelle Dunn
Legal Advertising Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
18th day of August, 2008

My commission expires March 27, 2011

Notary Public of Raleigh County,
State of West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. SIZER
BECKLEY NEWSPAPERS
P. O. BOX 2398
BECKLEY, WV 25802
My commission expires March 27, 2011

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
the City of Charleston on the 31st day of July, 2008.
CASE NO. 08-1264-PWD-CN
NEW HAVEN PUBLIC SERVICE DISTRICT
Lahaina, WV 25562

Application for a certificate of convenience and necessity
to construct a potable water line extension (Phase III-A) to
serve the Stinnett Addition of Fayette County

NOTICE OF FILING

On July 31, 2008, New Haven Public Service District, an instrumentality of duly constituted authority created pursuant to the provisions of Article 13A, Chapter 16 of the Code of West Virginia, 1931, as amended, filed its application with and payable for public inspection in the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

New Haven Public Service District (District) estimates that construction will cost approximately $2,226,000.00. It is proposed that the construction will be financed as follows:

West Virginia American Water Company in the amount of $240,000.00
WV Department of Agriculture in the amount of $436,000.00
Small Cities (HUD) in the amount of $1,500,000.00

The proposed project related rates for the project which do not represent any increase in the rates for the following:

AVAILABILITY OF SERVICE

Available for all residential, commercial and industrial service within the District.

RATE

First 2,000 gallons used per month, the minimum charge
Next 28,000 gallons used per month $7.6617 per 1,000 gallons
Next 70,000 gallons used per month $5.8000 per 1,000 gallons
Next 900,000 gallons used per month $3.8400 per 1,000 gallons
All over 1,000,000 gallons used per month $2.8000 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amount according to the size of meter installed, to-wit:

5/8" meter ..... $17.28 per month
3/4" meter ..... $23.04 per month
1" meter ..... $34.56 per month
1 1/2 inch meter ..... $69.12 per month
2" inch meter ..... $110.58 per month
3" inch meter ..... $207.36 per month
4" inch meter ..... $345.60 per month
6" inch meter ..... $691.20 per month
8" inch meter ..... $1,105.92 per month

These rates apply to Phase III-A customers only.

New Haven is proposing to extend public water service to individuals not served in connection with its Fayette County Regional Water Project. The requested rates and charges are only proposed and are subject to change, increases or decreases by the Public Service Commission in its review of this filing.

Pursuant to W.Va. Code §24-2-11, it is ORDERED that the New Haven Public Service District give notice of the filing of said application by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State published and of general circulation in Fayette County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within fifty days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene cancels your right to protest aspects of this certificate case including any associated rate increases or to participate in future proceedings. All protests or interests to intervene should briefly state the reason for protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said fifty day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and staff review thereof.

A True Copy, Teste:

Sandra Squire
Executive Secretary

S-WO-FT-RG-052

RECEIVED
2008 JUL 31 AM 8:31
PUBLIC SERVICE COMMISSION
OFFICE OF SECRETARY

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, AND DRAW 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 posted, on the 10th day of August, 2009, in Fayetteville, Kanawha County, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Kenneth R. Hayes, Chairman Loren Fox, Member Roma Lively, Member Eula Ewing, Member
ABSENT	Imogene Pennington, Member

Kenneth R. Hayes, Chairman, presided. Loren ox moved that Eula Ewing act as Secretary. The motion was seconded by Roma Lively and the motion passed. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE DISTRICT'S SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2006 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), THE ACQUISITION AND CONSTRUCTION OF

IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF MALDEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,834,985 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM); NOT MORE THAN $6,614,965 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); AND NOT MORE THAN $2,175,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 C (UNITED STATES DEPARTMENT OF AGRICULTURE); 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 ARRA ASSISTANCE 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 by Loren Fox and seconded by Roma Lively, 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 then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA) AND SEWER REVENUE BONDS, SERIES 2009 C (UNITED STATES DEPARTMENT OF AGRICULTURE) OF MALDEN PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO THE SERIES 2009 A BONDS AND THE SERIES 2009 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE

SERIES 2009 A BONDS AND THE SERIES 2009 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SERIES 2009 C BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; 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, upon motion duly made by Loren Fox and seconded by Roma Lively, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Loren Fox and seconded by Roma Lively, it was unanimously ordered that the said Draw Resolution be adopted.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of New Haven Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 12th day of August, 2009.

Secretary

08.07.09
658590.00003

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A
(West Virginia Infrastructure Fund)

MINUTES ON ELECTION OF OFFICERS FOR YEAR 2009,
ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION,
AND FIRST DRAW 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 12th day of January, 2009, at Fayetteville, West Virginia, at the hour of 11:00 a.m.

PRESENT:	Kenneth R. Hayes	-	Chairman
	Imogene Pennington	-	Secretary
	Roma Lively	-	Member
	Loren Fox	-	Member
	Eula Ewing	-	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 2009 calendar year:

Kenneth R. Hayes	- Chairman
Imogene Pennington	- Secretary

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

RESOLUTION AUTHORIZING 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 $802,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (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 A LOAN AGREEMENT 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 by Loren Fox and seconded by Roma Lively, 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 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT 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 ACCOUNT; APPROVING THE AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT; 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 by Loren Fox and seconded by Roma Lively, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Roma Lively and seconded by Loren Fox, it was unanimously ordered that the said Draw Resolution be adopted.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

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 16th day of January, 2009.

Secretary

01.07.09
658590.00004

CH5066937.1

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, AND DRAW 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 posted, on the 10th day of August, 2009, in Fayetteville, Kanawha County, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Kenneth R. Hayes, Chairman
	Loren Fox, Member
	Roma Lively, Member
	Eula Ewing, Member
ABSENT	Imogene Pennington, Member

Kenneth R. Hayes, Chairman, presided. Loren ox moved that Eula Ewing act as Secretary. The motion was seconded by Roma Lively and the motion passed. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE DISTRICT'S SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2006 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), THE ACQUISITION AND CONSTRUCTION OF

IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF MALDEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,834,985 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM); NOT MORE THAN $6,614,965 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); AND NOT MORE THAN $2,175,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 C (UNITED STATES DEPARTMENT OF AGRICULTURE); 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 ARRA ASSISTANCE 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 by Loren Fox and seconded by Roma Lively, 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 then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA) AND SEWER REVENUE BONDS, SERIES 2009 C (UNITED STATES DEPARTMENT OF AGRICULTURE) OF MALDEN PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO THE SERIES 2009 A BONDS AND THE SERIES 2009 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE

SERIES 2009 A BONDS AND THE SERIES 2009 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SERIES 2009 C BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; 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, upon motion duly made by Loren Fox and seconded by Roma Lively, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Loren Fox and seconded by Roma Lively, it was unanimously ordered that the said Draw Resolution be adopted.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of New Haven Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 12th day of August, 2009.

Secretary

08.07.09
658590.00003

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 12-Aug-09

ISSUE: New Haven Public Service District
Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund)

ADDRESS: Rt. 1 Box 123C, Fayetteville, West Virginia 25840 COUNTY: Fayette

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 12-Aug-09

CLOSING DATE: 12-Aug-09

ISSUE AMOUNT: $680,00

RATE: 0%

1ST DEBT SERVICE DUE: 1-Mar-11

1ST PRINCIPAL DUE 1-Mar-11

1ST DEBT SERVICE AMOUNT $4,416

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: Fayette County National Bank
Contact: Denise Light
Phone: 304.574.1212

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Kenneth Hayes
Position: Chairman
Phone: 304.658.4385

OTHER:
Agency: West Virginia Infrastructure & Jobs Development Council
Contact: Angela Chesnut, P.E.
Position: Executive Director
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: x Wire ____ Check ____ IGT

____	To Escrow Trustee	$
____	To Issuer	$
____	To Cons. Invest. Fun	$
x	To Other: 2007 A	$ 51,613.85

NOTES: Series 2009 B Bonds Reserve Acount to be funded by Letter of Credit

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

NEW HAVEN PUBLIC SERVICE DISTRICT

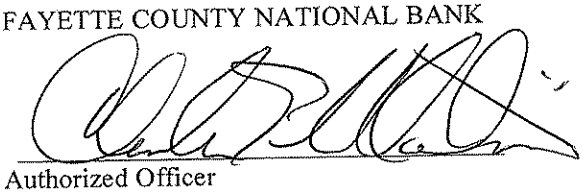
Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

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 August 10, 2009, and a Supplemental Resolution adopted by the Issuer on August 10, 2009 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated August 12, 2009, issued in the original aggregate principal amount of $680,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 12th day of August, 2009.

FAYETTE COUNTY NATIONAL BANK



Authorized Officer

08.05.09
658590.00003

NEW HAVEN PUBLIC SERVICE DISTRICT

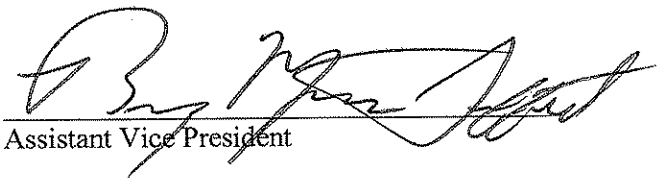
Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the New Haven Public Service District Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated August 12, 2009, issued in the original aggregate principal amount of $680,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 12th day of August, 2009.

THE HUNTINGTON NATIONAL BANK



Assistant Vice President

08.05.09
658590.00003

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, 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 2009 B (West Virginia Infrastructure Fund), of the Issuer, dated August 12, 2009, in the principal amount of $680,000, numbered BR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 12th day of August, 2009.

THE HUNTINGTON NATIONAL BANK

Assistant Vice President

08.05.09
658590.00003

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 12th day of August, 2009, by and between NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $680,000 Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted August 10, 2009, and a Supplemental Resolution of the Issuer duly adopted August 10, 2009 (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
Rt. 1 Box 123C
Fayetteville, West Virginia 25840
Attention: Chairman

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The Registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legally available remedies.

9. 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

THE HUNTINGTON NATIONAL BANK

Authorized Officer

08.05.09
658590.00003

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date August 12, 2009

New Haven Public Service District
Account Number 6089001809

New Haven Public Service District
Water Revenue Bond, Series 2009 B
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR August, 2009

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

This FIFTH RESTATEMENT OF FIRST AMENDMENT TO AGREEMENT made as of August 12, 2009 ("Fourth 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 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 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").

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Fifth 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 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; (ii) a loan in the approximate aggregate principal amount of $995,325 made on March 2, 2000; and (iii) a loan in the aggregate principal amount of $802,000 made on

January 16, 2009; and (iv) a loan in the aggregate principal amount of $680,000 expected to be made on August 12, 2009.

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 made on March 29, 2001.

Notwithstanding the foregoing, Company's obligation to make the aggregate monthly Use Fee 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."

2. Except as amended and modified herein, the Agreement shall remain in full force and effect.

3. This Fifth Restatement of First Amendment to Agreement is a further restatement of a Restated First Amendment to Agreement dated September 21, 2000 (the "Restated First Amendment"), a Second Restatement of First Amendment to Agreement dated March 29, 2001 (the "Second Restatement"), a Third Restatement of First Amendment to Agreement dated October 23, 2007 (the "Third Restatement"), a Fourth Restatement of First Amendment to Agreement dated January 16, 2009 (the "Fourth Restatement") and is intended to replace and supersede the Restated

First Amendment, the Second Restatement, the Third Restatement and the Fourth Restatement in their entirety.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Fifth 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
Its VP & Treasurer

NEW HAVEN PUBLIC SERVICE DISTRICT

By: Howard R. V
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 10th day of August, 2009 by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires February 10, 2015

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
J.G. Judy
2134 Zabel Drive
Charleston, WV 25312
My Commission Expires February 10, 2015

J.G. Judy
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, to-wit:

The foregoing instrument was acknowledged before me this 10th day of AUGUST _____, 2009 by Kenneth Hayes, Chairman of New Haven Public Service District, a public corporation, on behalf of said corporation.

My commission expires June 30, 2019

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DANIEL P. BICKERTON
1600 PENNSYLVANIA AVE.
CHARLESTON, WV 25301
My commission expires June 30, 2019

Daniel P. Bickerton
Notary Public

CH5105501.1

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 13th day of January 2009.

CASE NO. 08-0333-W-PWD-PC-CN (REOPEN)

NEW HAVEN PUBLIC SERVICE DISTRICT
AND WEST VIRGINIA-AMERICAN WATER COMPANY,
Application for a certificate of convenience and necessity to construct a potable waterline extension (Phase III-A to serve the Shawver Ridge Road areas and Power Plant/Beauty Mountain areas of Fayette County) and request for approval of related agreement.

COMMISSION ORDER

The Commission reopens this case and approves the amendment to an agreement between West Virginia-American Water Company ("WVAWC") and the New Haven Public Service District ("District") without approving the specific terms and conditions thereof.

BACKGROUND

On March 10, 2008, the District filed an Application for a Certificate of Convenience and Necessity for a proposed waterline extension project. On June 18, 2008, the Division of Administrative Law Judges entered a Recommended Decision approving the Application. (Final July 8, 2008).

On January 8, 2009, the District and WVAWC jointly filed an Petition to Reopen this proceeding for Commission approval of the form of a Fourth Restatement to First Amendment to Agreement ("Fourth Restatement") to the Operation and Maintenance Agreement between the WVAWC and the District ("Agreement").

In the Petition to Reopen, Petitioners indicated that it is necessary to amend the Agreement to ensure that its term coincides with the debt service repayment obligations of the District a loan from the West Virginia Infrastructure and Jobs Development Council (Phase III-A Loan) for the Phase III-A Extensions to the Fayette County Regional Water Project, the construction of and financing for which were approved in the Recommended Decision entered on June 18, 2008 in this proceeding (Final July 8, 2008).

Petitioners represented that the Fourth Restatement contains one change from prior restatements--to add a reference to the Phase III-A Loan, which will also have the effect of extending the term of the Agreement to coincide with the term of the Phase III-A Loan.

Petitioners represented that a closing for the financing of the Phase III-A Extension project, including the issuance of bonds representing the Phase III-A Loan, has been scheduled for January 16, 2009, and cannot be further delayed without jeopardizing existing bids for construction of the Phase III-A Extension project.

On January 12, 2009, the Commission Staff filed its Initial and Final Joint Staff Memorandum. Commission Staff recommended the approval of the Fourth Restatement. Commission Staff also recommended that these consolidated cases be reopened and retained by the Commission for decision. Staff expressed no objection to the expedited treatment requested by the Petitioners.

DISCUSSION

The Commission has reviewed the requests made in the Petition to Reopen and finds them to be reasonable and appropriate. Accordingly, the Commission will reopen the case and approve the Fourth Restatement without approving the specific terms and condition thereof. The Commission notes that the Fourth Restatement of the Agreement is between two utilities regulated by the Commission, therefore WVAWC should be a party to this case. Furthermore, the case number should be changed from 08-0333-PWD-CN to 08-0333-W-PWD-PC-CN to correctly reflect the activities in this case.

FINDINGS OF FACT

1. On January 8, 2009, Petitioners jointly filed a Petition to Reopen this proceeding for Commission approval of the form of a Fourth Restatement to First Amendment to Agreement between the WVAWC and the District.

2. Petitioners indicated that it is necessary to amend the Agreement to ensure that its term coincides with the District's debt service repayment obligations on the District's loan for the Phase III-A Extensions to the Fayette County Regional Water Project, the construction of and financing for which were previously approved in this proceeding.

3. Petitioners represented that the Fourth Restatement's only change from prior restatements is to add a reference to the Phase III-A Loan, which will also have the effect of extending the term of the Agreement to coincide with the term of the Phase III-A Loan. Petitioners also represented that this Commission has routinely approved amendments of this nature to operation and maintenance agreements between the WVAWC and its public partners.

4. Petitioners requested expedited consideration of the Petition to Reopen due to a scheduled closing of the Phase III-A Loan financing on January 16, 2009. Petitioners represented that the closing cannot be further delayed without jeopardizing existing bids for construction of the Phase III-A Extension project.

5. On January 12, 2009, the Commission Staff filed its Initial and Final Joint Staff Memorandum. Commission Staff recommended the approval of the Fourth Restatement. Commission Staff also recommended that these consolidated cases be reopened and retained by the Commission for decision. Staff expressed no objection to the expedited treatment requested by the Petitioners.

6. WVAWC was not originally a party to this case but is a party to the Forth Restatement and is a utility regulated by the Commission.

CONCLUSIONS OF LAW

1. It is reasonable and appropriate to reopen this case and join WVAWC as a necessary party to this case. The style of the case should be modified, as above, to reflect WVAWC as a joint applicant. The case number should also be modified to reflect the petition for consent to approve the Fourth Agreement.

2. It is reasonable and appropriate to approve the Fourth Restatement without approving the specific terms and conditions thereof.

ORDER

IT IS THEREFORE ORDERED that the Petition to Reopen filed on January 8, 2009, by New Haven Public Service District and West Virginia-American Water Company is hereby granted.

IT IS FURTHER ORDERED that the style of this case is hereby changed as follows: Case Number 08-0333-PWD-CN is hereby changed to 08-0333-W-PWD-PC-CN. WVAWC shall be joined as a Joint Applicant in this case.

IT IS FURTHER ORDERED that the Fourth Restatement to First Amendment to Agreement between WVAWC and the District is hereby approved without approving the specific terms and conditions thereof.

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

IT IS FURTHER ORDERED that, except as modified herein, the Recommended Decision entered on June 18, 2008 (Final July 8, 2008) shall remain in full force and effect.

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

A True Copy: Teste:

Public Service
Executive Secretary

SMS/slc
080333ca.wpd

This FOURTH RESTATEMENT OF FIRST AMENDMENT TO AGREEMENT made as of January 16, 2009 ("Fourth 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 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 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").

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Fourth 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 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; (ii) a loan in the approximate aggregate principal amount of $995,325 made on

March 2, 2000; (iii) a loan in the aggregate principal amount of $52,801 expected to be made on October 23, 2007; and (iv) a loan in the aggregate principal amount of $802,000 expected to be made on January 16, 2009.

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 made on March 29, 2001.

Notwithstanding the foregoing, Company's obligation to make the aggregate monthly Use Fee 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."

2. Except as amended and modified herein, the Agreement shall remain in full force and effect.

3. This Fourth Restatement of First Amendment to Agreement is a further restatement of a Restated First Amendment to Agreement dated September 21, 2000 (the "Restated First Amendment"), a Second Restatement of First Amendment to Agreement dated March 29, 2001 (the "Second Restatement"), and a Third Restatement of First Amendment to Agreement dated October 23, 2007 (the "Third Restatement"), and is intended to replace and

supersede the Restated First Amendment, the Second Restatement and the Third Restatement in their entirety.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Fourth 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: _____

NEW HAVEN PUBLIC SERVICE DISTRICT

By: _____
Its Chairman

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Fourth 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: _____

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 15th day of January, 2009 by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires February 10, 2015

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
J.G. Judy
2134 Zabel Drive
Charleston, WV 25312
My Commission Expires February 10, 2015

Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this 16th day of January, 2009 by Kenneth Hayes, Chairman of New Haven Public Service District, a public corporation, on behalf of said corporation.

My commission expires _____

Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this ____ day of January, 2009 by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires _____

_____
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF Fayette, to-wit:

The foregoing instrument was acknowledged before me this 12th day of January, 2009 by Kenneth Hayes, Chairman of New Haven Public Service District, a public corporation, on behalf of said corporation.

My commission expires June 8, 2016

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRANDY S. LANE
730 98th Street
Marmet, WV 25315
My Commission Expires June 8, 2016

Brandy S. Lane
Notary Public

CH5063284.1

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 6th day of August 2009.

CASE NO. 08-1287-PWD-CN-PC (REOPEN)

NEW HAVEN PUBLIC SERVICE DISTRICT and
WEST VIRGINIA-AMERICAN WATER COMPANY,
Application for a certificate of convenience and
necessity to construct a potable waterline extension
(Phase III-A) to serve the Stringtown Road area of Fayette County

COMMISSION ORDER

The Commission reopens this case and approves the amendment to an agreement between West Virginia-American Water Company ("WVAWC") and the New Haven Public Service District ("District") without approving the specific terms and conditions thereof.

BACKGROUND

On July 31, 2008, the District filed a application for a Certificate of Convenience and Necessity for a proposed water line extension project. On March 31, 2009, the Division of Administrative Law Judges entered a Recommended Decision approving the application. (Final April 20, 2008)

On June 18 2009, the District and WVAWC jointly filed an Petition to Reopen this proceeding for Commission approval of the Fifth Restatement to the First Amendment ("Fifth Restatement") of the Operation and Maintenance Agreement ("Agreement") between the WVAWC and the District.

In the Petition to Reopen, Petitioners indicated that it is necessary to amend the Agreement to ensure that its term coincides with the debt service repayment obligations of the District loan from the West Virginia Infrastructure and Jobs Development Council (Phase III-A Loan) for the Phase III-A Extensions to the Fayette County Regional Water Project, the construction of and financing for which were approved in the Recommended Decision entered on March 31, 2009, in this proceeding (Final April 20, 2009).

Petitioners represented that the Fifth Restatement contains one change from prior restatements--to add a reference to the Phase III-A Loan, which will also have the effect of extending the term of the Agreement to coincide with the term of the Phase III-A Loan.

Petitioners represented that a closing for the financing of the Phase III-A Extension project, including the issuance of bonds representing the Phase III-A Loan, has been scheduled for mid-July, 2009, and cannot be further delayed without jeopardizing existing bids for construction of the project.

On July 13, 2009, the Commission Staff ("Staff") filed its Initial and Final Joint Staff Memorandum recommending that the Commission reopen the case and approve the Fifth Restatement.

DISCUSSION

The Commission reviewed the requests made in the Petition to Reopen and finds them to be reasonable and appropriate. Accordingly, the Commission will reopen the case and approve the Fifth Restatement without approving the specific terms and condition thereof. The Commission notes that the Fifth Restatement of the Agreement is between two utilities regulated by the Commission, therefore WVAWC should be a party to this case.

FINDINGS OF FACT

1. On June 18, 2009, Petitioners jointly filed a Petition to Reopen this proceeding for Commission approval of the form of a Fifth Restatement of the Agreement between the WVAWC and the District.

2. Petitioners indicated that it is necessary to amend the Agreement to ensure that its term coincides with the District's debt service repayment obligations on the District's loan for the Phase III-A Extensions to the Fayette County Regional Water Project, the construction of and financing for which were previously approved in this proceeding.

3. On June 18, 2009, Staff filed a memorandum recommending that the Commission reopen this matter and approve the Fifth Restatement of the Agreement

4. WVAWC was not originally a party to this case but is a party to the Fifth Restatement and is a utility regulated by the Commission.

CONCLUSIONS OF LAW

1. It is reasonable and appropriate to reopen this case and join WVAWC as a necessary party to this case. The style of the case should be modified, as above, to reflect WVAWC as a joint applicant. The case number should also be modified to reflect the petition for consent to approve the Fifth Agreement.

2. It is reasonable and appropriate to approve the Fifth Restatement without approving the specific terms and conditions thereof.

ORDER

IT IS THEREFORE ORDERED that the Petition to Reopen filed on June 18, 2009, by New Haven Public Service District and West Virginia-American Water Company is hereby granted.

IT IS FURTHER ORDERED that the Fifth Restatement of the First Amendment to Operation and Maintenance Agreement between West Virginia-American Water Company and the New Haven Public Service District is hereby approved without approving the specific terms and conditions thereof.

IT IS FURTHER ORDERED that, except as modified herein, the Recommended Decision entered on March 3, 2009 (Final April 20, 2009) shall remain in full force and effect.

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

IT IS FURTHER ORDERED that the Commission Executive Secretary serve a copy of this Order upon all parties of record by **facsimile** and United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

MEB;tt
081287cc.wpd

This THIRD RESTATEMENT OF FIRST AMENDMENT TO AGREEMENT made as of October 23, 2007 ("Third 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 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 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").

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Third 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 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; (ii) a loan in the approximate aggregate principal amount of $995,325 made on March 2, 2000; (iii) a loan in the aggregate principal amount of $52,801 expected to be

made on October 23, 2007; and (iv) a loan in the aggregate principal amount of $41,286 expected to be made on October 23, 2007.

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 made on March 29, 2001.

Notwithstanding the foregoing, Company's obligation to make the aggregate monthly Use Fee 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 wit the lending agencies to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

2. Except as amended and modified herein, the Agreement shall remain in full force and effect.

3. This Third Restatement of Amendment is a further restatement of a Restated First Amendment to Agreement dated September 21, 2000 (the "Restated First Amendment") and a Second Restatement of First Amendment to Agreement dated March 29, 2001 (the "Second Restatement"), and is intended to replace and supersede the Restated First Amendment and the Second Restatement in their entirety.

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

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Third 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: _____

NEW HAVEN PUBLIC SERVICE DISTRICT

By: _____
Its Chairman

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Third 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

NEW HAVEN PUBLIC SERVICE DISTRICT

By: _____
Its Chairman

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
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 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.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PEGGY L. SHAFFER
WEST VIRGINIA-AMERICAN WATER COMPANY
1600 PENNSYLVANIA AVENUE
CHARLESTON, WV 25302
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

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA K. JOHNSON
P. O. BOX 867
FAYETTEVILLE, WV 25840
My commission expires February 6, 2011

C0477399.1

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 20th 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]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA B. MEADOWS
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311
My Commission Expires Jan. 17, 2004

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]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA K. JOHNSON
[illegible]
FAYETTEVILLE, WV 25840
My Commission Expires Feb. 6, 2001

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: _____
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]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA B. MEADOWS
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311
My Commission Expires Jan. 17, 2004

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]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA B. MEADOWS
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311
My Commission Expires Jan. 17, 2004

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 VIIIC 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 NHPSD 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 NHPSD Facilities and the service line from NHPSD 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 NHPSD Facilities to the NHPSD 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.

WEST VIRGINIA-AMERICAN WATER COMPANY

Witness:

By _____
Its PRES.

NEW HAVEN PUBLIC SERVICE DISTRICT

Witness:

By _____
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

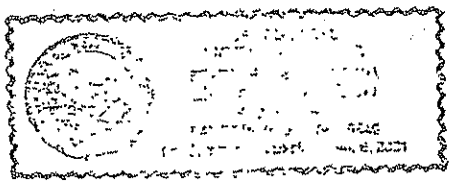
Notary Public

STATE OF WEST VIRGINIA

COUNTY OF FAYETTE, to-wit:

The foregoing instrument was acknowledged before me this 27th day of November, 1996, by Kenneth Hayne, Chairman of the New Haven Public Service District, on behalf of the New Haven Public Service District.

My commission expires Feb 6, 2001



Notary Public

CHASFS3:50666

PNC Bank, National Association
Trade Service Operations
3rd Floor
500 First Avenue
Pittsburgh, PA 15219
Mail Stop [illegible]

Swift: PNCCUS33
Telephone: 1-800-682-4689

PNC BANK

BENEFICIARY:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION ON BEHALF OF THE WEST
SEE BELOW FOR COMPLETE NAME/ADDRESS
CHARLESTON, WV 25301

APPLICANT:
AMERICAN WATER CAPITAL CORP.
ON BEHALF OF WEST VIRGINIA AMERICAN
SEE BELOW FOR COMPLETE NAME/ADDRESS
CHARLESTON, WV 25302-3932

IRREVOCABLE STANDBY LETTER OF CREDIT

OUR REFERENCE:	18111668-00-000
AMOUNT:	USD $35,328.00
ISSUE DATE:	AUGUST 12, 2009
EXPIRY DATE:	AUGUST 12, 2010
EXPIRY PLACE:	OUR COUNTERS

BENEFICIARY FULL NAME AND ADDRESS:
WEST VIRGINIA MUNICIPAL BOND COMMISSION
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AS
REGISTERED OWNER OF THE NEW HAVEN PUBLIC SERVICE DISTRICT WATER REVENUE
BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND)
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301
ATTN: SARA BOARDMAN

APPLICANT FULL NAME AND ADDRESS:
AMERICAN WATER CAPITAL CORP.
ON BEHALF OF WEST VIRGINIA AMERICAN WATER COMPANY
1600 PENNSYLVANIA AVENUE
CHARLESTON, WV 25302-3932

EFFECTIVE AUGUST 12, 2009, WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT (THE "CREDIT") IN YOUR FAVOR FOR THE ACCOUNT OF THE ACCOUNT PARTY NAMED ABOVE, AT THE REQUEST OF THE APPLICANT, FOR NOT TO EXCEED THE AMOUNT STATED ABOVE (THE "CREDIT AMOUNT"), SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1) THE CREDIT AMOUNT IS AVAILABLE ONLY UPON OUR RECEIPT OF:

A. YOUR DRAFT OR DRAFTS DRAWN AT SIGHT ON PNC BANK, NATIONAL ASSOCIATION, BEARING ON ITS FACE THE ABOVE NUMBER OF THE CREDIT, TOGETHER WITH THE ORIGINAL OF THE CREDIT AND ALL AMENDMENTS THERETO.

AND

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 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 12, 2009 (THE "BONDS") DUE TO ITS FAILURE TO MAKE DEBT SERVICE PAYMENTS 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 18111668-00-000 DOES NOT EXCEED THE AMOUNT OF SUCH MONETARY DEFAULT."

PNC Bank, National Association
Trade Service Operations
3rd Floor
500 First Avenue
Pittsburgh, PA 15219
Mail Stop P4-PTSB-03-T

Swift: PNCCUS33
Telephone: 1-800 682-4689

PNC BANK

C. IN THE EVENT OF A DRAW ON THE CREDIT UNDER THE PROVISIONS OF PARAGRAPH 4 BELOW AND ONLY IN THAT EVENT, BENEFICIARY'S WRITTEN STATEMENT AS SET FORTH IN PARAGRAPH (B) ABOVE SHALL NOT BE REQUIRED.

2) THIS CREDIT MAY NOT BE TRANSFERRED OR ASSIGNED.

3) MULTIPLE DRAWINGS 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: THIS LETTER OF CREDIT IS DEEMED TO BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRATION DATE OR ANY FUTURE EXPIRATION DATE, BUT NO LATER THAN AUGUST 12, 2019, THE ULTIMATE EXPIRY DATE, UNLESS 60 DAYS PRIOR TO SUCH EXPIRATION DATE, WE NOTIFY YOU BY REGISTERED OR CERTIFIED MAIL, OR OVERNIGHT COURIER SERVICE, THAT THIS LETTER OF CREDIT WILL NOT BE RENEWED FOR ANY SUCH ADDITIONAL PERIOD. IF YOU RECEIVE WRITTEN NOTICE FROM US THAT WE HAVE ELECTED NOT TO RENEW THIS STANDBY LETTER OF CREDIT, YOU MAY DRAW THE FULL AVAILABLE AMOUNT, THEN AVAILABLE HEREUNDER, NOT MORE THAN 15 DAYS PRIOR TO THE CURRENT EXPIRATION DATE BY PRESENTING YOUR DRAFT TOGETHER WITH THE ORIGINAL STANDBY LETTER OF CREDIT AND YOUR STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE THAT YOU ARE DRAWING ON THE LETTER OF CREDIT BECAUSE YOU WERE NOTIFIED BY US THAT PNC BANK, NATIONAL ASSOCIATION, DOES NOT INTEND TO RENEW THIS STANDBY LETTER OF CREDIT AND THAT WEST VIRGINIA AMERICAN WATER COMPANY HAS NOT FURNISHED A REPLACEMENT LETTER OF CREDIT SATIFACTORY TO YOU.

THIS CREDIT IS ISSUED IN PITTSBURGH, PENNSYLVANIA, AND ALL REFERENCES HEREIN TO TIME LIMITS, INCLUDING THE EXPIRATION DATE, ARE TO LOCAL PITTSBURGH, PA TIME. WE HEREBY AGREE WITH YOU THAT EACH DRAFT DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONOURED UPON PRESENTATION AND DELIVERY OF THE DOCUMENTS AS SPECIFIED HEREIN AT OUR COUNTERS AT PNC BANK, NATIONAL ASSOCIATION, FIRST SIDE CENTER, 500 FIRST AVENUE, 3RD FLOOR, PITTSBURGH, PA 15219, ON OR BEFORE THE CLOSE OF BUSINESS ON THE EXPIRATION DATE. ALL CORRERSPONDENCE RELATED TO THE CREDIT MUST BE SENT TO THE ATTENTION OF KATHLEEN SPEIRS, ASSISTANT VICE PRESIDENT, STANDBY LETTERS OF CREDIT, FIRST SIDE CENTER, 500 FIRST AVENUE, 3RD FLOOR, PITTSBURGH, PA 15219 AND MUST REFER TO 18111668-00-000.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, (2007 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600, AND TO THE EXTENT NOT GOVERENED THEREBY, TO THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

PNC BANK, NATIONAL ASSOCIATION
GLOBAL TRADE SERVICE OPERATIONS

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

January 14, 2009

RECEIVED
09 FEB -2 PM 4:12
WV DEVELOPMENT OFFICE
SECRETARY'S OFFICE

OF1287-PWD-00

The Honorable Kenneth L. Eskew
President
Fayette County Commission
Post Office Box 307
Fayetteville, West Virginia 25840

Dear Commissioner Eskew:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of $1,500,000. These funds will enable you to extend water service to the Stringtown Road area of Fayette County.

In order to effectively use the limited dollars available, I hereby commit $800,000 from our fiscal year 2008 allocation that will immediately be available to you. The remaining $700,000 necessary to complete the project will be evaluated and committed in a future year allocation based on your ability to proceed forward with this project. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Fayette County.

With warmest regards,

Joe Manchin III
Governor

JM:zbm

PWSID: WV3301046

State of West Virginia
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

(Water)
PROJECT: Stringetown Road/Clifty Water Line Extension PERMIT NO.: 18,055

LOCATION: Clifty COUNTY: Fayette DATE: 7-16-2008

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

New Haven Public Service District
Rt. 1, Box 123C
Fayetteville, West Virginia 24580

is hereby granted approval to: install approximately 23,615 LF of 8", 5,905 LF of 6" and 5,325 LF of 2" water line; one (1) 104,000 gallon water storage tank (Midland Trail Tank #2); and all necessary valves, controls and appurtenances; with water to be provided by the West Virginia American Water Company.

Facilities are to initially serve 85 customers in the Stringtown Road and Clifty areas in Fayette County.

NOTE: **This permit is contingent upon: 1) All new water line and water storage tank being disinfected, flushed and bacteriologically tested, prior to use and; 2) Enclosing the 104,000 gallon tank with a minimum six (6) feet high fence with a locking gate.**

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

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cls
pc: Stafford Consultants, Inc.
David Carovillano, PE
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC-Water and Wastewater Division
Fayette County Health Department
OEHS-EED Beckley District Office

RECEIVED
2008 JUL 31 AM 8 39
WV PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **August 13, 2009**

Re: **New Haven Public Service District Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund)**

1. **DISBURSEMENTS TO THE NEW HAVEN PUBLIC SERVICE DISTRICT**

Payor:	West Virginia Infrastructure Fund
Amount:	$73,106.15
Form:	Wire
Payee:	New Haven Public Service District Rt. 1 Box 123C, Fayetteville, WV 25840
Bank:	Fayette County National Bank
ABA:	051502201
Account #:	1401114
Contact:	Denise Light 304.574.1212
Account:	Series 2009 B Bonds Construction Fund

2. **DISBURSEMENTS TO THE MUNICIPAL BOND COMMISSION**

Payor:	West Virginia Infrastructure Fund
Amount:	$51,613.85
Form:	Wire
Payee:	New Haven Public Service District
Bank:	BB&T for benefit of Municipal Bond Commission
ABA:	051503394
Account #:	5270517317
Contact:	Sara Boardman, 304.558.3971
Purpose:	Pay the Series 2007 A Bonds

TOTAL DRAW: $124,720

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date 8/11/09 Time 1:30 LGA New Haven PSD Program IC

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sammie Gee	Jacksonkelly PLLC	304. 340. 1318	304. 340. 1272	sgee@jacksonkelly.com
ANTHONY CALDWELL	STEPTOE & JOHNSON PLLC	304 353 8169	304 353 8181	anthony.caldwell@steptoe-johnson.com
Katy Mallory	Steptoe & Johnson PLLC	304 353 8161	304 353 8181	katy.mallory@steptoe-johnson.com
Carol Cummings	WDA	304-558-3612	304558-0299	Ccummings@wvwda.org

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Kenneth Hayes Telephone 304.658-4385 E-Mail _____

Address P.O. Box 178, Oak Hill, WV 25901

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION OF THE
NEW HAVEN PUBLIC SERVICE DISTRICT
APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES
FOR THE PROPOSED STRINGTOWN WATER PROJECT AND
AUTHORIZING PAYMENT THEREOF,

WHEREAS, the New Haven PSD has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the Stringtown Water Project funded by the Infrastructure Fund Loan (IJDC) and Small Cities Block Grant (SCBG) and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED The New Haven Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC	WVAWC
Huntington Banks (Registrar)	500.00	500.00	0
Steptoe & Johnson (Bond Counsel)	15,000.00	15,000.00	0
Stafford Consultants	37,056.28	33,801.84	3,254.44
Phil Tissue	19,406.14	19,406.14	0
New Haven PSD (Legal)	1,719.00	1,719.00	0
Other / Permits/ ads	2,678.36	2,678.36	0
Municipal Bond Commission – payoff design loan	51,613.85	51,613.85	0
Total	124,719.19	124,719.19	3,254.44

ADOPTED BY the New Haven Public Service District, at the meeting held on the 10th day of August, 2009.

By: _____

Its: Chairman

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

RECEIPT AND RELEASE OF SERIES 2007 B BONDS

The undersigned duly authorized representative of the West Virginia Municipal Bond Commission, West Virginia (the "Commission"), the Paying Agent of the New Haven Public Service District Waterworks System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated October 23, 2007, in the original aggregate principal amount of $52,801 (the "Series 2007 A Bonds") hereby certifies and declares that on August 12, 2009, the Commission received from the New Haven Public Service District (the "Issuer") the sum of $51,613.85 and that such sum is sufficient to pay in full the entire outstanding principal of and all accrued interest on the Series 2007 A Bonds to the date hereof and to discharge all liens, pledges and encumbrances securing the Series 2007 A Bonds.

Dated this 12th day of August, 2009.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Officer

CANCELLED
PAID IN FULL
DATE: 8/12/09
BY : CAC

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER SYSTEM DESIGN REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $52,801

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 FIFTY TWO THOUSAND EIGHT HUNDRED ONE DOLLARS ($52,801), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, 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 October 23, 2007.

This Bond is issued (i) to pay a portion of the costs of design 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 October 22, 2007, and a Supplemental Resolution duly adopted by the Issuer on October 22, 2007 (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"); (5) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $995,325 (THE "SERIES 2001 A BONDS"); AND (6) WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $732,646 (THE "SERIES 2001 B BONDS") AND THE WATER SYSTEM DESIGN REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 23, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $41,286 ISSUED CONCURRENTLY HEREWITH (THE "SERIES 2007 B BONDS").

THE SERIES 2000 A BONDS, THE SERIES 2000 B BONDS, THE SERIES 2000 C BONDS, THE SERIES 2000 D BONDS, THE SERIES 2001 A BONDS AND THE SERIES 2001 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 Prior Bonds and the Series 2007 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 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 Prior Bonds and the Series 2007 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 2007 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 October 23, 2007.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: October 23, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

WEST VIRGINIA INFRASTRUCTURE FUND

RECORD OF ADVANCES

Project Name: NEW HAVEN PSD (Stringtown Road)

Date Closed: 10/23/07

Loan Amount: $52,801

Series 2007 A

	Amount	Date		Amount	Date
1	$7,062	10/23/07	18		
2	19,500	11/28/07	19		
3	10,500	12/19/07	20		
4	9,150	01/25/08	21		
5	6,589	04/25/08	22		
6			23		
7			24		
8			25		
9			26		
10			27		
11			28		
12			29		
13			30		
14			31		
15			32		
16			33		
17			34		
	$52,801			**$0**	
				$52,801	

EXHIBIT B

DEBT SERVICE SCHEDULE

$52,801
New Haven Public Service District (West Virginia)
20 Years, 0% Interest Rate
Closing Date: October 23, 2007

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Total P+I
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	661.00	-	661.00
06/01/2009	660.00	-	660.00
09/01/2009	660.00	-	660.00
12/01/2009	660.00	-	660.00
03/01/2010	660.00	-	660.00
06/01/2010	660.00	-	660.00
09/01/2010	660.00	-	660.00
12/01/2010	660.00	-	660.00
03/01/2011	660.00	-	660.00
06/01/2011	660.00	-	660.00
09/01/2011	660.00	-	660.00
12/01/2011	660.00	-	660.00
03/01/2012	660.00	-	660.00
06/01/2012	660.00	-	660.00
09/01/2012	660.00	-	660.00
12/01/2012	660.00	-	660.00
03/01/2013	660.00	-	660.00
06/01/2013	660.00	-	660.00
09/01/2013	660.00	-	660.00
12/01/2013	660.00	-	660.00
03/01/2014	660.00	-	660.00
06/01/2014	660.00	-	660.00
09/01/2014	660.00	-	660.00
12/01/2014	660.00	-	660.00
03/01/2015	660.00	-	660.00
06/01/2015	660.00	-	660.00
09/01/2015	660.00	-	660.00
12/01/2015	660.00	-	660.00
03/01/2016	660.00	-	660.00
06/01/2016	660.00	-	660.00
09/01/2016	660.00	-	660.00
12/01/2016	660.00	-	660.00
03/01/2017	660.00	-	660.00
06/01/2017	660.00	-	660.00
09/01/2017	660.00	-	660.00
12/01/2017	660.00	-	660.00
03/01/2018	660.00	-	660.00
06/01/2018	660.00	-	660.00
09/01/2018	660.00	-	660.00

$52,801

New Haven Public Service District (West Virginia)

20 Years, 0% Interest Rate

Closing Date: October 23, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2018	660.00	-	660.00
03/01/2019	660.00	-	660.00
06/01/2019	660.00	-	660.00
09/01/2019	660.00	-	660.00
12/01/2019	660.00	-	660.00
03/01/2020	660.00	-	660.00
06/01/2020	660.00	-	660.00
09/01/2020	660.00	-	660.00
12/01/2020	660.00	-	660.00
03/01/2021	660.00	-	660.00
06/01/2021	660.00	-	660.00
09/01/2021	660.00	-	660.00
12/01/2021	660.00	-	660.00
03/01/2022	660.00	-	660.00
06/01/2022	660.00	-	660.00
09/01/2022	660.00	-	660.00
12/01/2022	660.00	-	660.00
03/01/2023	660.00	-	660.00
06/01/2023	660.00	-	660.00
09/01/2023	660.00	-	660.00
12/01/2023	660.00	-	660.00
03/01/2024	660.00	-	660.00
06/01/2024	660.00	-	660.00
09/01/2024	660.00	-	660.00
12/01/2024	660.00	-	660.00
03/01/2025	660.00	-	660.00
06/01/2025	660.00	-	660.00
09/01/2025	660.00	-	660.00
12/01/2025	660.00	-	660.00
03/01/2026	660.00	-	660.00
06/01/2026	660.00	-	660.00
09/01/2026	660.00	-	660.00
12/01/2026	660.00	-	660.00
03/01/2027	660.00	-	660.00
06/01/2027	660.00	-	660.00
09/01/2027	660.00	-	660.00
12/01/2027	660.00	-	660.00
03/01/2028	660.00	-	660.00
06/01/2028	660.00	-	660.00
09/01/2028	660.00	-	660.00
12/01/2028	660.00	-	660.00
Total	**$52,801.00**	**-**	**$52,801.00**

(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:

_____

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

August 12, 2009

New Haven Public Service District
Water Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Griffith and Associates, independent certified public accountants and Steptoe & Johnson PLLC, bond counsel, stating that the parity and coverage 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, Series 2000 D Bonds, Series 2001 A Bonds, Series 2001 B Bonds and Series 2009 A Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), (the "Bonds"), in the original aggregate principal amounts of $680,000 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: (i) 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"); (ii) 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"); (iii) 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"); (iv) 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"); (v) Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 29, 2001, issued in the original aggregate principal amount of $995,325 (the "Series 2001 A Bonds"); (vi) Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated March 29, 2001, issued in the original aggregate principal amount of $732,646 (the "Series 2001 B Bonds"); and (vii) Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), dated January 16, 2009, issued in the original aggregate principal amount of $802,000 (the "Series 2009 A Bonds") (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Carol A. Cummings
Authorized Representative

08.05.09
658590.00003

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

NEW HAVEN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING 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 $802,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (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 A LOAN AGREEMENT 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 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 construction of a waterline extension to serve Shawver Ridge Road and the Power Plant/Beauty Mountain areas of Fayette County together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks systems 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 has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of the Waterworks System Design Revenue Bonds, Series 2007 B, dated October 23, 2007, issued in the original aggregate principal amount of $41,286 (the "Series 2007 B Bonds").

D. The Series 2007 B Bonds were issued pursuant to a Resolution of the Issuer previously enacted for such purpose.

E. It is deemed necessary and desirable for the Issuer to pay the Series 2007 B Bonds.

F. The Issuer intends to pay the Series 2007 B Bonds and 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") on behalf of the West Virginia Infrastructure and Jobs Development Council.

G. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $802,000 in a single series being the Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), (the "Series 2009 A Bonds"), to pay the Series 2007 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, 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.

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

I. It is in the best interests of the Issuer that its Series 2009 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"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

J. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment being the Issuer's: (i) 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); (ii) 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"); (iii) 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"); (iv) 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"); (v) Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 29, 2001, issued in the original aggregate principal amount of $995,325 (the "Series 2001 A Bonds"); (vi) Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program), dated March 29, 2001, issued in the original aggregate principal amount of $732,646 (the "Series 2001 B Bonds"); and (vii) Water System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated October 23, 2007, issued in the original aggregate principal amount of $52,801 (the "Series 2007 A Bonds") (collectively, the "Prior Bonds").

The Series 2009 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2009 A Bonds, the Issuer will obtain (i) a 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 certain of the Holders of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with the Prior Bonds. After payment of the Series 2007 B Bonds, other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

K. 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 2009 A Bonds, and to make payments into all funds and accounts and other payments provided for herein.

L. 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.

M. 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 2009 A 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 2009 A Bonds or such final order will not be subject to appeal or rehearing.

N. 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 2009 A 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 2009 A 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"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 2009 A 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 2009 A Bonds and the Prior 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.

"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 2009 A Bonds for all or a portion of the proceeds of the Series 2009 A Bonds 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, 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.

"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 grant moneys received by the Issuer for the Project.

"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 the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, providing for the purchase of the Series 2009 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2009 A 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 the Series 2000 A Bonds, Series 2000 B Bonds, Series 2000 C Bonds, Series 2000 D Bonds, Series 2001 A Bonds, Series 2001 B Bonds, and Series 2007 A Bonds.

"Prior Resolution" means the resolutions authorizing the Prior 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 for Series 2009 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account.

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

"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) dated March 2, 2000, issued in the original aggregate principal amount of $1,241,000.

"Series 2000 B Bonds" means 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.

"Series 2000 C Bonds" means the 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.

"Series 2000 D Bonds" means the Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) dated September 21, 2000, issued in the original aggregate principal amount of $767,354.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) dated March 29, 2001, issued in the original aggregate principal amount of $995,325.

"Series 2001 B Bonds" means the Water Revenue Bonds, Series 2001 B (West Virginia DWTRF Program) dated March 29, 2001, issued in the original aggregate principal amount of $732,646.

"Series 2007 A Bonds" means the Water System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) dated October 23, 2007, issued in the original aggregate principal amount of $52,801.

"Series 2007 B Bonds" means the Water System Design Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) dated October 23, 2007, issued in the original aggregate principal amount of $41,286.

"Series 2009 A Bonds" means the Water Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2009 A Bonds Construction Trust Fund" means the Series 2009 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established in the Series 2009 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2009 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 2009 A Bonds in the then current or any succeeding year.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 A 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 2009 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2009 A 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 2009 A 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 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 AND PAYMENT OF THE SERIES 2007 B BONDS

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 $1,925,358.25, 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 2009 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $1,925,358.25, of which approximately $802,000 will be obtained from proceeds of the Series 2009 A Bonds, approximately $925,418.25 will be obtained from an Abandoned Mine Lands Grant, approximately $138,940 will be obtained from a grant from the Council and approximately $59,000 will be from funds contributed by the Company.

Section 2.02. Authorization of Payment of the Series 2007 B Bonds. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and interest on, if any, the Series 2007 B Bonds on the Closing Date. The cost of which will be paid from the proceeds of the Series 2009 A Bonds. Upon payment of the Series 2007 B Bonds, any funds pledged in favor of the holders of the Series 2007 B Bonds imposed by the resolution authorizing the Series 2007 B Bonds are hereby ordered terminated, discharged and released.

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 2009 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2009 A 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 2009 A Bonds of the Issuer. The Bonds shall be issued in as a single bond, designated as "Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $802,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 A Bonds remaining after capitalizing interest on the Series 2009 A Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2009 A Bonds shall be issued in such principal amount; 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 2009 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2009 A 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 2009 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2009 A Bonds. The Series 2009 A 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 2009 A 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 2009 A Bonds shall cease to be such officer of the Issuer before the Series 2009 A 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 2009 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2009 A 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 2009 A 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 2009 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 A 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 2009 A 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 2009 A 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 2009 A Bonds.

The registered Series 2009 A 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 2009 A 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 2009 A 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 2009 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2009 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 A 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 2009 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with 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 Series 2009 A Bonds and the Prior 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 2009 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate,

register and deliver the Series 2009 A 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 2009 A 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 2009 A 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 2009 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2009 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2009 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: This ___ day of _____, 2009, 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, _____ to and including _____ 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 _____, 2009.

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 the Series 2007 B Bonds; and (iii) to pay certain costs of issuance of 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 _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (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"); (5) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $995,325 (THE "SERIES 2001 A BONDS"); (6) WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $732,646 (THE "SERIES 2001 B BONDS"); AND (7) WATER SYSTEM DESIGN REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 23, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $52,801 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, 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 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 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 2009 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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: _____, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within 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 2009 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement 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 and the Council a schedule, the forms of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolution) 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 (established by Prior Resolution); and

(2) Series 2009 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolution) 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 (established by Prior Resolution);

(2) Series 2000 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(3) Series 2000 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 2000 B Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(5) Series 2000 C Bonds Sinking Fund (established by Prior Resolution);

(6) Series 2000 C Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(7) Series 2000 D Bonds Sinking Fund (established by Prior Resolution);

(8) Series 2000 D Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Resolution);

(10) Series 2001 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(11) Series 2001 B Bonds Sinking Fund (established by Prior Resolution);

(12) Series 2001 B Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Resolution);

(14) Series 2007 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(15) Series 2009 A Bonds Sinking Fund; and

(16) Series 2009 A Bonds Reserve Account (to be funded with 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 the interest payments on the Series 2000 C Bonds and required by Prior Resolution;

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the principal payments due on the Prior Bonds as required by Prior Resolution; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2009 A Bonds, for deposit in the

Series 2009 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 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 2009 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.

(4) The Series 2009 A 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 2009 A Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority 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 2009 A Bonds and Prior 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 or 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 2009 A Bonds or for any lawful purpose of the System.

Moneys in the Series 2009 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 A Bonds, as the same shall become due. Moneys in the Series 2009 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 A Bonds as the same shall come due, when other moneys in the Series 2009 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2009 A 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 Bond Construction Trust Fund, 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 2009 A Bonds, and then to the next ensuing principal payment due thereon.

As and when additional Bonds are issued ranking on a parity with the Series 2009 A Bonds, provision shall be made for additional payments into the 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 2009 A Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2009 A 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, if any, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2009 A Bonds and the Prior 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 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority 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 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 A Bonds 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 2009 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement 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.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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.

H. 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 2009 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 A Bonds, there shall first be deposited with the Commission in the Series 2009 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 2009 A Bonds for the period commencing on the date of issuance of the Series 2009 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2009 A Bonds, there shall be deposited with the Commission the amount set forth in the Supplemental Resolution to pay the outstanding principal of and interest, if any, on the Series 2007 B Bonds.

C. The remaining moneys derived from the sale of the Series 2009 A Bonds shall be deposited with the Depository Bank in the Series 2009 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 2009 A Bonds.

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

Section 6.02. Disbursements From the Bond Construction Trust Fund. To make disbursements from the Series 2009 A Bonds Construction Trust Fund, 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 from the proceeds of the Series 2009 A Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2009 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 stating that:

(a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2009 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2009 A Bonds shall be applied as directed by the Council.

The Issuer shall expend all proceeds of the Series 2009 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.

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 2009 A 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 2009 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2009 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2009 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 A 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 2009 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2009 A 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 Company 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 Company and the Issuer have received the Final Order of the Public Service Commission of West Virginia entered on March 18, 2008 in Case No. 07-0998-W-42T approving the rates and charges for the services of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal The Issuer hereby adopts such rates and charges.

So long as the Series 2009 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the

schedule of rates, fees and charges initially established for the System in connection with the Series 2009 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority 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 2009 A Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority 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 2009 A Bonds. Any balance remaining after the payment of the Series 2009 A 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 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 2009 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 A 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 2009 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein 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 2009 A 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 2009 A 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 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 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 2009 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority 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 2009 A 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 2009 A 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 2009 A 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 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 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 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 Authority, or any other original purchaser of the Series 2009 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2009 A Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), 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 2009 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2009 A Bonds. Such audit report submitted to 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 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 and commencement of operation 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 Purchaser, the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2009 A 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 2009 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A 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 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 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 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 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 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.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority 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 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.

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 2009 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the 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 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 2009 A Bonds are outstanding. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the provisions of the Agreement to fulfill 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 and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009 A Bonds and 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 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 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 7.21. 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; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority and the Council for written approval. The Issuer shall obtain the written approval of the Authority and the Council before expending any proceeds of the Series 2009 A 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 Council before expending any proceeds of the Series 2009 A Bonds made available due to bid or construction or project underruns.

C. The Issuer 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 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 2009 A 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 2009 A Bonds as a condition to issuance of the Series 2009 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 A Bonds as may be necessary in order to maintain the status of the Series 2009 A 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 2009 A Bonds which would cause any bonds, the

interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2009 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, 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 2009 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2009 A Bonds or any Prior 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 2009 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the 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 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 2009 A 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 2009 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2009 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 A Bonds shall be on a parity with the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2009 A 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 2009 A 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 2009 A Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this 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 2009 A 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 2009 A Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the 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 2009 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2009 A 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 2009 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2009 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2009 A 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 2009 A 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 2009 A 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 2009 A Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Company, the Authority, 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
Rt. 1, Box 123 C
Fayetteville, West Virginia 25480
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

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 Council hereunder, shall also be sent to the Authority.

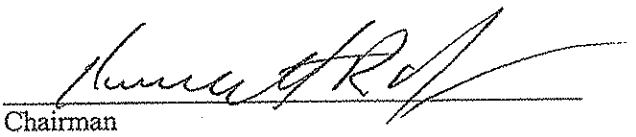
Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

Section 11.07. 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.

[Remainder of Page Intentionally Blank]

Adopted this 12th day of January, 2009.



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on the 12th day of January, 2009.

Dated: January 16, 2009.

[SEAL]

Imogene Pennington
Secretary

12.24.08
658590.00004

CH4932738.1

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A
(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 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT 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 ACCOUNT; APPROVING THE AMENDMENT TO OPERATION AND MAINTENANCE 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 January 12, 2009 (the "Resolution") entitled:

RESOLUTION AUTHORIZING 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 $802,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS,

2

SERIES 2009 A (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 A LOAN AGREEMENT 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 2009 A (West Virginia Infrastructure Fund) of the Issuer (the "Series 2009 A Bonds"), in the aggregate principal amounts not to exceed $802,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2009 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A 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 Issuer and the Company have agreed to amend the Operation and Maintenance Agreement dated November 27, 1996, by entering into the Fourth Amendment to Agreement dated January 16, 2009 (the "Amendment to Agreement");

WHEREAS, the Issuer has determined it desirable to purchase from Branch Banking & Trust Company, Charleston, West Virginia, and the Company has agreed to pay for such purchase, a Letter of Credit, dated January 16, 2009, in the amount of $40,872.00 (the "Letter of Credit") to fund the Series 2009 A Bonds Reserve Account;

WHEREAS, the Loan Agreement, the Amendment to Agreement 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 Amendment to Agreement 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 Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $802,000. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2048, and shall bear no interest. The principal of the Series 2009 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including December 1, 2048, 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 2009 A Bonds. The Series 2009 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 2009 A 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, 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 Council and the Authority.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the Amendment to Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Amendment to Agreement by the Chairman, and the

performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the Reserve Account for the Series 2009 A Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Account be funded in the amount 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 The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 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 2009 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 A Bonds Sinking Fund as capitalized interest.

Section 10. Series 2009 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 A Bonds Reserve Account. The Series 2009 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $40,872.00.

Section 11. Series 2009 A Bonds proceeds in the amount of $41,393.34 shall be deposited with the Municipal Bond Commission to pay the outstanding principal balance of and all accrued interest on, if any, the Issuer's Waterworks System Design Revenue Bonds, Series 2007 B dated October 23, 2007 in the original aggregate principal amount of $41,286 (the "Series 2007 B Bonds").

Section 12. The balance of the proceeds of the Series 2009 A Bonds shall be deposited in or credited to the Bonds Construction Trust Fund as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2009 A 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 January 16, 2009.

Section 14. The payment of the Series 2007 B Bonds and 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 Fund 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.

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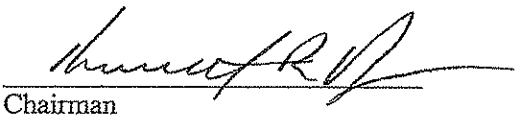
Adopted this 12th day of January, 2009.



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 12th day of January, 2009.

Dated: January 16, 2009.

[SEAL]

Secretary

01.06.09
658590.00004

CH4932742.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2009 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

$802,000

KNOW ALL MEN BY THESE PRESENTS: This 16th day of January, 2009, 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 EIGHT HUNDRED TWO THOUSAND DOLLARS ($802,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009 to and including December 1, 2048, 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 January 16, 2009.

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 the Series 2007 B Bonds; and (iii) to pay certain costs of issuance of 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 January 12, 2009, and a Supplemental Resolution duly adopted by the Issuer on January 12, 2009 (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"); (5) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $995,325 (THE "SERIES 2001 A BONDS"); (6) WATER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 29, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $732,646 (THE "SERIES 2001 B BONDS"); AND (7) WATER SYSTEM DESIGN REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 23, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $52,801 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, 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 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 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 2009 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 the day and year first written above.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: January 16, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$78,221	January 16, 2009	(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

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate; 40 Years from Closing Date

Closing Date: January 16, 2009

Period Ending	Principal	Interest	Debt Service
12/1/2009	5,109.		5,109.
3/1/2010	5,109.		5,109.
6/1/2010	5,109.		5,109.
9/1/2010	5,109.		5,109.
12/1/2010	5,109.		5,109.
3/1/2011	5,109.		5,109.
6/1/2011	5,109.		5,109.
9/1/2011	5,109.		5,109.
12/1/2011	5,109.		5,109.
3/1/2012	5,109.		5,109.
6/1/2012	5,109.		5,109.
9/1/2012	5,109.		5,109.
12/1/2012	5,109.		5,109.
3/1/2013	5,109.		5,109.
6/1/2013	5,109.		5,109.
9/1/2013	5,109.		5,109.
12/1/2013	5,109.		5,109.
3/1/2014	5,109.		5,109.
6/1/2014	5,109.		5,109.
9/1/2014	5,109.		5,109.
12/1/2014	5,109.		5,109.
3/1/2015	5,109.		5,109.
6/1/2015	5,109.		5,109.
9/1/2015	5,109.		5,109.
12/1/2015	5,109.		5,109.
3/1/2016	5,109.		5,109.
6/1/2016	5,109.		5,109.
9/1/2016	5,109.		5,109.
12/1/2016	5,109.		5,109.
3/1/2017	5,109.		5,109.
6/1/2017	5,109.		5,109.
9/1/2017	5,109.		5,109.
12/1/2017	5,109.		5,109.
3/1/2018	5,109.		5,109.
6/1/2018	5,109.		5,109.
9/1/2018	5,109.		5,109.
12/1/2018	5,109.		5,109.
3/1/2019	5,109.		5,109.
6/1/2019	5,109.		5,109.
9/1/2019	5,109.		5,109.
12/1/2019	5,109.		5,109.
3/1/2020	5,109.		5,109.
6/1/2020	5,109.		5,109.
9/1/2020	5,109.		5,109.
12/1/2020	5,108.		5,108.
3/1/2021	5,108.		5,108.
6/1/2021	5,108.		5,108.
9/1/2021	5,108.		5,108.
12/1/2021	5,108.		5,108.

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate; 40 Years from Closing Date

Closing Date: January 16, 2009

Period Ending	Principal	Interest	Debt Service
3/1/2022	5,108.		5,108.
6/1/2022	5,108.		5,108.
9/1/2022	5,108.		5,108.
12/1/2022	5,108.		5,108.
3/1/2023	5,108.		5,108.
6/1/2023	5,108.		5,108.
9/1/2023	5,108.		5,108.
12/1/2023	5,108.		5,108.
3/1/2024	5,108.		5,108.
6/1/2024	5,108.		5,108.
9/1/2024	5,108.		5,108.
12/1/2024	5,108.		5,108.
3/1/2025	5,108.		5,108.
6/1/2025	5,108.		5,108.
9/1/2025	5,108.		5,108.
12/1/2025	5,108.		5,108.
3/1/2026	5,108.		5,108.
6/1/2026	5,108.		5,108.
9/1/2026	5,108.		5,108.
12/1/2026	5,108.		5,108.
3/1/2027	5,108.		5,108.
6/1/2027	5,108.		5,108.
9/1/2027	5,108.		5,108.
12/1/2027	5,108.		5,108.
3/1/2028	5,108.		5,108.
6/1/2028	5,108.		5,108.
9/1/2028	5,108.		5,108.
12/1/2028	5,108.		5,108.
3/1/2029	5,108.		5,108.
6/1/2029	5,108.		5,108.
9/1/2029	5,108.		5,108.
12/1/2029	5,108.		5,108.
3/1/2030	5,108.		5,108.
6/1/2030	5,108.		5,108.
9/1/2030	5,108.		5,108.
12/1/2030	5,108.		5,108.
3/1/2031	5,108.		5,108.
6/1/2031	5,108.		5,108.
9/1/2031	5,108.		5,108.
12/1/2031	5,108.		5,108.
3/1/2032	5,108.		5,108.
6/1/2032	5,108.		5,108.
9/1/2032	5,108.		5,108.
12/1/2032	5,108.		5,108.
3/1/2033	5,108.		5,108.
6/1/2033	5,108.		5,108.
9/1/2033	5,108.		5,108.
12/1/2033	5,108.		5,108.
3/1/2034	5,108.		5,108.

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate; 40 Years from Closing Date

Closing Date: January 16, 2009

Period Ending	Principal	Interest	Debt Service
6/1/2034	5,108.		5,108.
9/1/2034	5,108.		5,108.
12/1/2034	5,108.		5,108.
3/1/2035	5,108.		5,108.
6/1/2035	5,108.		5,108.
9/1/2035	5,108.		5,108.
12/1/2035	5,108.		5,108.
3/1/2036	5,108.		5,108.
6/1/2036	5,108.		5,108.
9/1/2036	5,108.		5,108.
12/1/2036	5,108.		5,108.
3/1/2037	5,108.		5,108.
6/1/2037	5,108.		5,108.
9/1/2037	5,108.		5,108.
12/1/2037	5,108.		5,108.
3/1/2038	5,108.		5,108.
6/1/2038	5,108.		5,108.
9/1/2038	5,108.		5,108.
12/1/2038	5,108.		5,108.
3/1/2039	5,108.		5,108.
6/1/2039	5,108.		5,108.
9/1/2039	5,108.		5,108.
12/1/2039	5,108.		5,108.
3/1/2040	5,108.		5,108.
6/1/2040	5,108.		5,108.
9/1/2040	5,108.		5,108.
12/1/2040	5,108.		5,108.
3/1/2041	5,108.		5,108.
6/1/2041	5,108.		5,108.
9/1/2041	5,108.		5,108.
12/1/2041	5,108.		5,108.
3/1/2042	5,108.		5,108.
6/1/2042	5,108.		5,108.
9/1/2042	5,108.		5,108.
12/1/2042	5,108.		5,108.
3/1/2043	5,108.		5,108.
6/1/2043	5,108.		5,108.
9/1/2043	5,108.		5,108.
12/1/2043	5,108.		5,108.
3/1/2044	5,108.		5,108.
6/1/2044	5,108.		5,108.
9/1/2044	5,108.		5,108.
12/1/2044	5,108.		5,108.
3/1/2045	5,108.		5,108.
6/1/2045	5,108.		5,108.
9/1/2045	5,108.		5,108.
12/1/2045	5,108.		5,108.
3/1/2046	5,108.		5,108.
6/1/2046	5,108.		5,108.

BOND DEBT SERVICE

New Haven PSD

0% Interest Rate; 40 Years from Closing Date

Closing Date: January 16, 2009

Period Ending	Principal	Interest	Debt Service
9/1/2046	5,108.		5,108.
12/1/2046	5,108.		5,108.
3/1/2047	5,108.		5,108.
6/1/2047	5,108.		5,108.
9/1/2047	5,108.		5,108.
12/1/2047	5,108.		5,108.
3/1/2048	5,108.		5,108.
6/1/2048	5,108.		5,108.
9/1/2048	5,108.		5,108.
12/1/2048	5,108.		5,108.
	802,000.		802,000.

(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:

_____

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

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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 20001 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

	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:

_____

(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

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(37) $		(55) $	
(38) $		(56) $	
(39) $		(57) $	
(40) $		(58) $	
(41) $		(59) $	
(42) $		(60) $	
(43) $		(61) $	
(44) $		(62) $	
(45) $		(63) $	
(46) $		(64) $	
(47) $		(65) $	
(48) $		(66) $	
(49) $		(67) $	
(50) $		(68) $	
(51) $		(69) $	
(52) $		(70) $	
(53) $		(71) $	
(54) $		(72) $	

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 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

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]

Suzanne Pennington
Secretary

03/26/01
658590/00001

EXHIBIT A

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

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

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

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 Expresses" 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

	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:

_____

(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

CHS88422.3

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 sing 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]

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

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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]

Secretary

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