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PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

Date of Closing: March 19, 2007

BOND TRANSCRIPT

VOLUME I

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PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Loan Agreement for Series 2007 A Bonds
4. Public Service Commission Order
5. Infrastructure and Jobs Development Council Approval
6. Cross-Receipt for Series 2007 A Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Series 2007 A Bonds
8. Specimen Series 2007 A Bond

OPINIONS OF COUNSEL

9. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel Regarding Series 2007 A Bonds
10. Opinion of Counsel to Issuer Regarding Series 2007 A Bonds
11. Opinion of Special PSC Counsel to Issuer Regarding Series 2007 A Bonds
12. Title Opinion

CERTIFICATES

13. General Certificate of Issuer and Attorney Regarding Series 2007 A Bonds

14. Certificate of Dunn Engineers, Inc., with Schedule B Attached

15. Certificate of Certified Public Accountant

16. Certificate as to Arbitrage for Series 2007 A Bonds

DOCUMENTS OF THE ISSUER

17. County Commission Orders Regarding Creation and Expansion of the District

18. County Commission Orders of Appointment and Oaths of Office of Current Boardmembers

19. Rules of Procedure

20. Affidavit of Publication of Notice of Filing

21. Minutes of Current Year Organizational Meeting

22. Affidavit of Publication of Notice of Public Hearing

23. Minutes on Adoption of Bond Resolution and Supplemental Resolution

24. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

25. Acceptance by Putnam County Bank of Appointment as Depository Bank

26. Acceptance of Duties as Registrar of Series 2007 A Bonds

27. Certificate of Registration of Series 2007 A Bonds

28. Registrar's Agreement on Series 2007 A Bonds

29. NPDES Permit

30. IRS Information Return for Series 2007 A Bonds

31. USDA Consent to Issuance of Parity Bonds

32. WDA Consent to Issuance of Parity Bonds

33. Closing Memorandum

34. Agreements with other utilities

35. Evidence of Insurance

36. Evidence of U.S. Army Corps of Engineers Grant

VOLUME II:

37. Prior Bond Resolutions

A) Series 2006 A (USDA - RUS)
Series 2006 B (USDA - RUS)

B) Series 2005 A (WV Infrastructure Fund - BAN)

C) Series 2002 A (USDA - RUS)
Series 2002 B (WV State Revolving Fund)

D) Series 1995 (USDA - RUS)

E) Series 1993 A (WV Water Development Authority)
(North Putnam PSD)

F) Series 1983 (USDA - RUS)

G) Series 1979 (USDA - RUS)

H) Series 1975 (USDA - RUS)
(North Putnam PSD)

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Resolution
Section 1.02	Findings
Section 1.03	Bond Legislation Constitutes Contract
Section 1.04	Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

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

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Bond Registrar; Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds

Section 3.09 Delivery of Bonds
Section 3.10 Form of Bonds
FORM OF SERIES 2007 A BOND
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12 Filing of Amended Schedule

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Bond Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds
Section 7.04 Initial Schedule of Rates and Charges
Section 7.05 Sale of the System
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report
Section 7.11 Engineering Services and Operating Personnel

Section 7.12 No Competing Franchise
Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Mandatory Connections
Section 7.17 Completion of Project; Permits and Orders
Section 7.18 Compliance with Loan Agreement and Law
Section 7.19 Tax Covenants
Section 7.20 Securities Law Compliance
Section 7.21 Statutory Mortgage Lien
Section 7.22 Contracts; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01 Investments
Section 8.02 Arbitrage and Tax Exemption
Section 8.03 Tax Certificate and Rebate

ARTICLE IX
DEFAULT AND REMEDIES

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01 Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation
Section 11.02 Bond Legislation Constitutes Contract
Section 11.03 Severability of Invalid Provisions
Section 11.04 Headings, Etc.
Section 11.05 Conflicting Provisions Repealed; Prior Resolutions
Section 11.06 Covenant of Due Procedure, Etc.
Section 11.07 Public Notice of Proposed Financing
Section 11.08 Effective Date
SIGNATURES
CERTIFICATION

PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN $2,330,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 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 PUTNAM 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. Putnam Public Service District (the "Issuer") is a public service district and public corporation and political subdivision of the State of West Virginia in Putnam County of said State.

B. The Issuer presently owns and operates a public sewerage 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 additions, improvements and betterments to the existing public sewerage system of the Issuer, consisting of Sewer extension to serve approximately eighty additional customers between Red House and Hometown, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements 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 Infrastructure Fund pursuant to the Act.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all funds and accounts and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $2,330,000 (the "Series 2007 A Bonds"), to permanently finance 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. Such 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 2007 A 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 any Reserve Account (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 Series 2007 A 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 2007 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

F. The period of usefulness of the System after completion of the Project is not less than 20 years.

G. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "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 Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000 (the "Series 1983 Bonds"), (iv) Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (v) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (vi) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds), (vii) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (viii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000, and (ix) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000. The Series 1975 Bonds, the Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds." The Prior Bonds are payable from and secured by Net Revenues of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment being the Sewerage System Bond Anticipation Notes Series 2005 A (West Virginia

Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000 (the "Prior Notes").

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

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, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of 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.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development 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 2007 A Bonds by 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 Bondholders, 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 Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and 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.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 A 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 Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer, or any other 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 or entity 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 this Bond Legislation or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2007 A 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.

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds for all or a portion of the proceeds of the Series 2007 A Bonds from the Authority and the Council.

"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.

"Consulting Engineers" means Dunn Engineers, Inc., Charleston, 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 public corporation and political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02E 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.

"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" 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.

"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.

"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.

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into among the Issuer, the Authority and the Council, providing for the purchase of the Series 2007 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 2007 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"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 or Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or Registrar for the Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, 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 or Prior Bonds 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 or holders of Prior Bonds, any Bonds or Prior 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 such other entity or authority as may be designated as a Paying Agent for the Series 2007 A Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1975 Bonds, Series 1979 Bonds, Series 1983 Bonds, Series 1993 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds and Series 2006 B Bonds, as more particularly described in Section 1.02(H) hereof.

"Prior Notes" means the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, as supplemented, authorizing the Series 1975 Bonds, the Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, respectively.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"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, 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 6(c) of the West Virginia Code of 1931, as amended; and

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

"Rebate Fund" means the Rebate Fund established by Section 5.01 hereof.

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and continued hereby.

"Reserve Accounts" means, collectively, the reserve account established for the Series 2007 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

"RUS Bonds" means the (i) Sewer Revenue Bonds, Series 1975, (ii) Sewer Revenue Bonds, Series 1979, (iii) Sewer Revenue Bonds, Series 1983, (iv) Sewer Revenue Bonds, Series 1995,(v) Sewer Revenue Bonds, Series 2002 A, (vi) Sewer Revenue Bonds, Series 2006 A, and (vii) Sewer Revenue Bonds, Series 2006 B.

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

"Series 1975 Bonds" means the Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) dated October 23, 1975 issued in the aggregate principal amount of $605,000.

"Series 1979 Bonds" means the Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture) dated September 12, 1980 issued in the aggregate principal amount of $2,200,000.

"Series 1983 Bonds" means the Sewer Revenue Bonds, Series 1983 (United States Department of Agriculture) dated August 1, 1983 issued in the aggregate principal amount of $750,000.

"Series 1993 Bonds" means the Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authrity) dated March 30, 1993 issued in the aggregate principal amount of $267,000.

"Series 1995 Bonds" means the Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture) dated May 2, 1995 issued in the aggregate principal amount of $1,300,000.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) dated March 7, 2002 issued in the aggregate principal amount of $7,078,000.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) dated March 7, 2002 issued in the aggregate principal amount of $1,422,000.

"Series 2006 A Bonds" means the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) dated May 12, 2006 issued in the aggregate principal amount of $4,946,000.

"Series 2006 B Bonds" means the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) dated May 12, 2006 issued in the aggregate principal amount of $2,104,000.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2007 A Bonds Construction Trust Fund" means the Construction Trust Fund for the Series 2007 A Bonds established by Section 5.01 hereof.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 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 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"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 authorizing the sale of the Series 2007 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2007 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 Bonds, including, without limitation, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing sewerage system of the Issuer and all sewerage 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 sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever, both within and without the Issuer.

"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 enactment hereof.

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

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

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

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 not to exceed $2,529,197, 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 Bonds 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 not to exceed $2,529,197, of which $2,330,000 will be obtained from proceeds of the Series 2007 A Bonds and $199,197 from a grant from the U.S. 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 2007 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance 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 negotiable Series 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $2,330,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2007 A Bonds, if any, shall be deposited in or credited to the Series 2007 A Bonds 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 2007 A Bonds shall be issued in such principal amounts; shall bear interest 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 the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 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 on the Series 2007 A Bonds shall be paid by check or draft of the Paying Agent or its 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 2007 A Bonds shall initially 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 2007 A Bonds. The Series 2007 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, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2007 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 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 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 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 2007 A Bonds shall be the bank to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2007 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 Series 2007 A Bonds shall be conclusive evidence that such Series 2007 A Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 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 2007 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 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 2007 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 said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds remain outstanding, the Bond Registrar for the Series 2007 A Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered 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 Bonds or transferring the registered Bonds are exercised, all 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 2007 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 2007 A Bonds shall not, in any event, be or constitute a corporate 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 2007 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2007 A Bonds or the interest 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 all Series 2007 A 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 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 2007 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2007 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2007 A Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2007 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds shall be in substantially the following respective forms, 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 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,330,000

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2007, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Putnam 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 TWO MILLION THREE HUNDRED THIRTY THOUSAND DOLLARS ($2,330,000), 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 _____ 1, 200___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, at the rate per annum as set forth in Exhibit B 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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 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 _____, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements 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 _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 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 (I) SEWER REVENUE BONDS, SERIES 1975, DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (V) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS), (VII) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000, AND (IX) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000. THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1983 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002

B BONDS, THE SERIES 2006 A BONDS AND THE SERIES 2006 B BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS 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 from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which 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, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest 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; provided that, so long as the Prior Bonds are no longer outstanding and in the event there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of 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 Huntington National Bank, Charleston, West Virginia, as registrar (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 monies, 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 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, PUTNAM 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 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: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

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 2007 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. Filing of "Amended Schedule". Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule, the form of which will be provided by 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 Resolutions) 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 the Prior Resolutions);

(2) Renewal and Replacement Fund (established by the Prior Resolutions);

(3) Series 2007 A Bonds Construction Trust Fund; and

(4) Rebate 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 2007 A Bonds Sinking Fund; and

(2) Series 2007 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this 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 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 the Operating Expenses of the System.

(2) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (i) the Commission or the National Finance Office, as applicable, the amounts required by the Prior Resolutions to pay interest on the Prior Bonds; and (ii) remit to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of interest

on the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2007 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (i) the Commission or the National Finance Office, as applicable, the amounts required by the Prior Resolutions to pay principal of the Prior Bonds; and (ii) remit to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 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 2007 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.

(4) The Issuer shall next, on the first day of each month simultaneously, transfer from the Revenue Fund and remit to (i) the Commission or the Depository Bank, as applicable, the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds, and (ii) the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement, until the amount in the Series 2007 A Bonds Reserve Account equals the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions, except that

any deficiencies in the debt service payments on the Series 2007 A Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2007 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2007 A Bonds as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2007 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 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, as applicable, be deposited in the Series 2007 A Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2007 A Bonds.

Any withdrawals from the Series 2007 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2007 A 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 2007 A Bonds Sinking Fund, or the Series 2007 A Bonds Reserve Account when the

aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, if applicable, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2007 A Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund, and the Series 2007 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. 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.

Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds, under the conditions and restrictions set forth herein.

B. 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.

C. 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 payments with respect to the Series 2007 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.

D. 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.

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 monies in excess of 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 Government Obligations or by other 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 herein above 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. The Gross Revenues of the System shall only be used for purposes of the System.

I. If the Issuer is subject to the rebate requirements of Section 148(f) of the Code and not exempted from such requirements, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, as more fully described in Article VIII.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 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 2007 A Bonds for the period commencing on the date of issuance of the Series 2007 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2007 A Bonds, there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2007 A Bonds.

D. 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 2007 A Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond 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 for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2007 A Bonds from the Series 2007 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, stating that:

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

(2) 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;

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

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

Pending such application, monies in the Series 2007 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2007 A Bonds within 3 years of the date of issuance of the Authority's 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 2007 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 2007 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 2007 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 2007 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2007 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 all the Series 2007 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with 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 2007 A 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 Commission Order of the Public Service Commission of West Virginia entered January 26, 2007, in Case No. 06-0743-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and Series 2007 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums

set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2007 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 Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority and the Council.

So long as the Series 2007 A 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 immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund, and, with the written permission of the Authority, 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 on the Series 2007 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2007 A Bonds and interest 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 is not in excess of $50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such

payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of Prior Resolution and 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 source fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, 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 for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the 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 and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts 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 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon 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 for the System, 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 Resolutions 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 2007 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions extensions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

So long as the RUS Bonds are Outstanding, 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 for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the RUS Bonds are no longer outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, 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 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 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 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 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 herein above 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 time for appeal of which shall have 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. All Bonds, 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 over any other. 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 the revenues of the System is subject to the prior and superior liens of the Series 2007 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 2007 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of 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 the Parity Bonds, and the Issuer 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 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 and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the 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 payable from the revenues of the System 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 2007 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2007 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 provide the Council with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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 Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2007 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds; provided that, in the event that an amount equal

to or in excess of the reserve requirement is on deposit in the Series 2007 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2007 A Bonds including Prior Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds including Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

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 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 registered 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 registered 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 within 30 days of adoption to the Authority and the Council, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her 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 Council, the Authority and 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 2 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.

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 20 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 either the System or the water system and will not restore such services of the 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.

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 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 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 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 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 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the acquisition and construction of 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 will obtain 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 acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2007 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. 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 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2007 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2007 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2007 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2007 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2007 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. 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 2007 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2007 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2007 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 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 2007 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2007 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 Council before expending any proceeds of the Series 2007 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being 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; NON-ARBITRAGE

Section 8.01. Investments. Any monies 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 monies 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 monies 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 investment or trust 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 if 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2007 A Bonds which would cause the Series 2007 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2007 A Bonds) so that the interest on the Series 2007 A Bonds will be and remain excluded from gross income for

federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2007 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2007 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the

requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2007 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2007 A Bonds (as such term "gross proceeds" is defined in the Code).

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 2007 A 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 2007 A 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 2007 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 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, the Paying Agent or any other Paying Agent or a Holder of a Bond;

(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 Resolutions.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on the Series 2007 A Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the Series 2007 A Bonds.

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 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 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered

Owners; provided that, all rights and remedies of the Holders of the Series 2007 A Bonds shall be on a parity with the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under 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 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 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 do.

Whenever all that is due upon the 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 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 2007 A Bonds, the principal of and interest 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 monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2007 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2007 A Bonds from gross income of the holders thereof.

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 2007 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 2007 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and 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; and provided that in the event of any conflict between this

Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption 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, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 22nd day of February, 2007.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____

Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of the PUTNAM PUBLIC SERVICE DISTRICT on the 22nd day of February, 2007.

Dated: March 19, 2007.

[SEAL]

Secretary

02.02.07
847280.00005

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2007 A BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2007 A BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution on February 22, 2007 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN $2,330,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 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 meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of the Series 2007 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2007 A Bonds"), in the aggregate principal amount of not to exceed $2,330,000, and has authorized the execution and delivery of the Loan Agreement relating to the Series 2007 A Bonds, including all schedules and exhibits attached thereto, 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") (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 Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price 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 has been presented to the Issuer at this meeting;

WHEREAS, the Series 2007 A 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 ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates, the sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $2,330,000. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2028, and shall bear interest at the rate of three percent (3%) per annum. The principal of and interest on Series 2007 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, and maturing June 1, 2028 , 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 2007 A Bonds. The Series 2007 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 2007 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 Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify 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 Council and the Authority. The price of the Series 2007 A Bonds shall be 100% of par value, there being no interest accrued on the Series 2007 A Bonds, provided that the proceeds of the Series 2007 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2007 A Bonds under the Bond 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 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2007 A Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2007 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2007 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2007 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2007 A Bonds shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. 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 to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2007 A Bonds may be delivered on or about March 19, 2007, to the Authority pursuant to the Loan Agreement.

Section 11. 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 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, 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 monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Series 2007 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2007 A Bonds from the treatment afforded by 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 (the "Code"), by reason of the classification of the Series 2007 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 22nd day of February, 2007.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by Putnam Public Service District on this 22nd day of February, 2007.

Dated: March 19, 2007.

[SEAL]

Secretary

02.09.07
847280.00005

IC-1
(11/01/04)

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").

PUTNAM PUBLIC SERVICE DISTRICT

(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.

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;

(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 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.

PUTNAM PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: March 19, 2007

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: March 19, 2007

Attest:

_____
Its: Secretary-Treasurer

{C1172334.1}

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 $2,330,000
Purchase Price of Local Bonds $2,330,000

The Local Bonds shall bear interest at a rate of 3% per annum. The principal and interest on the Notes shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing on September 1, 2008 and maturing on June 1, 2028.

The Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

(i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original principal amount of $605,000;

(ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original principal amount of $2,200,000;

(iii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original principal amount of $750,000;

(iv) Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original principal amount of $267,000;

(v) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original principal amount of $1,300,000;

(vi) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original principal amount of $7,078,000;

(vii) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original principal amount of $1,422,000;

(viii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original principal amount of $4,946,000; and

(ix) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original principal amount of $2,104,000.

SCHEDULE Y

$2,330,000

Putnam Public Service District

20 Years; 3% Interest Rate

Closing Date: March 19, 2007

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	21,362.00	3.000%	17,475.00	38,837.00
12/01/2008	21,522.00	3.000%	17,314.79	38,836.79
03/01/2009	21,684.00	3.000%	17,153.37	38,837.37
06/01/2009	21,846.00	3.000%	16,990.74	38,836.74
09/01/2009	22,010.00	3.000%	16,826.90	38,836.90
12/01/2009	22,175.00	3.000%	16,661.82	38,836.82
03/01/2010	22,341.00	3.000%	16,495.51	38,836.51
06/01/2010	22,509.00	3.000%	16,327.95	38,836.95
09/01/2010	22,678.00	3.000%	16,159.13	38,837.13
12/01/2010	22,848.00	3.000%	15,989.05	38,837.05
03/01/2011	23,019.00	3.000%	15,817.69	38,836.69
06/01/2011	23,192.00	3.000%	15,645.05	38,837.05
09/01/2011	23,366.00	3.000%	15,471.11	38,837.11
12/01/2011	23,541.00	3.000%	15,295.86	38,836.86
03/01/2012	23,718.00	3.000%	15,119.30	38,837.30
06/01/2012	23,895.00	3.000%	14,941.42	38,836.42
09/01/2012	24,075.00	3.000%	14,762.21	38,837.21
12/01/2012	24,255.00	3.000%	14,581.64	38,836.64
03/01/2013	24,437.00	3.000%	14,399.73	38,836.73
06/01/2013	24,620.00	3.000%	14,216.45	38,836.45
09/01/2013	24,805.00	3.000%	14,031.80	38,836.80
12/01/2013	24,991.00	3.000%	13,845.77	38,836.77
03/01/2014	25,179.00	3.000%	13,658.33	38,837.33
06/01/2014	25,367.00	3.000%	13,469.49	38,836.49
09/01/2014	25,558.00	3.000%	13,279.24	38,837.24
12/01/2014	25,749.00	3.000%	13,087.55	38,836.55
03/01/2015	25,942.00	3.000%	12,894.44	38,836.44
06/01/2015	26,137.00	3.000%	12,699.87	38,836.87
09/01/2015	26,333.00	3.000%	12,503.84	38,836.84
12/01/2015	26,531.00	3.000%	12,306.35	38,837.35
03/01/2016	26,730.00	3.000%	12,107.36	38,837.36
06/01/2016	26,930.00	3.000%	11,906.89	38,836.89
09/01/2016	27,132.00	3.000%	11,704.91	38,836.91
12/01/2016	27,336.00	3.000%	11,501.42	38,837.42
03/01/2017	27,541.00	3.000%	11,296.40	38,837.40
06/01/2017	27,747.00	3.000%	11,089.85	38,836.85
09/01/2017	27,955.00	3.000%	10,881.74	38,836.74
12/01/2017	28,165.00	3.000%	10,672.08	38,837.08
03/01/2018	28,376.00	3.000%	10,460.84	38,836.84

$2,330,000
Putnam Public Service District
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
06/01/2018	28,589.00	3.000%	10,248.02	38,837.02
09/01/2018	28,803.00	3.000%	10,033.61	38,836.61
12/01/2018	29,019.00	3.000%	9,817.58	38,836.58
03/01/2019	29,237.00	3.000%	9,599.94	38,836.94
06/01/2019	29,456.00	3.000%	9,380.66	38,836.66
09/01/2019	29,677.00	3.000%	9,159.74	38,836.74
12/01/2019	29,900.00	3.000%	8,937.17	38,837.17
03/01/2020	30,124.00	3.000%	8,712.92	38,836.92
06/01/2020	30,350.00	3.000%	8,486.99	38,836.99
09/01/2020	30,578.00	3.000%	8,259.36	38,837.36
12/01/2020	30,807.00	3.000%	8,030.03	38,837.03
03/01/2021	31,038.00	3.000%	7,798.97	38,836.97
06/01/2021	31,271.00	3.000%	7,566.19	38,837.19
09/01/2021	31,505.00	3.000%	7,331.66	38,836.66
12/01/2021	31,742.00	3.000%	7,095.37	38,837.37
03/01/2022	31,980.00	3.000%	6,857.30	38,837.30
06/01/2022	32,219.00	3.000%	6,617.45	38,836.45
09/01/2022	32,461.00	3.000%	6,375.81	38,836.81
12/01/2022	32,705.00	3.000%	6,132.35	38,837.35
03/01/2023	32,950.00	3.000%	5,887.07	38,837.07
06/01/2023	33,197.00	3.000%	5,639.94	38,836.94
09/01/2023	33,446.00	3.000%	5,390.96	38,836.96
12/01/2023	33,697.00	3.000%	5,140.12	38,837.12
03/01/2024	33,950.00	3.000%	4,887.39	38,837.39
06/01/2024	34,204.00	3.000%	4,632.77	38,836.77
09/01/2024	34,461.00	3.000%	4,376.24	38,837.24
12/01/2024	34,719.00	3.000%	4,117.78	38,836.78
03/01/2025	34,980.00	3.000%	3,857.39	38,837.39
06/01/2025	35,242.00	3.000%	3,595.04	38,837.04
09/01/2025	35,506.00	3.000%	3,330.72	38,836.72
12/01/2025	35,772.00	3.000%	3,064.43	38,836.43
03/01/2026	36,041.00	3.000%	2,796.14	38,837.14
06/01/2026	36,311.00	3.000%	2,525.83	38,836.83
09/01/2026	36,583.00	3.000%	2,253.50	38,836.50
12/01/2026	36,858.00	3.000%	1,979.12	38,837.12
03/01/2027	37,134.00	3.000%	1,702.69	38,836.69
06/01/2027	37,413.00	3.000%	1,424.18	38,837.18
09/01/2027	37,693.00	3.000%	1,143.59	38,836.59
12/01/2027	37,976.00	3.000%	860.89	38,836.89
03/01/2028	38,261.00	3.000%	576.07	38,837.07
06/01/2028	38,548.00	3.000%	289.11	38,837.11
Total	**$2,330,000.00**	-	**$776,954.98**	**$3,106,954.98**

SCHEDULE Z

None.

060743alj012607.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

2/15/2007

Entered: January 26, 2007

CASE NO. 06-0743-PSD-CN

PUTNAM PUBLIC SERVICE DISTRICT,
a public utility, Scott Depot, Putnam County.
Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvements and renovations to its sewer system in the Red House and Hometown portions of its service area in Putnam County, West Virginia, and for approval of financing related thereto.

RECOMMENDED DECISION

On June 5, 2006, the South Putnam Public Service District (District) filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of improvements and renovations to its sewer system in the Red House and Hometown portions of its service area in Putnam County, West Virginia, and for approval of financing related thereto. The District's proposed project would include improvements and renovations to its sewer system in the Red House, Shawnee and Hometown portions of its service area. However, due to reprogramming of grant funding by the US Army Corp of Engineers, the original anticipated project is being divided into two (2) phases. This application is considered Phase I and consists of a sewer extension which will serve approximately eighty (80) additional customers between Red House and Hometown. An application for Phase II of the divided project will be filed at a later date.[1] The District proposed to finance the $2,630,000 project through a $300,000 grant from the U.S. Department of the Army Corps of Engineers and a $2,330,000 loan from the West Virginia Infrastructure and Jobs Development Council (IJDC) for a term of 20 years at an interest rate of 3%. The District has filed, with its application, funding commitment letters from both sources. The District requested approval of increased sewer rates to go into effect upon completion of the sewer improvement project. The proposed rates will also consolidate the rates of the North Putnam Public Service District with the South Putnam Public Service District as a result of the merger of the two (2)

[1]The District is also presently pursuing construction of a large sanitary sewer extension project referred to as the Kanawha Valley Sewer Project which will add approximately 550 new customers to the District's sewer system when it is completed. See, Case No. 05-1146-PSD-CN (Final December 4, 2005).

Districts.[2] According to the District's Rule 42 Exhibit, the District will have a cash flow surplus of $410,233 and a debt service coverage of 135.79%.

By Commission Order dated June 5, 2006, 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 Putnam County, West Virginia, making due return to the Commission of proper certification of publication immediately after publication. The Notice specifically noted that the proposed increases were based on averages of all customers in the indicated class and that individual customers might receive increases that are greater or less than average. The Notice further indicated that the requested rates and charges were only a proposal and were subject to change by the Public Service Commission in its review of this filing. The Notice directed that anyone desiring to make objection to the certificate application or to 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 certificate application based upon the evidence submitted in the application and the Commission's review thereof.

On June 26, 2006, the District filed an affidavit of publication reflecting publication of the Commission's June 5, 2006 Order on June 8, 2006, in The Hurricane Breeze, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Putnam County, West Virginia.

On July 6, 2006, Staff Attorney Ronald E. Robertson, Jr., filed an Initial Joint Staff Memorandum to which was attached an Initial Internal Memorandum, dated June 21, 2006, prepared by Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division, and Jonathan Fowler, P.E., Engineer III, Engineering Division. Commission Staff reported that additional information from the District was required before it could make a final recommendation in this matter. In the interim, referral of this matter to the Division of Administrative Law Judges for further disposition was recommended.

Also on July 6, 2006, Commission Staff filed its First Set of Interrogatories, Data Requests or Requests for Information directed to the District.

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[2]By Recommended Decision dated September 5, 2003, in Case No. 03-1042-PSWD-PC (Final September 25, 2003) the transfer of North Putnam Public Service District's public utility system to South Putnam Public Service District was approved. By Commission Order dated June 7, 2006, in Case No. 03-1042-PSWD-PC, the Commission approved a change in the name of South Putnam Public Service District to Putnam Public Service District.

On July 10, 2006, the District filed an affidavit executed by Michael W. McNulty, General Manager, certifying that, pursuant to Rule 10.3.d. of the Commission's Rules of Practice and Procedure (Procedural Rules), notice of the proposed rate increase requested in this proceeding was given to its sewer customers by including the following statement on its postcard billing cycle beginning June 9, 2006, and ending on July 6, 2006, to-wit:

> This utility is seeking a sewer rate increase. Details available in newspaper publications or at the utility office by calling 757-6551.

On July 10, 2006, the District filed a Motion to Revise Name of Applicant.

On July 11, 2006, the District filed its responses to Commission Staff's First Set of Interrogatories, Data Requests or Requests for Information.

By Commission Order dated July 19, 2006, the Commission referred this matter to the Division of Administrative Law Judges for further disposition, with a decision due date of on or before October 18, 2006, if no public protests to the certificate application were filed. If a public protest was received, the Administrative Law Judge Division was to render its decision on or before January 2, 2007.

On August 31, 2006, Mr. Robertson filed a Final Joint Staff Memorandum to which was attached a Final Internal Memorandum, dated August 31, 2006, prepared by Ms. Buckley and Mr. Fowler. Commission Staff recommended, in part, that the District be granted a certificate of convenience and necessity to construct the sanitary sewer extension project, as more fully described in the application, in the amount of $2,630,000; that project funding, as more fully described in the application, be approved; and that the District be authorized to implement the Staff-recommended rates and charges, as more fully set forth in Attachment 2 to its Memorandum, upon substantial completion of the project.

On September 8, 2006, the District filed a letter stating that it was of the opinion that the Staff-recommended rates were inadequate to cover its reasonably expected construction and plant addition needs. The District stated that it would be filing revisions to its Rule 42 Exhibit to address the surplus issue.

On October 11, 2006, the District filed certain revised documents to its Rule 42 Exhibit.

On October 11, 2006, the District filed a Motion to Toll Statutory Period and Extend Administrative Law Judge Decision Due Date. The District requested that the 180-day statutory period for this certificate proceeding be tolled for a period of ninety (90) days and that the October 18, 2006 Administrative Law Judge decision due date be extended until January 2, 2007.

By Commission Order dated October 16, 2006, the style of this proceeding was revised to reflect the name of the Applicant as the Putnam

Public Service District. Additionally, the statutory deadline was tolled for a period of ninety (90) days, i.e., from December 1, 2006, to March 1, 2007, and the Administrative Law Judge decision due date of October 18, 2006, was extended until January 2, 2007.

On November 21, 2006, the District filed an affidavit of publication reflecting publication of a Revised Notice of Filing in The Hurricane Breeze on November 9, 2006. The District also filed an affidavit executed by Mr. McNulty, the District's General Manager, certifying that notice of the sewer rate increase was given to the District's sewer customers on postcard billings during the October 26, 2006, to November 22, 2006 billing cycle.

On November 27, 2006, the District filed a letter regarding the rate implications resulting from its recent filings with the Commission.

On December 4, 2006, Mr. James A. Harris filed a letter of protest.

By Procedural Order dated December 14, 2006, Commission Staff was directed to file its final recommendation on or before December 21, 2006. Further, this case was scheduled for hearing on December 27, 2006, at 10:00 a.m. in the Council Chambers, Hurricane City Building, 3255 Teays Valley Road, Hurricane, West Virginia. The District was ordered to publish notice of the hearing on or before December 21, 2006, in newspapers published in Putnam and Kanawha Counties, and an expedited transcript of the hearing was ordered to be filed no later than 5:00 p.m. on December 28, 2006.

On December 19, 2006, Fern B. Hunter, by her son James Hunter, filed correspondence with the Commission stating that Ms. Hunter had significant interest in the property and requesting intervenor status for the purpose of speaking at the December 27, 2006 hearing.

On December 21, 2006, Mr. Robertson filed a Further Final Joint Staff Memorandum to which was attached a Further Final Internal Memorandum, dated December 21, 2006, prepared by Ms. Buckley and Mr. Fowler. Commission Staff recommended an additional $0.15 increase in the District's rates to $7.37 per 1,000 gallons, plus the $1.50 Tariff Rule 30-B increase, as approved by Commission Order entered November 15, 2006, in Case No. 06-1090-PSD-30B, for a resulting rate of $8.87 per 1,000 gallons. Attached to the Staff's final recommendation was a proposed tariff.

On December 22, 2006, the District filed a Motion To Toll Statutory Period An Additional Thirty (30) Days and To Extend Administrative Law Judge Decision Due Date.

By Commission Order dated December 22, 2006, the Commission tolled the statutory deadline from March 1, 2006, to March 31, 2006, and extended the Administrative Law Judge decision due date from January 2, 2007, to February 1, 2007.

On December 26, 2006, the District filed with the Commission affidavits evidencing publication of the Notice of Hearing in The Charleston Gazette on December 19, 2006, and in The Hurricane Breeze on December 21, 2006.

On December 27, 2006, the hearing in this matter was convened as scheduled. The District appeared by counsel, Robert R. Rodecker, Esquire; Commission Staff appeared by counsel, Staff Attorney Ronald E. Robertson, Jr., Esquire; and James Hunter appeared on behalf of his mother, Fern Hunter.

Mr. Rodecker submitted copies of the affidavits filed with the Commission on December 26, 2006, evidencing publication of the Notice of Hearing in The Charleston Gazette and The Hurricane Breeze. The affidavits were marked as PSD Exhibits Nos. 1 and 2 and made a part of the record. (Tr. p. 8).

Mr. Rodecker then advised the Administrative Law Judge that the District was in agreement with the Commission Staff's final recommendation that the certificate application, as well as the revised rates published by the District, be approved, and stipulated to the Staff case. The District requested that any evidentiary issues be presented by the Staff. (Tr. p. 8).

The Administrative Law Judge then addressed the issue of the motion to intervene filed by James Hunter. Upon questioning, Mr. Hunter indicated his desire to wait until after testimony was presented by Commission Staff prior to making a statement. (Tr. p. 9). To ensure fairness to Mr. Hunter, and to permit him to question the witnesses if he so desired, Mr. Hunter's motion to intervene was granted. (Tr. p. 10). Counsel for the District objected to said intervention on the grounds that no record had been made that Mr. Hunter is, in fact, qualified as a current or potential customer of the District or that he has any standing in the case. (Tr. p. 10). Mr. Rodecker pointed out that Mr. Hunter's correspondence filed with the Commission requesting intervention addressed two issues, one related to a right-of-way pertaining to his mother's property and the other relating to a noise issue unrelated to this certificate proceeding. (Tr. p. 10). The District's objection to the intervention was noted by the Administrative Law Judge. (Tr. p. 11).

On December 28, 2006, the transcript of the public hearing held in this matter on December 27, 2006, was filed.

On December 29, 2006, Staff filed its Second Further Final Joint Staff Memorandum setting forth the revisions and corrections to its Further Final Joint Staff Memorandum (Staff Exhibit No. 1) as discussed by Ms. Buckley during her testimony.

On January 10, 2007, Staff filed its Third Further Final Joint Staff Memorandum setting forth a further revised and corrected Staff-recommended tariff, replacing the December 29, 2006 recommended tariff.

On January 16, 2007, Council for the District filed a proposed Recommended Decision.

EVIDENCE

The Commission Staff presented as its first witness Jonathan Fowler, Staff Engineer. Mr. Fowler prepared the engineering portion of the Further Final Joint Staff Memorandum, which was marked as Staff Exhibit No. 1 for identification purposes. Mr. Fowler testified as to his

engineering review of the proposed sewer project to determine if it is appropriate in scope and design, that the project is necessary for service to the public, and that the costs are reasonable. Mr. Fowler testified that the proposed project is actually a relatively small extension project to serve approximately eight (80) customers in the Hometown/Red House area of northern Putnam County. (Tr. p. 12). Following his review, Mr. Fowler found that the project complies with all relevant Commission requirements and the Commission's Rules for the Government of Sewer Utilities (Sewer Rules). (Tr. p. 13).

Staff Attorney Robertson then questioned Mr. Fowler about the right-of-way concern expressed by Mr. Hunter. Mr. Fowler testified that, based upon his knowledge of the project plans and his conversation with Mr. Hunter, Mr. Hunter is concerned about the location of a proposed sewer line crossing his mother's property for this project and possibly additional rights-of-way that may be required across the property in a future project. Mr. Fowler testified that the right-of-way required for the sewer line in this instant project will provide service not only to Fern Hunter's house, but will also provide service to her neighbor, a convenience store and four to five other additional homes adjacent to Route 34. (Tr. p. 14). Mr. Fowler testified that it is appropriate for the District to obtain the particular right-of-way. If the District would elect to terminate the line to avoid Fern Hunter's property, the potential to provide service to the additional four or five customers would be eliminated. Mr. Fowler testified that the engineering review of the drawings indicated the District was reasonable in its approach to the right-of-way in question. When asked if, from an engineering perspective, he recommended approval of the project, Mr. Fowler testified that he did. His only concern was the cost per customer was slightly on the high side, but he noted that this is a core project which involves the construction of main pumping stations and a main collection system, which raise the cost of a project. (Tr. p. 16). In the future, the cost per customer should decrease. Mr. Fowler noted that the pumping stations are expandable, allowing their use in future projects. (Tr. p. 17).

Upon cross-examination by Mr. Rodecker, Mr. Fowler testified that Staff found the costs associated with the project to be reasonable, with the one caveat that, since the project had not yet been bid, the District should to plan for overruns. (Tr. p. 18). As to public service districts and other utilities having to make decisions relating to rights-of-way in order to bring projects in within the project financing available, Mr. Fowler testified that such decisions are appropriately local decisions and are not subject to review by the Public Service Commission. (Tr. pp. 18-19). Mr. Fowler testified that the Commission is not going to micromanage any project to the extent of arranging rights-of-ways. (Tr. p. 19).

At the close of Mr. Fowler's testimony, Staff Attorney Robertson moved to have the August 31, 2006 Final Joint Staff Memorandum identified as Staff Exhibit No. 2, and said document was so marked. (Tr. p. 20).

Karen Buckley was called as the second witness on behalf of the Commission Staff. Ms. Buckley testified that, as a Utility Analyst II with the Commission, she looked at the financing and cost of the project to determine if the District could afford the project. Ms. Buckley testified that her review of the project determined that the District had

all the required funding committee letters for this particular project. (Tr. p. 21).

Ms. Buckley testified as to the change in the Staff's initial recommended rates contained in its Final Joint Staff Memorandum, identified as Staff Exhibit No. 2, and those set forth in its Further Final Joint Staff Memorandum, identified as Staff Exhibit No. 1. The increase in Staff's recommended rates set forth in Staff Exhibit No. 1 was a result of the omission from the District's initial Rule 42 filed with the application of an R&R account which is required by the West Virginia Infrastructure and Jobs Development Council, the funding agency for the project. After Staff included the R&R account in the proposed expenses and debt service, the District's surplus, as previously approved by the Commission in another proceeding, dropped. As a result, the Staff revised its recommended rates to include a fifteen cent ($.15) increase to cover the deficit in the District's surplus resulting from the addition of the R&R account to expenses and debt service. (Tr. p. 22).

Ms. Buckley further testified as to corrections that needed to be made to the Staff-recommended tariff attached to the Further Final Joint Staff Memorandum (Staff Exhibit No. 1), including a change in the rates to reflect a $1.50 increase recently approved by the Commission for the District in Case No. 06-1090-PSD-30B. (Tr. p. 24). Ms. Buckley testified that the Staff could file updated recommended rates for the project in a fairly quick fashion. (Tr., p. 25). Ms. Buckley further testified that, from a financial perspective, Staff recommends that the rates be approved, together with the project itself and the proposed funding. (Tr. p. 28).

James Hunter, after being advised by the Administrative Law Judge that the right-of-way and noise issues are separate and apart from this instant proceeding, chose not to present any evidence or question any of the witnesses presented. (Tr. pp. 30-31).

DISCUSSION

The soil within the project area is generally unsuitable for individual septic systems due to low permeability, a high perched water table or, in some cases, the presence of near-surface rock. Failing septic systems are common throughout the project area and this results in the discharge of improperly treated sewage or septic tank effluent into road ditch lines and creeks throughout the project area. The failing septic systems also result in odor and health problems for those residing in the project area. The project at issue herein will alleviate the inadequacies of the existing sewer treatment facilities serving the project area and will reduce, if not totally eliminate, the discharge of raw or improperly treated sewage into area creeks and streams and, thus, provide the area's residents with a healthier environment in which to reside. Accordingly, a certificate of convenience and necessity should be issued for the project, which is Phase I of the District's intended improvements and renovations to its sewer system in the Red House, Shawnee and Hometown portions of its service area.

The $2,630,000 project cost will be financed through a $300,000 grant from the U.S. Department of the Army Corps of Engineers and a

$2,330,000 loan from the West Virginia Infrastructure and Jobs Development Council (IJDC) for a term of 20 years at an interest rate of 3%, which is reasonable and will be approved.

The District has requested an increase in its sewer rates to support the project and agrees with the Staff-recommended increased rates set forth in its Further Final Joint Staff Memorandum, as corrected by Staff's post-hearing filing of December 29, 2006, and, accordingly, will be approved.

FINDINGS OF FACT

1. On June 5, 2006, The Putnam Public Service District, formerly the South Putnam Public Service District (District), filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of improvements and renovations to its sewer system in the Red House and Hometown portions of its service area in Putnam County, West Virginia, and for approval of financing related thereto. The District's proposed project would include improvements and renovations to its sewer system in the Red House, Shawnee and Hometown portions of its service area and consists of a sewer extension which will serve approximately eighty (80) additional customers between Red House and Hometown. (See, Application filed June 5, 2006).

2. The District proposed to finance the $2,630,000 project through a $300,000 grant from the U.S. Department of the Army Corps of Engineers and a $2,330,000 loan from the West Virginia Infrastructure and Jobs Development Council (IJDC) for a term of 20 years at an interest rate of 3%. The District has filed, with its application, funding commitment letters from both sources. (See, Application filed June 5, 2006).

3. The project complies will all relevant Commission requirements and meets the Commission's rules for the governing of sewer utilities. (Tr. p. 13).

4. The District's proposed project will correct the inadequate and oftentimes failing septic sewer systems now serving the residents within the project area. (See, Staff Exhibit No. 2).

5. The Staff-recommended increased rates set forth in its Final Joint Staff Memorandum, as corrected by its Third Further Final Joint Staff Memorandum filed on January 10, 2007, are sufficient to permit the District to afford the project and will produce a cash flow surplus of $414,777 and a debt service coverage of 143.85%. (See, Staff Exhibit No. 1; Letter and attached cash flow analysis filed October 11, 2006; Tr. p. 21; and Staff filing of January 10, 2007).

6. The right-of-way and noise issues raised by James Hunter in his correspondence filed with the Commission on December 20, 2006, on behalf of his mother, Fern Hunter, are separate and apart from this instant proceeding. (See, Tr. pp. 30-31).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the project.

2. The District's proposed financing of the project is reasonable and should be approved.

3. The District's application for a certificate of convenience and necessity should be granted, contingent upon receipt of all necessary federal, state and local permits.

4. The Staff-recommended rates as revised and corrected in its Third Further Final Joint Staff Memorandum filed on January 10, 2007, are sufficient, but not more than sufficient, to cover reasonable and necessary expenses, capital additions and debt service, including the additional expenses and debt service generated by this project, and should be approved to become effective upon completion of the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on June 5, 2006, by Putnam Public Service District (formerly South Putnam Public Service District), for a certificate of convenience and necessity for the construction, operation and maintenance of improvements and renovations to its sewer system in the Red House and Hometown portions of its service area in Putnam County, be, and hereby is, granted and the project is approved.

IT IS FURTHER ORDERED that, prior to commencing construction, Putnam Public Service District file all outstanding necessary permits or approvals.

IT IS FURTHER ORDERED that the funding for the project, consisting of a $300,000 grant from the U.S. Department of the Army Corps of Engineers and a $2,330,000 loan from the West Virginia Infrastructure and Jobs Development Council for a term of 20 years at an interest rate of 3%, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended increased sewer rates, as shown on Appendix A attached hereto, be, and hereby are approved, to become effective upon completion of the project.

IT IS FURTHER ORDERED that Putnam Public Service District file with the Commission's Tariff Office an original and five (5) copies of the approved tariff within thirty (30) days of the date that the certificated project becomes operational.

IT IS FURTHER ORDERED that Putnam 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 scope, plans or financing of the project or a change in project cost that affects the rates approved for the project, the District obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if a change in project cost does not affect rates, the District is not required to obtain Commission approval of such change, but the District shall file an affidavit with the Commission duly executed by its accountant, verifying that the approved rates are not affected.

IT IS FURTHER ORDERED that, if the project requires the use of rights-of-way of the Division of Highways, Putnam 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 Putnam Public Service District file with the Commission a certificate of substantial completion of the project when the project is substantially completed.

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

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

Leave hereby is 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 Recommended Decision is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all patties of record have been served said exceptions.

If no exceptions are so filed this Recommended Decision 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 recommended decision by filing an appropriate petition in writing with the Executive 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 recommended 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:lc
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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

PUTNAM PUBLIC SERVICE DISTRICT

CASE NO. 06-0743-PSD-CN

SCHEDULE NO. 1

APPLICABILITY

Applicable within the entire territory served including the area formerly served by North Putnam Public Service District

AVAILABILITY

Available for general domestic, commercial and industrial sewer service

RATES (customers with metered water supply)

$8.87 per 1,000 gallons of water usage

MINIMUM BILL

No bill will be rendered for less than $14.74 per month, which is the equivalent of 2,000 gallons of usage.

The above minimum charge is subject to an additional $1.50 per 1,000 gallons of water used per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SURCHARGE A

Excess Pension Cost Surcharge-$0.091 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

SURCHARGE B

Restricted Maintenance Surcharge - $0.05 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for use to correct any deficiencies found during the annual plant inspection. This surcharge will remain in effect until the combined balance shall be $75,000.00. It is estimated that the District's share is $47,491.30. This surcharge is subject to renewal at the rate of $0.05 per 1,000 gallons should the escrowed amount be reduced below $75,000.00. This surcharge is subject to review and use upon Public Service Commission approval.

ALTERNATIVE MEASUREMENT OF SEWAGE

Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District estimated cost of

purchasing and installing the meter and, upon installation of such waste discharge meter, the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

SCHEDULE NO. 1A

APPLICABILITY

Applicable within the territory previously served by Putnam Utilities Corporation

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale sewer service

RATES (customers with metered water supply)

First	3,000 gallons of water used per month	$8.27 per 1,000 gallons
Next	3,000 gallons of water used per month	$7.85 per 1,000 gallons
Next	4,000 gallons of water used per month	$7.42 per 1,000 gallons
All Over	10,000 gallons of water used per month	$7.05 per 1,000 gallons

MINIMUM BILL

No bill will be rendered for less than $20.31 per month, which is the equivalent of 3,000 gallons of usage.

The above minimum charge is subject to an additional $1.50 per 1,000 gallons used per month.

SURCHARGE A

Excess Pension Cost Surcharge-$0.091per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

SURCHARGE B

Restricted Maintenance Surcharge - $0.05 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for use to correct any deficiencies found during the annual plant inspection. This surcharge will remain in effect until the combined balance shall be $75,000.00. It is estimated that the District's share is $47,491.30. This surcharge is subject to renewal at the rate of $0.05 per 1,000 gallons should the escrowed amount be reduced below $75,000.00. This surcharge is subject to review and use upon Public Service Commission approval.

DELAYED PAYMENT PENALTY

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

SCHEDULE NO. 2

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

Available for sanitary sewer service to unmetered water users and users who obtain water from wells.

FLAT RATE (customers with metered water supply)

Equivalent of 3,000 gallons of water usage, $26.61 per month.

SURCHARGE A

Excess Pension Cost Surcharge-$0.091 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

SURCHARGE B

Restricted Maintenance Surcharge - $0.05 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for use to correct any deficiencies found during the annual plant inspection. This surcharge will remain in effect until the combined balance shall be $75,000.00. It is estimated that the District's share is $47,491.30. This surcharge is subject to renewal at the rate of $0.05 per 1,000 gallons should the escrowed amount be reduced below $75,000.00. This surcharge is subject to review and use upon Public Service Commission approval.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

SCHEDULE NO. 3

APPLICABILITY

Applicable within the entire territory served

TAP FEE

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

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

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

RECONNECT FEE - $25.00

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Hurricane and West Virginia-American Water Company is reconnected, a reconnection fee of $25.00 shall be charged.

RECONNECT FEE - $15.00

To apply to all users who receive sewer service from the District and **water service from Culloden Public Service District** in the event of nonpayment of sewer service fees where water service is terminated and reconnected following each reconnection of water service.

LEAK ADJUSTMENT RATE

$3.03 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SCHEDULE NO. 4

Surcharge Formula To Be Applied to a Customer Producing Unusual Waste

The charge for the treatment of industrial waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci	=	charge to unusual users per year
Vo	=	average unit cost of transport and treatment chargeable to volume, in dollars per gallon
Vi	=	volume of wastewater from unusual users in gallons per year
Bo	=	average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound
Bi	=	weight of BOD from unusual users in pounds per year
So	=	average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound
Si	=	weight of total solids from unusual users in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the Putnam Public Service District, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Putnam Public Service District records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Putnam Public Service District, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE NO. 5

APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS
OF THE PUTNAM PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the Putnam waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Putnam Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

Surcharge Formula to Be Applied in Cases Where Surface Drainage Is Connected to the Utility's Sewer System

APPLICABILITY

Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or other similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S	=	A x R x .0006233 x C
S	=	the surcharge in dollars
A	=	the area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
R	=	the measured monthly rainfall in inches
.0006233	=	the conversion factor to change inches of rain x square feet of surface to thousand gallon of water
C	=	$8.87 - The District's approved rate per thousand gallons of metered water usage

The utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location,

and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

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

May 8, 2006

Michael McNulty
South Putnam Public Service District
P.O. Box 147
Scott Depot, West Virginia 25560

MAY 12 2006

Re: Revised Binding Commitment Letter
North Putnam PSD Wastewater project
Project 97S-355a

Dear Mr. McNulty:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the South Putnam Public Service District's (the "District") request for revision to the Infrastructure Council's binding commitment offer of July 8, 2005 (the "Commitment") to the District for financing its wastewater project.

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

At its May 3, 2006 meeting, the Infrastructure Council voted to revise the binding commitment as shown on the attached Schedule A, all other conditions of the commitment remain. Please contact Jeff Brady if you have any questions concerning this matter.

Sincerely,

Mark Prince

Attachment
Enclosure

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

South Putnam Public Service District

By: Michael W. McNulty

Its: General Manager

Date: 5-11-06

cc: Samme Gee, Jackson & Kelly
Dunn Engineers
Mike Johnson, DEP (w/o enclosure)
Dan Bailey, COE
Bernie Yonkosky, WDA (w/o enclosure)

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

South Putnam Public Service District
Phase I Sewer Project 97S-355a
May 5, 2006

SCHEDULE A - PHASE I

A. Approximate Amount: $2,164,000 Loan
$ 166,000 Loan

B. Loan: $2,164,000

1.	Loan Term:	20 years
2.	Interest Rate:	3%
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

C. Loan: $ 166,000

1.	Loan Term:	20 years
2.	Interest Rate:	3%
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.

D. Other Funding: COE design grant $ 300,000

E. Total Project Cost: $ 2,630,000

F. Proposed Rates: approximately $39.66 / 4500 gallons

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR SERIES 2007 A BONDS AND BOND PROCEEDS

On this 19th day of March, 2007, 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 Putnam Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Putnam Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), issued in the principal amount of $2,330,000, as a single, fully registered Bond, numbered AR-1 and dated March 19, 2007 (the "Series 2007 A Bonds").

2. At the time of such receipt of the Series 2007 A Bonds upon original issuance, the Series 2007 A 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 Series 2007 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 A Bonds, of the sum of $288,468, being a portion of the principal amount of the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced by the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

PUTNAM PUBLIC SERVICE DISTRICT

Chairman

02.27.07
847280.00005

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2007 A BONDS

The Huntington National Bank, as
Bond Registrar for the Series 2007 A Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 19th day of March, 2007.

(1) Bond No. AR-1, constituting the entire original issue of the Putnam Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the principal amount of $2,330,000, dated March 19, 2007 (the "Series 2007 A Bonds"), executed by the Chairman and Secretary of Putnam 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 February 22, 2007, and a Supplemental Resolution duly adopted by the Issuer on February 22, 2007 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated March 19, 2007 (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

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2007 A Bonds.

You are hereby requested and authorized to deliver the Series 2007 A Bonds to the Authority upon payment to the Issuer of the sum of $288,468, representing a portion of the principal amount of the Series 2007 A Bonds. Prior to such delivery of the Series 2007 A Bonds, you will please cause the Series 2007 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2007 A Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

PUTNAM PUBLIC SERVICE DISTRICT

Chairman

02.09.07
847280.00005

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,330,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 19th day of March, 2007, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Putnam 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 TWO MILLION THREE HUNDRED THIRTY THOUSAND DOLLARS ($2,330,000), 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 September 1, 2008, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, at the rate per annum as set forth in Exhibit B 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated March 19, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements 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 February 22, 2007, and a Supplemental Resolution duly adopted by the Issuer on February 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 (I) SEWER REVENUE BONDS, SERIES 1975, DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (V) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS), (VII) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000, AND (IX) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000. THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1983 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS AND THE SERIES 2006 B BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS 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 from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which 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, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest 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; provided that, so long as the Prior Bonds are no longer outstanding and in the event there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of 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 Huntington National Bank, Charleston, West Virginia, as registrar (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 monies, 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 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, PUTNAM 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

SPECIMEN

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: March 19, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$288,468	March 19, 2007	(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

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Sources & Uses

Dated 03/19/2007 | Delivered 03/19/2007

Sources Of Funds	
Par Amount of Bonds	$2,330,000.00
Accrued Interest from 03/19/2007 to 03/19/2007	(83,880.00)
Total Sources	**$2,246,120.00**

Uses Of Funds	
Deposit to Debt Service Fund	(83,880.00)
Deposit to Project Construction Fund	2,330,000.00
Total Uses	**$2,246,120.00**

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	21,362.00	3.000%	17,475.00	38,837.00
12/01/2008	21,522.00	3.000%	17,314.79	38,836.79
03/01/2009	21,684.00	3.000%	17,153.37	38,837.37
06/01/2009	21,846.00	3.000%	16,990.74	38,836.74
09/01/2009	22,010.00	3.000%	16,826.90	38,836.90
12/01/2009	22,175.00	3.000%	16,661.82	38,836.82
03/01/2010	22,341.00	3.000%	16,495.51	38,836.51
06/01/2010	22,509.00	3.000%	16,327.95	38,836.95
09/01/2010	22,678.00	3.000%	16,159.13	38,837.13
12/01/2010	22,848.00	3.000%	15,989.05	38,837.05
03/01/2011	23,019.00	3.000%	15,817.69	38,836.69
06/01/2011	23,192.00	3.000%	15,645.05	38,837.05
09/01/2011	23,366.00	3.000%	15,471.11	38,837.11
12/01/2011	23,541.00	3.000%	15,295.86	38,836.86
03/01/2012	23,718.00	3.000%	15,119.30	38,837.30
06/01/2012	23,895.00	3.000%	14,941.42	38,836.42
09/01/2012	24,075.00	3.000%	14,762.21	38,837.21
12/01/2012	24,255.00	3.000%	14,581.64	38,836.64
03/01/2013	24,437.00	3.000%	14,399.73	38,836.73
06/01/2013	24,620.00	3.000%	14,216.45	38,836.45
09/01/2013	24,805.00	3.000%	14,031.80	38,836.80
12/01/2013	24,991.00	3.000%	13,845.77	38,836.77
03/01/2014	25,179.00	3.000%	13,658.33	38,837.33
06/01/2014	25,367.00	3.000%	13,469.49	38,836.49
09/01/2014	25,558.00	3.000%	13,279.24	38,837.24
12/01/2014	25,749.00	3.000%	13,087.55	38,836.55
03/01/2015	25,942.00	3.000%	12,894.44	38,836.44
06/01/2015	26,137.00	3.000%	12,699.87	38,836.87
09/01/2015	26,333.00	3.000%	12,503.84	38,836.84
12/01/2015	26,531.00	3.000%	12,306.35	38,837.35
03/01/2016	26,730.00	3.000%	12,107.36	38,837.36
06/01/2016	26,930.00	3.000%	11,906.89	38,836.89
09/01/2016	27,132.00	3.000%	11,704.91	38,836.91
12/01/2016	27,336.00	3.000%	11,501.42	38,837.42
03/01/2017	27,541.00	3.000%	11,296.40	38,837.40
06/01/2017	27,747.00	3.000%	11,089.85	38,836.85
09/01/2017	27,955.00	3.000%	10,881.74	38,836.74
12/01/2017	28,165.00	3.000%	10,672.08	38,837.08
03/01/2018	28,376.00	3.000%	10,460.84	38,836.84

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2018	28,589.00	3.000%	10,248.02	38,837.02
09/01/2018	28,803.00	3.000%	10,033.61	38,836.61
12/01/2018	29,019.00	3.000%	9,817.58	38,836.58
03/01/2019	29,237.00	3.000%	9,599.94	38,836.94
06/01/2019	29,456.00	3.000%	9,380.66	38,836.66
09/01/2019	29,677.00	3.000%	9,159.74	38,836.74
12/01/2019	29,900.00	3.000%	8,937.17	38,837.17
03/01/2020	30,124.00	3.000%	8,712.92	38,836.92
06/01/2020	30,350.00	3.000%	8,486.99	38,836.99
09/01/2020	30,578.00	3.000%	8,259.36	38,837.36
12/01/2020	30,807.00	3.000%	8,030.03	38,837.03
03/01/2021	31,038.00	3.000%	7,798.97	38,836.97
06/01/2021	31,271.00	3.000%	7,566.19	38,837.19
09/01/2021	31,505.00	3.000%	7,331.66	38,836.66
12/01/2021	31,742.00	3.000%	7,095.37	38,837.37
03/01/2022	31,980.00	3.000%	6,857.30	38,837.30
06/01/2022	32,219.00	3.000%	6,617.45	38,836.45
09/01/2022	32,461.00	3.000%	6,375.81	38,836.81
12/01/2022	32,705.00	3.000%	6,132.35	38,837.35
03/01/2023	32,950.00	3.000%	5,887.07	38,837.07
06/01/2023	33,197.00	3.000%	5,639.94	38,836.94
09/01/2023	33,446.00	3.000%	5,390.96	38,836.96
12/01/2023	33,697.00	3.000%	5,140.12	38,837.12
03/01/2024	33,950.00	3.000%	4,887.39	38,837.39
06/01/2024	34,204.00	3.000%	4,632.77	38,836.77
09/01/2024	34,461.00	3.000%	4,376.24	38,837.24
12/01/2024	34,719.00	3.000%	4,117.78	38,836.78
03/01/2025	34,980.00	3.000%	3,857.39	38,837.39
06/01/2025	35,242.00	3.000%	3,595.04	38,837.04
09/01/2025	35,506.00	3.000%	3,330.72	38,836.72
12/01/2025	35,772.00	3.000%	3,064.43	38,836.43
03/01/2026	36,041.00	3.000%	2,796.14	38,837.14
06/01/2026	36,311.00	3.000%	2,525.83	38,836.83
09/01/2026	36,583.00	3.000%	2,253.50	38,836.50
12/01/2026	36,858.00	3.000%	1,979.12	38,837.12
03/01/2027	37,134.00	3.000%	1,702.69	38,836.69
06/01/2027	37,413.00	3.000%	1,424.18	38,837.18
09/01/2027	37,693.00	3.000%	1,143.59	38,836.59
12/01/2027	37,976.00	3.000%	860.89	38,836.89
03/01/2028	38,261.00	3.000%	576.07	38,837.07
06/01/2028	38,548.00	3.000%	289.11	38,837.11
Total	**$2,330,000.00**	-	**$776,954.98**	**$3,106,954.98**

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Debt Service Schedule

Yield Statistics

Accrued Interest from 03/19/2007 to 03/19/2007	(83,880.00)
Bond Year Dollars	$28,694.50
Average Life	12.315 Years
Average Coupon	2.7076795%
Net Interest Cost (NIC)	2.7076795%
True Interest Cost (TIC)	3.0190922%
Bond Yield for Arbitrage Purposes	3.0190922%
All Inclusive Cost (AIC)	3.0190922%

IRS Form 8038

Net Interest Cost	3.0000003%
Weighted Average Maturity	12.315 Years

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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

March 19, 2007

Putnam Public Service District
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

Putnam Public Service District
Scott Depot, 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 Putnam Public Service District (the "Issuer"), a public service district and political subdivision organized and existing under the laws of the State of West Virginia, of its $2,330,000 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 19, 2007, 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 and interest to the Authority, bearing interest at the rate of three percent (3%) per annum. The principal of and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008 , and ending June 1, 2028, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

TERRALEX

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 improvements and extensions to the existing public sewerage system of the Issuer (the "Project") and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on February 22, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 22, 2007 (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.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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 full 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 so as to affect adversely the rights of the Authority or 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 adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000 (the "Series 1983 Bonds"), (iv) Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (v) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (vi) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds), (vii) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (viii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000, and (ix) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000, all in accordance with the Bonds and the Bond Legislation.

The Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005 (the "Prior Notes") are not secured by the Net Revenues of the System. The Issuer has obtained the written consent of the holder of the Prior Notes to the issuance of the Bonds.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to

corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

02.09.07
847280.00005

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Milton, West Virginia 25541
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(Form of Opinion on Series 2007 A Bonds of Counsel to Issuer)

March 19, 2007

Putnam Public Service District
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

Putnam Public Service District
Scott Depot, 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 Putnam Public Service District, a public service district, in Putnam 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 2007 A Bonds dated March 19, 2007, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on February 22, 2007, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 22, 2007 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds") and orders of

The County Commission of Putnam County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a public service district and 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 other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, order, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the West Virginia Infrastructure and Jobs Development Council and The County Commission of Putnam County. I express no opinion as to any orders or certificates which the Issuer is required to obtain from the Public Service Commission of West Virginia.

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

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

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

Very truly yours,

Ralph W. Bassett, Jr., Esquire

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March 19, 2007

Putnam Public Service District
Sewer Revenue Bonds Series 2007 A
(West Virginia Infrastructure Fund)

Putnam Public Service District
Scott Depot, 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 special counsel to Putnam Public Service District, a public service district in Putnam County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

The Issuer has 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, the operation of the System and the implementation of rates and charges, and the Issuer has taken any other action required

for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on January 26, 2007, which became the Final Order on February 15, 2007, in Case No. 06-0743-PSD-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. The time for appeal of such Order has expired prior to the date hereof.

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

Sincerely,

Robert R. Rodecker

bg

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March 16, 2007

Jefferson E. Brady, P.E.
Executive Director
West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

RE: Final Title Opinion
Putnam Public Service District
Red House Collectors Project

Dear Mr. Brady:

I represent Putnam Public Service District with regard to a proposed project to construct a collectors system in the Red House/North Putnam area of Putnam County, West Virginia (the "Project"), and provide this final title opinion on behalf of the Putnam 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 Putnam Public Service District is a duly created and existing public entity and body corporate existing 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 Public Service Commission and related State agencies.

2. That the Putnam 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 Dunn Engineers, 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 Putnam County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Putnam Public Service District has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the easements and/or rights of way, 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. That any deeds or other documents which have been acquired to date by the Putnam Public Service District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the Putnam Public Service District.

6. The Putnam 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, please contact this office.

Sincerely yours,

Ralph W. Bassett, Jr.

RWB:pbs

cc: Putnam Public Service District
P. O. Box 860
Scott Depot, West Virginia 25560

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(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
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. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION OF NOTICE OF FILING
15. PUBLIC SERVICE COMMISSION ORDER
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2007 A Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted February 22, 2007, and the Supplemental Resolution duly adopted February 22, 2007 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and 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 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 monies 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, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000 (the "Series 1983 Bonds"), (iv) Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (v) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (vi) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds), (vii) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (viii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate

principal amount of $4,946,000, and (ix) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000. The Series 1975 Bonds, the Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds." The Prior Bonds are payable from and secured by Net Revenues of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment being the Sewerage System Bond Anticipation Notes, Series 2005 A, dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000 (the "Prior Notes"). The Issuer has obtained the consent of the holder of the Prior Notes to the issuance of the Series 2007 A Bonds.

The Series 2007 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2007 A Bonds, the Issuer will obtain the written consent of the holders of the Prior Bonds to the issuance of the Series 2007 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

Loan Agreement for Series 2007 A Bonds

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission Orders Regarding Creation and Expansion of the District

County Commission Orders of Appointment and Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Public Hearing

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Evidence of U.S. Army Corps of Engineers Grant

USDA Consent to Issuance of Parity Bonds

WDA Consent to Issuance of Parity Bonds

Treatment Agreement with Town of Eleanor

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Putnam Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Putnam 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
Calvin L. Hatfield	August 21, 2003	August 31, 2009
Jerry K. Kelley	August 28, 2001	August 28, 2007
Joe E. Miller	August 31, 2005	August 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 2007 are as follows:

Chairman	-	Joe Miller
Secretary/ Treasurer	-	Calvin Hatfield

The duly appointed and acting counsel to the Issuer is Ralph W. Bassett, Esquire, Milton, West Virginia. The duly appointed special Public Service Commission counsel to the Issuer is Robert R. Rodecker, Esquire, Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

9. 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 and Loan Agreements 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 dates of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in

the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on January 26, 2007, which became Final Order on February 15, 2007, in Case No. 06-0743-PSD-CN, approving the rates and charges for the services of the System. Counsel to the Issuer expresses no opinion as to this paragraph 11.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said 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 of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received $288,468 from the Authority and the Council, being a portion of the principal amount of the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION OF NOTICE OF FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on January 26, 2007, which became Final Order on February 15, 2007, in Case No. 06-0743-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, and approving the financing for the Project. The time for appeal of such Order has expired prior to the date hereof. Counsel to the Issuer expresses no opinion as to this paragraph.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Series 2007 A Bond.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any

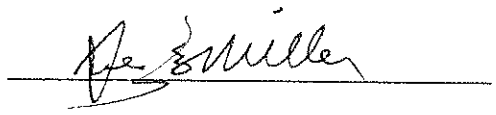
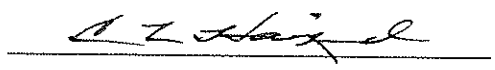
land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. 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.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of PUTNAM PUBLIC SERVICE DISTRICT on this 19th day of March, 2007.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
_____	Counsel to the Issuer
_____	Special PSC Counsel

02.09.07
847280.00005

WITNESS our signatures and the official seal of PUTNAM PUBLIC SERVICE DISTRICT on this 19th day of March, 2007.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
	Counsel to the Issuer
_____	Special PSC Counsel

02.09.07
847280.00005

WITNESS our signatures and the official seal of PUTNAM PUBLIC SERVICE DISTRICT on this 19th day of March, 2007.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to the Issuer
Robert R. Rodecker	Special PSC Counsel

02.09.07
847280.00005

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Frederick Hypes, Registered Professional Engineer, West Virginia License No. 9327, of Dunn Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

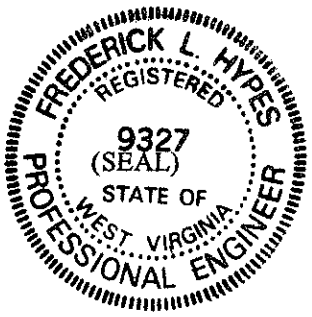
1. My firm is engineer for the acquisition and construction of improvements and extensions to the existing public sewerage system (the "Project") of Putnam Public Service District (the "Issuer") to be constructed primarily in Putnam County, West Virginia, which acquisition and construction are being permanently financed 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 February 22, 2007, as supplemented by the Supplemental Resolution adopted by the Issuer on February 22, 2007, and the Loan Agreement for the Series 2007 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), March 19, 2007 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance 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 firm and approved by the Authority, the Council and the West Virginia Bureau for Public Health, and any change orders approved by the Issuer, the Council, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least twenty-five 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's attached hereto as Exhibit A and the Issuer's counsel, Ralph W. Bassett, Jr., Esquire, 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 West Virginia Bureau for Public Health 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, Ralph W. Bassett, Jr., CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority and the Council; and (xi) attached hereto as Exhibit B is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 19th day of March, 2007.



DUNN ENGINEERS, INC.

Frederick Hypes, P.E.
West Virginia License No. 9327

847280.00005

CH823536.1

WEST VIRGINIA INFRASTRUCTURE
SCHEDULE B
PUTNAM PUBLIC SERVICE DISTRICT
RED HOUSE WASTEWATER PROJECT

A. COST OF PROJECT	TOTAL	IJDC	COE
1 Construction			
Contract 1	1,542,689.00	1,542,689.00	
Contingency	107,988.23	107,988.23	
2 Technical Services -Dunn			
Study & Report	18,800.00	18,800.00	
a. Preliminary Design Phase	25,000.00	0.00	25,000.00
b. Final Design Phase	60,000.00	0.00	60,000.00
c. Bidding	12,000.00	12,000.00	
d. Construction Phase	20,000.00	20,000.00	
e. Post Construction Phase	10,000.00	10,000.00	
RPR	122,400.00	122,400.00	
Additional services	124,197.00	60,000.00	64,197.00
3 Legal & Fiscal			
a. Legal (title)	6,000.00	6,000.00	
b. Legal (PSC)	10,000.00	10,000.00	
c Accounting	10,000.00	10,000.00	
4 Administrative (COE)	50,000.00	0.00	50,000.00
5 Sites & Other Lands	12,000.00	12,000.00	
6 Miscellaneous			
7 a Permits	40,000.00	40,000.00	
b Radio Survey & Mapping	9,631.52	9,631.52	
c Pump Station Controls	24,539.36	24,539.36	
d. Adverising / postage	1,400.00	1,400.00	
e. Equipment	150,000.00	150,000.00	
8 Interim Interest Fees	100,000.00	100,000.00	
9 Project Contingency	49,551.89	49,551.89	
10 TOTAL of Lines 1 through 9	2,506,197.00	2,307,000.00	199,197.00
B. COST OF FINANCING			
11 Registrar	500.00	500.00	
12 Bond Counsel	22,500.00	22,500.00	
13 Cost of Financing (line 11 plus line 12)	23,000.00	23,000.00	0.00
14 TOTAL PROJECT COST line 10 plus line 13	2,529,197.00	2,330,000.00	199,197.00
C. SOURCES OFOTHER FUNDS			
15 Federal Grants (COE)	199,197.00		199,197.00
16 State Grants			
17 Other Grants			
18 Any Other Source			
19 TOTAL GRANTS Lines 15 through 18	199,197.00	0.00	199,197.00
20 Size of Bond Issue (line 14minus Line 19)	2,330,000.00	2,330,000.00	0.00

Putnam Public Service District — Date: 2-22-2007

Dunn Engineers — Date: 22 February 2007

BASSETT & LOWE
CERTIFIED PUBLIC ACCOUNTANTS
1156 SOUTH MAIN STREET
MILTON, WEST VIRGINIA 25541
Phone: (304) 743-5573 FAX: (304) 743-1150
Toll Free: 1-800-720-9629
e-mail: rbassett@bassettlowe.com
e-mail: rlowe@bassettlowe.com

March 19, 2007

Putnam Public Service District
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

Putnam Public Service District
Scott Depot, West Virginia

West Virginia Infrastructure &
Jobs Development Council
Charleston, West Virginia

West Virginia Water Development
Authority
Charleston. West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Application for a Certificate of Convenience and Necessity with the Public Service Commission of West Virginia in Case No.06-0743-PSD-CN, and projected operation and maintenance expenses and anticipated customer usage of Putnam Public Service District, it is my opinion that such rates and charges will be sufficient to provide revenues to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds (West Virginia Infrastructure Fund) (the "Bonds"), to be issued in the aggregate principal amount of $2,330,000 and all other obligations secured by or payable from the revenues of the System on a parity with the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1979, Sewer Revenue Bonds, Series 1983, Sewer Revenue Bonds, Series 1993, Sewer Revenue Bonds, Series 1995, Sewer Revenue Bonds, Series 2002 A Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) Sewer Revenue Bonds 2006 A (United States

Department of Agriculture) and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) (collectively, the "Prior Bonds").

It is my further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds, and (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 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 the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Ralph W. Bassett Jr

RALPH W. BASSETT, JR., CPA

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO ARBITRAGE FOR SERIES 2007 A BONDS

The undersigned Chairman of the Public Service Board of Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $2,330,000 aggregate principal amount of Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, dated March 19, 2007 (the "Bonds" or the "Series 2007 A Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). 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 am 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 same meaning as set forth in the Bond Resolution duly adopted by the Issuer on February 22, 2007, as supplemented (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 19, 2007, the date on which the Bonds are to be physically delivered in exchange for more than a de minimus amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with

respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Series 2007 A Bonds were sold on March 19, 2007, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated March 19, 2007, by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of $2,330,000 (100% of par value), at which time, the Issuer received $288,468 from the Authority and the Council. The balance of the principal amount of the Series 2007 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2007 A 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 sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project will commence immediately and will 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 June 1, 2008, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by March 1, 2008.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $2,529,197. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2007 A Bonds	$2,330,000.00
U.S. Army Corps of Engineers Grant	$ 199,197.00
Total Sources	$ 2,529,197.00

USES

Acquisition and Construction of Project	$2,506,197.00
Costs of Issuance	$ 23,000.00
Total Uses	$2,529,197.00

Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

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

(1) Revenue Fund (established by the Prior Resolutions);

(2) Renewal and Replacement Fund (established by the Prior Resolutions);

(3) Series 2007 A Bonds Construction Trust Fund;

(4) Rebate Fund;

(5) Series 2007 A Bonds Sinking Fund; and

(6) Series 2007 A Bonds Reserve Account.

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

> As the Issuer receives advances of the monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project as set forth in the Bond Resolution.

Amounts in the Series 2007 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such monies are necessary for such purpose.

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

12. Monies held in the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 A Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2007 A Bonds Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2007 A Bonds, or which are pledged as collateral for the Series 2007 A Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2007 A Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Series 2007 A Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Series 2007 A Bonds, have been or will be pledged to payment of the Series 2007 A Bonds. Less than 10% of the proceeds of the Series 2007 A Bonds, if any, will be deposited in the Series 2007 A Bonds Reserve Account and or any other reserve or

replacement fund. The amounts deposited in the Series 2007 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 2007 A Bonds, and will not exceed 125% of average annual principal and interest on the Series 2007 A Bonds. Amounts in the Series 2007 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 2007 A Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2007 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 2007 A Bonds, and is reasonably required to assure payments of debt service on the Series 2007 A Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 9 months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 2007 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

18. The Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2007 A Bonds each year. The Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2007 A Bonds, or 1 year's interest earnings on the Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2007 A Bonds Sinking Fund for payment of the principal of or interest on the Series 2007 A Bonds (other than the Series 2007 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2007 A Bonds Sinking Fund (other than in the Series 2007 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. All proceeds of the Bonds which will be used for the payment of costs of the Project will be expended for such purposes within three years of March 19, 2007.

20. 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.

21. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

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

26. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

27. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

29. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of

interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

30. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

31. The Issuer has either (a) funded the Series 2007 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year with the proceeds of the Series 2007 A Bonds, or (b) created the Series 2007 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 2007 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 A Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolutions authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or

account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

35. The Bonds are each a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. 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.

39. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

40. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

41. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

42. 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.

43. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on this 19th day of March, 2007.

PUTNAM PUBLIC SERVICE DISTRICT

Chairman

02.02.07
847280.00005

NORTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION

WHEREAS, the North Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the North side of the Kanawha River;

WHEREAS, the South Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the South side of the Kanawha River;

WHEREAS, the South Putnam Public Service District has the manpower and expertise to operate and manage the affairs of the North Putnam Public Service District;

WHEREAS, the Boards of the South Putnam Public Service District and the North Putnam Public Service District have had discussions concerning the transfer of the North Putnam Public Service District to the South Putnam Public Service District; and

WHEREAS, the Board of the North Putnam Public Service District deems it to be in the best interests of the citizens of Putnam County for South Putnam Public Service District to acquire the assets of North Putnam Public Service District, and to operate such assets as part of its own system until such time as the acquisition of such assets is approved by the Public Service Commission of West Virginia.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF NORTH PUTNAM PUBLIC SERVICE DISTRICT:

1. The Board of North Putnam Public Service District is authorized to undertake all actions necessary to transfer the assets of the North Putnam Public Service District, subject to the approval of the Public Service Commission of West Virginia, and bondholder approvals; and subject further to a determination of the reasonableness of such action upon the rates of the rate payers of South Putnam Public Service District.

2. During the pendency of the approval process, and until such time as the Board of the South Putnam Public Service District has determined that it is in the best interests of the rate payers of South Putnam Public Service District to acquire the assets of North Putnam Public Service District, North Putnam Public Service District is hereby authorized to enter into an agreement whereby South Putnam Public Service District shall operate and maintain the North Putnam Public Service District system.

3. The Chairman of the Board of the North Putnam Public Service District is hereby authorized to execute any documents necessary to carry out the provisions of his Resolution.

Adopted this 11th day of July, 2000.

Harry Sigman
Chairman

Patricia A Babcock
Member

Brent D. Nale
Member

LEGAL NOTICE

NORTH PUTNAM PUBLIC SERVICE DISTRICT
NOTICE OF HEARING

The Public Service Board of North Putnam Public Service District will hold a hearing on Thursday, August 3, 2000, at 7:00 p.m., at Town Hall, Bancroft, West Virginia, for the purpose of taking public comments and objections, if any, relating to the proposed transfer of North Putnam Public Service District's utility rights and assets to South Putnam Public Service District.

The Board will, following the receipt of comments and objections, vote on whether or not to proceed with the transfer of its utility rights and assets to South Putnam Public Service District.

This hearing is open to the press and the public and any person interested may appear at such hearing to protect their interest.

NORTH PUTNAM PUBLIC SERVICE DISTRICT

1t 7-27

AFFIDAVIT OF PUBLICATION

Cost of Publication $14.56

State of West Virginia, County of Putnam, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Notice of Hearing

North Putnam Public Service District

Transfer of Utility Rights and Assets

to South Putnam Public Service District

was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 27th day of July 20 00, and ending with issue of the _____ day of _____ 20_____, (and was posted, if required, at the _____ on the _____ day of _____, 20_____).

/s/ Phyllis Robinson
Phyllis Robinson, Publisher
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 28th day of July, 20 00.

My commission expires May 4, 2008

/s/ Frederica A Whitney
Notary Public of Putnam County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
FREDERICA A. WHITNEY
46 Riverside Estates
Winfield, WV 25213
My Comm. Expires May 4, 2008

NORTH PUTNAM PUBLIC SERVICE DISTRICT

POST OFFICE BOX 59
BANCROFT, WV 25011

Patti Babcock, Secretary/Treasurer
Gary Sigman, Chairperson

North Putnam Public Service District
Special Meeting
August 3, 2000
MINUTES

MEMBERS PRESENT: Gary Sigman, Brent Null, Patti Babcock
STAFF PRESENT: Fred Stottlemeyer
GUESTS PRESENT: Robert Rodecker

This special meeting constituted a public hearing to take comments on the proposed acquisition/sale of North Putnam PSD to South Putnam PSD. There was no public person who attended this meeting.

Brent Null motioned the best interest of the public would be served by transferring the assets of this District(NPPSD) to the South Putnam PSD and to file the appropriate documents with the Putnam County Commission and the Public Service Commission to carry out the sale of this system. Patti second and the decision was unanimous.

Fred Stottlemeyer took this opportunity to report the following:

1] Number 3 station has only one pump operational. A safety ladder has been installed inside this station.

2] The Treatment Plant was broken into on July 30th. Mostly tools were taken and entry was gained via a broken window.

3] The 8 inches of rain during the month of July produced flows in excess of 500,000 gallons. Route 62 is the area suspected of infiltration and next week this area will be addressed.

4] One manhole on Drew Street has no mastic. This will be corrected.

5] Clarifying tanks will be taken down beginning with Number 1 on August 21 to inspect, clean and make piping changes. Number 2 will be following for the same inspection and repair. Diffusers for these tanks were one of the items stolen. Replacements will be ordered immediately.

6] Putnam County Commission has indicated they will supply $31,500.00 to match monies offered by the Governor's office for the collapsed line repair.

7] At our request, contractor Clyde Raynes has submitted an invoice for $55,596.65 for work done to date. North Putnam has expended $55,644.97 to date on repair cost. Patti reported digesting cost on this date with only $10,000.00 of invoices remaining from this project, all aged less than 30 days.

8] Plans for Cherokee Estates were discussed. Meetings with the developers have caused changes and these changes were discussed and approved on motion by Brent Null.

There being no further business, the meeting adjourned at 7:58 p.m.

Respectfully Submitted,

Gary Sigman, Chairperson

Patricia Babcock, Secretary

Brent Null, Treasurer

PUTNAM COUNTY COMMISSION

RESOLUTION

WHEREAS, the North Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the North side of the Kanawha River;

WHEREAS, the South Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the South side of the Kanawha River;

WHEREAS, the South Putnam Public Service District has the manpower and expertise to operate and manage the affairs of the North Putnam Public Service District;

WHEREAS, the Board of the North Putnam Public Service District has, after hearing held August 3, 2000, unanimously approved the transfer of the North Putnam Public Service District to the South Putnam Public Service District; and

WHEREAS, the County Commission of Putnam County deems it to be in the best interests of the citizens of Putnam County for North Putnam Public Service District to transfer its assets to South Putnam Public Service District subject to the approval of the Public Service Commission of West Virginia and subject further to the approval of bondholders.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA:

The Board of North Putnam Public Service District, is authorized to undertake all actions necessary to transfer the assets of the North Putnam Public Service District, subject to the approval of the Public Service Commission of West Virginia as provided in West Virginia Code §16-13A-18a, and subject to the further approval of bondholders.

Adopted this 8 day of July, 2003.

President

Commissioner

Commissioner

EN
03 03-BR

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

ORIGINAL

Entered: September 5, 2003

CASE NO. 03-1042-PSWD-PC

SOUTH PUTNAM PUBLIC SERVICE DISTRICT
and NORTH PUTNAM PUBLIC SERVICE DISTRICT
Joint petition for consent and approval for the sale of North Putnam Public Service District's utility system to South Putnam Public Service District.

FINAL
9-25-03

RECOMMENDED DECISION

On July 9, 2003, the South Putnam Public Service District (South Putnam) and the North Putnam Public Service District (North Putnam) filed a joint petition seeking Commission consent and approval for the transfer of North Putnam's public utility system (utility system) to South Putnam. In support of the joint petition, South Putnam and North Putnam stated:

> (1) The proposed transfer of the North Putnam utility system to South Putnam will be conducive to the preservation of the public health, comfort and convenience of Putnam County;
>
> (2) Pursuant to an Operation and Maintenance Agreement (O&M Agreement) previously entered into between the Petitioners and approved by the Commission in Case No. 00-1134-PSWD-PC (November 14, 2000), South Putnam has been operating and maintaining the utility system of North Putnam;
>
> (3) In the O&M Agreement, North Putnam granted unto South Putnam the exclusive right and option to purchase North Putnam's existing public utility system for the consideration of One Dollar ($1.00), and the complete assumption of any outstanding indebtedness owed by North Putnam to the Rural Utilities Service (RUS), West Virginia Water Development Authority (WDA) and City National Bank;

(4) South Putnam has been working with the U.S. Army Corps of Engineers in developing a sewer upgrade project for the area currently served by the sewer facilities of North Putnam Public Service District. The Corps of Engineers, which is providing grant monies for the sewer upgrade project, has notified South Putnam that, before the proposed project can move forward, South Putnam will need to acquire the facilities of North Putnam. Therefore, South Putnam wishes to exercise its option to purchase North Putnam's public utility assets pursuant to the O&M Agreement;

(5) The Putnam County Commission has adopted a Resolution proposing (1) the expansion of South Putnam's territory to include the entire territory in Putnam County located north of the Kanawha River and not contained within the boundaries of any municipal or private utility, which area contains the operating territory of North Putnam Public Service District; (2) the dissolution of North Putnam Public Service District; and (3) the rescission of a portion of a March 4, 1993 County Commission Order insofar as it purported to merge Putnam Union Public Service District and North Putnam Public Service District and create a new North Putnam Public Service District. Pursuant to the requirements of West Virginia Code §16-13A-2, the County Commission has filed the appropriate documents with the Public Service Commission seeking its approval of the County Commission's actions. See, Case No. 03-0536-PSWD-PC;

(6) On August 3, 2000, the Board of North Putnam held a hearing pursuant to the requirements of West Virginia Code §16-13A-18a. Following the hearing, at which no member of the public appeared, North Putnam Public Service District unanimously approved the transfer of that district's assets to South Putnam Public Service District. A copy of the minutes of the August 3, 2000 meeting is attached to the joint petition as Exhibit 1. A copy of the affidavit of publication notifying the public of the hearing to be held on August 3, 2000, is attached as Exhibit 2. A copy of the resolution of the Board of North Putnam authorizing the Board to undertake all actions necessary to effectuate the transfer of its

system to South Putnam is attached to the petition as Exhibit 3;

(7) On July 8, 2003, the County Commission of Putnam County, West Virginia, unanimously passed a resolution approving the action of North Putnam in seeking to transfer its system to South Putnam, subject to the approval of the Public Service Commission and subject to the further approval of North Putnam's bondholders. A copy of the resolution of the County Commission is attached to the petition as Exhibit 4; and

(8) In order for South Putnam to obtain the necessary funds for the construction of needed sewer facilities in the territory of North Putnam, it is necessary that South Putnam have ownership of North Putnam's current utility assets.

On July 10, 2003, counsel for the Petitioners filed original Verifications for the joint petition filed herein on July 9, 2003.

On August 12, 2003, Staff Attorney Ronald E. Robertson, Jr., filed an Initial and Final Joint Staff Memorandum. An Initial and Final Internal Memorandum dated August 5, 2003, from William A. Nelson, Utilities Analyst Supervisor, Water and Wastewater Division, and Jonathan Fowler, P.E., Engineer I, Engineering Division, was attached thereto. Commission Staff stated that, based upon its review of the petition and exhibits attached thereto, South Putnam and North Putnam had met the requirements of West Virginia Code §16-13A-18a, regarding the sale of North Putnam's utility system to South Putnam. Commission Staff, after noting the Putnam County Commission's pending Case No. 03-0536-PSWD-PC, seeking Commission approval, in part, to dissolve North Putnam and expand South Putnam's boundaries to encompass the current service area of North Putnam, stated that the sale of North Putnam's utility system had to be approved and finalized prior to the dissolution actually occurring.[1] Commission Staff went on to note that approval of the sale of North

[1]Commission Staff noted that it intended to file its final recommendation in the dissolution case concurrently with the filing of its final recommendation in this proceeding, which would allow final orders to be issued on or about the same date in both cases. However, since a hearing scheduled for September 19, 2003, must be held in Case No. 03-0536-PSWD-PC regarding the dissolution of North Putnam, Commission Staff was of the opinion that it was likely that the acquisition of North Putnam's utility system by South Putnam would be approved first, with approval of North Putnam's dissolution to follow some time thereafter.

Putnam's utility system to South Putnam had to be made subject to obtaining bondholder approval. Thus, RUS, WDA and City National Bank had to give their consent to the proposed sale. Accordingly, Commission Staff requested that copies of the consents to the proposed sale executed by RUS, WDA and City National Bank be filed in this proceeding when received. In addition, it was noted that the proposed acquisition of North Putnam's utility system by South Putnam will require South Putnam to adopt and maintain the current North Putnam rates and charges in accordance with Rule 14.1[2] of the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules). Commission Staff noted that it would typically recommend that the purchasing utility file for a rate review approximately eighteen (18) months following acquisition. However, South Putnam has a sewer rate case, Case No. 03-1041-PSD-42T, currently pending before the Commission which addresses both its rates and those to be charged to the North Putnam customers. Commission Staff stated that it had no problem with the North Putnam rates being reviewed as part of that proceeding, but the proposed sale sub judice had to be approved and South Putnam had to adopt the current North Putnam rates pending the outcome of the rate review in Case No. 03-1041-PSD-42T. Accordingly, Commission Staff recommended approval of the joint petition filed herein, contingent upon North Putnam obtaining bondholder approval and South Putnam adopting and maintaining the current North Putnam rates and charges. Commission Staff also recommended that this matter be retained by the Commission itself in order to expedite its processing.

By Order dated August 28, 2003, the Commission referred this matter to the Division of Administrative Law Judges for further disposition, with a decision due date of September 25, 2003.

FINDINGS OF FACT

1. On July 9, 2003, the South Putnam Public Service District and the North Putnam Public Service District filed a joint petition seeking Commission consent and approval for the transfer of North Putnam's public utility system to South Putnam. (See, July 9, 2003 filing).

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[2]Tariff Rule 14.1 states:

> In case of change of ownership or control of a utility, or, when a utility or a part of its business is transferred from the operating control of one company to that of another, or, when its name is changed, the company, which will thereafter operate the utility business, must use the rates, classifications and rules and regulations of the former operating company (unless authorized to change by the Commission).

2. South Putnam has been operating and maintaining the North Putnam system since the Commission approved the O&M Agreement between the two districts in Case No. 00-1134-PSWD-PC (November 14, 2000). South Putnam also holds the exclusive right and option to purchase the North Putnam system. (See, petition filed July 9, 2003).

3. South Putnam has been working with the U.S. Army Corps of Engineers to develop a sewer upgrade project for the North Putnam area, but, before the project can move forward, South Putnam must acquire the North Putnam facilities. (See, petition filed July 9, 2003).

4. Commission Staff recommended that the joint petition be approved, contingent upon obtaining the approval of North Putnam's three (3) bondholders and South Putnam adopting and maintaining North Putnam's current rates and charges until further order of the Commission. (See, Initial and Final Joint Staff Memorandum and attachment filed August 12, 2003).

CONCLUSION OF LAW

Upon consideration of all of the above, the undersigned Administrative Law Judge is of the opinion that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District, seeking Commission consent and approval for the transfer of North Putnam's public utility system to South Putnam, should be approved, contingent upon North Putnam and South Putnam obtaining the approval of North Putnam's three (3) bondholders, namely the Rural Utilities Service, the West Virginia Water Development Authority and City National Bank, and further contingent upon South Putnam filing an appropriate revised tariff with the Commission's Tariff Office adopting and maintaining the current North Putnam rates and charges for the former North Putnam customers, pending the outcome of the rate review in Case No. 03-1041-PSD-42T.

ORDER

IT IS, THEREFORE, ORDERED that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District seeking Commission consent and approval for the transfer of North Putnam Public Service District's public utility system to South Putnam Public Service District be, and hereby is, approved.

IT IS FURTHER ORDERED that the approval hereby granted is contingent upon North Putnam Public Service District and South Putnam Public Service District obtaining the approval of North Putnam Public Service District's three (3) bondholders, namely the Rural Utilities Service, the West

Virginia Water Development Authority and City National Bank, and filing copies of said approval(s) herein immediately upon receipt.

IT IS FURTHER ORDERED that the approval hereby granted is further contingent upon South Putnam Public Service District filing with the Commission's Tariff Office within thirty (30) days of the date that this Order becomes final, an appropriate tariff adopting the rates and charges now in effect for North Putnam Public Service District's customers.

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.

Melissa K. Marland
Chief Administrative Law Judge

MKM/JPC:pst
031042a.wpd

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BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

A RESOLUTION AND ORDER EXPANDING THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, DISSOLVING NORTH PUTNAM PUBLIC SERVICE DISTRICT AND RESCINDING AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1993 IN PART.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore, by Resolution and Order adopted on MARCH 25, 2003, propose the expansion of the territory of South Putnam Public Service District, the dissolution of North Putnam Public Service District, and the partial rescission of a prior order of the County Commission which called for the creation of a new North Putnam Public Service District; and,

WHEREAS, by said MARCH 25, 2003 Resolution and Order, the County Commission did set a hearing on the proposed expansion of South Putnam Public Service District's territory for the provision of sewer service, the dissolution of North Putnam Public Service District, and the partial rescission of the March 4, 1993 Order of the County Commission for the 22ND day of APRIL, 2003, required notice of said hearing be given by Class I legal publication and by posting of notice in at least five (5) conspicuous places within the territories of each of the public service districts, and required the Clerk of the County Commission to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission; and,

WHEREAS, notice of the APRIL 22, 2003 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 offered an opportunity of being heard for and against the expansion of the territory of South Putnam Public Service District, the dissolution of North Putnam Public Service District, and the partial rescission of the March 4, 1993 Order of the County Commission, 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 expanding the territory of South Putnam Public Service District for the provision of sewer service, dissolving North Putnam Public Service District, and rescinding in part the March 4, 1993 Order of the County Commission.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED by the County Commission of Putnam County as follows:

1. That the County Commission of Putnam County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, and subject further to the agreement of bondholders of the two Districts, finds that it would be conducive to the public health, comfort and

convenience of Putnam County to expand the territory of South Putnam Public Service District and to dissolve North Putnam Public Service District.

2. That the boundaries of South Putnam Public Service District shall be expanded to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility, or served by such municipal or private utility, for the provision of sewer service.

3. That, in order to eliminate any confusion that may have existed by virtue of the prior actions of this County Commission, the March 4, 1993 Order of the County Commission is hereby rescinded insofar as it attempted to bring about the merger and consolidation of Putnam Union Public Service Districts and the creation of a new North Putnam Public Service District.

4. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not later than ten(10) days following the adoption hereof.

ENTERED into the permanent record of Putnam County, West Virginia, this 22ND day of APRIL, 2003.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

BOOK 076 PAGE 896

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BOOK 076 PAGE 897

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			021398005		17.50	6.93	121.28	121.28
04/12	LEG	GZ	EXPANSION		1X1750			
			021398006		17.50	6.93	121.28	121.28
					INV. APPD. BY LKM BP			
					CHARGE TO G. L. # 401-20			
					PO# 15326			
			TOTAL INVOICE AMOUNT					242.56

State of West Virginia, **AFFIDAVIT OF PUBLICATION**

I, Sandra Lopez of

THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER,
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EXPANSION
was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha Cou
West Virginia, on the 14TH day of APRIL 2003. Published during the following dates: 04/12/03-04/12/03
Subscribed and sworn to before me this 15 day of April
Printers fee $ 242.56

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYNN R. FIELDER
253 FRAZIER WAY
SCOTT DEPOT, WV 25560
My commission expires December 11, 2006

Lynn R. Fielder
Notary Public of Kanawha County, West Virginia

LEGAL ADVERTISEMENT

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT AND THE RESCISSION OF AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1993, IN PART

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may dissolve a public service district if it is found to be inactive; and

WHEREAS, South Putnam Public Service District currently has authority to provide water and sewer service in parts of Putnam County and has been operating North Putnam Public Service District pursuant to an Operation and Maintenance Agreement; and

WHEREAS, South Putnam Public Service District proposes to acquire the public utility assets of North Putnam Public Service District and operate such facilities as a part of the South Putnam Public Service District; and

WHEREAS, with the acquisition of North Putnam Public Service District's assets and the takeover of its sewer operations, North Putnam will become inactive; and,

WHEREAS, the records of the County Commission reveal that on March 4, 1993, the County Commission adopted a prior plan for merge Putnam Union Public Service District and create a new North Putnam Public Service District but that plan was not carried out due to numerous reasons; and

WHEREAS, it is now deemed desirous by said County Commission to expand the boundaries of South Putnam Public Service District to include the entire territory of North Putnam Public Service District for the provision of sewer service and it is deemed desirous to dissolve North Putnam Public Service District and to eliminate any confusion that may exist as to the prior plan to merge Putnam Union Public Service District with North Putnam Public Service District and create a new North Putnam Public Service District by rescinding such prior order.

NOW, THEREFORE, BE IT AND IT IS, HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County as follows:

1. That the County Commission of Putnam County, West Virginia, upon its own motion, proposes the expansion of the boundaries of South Putnam Public Service District to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility, or served by such municipal or private utility, for the provision of sewer service.

2. That upon the expansion of the Boundaries of South Putnam Public Service District as provided for herein, the North Putnam Public Service District be dissolved.

3. That, in order to eliminate any possible confusion with prior orders of the County Commission, the Order of the County Commission entered on March 4, 1993 be rescinded insofar as it purported to merge Putnam Union Public Service District and North Putnam Public Service Districts and create a new North Putnam Public Service District.

4. That the County Commission of Putnam County, West Virginia, shall hold a hearing on the proposed expansions of the boundaries of South Putnam Public Service District and the dissolution of North Putnam Public Service District on April 22, 2003 in the Putnam County Courthouse in Winfield at 10:00 a.m.

5. That the Clerk of the County Commission shall cause notice of hearing and a description of all of the territory proposed to be include in the territory of South Putnam Public Service District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

6. That the county Commission of Putnam County shall post the notice of the hearing and the proposed expansion of the boundaries of South Putnam Public Service District and the proposed dissolution of North Putnam Public Service District in at least five conspicuous places within the territory of both South Putnam Public Service District and North Putnam Public Service District.

7. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days prior to the hearing set forth herein.

ENTERED into the permanent record of Putnam County, West Virginia, this 25th day of March, 2003.

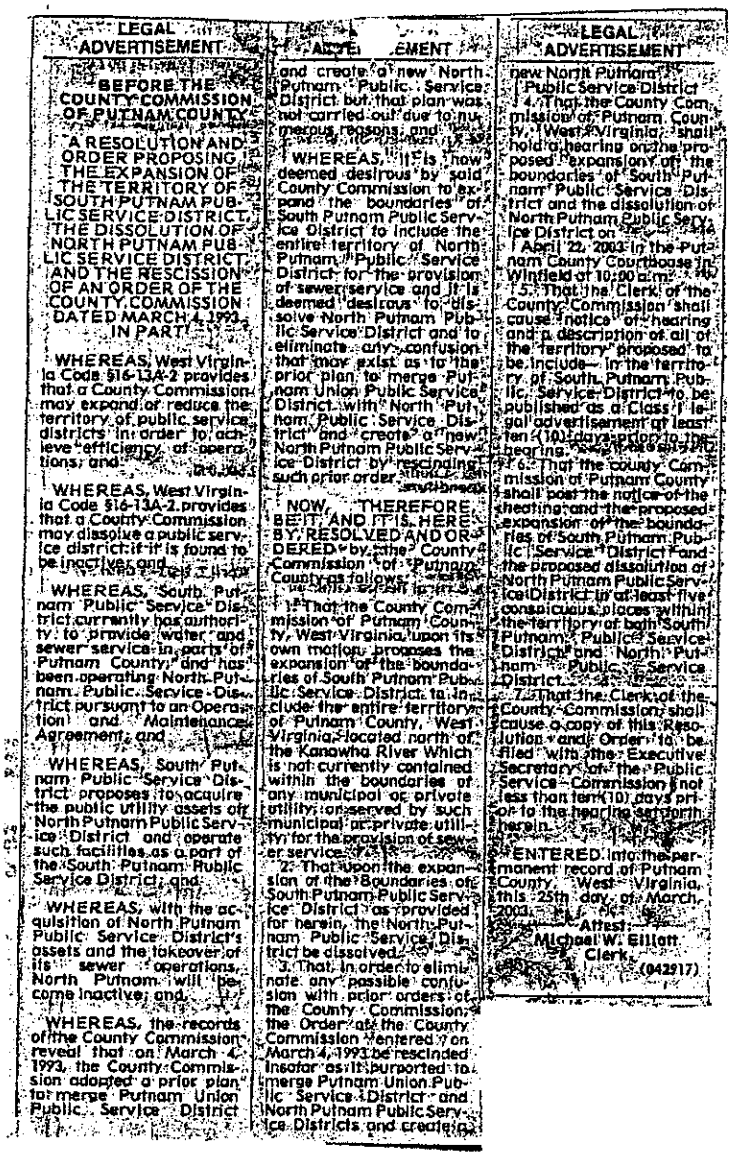
Attest:
Michael W. Elliott
Clerk
(042917)

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 28th day of April 2003
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By Regina Hall Deputy

BOOK 076 PAGE 898



LEGAL ADVERTISEMENT

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT AND THE RESCISSION OF AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1993 IN PART

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may dissolve a public service district if it is found to be inactive; and

WHEREAS, South Putnam Public Service District currently has authority to provide water and sewer service in parts of Putnam County, and has been operating North Putnam Public Service District pursuant to an Operation and Maintenance Agreement; and

WHEREAS, South Putnam Public Service District proposes to acquire the public utility assets of North Putnam Public Service District and operate such facilities as a part of the South Putnam Public Service District; and

WHEREAS, with the acquisition of North Putnam Public Service District's assets and the takeover of its sewer operations, North Putnam will become inactive; and

WHEREAS, the records of the County Commission reveal that on March 4, 1993, the County Commission adopted a prior plan to merge Putnam Union Public Service District and create a new North Putnam Public Service District but that plan was not carried out due to numerous reasons; and

WHEREAS, it is now deemed desirous by said County Commission to expand the boundaries of South Putnam Public Service District to include the entire territory of North Putnam Public Service District for the provision of sewer service and it is deemed desirous to dissolve North Putnam Public Service District and to eliminate any confusion that may exist as to the prior plan to merge Putnam Union Public Service District with North Putnam Public Service District and create a new North Putnam Public Service District by rescinding such prior order

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County as follows:

1. That the County Commission of Putnam County, West Virginia, upon its own motion, proposes the expansion of the boundaries of South Putnam Public Service District to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility, or served by such municipal or private utility for the provision of sewer service.

2. That upon the expansion of the Boundaries of South Putnam Public Service District as provided for herein, the North Putnam Public Service District be dissolved.

3. That, in order to eliminate any possible confusion with prior orders of the County Commission, the Order of the County Commission entered on March 4, 1993 be rescinded insofar as it purported to merge Putnam Union Public Service District and North Putnam Public Service Districts and create a new North Putnam Public Service District

4. That the County Commission of Putnam County, West Virginia, shall hold a hearing on the proposed expansion of the boundaries of South Putnam Public Service District and the dissolution of North Putnam Public Service District on the 22nd day of April, 2003 in the Putnam County Courthouse in Winfield at 10:00 a.m.

5. That the Clerk of the County Commission shall cause notice of hearing and a description of all of the territory proposed to be included in the territory of South Putnam Public Service District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

6. That the county Commission of Putnam County shall post the notice of the hearing and the proposed expansion of the boundaries of South Putnam Public Service District and the proposed dissolution of North Putnam Public Service District in at least five conspicuous places within the territory of both South Putnam Public Service District and North Putnam Public Service District.

7. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days prior to the hearing set forth herein.

ENTERED into the permanent record of Putnam County, West Virginia, this 25th day of March, 2003.

Attest:
Michael W. Elliott
Clerk
(042917)

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 28th day of April 2003
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION
By Regina Hall Deputy

BOOK 076 PAGE 898

RECEIVED
2003 APR 29 AM 8:44
W VA PUBLIC SERVICE
SECRETARY'S OFFICE

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

A RESOLUTION AND ORDER EXPANDING THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, DISSOLVING NORTH PUTNAM PUBLIC SERVICE DISTRICT AND RESCINDING AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1993 IN PART.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore, by Resolution and Order adopted on MARCH 25, 2003, propose the expansion of the territory of South Putnam Public Service District, the dissolution of North Putnam Public Service District, and the partial rescission of a prior order of the County Commission which called for the creation of a new North Putnam Public Service District; and,

WHEREAS, by said MARCH 25, 2003 Resolution and Order, the County Commission did set a hearing on the proposed expansion of South Putnam Public Service District's territory for the provision of sewer service, the dissolution of North Putnam Public Service District, and the partial rescission of the March 4, 1993 Order of the County Commission for the 22ND day of APRIL, 2003, required notice of said hearing be given by Class I legal publication and by posting of notice in at least five (5) conspicuous places within the territories of each of the public service districts, and required the Clerk of the County Commission to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission; and,

WHEREAS, notice of the APRIL 22, 2003 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 offered an opportunity of being heard for and against the expansion of the territory of South Putnam Public Service District, the dissolution of North Putnam Public Service District, and the partial rescission of the March 4, 1993 Order of the County Commission, 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 expanding the territory of South Putnam Public Service District for the provision of sewer service, dissolving North Putnam Public Service District, and rescinding in part the March 4, 1993 Order of the County Commission.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED by the County Commission of Putnam County as follows:

1. That the County Commission of Putnam County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, and subject further to the agreement of bondholders of the two Districts, finds that it would be conducive to the public health, comfort and

convenience of Putnam County to expand the territory of South Putnam Public Service District and to dissolve North Putnam Public Service District.

2. That the boundaries of South Putnam Public Service District shall be expanded to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility, or served by such municipal or private utility, for the provision of sewer service.

3. That, in order to eliminate any confusion that may have existed by virtue of the prior actions of this County Commission, the March 4, 1993 Order of the County Commission is hereby rescinded insofar as it attempted to bring about the merger and consolidation of Putnam Union Public Service Districts and the creation of a new North Putnam Public Service District.

4. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not later than ten(10) days following the adoption hereof.

ENTERED into the permanent record of Putnam County, West Virginia, this 22ND day of APRIL, 2003.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

BOOK 076 PAGE 896

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE RESCISSION OF AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1993 IN PART

AFFIDAVIT OF POSTING

STATE OF WEST VIRGINIA,

COUNTY OF PUTNAM, to-wit:

I, Jason E. Henderson, Assistant Manager of Sanitary Sewer Development for South Putnam Public Service District, duly sworn, state as follows:

1. Pursuant to West Virginia Code §16-13A-2, the County Commission of Putnam County adopted a Resolution and Order on March 25, 2003, proposing (1) the expansion of the boundaries of South Putnam Public Service District to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility, or served by such municipal or private utility, for the provision of sewer service; (2) the dissolution of North Putnam Public Service District upon the expansion of the boundaries of South Putnam Public Service District as proposed; and (3) the rescinding of the March 14, 1993 Order of the County Commission insofar as it purported to merge

Putnam Union Public Service District and North Putnam Public Service Districts and create a new North Putnam Public Service District.

2. The Putnam County Commission scheduled a hearing to be held on April 22, 2003, at 10:00 a.m. at the Putnam County Courthouse, Winfield, West Virginia, to consider said Resolution and Order; and,

3. Pursuant to West Virginia Code §16-13A-2, the attached Public Notice of Hearing was posted in five (5) conspicuous places throughout each of the territories of South Putnam Public Service District and North Putnam Public Service District; and,

4. Said posting occurred beginning April 11, 2003 (more than ten (10) days prior to the April 22, 2003 hearing) and continuing through at least April 22, 2003, the day of the hearing.

Further affiant sayeth naught.

Taken, subscribed and sworn to before the undersigned by Jason E. Henderson on in his capacity as Assistant Manager of Sanitary Sewer Development for South Putnam Public Service District, on this 5th day of May, 2003.

My commission expires Feb 7, 2006.

NOTARY PUBLIC

Challis K. Rials

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CHALLIS K. RIALS
P O Box 394
Winfield, WV 25213
My Commission Expires February 7, 2006

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

03-YY

ORIGINAL

Entered: October 16, 2003.

FINAL
11-5-03

CASE NO. 03-0536-PSWD-PC

PUTNAM COUNTY COMMISSION.
Petition for consent and approval to expand the boundaries of South Putnam Public Service District and to dissolve North Putnam Public Service District, and for rescission of the March 4, 1993 County Commission Order.

RECOMMENDED DECISION

PROCEDURE

On April 29, 2003, the Putnam County Commission (PCC), filed a petition with the Public Service Commission pursuant to *West Virginia Code* §16-13A-2 seeking approval of an Order of the PCC, entered on or about April 22, 2003, to expand the boundaries of South Putnam Public Service District (SPPSD), to dissolve North Putnam Public Service District (NPPSD) and to rescind, in part, a March 4, 1993 County Commission Order.

On May 20, 2003, Staff Attorney Ronald E. Robertson, Jr., Esquire, filed an Initial Joint Staff Memorandum, attaching the May 7, 2003 Initial Internal Memorandum from Utilities Analyst Supervisor William A. Nelson, Water and Wastewater Division, indicating that, once it had completed its investigation of the petition, Commission Staff would render a recommendation.

On June 2, 2003, the Commission entered the Commission Referral Order, referring this case to the ALJ Division for decision on or before November 6, 2003.

Responding to all of the above, on July 29, 2003, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a Monday, August 18, 2003 hearing date. The Order required the PCC to publish a Notice of Hearing once a week for two consecutive weeks in a newspaper duly qualified by the Secretary of State, published and generally circulated in Putnam County and to notify the two affected public service districts by United States Certified Mail.

The ALJ convened the August 18, 2003 hearing as scheduled. The transcript of the August 18, 2003 hearing will be designated "Tr., Vol. I". No one appeared at the hearing to protest the

proposed action. However, the ALJ learned at the hearing that, although the PCC properly notified the two affected public service districts, as evidenced by two United States Certified Mail Domestic Return Receipt cards presented by the PCC, the PCC published the Notice of Hearing only in *The Charleston Gazette*, which is not a newspaper "duly qualified by the Secretary of State, published and generally circulated in Putnam County". The newspapers qualified by the Secretary of State for publishing legal advertisements to give notice in Putnam County are *The Hurricane Breeze* and *The Putnam Democrat*.

Responding to all of the above, on August 20, 2003, the ALJ issued an Order Adopting New Procedural Schedule, including a September 19, 2003 hearing date and requiring PCC to publish the Notice of Hearing in at least one of the newspapers qualified by the Secretary of State for publishing legal advertisements in Putnam County, i.e., *The Hurricane Breeze* and *The Putnam Democrat*.

On September 19, 2003, the ALJ convened the second hearing as scheduled. The transcript of the September 19, 2003 hearing will be designated "Tr., Vol. II". Commission Staff appeared by counsel, Staff Attorney Robertson, and the PCC, which did not make a formal appearance by counsel, appeared by its County Administrator. Again, no one appeared to protest the petition.

The only evidence presented was documentary, with Staff presenting two exhibits and the PCC submitting two exhibits.

EVIDENCE

The parties stipulated to the documentary evidence.

The ALJ received the August 11, 2003 Final Joint Staff Memorandum, attaching the August 5, 2003 Final Internal Memorandum from Utilities Analyst Supervisor William A. Nelson, Water and Wastewater Division, in evidence as Staff Exhibit No. 1. Commission Staff recommended that the Commission approve the petition. (See, Tr., Vol. I, generally).

The ALJ received a publication affidavit indicating that the County Commission had published the Notice of Hearing for the August 18, 2003 hearing, on August 5 and 12, 2003, in *The Charleston Gazette*, in evidence as Staff Exhibit No. 2. (See, Tr., Vol. I, generally).

The ALJ received two United States Certified Mail Domestic Return Receipt green cards into evidence as County Commission Exhibit No. 1. (See, Tr., Vol. I, generally).

The ALJ received two publication affidavits indicating that the County Commission had published the Notice of Hearing, for the September 19, 2003 hearing, on August 28 and September 4, 2003, in *The Hurricane Breeze*, a newspaper published and generally circulated in Putnam County. (See, Tr., Vol. II, generally).

Staff Attorney Robertson noted on the record that, on September 5, 2003, a Recommended Decision had been entered in Case No. 03-1042-PSWD-PC, *South Putnam Public Service District and North Putnam Public Service District*, wherein the South Putnam Public Service District was authorized to acquire the North Putnam Public Service District. (See, Tr., Vol. II, generally).

The September 5, 2003 Recommended Decision, final on September 25, 2003, included the following ordering paragraphs:

> IT IS, THEREFORE, ORDERED that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District seeking Commission consent and approval for the transfer of North Putnam Public Service District's public utility system to South Putnam Public Service District be, and hereby is, approved.
>
> IT IS FURTHER ORDERED that the approval hereby granted is contingent upon North Putnam Public Service District and South Putnam Public Service District obtaining the approval of North Putnam Public Service District's three (3) bondholders, namely the Rural Utilities Service, the West Virginia Water Development Authority and City National Bank, and filing copies of said approval(s) herein immediately upon receipt.
>
> IT IS FURTHER ORDERED that the approval hereby granted is further contingent upon South Putnam Public Service District filing with the Commission's Tariff Office within thirty (30) days of the date that this Order becomes final, an appropriate tariff adopting the rates and charges now in effect for North Putnam Public Service District's customers.

DISCUSSION

Having considered all of the above, the ALJ holds that he will grant the April 29, 2003 petition, filed with the Commission pursuant to *West Virginia Code* §16-13A-2, seeking approval of an Order of the PCC, entered on or about April 22, 2003, to expand the boundaries of South Putnam Public Service District, to dissolve North Putnam Public Service District and to rescind, in part, a March 4, 1993 County Commission Order. This approval is contingent upon each of the affected public service districts obtaining the approval of their respective bondholders and filing copies of said approvals immediately upon receipt.

FINDINGS OF FACT

1. The Putnam County Commission filed a petition with the Public Service Commission under *West Virginia Code* §16-13A-2 seeking approval of an Order of the PCC, entered on or about April 22, 2003, to expand the boundaries of South Putnam Public Service District, to dissolve North

Putnam Public Service District and to rescind, in part, a March 4, 1993 County Commission Order. (See, April 29, 2003 petition).

2. Commission Staff has recommended approving the petition. (See, Staff Exhibit No. 1).

3. The County Commission properly published the Notice of Hearing for the September 19, 2003 hearing, and no one appeared at the hearing to protest to petition. (See, Tr., Vols., I and II, generally; County Commission Exhibit No. 1).

4. A recommended decision has been entered in Case No. 03-1042-PSWD-PC, *South Putnam Public Service District and North Putnam Public Service District*, wherein the South Putnam Public Service District was authorized to acquire the North Putnam Public Service District. (See, Tr., Vol. II, generally; Recommended Decision, entered September 5, 2003, final September 25, 2003).

CONCLUSIONS OF LAW

1. For all of the reasons set forth in Finding of Fact Nos. 2 and 3, it is reasonable to grant the petition.

2. It is reasonable to condition the approval contingent upon each of the affected public service districts obtaining the approval of their respective bondholders and filing copies of said approvals immediately upon receipt.

ORDER

IT IS, THEREFORE, ORDERED that the Order of the Putnam County Commission, entered on or about April 22, 2003, expanding the boundaries of South Putnam Public Service District, dissolving North Putnam Public Service District and rescinding, in part, a March 4, 1993 County Commission Order, be, and hereby is, approved.

IT IS FURTHER ORDERED that the approval hereby granted is contingent upon each of the affected public service districts obtaining the approval of their respective bondholders and filing copies of said approvals immediately upon receipt.

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

Leave hereby is 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 Recommended Decision 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 Recommended Decision 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 recommended decision by filing an appropriate petition in writing with the Executive 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 recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
030536ab.wpd

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

RE: SOUTH PUTNAM PUBLIC SERVICE DISTRICT
West Virginia Code §16-13A-4(f)
Request for Official Name Change

ORDER

On the 25th day of April, 2006, came South Putnam Public Service District and filed a request, pursuant to *West Virginia Code* §16-13A-4(f), for an official name change of South Putnam Public Service District to Putnam Public Service District.

West Virginia Code §16-13A-4(f) provides that any such name change shall not take effect until approved by the Public Service Commission of West Virginia and the written consent of the owners of any bonds or notes issued by the District.

IT IS THEREFORE ORDERED that, pursuant to *West Virginia Code* §16-13A-4(f), the official name of South Putnam Public Service District shall be changed to Putnam Public Service District effective upon approval of the Public Service Commission of West Virginia and the written consent of the owners of any bonds or notes issued by the District.

ENTERED into the permanent record of Putnam County, West Virginia, this 25th day of April, 2006.

James H. Caruthers, Jr., President

Stephen Andes, Commissioner

R. Joseph Haynes, Commissioner

ATTEST:

CLERK

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 7th day of June, 2006.

CASE NO. 03-1042-PSWD-PC

SOUTH PUTNAM PUBLIC SERVICE DISTRICT
and NORTH PUTNAM PUBLIC SERVICE DISTRICT
Joint petition for consent and approval for the sale of North Putnam Public Service District's utility system to South Putnam Public Service District.

COMMISSION ORDER

On July 9, 2003 the South Putnam Public Service District (South Putnam) and the North Putnam Public Service District (North Putnam) filed a joint petition seeking Commission consent and approval for the transfer of North Putnam's public utility system (utility system) to South Putnam. In support of the joint petition, South Putnam and North Putnam stated:

(1) The proposed transfer of the North Putnam utility system to South Putnam will be conducive to the preservation of the public health, comfort and convenience of Putnam County;

(2) Pursuant to an Operation and Maintenance Agreement (O&M Agreement) previously entered into between the Petitioners and approved by the Commission in Case No. 00-1134-PSWD-PC (November 14, 2000), South Putnam has been operating and maintaining the utility system of North Putnam;

(3) In the O&M Agreement, North Putnam granted unto South Putnam the exclusive right and option to purchase North Putnam's existing public utility system for the consideration of One Dollar ($1.00), and the complete assumption of any outstanding indebtedness owed by North Putnam to the Rural Utilities Service (RUS), West Virginia Water Development Authority (WDA) and City National Bank;

(4) South Putnam has been working with the U.S. Army Corps of Engineers in developing a sewer upgrade project for the area currently served by the sewer facilities of North Putnam Public Service District. The Corps of Engineers, which is providing grant monies for the sewer upgrade project, has notified South Putnam that, before the proposed project can move forward, South Putnam will need to acquire the facilities of North Putnam. Therefore, South Putnam wishes to exercise its option to purchase North Putnam's public utility assets pursuant to the O&M Agreement;

(5) The Putnam County Commission has adopted a Resolution proposing (1) the expansion of South Putnam's territory to include the entire territory in Putnam County located north of the Kanawha River and not contained within the boundaries of any municipal or private utility, which area contains the operating territory of North Putnam Public Service District; (2) the dissolution of North Putnam Public Service District; and (3) the rescission of a portion of a March 4, 1993 County Commission Order insofar as it purported to merge Putnam Union Public Service District and North Putnam Public Service District and create a new North Putnam Public Service District. Pursuant to the requirements of *West Virginia Code* § 16-13A-2, the County Commission has filed the appropriate documents with the Public Service Commission seeking its approval of the County Commission's actions. See, Case No. 03-0536-PSWD-PC;

(6) On August 3, 2000, the Board of North Putnam held a hearing pursuant to the requirements of *West Virginia Code* § 16-13A-18a. Following the hearing, at which no member of the public appeared, North Putnam unanimously approved the transfer of that district's assets to South Putnam. A copy of the minutes of the August 3, 2000 meeting was attached to the joint petition as Exhibit 1. A copy of the affidavit of publication notifying the public of the hearing to be held on August 3, 2000 was attached as Exhibit 2. A copy of the resolution of the Board of North Putnam authorizing the Board to undertake all actions necessary to effectuate the transfer of its system to South Putnam was attached to the petition as Exhibit 3;

(7) On July 8, 2003, the County Commission of Putnam County, West Virginia, unanimously passed a resolution approving the action of North Putnam in seeking to transfer its system to South Putnam, subject to the approval of the Public Service Commission and subject to the further approval of North Putnam's bondholders. A copy of the resolution of the County Commission was attached to the petition as Exhibit 4; and

Public Service Commission
of West Virginia
Charleston

(8) In order for South Putnam to obtain the necessary funds for the construction of needed sewer facilities in the territory of North Putnam, it is necessary that South Putnam have ownership of North Putnam's current utility assets.

On July 10, 2003 counsel for the Petitioners filed original verifications for the joint petition filed herein on July 9, 2003.

On August 12, 2003 Staff Attorney Ronald E. Robertson, Jr., filed an "Initial and Final Joint Staff Memorandum." An "Initial and Final Internal Memorandum" dated August 5, 2003 from William A. Nelson, Utilities Analyst Supervisor, Water and Wastewater Division, and Jonathan Fowler, P.E., Engineer I, Engineering Division, was attached thereto. Commission Staff (Staff) stated that, based upon its review of the petition and exhibits attached thereto, South Putnam and North Putnam had met the requirements of *West Virginia Code* § 16-13A-18a regarding the sale of North Putnam's utility system to South Putnam. Staff, after noting the Putnam County Commission's pending Case No. 03-0536-PSWD-PC, seeking Commission approval, in part, to dissolve North Putnam and expand South Putnam's boundaries to encompass the current service area of North Putnam, stated that the sale of North Putnam's utility system had to be approved and finalized prior to the dissolution actually occurring.[1] Staff went on to note that approval of the sale of North Putnam's utility system to South Putnam had to be made subject to obtaining bondholder approval. Thus, RUS, WDA and City National Bank had to give their consent to the proposed sale. Accordingly, Staff requested that copies of the consents to the proposed sale executed by RUS, WDA and City National Bank be filed in this proceeding when received. In addition, it was noted that the proposed acquisition of North Putnam's utility system by South Putnam will require South Putnam to adopt and maintain the current North Putnam rates and charges in accordance with Rule 14.1[2] of the Commission's *Rules for the Construction and Filing of*

---

[1] Staff noted that it intended to file its final recommendation in the dissolution case concurrently with the filing of its final recommendation in this proceeding, which would allow final orders to be issued on or about the same date in both cases. However, since a hearing scheduled for September 19, 2003 must be held in Case No. 03-0536-PSWD-PC regarding the dissolution of North Putnam, Staff was of the opinion that it was likely that the acquisition of North Putnam's utility system by South Putnam would be approved first, with approval of North Putnam's dissolution to follow some time thereafter.

[2] *Tariff Rule* 14.1 states:

> In case of change of ownership or control of a utility, or, when a utility or a part of its business is transferred from the operating control of one company to that of another, or, when its name is changed, the company,

Public Service Commission
of West Virginia
Charleston

Tariffs (*Tariff Rules*). Staff noted that it would typically recommend that the purchasing utility file for a rate review approximately eighteen (18) months following acquisition. However, South Putnam had a sewer rate case, Case No. 03-1041-PSD-42T, pending before the Commission which addressed both its rates and those to be charged to the North Putnam customers. Staff stated that it had no problem with the North Putnam rates being reviewed as part of that proceeding, but the proposed sale *sub judice* had to be approved and South Putnam had to adopt the current North Putnam rates pending the outcome of the rate review in Case No. 03-1041-PSD-42T. Accordingly, Staff recommended approval of the joint petition filed herein, contingent upon North Putnam obtaining bondholder approval and South Putnam adopting and maintaining the current North Putnam rates and charges. Staff also recommended that this matter be retained by the Commission in order to expedite its processing.

By Order dated August 28, 2003 the Commission referred this matter to the Division of Administrative Law Judges (ALJ) for further disposition, with a decision due date of September 25, 2003.

On September 5, 2003 the assigned ALJ issued a Recommended Decision ordering the following:

> IT IS, THEREFORE, ORDERED that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District seeking Commission consent and approval for the transfer of North Putnam Public Service District's public utility system to South Putnam Public Service District be, and hereby is, approved.
>
> IT IS FURTHER ORDERED that the approval hereby granted is contingent upon North Putnam Public Service District and South Putnam Public Service District obtaining the approval of North Putnam Public Service District's three (3) bondholders, namely the Rural Utilities Service, the West Virginia Water Development Authority and City National Bank, and filing copies of said approval(s) herein immediately upon receipt.
>
> IT IS FURTHER ORDERED that the approval hereby granted is further contingent upon South Putnam Public Service District filing with the

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> which will thereafter operate the utility business, must use the rates, classifications and rules and regulations of the former operating company (unless authorized to change by the Commission).

Public Service Commission
of West Virginia
Charleston

> Commission's Tariff Office within thirty (30) days of the date that this Order becomes final, an appropriate tariff adopting the rates and charges now in effect for North Putnam Public Service District's customers.

The ALJ's Recommended Decision became a Final Order of the Commission on September 25, 2003.

On April 28, 2006 South Putnam filed a "Petition to Reopen" noting that South Putnam is in the process of finalizing the acquisition, and that the bond issuance associated therewith is anticipated to occur in June of 2006. The filing noted that by Order entered April 25, 2006 the County Commission of Putnam County changed the official name of South Putnam to "Putnam Public Service District" contingent upon approval of the Public Service Commission and the written consent of any existing holders of bonds or notes issued by South Putnam. So that a new bond issuance scheduled to occur in June of 2006 will include the new name of the "Putnam Public Service District," the petition requested expedited treatment.

On June 1, 2006 Staff filed its "Initial and Final Joint Staff Memorandum." Therein, Staff recommended approval of the name change of the South Putnam Public Service District to the "Putnam Public Service District" subject to the filing of the written consent of any existing holders of bonds or notes issued by South Putnam, pursuant to *West Virginia Code* § 16-13A-4(f). Staff further recommended that South Putnam provide notice to its customers of the new name. Staff also recommended that South Putnam be authorized to change all of its outstanding loans and bank accounts to the name of "Putnam Public Service District" after bond holder approval is received.

On June 5, 2006 South Putnam filed a letter in response to the Initial and Final Joint Staff Memorandum filed on June 1, 2006. The letter from South Putnam stated, in part, the following:

> Please be advised that the bondholders will not grant their consent **until** the Commission has granted approval to the name change. Therefore, in order to clarify what Staff is recommending without delaying this matter any further so that the bonds anticipated to be issued shortly may be issued in the new name of the District, it is respectfully requested that the Commission's Order approving the name change contain language to the effect that the name change is approved "conditioned upon the District providing the Commission with written proof of the approval of the bondholders." [Emphasis in original.]

Regarding public notice to the District's customers, the District will adhere to any post-approval publication of notice to its customers of the name change that the Commission may require in its Order.

DISCUSSION

West Virginia Code § 16-13A-4(f) reads as follows:

> (f) ... . The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided,* That such name change will not be effective until approved by the public service commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

Rule 14 of the Commission's *Tariff Rules* reads in part as follows:

> §150-2-14. Change of Ownership.
>
> 14.1. RULE 31. In case of change of ownership or control of a utility, or when a utility or a part of its business is transferred from the operating control of one company to that of another, or **when its name is changed**, the company which will thereafter operate the utility business must use the rates, classifications and rules and regulations of the former operating company, (unless authorized to change by the Commission).
>
> 14.4. RULE 34. Within thirty (30) days after the Commission approves an application filed pursuant to Rule 14.1., said utility shall issue and file in its own name the tariff of the predecessor utility then in effect and adopted by it, or such other tariff as it proposes to put into effect in lieu thereof, as prescribed in Rules 1 through 13 hereof with proper identifying

designation. (Example: P.S.C. W. Va. No. 1 cancels P.S.C. W. Va. No. 1 of [insert predecessor utility]).

14.6. RULE 36. When a tariff or revision is issued by a utility in compliance with Rule 34 which states the rates, rules and regulations of the predecessor utility without change in any of the provisions thereof, the same may be filed without notice, but when such tariff or revision states any change in the effect of the rates, rules and regulations of the predecessor utility, such tariff or revision shall be subject in all respects as to filing and notice as required by these Rules. [Emphasis added.]

West Virginia Code § 16-13A-4(f) describes two actions that must occur prior to a name change becoming effective. The Commission must approve it. Additionally, the owners of the bonds and notes issued by the district must consent in writing. The two approvals are not contingent upon one another; each occurs independently of the other.

The Commission shall grant its approval for the name change. The Commission shall also require that South Putnam provide documentation evidencing the bond holders' written approval.

Tariff Rule 14.6 permits the Commission to require the utility to provide notice to its customers of the name change. The Commission shall do so by this order but shall modify the notice requirement by requiring South Putnam to provided notice to its customers by publishing a copy of the attached "Notice of Name Change."

Finally, the Commission shall require South Putnam to file a revised tariff containing its new name as approved herein.

FINDINGS OF FACT

1. South Putnam requested approval to change its name to "Putnam Public Service District." See, Petition to Reopen filed April 28, 2006.

2. The County Commission of Putnam County adopted an Order on April 25, 2006 approving the proposed name change pursuant to *West Virginia Code* § 16-13A-4(f).

CONCLUSIONS OF LAW

1. The Commission shall approve the requested name change.

2. The Commission shall require South Putnam to provide documentation evidencing the bond holders' written approval.

3. The Commission shall require South Putnam to provide notice to its customers of the name change by way of publication.

4. It is also reasonable to require South Putnam to file a revised tariff containing its new name as approved herein.

ORDER

IT IS THEREFORE ORDERED that the request by the South Putnam Public Service District to change its name to "Putnam Public Service District" is hereby approved.

IT IS FURTHER ORDERED that South Putnam shall provide the Commission with documentation evidencing that the owners of any bonds and/or notes issued by South Putnam have consented, in writing, to the name change, as soon as such documentation is available.

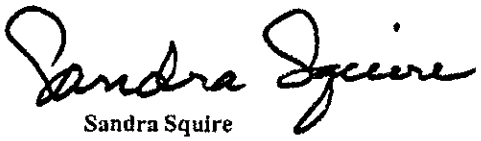
IT IS FURTHER ORDERED that upon written approval by the bond and/or note holders, South Putnam shall publish the attached Notice of Name Change one time in a newspaper published in the county or counties where its customers are located. South Putnam shall file an affidavit of publication upon receipt of such document.

IT IS FURTHER ORDERED that South Putnam shall file with the Commission's Tariff Office an original and five (5) copies of a proper tariff reflecting its name change to Putnam Public Service District within thirty (30) days of the date of written approval by the bond and/or note holders of the name change.

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

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

JJW/klm
031042ca.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 03-1042-PSWD-PC
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

NOTICE OF NAME CHANGE

By a Recommended Decision issued September 5, 2003 (Final Commission Order, September 25, 2003) the Commission approved the transfer of the North Putnam Public Service District's public utility system to the South Putnam Public Service District.

On April 28, 2006 the South Putnam Public Service District filed a "Petition to Reopen" requesting approval to change the name of the district to "Putnam Public Service District."

According to *West Virginia Code* § 16-13A-4(f) a name change as requested by South Putnam requires the approval of the West Virginia Public Service Commission and the written consent of any existing holders of bonds or notes issued by South Putnam.

By a Commission Order entered June 7, 2006 the Commission granted its approval of the name change and further ordered South Putnam to provide notice to its customers upon receiving the written consent of its bond and note holders. Such approval was received.

Accordingly, please note that the new name of the South Putnam Public Service District shall be: "Putnam Public Service District."

PUTNAM PUBLIC SERVICE DISTRICT

ESTABLISHED 1900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

LEGAL ADVERTISEMENT

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON
CASE NO. 03-1042-PSWD-PC
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

NOTICE OF NAME CHANGE

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On April 28, 2006 the South Putnam Public Service District filed a "Petition to Reopen" requesting approval to change the name of the district to "Putnam Public Service District."

According to West Virginia Code §16-13A-4(f) a name change as requested by South Putnam requires the approval of the West Virginia Public Service Commission and the written consent of any existing holders of bonds or notes issued by South Putnam.

By a Commission Order entered June 7, 2006 the Commission granted its approval of the name change and further ordered South Putnam to provide notice to its customers upon receiving the written consent of its bond and note holders. Such approval was received.

Accordingly, please note that the new name of the South Putnam Public Service District shall be: "Putnam Public Service District."

PUTNAM PUBLIC SERVICE
DISTRICT

7-6-1t

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for..One..(1) consecutive issues, in its issues dated .... July 6, 2006..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..10th.....day of..... July ....., 2006...

Lora V. Hart
.....
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
LORA V. HART
105 Willard Circle
Hurricane, WV 25526
My Commission Expires March 8, 2010

CERTIFICATE OF SERVICE

I, Robert R. Rodecker, counsel for Putnam Public Service District, do hereby certify that copy of the foregoing document has been served on this 12th day of July, 2006, upon Staff Attorney Ronald E. Robertson, Jr., via hand delivery.

Robert R. Rodecker

ROBERT R. RODECKER

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

ORDER APPROVING AND RATIFYING THE ACQUISITION OF THE ASSETS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE EXPANSION OF THE BOUNDARIES OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE CHANGE OF THE NAME OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT TO PUTNAM PUBLIC SERVICE DISTRICT

WHEREAS, South Putnam Public Service District (hereinafter "South Putnam") is a public service district and public corporation created by Resolution of The County Commission of Putnam County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, North Putnam Public Service District (hereinafter "North Putnam") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act, originally named "East Kanawha Public Service District", which name has previously been changed by the County Commission to "North Putnam Public Service District";

WHEREAS, the County Commission adopted a resolution on July 8, 2003, approving the transfer of the assets of North Putnam to South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Final Order entered on September 5, 2003, approved the transfer of the assets of North Putnam to South Putnam, subject to the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 22, 2003, approving the dissolution of North Putnam and expanding the boundaries of South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-0536-PSWD-PC, by Final Order entered on November 5, 2003, approved the dissolution of North Putnam and the expansion of the boundaries of South Putnam, subject to the transfer of the assets of North Putnam to South Putnam as approved in Case No. 03-1042-PSWD-PC and the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 25, 2005, changing the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Commission Order entered on June 7, 2006, approved the change of the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the bondholders of the Districts;

WHEREAS, the West Virginia Water Development Authority, as the holder of the Sewer Revenue Bonds, Series 1993 (the "Series 1993 Bonds") heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1993 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Sewer Revenue Bonds, Series 1975 (the "Series 1975 Bonds") heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 2002 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1979 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2006 A Bonds and Series 2006 B Bonds heretofore issued by South Putnam

has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;" and

WHEREAS, it is now deemed desirous by the County Commission to adopt a Resolution approving and ratifying the transfer of the Assets of North Putnam to South Putnam and the assumption by South Putnam of the Series 1975 Bonds and Series 1993 Bonds, ratifying and confirming all lawful actions taken by all parties and their counsel to effectuate and complete such transfer and assumption, ordering the Public Service Boards of North Putnam and South Putnam to expeditiously take all actions necessary to consummate and complete the transaction, ordering North Putnam be dissolved immediately following the consummation of the transfer and assumption, and further ordering that the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District" be effective immediately upon the consummation of the transfer and assumption.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED BY THE COUNTY COMMISSION OF PUTNAM COUNTY AS FOLLOWS:

1. That the transfer of the assets of North Putnam to South Putnam and assumption by South Putnam of the Series 1975 Bonds and Series 1993 Bonds (collectively, the "Transfer and Assumption") is hereby ratified, confirmed and, upon execution and filing of necessary documents by the Public Service Boards of the respective Districts, in all respects deemed completed and to be effective as of the close of business on June 30, 2006.

2. That all lawful actions taken, or to be taken, by the parties to this transaction and their counsel to effectuate and complete the Transfer and Assumption are hereby ratified and confirmed.

3. That the Public Service Boards of North Putnam and South Putnam are hereby ordered to expeditiously take all actions necessary to consummate and complete the Transfer and Assumption.

4. That, immediately following the consummation of the Transfer and Assumption, North Putnam shall be dissolved.

5. That, immediately following the consummation of the Transfer and Assumption, the boundaries of South Putnam shall be expanded and the name of South Putnam Public Service District shall be changed to "Putnam Public Service District."

6. The Transfer and Assumption of North Putnam, the expansion of South Putnam's boundaries, the name change to Putnam Public Service District and the dissolution of North Putnam shall all become effective as of the close of business on June 30, 2006.

7. This Resolution and Order shall be effective immediately following adoption hereof.

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ENTERED into the permanent record of Putnam County, West Virginia, this 27th day of June, 2006.

President

ATTEST:

Clerk

06.25.06
847280.00004

NORTH PUTNAM PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING THE TRANSFER OF THE ASSETS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE ASSIGNMENT OF THE BONDS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT TO SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT

WHEREAS, North Putnam Public Service District (hereinafter "North Putnam") is a public service district and public corporation created by Resolution of The County Commission of Putnam County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, South Putnam Public Service District (hereinafter "South Putnam") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the Public Service Board of North Putnam adopted a resolution on July 11, 2000, following a duly noticed public hearing, authorizing the transfer of the assets of North Putnam to South Putnam and the assignment of the North Putnam Public Service District Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000, originally issued under the name "East Kanawha Public Service District" (the "Series 1975 Bonds") and the North Putnam Public Service District Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds") to South Putnam;

WHEREAS, the County Commission adopted a resolution on July 8, 2003, approving the transfer of the assets of North Putnam to South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Final Order entered on September 5, 2003, approved the transfer of the assets of North Putnam to South Putnam and the assignment of the Series 1975 Bonds and the Series 1993 Bonds to South Putnam (collectively, the "Transfer and Assignment"), subject to the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 22, 2003, approving the dissolution of North Putnam and expanding the boundaries of South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-0536-PSWD-PC, by Final Order entered on November 5, 2003, approved the dissolution of North Putnam and the expansion of the boundaries of South Putnam, subject to the transfer of the assets of North Putnam to South Putnam as approved in Case No. 03-1042-PSWD-PC and the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 25, 2005, changing the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Commission Order entered on June 7, 2006, approved the change of the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the bondholders of the Districts;

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 1993 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1993 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1975 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 2002 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1979 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2006 A Bonds and Series 2006 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, The County Commission of Putnam County plans to adopt a resolution on June 27, 2006, approving and ratifying the proposed Transfer and Assumption, the dissolution of North Putnam, the expansion of the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, the Board of South Putnam plans to adopt a resolution on June 27, 2006, approving and ratifying the proposed Transfer and Assumption;

WHEREAS, contemporaneously with the transfer of the assets of North Putnam to South Putnam, North Putnam desires to assign, and South Putnam desires to assume all liabilities for and obligations under the Series 1975 Bonds and the Series 1993 Bonds; and

WHEREAS, it is in the best interest of the customers of South Putnam and North Putnam to complete the proposed Transfer and Assumption, to convey all assets, rights, privileges, immunities and powers of North Putnam to South Putnam, for South Putnam to assume and re-designate the Series 1975 Bonds and the Series 1993 Bonds, for North Putnam to be dissolved, for the boundaries of South Putnam to be expanded and for the name of South Putnam Public Service District to be changed to Putnam Public Service District.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, PUTNAM COUNTY, WEST VIRGINIA AS FOLLOWS:

1. North Putnam does hereby authorize and ratify the transfer of the assets of North Putnam to South Putnam, the assignment of the Series 1975 Bonds and the Series 1993 Bonds to South Putnam and the dissolution of North Putnam.

2. That, immediately following the consummation of the Transfer and Assumption on or about June 30, 2006, North Putnam shall be dissolved.

3. The Chairman and Secretary of North Putnam are hereby authorized and directed to execute all documents concerning the Transfer and Assumption, specifically including, but not limited to, the assignment of the Series 1975 Bonds and the Series 1993 Bonds.

4. The Chairman and Secretary of North Putnam are hereby authorized and directed to execute all documents concerning the dissolution of North Putnam.

5. The Chairman and Secretary of North Putnam are vested with the appropriate authority to take any and all actions necessary to complete Transfer and Assumption and the dissolution of North Putnam.

6. This Resolution shall become effective immediately upon adoption hereof.

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Adopted by the Public Service Board of North Putnam Public Service District at a meeting held on the 27th day of June, 2006.

NORTH PUTNAM PUBLIC SERVICE DISTRICT

[SEAL]

Mary Sigman
Chairman

Patricia A. Babcock
Secretary

06.21.06
847280.00004

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING THE ACQUISITION OF THE ASSETS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE ASSUMPTION AND RE-DESIGNATION OF THE BONDS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE EXPANSION OF THE BOUNDARIES OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE CHANGE OF THE NAME OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT TO PUTNAM PUBLIC SERVICE DISTRICT

WHEREAS, South Putnam Public Service District (hereinafter "South Putnam") is a public service district and public corporation created by Resolution of The County Commission of Putnam County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, North Putnam Public Service District (hereinafter "North Putnam") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the Public Service Board of North Putnam adopted a resolution on July 11, 2000, following a duly noticed public hearing, authorizing the transfer of the assets of North Putnam to South Putnam and the assignment of the North Putnam Public Service District Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000, originally issued as "East Kanawha Public Service District" (the "Series 1975 Bonds") and the North Putnam Public Service District Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds") to South Putnam;

WHEREAS, the County Commission adopted a resolution on July 8, 2003, approving the transfer of the assets of North Putnam to South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Final Order entered on September 5, 2003, approved the transfer of the assets of North Putnam to South Putnam and the assignment of the Series 1975 Bonds and the Series 1993 Bonds to South Putnam (collectively, the "Transfer and Assignment"), subject to the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 22, 2003, approving the dissolution of North Putnam and expanding the boundaries of South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-0536-PSWD-PC, by Final Order entered on November 5, 2003, approved the dissolution of North Putnam and the expansion of the boundaries of South Putnam, subject to the transfer of the assets of North Putnam to South Putnam as approved in Case No. 03-1042-PSWD-PC and the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 25, 2005, changing the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Commission Order entered on June 7, 2006, approved the change of the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the bondholders of the Districts;

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 1993 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1993 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1975 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 2002 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1979 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2006 A Bonds and Series 2006 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, The County Commission of Putnam County adopted a resolution on June 27, 2006, approving and ratifying the proposed Transfer and Assumption, the dissolution of North Putnam, the expansion of the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, the Board of North Putnam adopted a resolution on June 22, 2006, approving and ratifying the proposed Transfer and Assumption and the dissolution of North Putnam;

WHEREAS, contemporaneously with the acquisition of the assets of North Putnam by South Putnam, North Putnam desires to assign, and South Putnam desires to assume all liabilities for and obligations under the Series 1975 Bonds and the Series 1993 Bonds;

WHEREAS, contemporaneously with the assumption of the Series 1975 Bonds and the Series 1993 Bonds, South Putnam desires to re-designate the Series 1975 Bonds and the Series 1993 Bonds as sewer revenue bonds of South Putnam; and

WHEREAS, it is in the best interest of the customers of South Putnam and North Putnam to complete the proposed Transfer and Assumption, to convey all assets, rights, privileges, immunities and powers of North Putnam to South Putnam, for South Putnam to assume and re-designate the Series 1975 Bonds and the Series 1993 Bonds, for North Putnam to be dissolved, for the boundaries of South Putnam to be expanded and for

the name of South Putnam Public Service District to be changed to Putnam Public Service District.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, PUTNAM COUNTY, WEST VIRGINIA AS FOLLOWS:

1. South Putnam does hereby authorize and ratify the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds and the re-designation of the Series 1975 Bonds and the Series 1993 Bonds as bonds of South Putnam.

2. South Putnam does hereby authorize and ratify the assumption of all liabilities, rights, responsibilities and obligations in connection with the Series 1975 Bonds and the Series 1993 Bonds, specifically including, but not limited to, those liabilities, rights, responsibilities and obligations set forth in the resolutions and loan agreements for the Series 1975 Bonds and the Series 1993 Bonds.

3. Upon the assumption of the Series 1975 Bonds by South Putnam, such bonds shall be re-designated as follows:

> South Putnam Public Service District Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) (Formerly North Putnam Public Service District Sewer Revenue Bonds, Series 1975)

4. Upon the assumption of the Series 1993 Bonds by South Putnam, such bonds shall be re-designated as follows:

> South Putnam Public Service District Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program) (Formerly North Putnam Public Service District Sewer Revenue Bonds, Series 1993)

5. That, immediately following the consummation of the Transfer and Assumption as of the close of business on June 30, 2006, the boundaries of South Putnam shall be expanded and the name of South Putnam Public Service District shall be changed to "Putnam Public Service District."

6. Upon the change of the name of South Putnam to "Putnam Public Service District," all outstanding bonds of the District shall noted with the new name of Putnam Public Service District.

7. The Chairman and Secretary of South Putnam are hereby authorized and directed to execute all documents concerning the Transfer and Assumption, specifically including, but not limited to, the assumption of the Series 1975 Bonds and the Series 1993 Bonds, and the re-designation of the Series 1975 Bonds and the Series 1993 Bonds as sewer revenue bonds of South Putnam.

8. The Chairman and Secretary of South Putnam are hereby authorized and directed to execute all documents concerning the expansion of the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District."

9. The Chairman and Secretary of South Putnam are vested with the appropriate authority to take any and all actions necessary to complete Transfer and Assumption, the expansion of boundaries and the name change of South Putnam.

10. The statutory mortgage liens of the Series 1975 Bonds and the Series 1993 Bonds is hereby assumed by South Putnam and are a valid lien against the System as of the date of assumption, on a parity with one another and with South Putnam's other first lien bonds.

11. The Transfer and Assumption of North Putnam, the expansion of South Putnam's boundaries, the name change to Putnam Public Service District and the dissolution of North Putnam shall all become effective as of the close of business on June 30, 2006.

12. This Resolution shall become effective immediately upon adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted by the Public Service Board of South Putnam Public Service District at a meeting held on the 27th day of June, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[SEAL]

Chairman

Secretary

06.25.06
847280.00004

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 30th day of August, 2005 does hereby RE-APPOINT Mr. Joe E. Miller, 3709 Cambridge Drive , Hurricane, West Virginia 25526 to serve on the South Putnam Public Service District Board, effective August 31, 2005 with a term to expire on August 31, 2011.

ENTER this 30th day of August, 2005.

Stephen A. Andes, President

James H. Caruthers, Jr., Commissioner

R. Joseph Haynes, Commissioner

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 28th day of August, 2001 does hereby APPOINT Mr. Jerry Kelley, P. O. Box 208, Red House, WV 25168 to serve on the South Putnam Public Service District Board effective August 28, 2001 with a term to expire on August 28, 2007.

ENTER this 28th day of August, 2001.

James A. Withrow, President

Clinton E. Beaver, Commissioner

James H. Caruthers, Jr., Commissioner

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 29 day of Aug 20 02
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By _____ Deputy

BOOK 073 PAGE 171

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

County Commission of Putnam County, West Virginia, sitting in regular session this the 9th of September, 2003 does hereby RE-APPOINT Mr. Calvin L. Hatfield, 101 Vista Lane, nicane, WV 25526 to serve on the South Putnam Public Service District Board effective August 2003 with a term to expire on August 31, 2009.

TER this 9th day of September, 2003.

Absent
James H. Cauthers, Jr., President

James A. Withrow, Commissioner

Stephen A. Andes, Commissioner

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, Jerry Kelley do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of South Putnam Public Service District Board

to the best of my skill and judgement, SO HELP ME GOD.

Jerry K. Kelley

Subscribed and sworn to before me this 10th day of September, 2001.

Michael W. Elliott CLERK
Putnam County Commission,
Winfield, West Virginia

BY: Thomas Ward Deputy

STATE OF WEST VIRGINIA
County of Putnam, to-wit:
I, MICHAEL W. ELLIOTT, Clerk of the County Commission of said County, do hereby certify that the foregoing writing was this day produced to me in my said office and together with the certificate thereto annexed, was duly admitted to record therein.

Given under my hand this 10 day of Sept. 2001
Michael W. Elliott

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.
Given under my hand and seal of said commission.

BOOK 010 PAGE 377

EXHIBIT C

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, CALVIN L. HATFIELD do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of

SOUTH PUTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2003 TO AUGUST 31, 2009)

to the best of my skill and judgement, SO HELP ME GOD.

Calvin L. Hatfield

Subscribed and sworn to before me this 17th day of September, 2003.

Michael W. Elliott CLERK
Putnam County Commission
Winfield, West Virginia

BY: _____ Deputy

STATE OF WEST VIRGINIA
County of Putnam, to-wit:
I, MICHAEL W. ELLIOTT, Clerk of the County Commission of said County, do hereby certify that the foregoing writing was this day presented to me in my said office and together with the certificates thereto annexed, was duly admitted to record therein.

Given under my hand this 17th day of September, 2003
Michael W. Elliott 11:31 AM
Clerk

BOOK 010 PAGE 601

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, JOE E. MILLER do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of

SOUTH PUTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2005 TO AUGUST 31, 2011)

to the best of my skill and judgement, SO HELP ME, GOD.

Joe E. Miller

Subscribed and sworn to before me this 6th day of September, 2005.

Brenda Ward CLERK
Putnam County Commission,
Winfield, West Virginia

BY: J Seibert Deputy

RULES OF PROCEDURE

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 107 South Poplar Fork Road, Scott Depot, Putnam County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed South Putnam Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Putnam County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second and fourth Tuesdays of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

ESTABLISHED 1900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for..One..(1) consecutive issues, in its issues dated .... June 8, 2006..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..9th.....day of..... June ....., 2006...

Lora V. Hart
.....
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
LORA V. HART
105 Willard Circle
Hurricane, WV 25526
My Commission Expires March 8, 2016

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 5th day of June, 2006.

CASE NO. 06-0743-PSD-CN

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvements and renovations to its sewer system in the Red House and Kenetown portions of its service area in Putnam County, West Virginia, and for approval of financing related thereto.

NOTICE OF FILING

WHEREAS, on June 5, 2006, the South Putnam Public Service District filed an application, duly verified, for a certificate for the construction, operation and maintenance of improvements and an extension to the District's sewer system in the Red House service area to approximately 80 existing structures with inadequate or failing septic systems. The District's application further seeks approval of financing related thereto, and increased rates and charges. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street in Charleston, West Virginia.

WHEREAS, the South Putnam Public Service District estimates that the total construction costs for the proposed project is $2,630,000.00. The cost will be financed through a $300,000.00 grant from the U.S. Department of the Army Corps of Engineers and a $2,330,000.00 loan from the West Virginia Infrastructure and Jobs Development Council for a term of 20 years at an interest rate of 3%.

WHEREAS, the utility is requesting approval of increased sewer rates to go into effect upon completion of the sewer improvement project. The proposed rates will also consolidate the rates of North Putnam Public Service District with South Putnam Public Service District as a result of the merging of the two utilities as previously approved by the Commission. The proposed increased sewer rates are over and above rates approved by the Commission in Case No. 05-1146-PSD-CN; however, those rates have not yet been placed into effect pending completion of the project which was the subject of that certificate proceeding. The proposed increased rates associated with the project which is the subject of this proceeding are as follows:

SCHEDULE NO. 1

APPLICABILITY
Applicable within the entire territory served including the area formerly served by North Putnam Public Service District

AVAILABILITY
Available for general domestic, commercial and industrial sewer service.

RATE (customers with metered water supply)
Each 1,000 gallons used per month $7.22 per 1,000 gallons

MINIMUM BILL
No bill will be rendered for less than $14.44 per month, which is the equivalent of 2,000 gallons of usage with a 5/8" meter.

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SURCHARGE
Excess Pension Cost Surcharge - $0.091 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

ALTERNATIVE MEASUREMENT OF SEWAGE
Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request South Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchasing and installing the meter and, upon installation of such waste discharge meter, the rates of the customer shall be based upon the volume of the waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

SCHEDULE NO. 1-A

APPLICABILITY
Applicable in territory previously served by Putnam Utilities Corporation

AVAILABILITY
Available for general domestic, commercial, industrial, and sale for resale sewage service.

RATE

First 3,000 gallons used per month	$5.31 per 1,000 gallons
Next 3,000 gallons used per month	$4.89 per 1,000 gallons
Next 4,000 gallons used per month	$4.46 per 1,000 gallons
All Over 10,000 gallons used per month	$4.09 per 1,000 gallons

MINIMUM BILL
No bill will be rendered for less than $15.94 per month.

SURCHARGE
Excess Pension Cost Surcharge - $0.091 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SCHEDULE NO. 2

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for sanitary sewer service to unmetered water users who obtain water from wells.

FLAT RATE
Equivalent of 3,000 gallons of water usage, $21.66 per month.

SURCHARGE
Excess Pension Cost Surcharge - $0.091 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SCHEDULE NO. 3

APPLICABILITY
Applicable within the entire territory served.

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

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

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with water service termination agreement with the City of Hurricane or West Virginia American Water Company, a disconnection fee of $20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of $20.00 shall be charged.

Whenever water service which has previously been disconnected or otherwise withheld for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Hurricane or West Virginia American Water Company is reconnected, a reconnection fee of $20.00 shall be charged.

SCHEDULE NO. 4

SURCHARGE FORMULA
TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of industrial waste will be calculated on the basis of the following formula:

$Ci = VoVi + BoBi + SoSi$

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = volume of wastewater from unusual users in gallons per year

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound

Bi = weight of BOD from unusual users in pounds per year

So = average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound

Si = weight of total solids from unusual users in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof will be made. Waste containing materials which, in the judgment of the South Putnam Public Service District, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the South Putnam Public Service District records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the South Putnam Public Service District as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE NO. 5

APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS
OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the South Putnam waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plants water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the South Putnam Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

APPLICABILITY
Whenever the District has discovered that a customer's roof drain, downspout, storm sewer or other similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the District in accordance with the rules and regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .006233 \times C$$

S - the surcharge in dollars

A - the area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - the measured monthly rainfall in inches

.006233 - the conversion factor to change inches of rain x square feet of surface to thousand gallon of water

C - The utility's approved rate per thousand gallons of metered water usage

The District shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

The above increased sewer rates represent the following project-related decreases or increases, based on an average usage of 4,500 gallons per month:

FOR CUSTOMERS FORMERLY SERVED BY
NORTH PUTNAM PUBLIC SERVICE DISTRICT

	$ DECREASE	% DECREASE
Residential	<7.17>	<18.0787>
Commercial	<7.17>	<18.0787>
Industrial	<7.17>	<18.0787>

FOR ALL OTHER SEWER CUSTOMERS OF THE DISTRICT

	$ INCREASE	% INCREASE
Residential	3.39	22.1429
Commercial	3.39	22.1429
Industrial	3.39	22.1429

There are no non-project related decreases or increases contained in the above increased sewer rates.

South Putnam Public Service District has no sewer resale customers.

The proposed increased rates and charges, together with the additional sewer customers which will result of the proposed project, will produce an average of approximately $475,000.00 annually in additional revenue, an increase of 17.6799%.

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

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the South Putnam Public Service District give notice of the filing of this 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 Putnam 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 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the 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 thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION
Sandra Squire
Executive Secretary

6-8-1t

PUTNAM PUBLIC SERVICE DISTRICT
Regular Meeting of the PSD Board
25 January 2007

MINUTES

Chairman Jerry Kelley called to order the regular meeting of the PSD Board with Board members Joe Miller and Calvin Hatfield present. Staff members present included Mike McNulty, Jason Henderson, Donnie Turner, and John Ingbram.

MINUTES OF PREVIOUS MEETING

Calvin Hatfield made the motion approving the Minutes of the January 11, 2007 regular meeting of the PSD Board. The minutes were provided to the Board prior to the meeting for review. Joe Miller seconded the motion that was approved by unanimous vote.

ELECTION OF OFFICERS/ORGANIZATION OF PSD BOARD

Calvin Hatfield made the motion nominating Jerry Kelley, Chairman; Joe Miller, Secretary; and Calvin Hatfield, Treasurer of the Putnam Public Service District. Joe Miller seconded the motion that was approved by unanimous vote.

FINANCIAL REPORT & PAYMENT OF REQUISITIONS

A status report of the District's bank accounts was provided to the Board for review and discussion.

Requisition #762 in the amount of $79,991.79 was presented to the Board for approval; and Requisition #761 in the amount of $80,370.86 was presented to the Board for approval.

Following review, Calvin Hatfield made the motion approving the Requisitions as presented for payment. Joe Miller seconded the motion that was approved by unanimous vote.

CUSTOMER ADJUSTMENT REQUESTS

Prior to presenting the adjustment requests, Chairman Kelley recognized Ralph Erb to explain his request for an adjustment. According to Mr. Erb, his increase in water consumption the previous three (3) months was due to a faulty pressure relief valve on his hot water tank. The waste line connect to the valve is not connected to the sanitary sewer but instead it is connected to a drain line that connected to a french drain outside the foundation of his home. Mr. Erb is requesting that his water bill be adjusted to reflect the incremental usage and the unusual usage be adjusted off his sewer bill.

After discussion, the Board of Commissioners agreed that if a customer can demonstrate that water did not return to the sanitary sewer they would be entitled to an adjustment. Therefore, the Board instructed Mr. McNulty to contact Mr. Erb and make arrangements to verify the water from the tank did not enter the sanitary sewer.

Mr. McNulty informed the board that Mrs. Voorhes request was almost identical and she should be afforded the same opportunity as Mr. Erb. The Board concurred with Mr. McNulty's recommendation and instructed him to contact Mrs. Voorhes as well.

Mr. McNulty presented the customer adjustment requests as outlined below.

Name/Address	Water	Sewer	Action
Edwin Tucker 306 Stewart Rd.	---	$123.76	Approved
Jan & Rumiela Webster 14 Meadowbrook Circle	$13.36	$18.73	Approved
Kenneth Voorhees 403 Sweetbriar Tr.	---	$39.28	Pending
Ralph Erb 209 Cedar Drive	$16.54	$23.19	Pending

Following review, Calvin Hatfield made the motion approving the customer adjustment requests as presented. Joe Miller seconded the motion that was approved by unanimous vote.

OLD BUSINESS

WVDOH Projects

Mr. Henderson presented Partial Invoice No. 13 in the amount of $721.74 for project related services.

Following review, Calvin Hatfield made the motion to approve Partial Invoice No. 13 in the amount of $721.74. Joe Miller seconded the motion that was approved by unanimous vote.

Sewer Interceptor /TIF District Project

Mr. Henderson presented Resolution No. 13 relating to the manhole rehabilitation relating to construction and other services for the **Interceptor Sewer Project** and authorizing payment in the amount of $14,675.00.

Following review, Calvin Hatfield made the motion to approve Resolution No. 13 in the amount of $14,675.00 for the **Interceptor Sewer Project** as presented. Joe Miller seconded the motion that was approved by unanimous vote.

Kanawha Valley / Midway Sewer Projects

Mr. Henderson updated the Board on the status of the projects.

Water System Improvement Project

Project Finances

Mr. Henderson presented Change Order No. 02 to C.I. Thornburg Co., Inc. Contract 12 in the increased amount of $6,612.00 for adjustment of additional tandem meter setters for the WSI **Water System Improvement Project.**

Following review, Calvin Hatfield made the motion to approve Change Order No. 02 in the increased amount of $6,612.00 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

Mr. Henderson presented Change Order No. 03 to Mike Enyart & Sons, Inc. Contract 02 in the decreased amount of $6,066.15 for adjustment of balancing of unit price items for the **WSI Water System Improvement Project.**

Following review, Calvin Hatfield made the motion to approve Change Order No. 03 decreasing the amount of $6,066.15 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote

Calvin Hatfield made the motion to authorize Michael McNulty, General Manager to sign the Change Orders. Joe Miller seconded the motion that was approved by unanimous vote.

North Putnam Sewer Project
Project Finances
Mr. McNulty reported that construction bids have been opened and the lowest qualified responsible bidder was Tri State Pipeline Inc. They bid $1,542,689.00 to complete the North Putnam Phase II sewer extension project. The estimated cost of construction was approximately $1,730,000.

Mr. McNulty also reported that Staff was still waiting on correspondence from the US Army Corps of Engineers to finalize their financial participation with the District on the project.

Mr. Henderson presented a Resolution for Condemnation for Fern Hunter in case those easements were not signed by Mrs. Hunter and delivered to the District by the following day. This was necessary in order to complete the required paperwork to begin construction.

Following discussion, Calvin Hatfield made the motion to pass the Resolution as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

Vintroux Hollow Water and Sewer Project
No report was presented.

Teays Hollow Sewer Project
No report was presented.

NEW BUSINESS
Developer Plans
No plans were presented.

OTHER BUSINESS
Mr. McNulty presented a Release and Settlement Agreement between the District and Richard Carter concerning alleged damages to his riding lawn mower and injuries that he received as a result of hitting a valve box on his property.

Following discussion, Calvin Hatfield made the motion to enter into the Release and Settlement Agreement between the District and Richard Carter and authorize the Chairman to sign on the District's behalf. Joe Miller seconded the motion that was approved by unanimous vote.

EXECUTIVE SESSION

At 8:30 pm, Calvin Hatfield made the motion to recess the regular meeting and enter into executive session for the purpose of discussing personnel matters. Joe Miller seconded the motion that was approved by unanimous vote.

At 9:30 pm, Calvin Hatfield made the motion to reconvene the regular meeting and move to the next order of business. Joe Miller seconded the motion that was approved by unanimous vote.

ADJOURNMENT

There being no further business, Calvin Hatfield made the motion to adjourn the regular meeting at 9:35 pm. Joe Miller seconded the motion that was approved by unanimous vote.

Jerry K. Kelley, Chairman

Joe E. Miller, Secretary

Calvin L. Hatfield, Treasurer

LEGAL NOTICE

NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF PUTNAM PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

At regular meeting of the Public Service Board of South Putnam Public Service District (the "PSD") will be held to consider and adopt the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Thursday, February 22, 2007 at 7:00 p.m., prevailing time, at the 107 South Poplar Fork Road, Scott Depot, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

Resolution Authorizing The Acquisition And Construction Of Improvements And Extensions To The Existing Public Sewerage System of Putnam Public Service District And The Financing Of The Cost, Not Otherwise Provided, Thereof Through The Issuance by Putnam Public Service District Of Not More Than $2,330,000 In Aggregate Principal Amount Of Sewer Revenue Bonds, Series 2007 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.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system of the District; and (ii) paying costs of issuance of the Bonds and related costs.

At the Regular Meeting the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: February 8, 2007

J. Miller
Secretary

1t 2-08

AFFIDAVIT OF PUBLICATION

Cost of Publication $55.94

State of West Virginia, County of Putnam, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Public Hearing

The Public Service Board of Putnam Public Service District To Adopt Bond Resolution

was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 8th day of Feb. 20 07, and ending with issue of the _____ day of _____ 20_____, (and was posted, if required, at the _____ on the _____ day of _____, 20_____).

/s/ Phyllis Robinson

Phyllis Robinson, Publisher
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 8th day of February, 20 07.

My commission expires May 4, 2008

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
FREDERICA A. WHITNEY
46 RIVERDALE ESTATES
WINFIELD WV 25213
MY COMMISSION EXPIRES MAY 4, 2008

/s/ Frederica A. Whitney

Notary Public of Putnam County, West Virginia

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

EXCERPTS OF MINUTES ON ADOPTION OF BOND RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned Secretary of the Public Service Board of Putnam 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 Putnam Public Service District met in regular session, pursuant to notice duly given, on the 22nd day of February, 2007, at the District's office in Scott Depot, Putnam County, West Virginia, at the hour of 7:00 p.m., prevailing time.

PRESENT:	Chairman	-	
	Secretary	-	Joe Miller
	Treasurer	-	Calvin Hatfield

ABSENT: Jerry Kelley.

Joe Miller, presided, and Calvin Hatfield, acted as Secretary.

Mr. Miller announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, in the absence of Mr. Kelley, the election of the officers of the Board for this meeting and for all documents relating to the Series 2007 A Bonds, the following officers were elected:

Chairman	-	Joe Miller
Secretary/Treasurer	-	Calvin Hatfield

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN $2,330,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 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 Calvin Hatfield and seconded by Joe Miller, 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 Bond Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2007 A BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2007 A BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

*** *** ***

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

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 22nd day of February, 2007

Secretary

02.22.07

CH876350.1

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

NEW ISSUE REPORT FORM

Date of Report: March 19, 2007

ISSUE: Putnam Public Service District, Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 147, Scott Depot, West Virginia COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 19, 2007

CLOSING DATE: March 19, 2007

ISSUE AMOUNT: $ 2,330,000

RATE: 3%

1ST DEBT SERVICE DUE: September 1, 2008

1ST PRINCIPAL DUE: September 1, 2008

1ST DEBT SERVICE AMOUNT: $ 38,837.00

PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS
COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee
Phone: (304) 340-1318

CLOSING BANK: Putnam County Bank
Contact Person: Jerry Brown
Phone: (304) 562-9931

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mike McNulty
Position: General Manager
Phone: (304) 757-6551

OTHER: West Virginia Infrastructure and Jobs Development Council
Contact Person: Jefferson Brady, P.E.
Function: 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: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES:

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

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Putnam County Bank, Hurricane, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the Putnam Public Service District (the "Issuer"), adopted February 22, 2007, and a Supplemental Resolution of the Issuer adopted February 22, 2007 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, in the principal amount of $2,330,000 (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 19th day of March, 2007.

PUTNAM COUNTY BANK

J. R. Wilson

Authorized Officer

J. R. Wilson, President

02.09.07
847280.00005

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2007 A BONDS

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Putnam Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, in the principal amount of $2,330,000 ("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 19th day of March, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

02.09.07
847280.00005

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF SERIES 2007 A BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Putnam Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Putnam Public Service District Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, dated March 19, 2007, in the principal amount of $2,330,000, numbered AR-1, is registered as to principal and interest 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 The Huntington National Bank, as Registrar.

WITNESS my signature on this 19th day of March, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

02.09.07
847280.00005

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 19th day of March, 2007, by and between the PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 $2,330,000 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in fully registered form (the "Series 2007 A Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted February 22, 2007, and a Supplemental Resolution of the Issuer duly adopted February 22, 2007 (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: Putnam Public Service District
Post Office Box 147
Scott Depot, West Virginia 25560
Attention: Chairman

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

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Left Blank]

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.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

01.10.07
847280.00005

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

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

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date February 23, 2007

Putnam Public Service District
Account Number 6089001809

Putnam Public Service District
Sewer Revenue Bonds, Series 2007 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR February, 2007

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 . . . . . *

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

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Sewer) North Putnam PSD WWTP Upgrade And Collection System Extensions and Upgrades — PERMIT NO.: 16,877

LOCATION: Hometown, Red House, and Bancroft — COUNTY: Putnam — DATE: 1-4-2006

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

South Putnam Public Service District
Post Office Box 147
Scott Depot, West Virginia 25560

is hereby granted approval to: amend and modify Permit No. 15,811, issued October 10, 2003 and Permit No. 16,343, issued December 10, 2004 for the North Putnam PSD wastewater treatment plant upgrade and sewage collection facilities to initially serve approximately 94 new customers in the Red House area; a future 100 additional customers on Red House Hill; a future 200 customers in the surrounding environs of Red House; approximately 602 existing customers in the Bancroft and Hometown areas; and approximately 400 existing customers in Shawnee Estates Subdivision and surrounding environs in Putnam County. The permit will be extended to January 4, 2007.

NOTE: This permit is contingent upon all unchanged conditions and requirements of Permit Nos. 15,811 and 16,343 remaining in effect.

The Environmental Engineering Division of the OEHS-St. Albans District Office, telephone (304) 722-0611 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:bms

pc: Dunn Engineers, Inc.
O. Robert Coontz, P.E., DEP
Cliff Whyte, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, Public Service Commission
Putnam County Health Department
OEHS-EED St. Albans District Office

OWR Permit Details

(1)OWR Permit	
PERMITTEE	PUTNAM PSD
DEP OFFICE	OWR
PERMIT ID	WVR101900
ISSUE/REISSUE DATE	12/12/2005
EXPIRATION DATE	12/04/2007
FACILITY NAME	So Putnam/No Putnam PSD Wastewater Extension
DESCRIPTION	N/A
No. of CUSTOMERS	
DISTURBED ACRES	7.2
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	
AVERAGE FLOW(MGD)	
MAJOR FACILITY	N
EXTENSION DATE	

(1)Permit Status	
ACTIVE YES/NO	Y
OPEN/CLOSED	O
STATUS	New

(1) County / Quad	
County: Putnam	Quad: BANCROFT

(1) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default

(1) Permit Geography		
INSPECTABLE UNIT ID:	ENTIRE	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 32'30"	
LONGITUDE:	81° 52'0"	
COUNTY:	Putnam	

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0084051
SUBJECT: Sewage Collection System

ISSUE DATE: March 06, 2002
EFFECTIVE DATE : April 05, 2002
EXPIRATION DATE: March 05, 2007
SUPERSEDES: Permit No. WV0084051 dated March 21, 1995

LOCATION: SCOTT DEPOT (City) | Putnam (County) | Lower Kanawha River (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: SOUTH PUTNAM PSD
PO BOX 147
SCOTT DEPOT, WV 25560

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
operate and maintain an existing wastewater collection system comprised of approximately 6,703 linear feet of four(4) inch diameter gravity sewer line, 24,762 linear feet of six(6) inch diameter gravity sewer line, 563,415 linear feet of eight(8) inch diameter gravity sewer line, 35,204 linear feet of 10 inch diameter gravity sewer line, 10,251 linear feet of 12 inch diameter gravity sewer line, 7,462 linear feet of 15 inch diameter gravity sewer line, 3,843 linear feet of 16 inch diameter gravity sewer line, 7,609 linear feet of 18 inch diameter gravity sewer line, 7,748 linear feet of 21 inch diameter gravity sewer line, 940 linear feet of 24 inch diameter gravity sewer line, 2,250 manholes, 75 cleanouts, 13 lift stations, 18,168 linear feet of two(2) inch diameter force main line, 4,144 linear feet of two and one half(2 & 1/2) inch diameter force main line, 6,752 linear feet of three(3) inch diameter force main line, 13,776 linear feet of four(4) inch diameter force main line, 16,365 linear feet of six(6) inch diameter force main line, 5,023 linear feet of eight(8) inch diameter force main line, 6,500 linear feet of 14 inch diameter force main line, and all requisite appurtenances.

To acquire, construct, install, operate and maintain a wastewater collection system to be comprised of approximately 396 linear feet of six(6) inch diameter gravity sewer line, 26,537 linear feet of eight(8) inch diameter gravity sewer line, 10,290 linear feet of 10 inch diameter gravity sewer line, 23,369 linear feet of 12 inch diameter gravity sewer line, 2,400 linear feet of 15 inch diameter gravity sewer line, 432 linear feet of 18 inch diameter gravity sewer line, 344 manholes, seven(7) lift stations, 890 linear feet of two(2) inch diameter force main line, 9,888 linear feet of six(6) inch diameter force main line, 7,282 linear feet of eight(8) inch diameter force main line, 4,847 linear feet of 10 inch diameter force main line, and all necessary requisite appurtenances.

These proposed facilities are to serve a population equivalent of approximately 90 new customers in the Teays Valley area and 140 new customers in the Fraziers Bottom and Midway area of the South Putnam Public Service District Collection System respectively. The wastewaters are conveyed to the City of Hurricane and the Town of Eleanor wastewater treatment plants for subsequent treatment and discharge. The additional wastewater flow to

be generated is anticipated to be approximately 86,000 gallons per day. The existing and proposed facilities are to serve a population equivalent of approximately 20,500 persons in the South Putnam Public Service District and environs.

The wastewater collection system extensions shall be constructed in accordance with the plans, specifications and reports approved by the Division of Water Resources - Construction Assistance Office. A further description of these documents is presented as follows:
Plans, Specifications, and Reports:
Prepared by: H.K. Bell
and Randolph Engineers
SRF Project No.: C-544276
Approval Date: November 15, 2001

This permit is subject to the following terms and conditions :
The information, submitted on and with Permit Application No. WV0084051, dated the 12th day of September 2001, and additional information received on November 29, 2001, are all hereby made terms and conditions of this Permit with like effect as if all such Permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Division of Water and Waste Management
414 Summers Street, Second Floor
Charleston, WV 25301
Telephone Number: (304) 558-4086
Fax Number: (304) 558-5903

ORG ID 008405 / FILE ID PERMIT 3

West Virginia Department of Environmental Protection

Bob Wise
Governor

Stephanie R. Timmermeyer
Cabinet Secretary

October 29, 2003

Jason Henderson
South Putnam Public Service District
P. O. Box 147
107 S. Poplar Fork Road
Scott Depot, WV 25560

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0084051
Modification No. 1

Dear Mr. Henderson:

This correspondence serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0084051 issued the 6th day of March 2002.

After review and consideration of the information submitted on and with WV/NPDES Water Pollution Control Permit Modification Application No. WV0084051-A, dated the 9th day of April 2002, and other relevant information, the subject Permit is hereby modified to incorporate the following data and changes, respectively.

1. To acquire, construct, install, operate, maintain, and modify the existing wastewater collection system, which will be comprised of 2,000 linear feet of 10 inch PVC gravity sewer line, 9,000 linear feet of eight (8) inch PVC gravity sewer line, 650 linear feet of six (6) inch PVC gravity sewer line, 2,000 linear feet of four (4) inch PVC gravity sewer line, 1,700 linear feet of four (4) inch PVC force main, 2,700 linear feet of two (2) inch PVC force main, 1,400 linear feet of one and one quarter (1¼) inch PVC force main, 1,400 linear feet of one and one half (1½) inch PVC force main, 57 manholes, 9 grinder pump stations, 2 main pumping stations, 4 connection to existing system, and requisite appurtenances.

2. These proposed facilities are to serve the sub-area from north of the Hamrick Ranch property up to and including Cannery lane. The wastewaters are conveyed to the North Putnam Public Service District for subsequent treatment and discharge.

3. To acquire, construct, install, operate, maintain, and modify the existing wastewater collection system, which will be comprised of 17,000 linear feet of eight (8) inch PVC gravity sewer line, 1,700 linear feet of four (4) inch PVC gravity sewer line, 750 linear feet of 10 inch PVC force main, 1,500 linear feet of 10 inch PE force main, 4,800 linear feet of eight (8) inch PVC force main, 10,500 linear feet of six (6) inch PVC force main, 2,200 linear feet of four (4) inch PVC force main, 200 linear feet of two (2)

inch PVC force main, 500 linear feet of one and one quarter (1¼) inch PVC force main, 300 linear feet of one and one half (1½) inch PVC force main, 86 manholes, thre3 grinder pump stations, 4 main pumping stations, 5 connection to existing system, and requisite appurtenances.

4. These proposed facilities are to serve the sub-area south of the Hamrick Ranch property up to and including Teays Pointe Business Park. The wastewaters are conveyed to the Nitro Regional Waste Water Treatment Plant for subsequent treatment and discharge.

5. To acquire, construct, install, operate, maintain, and modify the existing wastewater collection system, which will be comprised of 4,350 linear feet of eight (8) inch PVC, 2,350 linear feet of 15 inch PVC, 2,306 linear feet of 16 inch PVC sewer line, 42 manholes, 53 connectors, and requisite appurtenances.

6. These proposed facilities are to serve a population equivalent of approximately 138 new customers in the Community of Midway. The wastewaters are conveyed to the Town of Eleanor wastewater treatment plants for subsequent treatment and discharge.

This Permit Modification shall, further, be subject to the terms and conditions of the Bureau for Public Health, Office of Environmental Health Services, Permit No. 15,709 dated the 15th day of July 2003.

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit No. WV0084051 shall remain in effect and unchanged.

Sincerely,

Allyn G. Turner
Director

AGT/yp
cc: Env. Inspector Supervisor
Env. Inspector, Putnam County

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
John.Stump@steptoe-johnson.com

April 16, 2007

Putnam Public Service District
Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/bsl
Enclosure

cc: Vincent A. Collins, Esquire

847280.00005

CH886980.1

TERRALEX
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Form **8038-G** (Rev. November 2000)

Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

If **Amended Return**, check here ▶ ☐

Part I Reporting Authority

1	Issuer's name **Putnam Public Service District**	2 Issuer's employer identification number **55 : 0463396**
3	Number and street (or P.O. box if mail is not delivered to street address) **Post Office Box 147**	Room/suite 4 Report number **3 2007-1**
5	City, town, or post office, state, and ZIP code **Scott Depot, West Virginia 25560**	6 Date of issue **March 19, 2007**
7	Name of issue **Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)**	8 CUSIP number **N/A**
9	Name and title of officer or legal representative whom the IRS may call for more information **Mike McNulty, General Manager**	10 Telephone number of officer or legal representative **(304) 757-6551**

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	2,330,000
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	June 1, 2028	$ 2,330,000	$ 2,330,000	12.315 years	3.0191 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	2,330,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	23,000		
25	Proceeds used for credit enhancement	25			
26	Proceeds allocated to reasonably required reserve or replacement fund	26			
27	Proceeds used to currently refund prior issues	27			
28	Proceeds used to advance refund prior issues	28			
29	Total (add lines 24 through 28)			29	23,000
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	2,307,000

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	n/a	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	n/a	years
33	Enter the last date on which the refunded bonds will be called ▶	n/a	
34	Enter the date(s) the refunded bonds were issued ▶	n/a	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
40	If the issuer has identified a hedge, check box ▶ ☐		

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of issuer's authorized representative — Date: 4/9/07

Joe E. Miller, Chairman
Type or print name and title

United States Department of Agriculture
Rural Development
West Virginia State Office

March 19, 2007

Putnam Public Service District
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"), by Putnam Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1975, dated October 23, 1975, issued in the original aggregate principal amount of $605,000, (ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000, (iii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000, (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000, (v) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000, (vi) Sewer Revenue Bonds, Series 2006 A, dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000, and (vii) Sewer Revenue Bonds, Series 2006 B, dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (collectively, the "Prior Bonds"); and (b) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution; and (c) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESSETH my signature on this 19th day of March, 2007.

State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

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WEST VIRGINIA
Water Development Authority

Celebrating 32 Years of Service 1974 - 2006

March 19, 2007

Putnam Public Service District
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Bassett & Lowe, independent certified public accountants, and Steptoe & Johnson PLLC, bond counsel, that the Issuer has met the parity tests and the coverage requirements of the hereinafter defined Prior Bonds, the undersigned duly authorized representative for the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, of Putnam Public Service District (the "Issuer"), hereby consents to the issuance of the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (collectively, the "Bonds"), by 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 Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 and the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (collectively, the "Prior Bonds").

The Authority, as the registered owner of the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (the "Prior Notes"), hereby consents to the issuance of the Bonds without the prepayment of the Prior Notes.

Authorized Representative

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

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **March 19, 2007**

Re: **Putnam Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO PUTNAM PUBLIC SERVICE DISTRICT

Payor:	West Virginia Infrastructure and Jobs Development Council
Amount:	$288,468
Form:	Wire
Payee:	Putnam Public Service District
ABA #:	051502858
Acct #:	1503937
Bank:	Putnam County Bank
Contact:	Rhonda Cunningham (304) 562-9931
Memo:	Series 2007 A Bonds Construction Trust Fund

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 3/16/07 Time 2:30 p.m. LGA Putnam PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
John Stump	Steptoe & Johnson PLLC	353.8196	353.8181	john.stump@steptoe-johnson.com
Sommie Gee	Jackson Kelly PLLC	340.1318	340.1272	sgee@jacksonkelly.com
Barbara B Meadows	Water Development Authority	558.3612	558-0299	bmeadows@wvwda.org
BERNIE YONKOSKY	WATER DEV AUTH	558-3612	558-0299	dyonkosky@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 Mike McNulty, Gen. Mgr. Telephone 304.757.6551 E-Mail mikemcnulty@sppsd.com

Address P.O. Box 147, Scott Depot, West Virginia 25560

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.

A G R E E M E N T

This Agreement Made and entered into this 6th day of Dec., 1976, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia, and the Sanitary Board of the City of Hurricane, West Virginia, hereinafter collectively referred to as "Hurricane," and the Teays Valley Public Service District, a public corporation in Putnam County, West Virginia, hereinafter referred to as "Teays Valley."

W I T N E S S E T H:

WHEREAS, Hurricane has for many years, through its Sanitary Board, owned and operated a sewage collection system and treatment plant serving a portion of Hurricane, which treatment plant is now overloaded and obsolete, and, therefore, the City Council of Hurricane has found and determined that it is now necessary to construct additional collection sewers and a new sewage treatment plant to serve all of the residents, commercial and industrial establishments of Hurricane; and

WHEREAS, Teays Valley has no sewage collection system or treatment facilities and the West Virginia Department of Health has ordered a moratorium on building construction in the Teays Valley area until an adequate sewerage system

is available to serve the needs of the residents of the area, and, therefore, the Commissioners of the Teays Valley Public Service District have found and determined that it is now necessary to construct collection sewers to serve all of the residents, commercial and industrial establishments within the boundaries of Teays Valley and to assure that adequate sewage treatment facilities are available to serve the needs of the residents of Teays Valley; and

WHEREAS, engineering plans and specifications for sewage collection and treatment facilities for Hurricane have been completed and the sewage treatment plant to be constructed by Hurricane is of sufficient size and capacity to serve the residents of both Hurricane and Teays Valley now and in the foreseeable future without any impairment of the usefulness of such sewage treatment plant to Hurricane; and

WHEREAS, engineering plans and specifications for sewage collection facilities for Teays Valley have not been completed, but such plans and specifications are part of work to be performed under the terms of a grant from the United States Environmental Protection Agency ("EPA") to Hurricane, as described more fully in Article X hereof; and

WHEREAS, this Agreement, and the engineering plans and specifications referred to herein, are intended to promote and facilitate the acquisition and construction of a sewage treatment

and collection system to serve the area within Hurricane and that portion of Teays Valley lying to the west of Crooked Creek Road, as shown on the map attached hereto as Exhibit A; and

WHEREAS, Teays Valley has made formal application to Hurricane for treatment and disposal of the sewage from its sewage collection system, and Hurricane has indicated its desire to accept and treat all such sewage received from Teays Valley and Teays Valley has indicated its willingness to pay for the cost of such treatment; and

HURRICANE ACCEPT ALL WASTE

WHEREAS, Hurricane and Teays Valley have expended funds and have made commitments to expend funds and Hurricane has received grant funds from EPA and loan funds from the West Virginia Water Development Authority (hereinafter referred to as "WDA"), all in connection with engineering and designing the proposed sewage treatment and collection system for both Hurricane and Teays Valley and in resolving legal and accounting questions related to the acquisition and construction of such system, as to which expenditures, commitments, loans and grants Hurricane and Teays Valley desire to make provision for between them; and

WHEREAS, Hurricane and Teays Valley entered into an agreement dated February 22, 1973, whereby Hurricane was to design, construct, operate and maintain a sanitary sewer

HURRICANE TREAT ALL WASTE

system to serve, among other areas, all or part of Teays Valley, which agreement the parties desire to rescind; and

WHEREAS, Hurricane and Teays Valley are willing to do all things necessary relating to the acquisition and construction of adequate sewage treatment facilities and collection systems for the Hurricane - Teays Valley area (the "Project");

NOW, THEREFORE, Be it Agreed by and between the City of Hurricane and the Teays Valley Public Service District as follows:

ARTICLE I. CONSTRUCTION AND MAINTENANCE OF SYSTEMS

INTERCEPTOR OBLIGATIONS BY HURRICANE

1. Hurricane shall construct and maintain, at its own expense, subject to the provision for payment by Teays Valley as set forth in Article IX hereof, adequate sewage treatment facilities and an interceptor sewer as defined in Article V hereof for the purpose of accepting and treating the sewage delivered by Teays Valley into the Hurricane system. Hurridane shall acquire, by condemnation or otherwise, adequate land within or in close proximity to the Hurricane corporate boundaries upon which the aforesaid sewage treatment facilities may be constructed. Hurricane shall expand its sewage treatment system from time to time as such expansion becomes necessary to provide adequate capacity in the system to treat the sewage delivered, or projected by a nationally recognized and responsible engineering firm to be delivered, by Teays Valley; provided that the capacity of the Hurricane

EXPANSION OBLIGATION

which is to be reserved for sewage from Teays Valley and future expansions of the treatment facility to meet the sewage treatment needs of Teays Valley shall be set forth in detail in the Service Contract referred to in Article XIII.

2. Hurricane and Teays Valley shall construct and maintain, each at its own expense, a collection system of sanitary sewers to serve the residents of their respective areas in a manner which will prevent excessive infiltration of ground water into such system and shall adopt and enforce regulations prohibiting the draining of storm and surface waters in said sewage collection system. Hurricane and Teays Valley shall further cause to be adopted and enforced regulations concerning the introduction of "industrial" and "prohibited" wastes into sewage collection systems.

3. During the period of this contract and during the renewal periods provided for herein, Teays Valley will utilize the sewage treatment facilities of Hurricane for all sewage from that portion of Teays Valley lying to the west of Crooked Creek, as shown on the map attached hereto as Exhibit A, and will not utilize any competing sewage treatment facilities for the aforesaid portion of Teays Valley, whether owned by Teays Valley or otherwise, and Hurricane will accept and treat the sewage delivered by Teays Valley into the Hurricane collection system. The sewage delivered by Teays Valley to Hurricane will be from metered rate residential, small business, commercial and all

other customers which are connected and served by the sewage collection system of Teays Valley.

ARTICLE II. POINTS OF SERVICE

Hurricane shall provide and maintain a collection sewer to receive the discharge from the outlet sewer line of Teays Valley at a location at or near to the corporate boundary of Hurricane, such location to be approved by the parties. The parties intend that, initially, sewage from Teays Valley shall be transported to Hurricane via a single main line and that the flow of such sewage shall be metered for purposes of charges under Article IX at the point where the Hurricane sewage line joins the Teays Valley sewage line.

Additional points of service for future requirements or the discontinuance thereof shall be provided by an amendment or amendments to this contract as provided for in Article XVI of this contract.

ARTICLE III. APPLICATIONS FOR INDUSTRIAL USERS

Before any connection is made to either the Hurricane or Teays Valley sewage collection systems, all industrial users, regardless of location, as well as all other users located beyond the corporate limits of either Hurricane or Teays Valley, shall first file an application with the Hurricane Sanitary Board (and Teays Valley if such connection is to be

made to the Teays Valley sewage collection system), on forms provided by Hurricane, for their approval. Such application shall describe in detail the contents, characteristics and B.O.D. of such sewage and the estimated GPD flow.

ARTICLE IV. SPECIAL CASES

In the event the sewage, water or other liquid wastes being discharged into the sewage collection system of Teays Valley from any building or premise is determined by the Hurricane Sanitary Board to contain unduly high concentrations of any substances which add to the operating costs of the sewage treatment facilities of Hurricane, then Teays Valley shall, at the request of the Hurricane Sanitary Board, establish special rates or charges or require the owner or other interested party to specially treat such sewage, water or other liquid wastes before it is discharged into the sewage collection system of Teays Valley, provided, however, that any such request made by the Hurricane Sanitary Board shall be no more stringent than those applicable to similar users or classes of users within the jurisdiction of Hurricane.

ARTICLE V. INTERCEPTOR SEWERS

Hurricane shall provide and maintain a sanitary interceptor sewer to the interceptor sewer outlet of Teays Valley of sufficient capacity to fulfill design needs as based on specifications required by West Virginia State Board of Health regulations

and regulations of the West Virginia Department of Natural Resources.

ARTICLE VI. DESIGN STANDARDS

Design standards shall be agreed upon between the Hurricane Sanitary Board and Teays Valley and their respective engineers. These standards shall apply to all sewers constructed in the jurisdiction of both Hurricane and Teays Valley.

In the event of error, omission or doubt concerning design standards, pertinent regulations of EPA, the West Virginia State Department of Health and Department of Natural Resources, if available, shall apply and be used for interpretation.

Said standards may be revised from time to time by mutual consent of the parties to this contract as conditions warrant.

A common sewer use code shall be adopted by Hurricane and Teays Valley and enforcement thereof guaranteed by competent inspection of all sewer plumbing work within the jurisdiction of Hurricane and Teays Valley.

ARTICLE VII. MAINTENANCE OF SERVICE AND SEWAGE TREATMENT FACILITIES

Both Hurricane and Teays Valley agree to maintain their respective sanitary interceptor sewers to the point or points of service to such degree and thoroughness that the design capacity is maintained at all times.

Hurricane shall provide, operate and maintain sewage treatment facilities sufficient to meet all applicable requirements of the West Virginia State Department of Health and the West Virginia Department of Natural Resources and shall further save Teays Valley harmless from any compliance order issued against said treatment facilities by the West Virginia Department of Health and/or the West Virginia Department of Natural Resources.

ARTICLE VIII. BILLING AND COLLECTION

Hurricane and Teays Valley agree to bill and collect all charges due for sewer service to users connected to their respective sewage collection systems, and Hurricane and Teays Valley further agree to adopt rules and regulations to enforce the collection of such bills. The records of Hurricane and Teays Valley shall be made available, each to the other, for the purpose of making any annual audit as may be required by the ordinance or resolution adopted by Hurricane or Teays Valley, respectively, authorizing the issuance of revenue bonds to finance the cost of acquisition and construction of their respective sewage systems.

ARTICLE IX. CHARGES FOR BILLING, COLLECTION AND SEWAGE TREATMENT SERVICES

1. In consideration of the additional capital cost incurred by Hurricane for the construction of sewage collection and treatment facilitites of sufficient size and capacity to serve the users of the sewage collection system of Teays Valley

and for the services rendered by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, Hurricane will charge, and Teays Valley will pay as an operating expense of its sewage collection system and solely from the revenues derived from the operation thereof, a monthly amount, to be determined by the Independent Accountant provided for in Paragraph 3 of this Article, equivalent to the cost incurred by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, provided that the amount paid by Teays Valley to Hurricane in any fiscal year, as defined in the ordinance adopted by the City Council of Hurricane authorizing the issuance of revenue bonds to finance the cost of acquisition and construction of sewage treatment facilities in Hurricane, shall in no event be less than a minimum amount to be computed and/or approved by an Independent Accountant, as provided for herein, in order to assure adequate income to Hurricane to pay (i) the interest on and principal of that portion of the aforesaid revenue bonds used to finance that portion of Hurricane's treatment facilities used in treating sewage from Teays Valley, and (ii) the operation and maintenance costs of that portion of Hurricane's treatment facilities used in treating sewage from Teays Valley.

The rates or charges to Teays Valley hereunder shall be related to the use of the Hurricane sewage treatment facilities

by Teays Valley and shall be measured and determined by the amount necessary to provide monthly revenues from Teays Valley required to pay the principal of and interest on and reserves (including payments into any renewal and replacement fund) for the bonds of Hurricane issued to finance the cost of design, acquisition, construction, operation and maintenance of that portion of the Hurricane treatment facility, and any additions thereto, necessary to collect, treat and dispose of the sanitary sewage and industrial wastes of Teays Valley. Such costs shall include the actual cost of treatment of the industrial wastes and sanitary sewage of Teays Valley, the proportionate share of the cost of operation and maintenance of the Hurricane sewage treatment facilities and any sewer line or lines installed or acquired to provide such services and facilities to Teays Valley, all as determined by the Independent Accountant.

In addition, such rates or charges shall be increased pro rata with the rates of other users of the Hurricane treatment facility from time to time and to the full extent necessary to produce, together with the revenues received from the collection of fair, just and equitable rates or charges from the other users of the Hurricane treatment facility, adequate revenues in each year to pay all expenses of operation, repair and maintenance of the Hurricane treatment facility, the principal

of and interest on the outstanding bonds payable from the revenues of the Hurricane treatment facility and all other payments required by the covenants, provisions and requirements of the proceedings authorizing the issuance of any such bonds by Hurricane.

2. Hurricane and Teays Valley agree that the rates or charges for the use of and services rendered by their respective sewage systems shall be sufficient to produce gross revenues to operate and maintain their respective systems, to amortize any outstanding bonds issued to finance the cost of their respective systems, to create adequate reserves for such purposes, and to meet the requirements of all federal and state laws and regulations. Said rates or charges shall at all times be based on a percentage of the usage of water service furnished by Hurricane and Teays Valley, except those users who are receiving sewer service under other arrangements.

3. Hurricane and Teays Valley shall employ an Independent Accountant, who shall be a CPA customarily engaged in utility financing and with experience in testifying in West Virginia Public Service Commission rate cases, to render such services as are required by the terms of this Agreement. The cost of the services of the Independent Accountant shall be borne by the parties in equal amounts.

4. The cost of the services of the Project Manager or Review Engineer, if required, shall be borne solely by the party

requiring such services.

5. Teays Valley agrees to bill, collect and remit to Hurricane Industrial Cost Recovery Payments by industrial users of the system pursuant to appropriate EPA regulations.

ARTICLE X. GRANT AND LOAN FUNDS

1. Hurricane agrees to transmit and Teays Valley agrees to accept the EPA Step II and/or Step III portions of the Phase II engineering and design work which has been performed for Hurricane, all as described in the EPA grant to Hurricane for acquisition and construction of a sewage system in the Hurricane - Teays Valley area. Teays Valley agrees to assume responsibility for the repayment of (i) any WDA loan funds paid by Hurricane to engineers for such plans as may be transferred to Teays Valley and (ii) any WDA funds heretofore or hereafter used to finance work on sewage collection facilities in the area of Teays Valley. Teays Valley further agrees to apply for such WDA loan funds as may be available to finance the remainder of the Step II work. Hurricane and Teays Valley agree that Teays Valley will accept the transfer of EPA grant funds, upon offer by EPA, previously offered to Hurricane in connection with acquisition and construction of the Teays Valley portion of the sewer system in the Hurricane - Teays Valley area.

2. Hurricane and Teays Valley agree to proceed immediately to obtain such grant and loan funds as may be necessary and

available to acquire and construct a sewage system in the Hurricane Teays Valley area and to provide needed sewage services to such area.

ARTICLE XI. RESCISSION OF PREVIOUS AGREEMENTS

Hurricane and Teays Valley hereby rescind and cancel that agreement between them dated February 22, 1973, whereby Hurricane was to design, construct, operate and maintain a sanitary sewer system to serve, among other areas, all or part of Teays Valley. Hurricane and Teays Valley further rescind and cancel any other agreement or understanding between them, or parts thereof, inconsistent herewith.

ARTICLE XII. COOPERATION

Hurricane and Teays Valley recognize that their respective sewerage systems are interdependent. The parties agree that if either party finds it necessary to retain a project manager ("Project Manager") to review and coordinate the acquisition and construction of the project, then both parties shall cooperate with said Project Manager. The parties also recognize that the investment banker retained by either party may require the employment of an engineer to review design documents, and other work related to the project, as a condition of the underwriting agreement and the parties hereby agree to cooperate with said engineer ("Review Engineer").

Hurricane and Teays Valley agree to cooperate with investment bankers selected by any or all of the parties, bond counsel, attorneys for each of the parties and the Project Manager and Independent Accountant, and further to do all things necessary to effectuate the sale of the revenue bonds of each of the parties hereto to finance a portion of the cost of a sewage system in the Hurricane and Teays Valley area.

ARTICLE XIII. SERVICE CONTRACT

Hurricane and Teays Valley agree to enter into and execute a service contract ("Service Contract") to describe further the legal relationship between them in connection with the operation of their respective sewer systems, and to further define the concepts of operation contained herein, including, but not limited to, rates and sewage flows. The parties contemplate that the Service Contract will contain an initial schedule of rates and charges between Hurricane and Teays Valley and to users of the parties' sewer systems.

ARTICLE XIV. SALE OR TRANSFER

This contract shall be binding upon the successors and assigns of the parties hereto and any sale or transfer by the parties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such a manner so that the rights of the parties to this contract shall be fully preserved and perpetuated.

ARTICLE XV. APPROVAL OF PUBLIC SERVICE COMMISSION

Both Hurricane and Teays Valley agree to cooperate in

submitting a petition to the Public Service Commission of West Virginia for approval of this contract in accordance with the rules and regulations promulgated by said Public Service Commission and the pertinent laws of West Virginia in this matter.

ARTICLE XVI. MODIFICATION

This contract may be modified by amendment acceptable to the Hurricane Sanitary Board and Teays Valley, provided that any such amendment is approved, ratified and confirmed by ordinance adopted by the City Council of Hurricane.

ARTICLE XVII. DURATION

It is mutually agreed by the parties hereto that this contract shall remain in full force and effect for the maximum period allowed by law, not to exceed forty years, provided that unless either party gives written notice to the other party, not less than five years prior to termination of the period, of an intention not to renew, this Agreement shall be automatically renewed on the same terms and conditions for succeeding terms of fifteen years.

ARTICLE XVIII. SEVERANCE

If for any reason any section, paragraph, clause or provision of this contract shall be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect the validity of any of the remaining portions of this contract.

ARTICLE XIX. PERFORMANCE

Hurricane and Teays Valley agree that land for treatment facilities will be acquired or condemnation proceedings begun prior to January 1, 1977, and construction on the Hurricane sewage treatment facility shall begin on or before May 1, 1977, and that both parties shall have completed the acquisition and construction of their respective systems on or before January 1, 1980, in order to assure that adequate sewage treatment facilities will be available to Teays Valley and that revenues for transporting and treating sewage from Teays Valley will be available to Hurricane by January 1, 1980. The parties further agree that time is of the essence of this Agreement and that all duties required and anticipated by this Agreement to be performed, including the payment of funds for construction of the sewage systems, are deemed to be mandatory acts of the appropriate public officials.

The parties hereto agree that upon failure of either party to meet the foregoing construction dates, the other party shall have, in addition to rights provided by law, the right to specific performance by the non-complying party; provided, however, that both parties hereby waive any rights under law that they may have to rescind this Agreement, it being the intention of both parties to be bound by this Agreement for the term stated in Article XVII.

IN WITNESS WHEREOF, the City of Hurricane, pursuant

to an ordinance opted by the Council of s d City on 6th of December, 1976, has caused its name to be subscribed here to by Raymond Peak, its Mayor, and the Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on DECEMBER 6, 1976, has caused its name to be subscribed hereunto by RAYMOND PEAK, as the duly authorized Chairman of its Sanitary Board, and attested by JACK H. GIBSON, the Secretary-Treasurer of said Sanitary Board, and the Teays Valley Public Service District, pursuant to a Resolution adopted DECEMBER 6, 1976, by the Commissioners of said District, has caused its name to be subscribed hereunto by B. M. HOFFMAN, as its duly authorized Chairman, and attested by T. A. GALYEAN, JR., the Secretary of said District, this 6th day of DECEMBER, 1976.

CITY OF HURRICANE, WEST VIRGINIA

By Raymond Peak
Mayor and Chairman of the Sanitary Board of Hurricane, West Virginia

Attest:

Jack H. Gibson
Secretary-Treasurer, Sanitary Board of Hurricane, West Virginia

TEAYS VALLEY PUBLIC SERVICE DISTRICT

By _____
Chairman of the Teays Valley
Public Service District

Attest:

_____
Teays Valley Public Service District

SERVICE CONTRACT

THIS SERVICE CONTRACT, Made this the 28th day of June, 1978, by and among THE CITY OF HURRICANE, a municipal corporation in Putnam County, West Virginia, and THE SANITARY BOARD OF THE CITY OF HURRICANE, WEST VIRGINIA, hereinafter collectively referred to as "Hurricane", and THE TEAYS VALLEY PUBLIC SERVICE DISTRICT, a public corporation in Putnam County, West Virginia, hereinafter referred to as "Teays Valley".

W I T N E S S E T H:

WHEREAS, Hurricane and Teays Valley entered into and executed an Agreement on the 6th day of December, 1976, relating to the acquisition, construction and operation of sewage treatment facilities and collection systems for the Hurricane-Teays Valley area, a copy of which Agreement is attached hereto and made a part hereof; and

WHEREAS, the said Agreement calls for the entering into and execution of a Service Contract to describe further the legal relationship between Hurricane and Teays Valley in connection with the operation of their respective sewer systems; and

WHEREAS, Hurricane is constructing the sewage treatment facilities and preparing to construct the interceptor sewer to receive the discharge from the outlet sewer line of Teays Valley, as set forth in said Agreement; and

WHEREAS, Teays Valley is preparing to construct a sewage collection system as set forth in said Agreement and is preparing to file a petition with the Public Service Commission of the State of West Virginia for a Certificate of Convenience and Necessity to operate said sewer collection system and to place into effect certain rates and charges to be made by it for the sale of its services to its customers;

NOW, THEREFORE, be it agreed by and among The City of Hurricane, The Sanitary Board of the City of Hurricane, and The Teays Valley Public Service District as follows:

ARTICLE I. AGREEMENT TO USE AND ACCEPT

During the period of this contract and during the period of any renewal hereof, Teays Valley will utilize the sewage treatment facilities of Hurricane for all sewage from that portion of Teays Valley lying to the west of Crooked Creek, as set forth in Exhibit A attached to the Agreement of December 6, 1976, and will not utilize any competing sewage treatment facilities for the aforesaid portion of Teays Valley, whether owned by Teays Valley or otherwise, and Hurricane will accept and treat the sewage delivered by Teays Valley into the Hurricane collection system. The sewage delivered by Teays Valley to Hurricane will be from residential, small business, commercial, authorized industrial, and all other customers which are connected and served by the sewage collection system of Teays Valley. Hurricane shall construct and maintain, at its own expense,

subject to the provision for payment by Teays Valley as set forth hereinafter, adequate sewage treatment facilities and an adequate interceptor sewer or adequate interceptor sewers for the purpose of accepting and treating all of the sewage delivered or tendered for delivery by Teays Valley into the Hurricane system, and shall expand its sewage treatment system and interceptor sewer or sewers from time to time as such expansion becomes necessary to provide adequate capacity in the system to treat the sewage so delivered by Teays Valley; it is estimated that after January 1, 1979, but prior to December 31, 1979, Teays Valley will have approximately 1,300 customers connected to and served by the sewage collection system of Teays Valley.

ARTICLE II. POINTS OF SERVICE

Hurricane shall provide and maintain a collection sewer of adequate design and capacity to receive the discharge from the outlet sewer line of Teays Valley at the following location: at the southwest corner of the intersection of West Virginia Route No. 34 and the boundary of Teays Valley.

Additional points of service for future requirements or the discontinuance thereof shall be provided by an amendment or amendments to this contract as provided for in ARTICLE VII of this contract.

ARTICLE III. RATES AND CHARGES

1. In consideration of the additional capital cost

incurred by Hurricane for the construction of sewage treatment facilities of sufficient size and capacity to serve the users of the sewage collection system of Teays Valley and for the services rendered by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, Hurricane will charge Teays Valley, and Teays Valley will pay to Hurricane as an operating expense of Teays Valley's sewage collection system and solely from the revenues derived from the operation thereof, as follows:

a. During the first year that sewage treatment services are provided pursuant to this contract, Teays Valley will pay a charge of $0.98 for every 1,000 gallons, or fraction thereof, of sewage delivered by Teays Valley into the Hurricane system as measured at the point or points of service set forth in ARTICLE II above.

b. After the first anniversary of the commencement of sewage treatment services rendered pursuant hereto, and annually thereafter, the Independent Accountant provided for in ARTICLE IX, paragraph 3 of the Agreement dated December 6, 1976, shall calculate, on a per 1,000 gallons basis, the amount that would have been necessary during the preceding year to provide total revenues from Teays Valley sufficient to pay Teays Valley's proportionate share of the actual cost of operation and maintenance of

the Hurricane treatment facility and of any of Hurricane's sewer line or lines used to provide and make available such services and facilities to Teays Valley plus Teays Valley's proportionate share of the principal of and interest on the outstanding bonds the proceeds of which, or other necessary capital expenditures which, were used to design and construct such treatment facility and such sewer line or lines. Such proportionate share shall be based upon the proportional relationship between the total number of gallons of sewage delivered by Teays Valley into the Hurricane system and the total number of gallons of sewage treated at the Hurricane sewage treatment facility during the preceding year.

(1) The amount calculated pursuant to this Subparagraph b., on a 1,000 gallons basis, shall then be the rate to be charged by Hurricane and to be paid by Teays Valley during the next succeeding year and until the next annual review and recalculation.

(2) In addition, the amount calculated pursuant to this Subparagraph b. shall be applied retroactively to the bills for service rendered during the preceding year, and an appropriate adjustment shall be made either by refunding to Teays Valley the amount of any overpayment or by paying to Hurricane the amount of any underpayment.

c. If, at any time during the continuance of this contract or any renewal hereof, an accurate measurement

of sewage flows is not available, corrections shall be made as set forth in ARTICLE IV, Paragraph 4 below.

d. Bills will be rendered each calendar month by Hurricane to Teays Valley for the services rendered by Hurricane during the preceding calendar month, and each such bill shall be payable at the office of Hurricane on or before the fifteenth (15th) day after the date of such bill.

e. In any event, there shall be a minimum monthly charge in the amount of $2,500 to be paid to Hurricane by Teays Valley commencing with the commencement of sewage treatment services rendered pursuant thereto.

ARTICLE IV. METERS

1. Hurricane shall install, connect, maintain and operate at each point of service provided for in Article II, above, such meter or meters as shall be necessary to measure and record the amount of sewage delivered by Teays Valley into the Hurricane system. The meters required in this paragraph shall be bubbler system meters.

2. Hurricane shall install, connect, maintain and operate on the intake of influent line or lines into its sewage treatment plant such meters as shall be necessary to measure and record the amount of intake or influent into the sewage treatment plant.

3. All of the meters described in paragraphs 1 and 2, next above, shall belong to Hurricane. The meters shall be read by Hurricane and tested and calibrated regularly by Hurricane and shall, at reasonable times, upon the written request and in the presence of the duly authorized representative of Teays Valley, be subject to such additional standard tests as may be necessary to establish their accuracy. In any event, each meter shall be tested and calibrated by Hurricane no less frequently than once every twelve (12) calendar months. Hurricane shall, at all times, maintain a complete spare parts inventory and a standby transmitter and recorder for all meters.

4. Teays Valley shall, under no circumstances, interfere with the meters. However, Teays Valley may, at its own expense, install, connect, maintain and operate a recorder in its office to receive simultaneous flow records from each meter, and all meters shall be designed, installed, connected and maintained in a manner to permit such connection by Teays Valley. In case of defective service, Teays Valley shall immediately give notice thereof to Hurricane. If tests show that a meter is not accurate, the meter shall be restored to a condition of accuracy satisfactory to the representatives of both parties. If the inaccuracy of any meter shall exceed two percent (2%), the previous readings of such meter shall be corrected for the two months previous to such test in accordance with the percentage of inaccuracy found by such test, but such correction shall not be for any period prior to the most recent date on which such meter was found to be accurate within two percent (2%).

If any meter fails to register for any period, the amount of waste water furnished during such period shall be deemed to be the amount of waste water delivered in the corresponding period immediately prior to the failure, unless Hurricane and Teays Valley shall agree upon a different amount.

ARTICLE V. TREATMENT STANDARDS AND INDEMNIFICATION

Hurricane shall provide, operate and maintain sewage treatment facilities sufficient to meet all applicable requirements of the Federal, State and local governments and governmental agencies, and shall assume responsibility for all sewage delivered to Hurricane by Teays Valley at the point or points of service. Hurricane shall further defend, indemnify and save harmless Teays Valley from any compliance order issued against said treatment facilities and from any claims, liability or damages against Teays Valley arising out of the operation of the said treatment facilities or the handling and treatment of sewage delivered to it by Teays Valley at the point or points of service.

ARTICLE VI. APPROVAL OF PUBLIC SERVICE COMMISSION

It is understood that this contract is subject to approval by the Public Service Commission of West Virginia and the parties hereto agree to cooperate in submitting a petition to the Public Service Commission of West Virginia for approval of this contract in accordance with the rules and regulations promulgated by said Public Service Commission and the pertinent laws of West Virginia.

ARTICLE VII. MODIFICATION

This contract may be modified by amendment mutually acceptable to and agreed upon by all of the parties to this agreement, provided that any such amendment is approved, ratified, and confirmed by ordinance adopted by the City Council of Hurricane.

ARTICLE VIII. TERM

This contract shall remain in full force and effect for a period of forty (40) years, provided that unless either party gives written notice to the other party, not less than five (5) years prior to termination of the period, of an intention not to renew, this agreement shall be automatically revewed on the same terms and conditions for succeeding terms of fifteen (15) years.

ARTICLE IX. RELATION TO PREVIOUS AGREEMENT

It is understood and agreed by the parties hereto that this contract is intended to supplement the agreement between the parties made and entered into on December 6, 1976, and that the Agreement of December 6, 1976, remains in full force and effect, except that if and to the extent that there is any conflict between this contract and the Agreement of December 6, 1976, this contract shall control.

ARTICLE X. SUCCESSION OR ASSIGNMENT

This contract shall be binding upon and its benefits shall inure to the successors and assigns of the parties hereto

and any sale or transfer by the parties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such manner so that the rights of the parties to this contract shall be fully preserved and perpetuated.

IN WITNESS WHEREOF, The City of Hurricane, pursuant to an ordinance adopted by the Council of said City on June 28, 1978, has caused its name to be subscribed hereto by L. I. Williams, its Mayor, and The Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on June 28, 1978, has caused its name to be subscribed hereunto by L. I. Williams, as the duly authorized Chairman of its Sanitary Board, and attested by Jack H. Gibson, the Secretary-Treasurer of said Sanitary Board, and Teays Valley Public Service District, pursuant to a resolution adopted June 28, 1978, by the Commissioners of said District, has caused its name to be subscribed hereunto by T. A. Galyean, Jr., its duly authorized Chairman, and attested by William Snyder, the Secretary of said District, this the 28th day of June, 1978.

THE CITY OF HURRICANE

By L. I. Williams
Mayor

THE SANITARY BOARD OF THE CITY

By L. I. Williams
Chairman

ATTEST:

Jack H Gibson
Secretary-Treasurer

TEAYS VALLEY PUBLIC SERVICE DISTRICT

By _____
Chairman

ATTEST:

_____
Secretary

A G R E E M E N T

This AGREEMENT Made this 30 day of August, 1980, by and among JAMES W. LOUGHNER, SR., hereinafter referred to as "Developer", the CITY OF HURRICANE, a Municipal Corporation, and the SANITARY BOARD OF THE CITY OF HURRICANE, West Virginia, hereinafter collectively referred to as "Hurricane", and the TEAYS VALLEY PUBLIC SERVICE DISTRICT, a public corporation, hereinafter referred to as "Teays Valley".

W I T N E S S E T H :

WHEREAS, Hurricane and Teays Valley entered into and executed an Agreement on the 6th day of December, 1976, relating to the acquisition, construction and operation of sewage treatment facilities and collection systems for the Hurricane-Teays Valley Area; and

WHEREAS, said Agreement was supplemented by the said parties by a Service Contract dated June 28, 1978, and duly executed; and

WHEREAS, the said Agreements provide in part that Hurricane would treat sewage delivered unto it by Teays Valley upon terms as set forth therein; and

WHEREAS, the said Agreements define the boundaries of Teays Valley substantially as follows:

On the East by Crooked Creek, on the South by the C & O Railroad, on the North by Interstate 64 and on the West by the boundaries of Hurricane; and

WHEREAS, Teays Valley provides water service to certain areas outside of these boundaries and in particular to residential developments along Poplar Ford Road, which is immediately north and adjacent to Interstate 64; and

WHEREAS, the Developer desires to construct a sewer line along a portion of North Poplar Fork, underneath Interstate 64 and connecting to the sewage collection system of Teays Valley to serve these present and future residential water users of Teays Valley; and

WHEREAS, the Developer is agreeable to constructing said line in conformity to the engineering requirements for said line and Developer pay back provisions as set forth in the rules and regulations of Teays Valley; and

WHEREAS, the said proposed line would create additional customers of and increased revenues for Hurricane and Teays Valley who would pay the same charges and be subject to the same regulations as all other sewage customers of Teays Valley; and

WHEREAS, the said proposed line is within the existing service area of Teays Valley, but outside of its defined boundaries, a question has arisen as to whether the said line proposed to be constructed by the Developer may be connected to the collection system of Teays Valley and further whether the sewage delivered unto Teays Valley through said line may be treated by Hurricane; and

WHEREAS, Teays Valley is desirous of permitting the said Developer to attach its proposed line to the collection system of Teays Valley, subject to the applicable regulations of Teays Valley; and

WHEREAS, Hurricane is desirous of treating the sewage collection from the said proposed line of the Developer at the applicable rate that all sewage is received and treated by Hurricane from Teays Valley;

THEREFORE, in consideration of the mutual promises hereunder, be it agreed by and among the Developer, Hurricane and Teays Valley as follows:

FIRST: The Developer may connect its proposed sewer line to the sewage collection system of Teays Valley at a point shown upon those certain plans and specifications prepared by Randolph Engineering Co. and attached hereto and made a part hereof: Provided, that said proposed line shall comply in all respects to the applicable regulations of Teays Valley pertaining to its design and construction.

SECOND: The Developer agrees that all users connected to its proposed line shall be eligible users as defined by the regulations of Teays Valley and further that all such users shall be regular customers of Teays Valley and shall be obligated to pay the customary rates and charges of Teays Valley for sewage collection services.

THIRD: Hurricane agrees to accept and treat from Teays Valley sewage collected by the proposed line from the Developer and Teays Valley agrees to pay unto Hurricane for such treatment upon the same terms and conditions as set forth in that certain Service Contract dated June 28, 1978, by and among Hurricane and Teays Valley.

IN WITNESS WHEREOF, James W. Loughner, Sr. has caused his name and seal to be affixed hereto; the City of Hurricane, has caused its name

to be subscribed hereto by L. I. Williams, its Mayor, duly authorized; the Sanitary Board of the City of Hurricane, has caused its name to be subscribed hereto by L. I. Williams, its Chairman, duly authorized; and the Teays Valley Public Service District has caused its name to be subscribed hereto by B. M. Hoffman, its Chairman, duly authorized.

James W. Loughner Sr. (SEAL)
JAMES W. LOUGHNER, SR.

(SEAL)

THE CITY OF HURRICANE

By: L. I. Williams
L. I. Williams, Mayor

(SEAL)

THE SANITARY BOARD OF THE CITY OF HURRICANE

By: L. I. Williams
L. I. Williams, Chairman

Attest: _____
Secretary, Treasurer

(SEAL)

TEAYS VALLEY PUBLIC SERVICE DISTRICT

By: B. M. Hoffman
B. M. Hoffman, Chairman

Attest: Fred D. Scott
Secretary

M O D I F I C A T I O N

THIS MODIFICATION, made and entered into this 27th day of May, 1981, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia, and the Sanitary Board of the City of Hurricane, West Virginia, hereinafter collectively referred to as "Hurricane", and the South Putnam Public Service District, a public corporation in Putnam County, West Virginia, hereinafter referred to as "South Putnam".

W I T N E S S E T H:

WHEREAS, the parties hereto entered into that certain Agreement dated December 6, 1976, thereby establishing certain terms and conditions with regard to the collection and treatment of sewage and establishing the means for modifying said agreement; and

WHEREAS, subsequent to the said Agreement Hurricane constructed and now operates a sewage treatment facility which has been designed and constructed to serve additional areas; and

WHEREAS, by order of the County Commission of Putnam County dated the 10th day of March, 1981, the name of the Teays Valley PSD was changed to South Putnam Public Service District and its service area was increased to include service for sewage collection for areas outside the City of Hurricane; and

WHEREAS, engineering plans and specifications for additional collection sewers for the Hurricane area have been completed; and

WHEREAS, this Modification, the Agreement of December 6, 1976, and the engineering plans and specifications are intended to promote and facilitate the application for funds to construct a sewage collection system to serve the Hurricane area; and

WHEREAS, Hurricane and South Putnam are willing to do all things necessary relating to the acquisition and construction of the Hurricane area collection system; now

THEREFORE, be it agreed by and between the City of Hurricane and the South Putnam PSD as follows:

A) Throughout the Agreement where the term "Teays Valley" is used to refer to the public service district, the term shall be modified to read "South Putnam".

B) The Hurricane area collector system is as defined in the Environmental Protection Agency project number C-540502-02.

C) That Hurricane and South Putnam shall enter into a service agreement as provided in Article XIII of the Agreement.

D) The South Putnam service areas shall be expanded to include the area defined in (B) above, and the area as defined in EPA project #C-540214.

IN WITNESS WHEREOF, pursuant to a resolution adopted by the Sanitary Board of the City of Hurricane on May 27, 1981, has caused its name to be subscribed hereto by L. I. Williams, its Mayor, and the Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on May 27, 1981, has caused its name to be subscribed hereunto by L. I. Williams, as the duly authorized Chairman of its Sanitary Board, and attested by GEORGE R. GREENACRE, the Secretary-Treasurer of said Sanitary Board, and South Putnam Public Service District, pursuant to a resolution adopted May 26, 1981, by the Commissioners of said District, has caused its name to be subscribed hereunto by B. M. Hoffman, its duly authorized Chairman, and attested by Fred D. Stottlemyer, the Secretary of said District, this the 26th day of May, 1981.

THE CITY OF HURRICANE

By _____
Mayor

THE CITY OF HURRICANE

_____
ATTEST: Secretary/Treasurer

THE SANITARY BOARD OF THE CITY

By _____
Chairman

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By _____
Chairman

WITNESS:

_____
Secretary

This service contract made this the 10th day of August, 1981, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia and the Sanitary Board of the City of Hurricane, West Virginia hereinafter collectively referred to as "Hurricane" and the South Putnam Public Service District, a public corporation in Putnam County, West Virginia hereinafter referred to as "South Putnam".

WITNESSETH

Whereas, Hurricane and Teays Valley Public Service District, the predecessor to "South Putnam" entered into and executed an Agreement on the 6th day of December, 1976, relating to the acquisition, construction, and operation of sewage treatment facilities and collection systems for the Hurricane-Teays Valley area, and entered into and executed a "Service Contract" on the 28th day of June, 1978, which further described the legal relationship between Hurricane and Teays Valley Public Service District in connection with operation of their respective sewer system, copies of which Agreements are attached and made a part hereof and:

Whereas the Putnam County Commission has expanded the boundaries and changed the name of the Teays Valley Public Service District to the South Putnam Public Service District and whereas Article XII of said Agreement binds the successors to all provisions of the contract and;

Whereas Hurricane has constructed a sewage treatment plant and interceptor sewers to receive the discharge from South Putnam and;

Whereas South Putnam desires to expand its sewer collection system and is discharging sewage into the Hurricane system in accordance with the terms and conditions of said Agreement and Service Contract and;

Whereas South Putnam desires to expand its sewer collection system and is preparing to file a petition with the Public Service Commission of the State of West Virginia for a Certificate of Convenience and Necessity to operate said sewer collection system and to place into effect certain rates and charges to be made by it for the sale of its services to its customers;

Whereas said Agreement and Service Contract provided for an annual establishment each year of the charge per thousand gallons of sewage delivered by South Putnam into the Hurricane system for treatment and whereas the first years proportional treatment cost are now available, and

Whereas the proposed new collection system to be constructed by South Putnam requires other modifications to the "Service Contract" and;

Whereas Hurricane and South Putnam on May 27, 1981, made and entered into a modification agreement and said modification agreement called for both parties to enter into a service contract as provided in Article XIII of the December 6, 1976 agreement;

Now, Therefore be it agreed by and among the City of Hurricane and the South Putnam Public Service District as follows:

Article I Agreement to Use and Accept

During the period of this contract and during the period of any renewal hereof, South Putnam will utilize the sewage treatment facilities of Hurricane for all sewage from,

a) that portion of South Putnam lying to the west of Crooked Creek as set forth in Exhibit A attached to the Agreement of December 6, 1976 and,

b) that portion of South Putnam as described by the U.S. Environmental Protection Agency, Project C540502.

c) that portion of South Putnam to a point five thousand feet (5,000') north of the west bound lane of I64 and lying in the Lick Branch of Poplar Fork and the Poplar Fork Creek watersheds including that area in and around the water impoundment of the Teays Valley Water Plant,

and will not utilize any competing sewage treatment facilities for the aforesaid portion of South Putnam, whether, owned by South Putnam or otherwise and Hurricane will accept and treat the sewage delivered by South Putnam into the Hurricane system. The sewage delivered by South Putnam to Hurricane will be from the residential,

small business, commercial, authorized industrial, and all other customers which are connected and served by the sewage collection system of South Putnam. Hurricane shall construct and maintain, at its own expense, subject to the provisions for payment by South Putnam as set forth hereinafter, adequate sewage treatment facilities and an adequate interceptor sewer or adequate interceptor sewers for the purpose of accepting and treating all of the sewage delivered or tendered for delivery by South Putnam into the Hurricane system, and shall expand its sewage treatment system and interceptor sewer or sewers from time to time so as to provide adequate capacity in the system to treat the sewage so delivered by South Putnam; it is estimated that after September 1, 1982, but prior to December 31, 1982, South Putnam will have approximately 2,200 customers connected to and served by the sewage collection system of South Putnam.

Article II Points of Service

Hurricane shall provide and maintain a collection sewer of adequate design and capacity to receive the discharge from the outlet sewer lines of South Putnam at the following locations:

1) at the Route 34 metering station adjacent to the Hurricane Water Reservoir
2) at the terminal manhole #1 on the main interceptor line near the old treatment plant
3) at the terminal manhole adjacent to Standard Foods on Virginia Avenue
4) at the manhole located approximately fifty feet (50') east of Carlile Street, midway between Virginia and Putnam Avenue
5) at the manhole north of the C & O Railroad crossing near Standard Foods
6) at the terminal manhole on the east side of Lynn Street near Interstate 64
7) at manhole #72 near the main pump station on Hurricane Creek near Hurricane High School
8) at the Force Main to the treatment plant just south of Interstate 64
9) at the following manholes on the new interceptor from Teays Valley to the pump station

1) Manhole #28

2) Manhole #73

3) Manhole #75

4) at a new manhole to be constructed between manhole #22 and #23

Additional points of service for future requirements or the discontinuance thereof shall be provided by an amendment or amendments to this contract as provided for in Article VIII of this contract.

Article III Rates and Charges

a) South Putnam Public Service District will pay a charge per 1,000 gallons of sewage delivered by South Putnam into the Hurricane system as measured at the points of service set forth in Article II above or as computed from water use records as set forth in Article IV.

b) At the end of each fiscal year (June 30th) the Independent Accountant provided for in Article IX, paragraph 3 of the Agreement dated December 6, 1976 shall calculate on a per thousand (1,000) gallon basis, the amount that would have been necessary during the proceeding year to provide total revenues from South Putnam sufficient to pay South Putnam's proportionate share of the actual cost of operation and maintenance of the Hurricane treatment facility and of any of Hurricane's sewer lines used to provide and make available such services and facilities to South Putnam plus South Putnam's proportionate share of the principal of and interest on the outstanding bonds, the proceeds of which, or other necessary capital expenditures which, were used to design and construct such treatment facility and sewer line or lines. In computing the proportionate share, South Putnam shall receive a credit for the actual cost of operations and maintenance of the South Putnam line or lines used to provide and make service available to Hurricane plus Hurricane's proportionate share of the principal of and interest on the outstanding bonds, the proceeds of which, ot other necessary capital expenditures which, were used to design and construct such sewer line or lines. Such proportionate share shall be based upon the proportional relationship between the total number of gallons of sewage delivered by South Putnam into the Hurricane system and the total number of gallons of sewage treated at the Hurricane sewage treatment facility during the preceeding year.

1) The amount calculated pursuant to this Sub-paragraph "b", on a 1,000 gallon basis, shall then be the rate to be charged by Hurricane and to be paid by South Putnam during the next succeeding year and until the next annual review and recalculation.

2) In addition, the amount calculated pursuant to this Sub-paragraph "b" shall be applied retroactively to the bills for service rendered during the preceeding years and an appropriate adjustment shall be made either by refunding to South Putnam the amount of any overpayment or by paying to Hurricane the amount of any underpayment.

c) If at any time during the continuance of this contract or any renewal hereof, an accurate measurement of sewage flow is not available, corrections shall be made as set forth in Article IV, Paragraph d. below.

d) Bills will be rendered each calendar month by Hurricane to South Putnam for the services rendered by Hurricane during the preceeding calendar month, and each bill shall be payable at the office of Hurricane on or before the twentieth (20th) day after the date of such bill.

Article IV Meters and Metering

a) Hurricane shall install, connect, maintain and operate at the following points of service meters as shall be necessary to measure and record the amount of sewage delivered by South Putnam into the Hurricane system.

1) East Hurricane Metering Station.

The terminal point of the Hurricane interceptor at the former boundary line of the Teays Valley Public Service District adjacent to Route 34 and the Hurricane Water Reservoir.

2) West Hurricane Metering Station.

At a point near the connection point of the existing Hurricane interceptor and the South Putnam interceptor between manhole 3018 A and B.

b) Hurricane shall install, connect, maintain and operate on the intake of influent line or lines into its sewage treatment plant such meters as shall be necessary to measure and record the amount of intake or influent into the sewage treatment plant.

c) All of the meters described in paragraphs a and b, Article IV, shall belong to Hurricane. The meters shall be read by Hurricane and tested and calibrated regularly by Hurricane and shall, at reasonable times, upon written request and in the presence of the duly authorized representative of South Putnam, be subject to such additional standard tests as may be necessary to establish their accuracy. In any event, each meter shall be tested and calibrated by Hurricane no less frequently than once every twelve (12) calendar months. Hurricane shall, at all times, maintain a ~~complete~~ Reasonable spare parts inventory, ~~and a standby transmitter and recorder for all meters.~~

d) South Putnam shall, under no circumstances, interfere with the meters. However, South Putnam may, at its own expense, install, connect, maintain and operate a recorder in its office to receive simultaneous flow records from each meter, and all meters shall be designed, installed, connected, and maintained in a manner to permit such connection by South Putnam. In case of defective service, South Putnam shall immediately give notice thereof to Hurricane. If tests show that a meter is not accurate, the meter shall be restored to a condition of accuracy satisfactory to the representatives of both parties. If the inaccuracy of any meter shall exceed two percent (2%), the previous readings of such meters shall be corrected for the two months previous to such test in accordance with the percentage of inaccuracy found by such test, but such correction shall not be for any period prior to the most recent date on which such meter was found to be accurate within the two percent (2%).

If any meter fails to register for any period, the amount of waste water furnished during such period shall be deemed to be the amount of waste water delivered in the corresponding period immediately prior to the failure, unless Hurricane and

South Putnam shall agree upon a different amount.

e) For those customers of South Putnam whose point of service is not provided with a waste water meter, Hurricane shall compute the waste water furnished from water consumption records plus infiltration and inflow. The infiltration inflow factor shall be established by the Independent Accountant provided for in Article IX of the December 6, 1976 Agreement. The Independent Accountant shall compute the infiltration rate for the unmetered service points by comparing the water consumption records and the pumping records at the various South Putnam lift stations with the flow records obtained from the West Hurricane waste water metering station identified in Article IV, a) 2. The infiltration factor shall then be applied to the total water consumption for all water customers receiving sewer service from South Putnam and for the 3,500 gallons of waste water allocated to each well customer receiving sewer service.

f) Hurricane shall provide South Putnam with monthly water use records for all South Putnam sewer customers receiving water service from Hurricane and South Putnam shall pay for this service at a fee to be determined and agreed upon. South Putnam shall provide Hurricane with a monthly record of all well customers and of the monthly water usage of all customers served by the unmetered sewer service points who are not Hurricane water customers.

Article V. Treatment Standards and Indemnification

Hurricane shall provide, operate and maintain sewage treatment facilities sufficient to meet all applicable requirements of the Federal, State and local governments and governmental agencies, and shall assume responsibility for all sewage delivered to Hurricane by South Putnam at the point or points of service. Hurricane shall further defend, indemnify and save harmless South Putnam from any compliance order issued against said treatment facilities and from any claims, liability or damages against South Putnam arising out of the operation of the said treatment facilities or the handling and treatment of sewage delivered to it by South Putnam at the point or points of service.

Article VI. Approval of Public Service Commission

It is understood that this contract is subject to approval by the Public Service Commission of West Virginia and the parties hereto agree to cooperate in submitting a petition to the Public Service Commission of West Virginia for approval of this contract in accordance with the rules and regulations promulgated by said Public Service Commission and the pertinent laws of West Virginia.

Article VII. Service Within City Limits

a) That the City of Hurricane authorizes South Putnam to provide sewer service to the customers located between the C & O Railroad tracks and Virginia Avenue near the western boundary of Hurricane. Said customers of this area will be customers of the South Putnam Public Service District.

b) That the City of Hurricane authorizes South Putnam to remove certain Hurricane collection lines and service lines where such removal is necessitated by construction. The customers are to be immediately reconnected to the Hurricane line or connected to the new South Putnam line where this is more feasible. Said customers will remain customers of the Hurricane system and continue to pay their sewer charge to Hurricane.

Article VIII. Modification

This contract may be modified by amendment mutually acceptable to and agreed upon by all of the parties to this agreement, provided that any such amendment is approved, ratified, and confirmed by ordinance adopted by the Council of the City of Hurricane.

Article IX. Term

This contract shall remain in full force and effect for a period of forty (40) years, provided that unless either party gives written notice to the other party, not less that five (5) years prior to termination of the period, of an intention not to renew, this agreement shall be automatically reviewed on the same terms and conditions for succeeding terms of fifteen (15) years.

Article X. Relation To Previous Agreement

It is understood and agreed by the parties hereto that this contract is intended to supplement the agreement between the parties made and entered on December 6, 1976, remains in full force and effect, except that if and to the extent that there is any conflict between this contract and the Agreement of December 6, 1976, this contract shall control.

Article XI. Succession Or Assignment

This contract shall be binding upon and its benefits shall insure to the successors and assigns of the parties hereto and any sale or transfer by the perties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such a manner so that the rights of the parties to this contract shall be fully preserved and perpetuated.

IN WITNESS WHEREOF, The City of Hurricane, pursuant to an ordinance adopted by the Council of said City on Oct 10, 1981, has caused its name to be subscribed hereto by Raymond Peak, its Mayor, and The Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board scribed hereunto by D. M. Hoffman, its duly authorized Chairman, and attested by ~~George R. Greenacre~~ Fred Stottlemyer the Secretary of said District, this the 10th day of August, 1981.

THE CITY OF HURRICANE

BY Raymond Peak
Mayor

THE SANITARY BOARD OF THE CITY

BY Raymond Peak
Chairman

ATTEST:

George R. Greenacre
Secretary-Treasurer

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

BY D. M. Hoffman
Chairman

ATTEST:

Fred D. Stottlemyer

WASTEWATER SEWER SERVICE AGREEMENT

THIS AGREEMENT, made this 14th day of April, 2003, by and between the CITY OF NITRO, West Virginia, a municipal corporation, and CITY OF NITRO REGIONAL WASTEWATER UTILITY, formerly referred to as THE SANITARY BOARD OF THE CITY OF NITRO, WEST VIRGINIA (hereinafter collectively referred to as "NITRO") and SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation, (hereinafter referred to as "DISTRICT").

WITNESSETH

WHEREAS, NITRO is responsible for the operation of a wastewater collection system and treatment plant (hereinafter referred to as "Nitro Plant"); and

WHEREAS, the DISTRICT is planning to provide wastewater collection system (excluding treatment service)
services to its customers on the western side of Kanawha River located within its territorial boundaries as set forth by Orders of the Putnam County Commission **(See Exhibit A)**; and

WHEREAS, the DISTRICT will charge certain rates and charges for the (excluding Treatment service)
wastewater collection services provided to its customers throughout its service territory, including those customers located on the western side of Kanawha River; and

WHEREAS, NITRO's Plant has adequate design capacity to receive the anticipated wastewater discharge from the DISTRICT and NITRO agrees to reserve an adequate portion of its Plant's capacity for use by the DISTRICT, subject to the terms set forth herein; and,

WHEREAS, the DISTRICT desires to connect to Nitro's Plant and to be provided

with secondary, or higher when required by WVDEP and/or USEPA, treatment of wastewater delivered to the Plant by the DISTRICT.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

ARTICLE I.

AGREEMENT OF PARTIES

A. **NITRO**

1. NITRO shall receive, treat and dispose of the DISTRICT's wastewater flow and shall maintain responsibility for discharge of treated wastewater in conformance and compliance with the applicable state and federal statutes, rules, and regulations, present and future.

2. NITRO shall make charges to the DISTRICT for such service in accordance with the provisions of Article IV below.

B. **DISTRICT**

1. The DISTRICT shall cause to be designed and constructed, at its own expense, a wastewater collection system within its boundaries sufficient to collect and transport its wastewater to designated points in the Nitro Plant. Said construction is contingent upon the availability to the DISTRICT of loan or grant financing from federal, state and/or county agencies upon such terms which, in its sole discretion, are acceptable to the DISTRICT. The DISTRICT shall retain full title to and ownership of its wastewater collection system constructed or upgraded by it.

2. The DISTRICT, if necessary, shall adopt and enforce sewer use ordinances as may be required to restrict or prohibit discharge of wastes which would be determined by NITRO to be harmful to the condition or performance of the Nitro

Plant or which would cause additional cost to treat such wastes over and above those expected for normal wastewater treatment.

3. The DISTRICT shall, subject to the approval of the Public Service Commission of West Virginia, pay NITRO the wastewater service charges calculated in accordance with Article IV below.

4. The DISTRICT shall cause the wastewater collected by it in the area of Teays Valley lying to the East of Crooked Creek, and in the Kanawha River watershed beginning at the Putnam/Kanawha County line extending down river to the area south of Hamrick Ranch along Route 35 to be treated only by NITRO during the term of this Agreement. The flow delivered by the DISTRICT to NITRO will be from residential, small business, commercial, authorized industrial, and all other customers which are connected to and served by the DISTRICT.

5. The DISTRICT may build or acquire treatment plants as it deems appropriate to meet the needs of its customers and its duty to extend service so long as flows from that area set forth in the foregoing Paragraph No. 4 are sent to NITRO for treatment in such limited wastewater flow per day as herein set forth.

C. ANNUAL MEETING.

1. NITRO and the DISTRICT agree that at least once during each fiscal year, the parties to this Agreement shall schedule a specifically designated meeting for the purpose of discussing business, rates, communications, complaints, suggestions and any related matters. Said meeting shall occur at a date mutually convenient to both parties and shall be scheduled at a mutually convenient time and place.

2. Should circumstances arise during the fiscal year, the parties hereto may

schedule additional meetings between each other to address matters.

ARTICLE II.

PLANT CONDITIONS

Nitro shall receive, treat and dispose of the DISTRICT's wastewater flow not to exceed 250,000 gallons per day at a maximum pumping rate of 1000 gallons per minute. When headworks of the treatment plant require an upgrade, the DISTRICT shall pay its proportionate share toward the cost of the upgrade. NITRO shall maintain responsibility for discharge of treated wastewater in accordance with the applicable State and Federal laws and regulations. The DISTRICT shall not be liable for fines or penalties as a result of discharge violations resulting from improper operation of the Plant; however, the DISTRICT shall be liable for any fine and/or penalty incurred as a result of discharge violations occurring at the Plant that are a direct result of the introduction of prohibited materials into the DISTRICT's collection system. The DISTRICT shall not exceed the limitation of wastewater per day into NITRO's wastewater treatment without prior approval of NITRO.

ARTICLE III.

WASTEWATER FLOW; METER REQUIREMENTS

The DISTRICT's wastewater is to be metered by a flow meter installed on the force main of the DISTRICT's system immediately before it discharges into Nitro's Plant. This meter shall be referred to as the "Nitro Plant Meter" as it will be located on the Nitro Plant premises. The DISTRICT shall be responsible for all costs associated with the installation of the flow meter. The DISTRICT may, at its own expense, install, connect, maintain and operate a recorder in its office to receive simultaneous flow records from

the Nitro Plant Meter to compare flow rates from the DISTRICT'S Nitro lift station located on the western side of the Kanawha River. If either meter is inaccurate by more than two percent (2%), the DISTRICT shall recalibrate the meters based upon a drawdown calculation at the NITRO lift station and the readings of the Nitro Plant Meter shall be corrected for the two (2) months previous to such test in accordance with the percentage of inaccuracy found by such test. Before the Nitro Plant Meter is calibrated, both NITRO and the DISTRICT must be aware of such calibration.

ARTICLE IV.

RATES AND CHARGES

The ~~rate~~ charges for treatment of the DISTRICT's wastewater by NITRO will be based upon the reading of the NITRO plant meter by NITRO personnel.

1. NITRO will bill the DISTRICT for two items excluding costs for expansion as set forth in Paragraph C herein: a.) In consideration of the 250,000 gallons per day reserve capacity set aside for the DISTRICT, NITRO will charge the DISTRICT the debt service associated with that portion of the Treatment Plant's capacity. Such charge shall be billed as debt payment as set forth in **Exhibit B**. b.) The portion of the plant that is utilized by the District will be billed to the DISTRICT as O & M on a per 1,000 gallons basis as set forth in **Exhibit B**.

A. After the first anniversary of the commencement of wastewater treatment services rendered pursuant hereto, and annually thereafter, NITRO's Accountant shall calculate, on a per 1,000 gallons basis, the amount that would have been necessary during the preceding year to provide total revenues from THE DISTRICT sufficient to pay THE DISTRICT'S

proportionate share of the actual cost of operation and maintenance of the NITRO Wastewater Plant plus the DISTRICT'S proportionate share of the debt payment on the unused portion of the DISTRICT'S reserve capacity at the NITRO Wastewater Treatment Plant. The rates for service shall be on a three (3) year rolling average of the DISTRICT'S share of cost.

(1) The amount calculated pursuant to this Subparagraph, on a 1,000 gallons basis, shall then be the rate to be charged by NITRO and to be paid by the DISTRICT during the next succeeding year and until the next annual review and recalculation.

(2) In addition, the amount calculated pursuant to Subparagraph A. shall be applied retroactively to the bills for service rendered during the preceding year, and an appropriate adjustment shall be made either by refunding to the DISTRICT the amount of any overpayment or by paying to NITRO the amount of any underpayment. Said adjustment can be spread over a period of up to twelve months, so long as the total amount is paid within the same fiscal year. The determination as to whether the payment will be paid over a period of months will be solely the responsibility of the party that is required to make the adjustment.

B. Bills will be rendered each calendar month by NITRO to the DISTRICT for the services rendered by NITRO during the preceding calendar month, and each such bill shall be payable at the office of NITRO

on or before the fifteenth (15th) day after the date of such bill.

C. In the event that NITRO's excess capacity is eighty percent (80%) committed as to use while this Agreement is in effect, then, and in such event, DISTRICT agrees to bear its pro-portionate pro-rata share of expansion costs to increase capacity through new construction. The extend of the DISTRICT's share of such expansion costs will be determined on the basis of the DISTRICT's demand for additional capacity. Such expansion costs shall be payable by DISTRICT as a long term debt under such terms as NITRO may incur to pay for such expansion costs.

2. The parties hereto shall, upon request, provide the other with an annual audit approved by the Public Service Commission of West Virginia or in Nitro's instance, the audit by the State Tax Department and related information as may be required.

ARTICLE V.

INDEMNIFICATION

The DISTRICT will obtain adequate insurance and shall keep in force, pay, and will protect indemnify and hold NITRO harmless from and against all liabilities, losses, damages, costs arid expenses, including attorneys fees and expenses of NITRO, causes of actions, suits, claims, demands, and judgments of any nature arising from:

(1) Any injury to or death of any person or damage to property in or upon the DISTRICT'S property or facilities, or growing out of or connected with the use, nonuse, condition or occupancy of the said DISTRICT'S property or facilities or a part thereof; such injuries and/or damage shall include any

and all injuries or damage which may occur due to any failure or malfunction of the DISTRICT'S lift stations caused by any flood, hail storm, windstorm, Act of God, and any and all unprecedented meteorological events; any repairs, construction or alterations or remodeling thereto as performed by the DISTRICT, their authorized agents or servants, excluding NITRO or its agents or servants, or the condition of the DISTRICT'S property or facilities including sidewalks, streets or alleys arid any equipment or facilities at any time located on the DISTRICT'S property or under the DISTRICT'S control and use in connection herewith.

It is the intent of this paragraph that neither party will subsidize the other's capital or operation and maintenance expenses and that all parties shall mutually benefit from this Agreement.

In the event the DISTRICT fails to perform any other term, obligation, or condition of this Agreement, the result of which is likely to cause irreparable harm or injury to NITRO facilities or otherwise constitute an emergency situation and the DISTRICT fails to correct such condition or default within thirty (30) days, unless a shorter time is deemed necessary by NITRO, after written notice by NITRO specifying such default, then NITRO shall have the right to undertake such corrective action and the DISTRICT shall be responsible for all costs and expenses incurred by NITRO or shall reimburse NITRO for such costs and expenses.

NITRO shall have the right to perform on-site inspections of the construction process on the portion of the DISTRICT'S collection system which will send wastewater to the Plant.

The DISTRICT shall be responsible for the performance of services, maintenance, and repairs on and for the DISTRICT'S wastewater collection and transportation system.

ARTICLE VI.

APPROVAL OF PUBLIC SERVICE COMMISSION

It is understood that this Agreement is subject to approval by the Public Service Commission of West Virginia and the parties hereto agree to cooperate in submitting a petition to the Commission for approval of this Agreement in accordance with the rules and regulations promulgated by said Commission and the pertinent laws of the State of West Virginia. In the event such approvals cannot be obtained for this Agreement as executed by the parties, then the parties agree to make a good faith effort to renegotiate such portions of the Agreement for which approval cannot be obtained.

ARTICLE VII.

MODIFICATION

This Agreement may be modified by amendment mutually acceptable to and agreed upon by all of the parties to this Agreement, provided that any such amendment is approved, ratified, and confirmed by ordinance adopted by the City Council of Nitro.

ARTICLE VIII.

TERM

This Agreement shall remain in full force and effect for a period of forty (40) years. Unless written notice of an intention not to renew is received sixty (60) days prior to the expiration of the period, this Agreement shall be automatically reviewed on the same terms and conditions for succeeding terms of fifteen (15) years.

ARTICLE IX.

SUCCESSION OF ASSIGNMENT

This Agreement shall be binding upon and its benefits shall inure to the successors or assigns of the parties hereto and any sale or transfer by the parties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such manner so that the rights of the parties to this Agreement shall be fully preserved and perpetuated.

IN WITNESS WHEREOF, the parties hereto have made and executed this SEWER SERVICE AGREEMENT by their appropriate officers as of the day and year first above written.

THE CITY OF NITRO

By: _____
Its: Mayor

ATTEST:

_____
Its: Clerk

CITY OF NITRO REGIONAL WASTEWATER UTILITY

By: _____
Its: Chairman

ATTEST:

_____
Its: General Manager

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: _____

Its: Chairman

ATTEST:

Its: ~~Secretary~~ GENERAL MANAGER

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, to-wit:

I, JASON E. HENDERSON, a Notary Public in and for said state and county, do hereby certify that Rusty Casto, whose name is signed to the writing above in his capacity as Mayor of the CITY OF NITRO, has this day acknowledged the same before me on this 14 day of APRIL, 2003.

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
JASON E. HENDERSON
SOUTH PUTNAM PSD
P. O. BOX 147
SCOTT DEPOT, WV 25560
My Commission Expires March 18, 2012

NOTARY PUBLIC

My commission expires 3-18-2012

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, to-wit:

I, JASON E. HENDERSON, a Notary Public in and for said state and county, do hereby certify that Rusty Casto, whose name is signed to the writing above in his capacity as Chairman of the CITY OF NITRO REGIONAL WASTEWATER UTILITY, has this day acknowledged the same before me on this 14 day of APRIL, 2003.

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
JASON E. HENDERSON
SOUTH PUTNAM PSD
P. O. BOX 147
SCOTT DEPOT, WV 25560
My Commission Expires March 18, 2012

NOTARY PUBLIC

My commission expires 3-18-2012

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, to-wit:

I, JASON E. HENDERSON, a Notary Public in and for said state and county, do hereby certify that Leff Moore, whose name is signed to the writing above in his capacity as Chairman of the South Putnam Public Service District, has this day acknowledged the same before me on this 14 day of APRIL 2003.

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
JASON E. HENDERSON
SOUTH PUTNAM PSD
P. O. BOX 147
SCOTT DEPOT, WV 25560
My Commission Expires March 18, 2012

NOTARY PUBLIC

My commission expires 3-18-2012

AGREEMENT

This AGREEMENT Made this 22nd day of June, 2001, by and between the TOWN OF ELEANOR, a municipal corporation, hereinafter designated as TOWN, the SANITATION BOARD OF THE TOWN OF ELEANOR, hereinafter designated as BOARD, and the SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia, hereinafter designated as DISTRICT:

WITNESSETH:

WHEREAS, the TOWN owns and the BOARD is responsible for the operation of a wastewater treatment plant ("Plant"); and,

WHEREAS, the DISTRICT is planning to construct a sanitary sewer collection system on the north side of the Kanawha River within the DISTRICT'S territory, as described in the orders of the Putnam County Commission, and to apply certain rates and charges for the sale of its services to its customers throughout the DISTRICT'S territory, including those on the north side of the Kanawha River; and,

WHEREAS, the TOWN and the BOARD agree to reserve an adequate portion of the design capacity of the Plant for use by the DISTRICT, subject to the terms set forth herein; and,

WHEREAS, the DISTRICT desires to connect to the Plant and to be provided with secondary, or higher grade when required, treatment of wastewater delivered to the Plant by the DISTRICT; and,

NOW, THEREFORE, in consideration of the recitals, the parties do hereby agree as follows:

1. The DISTRICT shall design and cause to be constructed, at its sole cost, a sanitary sewer collection system meeting generally accepted sanitary engineering standards which will collect sewage from the DISTRICT'S territory to be transported to the Plant, with construction contingent upon the availability of loan or grant financing for such construction from federal, state and/or county agencies upon such terms that the District, in its sole discretion,

finds acceptable.

2. The TOWN and the BOARD shall receive, treat and dispose of the DISTRICT's wastewater. The BOARD shall maintain responsibility for discharge of treated wastewater in accordance with State and Federal laws and regulations; the DISTRICT shall not be liable for fines or penalties as a result of discharge violations resulting from improper operation of the Plant; however, the DISTRICT shall be liable for any fine and/or penalty incurred as a result of discharge violations occurring at the Plant that are a direct result of the introduction of prohibited materials into the DISTRICT'S collection system.

3. The initial fee for treatment of the DISTRICT'S wastewater is hereby established as **$1.35 per 1,000 gallons** of flow. The rate contained herein is to be based upon flow metered at a point of delivery from the DISTRICT'S facilities to the BOARD'S treatment plant, or at a location mutually agreed to by the parties herto. The parties hereto agree that the aforesaid fee has been mutually agreed to prior to any treatment and disposal of the DISTRICT'S wastewater. This fee may be changed from time to time by execution of an addendum or amendment by all parties to this agreement. In the event the parties fail to agree to a change in fee, any party may file a formal case with the Public Service Commission of West Virginia for determination of an appropriate fee.

4. The cost of the metering facilities shall be at the sole cost to the DISTRICT in a manner and with equipment satisfactory to the BOARD. In the event of a malfunction of the meter, the charge to the DISTRICT for treatment by the BOARD shall be based on comparable historical usage adjusted by any change in customers.

5. If the BOARD and the TOWN, in their discretion, determine that the NPDES permit needs to be modified in order for the TOWN and the BOARD to lawfully accept, treat, and discharge the wastewater from the DISTRICT as provided herein, the DISTRICT will be

responsible for paying the direct costs of obtaining a modification to the NPDES permit. This paragraph does not obligate the DISTRICT to pay for any upgrades, repairs or replacements to the existing facilities at the Plant or in the wastewater collection and transportation facilities of the TOWN and the BOARD.

6. The DISTRICT shall submit to the BOARD one (1) copy of the DISTRICT'S construction plans and specifications to allow the BOARD sufficient time to review and approve the documents or allow for comments to be resolved.

7. The BOARD shall have the right to perform on-site inspections of the construction process and/or shall be part of the inspector qualification process, before construction begins on the portion of the DISTRICT'S collection system which will send wastewater to the Plant.

8. Within sixty (60) days after completion of construction, the DISTRICT shall provide to the BOARD one (1) set of "As-Built" plans and all records of "Hook-Ons."

9. The DISTRICT shall be responsible for the performance of service, maintenance, and repairs on and for the DISTRICT'S sanitary sewer collection and transmission system.

10. The DISTRICT shall be responsible for the inspection of the installation of all service lines which will connect to the DISTRICT'S sanitary sewer collection system to ensure that such service lines do not permit substantial inflow and infiltration. The DISTRICT may make extensions to serve new customers, consistent with the Rules for the Government of Sewer Utilities, 150 WVCSR Series 5, and decisions of the Public Service Commission of West Virginia and the Supreme Court of Appeals of West Virginia.

11. The DISTRICT agrees that in the event of the connection of an industrial or commercial customer with unusual waste discharge, it shall undertake an evaluation of the

connection on a case-by-case basis, to determine what requirements, if any, shall be imposed to insure the integrity of the DISTRICT'S system and the BOARD's plant. Such evaluation shall determine the appropriate rates or fees the DISTRICT will charge for such unusual waste and the extent of any pretreatment requirements to be followed by the customer. Such evaluation shall be approved by the BOARD. The DISTRICT shall be responsible for maintaining compliance with any pretreatment requirements.

12 The BOARD shall invoice the DISTRICT for all services on a monthly basis and the DISTRICT shall pay such invoices within twenty (20) days of receipt.

13. The fees and charges made to the DISTRICT by the BOARD for providing the agreed upon services may be modified by agreement from time to time with the objective that the BOARD will receive fair compensation for providing said services and that no party will subsidize any other's capital or operation expenses. The intent of this Agreement is that all parties shall benefit.

14. The parties hereto shall, upon request, provide each other with financial reports and related information as may be required.

15. The parties hereto shall meet, at least annually, and as otherwise needed at a mutually agreed upon time and location, to discuss business, rates, communications, complaints, suggestions, etc., between the parties.

16. This Agreement represents the entire understanding of the parties and supercedes all written or oral representations made by any of the parties. This Agreement may only be modified by the parties by written execution by all of the parties of an amendment or addendum.

17. This Agreement is made by the parties hereto subject to the review and approval of the Public Service Commission of West Virginia and likewise all modifications made to this Agreement and pursuant to its terms shall be subject to the same review and approval.

18. The length and duration of this Agreement and any amendments or addendum to this Agreement shall be for a period of forty (40) years from the date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement by their appropriate officers as of the day and year first above written.

ATTEST:

Paul E. Rogers, Sr

TOWN OF ELEANOR

BY Walter L Halstead
MAYOR

ATTEST:

Paul E. Rogers, Sr

SANITATION BOARD OF THE TOWN OF ELEANOR

BY Walter L Halstead
CHAIRMAN

ATTEST:

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

BY Carl S Coffman II
CHAIRMAN

soput\eleanor\agree

ORIGINAL

ENTERED

OEI 02-F PAGE

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
3-4-02
By Commission Order

Entered: February 25, 2002

CASE NO. 01-0597-PSD-CN

SOUTH PUTNAM PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to provide sewer service to residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in Teays Valley, to provide sewer service to the new 200-acre Putnam Business Park and the Lock Nine area, to develop a Facilities Plan and to refinance existing debt.

RECOMMENDED DECISION

On August 17, 2001, South Putnam Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a sanitary sewer project to provide service to the residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the District to meet the continual growth in the area, to provide sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nine area on the north side of the Kanawha River, and to develop a Facilities Plan providing the District with guidelines for the future development of its sewer system to provide for the unserved areas of the District's territory and the area immediately adjacent thereto.

The Applicant, South Putnam Public Service District, originally estimated that this project would cost $10,900,000. The District proposed to finance the construction of this project with interim financing from the Putnam County Bank in an amount not to exceed $1,000,000 accruing interest at the prime interest rate plus 2%, not to exceed 8%, to be replaced by permanent project financing consisting of a loan from the West Virginia Water Development Authority in an amount not to exceed $6,260,000, for a term not to exceed forty (40) years at an interest rate not to exceed 6%, and a loan from the State Drinking Water Treatment Revolving Fund in an amount not to exceed $4,640,000, at an interest rate not to exceed 3% interest, for a term not to exceed twenty (20) years.

Public Service Commission
of West Virginia
Charleston

South Putnam Public Service District proposed to increase its rates and charges as a result of this project as follows:

SCHEDULE NO. 1

APPLICABILITY
Applicable inside and outside of the boundaries of the District.

AVAILABILITY OF SERVICE
Available for metered domestic, commercial and industrial sewer service, except unusual industrial waste.

RATE
Each 1,000 gallons used per month $5.09 per 1,000 gallons

MINIMUM BILL
$10.18 per month

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full within 20 days of the date of bill, ten percent (10%) will be added to the net amount thereof. This delayed penalty is not interest and is to be collected only once for each bill where it is appropriate.

ALTERNATIVE MEASUREMENT OF SEWAGE
Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request South Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchase and installing the meter and upon installation of such waste discharge meter the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

This application was properly prefiled with the Public Service Commission on May 3, 2001, and published for public legal notice on May 10 and 17, 2001, in The Putnam Democrat and The Hurricane Breeze, newspapers duly qualified by the Secretary of State, published and of general circulation in Putnam County. These publications were required by, and in accordance with, a Commission Order entered May 3, 2001.

Pursuant to the actual filing of this application on August 17, 2001, and by a Revised Notice of Filing entered August 21, 2001, the District was required to give public legal notice of the actual filing of this application by publishing a copy of the Revised Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Putnam County, West Virginia. The Revised Notice contained the proposed increased rates and charges required by this project as well as a provision that anyone desiring to make objection to this application must do so in writing, within thirty (30)

Public Service Commission
West Virginia
Charleston

days after the date of publication of the Revised Notice. The Revised Notice further provided that, if no protests or objections were timely received, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application and its review thereof.

On September 5, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the Revised Notice of Filing in The Hurricane Breeze and The Putnam Democrat on August 30, 2001, all in accordance with said Notice.

In response to the publication of the Revised Notice of Filing, two letters of protest to this application were filed with the Commission on September 20 and 27, 2001. Both letters were concerned with the proposed routing of a sewer transportation main through the Mill Creek Crossing subdivision in Teays Valley, Putnam County, and were not generally opposed to the project.

On September 25, 2001, the Staff of the Public Service Commission filed its Initial Joint Staff Memorandum in this matter. Staff stated that its review of this project was continuing and that a final recommendation would be forthcoming when all requested information and documentation had been received and investigated.

By a Commission Referral Order entered October 1, 2001, this application was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of March 19, 2002.

Pursuant to a request from Commission Staff, the District filed, on October 5, 2001, a copy of a letter from the West Virginia Department of Environmental Protection (DEP), approving the revised plans and specifications for this project.

On October 11, 2001, Commission Staff filed its second formal request for interrogatories, data and information from the District.

By a Procedural Order entered October 29, 2001, this matter was scheduled for hearing to be held on December 19, 2001, in Putnam County. Additionally, the Applicant was required to publish a prepared Notice of Hearing, once a week for two (2) consecutive weeks, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Putnam County.

On November 13, 2001, William B. Goode, a Protestant, filed a letter stating that this right-of-way concerns had been addressed by the District and that he wanted to withdraw his letter of protest to this project. Mr. and Mrs. Monroe, also Protestants, filed a similar request on November 19, 2001. These filings effectively removed the previous formal protests filed to this application.

On December 7, 2001, Commission Staff filed its Final Joint Staff Memorandum in this matter. Staff pointed out that this project actually consists of at least five components intended to both extend the system to new areas and to upgrade and modernize existing outdated parts of the interceptor system. The District has been issued a letter of approval for the plans and specifications for this project from the West Virginia

Department of Environmental Protection (SRF No. C-544276), on October 3, 2001. Pursuant to its review of these plans and specifications, Technical Staff stated that they are in general conformance with the Commission's Rules and Regulations. The proposed project is necessary because it will serve numerous new customers currently using failing septic systems, eliminate current overload of the District's collection system and allow for future growth and economic development. The project is convenient in that it does not financially burden the District's customers. In conclusion, Staff recommended that the District's application for a certificate of convenience and necessity be approved. Staff also noted that, with the resolution of the concerns of Mr. Goode and Mr. and Mrs. Monroe, this application was unprotested.

On December 11, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the prepared Notice of Hearing on November 22 and 29, 2001, in The Hurricane Breeze and The Putnam Democrat, newspapers, all in accordance with the Procedural Order entered October 29, 2001.

The hearing in this matter convened as scheduled on December 19, 2001, with all parties in attendance. The Applicant, South Putnam Public Service District, was present in the person of its General Manager and was represented by its attorney, Robert R. Rodecker. Commission Staff was present and represented by Staff Attorney Cassius H. Toon and Cecelia G. Jarrell. On January 3, 2002, an accurate transcript of this proceeding, consisting of fity-one (51) pages of testimony was filed with the Commission.

EVIDENCE

At hearing, the Applicant called its General Manager, Fred D. Stottlemyer, as its first witness. Mr. Stottlemyer stated that part of this project, as currently structured, would result in a substantial reduction in the original interest rate. The Rural Utility Service (R.U.S.) of the U.S. Department of Agriculture has offered funding for this project at a lower rate than the West Virginia Water Development Authority. Current R.U.S. indebtedness will not be refinanced. Additionally, 1.4 million dollars will be borrowed from the Clean Water Assistance Fund. Interim financing in the amount of one million dollars will be provided by the Putnam County Bank. A letter from the bank confirming this interim loan was introduced into evidence by the District. A letter confirming the commitment from the State Revolving Fund was also introduced. An additional letter from RUS confirming financing in the amount of $7,078,000 is expected as well. The more favorable interest rates arranged by the District will result in a slightly lower rate than first proposed for this project. Bids have already been opened on this project and apparently the construction costs are going to be less than expected. The bids are valid for ninety days. (Tr., pp. 9-18).

The District called its certified public accountant, Ralph W. Bassett, Jr., as its next witness. Mr. Bassett is an experienced utility accountant and prepared the District's Rule 42 Financial Exhibit previously filed in this case. As a result of the changes in the

proposed method of financing for the project, he also prepared a revised Rule 42 Financial Exhibit, which was introduced into evidence. The Rule 42 Exhibit had been revised to reflect the lower than anticipated interest rate. Under the new financing, this project will require a 16.5% increase in rates, rather than the 18% originally calculated. (Tr., pp. 18-23).

This concluded the testimony at hearing related to this certified case. Additional testimony was taken concerning a companion case, Case No. 99-0275-PSD-PC, seeking approval of the engineering agreement on this project.

On January 3, 2002, a letter of protest was filed in this matter by Thomas W. Milam, concerning the repair and replacement of roadways disturbed by the construction contemplated by this project. Mr. Milam was not opposed to the sewer project itself.

Likewise, on January 10, 2002, John S. Shannon filed a letter of protest in this matter, but, again, the protest involved the placement and acquisition of easements or rights-of-way and not opposition to the sewer project generally.

On January 19, 2002, the District filed its Exhibit No. 3, as reserved at hearing, which was the letter of commitment from the USDA Rural Utility Service for a loan of $7,078,000.00. The interest rate would be the lower of the rate in effect at the time of loan approval or at the time of loan closing, which should be 5% or less for a term of forty (40) years.

On January 24, 2002, the District filed a letter in this matter, which, among other things, requested that the Commission approve the addition of approximately fifty (50) additional customers to this project in the Midway area of Putnam County. These additions would be funded from project surplus funds resulting from the lower than expected construction bids.

On February 8, 2002, Commission Staff filed a Further Joint Staff Memorandum in this matter. Staff noted that the District had filed an RUS letter of conditions indicating that agency's commitment to loan the District $7,078,000.00 at an interest rate of 5% for a term of four (4) years. On January 24, 2002, the District filed an executed Form RD 1940-1, in confirmation of said financing. Additional funding in the form of a loan in the amount of $1,422,000 from the State Revolving Fund was also recognized in that letter. Due to a substantial underbid of approximately $1,000,000.00, and resulting funding complications which would otherwise result, Staff recommended approval of the use of the surplus funds to add previously unserved customers in the Midway area of Putnam County. Staff recommended approval of the application as amended by the District's revised Rule 42 Financial Exhibit. However, Staff recommended that the use of the approximate $1,000,000 in underbid construction funds be restricted until the District filed a supplement to the original engineering agreement on the project for Staff review and Commission approval. The supplement to the engineering agreement should include information such as drawings, project cost, O&M cost and other items of expense required by the additional customers.

On February 15, 2002, the West Virginia Department of Environmental Protection filed a Memorandum in this matter committing to a loan in the amount of $1,422,000.00, at an interest rate of 2% and an administrative fee of 1% for a term of twenty (20) years. Closing on this loan is scheduled for March 7, 2002.

As of the date of this Recommended Decision, the District has not filed any objection to the Further Joint Staff Memorandum filed February 8, 2002.

DISCUSSION

This major project by the South Putnam Public Service District will not only expand the District's service area to additional residential and commercial customers, but will also improve and modernize the central collection system to allow for continuing growth. It has met with no formal general protest and is apparently supported by both the customer base and public officials from that region. Such individual letters of protest that were received involved particular problems with roads or rights-of-way and were either satisfied by the Applicant or will be dealt with thorough condemnation proceedings.

Consequently, this application will be approved, as revised, and a certificate of convenience and necessity will be issued for the construction and operation of this project.

FINDINGS OF FACT

1. On August 17, 2001, South Putnam Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a sanitary sewer project to provide service to the residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the District to meet the continual growth in the area, to provide sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nine area on the north side of the Kanawha River, and to develop a Facilities Plan providing the District with guidelines for the future development of its sewer system to provide for the unserved areas of the District's territory and the area immediately adjacent thereto. (See, Application filed August 17, 2001).

2. This application was properly prefiled with the Public Service Commission on May 3, 2001, and published for public legal notice on May 10 and 17, 2001, in The Putnam Democrat and The Hurricane Breeze, newspapers duly qualified by the Secretary of State, published and of general circulation in Putnam County. These publications were required by, and in accordance with, a Commission Order entered May 3, 2001. (See, prefiling May 3, 2001; Affidavits of Publication; Commission Order entered May 3, 2001).

3. Pursuant to the actual filing of this application on August 17, 2001, and by a Revised Notice of Filing entered August 21, 2001, the District was required to give public legal notice of the actual filing of this application by publishing a copy of the Revised Notice of Filing, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Putnam County, West Virginia. The Revised Notice contained the proposed increased rates and charges required by this project as well as a provision that anyone desiring to make objection to this application must do so in writing, within thirty (30) days after the date of publication of the Revised Notice. (See, Revised Notice of Filing entered August 21, 2001).

4. On September 5, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the Revised Notice of Filing in The Hurricane Breeze and The Putnam Democrat on August 30, 2001, all in accordance with said Notice. (See, Affidavits of Publication filed September 5, 2001).

5. All letters of protest filed in this matter concerned individual disputes over rights-of-way or road repair, and were either satisfied by the District or left for resolution in condemnation proceedings. (See, Letters filed September 20 and 27, 2001, November 13 and 19, 2001, and January 3 and 10, 2002; Final Joint Staff Memorandum filed December 7, 2001).

6. The revised plans and specifications of this project have been approved by the West Virginia Department of Environmental Protection and are in conformance with the rules and regulations of the Public Service Commission. (See, Letter filed October 5, 2001; Final Joint Staff Memorandum filed December 7, 2001).

7. This proposed project is necessary because it will serve numerous new customers currently using failing septic systems, eliminate current overload of the District's collection system and allow for future growth and economic development in the District's expanded service territory. (See, Final Joint Staff Memorandum filed December 7, 2001).

8. This project is convenient in that it is economically feasible and does not financially burden the District's customers. (See, First Joint Staff Memorandum filed December 7, 2001).

9. On December 11, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the prepared Notice of Hearing on November 22 and 29, 2001, in The Hurricane Breeze and The Putnam Democrat, newspapers, all in accordance with the Procedural Order entered October 29, 2001.

10. No customers of the District appeared at hearing to protest this application. (See, Tr., pp. 5-51, generally).

11. At hearing, the District stated that it had revised the funding for this project to gain the advantage of a lower interest rate. (See, Tr., pp. 9-18).

12. As a result of the change in funding, the District has prepared and submitted a revised Rule 42 Exhibit reflecting lower rates required for the project. (See, Tr., pp. 18-23; Hearing Exhibit No. 4).

13. The United States Department of Agriculture Rural Utility Service has agreed to loan the District $7,078,000.00, at an interest rate of not more than 5% for a term of forty (40) years. (See, Letter filed January 13, 2002; Hearing Exhibit No. 3, Form RF 1940-1 filed January 24, 2002).

14. The West Virginia Department of Environmental Protection has agreed to loan the District $1,422,000, at an interest rate of 2% and an administrative fee of 1% for a term of 20 years, for this project. (See, Letter filed February 15, 2002).

15. Pursuant to a substantial underbid on this project of approximately $1,000,000.00, the District proposed, and the funding agencies have approved, the addition of approximately 50 new customers to this project in the Midway area of Putnam County. (See, Letters filed January 24, 2002, and February 5, 2002).

16. Pursuant to its review of this revised application and all documentation filed herein, the Staff of the Public Service Commission has recommended approval of this application, as amended by the revised Rule 42 Financial Exhibit, to include the additional extensions and service connections to the 50 new customers in the Midway area of Putnam County. This recommendation is conditioned upon the District filing a supplement to the original engineering agreement on this project for Staff review and Commission approval. (See, Further Joint Staff Memorandum filed February 8, 2002).

17. As of the date of this Recommended Decision, the Applicant has not filed any objection to the Further Joint Staff Memorandum filed on February 8, 2002. (See, Commission case file generally).

CONCLUSION OF LAW

Under the facts and circumstances of this case and the recommendation of Commission Staff, it is reasonable to approve the application, as revised, filed herein on August 17, 2001, and issue a certificate of convenience and necessity to the South Putnam Public Service District for the construction and operation of the sewer improvement project described therein. This certificate shall include the additional customers to be added in the Midway area of Putnam County, to the extent that surplus funds are available.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on August 21, 2001, by the South Putnam Public Service District and as revised herein, shall be approved, and that a certificate of convenience and necessity

will be issued for the construction and operation of the sewer improvement project detailed therein.

IT IS FURTHER ORDERED that the South Putnam Public Service District is authorized to accept and use a United States Department of Agriculture Rural Utilities Service loan in the amount of $7,078,000, at an interest rate not to exceed 5% and a term or forty (40) years for said project, as well as a loan from the West Virginia Department of Environmental Protection, Clean Water State Revolving Fund, in the amount of $1,422,000, at an interest rate of 2% and an administrative fee of 1% for a term of 20 years, for the project approved herein.

IT IS FURTHER ORDERED that the Applicant shall be authorized to accept and use, as interim financing, a loan from the Putnam County Bank in an amount not to exceed $1,000,000, at an interest rate of prime rate plus two percent (2%) and to be repaid as the primary project financing becomes available.

IT IS FURTHER ORDERED that, before additional customers are added to this project in the Midway area of Putnam County, the District shall be required to file a supplement to the engineering agreement for this project for Staff review and Commission approval.

IT IS FURTHER ORDERED that the Treatment Agreement with the Town of Eleanor, submitted for Commission approval, shall be approved, and Paragraph Three, therein, shall be amended to state that any amendments to the agreement, or treatment fees contained therein, must be submitted to and approved by the Public Service Commission.

IT IS FURTHER ORDERED that the South Putnam Public Service District shall be authorized to charge and collect increased rates and charges as contained in the District's Proposed Tariff filed in its revised Rule 42 Exhibit, Hearing Exhibit No. 4, and attached hereto as Appendix A, for all service rendered on and after the date the District's project engineer certifies this project as substantially complete. The District shall file with the Commission an original and five (5) copies of its actual new tariff within thirty (30) days of its first use.

IT IS FURTHER ORDERED that, should any changes in the plans, scope or terms of this project occur, that were not approved in this Recommended Decision, the Applicant shall be required to submit said changes and specifications for subsequent review and approval of the Public Service Commission.

IT IS FURTHER ORDERED that the Applicant shall notify the Public Service Commission, in writing, when the project engineer has performed the substantial completion inspection and certified this project as operational, and further, that this matter be removed from the Commission's docket of open cases.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission

within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

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

Thomas N. Trent
Administrative Law Judge

TNT:jas
010597aa.wpd

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

CASE NO. 01-0597-PSD-CN

APPROVED RATES

SCHEDULE NO. 1

APPLICABILITY

Applicable inside and outside of the boundaries of the District.

AVAILABILITY

Available for metered domestic, commercial and industrial sewer service, except unusual industrial waste.

RATE

Each 1,000 gallons used per month	$5.02 per 1,000

MINIMUM BILL

$10.04 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount thereof. This delayed penalty is not interest and is to be collected only once for each bill where it is appropriate.

ALTERNATIVE MEASUREMENT OF SEWAGE

Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request South Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchase and installing the meter and upon installation of such waste discharge meter the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

Public Service Commission
of West Virginia
Charleston

SCHEDULE NO. 2

APPLICABILITY

Applicable inside and outside of the boundaries of the District.

AVAILABILITY

Available for sanitary sewer service to unmetered water users and users who obtain water from wells.

FLAT RATE $15.06 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount thereof. This delayed penalty is not interest and is to be collected only once for each bill where it is appropriate.

SCHEDULE NO. 5

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the South Putnam waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the South Putnam Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SYSTEM

Wherever the District has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action, within thirty (30) days or receipt of a demand by the District, in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connect, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S = A x R x.0006233 x C

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collecting surface

Public Service Commission
of West Virginia
Charleston

connected to the sanitary sewer in square feet.

R = The measured monthly rainfall in inches

.0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons Of water

C = $5.02-The District's approved rate per thousand gallons of metered water usage

The District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

Public Service Commission
of West Virginia
Charleston

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 02/01/2007

PRODUCER (304)375-4900 FAX (304)375-5843
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Putnam PSD
PO Box 147
Scott Depot, WV 25560

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	SK9103239-01	07/01/2006	07/01/2007	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
						MED EXP (Any one person)	$ 10,000
						PERSONAL & ADV INJURY	$ 1,000,000
						GENERAL AGGREGATE	$ 3,000,000
						PRODUCTS - COMP/OP AGG	$ 3,000,000
		AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	$
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $	SX9200924-01	07/01/2006	07/01/2007	EACH OCCURRENCE	$ 1,000,000
						AGGREGATE	$
						1,000,000	$
							$
							$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS OTH-ER	
						E.L. EACH ACCIDENT	$
						E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
Red House Collectors Project

CERTIFICATE HOLDER

WV Water Development Authority
180 Associates Drive
Charleston, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

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AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT
FOR
DESIGN
ASSISTANCE
FOR THE
NORTH PUTNAM PUBLIC SERVICE DISTRICT
WASTEWATER TREATMENT PLANT AND
REDHOUSE AND SHAWNEE COLLECTOR PROJECT
PUTNAM COUNTY, WEST VIRGINIA

THIS AGREEMENT is entered into this 28TH day of APR, 2006 by and between the Department of the Army (hereinafter the "Government"), represented by the U.S. Army Engineer, Huntington District and the South Putnam Public Service District (hereinafter the "Non-Federal Sponsor"), represented by its General Manager.

WITNESSETH, THAT:

WHEREAS, the Secretary of the Army is authorized to provide design and construction assistance, which may be in the form of grants or reimbursements of the Federal share of project costs, for water-related environmental infrastructure and resource protection and development projects in central West Virginia (hereinafter the "Section 571 Program") pursuant to Section 571 of the Water Resources Development Act of 1999, Public Law 106-53 (hereinafter "Section 571");

WHEREAS, Section 571 provides that the Secretary of the Army may provide assistance for a water-related environmental infrastructure and resource protection and development project only if the project is publicly owned;

WHEREAS, Section 571 provides that $10,000,000 in Federal funds are authorized to be appropriated for design and construction assistance for the Section 571 Program;

WHEREAS, the U.S. Army Engineer, Huntington District (hereinafter the "District Engineer") has determined that the North Putnam Public Service District Wastewater Treatment Plant and Redhouse and Shawnee Collector Project in and around the areas of Redhouse, Shawnee, and Hometown, located in Putnam County, West Virginia (hereinafter the "*Project*", as defined in Article I.A. of this Agreement) is eligible for implementation under Section 571;

WHEREAS, Section 571 provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development projects until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project;

WHEREAS, Section 571 specifies the cost-sharing requirements applicable to the *Project* including that the Secretary of the Army shall afford credit, not to exceed 6 percent of the *total construction costs of the Project*, for the reasonable costs of design completed by the non-Federal interest before entering into a written agreement with the Secretary;

WHEREAS, Section 102 of the Energy and Water Development Appropriations Act, 2006, Public Law 109-103, provides that credits and reimbursements afforded for all applicable general authorities and under specific project authority shall not exceed $100,000,000 for all applicable programs and projects in each fiscal year;

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into an agreement (hereinafter the "Agreement") for the provision of design assistance for the *Project*;

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost-sharing and financing of the *Project* in accordance with the terms of this Agreement; and

WHEREAS, the Government and the Non-Federal Sponsor, in connection with this Agreement, desire to foster a partnering strategy and a working relationship between the Government and the Non-Federal Sponsor through a mutually developed formal strategy of commitment and communication embodied herein, which creates an environment where trust and teamwork prevent disputes, foster a cooperative bond between the Government and the Non-Federal Sponsor, and facilitate the successful implementation of the *Project*.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

ARTICLE I - DEFINITIONS

A. The term "*Project*" shall mean design of the following modifications to the existing Hometown Wastewater Treatment Plant: the rehabilitation of the plant's existing treatment units and tanks; the refurbishment or replacement of the facility's existing blowers and aeration system; new affluent pump stations, force main, flow meter and headwall; installation of a new secondary clarifier; a tertiary clarifier, sludge pumping stations, and appurtenances; construction of a new sodium bromide disinfection system; and any structural modifications, piping, and pump station(s) necessary to connect these improvements to the existing system. In addition, new sanitary sewer service will be extended to approximately 100 new structures that have inadequate or failing septic systems, through gravity sewer pipe, force main, pump stations or grinder pumps, and such other necessary connections and appurtenances, in the North Putnam Public Service District Wastewater Treatment Plant and Redhouse and Shawnee Collector Project in and around the areas of Redhouse, Shawnee and Hometown located in Putnam County, West Virginia as generally described in the Huntington District's North Putnam Public Service District Wastewater Treatment System and Redhouse and Shawnee Collector Project Letter

Report, dated January, 2004 and approved by the Director of the Programs Directorate for the Great Lakes and Ohio Rivers Division on May, 2004.

B. The term "*total design costs*" shall mean the sum of all costs incurred by the Non-Federal Sponsor and the Government in accordance with the terms of this Agreement that the District Engineer determines are directly related to design of the *Project*. Subject to the provisions of this Agreement including audits conducted in accordance with Article VII.C. of this Agreement to determine the reasonableness, allocability, and allowability of such costs, the term shall include, but is not necessarily limited to: the costs of the Non-Federal Sponsor's *pre-Agreement design work* determined in accordance with Article II.J. of this Agreement, but not to exceed 6 percent of *total construction costs of the Project*; the Government's costs of review in accordance with Article II.A.1. of this Agreement; the Government's costs of preparation of environmental compliance documentation in accordance with Article II.A.2. of this Agreement; the Government's costs of technical assistance in accordance with Article II.A.1. of this Agreement; the Non-Federal Sponsor's design costs incurred after the effective date of this Agreement; the Non-Federal Sponsor's supervision and administration costs; the Non-Federal Sponsor's costs of identification of legal and institutional structures in accordance with Article II.G. of this Agreement not incurred pursuant to any other agreement for the *Project*; the Non-Federal Sponsor's and the Government's costs of participation in the Design Coordination Team in accordance with Article III of this Agreement; the Non-Federal Sponsor's costs of contract dispute settlements or awards; the Non-Federal Sponsor's and the Government's costs of audit in accordance with Article VII.B. and Article VII.C. of this Agreement; and any other costs incurred by the Government pursuant to the provisions of this Agreement. The term does not include any costs of activities performed under any other agreement for the *Project*; any costs of *betterments*; any interest penalty paid in accordance with Article IV.B.4. of this Agreement; any costs of dispute resolution under Article V of this Agreement; any costs (other than audit) resulting from financial obligations after the *period of design*; or the Non-Federal Sponsor's costs of negotiating this Agreement.

C. The term "*period of design*" shall mean the time from the effective date of this Agreement to the date that design of the *Project* is complete, as determined by the Government, or the date that this Agreement is terminated in accordance with Article II.D. or Article X of this Agreement, whichever is earlier.

D. The term "*betterment*" shall mean a difference in the design of an element of the *Project* that results from the application of standards that the Government determines exceed those that the Government would otherwise apply to the design of that element. The term does not include any design for features not included in the *Project* as defined in paragraph A. of this Article.

E. The term "*fiscal year*" shall mean one year beginning on October 1 and ending on September 30.

F. The term "*Federal program funds*" shall mean funds provided by a Federal agency, other than the Department of the Army, plus any non-Federal contribution required as a matching share therefor.

G. The term "*sufficient invoice*" shall mean submission of all of the following three items: (1) a written certification by the Non-Federal Sponsor to the Government that it has made specified payments to contractors, suppliers, or employees for performance of work in accordance with this Agreement, or a written certification by the Non-Federal Sponsor to the Government that it has received bills from contractors, suppliers, or employees for performance of work in accordance with this Agreement; (2) copies of all relevant invoices and evidence of such payments or bills received; and (3) a written request for reimbursement for the amount of such specified payments or bills received that identifies those costs that have been paid or will be paid with *Federal program funds*.

H. The term "*Section 571 Program Limit*" shall mean the amount of Federal funds authorized to be appropriated for the Section 571 Program. As of the effective date of this Agreement, such amount is $10,000,000.

I. The term "*Section 102 Limit*" shall mean the annual limit on credits and reimbursements imposed by Section 102 of the Energy and Water Development Appropriations Act, 2006, Public Law 109-103.

J. The term "*pre-Agreement design work*" shall mean the work performed prior to the effective date of this Agreement by the Non-Federal Sponsor that is directly related to design of the *Project* and that was not performed pursuant to any other agreement for the *Project*.

K. The term "*total construction costs of the Project*" shall mean the estimate of total project costs minus: the value of lands, easements, rights-of-way, and relocations and the costs of permits; and the *total design costs*.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSOR

A. Using its funds, the Non-Federal Sponsor expeditiously shall design the *Project* in accordance with Federal laws, regulations, and policies.

1. The Non-Federal Sponsor shall require all contractors to whom it awards design contracts to provide 30 percent and 100 percent design information to enable in-progress review of the design. The Government may participate in the review of the design at each stage of completion and may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the *period of design*. The Government shall perform a final review to verify that the design is complete and is necessary for the *Project*. Upon completion of design, the Non-Federal Sponsor shall furnish the District Engineer with copies of the completed design.

2. Using information developed by the Non-Federal Sponsor, the Government shall develop and coordinate as required, an Environmental Assessment and Finding of No Significant Impact or an Environmental Impact Statement and Record of Decision, as necessary, to inform the public regarding the environmental impacts of the *Project* in accordance with the National Environmental Policy Act of 1969.

3. The Non-Federal Sponsor shall obtain all permits and licenses necessary for the design of the *Project* and, in the exercise of its rights and obligations under this Agreement, shall comply with all applicable Federal, state, and local laws, regulations, ordinances, and policies including the laws and regulations specified in Article VIII of this Agreement. As necessary to ensure compliance with such laws, regulations, ordinances, and policies, the Non-Federal Sponsor shall include appropriate provisions in its contracts for the design of the *Project*.

4. The Non-Federal Sponsor shall afford the Government the opportunity to review and comment on the solicitations for all contracts for the *Project*, including relevant plans and specifications, prior to the Non-Federal Sponsor's issuance of such solicitations. To the extent possible, the Non-Federal Sponsor shall afford the Government the opportunity to review and comment on all proposed contract modifications, including change orders. In any instance where providing the Government with notification of a contract modification is not possible prior to execution of the contract modification, the Non-Federal Sponsor shall provide such notification in writing at the earliest date possible. To the extent possible, the Non-Federal Sponsor also shall afford the Government the opportunity to review and comment on all contract claims prior to resolution thereof. The Non-Federal Sponsor shall consider in good faith the comments of the Government, but the contents of solicitations, award of contracts or commencement of design using the Non-Federal Sponsor's own forces, execution of contract modifications, resolution of contract claims, and performance of all design on the *Project* shall be exclusively within the control of the Non-Federal Sponsor.

5. At the time the Non-Federal Sponsor furnishes a contractor with a notice of acceptance of completed work for each contract for the *Project*, the Non-Federal Sponsor shall furnish a copy thereof to the Government.

B. The Government shall determine and include in *total design costs* any costs incurred by the Non-Federal Sponsor that the District Engineer determines are directly related to design of the *Project*, subject to the conditions and limitations of this paragraph.

1. All design work performed by the Non-Federal Sponsor for the *Project* shall be subject to a review by the Government to verify that the work was accomplished in a satisfactory manner and is necessary for the *Project*.

2. Where the Non-Federal Sponsor's costs for design is expressed as fixed costs plus a percentage of construction costs, the Non-Federal Sponsor shall renegotiate such costs with its Architect-Engineer based on actual costs.

3. The Non-Federal Sponsor's costs for design that may be eligible for inclusion in *total design costs* shall be subject to an audit in accordance with Article VII.C. of this Agreement to determine the reasonableness, allocability and allowability of such costs.

4. The Non-Federal Sponsor's costs for design that may be eligible for inclusion in *total design costs* pursuant to this Agreement are not subject to interest charges, nor are they subject to adjustment to reflect changes in price levels between the time the work is completed and the time the costs are included in *total design costs*.

5. The Government shall not include in *total design costs* any costs paid by the Non-Federal Sponsor using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

C. The Government shall reimburse the Non-Federal Sponsor, in accordance with Article IV.B. of this Agreement, the amount necessary so that the Federal contribution towards *total design costs* equals 75 percent; however, any reimbursement by the Government is subject to the availability of funds and is limited by the *Section 571 Program Limit*.

D. Notwithstanding any other provision of this Agreement, Federal financial participation in the *Project* is limited by the following provisions of this paragraph.

1. As of the effective date of this Agreement, $6,485,000 of Federal funds have been provided by the Congress of the United States (hereinafter the "Congress") for the Section 571 Program of which $1,527,000 is currently projected to be available for the *Project*. The Government makes no commitment to request Congress to provide additional Federal funds for the Section 571 Program or the *Project*. Further, the Government's financial participation in the *Project* is limited to the Federal funds that the Government makes available to the *Project*.

2. In the event the Government projects that the amount of Federal funds the Government will make available to the *Project* through the then-current *fiscal year*, or the amount of Federal funds the Government will make available for the *Project* through the upcoming *fiscal year*, is not sufficient to meet the Federal share of *total design costs* that the Government projects to be incurred through the then-current or upcoming *fiscal year*, as applicable, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project*, the Government's future performance under this Agreement shall be suspended and the parties shall proceed in accordance with Article X.B. of this Agreement. However, if the Government cannot make available sufficient Federal funds to meet the Federal share of *total project costs* in the then-current *fiscal year* solely due to the *Section 102 Limit*, only the Government's future performance related to reimbursement pursuant to paragraph C. of this Article shall be suspended.

3. If the Government determines that the total amount of Federal funds provided by Congress for the Section 571 Program has reached the *Section 571 Program Limit*, and the Government projects that the Federal funds the Government will make available to the *Project* within the *Section 571 Program Limit* will not be sufficient to meet the Federal share of *total design costs*, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project* within the *Section 571 Program Limit*, the parties shall terminate this Agreement and proceed in accordance with Article X of this Agreement.

E. Upon conclusion of the *period of design*, the Government shall conduct an accounting, in accordance with Article IV.C. of this Agreement, and furnish the results to the Non-Federal Sponsor.

F. The Non-Federal Sponsor and the Government, in consultation with appropriate Federal and State officials, shall develop a facilities or resource protection and development plan. Such plan shall include necessary design, completion of all necessary NEPA compliance, preparation of appropriate engineering plans and specifications, and any other matters related to design of the *Project* in accordance with this Agreement.

G. The Non-Federal Sponsor shall identify such legal and institutional structures as are necessary to ensure the effective long-term operation of the *Project*. The Non-Federal Sponsor shall provide to the Government a description of such legal and institutional structures. The Non-Federal Sponsor's costs of identification of such legal and institutional structures shall be included in *total design costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article VII.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

H. The Non-Federal Sponsor shall not use *Federal program funds* to meet any of its obligations for the *Project* under this Agreement unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

I. In the event that the Non-Federal Sponsor elects to include *betterments* in the design of the *Project* during the *period of design*, the Non-Federal Sponsor shall notify the Government in writing and describe the *betterments* it intends to design. The Non-Federal Sponsor shall be solely responsible for all costs due to *betterments* and shall pay all such costs without reimbursement by the Government.

J. The Government shall determine and include in *total design costs* the reasonable costs incurred by the Non-Federal Sponsor for *pre-Agreement design work*, subject to the conditions and limitations of this paragraph, that have not been incurred pursuant to any other agreement for the *Project* but not to exceed 6 percent of *total construction costs of the Project*. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents as are

sufficient to enable the Government to determine the amount of costs to be included in *total design costs* for *pre-Agreement design work.*

1. *Pre-Agreement design work* shall be subject to a review by the Government to verify that the work was accomplished in a satisfactory manner and is necessary for the *Project.*

2. Where the Non-Federal Sponsor's cost for completed *pre-Agreement design work* is expressed as fixed costs plus a percentage of construction costs, the Non-Federal Sponsor shall renegotiate such costs with its Architect-Engineer based on actual costs.

3. The Non-Federal Sponsor's costs for *pre-Agreement design work* that may be eligible for inclusion in *total design costs* shall be subject to an audit in accordance with Article VII.C. of this Agreement to determine the reasonableness, allocability and allowability of such costs.

4. The Non-Federal Sponsor's costs for *pre-Agreement design work* that may be eligible for inclusion in *total design costs* pursuant to this paragraph are not subject to interest charges, nor are they subject to adjustment to reflect changes in price levels between the time the *pre-Agreement design work* was completed and the time the costs are included in *total design costs.*

5. The Government shall not include in *total design costs* any costs for *pre-Agreement design work* paid by the Non-Federal Sponsor using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

ARTICLE III - DESIGN COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 calendar days after the effective date of this Agreement, shall appoint named senior representatives to a Design Coordination Team. Thereafter, the Design Coordination Team shall meet regularly until the end of the *period of design.* The Government's Project Manager and a counterpart named by the Non-Federal Sponsor shall co-chair the Design Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsor's counterpart shall keep the Design Coordination Team informed of the progress of design and of significant pending issues and actions, and shall seek the views of the Design Coordination Team on matters that the Design Coordination Team generally oversees.

C. Until the end of the *period of design,* the Design Coordination Team shall generally oversee the *Project,* including matters related to: design; reports and work products; plans and specifications; scheduling; anticipated real property and relocation requirements; contract awards and modifications; contract costs; the Government's cost projections; anticipated requirements

and needed capabilities for performance of operation, maintenance, repair, rehabilitation, and replacement of the *Project* including issuance of permits; and other matters related to the *Project*. This oversight of design of the *Project* shall be consistent with a project management plan developed by the Government and the Non-Federal Sponsor.

D. The Design Coordination Team may make recommendations to the Non-Federal Sponsor on matters related to design of the *Project* that the Design Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Non-Federal Sponsor in good faith shall consider the recommendations of the Design Coordination Team. The Non-Federal Sponsor, having the legal authority and responsibility for design of the *Project*, has the discretion to accept or reject, in whole or in part, the Design Coordination Team's recommendations except as otherwise required by the provisions of this Agreement, including compliance with applicable Federal, State, or local laws or regulations.

E. The Non-Federal Sponsor's costs of participation in the Design Coordination Team shall be included in *total design costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article VII.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government's costs of participation in the Design Coordination Team shall be included in *total design costs* and shared in accordance with the provisions of this Agreement.

ARTICLE IV - METHOD OF PAYMENT

A. The Non-Federal Sponsor shall provide the Government with such documents as are sufficient to enable the Government to maintain current records and provide to the Non-Federal Sponsor current projections of costs, financial obligations, contributions provided by the parties, and the costs included in *total design costs* for the *pre-Agreement design work* determined in accordance with Article II.J. of this Agreement.

1. As of the effective date of this Agreement, *total design costs* are projected to be $300,000; the Government's share of *total design costs* is projected to be $225,000; the Non-Federal Sponsor's share of *total design costs* is projected to be $75,000; *total design costs* to be incurred by the Government are projected to be $25,000; *total design costs* to be incurred by the Non-Federal Sponsor are projected to be $275,000; the costs included in *total design costs* for the *pre-Agreement design work* determined in accordance with Article II.J. of this Agreement are projected to be $100,000; and total reimbursements in accordance with paragraph B.2. of this Article are projected to be $200,000. These amounts are estimates subject to adjustment by the Government, after consultation with the Non-Federal Sponsor, and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

2. By June 2006 and by each quarterly anniversary thereof until the conclusion of the *period of design* and resolution of all relevant claims and appeals, the Government shall provide the Non-Federal Sponsor with a report setting forth all contributions provided to date and

the current projections of the following: *total design costs*; the Government's share of *total design costs*; the Non-Federal Sponsor's share of *total design costs*; *total design costs* incurred by the Government; *total design costs* incurred by the Non-Federal Sponsor; the costs included in *total design costs* for the *pre-Agreement design work* determined in accordance with Article II.J. of this Agreement; and total reimbursements paid to the Non-Federal Sponsor.

B. The Government, subject to the availability of funds, shall reimburse the Non-Federal Sponsor, in accordance with the provisions of this paragraph, the amount required pursuant to Article II.C. of this Agreement.

1. Periodically, but not more frequently than once every 30 calendar days, the Non-Federal Sponsor shall provide the Government with a *sufficient invoice* for costs the Non-Federal Sponsor has incurred for the *Project*.

2. Upon receipt of such *sufficient invoice*, the Government shall review the costs identified therein and shall determine: (a) the amount to be included in *total design costs*, subject to the limitations in Article II.B. of this Agreement; (b) the total costs incurred by the parties to date; (c) each party's share of *total design costs* incurred by the parties to date; (d) the costs incurred by each party to date; (e) the total amount of reimbursements the Government has made to date in accordance with this paragraph; (f) the balance of Federal funds available for the *Project*, as of the date of such review; (g) the amount of reimbursement, if any, due to the Non-Federal Sponsor; and (h) the amount that actually will be paid to the Non-Federal Sponsor (hereinafter the "payment amount") if the amount of reimbursement determined above cannot be fully paid due to an insufficiency of Federal funds or the limitations of the *Section 571 Program Limit* or the *Section 102 Limit*.

3. Within 30 calendar days after receipt of the *sufficient invoice* provided in accordance with paragraph B.1. of this Article (hereinafter the "payment period"), the Government shall: furnish the Non-Federal Sponsor written notice of the determinations made in accordance with paragraph B.2. of this Article; provide an explanation, if necessary, of why the payment amount is less than the amount of reimbursement determined due to the Non-Federal Sponsor; and make a payment to the Non-Federal Sponsor equal to the payment amount.

4. If the payment amount is not paid by the end of the payment period, the designated payment office shall credit to the Non-Federal Sponsor's account an interest penalty on the payment amount, without request from the Non-Federal Sponsor. Unless prescribed by other Federal authority, the interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the first day after the end of the payment period.

a. The interest penalty shall accrue daily from the first day after the end of the payment period through the date on which the payment is made. Accruals shall be compounded at 30 calendar day intervals through the date on which the payment is made.

b. The interest penalty shall not accrue, nor be compounded, during suspension of all of the Government's future performance or during suspension of only the Government's future performance to provide reimbursement. Further no interest penalty shall accrue, nor be compounded, upon termination of this Agreement under Article X of this Agreement.

C. Upon conclusion of the *period of design* and resolution of all relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. If outstanding relevant claims and appeals prevent a final accounting from being conducted in a timely manner, the Government shall conduct an interim accounting and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. The interim or final accounting, as applicable, shall determine *total design costs*. In addition, for each set of costs, the interim or final accounting, as applicable, shall determine each party's required share thereof, and each party's total contributions thereto as of the date of such accounting.

1. Should the interim or final accounting, as applicable, show that the Government's total required share of *total design costs* exceeds the Government's total contributions provided thereto, the Government, no later than 90 calendar days after completion of the interim or final accounting, as applicable, shall make a payment to the Non-Federal Sponsor, subject to the availability of funds and as limited by the *Section 571 Program Limit* and the *Section 102 Limit*, in an amount equal to the difference.

2. Should the interim or final accounting, as applicable, show that the total contributions provided by the Government for *total design costs* exceed the Government's total required share thereof, the Non-Federal Sponsor shall refund the excess amount to the Government within 90 calendar days of the date of completion of such accounting by delivering a check payable to "FAO, USAED, Huntington" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government. In the event the Government is due a refund and funds are not available to refund the excess to the Government, the Non-Federal Sponsor shall seek such appropriations as are necessary to make the refund.

ARTICLE V - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. Each party shall pay an

equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VI – HOLD AND SAVE

The Non-Federal Sponsor shall hold and save the Government free from all damages arising from design of the *Project* and any *betterments*, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE VII - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsor shall develop procedures for keeping books, records, documents, or other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsor shall maintain such books, records, documents, or other evidence in accordance with these procedures and for a minimum of three years after completion of the accounting for which such books, records, documents, or other evidence were required. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsor shall each allow the other to inspect such books, records, documents, or other evidence.

B. In accordance with 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by Office of Management and Budget (OMB) Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsor and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsor and independent auditors any information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the *Project* shall be included in *total design costs* and shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsor is required to conduct under the Single Audit Act Amendments of 1996. Any such Government audits shall be conducted in accordance with Government Auditing Standards and the cost principles in OMB Circular No. A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in *total design costs* and shared in accordance with the provisions of this Agreement.

ARTICLE VIII - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government shall comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d) and Department of Defense Directive 5500.11 issued pursuant thereto; and Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army".

ARTICLE IX - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other.

B. In the exercise of its rights and obligations under this Agreement, neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights the other party may have to seek relief or redress against that contractor either pursuant to any cause of action that the other party may have or for violation of any law.

ARTICLE X - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under this Agreement, the Assistant Secretary of the Army (Civil Works) shall terminate this Agreement or suspend the Government's future performance under this Agreement.

B. In the event all of the Government's future performance under this Agreement or only the Government's future performance to provide reimbursement is suspended pursuant to Article II.D.2. of this Agreement such suspension shall remain in effect until such time that the Government notifies the Non-Federal Sponsor in writing that sufficient Federal funds are available to meet the Federal share of *total design costs* the Government projects to be incurred through the then-current or upcoming *fiscal year*, or the Government or the Non-Federal Sponsor elects to terminate this Agreement.

C. In the event that this Agreement is terminated pursuant to this Article or Article II.D. of this Agreement, both parties shall conclude their activities relating to the *Project* and conduct an accounting in accordance with Article IV.C. of this Agreement. The Government may reserve a percentage of total Federal funds made available for the *Project* as a contingency to pay costs of termination. Notwithstanding such termination, the Non-Federal Sponsor may continue with design of the *Project*, at no cost to the Government.

D. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article or Article II.D. of this Agreement shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment owed by the Non-Federal Sponsor shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE XI - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor:

General Manager
South Putnam Public Service District
Post Office Box 147
Scott Depot, West Virginia 25560-0147

If to the Government:

District Engineer
Huntington District
U.S. Army, Corps of Engineers
502 Eighth Street
Huntington, West Virginia 25701-2070

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

ARTICLE XII - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XIII - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Engineer.

DEPARTMENT OF THE ARMY

BY: _____
WILLIAM E. BULEN
Colonel, Corps of Engineers
District Engineer

DATE: 4-28-06

THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT

BY: _____
MICHAEL W. MCNULTY
General Manager

DATE: 4-27-06

CERTIFICATE OF AUTHORITY

I, Robert R. Rodecker, do hereby certify that I am the principal legal officer of the South Putnam Public Service District, that the South Putnam Public Service District is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the South Putnam Public Service District in connection with the North Putnam Public Service District Wastewater Treatment Plant and Redhouse and Shawnee Collector Project in and around the areas of Redhouse, Shawnee, and Hometown located in Putnam County, West Virginia, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement and that the persons who have executed this Agreement on behalf of the South Putnam Public Service District have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this 27th day of April 2006

Robert R. Rodecker
Legal Counsel
South Putnam Public Service District

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Michael W. McNulty
General Manager
South Putnam Public Service District

DATE: 4-27-06

SECTION 571

NORTH PUTNAM PUBLIC SERVICE DISTRICT WASTEWATER

TREATMENT PLANT AND REDHOUSE AND

SHAWNEE COLLECTOR PROJECT

AT

PUTNAM COUNTY, WEST VIRGINIA

CERTIFICATE OF FINANCIAL RESPONSIBILITY

I, Michael W. McNulty, General Manager, The South Putnam Public Service District, Putnam County, West Virginia, do hereby certify that the South Putnam Public Service District, can meet and discharge all financial obligations required to fulfill all measures of local cooperation set forth in the agreement for project cooperation between the South Putnam Public Service District and the Department of the Army, which was executed by said South Putnam Public Service District on 28 APRIL, 2006, and is financially able to operate, maintain, replace and rehabilitate the project after completion of the construction work.

IN WITNESS WHEREOF, this Certificate of Financial Responsibility is executed for and on behalf of the South Putnam Public Service District, this 28th day of APRIL, 2006.

Michael W. McNulty
General Manager
South Putnam Public Service District