

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

**WATER REVENUE BONDS, SERIES 2005 A AND
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

DATE OF CLOSING: SEPTEMBER 28, 2005

BOND TRANSCRIPT

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RALEIGH COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)**

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9. (A) Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel,
for the Series 2005 A Bonds
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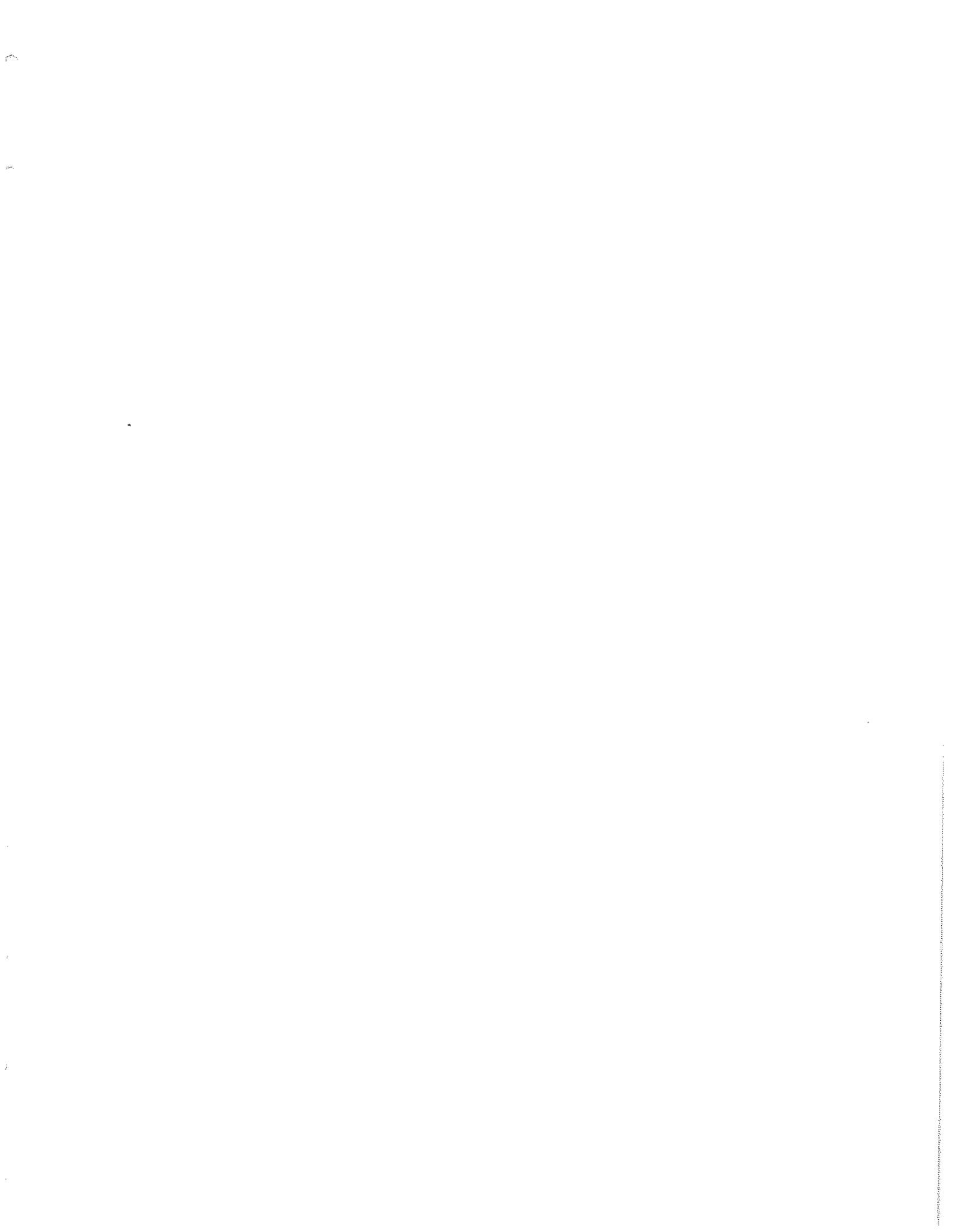
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RALEIGH COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)**

BOND RESOLUTION

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RALEIGH COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF RALEIGH COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,160,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$150,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF RALEIGH COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Raleigh County Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Raleigh County of said State, duly created pursuant to the Act by The County Commission of Raleigh County.

Section 1.02. Findings and Determinations It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of an addition to the water distribution system to provide water to the residents of Clear Creek area of Raleigh County, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is \$4,021,900 of which \$2,160,500 will be obtained from the proceeds of sale of the Series 2005 A Bonds, \$150,000 will be obtained from the proceeds of sale of the Series 2005 B Bonds, both herein authorized, \$1,500,000 will be obtained from a grant from the HUD Small Cities Block Grant Program, \$200,000 will be obtained from the proceeds of a grant from The County Commission of Raleigh County and \$11,400 will be obtained from the proceeds of the Issuer's contribution.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), in the aggregate principal amount of \$2,160,500 (the "Series 2005 A Bonds") and Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), in the aggregate principal amount of \$150,000 (the "Series 2005 B Bonds," and collectively with the Series 2005 A Bonds, the "Series 2005 Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2005 Bonds prior to,

during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents 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 Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bond, Series 1981, dated July 14, 1981 (the "1981 Bond"), issued in the original aggregate principal amount of \$783,000, (ii) Water System Improvement and Refunding Bond, Series 1989 A, dated March 23, 1989 (the "1989 Bond"), issued in the original aggregate principal amount of \$2,971,000, (iii) Water System Bond, Series 1991, dated February 20, 1991 (the "1991 Bond"), issued in the original aggregate principal amount of \$220,000, (iv) Water Revenue Bond, Series 1996, dated April 17, 1996 (the "1996 A Bond"), issued in the original aggregate principal amount of \$300,000 and (v) Water Revenue Bond, Series 1996, dated August 20, 1996 (the "1996 B Bond"), issued in the original aggregate principal amount of \$750,000, all held by the Purchaser (as hereinafter defined). The 1981 Bond, 1989 Bond, 1991 Bond, 1996 A Bond and 1996 B Bond are hereinafter collectively referred to as the "Prior Bonds." There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2005 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated August 9, 2002, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2005 Bonds, or will have so complied prior to issuance of the Series 2005 Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges

from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2005 Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Series 2005 Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means United Bank, Inc., Beckley, Raleigh County, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"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.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America.

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Raleigh County Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Raleigh County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated August 9, 2002, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 Bonds in the then current or any succeeding year.

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

"1981 Resolution" means the resolution of the Issuer adopted April 16, 1981, authorizing the 1981 Bond.

"1989 Resolution" means the resolution of the Issuer adopted March 23, 1989, authorizing the 1989 Bond.

"1991 Resolution" means the resolution of the Issuer adopted February 20, 1991, authorizing the 1991 Bond.

"1996 Resolution" means, collectively, the resolutions of the Issuer adopted April 17, 1996 and August 20, 1996, authorizing the 1996 A Bond and 1996 B Bond.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable

operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Issuer's 1996 A Bond, 1996 B Bond, 1991 Bond, 1989 Bond, and the 1981 Bond all held by the United States Department of Agriculture.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively adopted authorizing the issuance of the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(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 (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolutions and the Bond Legislation.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"Series 2005 Bonds" means, collectively, the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$4,021,900, 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 increase of the Series 2005 Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2005 Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2005A (United States Department of Agriculture)" and "Water Revenue Bonds, Series 2005 B (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amount of \$2,310,500, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2005 A Bonds shall be issued in single form, numbered AR-1 and the Series 2005 B Bonds shall be issued in single form, numbered BR-1, only as fully registered Bonds, and shall be dated the date of delivery thereof. The Series 2005 Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2005 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2005 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2005 Bonds, and the right to principal of and stated interest on the Series 2005 Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2005 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2005 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2005 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2005 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2005 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2005 Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2005 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2005 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2005 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2005 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2005 Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2005 Bonds shall cease to be such officer of the Issuer before the Series 2005 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. The Series 2005 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2005 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2005 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2005 Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2005 Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2005 Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2005 Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2005 Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
RALEIGH COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$2,160,500

No. AR-1

Date: _____

FOR VALUE RECEIVED, RALEIGH COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO MILLION ONE HUNDRED SIXTY THOUSAND FIVE HUNDRED DOLLARS (\$2,160,500), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2005, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(1) WATER REVENUE BONDS, SERIES 2005 B, DATED SEPTEMBER 28, 2005 (THE "SERIES 2005 B BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$150,000;

(2) WATER REVENUE BONDS, SERIES 1996, DATED APRIL 17, 1996 (THE "1996 A BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000;

(3) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 20, 1996 (THE "1996 B BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000;

(4) WATER SYSTEM BONDS, SERIES 1991, DATED FEBRUARY 20, 1991 (THE "1991 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$220,000;

(5) WATER SYSTEM IMPROVEMENT AND REFUNDING BONDS, SERIES 1989 A, DATED MARCH 23, 1989 (THE "1989 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,971,000; AND

(6) WATER REVENUE BONDS, SERIES 1981, DATED JULY 14, 1981 (THE "1981 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$783,000.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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IN WITNESS WHEREOF, RALEIGH COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

ATTEST:

Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$	9/28/05	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

(FORM OF BOND)

UNITED STATES OF AMERICA
RALEIGH COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$150,000

No. BR-1

Date: _____

FOR VALUE RECEIVED, RALEIGH COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000), plus interest on the unpaid principal balance at the rate of _____ % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2005, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(1) WATER REVENUE BONDS, SERIES 2005 A, DATED SEPTEMBER 28, 2005 (THE "SERIES 2005 B BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,160,500;

(2) WATER REVENUE BONDS, SERIES 1996, DATED APRIL 17, 1996 (THE "1996 A BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000;

(3) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 20, 1996 (THE "1996 B BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000;

(4) WATER SYSTEM BONDS, SERIES 1991, DATED FEBRUARY 20, 1991 (THE "1991 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$220,000;

(5) WATER SYSTEM IMPROVEMENT AND REFUNDING BONDS, SERIES 1989 A, DATED MARCH 23, 1989 (THE "1989 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,971,000; AND

(6) WATER REVENUE BONDS, SERIES 1981, DATED JULY 14, 1981 (THE "1981 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$783,000.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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IN WITNESS WHEREOF, RALEIGH COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

ATTEST:

Secretary, Public Service Board

(Form of Assignment)

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:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Reserve Fund (established by the Prior Resolutions);
- (3) Depreciation Reserve (established by the Prior Resolutions); and
- (4) Series 2005 Bonds Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and from each other:

- (1) Series 2005 A Bonds Reserve Account; and
- (2) Series 2005 B Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account . The proceeds of the sale of the Series 2005 Bonds shall be deposited upon receipt by the Issuer in the Series 2005 Bonds Project Construction Account. The monies in the Series 2005 Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2005 Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2005 Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2005 Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to

make the monthly installments on the Series 2005 Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2005 Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2005 Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds.

So long as any of the Series 2005 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2005 Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2005 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2005 Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions 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 the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolutions not otherwise modified herein:

(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, transfer from the Revenue Fund and simultaneously remit to the National Finance Office, the amounts required to pay the interest on the Series 2005 Bonds and the Prior Bonds and to amortize the principal of the Series 2005 Bonds and the Prior Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2005 Bonds shall be made on an equal pro rata basis in accordance with the

respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the Reserve Fund for the Prior Bonds; (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2005 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2005 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2005 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 Minimum Reserve; and (iii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2005 B Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2005 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2005 B 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 Minimum Reserve. Monies in the respective Series 2005 Bonds Reserve Accounts shall be used solely to make up any deficiency for the respective monthly payments of the principal of and interest on the Series 2005 Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the respective Series 2005 Bonds, or for mandatory prepayment of the respective Series 2005 Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2005 Bond Reserve Account, so long as the respective Series 2005 Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the amounts required by the Prior Resolutions to be deposited therein with respect to the Prior Bonds.

(5) 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.

Whenever the money in the Series 2005 A Bonds Reserve Account shall be sufficient to prepay the Series 2005 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2005 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2005 B Bonds Reserve Account shall be sufficient to prepay the Series 2005 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2005 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2005 A Bonds Reserve Account and Series 2005 B Bonds Reserve Account. All amounts required for the respective Series 2005 Bonds Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2005 Bonds and the interest thereon.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the

Series 2005 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the respective Series 2005 Bonds Reserve Accounts invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the respective Series 2005 Bonds Reserve Accounts, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2005 Bonds, provide evidence that there will be at least 4,471 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by

Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

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

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2005 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$2,310,500 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2005 Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2005 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the respective Series 2005 A Bonds Reserve Accounts, sums sufficient to prepay the entire principal of the respective Series 2005 Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2005 Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2005 Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2005 Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligation 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 additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

So long as the Series 2005 Bonds and the Prior 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 and the Series 2005 Bonds, representing 75% of the then-outstanding principal indebtedness.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2005 Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2005 Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be

procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2005 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2005 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2005 Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2005 Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2005 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Series 2005 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt

an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2005 Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision and Commission Order of the Public Service Commission of West Virginia, entered on November 18, 2004 and December 17, 2004, Case No. 04-1192-PWD-CN, which Commission Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2005 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 with respect to the Series 2005 Bonds, 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 2005 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2005 Bonds, the Issuer may not defease the Series 2005 Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2005 Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2005 Bonds.

Section 7.05. Conflicting Provisions Repealed The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall

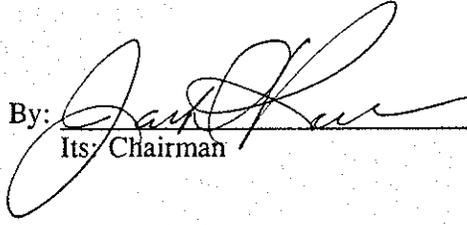
neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time . This Resolution shall take effect immediately upon its adoption.

Adopted this 26th day of September, 2005.

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

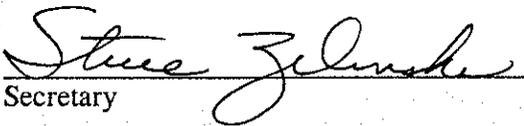
By: 
Its Chairman

CERTIFICATION

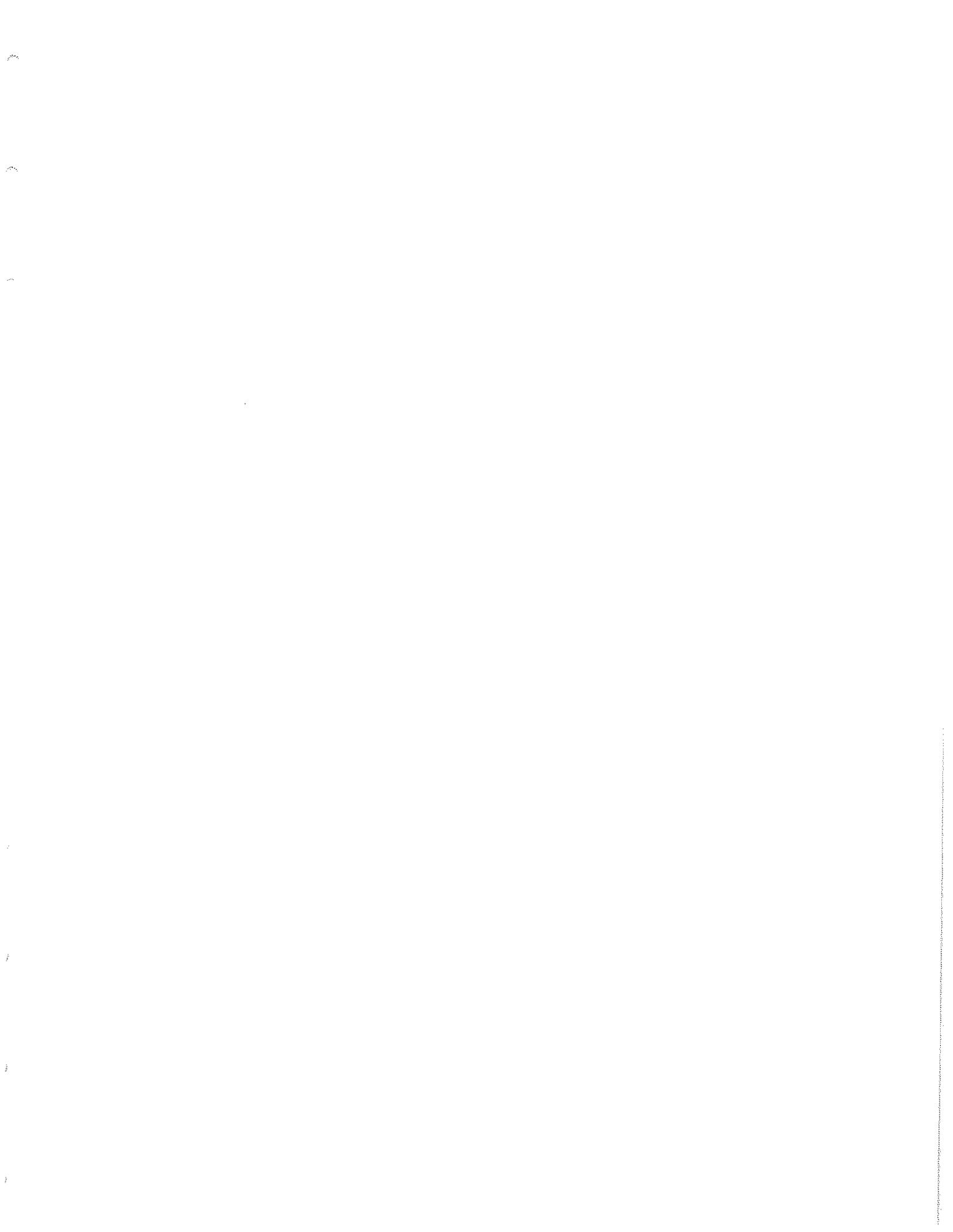
Certified a true copy of a Resolution duly adopted by the Public Service Board
of RALEIGH COUNTY PUBLIC SERVICE DISTRICT on the 26th day of September, 2005

Dated: September 28, 2005.

[SEAL]


Secretary

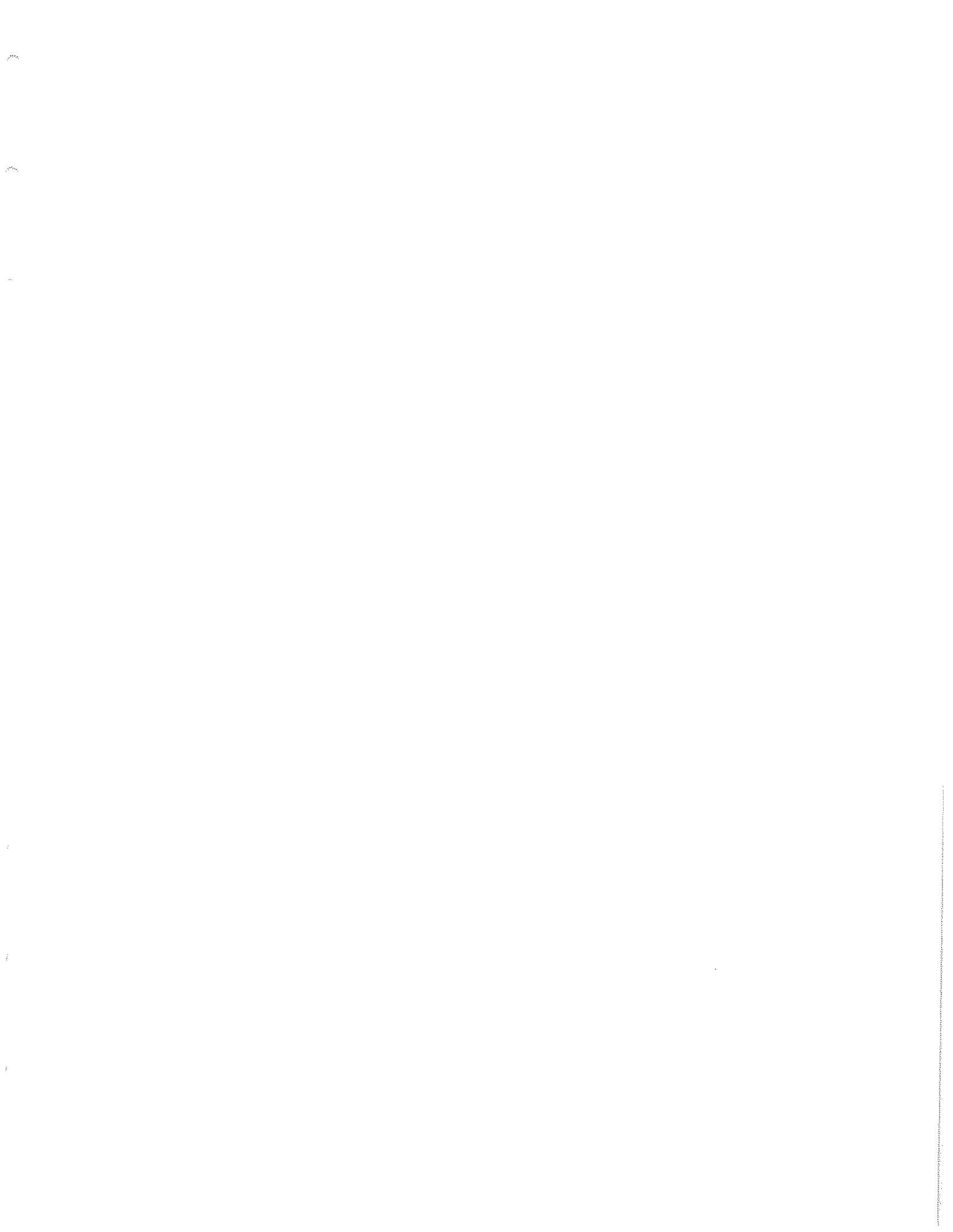
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PRIOR BONDS

- 1) 1996 BOND RESOLUTION
- 2) 1991 BOND RESOLUTION
- 3) 1989 BOND RESOLUTION
- 4) 1981 BOND RESOLUTION

ON FILE WITH ISSUER





**United States Department of Agriculture
Rural Development**
West Virginia State Office

September 28, 2005

Raleigh County Public Service District
Water Revenue Bonds, Series 2005 and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the 1981 Bond, 1989 A Bond, 1991 Bond and 1996 Bond, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture) (the "Series 2005 A Bonds"), in the original aggregate principal amount of \$2,160,500 and Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) (the "Series 2005 B Bonds"), in the original aggregate principal amount of \$150,000 (collectively, the "Series 2005 Bonds"), by Raleigh County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2005 Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (a) Water Revenue Bond, Series 1981, dated July 14, 1981 (the "1981 Bond"), issued in the original aggregate principal amount of \$783,000, (b) Water System Improvement and Refunding Bond, Series 1989 A, dated March 23, 1989 (the "1989 Bond"), issued in the original aggregate principal amount of \$2,971,000, (c) Water System Bond, Series 1991, dated February 20, 1991 (the "1991 Bond"), issued in the original aggregate principal amount of \$220,000, and (d) Water Revenue Bond, Series 1996, dated April 17, 1996 (the "1996 Bond"), issued in the original aggregate principal amount of \$300,000 (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2005 Bonds or the Series 2005 Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Series 2005 Resolution.

A handwritten signature in black ink, consisting of a series of loops and flourishes, positioned above a horizontal line.

Authorized Representative

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 18, 2004

CASE NO. 04-1192-PWD-CN

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

Application for a certificate of convenience
and necessity for the construction of an
addition to the water distribution system
in Clear Creek.

RECOMMENDED DECISION

On August 3, 2004, Raleigh County Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity to construct an addition to its water distribution system to provide water service to the residents of the Clear Creek area of Raleigh County, West Virginia.¹ The proposed project will be financed by a Small Cities Block grant (SCBG) in the amount of \$1,500,000, and a Rural Utilities Service (RUS) loan in the amount of \$2,160,500. The District stated that it will repay funding for the project with proceeds derived from its existing rates and charges and, therefore, was not seeking a rate increase as a result of the proposed project.

By Order dated August 4, 2004, the District was directed to provide notice of the 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 Raleigh County, West Virginia, making due return to the Commission of proper certification of publication immediately after publication. The Notice directed that anyone desiring to make objections to the application must do so, in writing, within thirty (30) days after publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increase, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application based upon the evidence submitted in the application and the Commission's review thereof.

¹On April 5, 2004, the District, by counsel, had filed its Notice of the Filing. On April 6, 2004, the District filed a copy of Permit No. 16,002, dated March 26, 2004, issued by the State of West Virginia Office of Environmental Health Services, granting approval to install facilities to serve 309 new customers in the Spruce Mountain and Clear Creek areas of Raleigh County, West Virginia.

On August 20, 2004, the District filed an affidavit of publication reflecting that, in compliance with the Commission's August 4, 2004 Order, the Notice of Filing was published on August 11, 2004, in The Register-Herald, a newspaper duly qualified by the Secretary of State, published and of general circulation in Raleigh County, West Virginia.

On September 3, 2004, Staff Attorney John Auville filed an Initial Joint Staff Memorandum, to which was attached an Initial Internal Memorandum, prepared by Jonathan M. Fowler, P.E., Staff Engineer, Engineering Division, and James W. Boggess, Utilities Analyst II, Utilities Division. Commission Staff began by stating that, given that the proposed project will have no impact on rates, a waiver of the Rule 42 filing requirement should be granted, provided the District submitted a letter formally requesting such a waiver. Commission Staff also stated that the five declining block rates listed in the August 4, 2004 Notice of Filing were not the rates that the District intended to publish. The District had intended to publish its current rates, which are \$6.24 per 1,000 gallons for the first 2,000 gallons used per month, and \$6.24 per 1,000 gallons for all consumption over 2,000 gallons used per month. The District had to publish a corrected Notice of Filing to reflect its correct current rates. Commission Staff reported that it would continue its review of the District's certificate application and make a final recommendation thereon upon receipt of the following information, to-wit:

- (1) A formal written request for a waiver of the Rule 42 filing requirements;
- (2) Evidence of funding commitments totaling not less than the full estimated project cost from the USDA-Rural Utilities Service and the HUD-Small Cities Block Grant Program;
- (3) A letter from the District's consulting engineer, identifying the status of all permits and approvals necessary for the construction of the proposed project. This letter should include, but not necessarily be limited to, permits and approvals from the West Virginia Division of Highways, the Army Corps of Engineers, the West Virginia Public Lands Corporation, the West Virginia Division of Environmental Protection, the West Virginia Bureau for Public Health, any affected railroads and all other permits and approvals needed for construction; and
- (4) A complete, up-to-date project budget and a detailed construction cost estimate. The project budget was to be in a form similar to the commonly used "Schedule B" format, as used by the West Virginia IJDC, or similar format acceptable to Technical Staff and the project funding agencies.

In the interim, referral of this matter to the Division of Administrative Law Judges for further disposition was recommended.

Also on September 4, 2004, Mr. Auville filed Commission Staff's First Data Request directed to the District.

By Order dated September 15, 2004, the District was directed to publish an Amended Notice of Filing of its 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 Raleigh County, West Virginia.

By Order dated September 15, 2004, the Commission referred this matter to the Division of Administrative Law Judges for further proceedings, with a decision due date of on or before February 25, 2005.

On September 21, 2004, the District filed its responses to Commission Staff's First Data Request. The District also requested a waiver of the requirement to file a Rule 42 Exhibit.

On October 5, 2004, the District filed a copy of a letter and attachments from the United States Department of Agriculture, Rural Development, regarding the conditions and terms of the \$2,160,500 RUS loan.

On October 19, 2004, the District filed an affidavit of publication reflecting that, in compliance with the Commission's September 15, 2004 Order, the Amended Notice of Filing was published on October 1, 2004, in The Register-Herald, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Raleigh County, West Virginia.

On October 26, 2004, Mr. Auville filed a Final Joint Staff Memorandum, to which was attached a Final Internal Memorandum, dated October 19, 2004, prepared by Messrs. Fowler and Boggess. Commission Staff reported that the proposed project will be financed by an SCBG loan in the amount of \$1,500,000, and an RUS loan in the amount of \$2,160,500. According to the Letter of Conditions filed herein on October 5, 2004, the RUS loan will be scheduled for repayment over forty (40) years. For planning purposes, RUS used a 4.75% interest rate. The annual principal and interest payments on the loan will be approximately \$123,156, with the first twenty-four (24) payments consisting of interest only. The Letter of Conditions also requires the District to establish and fund a separate debt service reserve account. Every month, 10% of the monthly payment, or \$1,026.30, must be deposited into this account until the account accumulates the equivalent of one (1) year of payments. Therefore, the total debt service is as follows:

Principal and interest	\$123,156
Debt service reserve	<u>12,316</u>
Total annual debt service:	\$135,472

The District will support the proposed project with its existing rates and charges, as published in the Amended Notice of Filing. Staff

constructed a cash flow analysis based on the District's 2003 Annual Report.² At pro forma, the District will have a surplus of \$268,678, and a debt coverage of 161.7%.

Commission Staff went on to state that the proposed project will extend water service to approximately 350 potential new residential and small commercial customers in the Raleigh County communities of Spruce Mountain, Clear Creek, Workman's Creek, McDowell, Toney Fork, Buffalo Fork, Artie and White Oak. The proposed project will involve the construction of approximately 22,000 feet of 8" water mains, 62,500 feet of 6" mains, 10,500 feet of 4" mains, 11,800 feet of 2" mains, one (1) new 150 GPM main line booster pumping station, one (1) new 50 GPM hydro-pneumatic booster station, one (1) new 75,000 gallon storage tank and one (1) new 150,000 gallon storage tank. The proposed project also provides for the installation of automated telemetry equipment, two (2) control valve stations, various sizes of main line gate valves, fire hydrants, water services and meters, water line appurtenances and the necessary accessories needed to properly service the new customers.

Water for the new extension will be supplied by the Beckley Water Company's system. Flow tests conducted by the District's consulting engineering indicate that the existing water distribution system has adequate reserve capacity, i.e., more than 550 GPM available, to supply the proposed customers, who will exert an average daily demand of approximately 40 GPM, or a peak (design) demand of 150 GPM.

The engineering services agreement with Thrasher Engineering, Inc., associated with the proposed project sub judice was previously approved by the Commission in Case No. 01-0395-PWD-PC (Final August 12, 2001). Engineering fees total \$230,000 for project design services, \$215,000 for construction and inspection services and \$30,000 for additional services. The total engineering fees of \$475,000 make up approximately 13% of the total project costs or about 16.6% of the estimated construction costs. The Commission's Engineering Staff expressed its opinion that these fees are within the customary range of fees for such engineering services.

The estimated total project cost is \$3,660,500, with an estimated construction cost of \$2,864,900. The breakdown of the project cost is as follows, to-wit:

Construction Costs	\$ 2,728,448
Construction Contingency	136,452
Subtotal-Construction	2,864,900
Engineering Services	475,000
Administration	50,000
Legal Services	20,000
Bond Counsel	15,000
Lands and Rights	10,000
Interest During Construction	154,000

²The District's 2004 Annual Report had not been filed as of the date of preparation of Staff's Final Internal Memorandum. The District had requested and been granted an extension of time within which to file its 2004 Annual Report.

WVDOH Fees (Inspection)	24,832
Project Contingency	<u>46,768</u>

Total Project Cost: \$ 3,660,500

Commission Staff was careful to point out that work on the proposed project had not been let out for bids and that the above figures are only estimates. It was further noted that construction costs have been rapidly escalating as of late and Staff recommended that the District begin investigating sources of supplemental funding and be prepared to adjust the project scope, possibly via the use of deductive bid alternatives, in the event that actual bids come in above the estimates and the project costs exceed the available funding.

The cost per customer for this project, i.e., \$11,846, is somewhat on the high side. However, based on the project funding package and the relatively large amount of grant funding proposed, about 41%, the project cost per customer was believed by Commission Staff to be acceptable. It was further noted that the cost per customer for all water projects has been observed to be on a slow, continual rise over the past several years. This was believed by Commission Staff to be due to the fact that construction costs keep increasing as the "easier", less difficult to construct projects have been completed, leaving the more difficult and more expensive projects remaining. Commission Staff was also of the opinion that all permits and/or regulatory approvals needed for the proposed project have either been issued or will be available prior to the start of actual construction. However, Commission Staff strongly cautioned the District that the issuance of a certificate of convenience and necessity by the Commission does not relieve it of the responsibility to insure that all necessary permits, lands, rights-of-way and regulatory approvals are obtained and in place prior to construction.

Additionally, based upon its knowledge of the project area and the water supply available in the area, Commission Staff is of the opinion that the need for the proposed project had been amply demonstrated, since the groundwater in the project area is very poor, with excessive amounts of iron, manganese and similar contaminants, in addition to the water being quite hard. Staff also is of the opinion that the proposed project is necessary and of appropriate scope based upon the funding package presented by the District.

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

- (1) The District be granted a certificate of convenience and necessity to construct the Clear Creek Water Project described herein;
- (2) The District's request for a waiver of the requirement to file a Rule 42 Exhibit be granted;
- (3) The project funding, consisting of a Small Cities Block grant in the amount of \$1,500,000

and a Rural Utilities Service loan in the amount of \$2,160,500, be approved;

- (4) If there are any substantive changes in the scope or financing of the proposed project, the District shall request a reopening of this proceeding for Commission approval thereof before proceeding further;
- (5) Should bids exceed the estimated construction costs approved herein, the District shall immediately request a reopening of this case for approval of any necessary project revisions and shall submit all necessary engineering and financial data in support thereof;
- (6) The District will provide a certified copy of the bid tabulations for all contracts bid as soon as such tabulations become available; and
- (7) The District shall provide a copy of the "Certificate of Substantial Completion" issued for each construction contract associated with the project as soon as they become available.

On October 29, 2004, Mr. Auville filed a Further Final Joint Staff Memorandum, to which was attached a Further Final Internal Memorandum, dated October 29, 2004, prepared by Mr. Boggess. Commission Staff reported that it had learned that the District is collecting a \$50 preconstruction fee from applicants in the Clear Creek Water Project, although the same is not included in its current tariff. Attached to Mr. Boggess' Memorandum was a Staff-recommended tariff, which included the \$50 preconstruction tap fee and appropriate changes, additions and deletions to bring the District's tariff into conformity with the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules).

DISCUSSION

The District's proposed water system extension at issue herein will serve approximately 350 potential new residential and small commercial customers and will provide those customers, who presently rely on marginally suitable groundwater, with a safe, reliable water source. As noted by Commission Staff, the quality of the groundwater in the project area is often quite poor with excessive amounts of iron, manganese, hardness and similar contaminants being found in the groundwater throughout the project area. The need to eliminate such groundwater as a source of safe, potable water is readily apparent. Accordingly, the certificate application filed herein will be granted. The financing for the proposed project, consisting of a Small Cities Block grant in the amount of \$1,500,000 and a Rural Utilities Service loan in the amount of \$2,160,500, will also be approved, since they result in no rate increase for the District's customers and, therefore, do not impose an undue financial burden on the District's current or potential new customers. Since the proposed project will have no adverse rate impact upon the

District's customers and will result in only a minor adjustment to the District's tariff to include a \$50 preconstruction tap fee, the request for a waiver of the requirement to file a Rule 42 Exhibit will also be granted. Additionally, the Staff-recommended tariff language revisions, including the new \$50 preconstruction tap fee, as contained in Appendix A, attached hereto, will also be approved for all services rendered on and after the date of entry of this Order and without any further publication requirement. The new \$50 preconstruction tap fee will not be imposed upon or assessed against any of the District's current customers and the extra time and expense of publication of its inclusion within the District's tariff is not warranted, particularly since the alternative rate is the existing \$250 tap fee.

FINDINGS OF FACT

1. On August 3, 2004, Raleigh County Public Service District filed an application, duly verified, for a certificate of convenience and necessity to construct an addition to its water distribution system to provide water service to the residents of the Clear Creek area of Raleigh County, West Virginia. The proposed project will extend water service to approximately 350 potential new residential and small commercial customers in the Raleigh County communities of Spruce Mountain, Clear Creek, Workman's Creek, McDowell, Toney Fork, Buffalo Fork, Artie and White Oak. (See, application filed August 3, 2004).

2. On August 20 and October 19, 2004, the District filed affidavits of publication, reflecting that, in compliance with the Commission's August 4 and September 15, 2004 Orders, the Notice of Filing of the instant certificate application was published on August 11 and October 1, 2004, in The Register-Herald, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Raleigh County, West Virginia. (See, affidavits of publication filed August 20 and October 19, 2004).

3. No protests or objections were received to the District's certificate application within the thirty-day response period, which expired on November 1, 2004, or as of the date of this Order. (See, case file generally).

4. The total estimated cost of the proposed project is \$3,660,500. The proposed project will be financed by a Small Cities Block grant in the amount of \$1,500,000 and a Rural Utilities Service loan in the amount of \$2,160,500, repayable over a period of forty (40) years, and there will be no increase in the District's current rates and charges as a result of the proposed project. (See, application filed August 3, 2004; Final Joint Staff Memorandum and attachment filed October 26, 2004).

5. The project area is not currently served by a public water supply. The groundwater in the project area is very poor, with excessive amounts of iron, manganese and similar contaminants, in addition to the water being quite hard. (See, application filed August 3, 2004; Final Joint Staff Memorandum and attachment filed October 26, 2004).

6. At the District's current rates and charges, after construction of the project, the District should experience a cash flow surplus of \$268,678 and a debt service coverage of 161.7%. (See, Final Joint Staff Memorandum and attachment filed October 26, 2004).

7. Commission Staff recommended that the application be granted; that the project funding be approved; that the District's request for a waiver of the requirement to file a Rule 42 Exhibit be granted; and that the Staff-recommended tariff, attached to its Further Final Internal Memorandum, which contained revised language to concur with the Commission's most recent standard tariff form language and a preconstruction \$50 tap fee, be approved. (See, Further Final Joint Staff Memorandum and attachment filed October 29, 2004).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the Raleigh County Public Service District to provide a safe, reliable water source for the approximately 350 potential new residential and small commercial customers in the Raleigh County communities of Spruce Mountain, Clear Creek, Workman's Creek, McDowell, Toney Fork, Buffalo Fork, Artie and White Oak.

2. It is reasonable to approve the financing of the project, which consists of a \$1,500,000 Small Cities Block grant and a Rural Utilities Service loan in the amount of \$2,160,500.

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

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

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity, filed herein on August 3, 2004, by the Raleigh County Public Service District, to construct an addition to its water distribution system to provide water service to approximately 350 new customers in the Raleigh County communities of Spruce Mountain, Clear Creek, Workman's Creek, McDowell, Toney Fork, Buffalo Fork, Artie and White Oak, be, and hereby is, granted.

IT IS FURTHER ORDERED that the financing of the project, which consists of a Small Cities Block grant in the amount of \$1,500,000, and a Rural Utilities Service loan in the amount of \$2,160,500, repayable over a forty (40) year period, at an approximate interest rate of 4.75%, be, and hereby is, approved.

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

IT IS FURTHER ORDERED that the District file with the Commission a copy of the bids for the subject project within thirty (30) days of the date of their tabulation.

IT IS FURTHER ORDERED that the District's request for a \$50 preconstruction tap fee be, and hereby is, approved, and that the Staff-recommended tariff, attached hereto as Appendix A, containing said \$50 preconstruction tap fee and clarifying language to bring the District's tariff into conformity with the Commission's most recent Tariff Rule language be, and it hereby is, approved, for all services provided on and after the date that this Order becomes final.

IT IS FURTHER ORDERED that the District file with the Commission's Tariff Office an original and at least five (5) copies of a revised tariff, incorporating the rates approved herein, within thirty (30) days of the date that this Recommended Decision becomes a Final Order of the Commission.

IT IS FURTHER ORDERED that, should any changes occur with respect to the cost, scope, terms and conditions or financing of the project herein approved, the District shall notify the Commission immediately and obtain Commission consent and approval of any such revision or change prior to commencing construction.

IT IS FURTHER ORDERED that, within thirty (30) days of the project's completion, the District provide the Commission notice of the completion date. Additionally, the District shall file with the Commission, upon their receipt, copies of the Certificates of Substantial Completion issued for each construction contract associated with this project.

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
041192a.wpd

RALEIGH COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 04-1192-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

METERED RATES

First 2,000 gallons used per month \$6.24 per 1,000 gallons
All Over 2,000 gallons used per month \$6.24 per 1,000 gallons

FLAT RATE CHARGE (Customers with non-metered water supply).

Equivalent to 4,000 gallons of water usage - \$24.96

MINIMUM CHARGE

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

5/8 inch meter	\$	12.24 per month
3/4 inch meter	\$	18.40 per month
1 inch meter	\$	30.60 per month
1-1/2 inch meter	\$	61.20 per month
2 inch meter	\$	97.95 per month
3 inch meter	\$	183.60 per month
4 inch meter	\$	306.00 per month
6 inch meter	\$	612.00 per month
8 inch meter	\$	979.20 per month

The above minimum charges are subject to an additional \$0.12 per 1,000 gallons 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.

RECONNECTION FEE - \$25.00

TAP FEE

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

A tap fee of \$50.00 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 preconstruction 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 \$250.00 will be charged to all customers who apply for service outside a certificate proceeding.

LEAK ADJUSTMENT INCREMENT

\$1.86 per M. gallons. To be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

MISCELLANEOUS CHARGES

\$100.00 to move an existing water meter for the benefit of the customer at the customer's request.

\$50.00 to raise or lower an existing meter for the benefit of the customer at the customer's request.

RETURNED CHECK CHARGE

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

**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 17th day of December, 2004.

CASE NO. 04-1192-PWD-CN

**RALEIGH COUNTY PUBLIC SERVICE
DISTRICT**

Application for a certificate of convenience and necessity for the construction of an addition to the water distribution system in Clear Creek.

COMMISSION ORDER

A Recommended Decision was entered on November 18, 2004, granting the Raleigh County Public Service District (District) a certificate of convenience and necessity to construct an addition to its water distribution system to provide water service to approximately 350 new customers. Also approved were the proposed financing and the rates as reflected in Appendix A to the decision. The approved rates included a \$50 preconstruction tap fee.

On December 6, 2004, an exception was filed by the District's General Manager, indicating that the approved \$50 preconstruction tap fee should be \$100.

Staff filed its response to the exceptions on December 9, 2004, and indicated it has no objection to the requested change. Staff noted that the District has another pending certificate case which should be constructed around the same time as this project. Although the preconstruction tap fee for that project is \$250, Staff indicated that it does not object to the disparity because the \$100 preconstruction tap fee in this case is mandated by the funding agency. Staff said the larger tap fee in the other project is necessary to help complete the project.

DISCUSSION

As requested by the District, the Commission finds that the preconstruction tap fee should be modified for the reasons set forth by Staff.

FINDINGS OF FACT

1. A Recommended Decision was entered on November 18, 2004, granting the District a certificate of convenience and necessity to construct an addition to its water distribution system to provide water service to approximately 350 new customers. Also approved were the proposed financing and the rates as reflected in Appendix A to the decision. The approved rates included a \$50 preconstruction tap fee.

2. On December 6, 2004, the District's exception indicated that the approved \$50 preconstruction tap fee should be \$100.

3. On December 9, 2004, Staff indicated that it has no objection to the requested change.

CONCLUSION OF LAW

It is reasonable to grant the District's exception and modify the amount of the approved preconstruction tap fee.

ORDER

IT IS, THEREFORE, ORDERED that the Raleigh County Public Service District's exception is hereby granted.

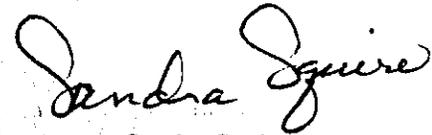
IT IS FURTHER ORDERED that the \$50 preconstruction tap fee, approved in the Recommended Decision and reflected on Appendix A thereto, is hereby modified and a \$100 preconstruction tap fee is approved.

IT IS FURTHER ORDERED that the remainder of the Recommended Decision is adopted by the Commission.

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

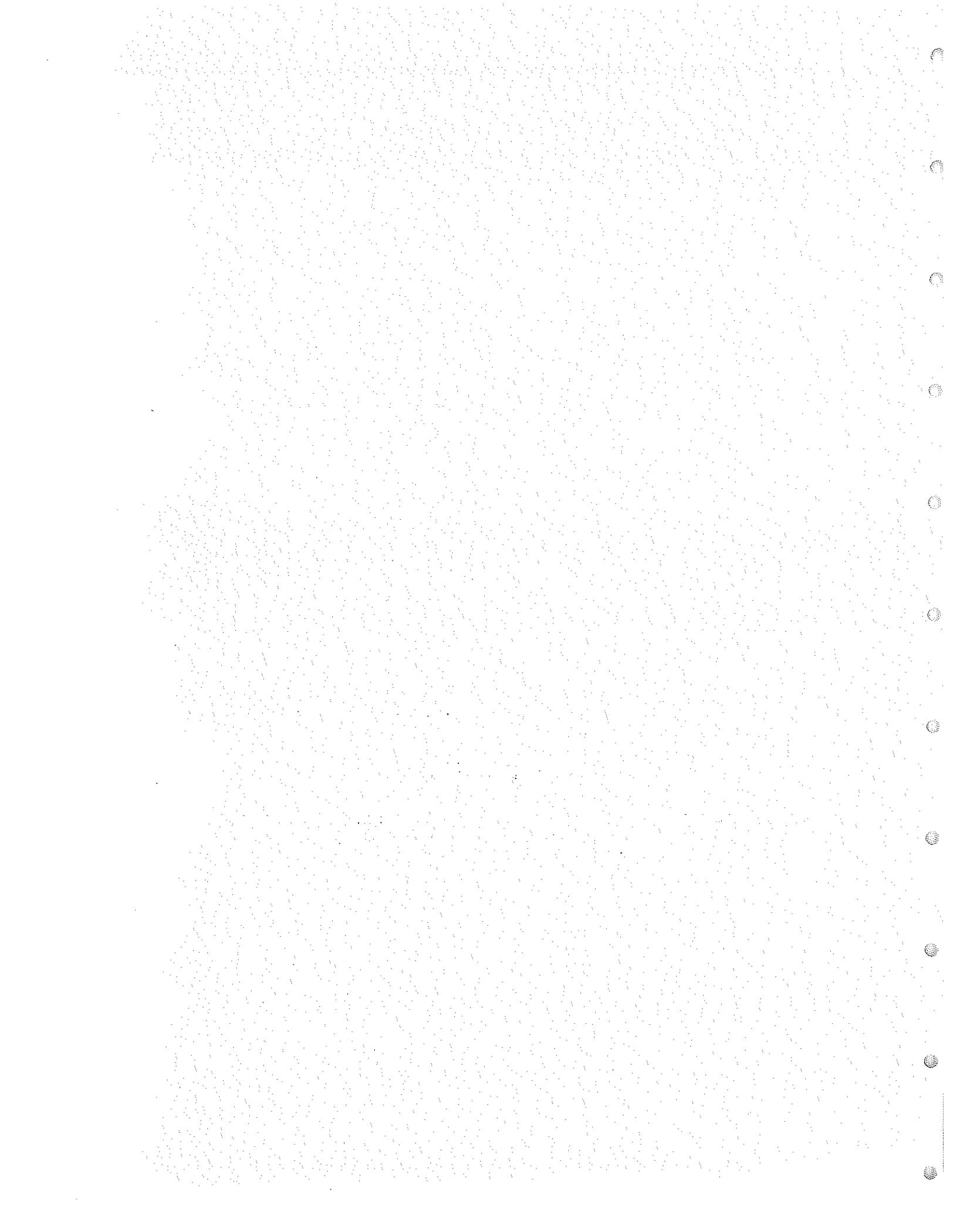
IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:



Sandra Squire
Executive Secretary

TBS/ljm
041192ca.wpd



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 27th day of September, 2005.

CASE NO. 04-1192-PWD-CN (REOPENED)

RALEIGH COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Sophia, Raleigh County.
Kingwood, Preston County.

Application for a certificate of convenience and necessity
for the construction of an addition to the water distribution
system in Clear Creek.

COMMISSION ORDER

The Commission approves revised scope and funding for a water extension project and grants its consent for entry into a water purchase agreement.

FINDINGS OF FACT

1. On November 18, 2004, an Administrative Law Judge recommended that the Commission grant Raleigh County Public Service District a certificate for an extension to serve about 350 customers in Clear Creek. The project was estimated to cost \$3,660,500, and the ALJ approved the following funding:

Small Cities Block Grant	\$1,500,000
Rural Utilities Loan, 4.75%, 40 years	<u>\$2,160,500</u>
	\$3,660,500

Rec. Dec. p. 8. Should any changes occur with respect to the cost, scope, terms and conditions, or financing, the ALJ required Raleigh County to obtain Commission consent and approval of any such change prior to commencing construction. Rec. Dec. p. 9. Pursuant to W. Va. Code § 24-1-9(c), the ALJ provided 15 days for the parties to file exceptions to the Recommended Decision.

2. On December 6, 2004, Raleigh County excepted, asking that the preconstruction tap fee be corrected as \$100, not \$50. In all other respects, Raleigh County

did not oppose the Recommended Decision. Exceptions p. 1.

3. On December 9, 2004, Commission Staff agreed with Raleigh County.

4. On December 17, 2004, the Commission revised the preconstruction tap fee to \$100. Comm'n Order p. 2. In all other respects, the Commission adopted the Recommended Decision. Id.

5. On January 26, 2005, Raleigh County petitioned to reopen the case for clarification regarding the preconstruction tap fee. However, on February 2, 2005, Raleigh County moved to withdraw its request. On March 22, 2005, the Commission dismissed the petition for clarification.

6. On August 23, 2005, Raleigh County petitioned to reopen the case, for approval of revised scope and funding and a water purchase agreement. Raleigh County advised that bids were received in excess of the Commission-approved loan and grant amounts. Petition to Reopen p. 2. To meet the shortfall, Raleigh County obtained a commitment from Rural Utilities Service for an additional \$150,000. It also will use \$22,110 in project tap fees and deduct several items from the contract. Provided the RUS loan closes by September 30, 2005, the interest rate will be reduced to 4.125%, from 4.75%. "As a result of this decrease in interest rate, the District will not require any rate increase to borrow the additional \$150,000," Raleigh County wrote. Id. p. 2. Under Contract 1, all four deductive options will be applied, and 41 customers will be eliminated from the project. Under Contract 2, deductive alternate #1 will be taken, and nine customers will be eliminated from the project. At the end of the project, some of these customers may be able to be served with any remaining contingency funds, Raleigh County's engineer advised. Ltr. p. 1 (Ex. B to Petition to Reopen).

7. For this project, Raleigh County will buy water from Beckley Water Company. Petition to reopen p. 2. Raleigh County provided a copy of the proposed contract and advised that it "is virtually identical to the existing agreement in place between the District and Beckley Water Company." Under this contract, Beckley Water will provide up to 2 million gallons per month at the Clear Creek Connection, and Raleigh County will pay Beckley in accordance with the present rates. The term of the contract is 41 years. See Ex. C to Petition to Reopen.

8. On September 2, 2005, Raleigh County advised that the Raleigh County Commission has agreed to grant \$200,000 for the project, which will allow Contract 2 to be constructed in full. Supplemental Filing p. 1. Further, Raleigh County asked the Commission to approve only deductive options 1, 2 and 3 for Contract 1. Id. p. 2. Raleigh

County said it hoped to have the commitment letter from the County Commission by September 10th and that it would provide that letter to the PSC upon receipt. Id.

9. On September 12, 2005, Commission Staff recommended that the new funding package be approved, contingent upon receipt of letters of commitment from the funding agencies. Further Joint Staff Memorandum p. 1. Staff also recommended that the deductive alternates be approved, as well as the water purchase agreement. Id. Further, Staff wrote that Raleigh County must refund any monies paid by the customers who are being dropped from the project's scope. Staff also recommended that the Commission grant Raleigh County's request for expedited treatment.

10. Technical Staff advised that it was necessary to take deductive options 1, and 3 in Contract 1 to bring the project costs within budget. Initial & Final Internal Memorandum p. 3, attached to Further Joint Staff Memorandum. These deductions eliminate the ends of certain less densely populated sections of lines from the project. Id. Staff agreed that these deductions "are appropriate based upon their location and the apparent higher cost per customer in these areas." Id. p. 4. Of the 59 potential customers who are being deleted from the project, 41 have executed water user agreements. Id. p. 3.

CONCLUSIONS OF LAW

1. This case should be reopened to consider Raleigh County's requests, as supplemented.

2. By statute, a public service district is required to obtain the Commission's permission to accept a grant, as follows:

Any public service district . . . is authorized . . . to accept . . . grants . . . for the purpose of paying part or all of the costs of construction or acquisition of water systems

W. Va. Code § 16-13A-24.

. . . a public service district shall not . . . exercise any of the powers conferred by the provisions of [W. Va. Code § 16-13A-24], without the prior consent and approval of the public service commission

W. Va. Code § 16-13A-25.

The Commission should grant its consent for Raleigh County PSD to accept the \$200,000

grant from the Raleigh County Commission to fund part of this project. Several customers do not have to be omitted from the project due to this grant.

3. The Commission also should approve the entire revised funding package, which is as follows:

Rural Utilities Loan, 4.125%, 40 years	\$2,310,500
Small Cities Block Grant	\$1,500,000
Raleigh County Commission grant	\$200,000
Project tap fees	<u>\$11,400</u>
	\$4,021,900

The Commission agrees with Staff that the approval should be contingent upon receipt of commitment documents from all of the funding sources.

4. The Commission should approve the proposed revisions to the scope of this project – application of deductive options 1, 2 and 3 in Contract 1. While customers will be deleted from the project if the deductive options are applied, project costs must be brought within the project funding. Moreover, Raleigh County is encouraged to provide service to as many of these potential customers as possible, should any monies remain available when the project is complete. Raleigh County should return any monies paid by customers who it cannot serve.

5. Should there be any change in the plans, scope, terms and conditions or financing, Raleigh County should be required to reopen this case to request Commission approval of the changes.

6. W. Va. Code § 24-2-12 requires a public utility to receive permission from the Commission prior to entering into transactions with other utilities, in pertinent part as follows:

Unless the consent and approval of the public service commission of West Virginia is first obtained:

* * *

(a) No public utility . . . may enter into any contract with any other utility to operate any line or plant of any other utility subject thereto. . .

* * *

The commission may grant its consent in advance upon proper showing that the terms and conditions thereof are reasonable and that neither party thereto is given an undue advantage over the other, and [the terms and conditions] do not adversely affect the public in this state.

* * *

[T]he commission . . . shall, if the public will be inconvenienced thereby, enter such order as it may deem proper and as the circumstances may require, attaching thereto such conditions as it may deem proper, consent to the entering into or doing of the things herein provided, without approving the terms and conditions thereof, and thereupon it shall be lawful to do the things provided for in such order.

We find that the terms and conditions of the proposed water purchase contract are reasonable, that neither party is given an undue advantage over the other, that the transaction does not adversely affect the public in this state, and that the transaction likely will have no effect on other utilities. Therefore, as Staff and Raleigh County recommend, and without approving the underlying terms and conditions, the Commission should grant its consent for Raleigh County to enter into the water purchase agreement with Beckley Water for this project.

ORDER

IT IS THEREFORE ORDERED that this case is reopened.

IT IS FURTHER ORDERED that, pursuant to W. Va. Code §§ 16-13A-24 and 16-13A-25, the Commission grants its consent for Raleigh County Public Service District to accept a \$200,000 grant from the Raleigh County Commission.

IT IS FURTHER ORDERED that, contingent upon receipt of acceptable funding commitment documents from all of the funding sources, the following revised funding is approved for this project to extend service to Clear Creek:

Rural Utilities Loan, 4.125%, 40 years	\$2,310,500
Small Cities Block Grant	\$1,500,000
Raleigh County Commission grant	\$200,000

Project tap fees

\$11,400
\$4,021,900

IT IS FURTHER ORDERED that the Commission grants Raleigh County's revised request to apply Deductive Alternates 1, 2 and 3 in Contract 1.

IT IS FURTHER ORDERED that if there are changes in the plans, scope, or terms of financing, Raleigh County must seek the Commission's approval of those changes.

IT IS FURTHER ORDERED that, pursuant to W. Va. Code § 24-2-12(a), and without approving the underlying terms and conditions, the Commission grants its consent for Raleigh County to enter into the proposed water purchase contract with Beckley Water Company, as is set forth in Exhibit C to the Petition to Reopen.

IT IS FURTHER ORDERED that this proceeding be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order **upon Raleigh County Public Service District by facsimile**, 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

CLW/sek
041192cc.wpd



(Automated 8-97)

"AMENDED"
LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Directors
OF THE Raleigh County Public Service District
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Raleigh County Public Service District
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
TWO MILLION THREE HUNDRED TEN THOUSAND FIVE HUNDRED AND XX/100 DOLLARS

pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code; and
WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture,
(herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921
et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event
that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that the _____ Chairman

and _____ Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

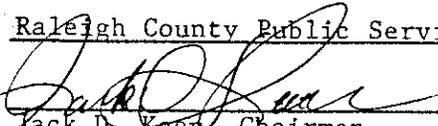
The vote was: Yeas _____ Nays _____ Absent _____

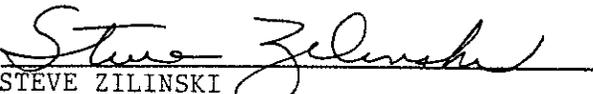
IN WITNESS WHEREOF, the Board of Directors _____ of the
Raleigh County Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this _____, _____ day of _____

Raleigh County Public Service District

(SEAL)

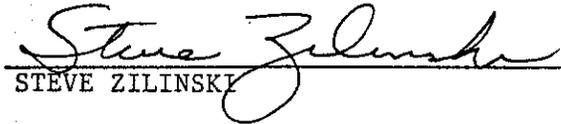
By 
 Jack D. Keen, Chairman
 Title _____

Attest:

 STEVE ZILINSKI
 Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Raleigh County Public Service District hereby certify that the Board of Directors of such Association is composed of _____ members, of whom, _____ constituting a quorum, were present at a meeting thereof duly called and held on the _____ day of _____; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of September 28, 2005, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 28th day of September, 2005


 STEVE ZILINSKI

Title Secretary



RALEIGH COUNTY PUBLIC SERVICE DISTRICT

Raleigh County Public Service District
Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

RECEIPT FOR BONDS

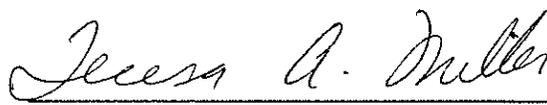
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 28th day of September, 2005, at Sophia, West Virginia, the undersigned received for the Purchaser the single, fully registered Raleigh County Public Service District Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$2,160,500 (the "Series 2005 A Bonds") and Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), No. BR-1, in the principal amount of \$150,000 (the "Series 2005 B Bonds"), dated the date hereof, bearing interest at the rate of 4.125% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Public Service Board of Raleigh County Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$15,000, being a portion of the principal amount of the Series 2005 A Bonds and \$5,000, being a portion of the principal amount of the Series 2005 B Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 28th day of September, 2005.



Authorized Representative

09/10/05
737210.99001





SPECIMEN

UNITED STATES OF AMERICA
RALEIGH COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$2,160,500

No. AR-1

Date: September 28, 2005

FOR VALUE RECEIVED, RALEIGH COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO MILLION ONE HUNDRED SIXTY THOUSAND FIVE HUNDRED DOLLARS (\$2,160,500), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$9,399, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

SPECIMEN

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted September 26, 2005, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(1) WATER REVENUE BONDS, SERIES 2005 B, DATED SEPTEMBER 28, 2005 (THE "SERIES 2005 B BONDS"), ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$150,000;

(2) WATER REVENUE BONDS, SERIES 1996, DATED APRIL 17, 1996 (THE "1996 A BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000;

(3) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 20, 1996 (THE "1996 B BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000;

(4) WATER SYSTEM BONDS, SERIES 1991, DATED FEBRUARY 20, 1991 (THE "1991 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$220,000;

(5) WATER SYSTEM IMPROVEMENT AND REFUNDING BONDS, SERIES 1989 A, DATED MARCH 23, 1989 (THE "1989 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,971,000; AND

(6) WATER REVENUE BONDS, SERIES 1981, DATED JULY 14, 1981 (THE "1981 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$783,000.

SPECIMEN

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IN WITNESS WHEREOF, RALEIGH COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By 
Chairman, Public Service Board
Post Office Box 1286
Sophia, West Virginia 25921

ATTEST:


Secretary, Public Service Board

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$15.000	September 28, 2005	(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 \$ _____

SPECIMEN

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:

09/10/05
737210.99001

SPECIMEN

UNITED STATES OF AMERICA
RALEIGH COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$150,000

No. BR-1

Date: September 28, 2005

FOR VALUE RECEIVED, RALEIGH COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$653, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

SPECIMEN

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted September 26, 2005, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(1) WATER REVENUE BONDS, SERIES 2005 A, DATED SEPTEMBER 28, 2005 (THE "SERIES 2005 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,160,500;

(2) WATER REVENUE BONDS, SERIES 1996, DATED APRIL 17, 1996 (THE "1996 A BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000;

(3) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 20, 1996 (THE "1996 B BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000;

(4) WATER SYSTEM BONDS, SERIES 1991, DATED FEBRUARY 20, 1991 (THE "1991 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$220,000;

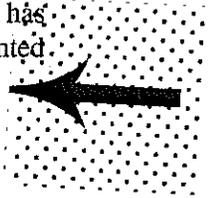
(5) WATER SYSTEM IMPROVEMENT AND REFUNDING BONDS, SERIES 1989 A, DATED MARCH 23, 1989 (THE "1989 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,971,000; AND

(6) WATER REVENUE BONDS, SERIES 1981, DATED JULY 14, 1981 (THE "1981 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$783,000.

SPECIMEN

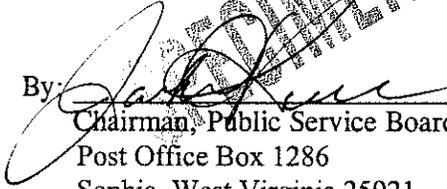
In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IN WITNESS WHEREOF, RALEIGH COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.



RALEIGH COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: 
Chairman, Public Service Board
Post Office Box 1286
Sophia, West Virginia 25921

ATTEST:


Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$5,000	September 28, 2005	(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 \$ _____

SPECIMEN

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:

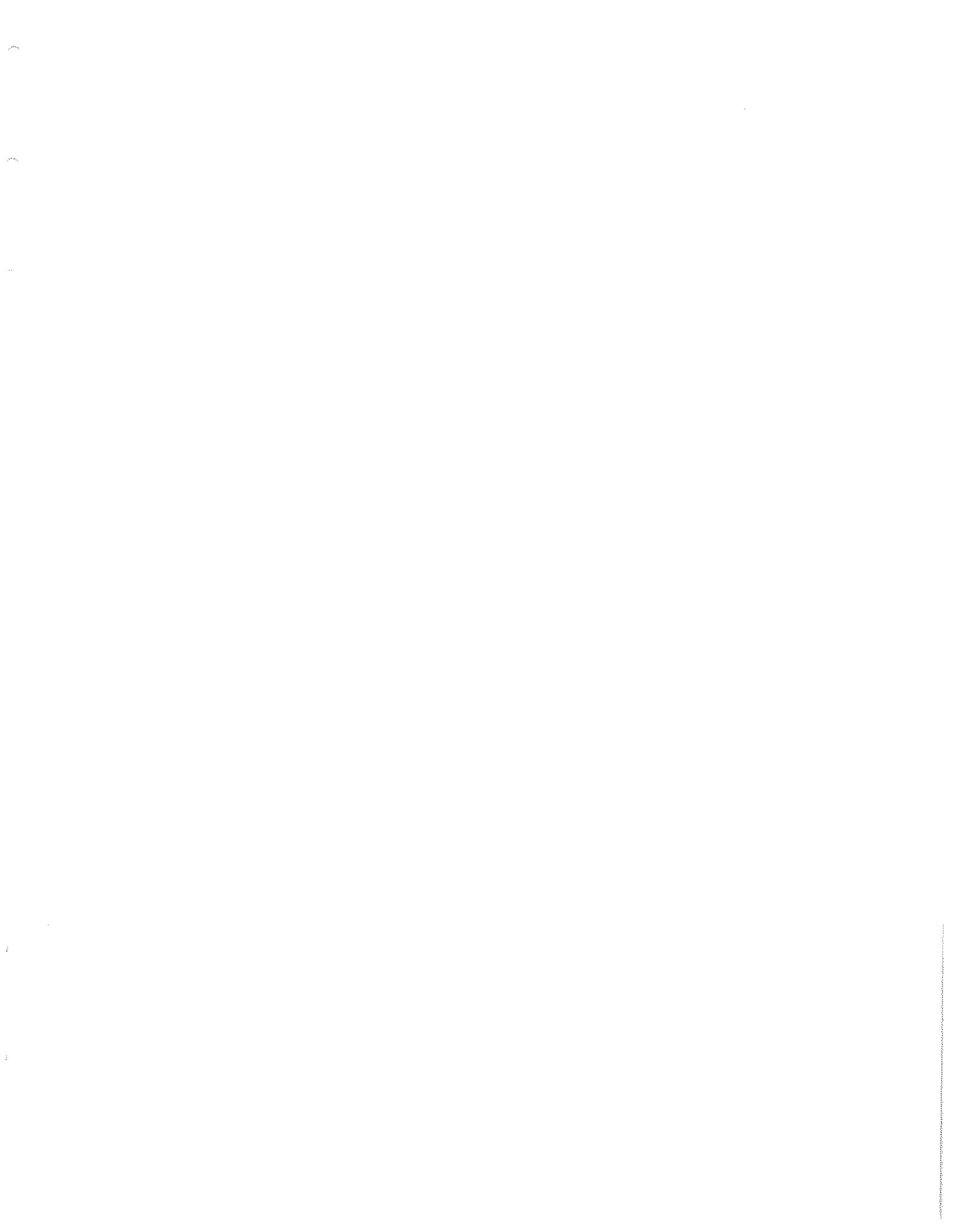
09/10/05
737210.99001

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
RALEIGH COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

<u>Note No.</u>	<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Recorder of Registrar</u>
<u>AR-1</u>	<u>September 28, 2005</u>	<u>United States of America</u>	<u><i>Steve Zelenski</i></u>
<u>BR-1</u>	<u>September 28, 2005</u>	<u>United States of America</u>	<u><i>Steve Zelenski</i></u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
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September 28, 2005

Raleigh County Public Service District
Water Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

Raleigh County Public Service District
Sophia, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Raleigh County Public Service District in Raleigh County, West Virginia (the "Issuer"), of its \$2,160,500 Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted September 26, 2005 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's (i) Water Revenue Bond, Series 1981, dated July 14, 1981, issued in the original aggregate principal amount of \$783,000; (ii) Water System Improvement and Refunding Bond, Series 1989 A, dated March 23, 1989, issued in the original aggregate principal amount of \$2,971,000; (iii) Water System Bond, Series 1991, dated February 20, 1991, issued in the original aggregate principal amount of \$220,000; (iv) Water Revenue Bond, Series 1996, dated April 17, 1996 (the "1996 A Bond"), issued in the original aggregate principal amount of \$300,000; (v) Water Revenue Bond, Series 1996, dated August 20, 1996 (the "1996 B Bond"), issued in the original aggregate principal amount of \$750,000; and (vi) Water Revenue Bonds, Series 2005 B, issued concurrently herewith in the original aggregate principal amount of \$150,000, all held by the Purchaser.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

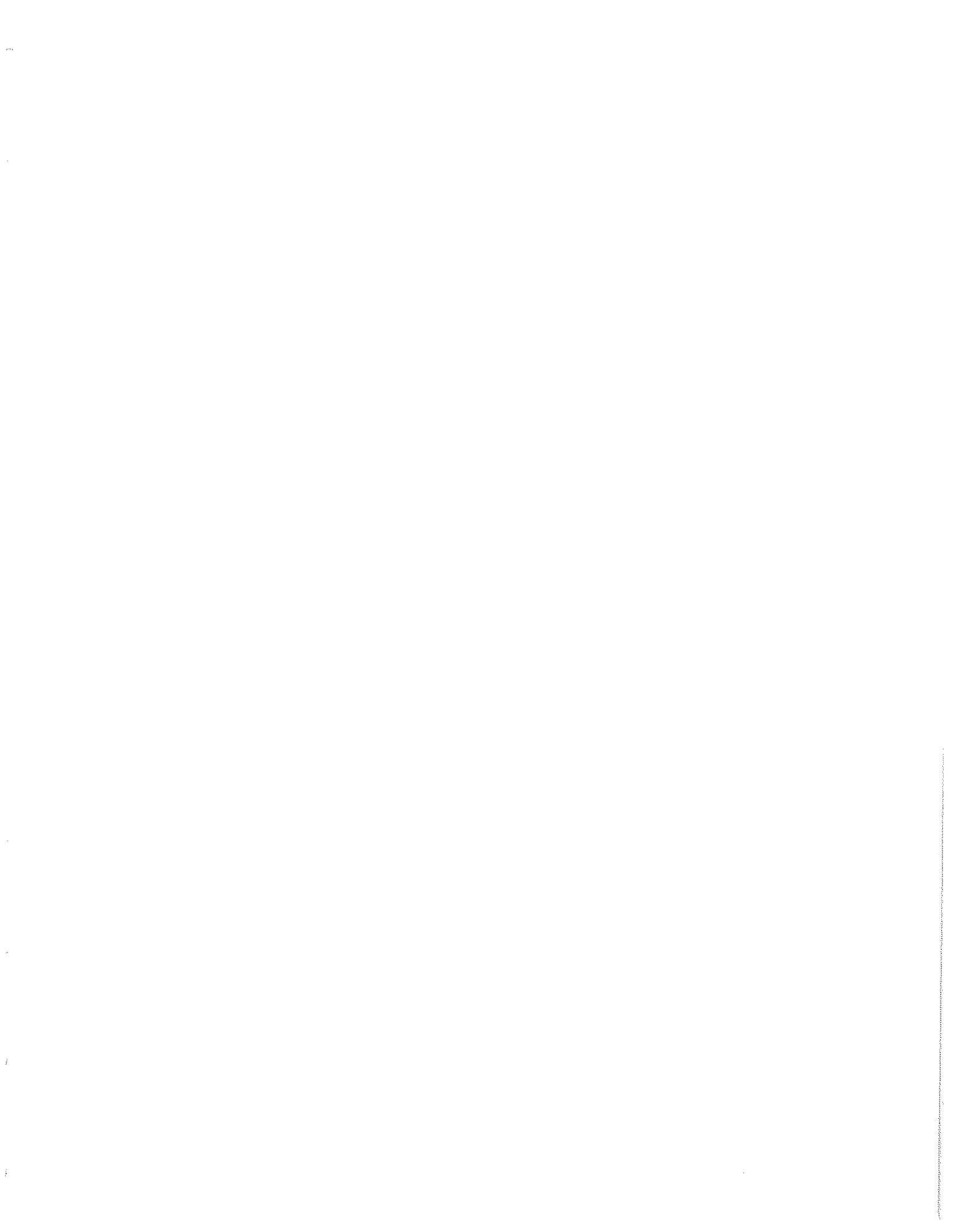
6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

Very truly yours,



STEPTOE & JOHNSON PLLC





Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, 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

September 28, 2005

Raleigh County Public Service District
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

Raleigh County Public Service District
Sophia, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Raleigh County Public Service District in Raleigh County, West Virginia (the "Issuer"), of its \$150,000 Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted September 26, 2005 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

9B

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's (i) Water Revenue Bond, Series 1981, dated July 14, 1981, issued in the original aggregate principal amount of \$783,000; (ii) Water System Improvement and Refunding Bond, Series 1989 A, dated March 23, 1989, issued in the original aggregate principal amount of \$2,971,000; (iii) Water System Bond, Series 1991, dated February 20, 1991, issued in the original aggregate principal amount of \$220,000; (iv) Water Revenue Bond, Series 1996, dated April 17, 1996 (the "1996 A Bond"), issued in the original aggregate principal amount of \$300,000; (v) Water Revenue Bond, Series 1996, dated August 20, 1996 (the "1996 B Bond"), issued in the original aggregate principal amount of \$750,000; and (v) Water Revenue Bonds, Series 2005 A, issued concurrently herewith in the original aggregate principal amount of \$2,160,500, all held by the Purchaser.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

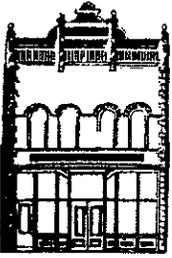
5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax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

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal income taxes 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 Resolution and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,


STEPTOE & JOHNSON PLLC



The Wooton Law Firm

P. O.Box 2600
Beckley, West Virginia 25802-2600

Offices of *William R. Wooton*
210 Main Street, Beckley, WV 25801
Phone (304) 253-2222 Fax (304) 255-5041

William R. Wooton
John D. Wooton
Michelle L. Johnson
Christopher M. Davis

Offices of *John D. Wooton*
201 N. Kanawha Street, Beckley, WV 25801
Phone (304) 255-2188 Fax (304) 255-2189

September 28, 2005

Raleigh County Public Service District
Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

Raleigh County Public Service District
Sophia, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Raleigh County Public Service District, a public service district in Raleigh County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted September 26, 2005 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Raleigh County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

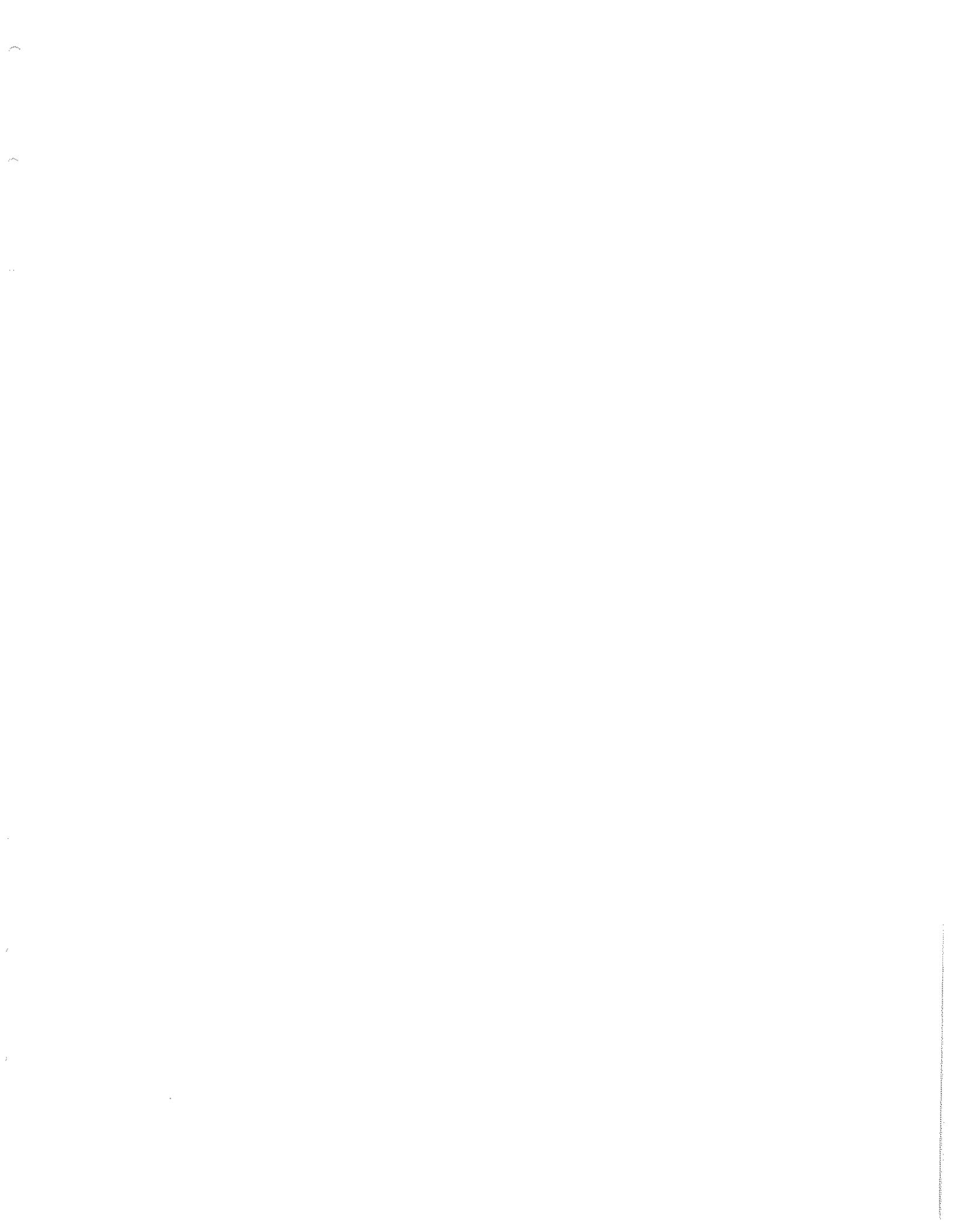
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.
4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, to the best of my knowledge, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.
5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid 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 County Commission of Raleigh County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.
6. To the best of my knowledge, after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds or the Resolution, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Net Revenues therefore.

Very truly yours,
THE WOOTON LAW FIRM



John D. Wooton

JDW/lmd



RALEIGH COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Raleigh County Public Service District in Raleigh County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Raleigh County Public Service District Water Revenue Bonds, Series 2005 A (United States Department of Agriculture) (the "Series 2005 A Bonds"), No. AR-1, fully registered, in the principal amount of \$2,160,500 and Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) (the "Series 2005 B Bonds"), No. BR-1, fully registered, in the principal amount of \$150,000, both dated the date hereof and both bearing interest at the rate of 4.125% per annum (collectively, the "Series 2005 Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2005 Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated August 9, 2002, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted September 26, 2005, authorizing

issuance of the Series 2005 Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Series 2005 Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2005 Bonds or receipt of any grant monies committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2005 Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Series 2005 Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2005 Bonds; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2005 Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were 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.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 18, 2004, the Commission Order entered on December 17, 2004, and the Commission Order entered on September 27, 2005, in Case No. 04-1192-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges of the System. The time for appeal of said Recommended Decision and Commission Order dated December 17, 2004, has expired prior to the date hereof. The time for appeal of the Order of September 27, 2005, has not expired on the date hereof. The Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. All Orders 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 by the Purchaser of a loan to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bond, Series 1981, dated July 14, 1981 (the "1981 Bond"), issued in the original aggregate principal amount of \$783,000, (ii) Water System Improvement and Refunding Bond, Series 1989 A, dated March 23, 1989 (the "1989 Bond"), issued in the original aggregate principal amount of \$2,971,000, (iii) Water System Bond, Series 1991, dated February 20, 1991 (the "1991 Bond"), issued in the original aggregate principal amount of \$220,000, (iv) Water Revenue Bond, Series 1996, dated April 17, 1996 (the "1996 A Bond"), issued in the original aggregate principal amount of \$300,000 and (v) Water Revenue Bond, Series 1996, dated August 20, 1996 (the "1996 B Bond"), issued in the original aggregate principal amount of \$750,000, all held by the Purchaser (as hereinafter defined). The 1981 Bond, 1989 Bond, 1991 Bond, 1996 A Bond and 1996 B Bond are hereinafter collectively referred to as the "Prior Bonds." There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Series 2005 Bonds on the date hereof, officially execute and seal the Series 2005 Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2005 Bonds for the Issuer.

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

Bond Resolution

1996 Bond Resolutions

1991 Bond Resolution

1989 A Bond Resolution

1981 Bond Resolution

Consent of RUS to Issuance of Parity Series 2005 Bonds

Public Service Commission Orders

United States Department of Agriculture Loan Resolution

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Rules of Procedure

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Raleigh County Public Service District" and its principal office and place of business are in Raleigh County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Jack Keen	August 19, 2003	December 21, 2007
Steve Zilinski	January 6, 2004	December 31, 2009
Paul Flanagan	June 6, 2000	December 31, 2005

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2005 are as follows:

Chairman - Jack Keen
Secretary - Steve Zilinski
Treasurer - Paul Flanagan

The duly appointed and acting Attorney for the Issuer is John D. Wooton, Esquire, Beckley, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2005 Bonds were delivered to the Purchaser at Sophia, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Series 2005 Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2005 Bonds, the amount of \$20,000 was received by the undersigned Chairman, being a portion of the principal amount of Series 2005 Bonds. Further advances of the balance of the principal amount of the Series 2005 Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2005 Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.125% per annum is payable from the date of each such advance.

The Series 2005 Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and 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 Series 2005 Bonds.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and the System were authorized or adopted at 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 appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer will serve at least 4,471 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. GRANTS: As of the date hereof, the grant from the HUD Small Cities Block Grant Program in the amount of \$1,500,000, the grant from The County Commission of Raleigh County in the amount of \$200,000 and the Issuer's contribution in the amount of \$11,400 are committed and in full force and effect.

15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2005 Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. 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.

16. **PROCUREMENT OF ENGINEERING SERVICES:** The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Series 2005 Bonds.

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

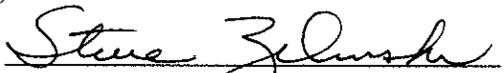
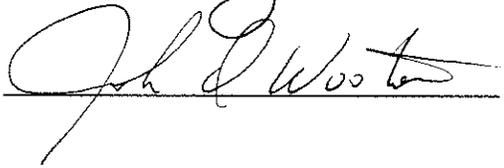
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WITNESS our signatures and the official seal of RALEIGH COUNTY
PUBLIC SERVICE DISTRICT on this 28th day of September, 2005.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Chairman

Secretary

Attorney for Issuer

09/10/04
737210.99001



RALEIGH COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Kenneth P. Moran, Registered Professional Engineer, West Virginia License No. 11309, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Raleigh County Public Service District (the "Issuer"), to be acquired and constructed in Raleigh County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 28th day of September, 2005



THRASHER ENGINEERING, INC.


Kenneth P. Moran
West Virginia License No. 11309



file RCPD - Charter

WEST VIRGINIA:

At an adjourned meeting of the County Commission of Raleigh County, West Virginia, held at the Courthouse in the County Courtroom thereof, on the 1st day of October, 1976.

P R E S E N T: Minor L. Scott, President
Walter James, Commissioner
H. K. Manning, Commissioner

IN RE: RALEIGH COUNTY PUBLIC SERVICE DISTRICT.

This being the date fixed by prior action of the County Commission for conducting the public hearing on the creation of the proposed Raleigh County Public Service District as contemplated and provided for in an order heretofore passed by this Commission on the 7th day of September, 1976, the President announced that all persons residing in, or owning, or having any interest in property in such proposed public service district desiring to be heard for or against the creation would be heard, and all such interested persons desiring to be heard were given full opportunity. Among those present at the meeting were William Patton, County Sanitarian, Health Department; Harvey Atkins, Superintendent of the City of Beckley Sanitation Board; Robert Runowski, Director of Raleigh County Community Action, and several residents and property owners from the proposed district.

The County Commission, having further discussed and considered the feasibility of the creation of the proposed district, is of the opinion that in the public interest, the said district should be created.

Thereupon, H. A. Hoaring, Commissioner, moved the passage of the following resolution and order, which motion was duly seconded by Walter James, Commissioner, and passed unanimously by said Commission;

WHEREAS, the County Commission of Raleigh County, West Virginia, did heretofore, by an order passed on the 7th day of September, 1976, fix a date for a public hearing on the creation of the proposed Raleigh County Public Service District, and in and by said order provide that all persons residing in or owning, or having any interest in property in the proposed public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the creation of said district and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said order and by Article 13a of Chapter 16 of the Code of West Virginia, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order creating said district;

NOW, THEREFORE, Be It Resolved and Ordered by the County Commission of Raleigh County, West Virginia, as follows:

Section 1. That a public service district within Raleigh County, West Virginia, is hereby created, and The Raleigh County Public Service District shall include all the area encompassing the County of Raleigh except the territory that is specifically described hereinafter:

BOUNDARY DESCRIPTION OF BRADLEY PUBLIC SERVICE DISTRICT

Beginning at a point in the western right-of-way line of U.S. & W.Va. Route 21 at the intersection of W.Va. Secondary Routes 19 & 3, thence at right angle with the center line of said U.S. & W.Va. Route 21, S. 75 36'E. for 5,280 feet more or less to a point, thence N. 14 24'E. for 1,267 feet to a point, thence N. 19 06'E. for 1,831 feet to a point, thence N. 26 28'E. for 3,418 feet to a point, thence N. 51 44'E. for 1,703 feet to a point, thence N. 35 51'E. for 967 feet to a point, thence N. 6 51'E. for 628 feet to a point, thence N. 83 09'W. for 5,280 feet more or less to a point in the western right-of-way line of U.S. & W.Va. Route 21 at the intersection of W.Va. Secondary Route 1, thence continuing N. 83 09'W. for 5,280 feet more or less to a point, thence S. 6 51'W. for 628 feet to a point, thence S. 35 51'W. for 967 feet to a point, thence S. 51 44'W. for 1703 feet to a point, thence S. 26 28'W. for 3418 feet to a point, thence S. 19 06'W. for 1831 feet to a point, thence S. 14 24'W. for 1,267 feet to a point,

thence S. 75 36'E for 5,280 feet more or less to the point of beginning, containing 4 square miles more or less.

BOUNDARY DESCRIPTION OF COAL CITY PUBLIC SERVICE DISTRICT

Beginning at a point of latitude and longitude N. 37 43' 15" & W. 81 11' 00" said point being a common corner with the Crab Orchard-MacArthur Public Service District; thence due south approximately 3-3/4 miles to a point of latitude and longitude N. 37 40' 00" - W. 81 11' 00"; thence in a south-westerly direction approximately 2.9 miles to a point of latitude and longitude N. 37 39' 00" - 81 13" 55"; thence due north approximately 4.9 miles to a point of latitude and longitude N. 37 43' 15" - W. 81 13' 55"; thence due east approximately 2.7 miles to the point of beginning.

BOUNDARY DESCRIPTION OF GLEN-WHITE-TRAP HILL PUBLIC SERVICE DISTRICT

Beginning at the western most point in existing Public Service District boundary thence proceeding in a southwesterly direction along the existing boundary line between magisterial districts Marsh Fork and Trap Hill, crossing West Virginia Route 99 and continuing to intersection with common boundary between Raleigh County and Wyoming County, thence along the county line in a southeasterly direction to intersection with West Virginia Route 15, thence continuing along the common boundary between Wyoming and Raleigh Counties, thence in an easterly direction along a line 2,000 feet to the right of and parallel to West Virginia Routes 15 and 99 to the intersection with existing Public Service District boundary line, thence along the existing Public Service District boundary line to the point of Beginning.

BOUNDARY DESCRIPTION OF NORTH BECKLEY PUBLIC SERVICE DISTRICT

Beginning at a point of latitude and longitude as shown on a general highway map of Raleigh County, Revised January 1, 1957, said point being N 37 48' 30" W 81 14' 40" said point being the most northerly point of the Crab Orchard-MacArthur Public Service District; thence in a northeasterly direction approximately 3 1/2 miles with a point of latitude and longitude N 37 50' 38" W 81 11' 54"; thence due east approximately .4 mile to a point of latitude and longitude N 37 50' 38" W 81 08' 40";

thence in a northeasterly direction approximately 1.1 miles to the extreme end of West Virginia State Highway 41/4; thence with West Virginia 41/4 to its intersection with State Rt. 41 and 61; thence with routes 41 and 19 to the south side of New River at Royal; thence with the south side of New River in a general easterly direction to the mouth of Glade Creek; thence in a general southerly direction with Glade Creek and with the Shady Spring Public Service District #1 line to its intersection with the district line of Shady Spring and Richmond District at the mouth of Scott Branch; thence with Scott Branch and the north boundary line of the Shady Spring Public Service District #1 to its intersection with State Route 22; thence in a westerly direction with State Route 22 to its intersection with State Route 9; thence continuing in a westerly direction with State Route 9 to its intersection with State Route 9/7; thence in a general northwesterly direction and continue with the north boundary line of the Shady Spring Public Service District #1 to the northern most corner of the Shady Spring Public Service District #1, said corner being at the intersection of Route 9/7, commonly called the Old Worley Road and the corporate limits to the City of Beckley; thence in a northwesterly direction and with the corporate line of the City of Beckley to its intersection with Little Whitestick Creek; thence continuing with the corporate line of the City of Beckley in a general westerly direction to the most northwestern corner of the corporation line of the City of Beckley, said corner being approximately .3 mile north of West Virginia State Route 3, commonly known as the Harper Road, said point also being a corner of the Crab Orchard-MacArthur Public Service District; thence in a general northwesterly direction and with the northern boundary line of the Crab Orchard-MacArthur Public Service District and parallel with West Virginia State Route 3 approximately .3 mile north thereof, to the point of beginning.

BOUNDARY DESCRIPTION OF CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT

Beginning at the intersection of West Virginia State Route 18 and West Virginia State Route 25: thence in a southwesterly direction and with West Virginia State Route 25 approximately 3/4 mile to its intersection with a point of latitude and longitude N 37 43' 15" W 81 11' 00"; thence in a due west course approximately 3 1/2 miles to a

and longitude ...
of West Virginia State Route 54 and West Virginia State Route 18/3;
thence with said State Route 18/3 in a general northerly direction
approximately 1 1/4 miles to its intersection with West Virginia State
Route 18 in a northwesterly direction approximately 1 mile to its in-
tersection with West Virginia State Route 17/6; thence in a northwesterly
direction approximately 3 miles to a position of latitude and longitude
N 37 48' 15", W 81 15' 00"; thence in a northeasterly direction
approximately .4 mile to a point of latitude and longitude N 37 48' 30",
W 81 14' 40", said point being approximately .3 mile north of West
Virginia State Route 3; thence in a general southeasterly direction 2
3/4 miles and parallel with West Virginia State Route 3 to a point .3
mile north and east of West Virginia State Route 3 to the northwest
corporate line of the City of Beckley; thence in a southwesterly
direction approximately 1.1 miles to the southwesternmost point on the
corporate line to the City of Beckley; thence continuing with said
corporation line in a southeasterly direction .4 mile to the common
corner of the City of Beckley and the Town of Mabscott, said corner
being at the intersection of West Virginia State Route 3/21; thence
continuing in a general southeasterly direction approximately 3/4 mile
and with the westernmost corporate line of the Town of Mabscott and
West Virginia State Route 3/21 to its intersection of West Virginia
State R 3/18; thence with the corporate line of the Town of Mabscott
approximately 1 mile and with West Virginia State Route 3/18 to its
point of intersection with the northwesternmost corner of the Shady
Spring Public Service District #1 approximately 4 1/2 miles to the point
of beginning.

BOUNDARY DESCRIPTION OF COOL RIDGE-FLAT TOP PUBLIC SERVICE DISTRICT

Beginning at a point in the center line of U.S. Routes 19-21,
at the intersection with W.Va. unimproved road, Route 40 over 2,
approximately 6,600 feet South of the intersection of U.S. 21-19
and W.Va. Route 3 at the town of Shady Springs; thence leaving U.S.
19-21 and W. Va. unimproved road, Route 40 over 2, S 85 05' W. 845
feet to a point; thence S 41 30' W 1056.00 feet to a point lying
approximately 1050 feet, more or less, north of West Virginia
Secondary Road, Route 18; thence paralleling and approximately 1050
feet north of W. Va. Secondary Road Route 18, N 84 20' W 4330 feet
to a point; thence S 64 15' W 2960 feet to a point, passing over
West Virginia Secondary Route 40 at plus 1160 feet and over the
West Virginia Turnpike at plus 1900 feet; thence S. 3 45' E 3800
feet to a point; thence S 12 30' E 2960 feet to a point, passing
over W. Va. Secondary Road, Route 40, at plus 1100 feet; thence S
44 00' W 1900 feet to a point; thence S 47 50' E 2112 feet to a
point; thence N 45 E 2000 feet to a point; thence S 40 50' E 2000
feet to a point; thence S 7 W 2220 feet to a point; thence S 73

E 3700 feet to a point; passing over W. Va. Secondary Road, Route 42 at plus 1214 feet, West Virginia Turnpike at plus 1690 feet and a private road at plus 2220 feet; thence N 83 45' E 1690 feet to a point, said point being approximately 1050 feet west of U. S. Routes 19-21; thence paralleling U. S. Routes 19-21 and approximately 1000 feet west of, by the two following courses and distances S 15 30' W 2430 feet to a point; thence N. 81 40' W 1270 feet, passing over West Virginia Secondary Road, Route 42 at plus 525 feet; thence paralleling West Virginia Secondary Road, Route 42, S 0 45' E 1220 feet to a point; thence N 82 30' W 2430 feet to a point, crossing over West Virginia Turnpike at plus 1050 feet; thence N 79 45' W 845 feet; thence S 12 W 2535 feet to a point; thence S 87 50' E 2745 feet to a point, crossing over West Virginia Turnpike at plus 2326 feet to a point; thence S 87 50' E 2745 feet to a point, crossing over West Virginia Turnpike at plus 2325 feet; thence S 9 10' W 2110 feet to a point; thence S 53 45' W 2430 feet to a point, crossing over West Virginia Turnpike at plus 635 feet; thence S 55 25' W 1850 feet to a point; thence S 71 45' W 3170 feet to a point; thence S 14 30' E 2110 feet, passing over West Virginia Route 48 at plus 1110 feet; thence N 67 30' E 3060 feet to a point; thence N 76 30' E 1690 feet to a point, passing over W. Va. unimproved road, Route 48 over 4 at plus 635 feet; thence N 51 05' E 2005 feet to a point, crossing over West Virginia Turnpike at plus 520 feet; thence S 12 40' W 2325 feet to a point; thence S 45 E 2110 feet to a point; thence S 54 E 2325 feet to a point; thence S 59 15' W 3170 feet to a point; thence S 52 30' E 2110 feet to a point; thence S 62 20' W 3700 feet to a point, passing over West Virginia Turnpike at plus 2110 feet; thence S 13 50' E 5200 feet to a point; thence due east 2325 feet, passing over U. S. Routes 19-21 at plus 1200 feet and West Virginia Turnpike at plus 1900 feet; thence N 5 E 2110 feet to a point; thence N 88 35' E 800 feet to a point; thence N 0 30' W 4225 feet to a point; thence S 87 50' E. 4805 feet to a point, crossing over W. Va. unimproved road, Route 19 over 1 plus 2310 feet; thence N 10 50' E 2325 feet, passing over W. Va. unimproved road, Route 25 over 8 at plus 1265 feet; thence N 84 W 4540 feet to a point, passing over W. Va. Route 31 at plus 1375 feet; thence N 51 E 4540 feet to a point; thence N 56 E 4010 feet to a point; thence N 21 20' E 3430 feet to a point; thence N 6 05' W 2275 feet to a point; thence N 25 40' W 1200 feet to a point; thence N 51 10' E 3590 feet to a point; thence N 14 15' W 2430 feet to a point; thence S 78 05' E 1265 feet to a point; thence N 15 W 3270 feet to a point; thence N 27 45' W 3170 feet to a point; thence N 58 10' W 1480 feet to a point; thence N 10 30' E 2325 feet to a point; thence N 75 30' W 1800 feet to a point, crossing over W. Va. Route 31 at plus 1055 feet; thence S 18 10' W 2640 feet to a point; thence N 81 40' W 1950 feet to a point; thence N 25 45' E 525 feet to a point; thence N 30 30' E 3910 feet to a point; thence N 58 W 1900 feet to a point, crossing over W. Va. unimproved road, Route 3 over 23 at plus 1055 feet; thence S 32 50' W 2325 feet to a point; thence S 42 10' W 1210 feet to a point; thence on a line roughly paralleling U. S. Routes 19-21, N. 7 30' W 8450 feet to a point, crossing Cherry Creek at plus 4540 feet; thence

S. 85 05' W 1478 feet to the beginning; said proposed public service district lying approximately 6,600 feet south of the intersection of U. S. Routes 19-21 and W. Va. State Route 3, and in the general area of the West Virginia Turnpike and U. S. Routes 19-21 and extending through the Cherry Creek, Cool Ridge, Mount View and Ghent areas of Shady Springs District in Raleigh County; the Flat Top area of Jumping Branch District in Mercer County; and a small area of Jumping Branch District in Summers County, where the same borders on the Raleigh County line.

BOUNDARY DESCRIPTION OF SHADY SPRINGS PUBLIC SERVICE DISTRICT

WHEREAS, the County Court of Raleigh County, West Virginia, did heretofore, by an order passed on the 7 th day of April, 1959, fix a date for a public hearing on the creation of the proposed Shady Springs Public Service District No. 1, and in and by said order, provide that all persons residing in or owning, or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said order and by Article 13a of Chapter 16 of the Code of West Virginia, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district, and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district;

NOW, THEREFORE, Be it Resolved and Ordered by the County Court of Raleigh County, West Virginia, as follows:

Section 1. That a public service district within Raleigh County, West Virginia, is hereby created, and such district shall have the following described boundaries:

Those certain portions of Shady Springs and Town Districts of Raleigh County, West Virginia, bounded and described as follows:

Beginning at the intersection of State Highway Route 22 and with its intersection of the center line of Glade Creek, said point being in the common line between Shady Springs and Richmond Districts; thence with the center line of the aforesaid Route 22 in a westerly direction to the village of Crow to its intersection with State Route 22/1; thence with the center line of State Route 22/1 approximately four-tenths of one mile to its intersection with West Virginia State Route 9, commonly referred to as the Old Grandview Road; thence with the center line of State Route 9 in a westerly direction to its intersection of West Virginia State Route 9/7, commonly referred to as the Old Worley Road; thence with the center line of State Route 9/7 in a northwesterly direction, crossing Piney River at the Old

Worley Hill and continuing to its intersection with the eastern right-of-way line of the U. S. Highway 19-21 By-Pass; said right-of-way line being the corporation line of the City of Beckley, West Virginia; thence with the said City of Beckley Corporation line in a southerly direction to a point intersection with a south-westerly extension of the common lot line between lots 37 and 38. Section 14, of the Glen Morgan Addition; thence N. 84' 00' E. with the extension and the lot line of the aforementioned lots 37 and 38. 445 feet more or less to a point in Piney River; thence with Piney River as it meanders in a southeasterly direction 950 feet to a point in the center line of the Raleigh Mine No. 7 Road where it crosses Piney River; thence leaving Piney River and with Raleigh Mine No. 7 Road in a southeasterly direction 410 feet to a point on the outside boundary line of the Glen Morgan Addition where it crosses said Raleigh Mine No. 7 Road; thence leaving said road and with the outside boundary line of the Glen Morgan Addition, S. 42' 02' W. 800 feet to a point in the Raleigh Mine No. 7 Road; thence leaving the outside boundary line and with Raleigh Mine No. 7 Road in a southwesterly direction 700 feet to its intersection with the Old original Routes 19-21; thence with the old original Routes 19-21 and behind Raleigh Motor Sales in a southerly direction 700 feet to its intersection with the present Routes 3 and 19-21; thence with the center line of Routes 3 and 19-21 in a northwesterly direction 1550 feet to the point where State Route 3 was abandoned; thence along the old abandoned Route 3, in a northwesterly direction, 400 feet to a point where it intersects with the southern right-of-way line of Virginia Avenue; thence with the southern right-of-way line of Virginia Avenue and the property lines of James P. White and Thomas W. Turner 84' 00' E. 500 feet to a point where Virginia Avenue intersects Routes 19-21; thence with Routes 19-21 N. 30' 00' E. 870 feet to a point in the corporate line to the City of Beckley at the intersection of Routes 19-21 By-Pass and Routes 19-21 business route; thence continuing with the corporate line of the City of Beckley, in a general westerly direction, to its intersection with the southeast corporation line of the Town of Mabscott; thence with the said Mabscott corporation line, and with the Old Soak Creek Road, in a southwesterly direction to the top of Mabscott Hill and to a steel pin at the intersection of the Old Soak Creek Road and the Old Eccles Road; thence crossing State Route 16 S. 86' 05' E 352.10 feet, by a surveyed line, to a lead plug at the intersection of the center line of West Virginia State Route 20, commonly known as the Old Fitzpatrick Road and its intersection with the Old Beckley-Crab Orchard Road; thence with the center line of State Route 20 in a southeasterly direction and passing through the village of Fitzpatrick to its intersection with the center line of State Route 16; thence with the said center line of State Route 18 in a southeasterly direction to its intersection with State Route 19/19 near Cherry Creek; thence with the said center line of State Route 19/19 and continuing in a southeasterly direction to its intersection with the center line of U. S. Routes 19-21; thence in a

southerly direction with the center line of U. S. Rotes 10-21 to the intersection of the center line of West Virginia State Route 31 at the village of Cool Ridge; thence continuing in a southeasterly direction with State Route 31. to its intersection with the Raleigh-Summers County line, near the Mount View Post Office; thence in a northeasterly direction and with the common line between Raleigh County and Summers County to its intersection with the Shady Springs District line and the Richmond District line; thence with the said Shady Springs and Richmond District line in a general northerly direction to the point of beginning.

BOUNDARY DESCRIPTION OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT

The District consists of a portion of Boone and Raleigh Counties. Beginning at a point in the Kanawha County and Boone County boundary, said point having a latitude of N 38°-05'-00" and a longitude of W 81°-32'-28"; thence, following the said Kanawha County and Boone County boundary in a southeasterly direction 3.00 miles to a point having a latitude of N 38°-03'-54" and a longitude of W 81°-30'-00"; thence, leaving the said Kanawha and Boone County boundary, South 12.90 miles to a point having a latitude of N 37°-52'-28" and longitude of W 81°-30'-00"; thence, West, 3.40 miles to a point in the Boone County and Raleigh County boundary, said point having a latitude of N 37°-52'-28" and a longitude of W 81°-33'-47"; thence, following the said Boone and Raleigh County boundary in a northerly direction 8.50 miles, to a point having a latitude of W 81°-32'-14"; thence, leaving the said Boone and Raleigh County boundary N 40°-00' West, 3.90 miles to a point in Mill Creek having a latitude of N 38°-00'-47" and a longitude of W 81°-35'-00" thence, North, 4.80 miles to a point having a latitude of N 38°-05'-00" and a longitude of W 81°-35'-00"; thence, West, 2.40 miles to the point of BEGINNING, containing an area of 25.95 square miles within Sherman and Crook Magisterial Districts; Boone County, West Virginia, and an area of 23.05 square miles within Clear Fork and Marsh Fork Magisterial Districts, Raleigh County, West Virginia, total area being 49.00 square miles.

Section 2. That said public service district so created shall have the name and corporate title of "The Raleigh County Public Service District" and shall constitute a

public corporation and political subdivision of the State of West Virginia, having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13a, Chapter 16 of the Code of West Virginia.

Section 3. That the County Commission of Raleigh County, West Virginia, has determined that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, extension and enlargement of public service properties supplying water or sewerage services, or both, within such territory by such public service district will be conducive to the preservation of public health, comfort and convenience of such area.

-o-

This meeting is adjourned to October 5, 1976, at ten o'clock a. m.

Wm. L. Scott

P R E S I D E N T

---000---

WEST VIRGINIA:

At an adjourned meeting of the County Commission of Raleigh County, West

STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh County, do hereby certify that the foregoing is a true and correct copy from the records of my office as the same exists therein, Book 43 Page 163.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix the official seal of this Court, at Beckley this the 26th day of October, 19 78.

Elinor Hurt

Clerk



IN RE: ESTATE OF LEONARD COLEMAN – ORDER TO REOPEN ESTATE

Commissioner Aliff moved to approve an Order to reopen the estate of Leonard Coleman. The motion was seconded by Commissioner Reed and carried.

-0-

IN RE: BOARD APPOINTMENTS

Coal Heritage Trail Associations	Jim Holhaus
Raleigh County Board of Zoning Appeals	Donald Bare and Russell Manns
Raleigh County Building Code Appeals Board	John Sadowski
Glen White Trap Hill PSD	Okey C Harvey
North Beckley PSD	John DeClaro
Raleigh County PSD	Steve Zilinski ✓

Commissioner Aliff moved to approve the appointments and the second was made by Commissioner Pat Reed. Motion carried.

-0-

IN RE: POLLING FACILITIES FOR SPECIAL ELECTION

A motion was made by Commissioner Aliff to approve the guidelines for using the Elinor Hurt Memorial Health Center and Releases for Zeno Sparks, owner of the former Affinity Union Hall Property, and Calloway Heights Community Church in connection with using the premises as voting precincts. The motion was seconded by Commissioner Reed and carried.

See following page

I, BETTY RIFFE, Clerk of the County Commission of Raleigh County, West Virginia, hereby certify that the foregoing is a true copy from the records of my office.

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the 7 day of Oct, 04

BETTY RIFFE, Clerk

By William Sisk, Deputy

IN RE: PUBLIC PARTICIPATION

No one present

-0-

IN RE: BOARD APPOINTMENTS

Commissioner Aliff moved and Commissioner Reed seconded to approve the following board members:

Raleigh County Public Service District
Beckley-Raleigh County Board of Health
North Beckley Public Service District
New River Parkway

Jack Keen ✓
Jack Bailes
Mintor King
Paul Hutchinson

Motion carried.

-0-

IN RE: EXONERATIONS

Commissioner Aliff moved to approve 37 exonerations and 9 cancellations for real property and 16 exonerations and 60 cancellations for personal property. The motion was seconded by Commissioner Reed and motion carried.

-0-

This meeting adjourned until September 2, 2002.

s/s John Humphrey
PRESIDENT

-000-

I, BETTY RIFFE, Clerk of the County Commission of Raleigh County, West Virginia, hereby certify that the foregoing is a true copy from the records of my office. In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the 7 day of Oct, 04
BETTY RIFFE, Clerk
By Shirley, Deputy

ACCOUNT NUMBER	ACCOUNT CATEGORY	APPROVED AMOUNT	DEBIT	CREDIT	REVISED AMOUNT
731	JAIBG	54,000		5,425	59,425
902	4-R Camp	5,000		2,000	7,000
911	Visitors Bureau	140,000		30,000	170,000
401	County Commission	712,986	68,900		644,086
721	Central Garage	182,354		15,000	197,354
425	Other Buildings	482,000	15,000		467,000

-0-

IN RE: AUDITOR FOR YEAR ENDING 6/30/99

Notification requires signature of President.

-0-

IN RE: ANNUAL LISTING OF PUBLIC SERVICE DISTRICTS' MEMBERS

Report sent to the Secretary of State

-0-

IN RE: FEDERAL COPS GRANT PROGRAM, SHERIFF LAVENDER

Commissioner Humphrey moved to approve the request of the Sheriff to apply for a Federal Cops Grant to hire three Deputies. Seconded by Commissioner Baker, motion carried.

-0-

IN RE: BID OPENING - SLAB FORK WATER SYSTEM PROJECT

M & G Construction \$5,669.35

Commissioner Humphrey moved to approve the bid for the repairs to the Slab Fork Water Company. Commissioner Baker seconded and the motion carried.

-0-

IN RE: BOARD APPOINTMENTS

Commissioner Humphrey moved to reappoint the following to the appointed boards. Motion seconded by Commissioner Baker, motion carried.

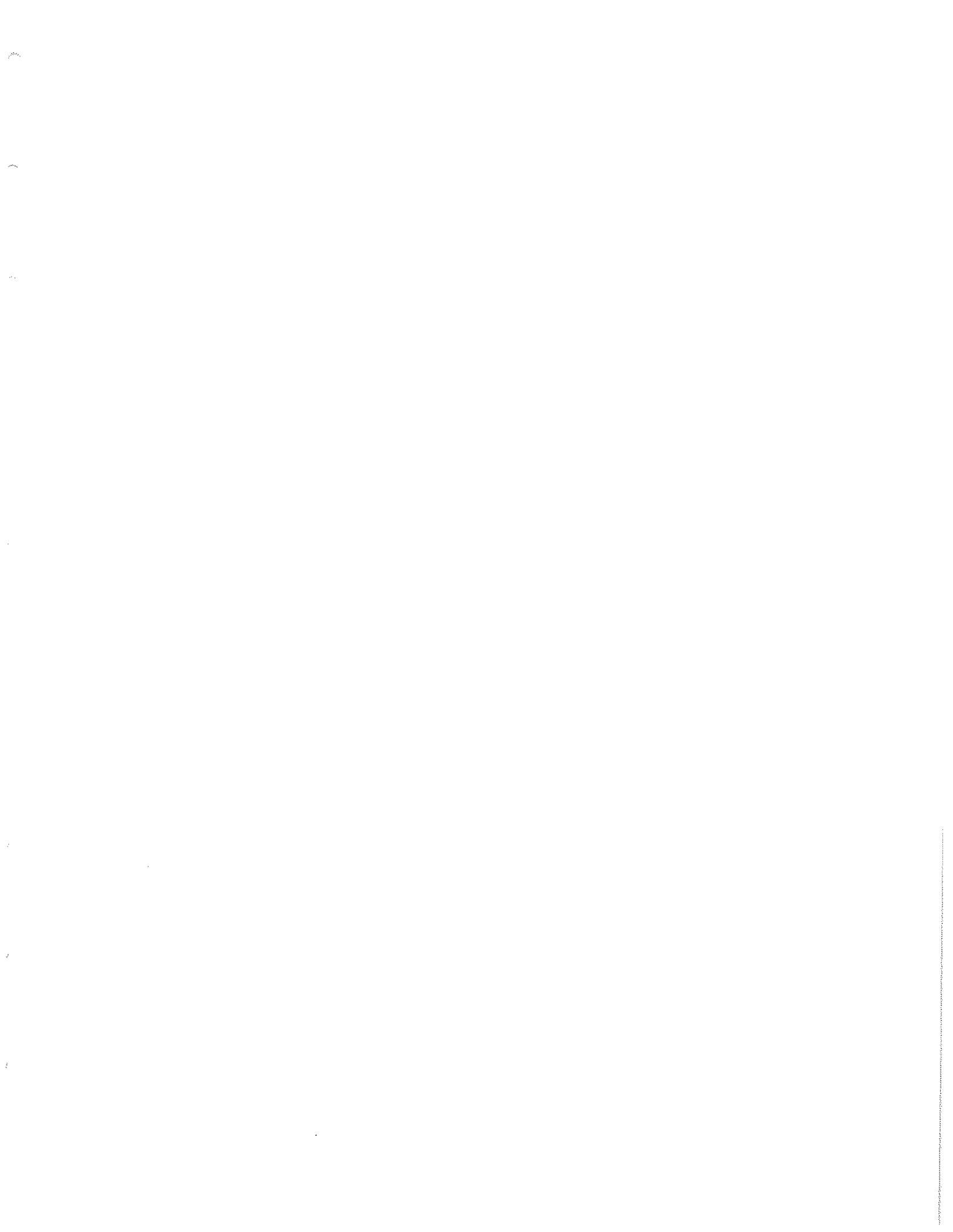
Coal Heritage Trail Association	Buford Hartsog
New River Parkway Authority	Paul Hutchinson, Jr
Glen White - Trap Hill PSD	Lee Milan
Raleigh County PSD	Paul Flanagan ✓
Building Commission	Ronnie Barker
Emergency Services	Sam Anderson
Housing Authority	John Wooton
Landmarks Commission	C. Berkley Lilly
Raleigh County Memorial Airport Auth.	Herb Wheeler
Planning and Zoning Commission	Roy Shrewsbury
Planning and Zoning Commission	Randy O'Neal
Public Defender	James Wright
Solid Waste Authority	Leon Lucas
Shawnee Parkway Authority	L.A. Gates

-0-

IN RE: ESTATE OF IMOGENE B CAMPBELL, ATTORNEY BLANKENSHIP

Commissioner Humphrey moved to approve the Final Accounting of Pat Fragile, Fiduciary Commissioner of the Estate, and to proceed with the settling of the estate. Seconded by Commissioner Baker, motion carried.

(see following page)



OATH

STATE OF WEST VIRGINIA }
COUNTY OF RALEIGH }

ss.

I, STEVE ZILINSKI, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of _____

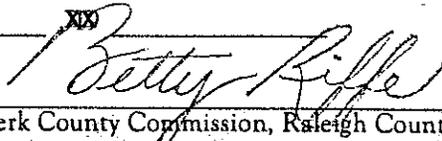
RALEIGH COUNTY PUBLIC SERVICE DISTRICT

to the best of my skill and judgment, so help me God.

STEVE ZILINSKI

Subscribed and sworn to before the undersigned,

this the 5TH day of FEBRUARY, 2004


Clerk County Commission, Raleigh County, WV

OATH

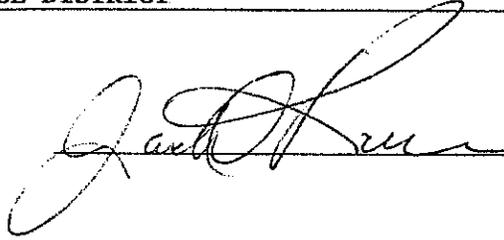
STATE OF WEST VIRGINIA }
COUNTY OF RALEIGH }

ss.

I, JACK KEEN, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of _____

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

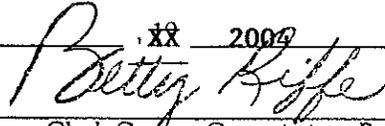
to the best of my skill and judgment, so help me God.



Subscribed and sworn to before the undersigned,

this the 4TH day of OCTOBER

. XX 2004



Clerk County Commission, Raleigh County, WV

OATH

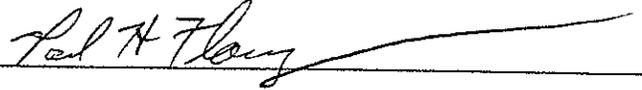
STATE OF WEST VIRGINIA }
COUNTY OF RALEIGH }

ss.

I, PAUL H. FLANAGAN, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of _____

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

to the best of my skill and judgment, so help me God.



Subscribed and sworn to before the undersigned,

this the 4TH day of OCTOBER

, XX 2004



Clerk County Commission, Raleigh County, WV



RULES OF PROCEDURE

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: RALEIGH COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 224 East Main Street, Sophia, Raleigh County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Raleigh County 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 Raleigh 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 fourth Monday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Raleigh 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 Raleigh 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 special 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 or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this September 26, 2005.

09/08/05
737210.99001



AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

October 01, 2004

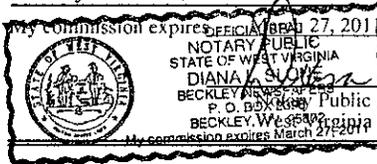
STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, to wit:

I, Tara Meyer, being duly sworn upon my oath, do depose and say that I am Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of AMENDED NOTICE OF FILING
(Description of notice)
was duly published in said newspaper once a week for one successive weeks (Class 1), commencing with the issue of the 1st day of October, 2004, and ending with the issue of the 1st day of October, 2004 (and was posted at the Raleigh County Courthouse on the 1st day of October, 2004); that said annexed notice was published on the following dates: 10/01/04 and that the cost of publishing said annexed notice as aforesaid was \$ 159.41

Signed Tara Meyer
Tara Meyer
Legal Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
1st day of October, 2004



COPY OF PUBLICATION

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA, CHARLESTON
Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 15th day of September 2004.
CASE NO: 04-1192-PWD-CN
RALEIGH COUNTY PUBLIC SERVICE DISTRICT
Application for a Certificate of Convenience and Necessity to construct an addition to the water distribution system to provide to the residents of Clear Creek area of Raleigh County.

AMENDED NOTICE OF FILING
WHEREAS, on August 3, 2004, Raleigh County Public Service District filed an application, duly verified, for a Certificate of Convenience and Necessity to construct an addition to the water distribution system to provide water to the residents of Clear Creek area of Raleigh County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, Raleigh County Public Service District (District) estimates that construction will cost approximately \$3,660,550.00. It is proposed that the construction will be financed as follows: Rural Utility Service loan in the amount \$2,160,500.00 and a Small Cities Block grant in the amount of \$1,500,000.00.

WHEREAS, the utility anticipates charging the following current water rates for its customers:

APPLICABILITY:
Applicable in entire territory served.

AVAILABILITY:
Available for general domestic, commercial and industrial service.

NON-METERED RATES:
Flat rate of \$24.96 per month based on 4,000 gallons used per month.

METERED RATES:
First 2,000 gallons used per month \$6.24 per 1,000 gallons
All over 2,000 gallons used per month \$6.24 per 1,000 gallons

MINIMUM CHARGE:
No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit:

5/8 inch meter	\$12.24 per month
3/4 inch meter	\$18.40 per month
1 inch meter	\$30.60 per month
1 1/2 inch meter	\$61.20 per month
2 inch meter	\$97.95 per month
3 inch meter	\$183.60 per month
4 inch meter	\$306.00 per month
6 inch meter	\$612.00 per month
8 inch meter	\$979.20 per month

The above minimum charges are subject to an additional \$0.12 (twelve cents) per thousand gallons use per month.

DELAYED PAYMENT PENALTY
The above tariff is net. On all accounts not paid in full within twenty (20) days of date of the latest pay date, ten percent (10%) will be added to net amount shown. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE (if applicable)
Prior to construction - \$100.00.
After construction passes the premises to be served, charge for connection to system - \$250.00.
RECONNECTION CHARGE - \$25.00

LEAK ADJUSTMENT INCREMENT
\$1.86 per one thousand gallons to be used where the bill reflect unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historic average usage.

MISCELLANEOUS CHARGES
\$100.00 to move an existing water meter for the benefit of the customer at the customer's request.
\$50.00 to raise or lower an existing meter for the benefit of the customer at the customer's request.

RETURNED CHECK FOR INSUFFICIENT FUNDS
If a check received is returned by the bank for any reason, the bank's charge to the Raleigh County Public Service District shall be the District's charge to the customer or such a bad check, but such charge to the customer shall not exceed \$15.00.

Resale customers of Raleigh County Public Service District include the Town of Sophia.

These rates represent no change from the current rates. The requested rates and charges are only proposals and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to 524-2-11, West Virginia Code, IT IS ORDERED that the Raleigh County Public Service District give notice of the filing of said application by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Raleigh 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.

RALEIGH COUNTY PUBLIC SERVICE DISTRICT
REGULAR BOARD MEETING

January 24, 2005

The regular meeting of the Board of Directors of the Raleigh County Public Service District was held at 6:00 PM. Those in attendance were Jack Keen, Chairman; Steve Zilinski, Secretary; Paul Flanagan, Member; and, Barry L. Clyburn, General Manager.

Also attending was customer James Jones of Grandview.

The meeting was called to order by the Chairman.

Mr. Jones addressed the Board with complaints about his billing and pulled meter and requested he be reimbursed the \$25.00 reconnect fee. After the discussion the Board ruled that proper procedures were followed by District employees and that he would not be reimbursed the reconnect fee.

Upon motion of Mr. Flanagan, seconded by Mr. Zilinski, Mr. Keen was elected Chairman and Mr. Zilinski was elected Secretary and Mr. Flanagan was elected Treasurer for the calendar year 2005.

The Clear Creek Water Project was discussed. The Board was advised that on Friday January 21 the District's attorney had provided two original title opinions related to easements and deeds. One was delivered to Rural Utilities Service and one to Region I. The Board asked that the engineer, Region I and the right-of-way specialist be invited to the March meeting to provide a status report on the project.

The Montcoal Project was discussed. The Board signed checks to be forwarded to CSX for three railroad permits.

The Drews Creek Project was discussed. The Board reviewed and approved invoice # 6170 totaling \$2,675.00 from L.A. Gates. The Board asked that the engineer from L.A. Gates be invited to the next meeting to provide an explanation of the invoice format.

The Egeria Road Project was discussed. The Board was advised the Mercer County Commission had forwarded a check totaling \$3,148.00 in payment for additional materials spent on the project.

The Board reviewed the Annual Loan Statements from Rural Development for the calendar year 2004. Consolidation issues were discussed by the Board.

The Board reviewed the December Service Call report which listed a total of 398 calls. This does not include water meters read for the same period.

The Board reviewed the following miscellaneous items:

1. Approved a new Smoking Policy to be included in the Personnel Manual.
2. Reviewed the fully funded reserve deposits as of December 31, 2004.
3. Approved the purchase of two new leak detectors for \$4,400 each and one new interrogator for \$4,500 from C.I. Thornburg.

4. Approved purchasing new/rebuilt transmissions for the 2000 and 2001 Dakota trucks. Approved keeping the 1998 Toyota and selling the 1991 Jeep.

The Board reviewed and approved the following monthly reports:

- Checks over \$300 for December 2004
- Minutes of the December 21 meeting
- Credit Card Report
- Water Loss Report for December 2004
- Financial Statements for November 2004

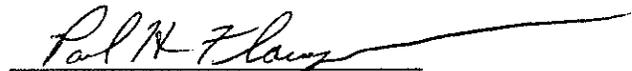
The next meeting is scheduled for February 28, 2005.

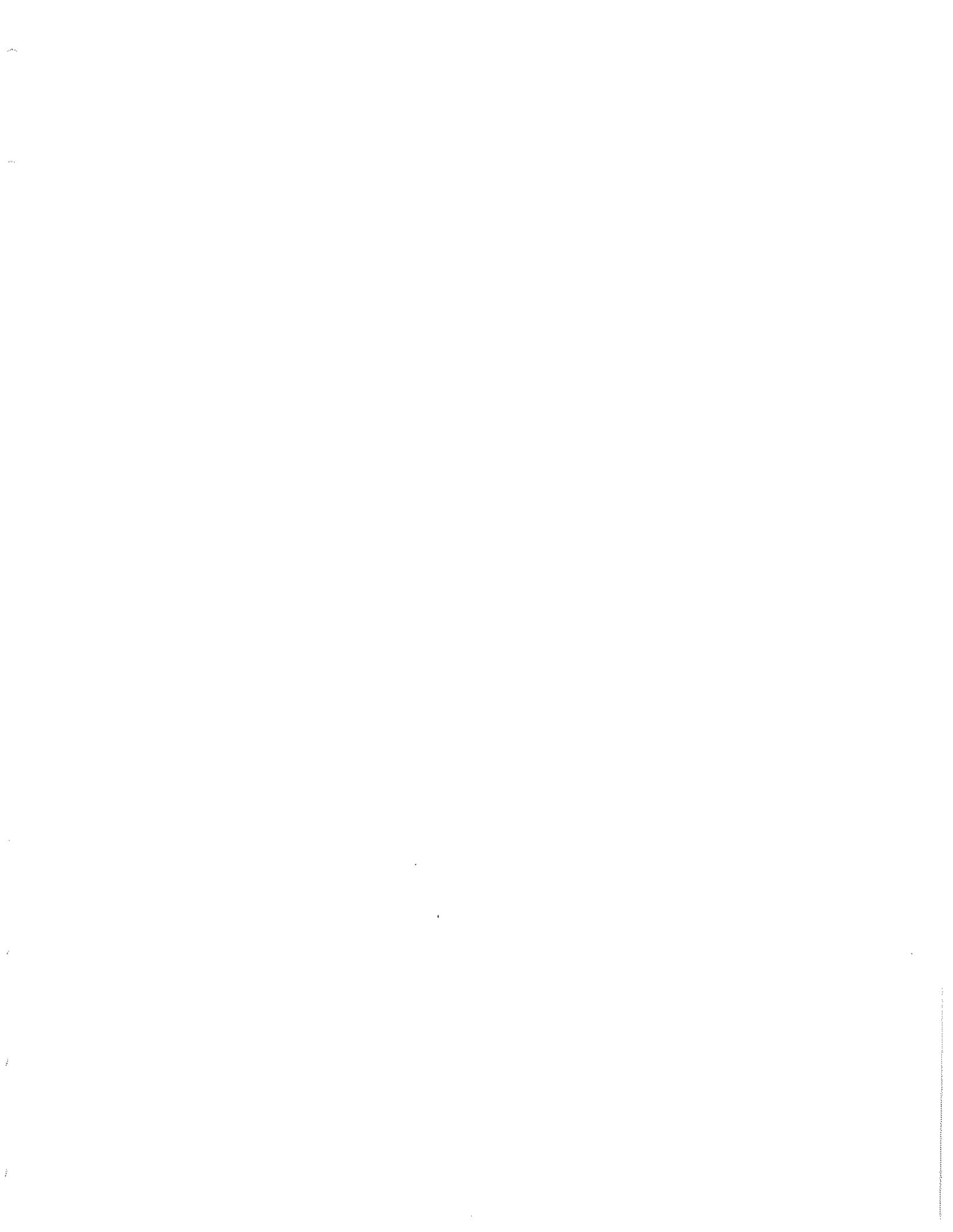
There being no further business the meeting was adjourned at 9:50 PM.


Secretary

ATTEST:


Chairman


Treasurer



AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

September 15, 2005

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, to wit:

I, Tara Meyer, being duly sworn upon my oath, do depose and say that I am Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of NOTICE OF PUBLIC HEARING
(Description of notice)
was duly published in said newspaper once a week for one successive weeks (Class 1), commencing with the issue of the 15th day of September, 2005, and ending with the issue of the 15th day of September, 2005, (and was posted at the Raleigh County Courthouse on the 15th day of September, 2005); that said annexed notice was published on the following dates: 09/15/05 and that the cost of publishing said annexed notice as aforesaid was \$ 74.03

Signed Tara Meyer
Tara Meyer
Legal Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
15th day of September, 2005

My commission expires NOT A MEMBER 7-2011
OFFICIAL SEAL
STATE OF WEST VIRGINIA
DIANA L. STONE
BECKLEY NEWSPAPERS
R/C Notary Public of Raleigh County,
BECKLEY, WV 25801
My commission expires 7-2011



COPY OF PUBLICATION

**NOTICE OF
PUBLIC HEARING
OF THE PUBLIC SERVICE
BOARD OF RALEIGH
COUNTY PUBLIC
SERVICE DISTRICT
TO ADOPT BOND
RESOLUTION**

A special meeting of the Public Service Board of the Raleigh County 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 Monday, September 26, 2005, at 10:00 a.m., prevailing time, at the District's offices at 224 East Main Street, Sophia, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF RALEIGH COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,160,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$150,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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 permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the District.

At the meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

/s/ Steve Zilinski
Secretary
9-15-THU-1-PM; LG 9258

AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
AND NOT MORE THAN \$150,000 IN AGGREGATE
PRINCIPAL AMOUNT OF WATER REVENUE BONDS,
SERIES 2005 B (UNITED STATES DEPARTMENT OF
AGRICULTURE); DEFINING AND PRESCRIBING THE
TERMS AND PROVISIONS OF THE BONDS; PROVIDING
GENERALLY FOR THE RIGHTS AND REMEDIES OF AND
SECURITY FOR THE HOLDER OF THE BONDS; AND
PROVIDING WHEN THIS RESOLUTION SHALL TAKE
EFFECT

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Mr. Keen and seconded by Mr. Zilinski, 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 proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made by Mr. Zilinski, and seconded by Mr. Keen, it was unanimously ordered that the said Rules of Procedure 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 28th of September, 2005.


Secretary

09/08/04
737210.99001



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

NEW ISSUE REPORT FORM

Date of Report: September 28, 2005

ISSUE: Raleigh County Public Service District Water Revenue Bonds, Series 2005 B (United States Department of Agriculture)

ADDRESS: Post Office Box 1286, Sophia, West Virginia 25921 COUNTY: Raleigh

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 28, 2005 CLOSING DATE: September 28, 2005

ISSUE AMOUNT: \$150,000 RATE: N/A

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: Issuer

BOND COUNSEL: Step toe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: N/A
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Barry L. Clyburn
Position: General Manager
Phone: (304) 683-4090

OTHER: United States Department of Agriculture
Contact Person: Teresa Miller
Rural Development Specialist
Phone: (304) 252-8644

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: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2005 B Bonds Reserve Account. Payments to the Series 2005 B Bonds Reserve Account will commence upon completion of construction.

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.

09/10/04
737210.99001

CH777093.1





United States Department of Agriculture
Rural Development
Beckley Area Office

September 16, 2005

Jack D. Keen, Chairman
Raleigh County Public Service District
P. O. Box 1286
Sophia, WV 25921

Dear Mr. Keen:

The pre-closing date for the PSD's water project has been established as September 26, 2005. The pre-closing will begin at 10:00 a.m. at the PSD office followed by the pre-construction conference at 11:00 a.m.

Reference is made to our Letter of Conditions dated August 9, 2002. All of the requirements of that letter must be met.

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. The PSD's attorney must furnish Form RD 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated September 28, 2005, .
2. The PSD's attorney must furnish Form RD 1927-10, "Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate Final Title Opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated September 28, 2005.
3. The PSD's attorney must furnish an updated narrative opinion addressing all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. The opinion should be dated September 28, 2005.

481 Ragland Rd. • Beckley, WV 25801
Phone: (304) 253-9597 • Toll Free: (800) 295-8228 • Fax: (304) 252-5809 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

4. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.
5. The PSD's engineer must provide a resume of the proposed inspector(s).
6. The PSD must provide a letter accepting the proposed inspector(s).
7. A certificate from the PSD's accountant that the accounts and records required by the bond resolution and the PSC have been established and are operational. The chart of accounts and record keeping books must be available for review at loan closing.
8. The PSD must provide evidence that it has acquired insurance and bond coverage in accordance with item 11 of the Letter of Conditions.
9. The PSD must furnish evidence that it provides State Workman's Compensation Insurance.
10. Water Purchase Agreement executed by all parties.

If you have any questions regarding these or any other matters pertaining to your loan, please contact this office.

Sincerely,

TERESA A. MILLER
Rural Development Specialist

Enclosures

cc: State Director, Rural Development, Morgantown, WV
John D. Wooton, Attorney at Law, P. O. Box 2600, Beckley, WV
✓ John Stump, Steptoe & Johnson Bond Counsel, Charleston, WV
Ralph W. Bassett, Jr., CPA, 1156 South Main Street, Milton, WV
Thrasher Engineering, P. O. Box 1532, Clarksburg, WV



United States
Department of
Agriculture

Rural
Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

Bond Counsel

August 9, 2002

Jack D. Keen, Chairman
Raleigh County Public Service District
P.O. Box 1286
Sophia, WV 25921

Dear Mr. Keen:

This letter, with Attachments 1 through 14 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$2,160,500, and other funding in the amount of \$1,500,000, for a total project cost of \$3,660,500. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant Program.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for Raleigh County PSD (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)

- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 11 - Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
- Attachment No. 14 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.75% interest rate and a monthly amortization factor of .00475, which provides for a monthly payment of \$10,263. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the District's existing water revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 4,471 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 309 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of \$100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

The RUS loan commitment is based on the PSD providing service to one large volume user. Evidence must be provided to show this user will actually be connected to the system when it is completed and that the monthly water usage projected by the engineer is reasonable. In the event this user refuses the offered service, the PSD must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having this user on the system.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

Please note that the engineering fees found in the attached Project Construction Budget are for planning purposes only. RUS will address its review of the Engineering Agreement through a separate correspondence.

Prior to loan closing, you must provide RUS with documentation that the West Virginia Public Service Commission has reviewed and approved the engineering agreement.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 & 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to

perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).
- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:

- (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

- b. The contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

- (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 13).
14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies – Interest earned on grant funds in excess of \$100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

15. Water Purchase Contract - You propose to purchase treated water from the City of Beckley; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
16. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the “other” grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.
17. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - “Operating Budget”

Form RD 1940-1 - “Request for Obligation of Funds”

RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 Form RD 400-1 - "Equal Opportunity Agreement"
 Form RD 400-4 - "Assurance Agreement"
 Form AD 1047 - "Certification Regarding Debarment - Primary"
 Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
 Certification of Compliance
 Form RD 1942-46, "Letter of Intent to Meet Conditions"

18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.
19. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

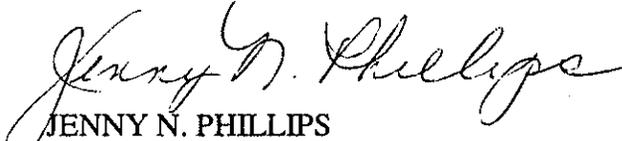
When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,


JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Thrasher Engineering
P.O. Box 1532
Clarksburg, WV 26301

Ralph W. Bassett, Jr., CPA
1156 South Main Street
Milton, WV 25541

John D. Wooton, Attorney at Law
P.O. Box 2600
Beckley, WV 25802

Project Construction Budget

<u>PROJECT COST</u>	<u>SCBG</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 1,450,000	\$ 1,221,000	\$ 2,671,000
CONST. CONTINGENCY		\$ 186,970	\$ 186,970
LAND & RIGHTS		\$ 10,000	\$ 10,000
LEGAL FEES		\$ 20,000	\$ 20,000
BOND COUNSEL		\$ 15,000	\$ 15,000
ACCOUNTING		\$ 7,000	\$ 7,000
ENGINEERING FEES		\$ 475,000	\$ 475,000
Basic - \$230,000			
Insp. - \$215,000			
Special - \$30,000			
INTEREST		\$ 154,000	\$ 154,000
ADMINISTRATION	\$ 50,000		\$ 50,000
PROJECT CONTG.		\$ 71,530	\$ 71,530
TOTAL	\$ 1,500,000	\$ 2,160,500	\$ 3,660,500

Rates

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$ 6.12	per M gallons
Over	2,000	gallons @	\$ 6.12	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	\$ 12.24	per month
3/4"	meter	\$ 18.36	per month
1"	meter	\$ 30.60	per month
1 1/2"	meter	\$ 61.20	per month
2"	meter	\$ 97.92	per month
3"	meter	\$ 183.60	per month
4"	meter	\$ 306.00	per month
6"	meter	\$ 612.00	per month
8"	meter	\$ 979.20	per month

Minimum Monthly Bill \$12.24 for 2,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions

For:

Date:

**RALEIGH COUNTY PSD--CLEAR CREEK
USE AND INCOME ANALYSIS
EXISTING SYSTEM--ALL METER SIZES**

Blocking	Cust. Mo.	Gal/ Mo.	Minimum Bills	First 2,000	Over 2,000	TOTAL REVENUE
0 - 2000	1270	1055	1270			
> 2000	2891	17812		5782	12030	
Monthly Total	4161	18867	1270	5782	12030	
Proposed Rates			\$ 12.24	\$ 6.12	\$ 6.12	
Monthly Revenues			\$ 15,544.80	\$ 35,385.84	\$ 73,623.60	\$ 124,554.24
Annual Revenues			\$ 186,537.60	\$ 424,630.08	\$ 883,483.20	\$ 1,494,650.88

Minimum users increased 202 to reflect an inhouse project completed during fiscal 2001

Attachment No. 1 to Letter of Conditions

For:

Date:

RALEIGH COUNTY PSD--CLEAR CREEK
 USE AND INCOME ANALYSIS
 EXISTING SYSTEM--PRISON

Blocking	Cust. Mo.	Gal/ Mo.	Minimum Bills	First 2,000	Over 2,000	TOTAL REVENUE
0 - 2000	1					
> 2000	1	8414	1	8414		
Monthly Total	2	8414	1	8414	0	
Proposed Rates				\$ 5,171.00	\$ 1.81	
Monthly Revenues				\$ 5,171.00	\$ 15,229.34	\$ 20,400.34
Annual Revenues				\$ 62,052.00	\$ 182,752.08	\$ 244,804.08

RALEIGH COUNTY PSD--CLEAR CREEK
USE AND INCOME ANALYSIS
"IDENTIFIED EXTENSION AREAS"--NEW--ALL METER SIZES

Blocking	Cust.	Gal/ Mo.	Minimum Bills	FIRST 2,000	OVER 2,000	TOTAL REVENUE
0 - 2000	76		76			
> 2000	233	1117		466	651	
Monthly Total	309	1117	76	466	651	
Proposed Rates			\$ 12.24	\$ 6.12	\$ 6.12	
Monthly Revenues			\$ 930.24	\$ 2,851.92	\$ 3,984.12	\$ 7,766.28
Annual Revenues			\$ 11,162.88	\$ 34,223.04	\$ 47,809.44	\$ 93,195.36

**RALEIGH COUNTY PSD—CLEAR CREEK EXTENSION
OPERATING BUDGET**

OPERATING INCOME		
Metered Sales	\$	1,832,650
Penalties	\$	33,112
Other Income	\$	14,267
Reconnect Fees		
TOTAL OPERATING INCOME		<u>\$ 1,880,029</u>
NON OPERATING INCOME		
Interest income	\$	19,139
TOTAL NON OPERATING INCOME		<u>\$ 19,139</u>
TOTAL INCOME		<u>\$ 1,899,168</u>
EXPENSES		
O & M	\$	1,299,672
Capital Expenditures(1)	\$	52,885
Taxes	\$	43,780
TOTAL EXPENSES		<u>\$ 1,396,337</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 502,831</u>
DEBT SERVICE		
Existing Bond P & I (B)	\$	293,772
Proposed Bond P & I (B) (2)	\$	123,156
TOTAL DEBT SERVICE		<u>\$ 416,928</u>
DEBT SERVICE RESERVE		
Debt Service Reserve*	\$	18,099
TOTAL DEBT SERVICE RESERVE		<u>\$ 18,099</u>
SURPLUS (DEFICIT)		<u>\$ 67,804</u>
DEBT COVERAGE (A/B)		\$ 1.21

(1) Based on historical numbers as provided by Applicant for the past 4 years

(2) Based on a loan from RUS for \$2,160,500 @ 4.75% for 38 years.

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Water and Waste Processing Checklist**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		HAVE	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer			6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			3
	Environmental Report	2	1794	Applicant		HAVE	3
	Environmental Assessment	2	1794	RUS/ Engineer		HAVE	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		HAVE	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		HAVE	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Statement reporting the <u>total</u> number of <u>potential</u> users		1780.33(c)	Applicant/ Engineer		HAVE	8
	Copy of Existing Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Det- ermination on the Availability of "Other Credit" with Docu- mentation	1	1780.7(d)	RUS		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Documentation on Service Area	1	1780.11	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
Automated Form	Grant Determination	3	1780.35(b)	RUS		HAVE	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		HAVE	2
RD 1942-45	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant		HAVE	3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		HAVE	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant		HAVE	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant		HAVE	3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS		HAVE	3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant		HAVE	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant		HAVE	5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		HAVE	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		HAVE	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

RESERVED

RALEIGH COUNTY PUBLIC SERVICE DISTRICT

Raleigh County Public Service District
Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of United Bank, Inc. Beckley, West Virginia (the "Bank"), hereby certify that on September 28, 2005, the Bank received an automated transfer in the amount of \$20,000.00 to the credit of the Series 2005 Bonds Project Construction Account, Account Number 006924-9407 for the Series 2005 Bonds.

WITNESS my signature on this 28th day of September, 2005.

UNITED BANK, INC.

By: Michael A. Garbis VP
Its: Authorized Officer

WATER PURCHASE CONTRACT

THIS CONTRACT for the sale and purchase of water is entered into as of the 26th day of September, 2005, between BECKLEY WATER COMPANY, hereinafter referred to as "Seller" and RALEIGH COUNTY PUBLIC SERVICE DISTRICT, hereinafter referred to as "Purchaser"

WITNESSETH:

WHEREAS, the Purchaser is organized and established as a Public Service District under West Virginia law, and the Purchaser and the Seller currently have a Water Purchase Contract (the "FBOP Contract") for the Purchaser's Airport/Federal Bureau of Prisons Project (the "FBOP Project"); and

WHEREAS, the Purchaser has the authority to construct and operate an extension to its existing water distribution system to provide potable water within the area described in plans now on file in the office of the Purchaser and known as the Clear Creek Project (the "Clear Creek Project") and to accomplish this purpose, the Purchaser will require a supply of treated water to be provided by the Seller at the intersection of County Route 1 and County Route 7 just south of the community of Cirtsville (the "Clear Creek Connection"); and

WHEREAS, the Seller owns and operates a water treatment and distribution system with a capacity currently capable of serving the present customers of the Seller's system, the Purchaser's customers on the FBOP Project and the estimated number of water users to be served by the Purchaser on the Clear Creek Project, as shown in the plans of the system now on file in the office of the Purchaser; and

WHEREAS, Seller approved the sale of water to the Purchaser for the Clear Creek Project in accordance with the provisions of the contract outlined herein, and the execution of this contract has been approved by the President of the Seller who is authorized to sign this contract; and

WHEREAS, Purchaser by motion and resolution duly approved the purchase of the water from Seller for the Clear Creek Project in accordance with the terms set forth in this contract and authorized its execution by its chairman, who is authorized to sign this contract.

NOW, THEREFORE, in consideration of the foregoing and mutual agreements herein set forth,

A. THE SELLER AGREES

1. QUALITY AND QUANTITY. To furnish the Purchaser at the Clear Creek Connection, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity guidelines of the West Virginia Department of Health, and such other governing regulations as from time to time may govern the potable water quality control standards, in such quantity as may be required by the Purchaser not to exceed Two Million (2,000,000) gallons per month. The water to be provided under this contract shall be in addition to such water provided to the Purchaser under the FBOP Contract.

2. POINT OF DELIVERY AND PRESSURE. That water will be furnished at a reasonably constant pressure, from an existing six inch (6") line at the Clear Creek Connection, as shown on the drawings now on file in the office of the Purchaser. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser.

3. EMERGENCY FAILURES. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other emergency or catastrophe, beyond control of Seller, shall excuse the Seller from this provision for such reasonable periods of time as may be necessary to restore service.

4. METERING EQUIPMENT. Seller shall provide the Purchaser, upon thirty

(30) days written notice, a meter box with a 2-inch turbo meter, at the Clear Creek Connection. The Seller shall calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. All such calibrations shall be undertaken by the Rules and Regulations of the Public Service Commission of West Virginia, as currently in effect and as amended from time to time. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the six months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read at intervals as agreed to by the parties.

5. BILLING PROCEDURE. To furnish the Purchaser at the above address not later than the 5th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. THE PURCHASER AGREES:

1. RATES AND PAYMENT DATE. To pay the Seller for water delivered in accordance with the present rates of Beckley Water Company payable upon receipt of invoice.

2. RESERVED.

C. IT IS MUTUALLY AGREED BETWEEN THE SELLER AND THE PURCHASER AS FOLLOWS:

1. TERM OF CONTRACT. That this contract shall extend for a period of forty-one (41) years from the date hereof and may be extended for an additional term or terms as the parties may agree.

2. DELIVERY OF WATER. That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser shall notify the Seller in writing the date for the initial delivery of water.

3. WATER FOR TESTING. When requested by the Purchaser, the Seller shall make available to the contractor at the Clear Creek Connection, water sufficient for filling, flushing, and testing the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a reasonable charge, which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. FAILURE TO DELIVER. That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water available to Seller or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. RESERVED.

6. MODIFICATION OF CONTRACT. That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification as approved by the West Virginia Public Service Commission. Other provisions of this contract may be modified or altered by agreement. However, both parties recognize that the terms and price for the purchase of any water must be approved and are subject to the jurisdiction of the West Virginia Public Service Commission, which is the final arbiter of any price change or change to the provisions of this contract.

7. REGULATORY AGENCIES. That this Contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

8. ASSIGNMENT. This Contract shall not be assigned or subcontracted to any person, firm or corporation without the prior written consent of Seller.

9. SUCCESSOR TO THE PURCHASER. That in the event of any occurrence rendering the Purchaser incapable of performing under the contract, any successor of the Purchaser, whether result of legal process, assignment, or otherwise, shall succeed to the rights and obligations of the Purchaser hereunder, subject to paragraph 7 hereof.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in two counterparts, each of which shall constitute an original.

BECKLEY WATER COMPANY
"SELLER"

By: *Lawrence Verkin*
Its: President

Attest:

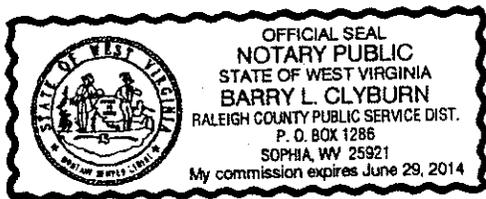
By: *Ginger Cole*
Its: Recorder/Secretary

RALEIGH COUNTY PUBLIC SERVICE DISTRICT
"PURCHASER"

By: *John R. ...*
Its: Chairman

Attest:

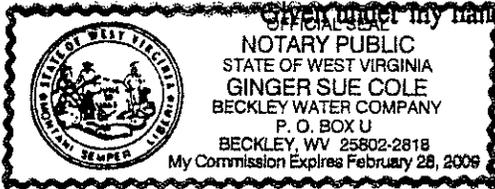
By: *Steve Zeluski*
Its: Secretary



STATE OF WEST VIRGINIA,
COUNTY OF RALEIGH, TO WIT:

I, Ginger Sue Cole, a Notary Public of the said County of Raleigh,
in and for the County and State aforesaid, do hereby certify that Jack R Vickers,
whose name is signed to the foregoing writing, bearing date the 9th day of December, 2005, as
President of BERKLEY WATER COMPANY has this day acknowledged the same before me in my said
County and State to be the act and deed of said corporation.

Given under my hand this 9th day of December, 2005.



Ginger Sue Cole
NOTARY PUBLIC

My Commission expires: February 28, 2009.

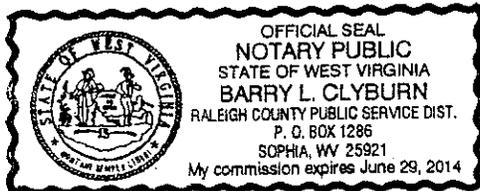
STATE OF WEST VIRGINIA,
COUNTY OF RALEIGH, TO WIT:

I, Barry L. Clyburn, a Notary Public of the said County of Raleigh,
in and for the County and State aforesaid, do hereby certify that Jack D. Keen,
whose name is signed to the foregoing writing, bearing date the 26 day of SEPTEMBER, 2005, as
Chairman of RALEIGH COUNTY PUBLIC SERVICE DISTRICT has this day acknowledged the same
before me in my said County and State to be the act and deed of said corporation.

Given under my hand this 26th day of SEPTEMBER, 2005.

Barry L. Clyburn
NOTARY PUBLIC

My Commission expires: June 29, 2014.



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