SALT ROCK WATER PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: DECEMBER 19, 2008

BONDS TRANSCRIPT

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SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

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SALT ROCK WATER PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

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SALT ROCK WATER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $296,800 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SALT ROCK WATER PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Salt Rock Water Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, consisting of construction of water facilities to serve approximately 111 households in six areas of the District's territory together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks systems of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $296,800 in a single series being the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), (the "Series 2008 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

F. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge, source of and security for payment being the Issuers: (i) Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate

principal amount of $ 9,300,000 (the "Series 2000 A Bonds"); and (ii) Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated September 21, 2000, issued in the original aggregate principal amount of $3,000,000 (the "Series 2000 B Bonds") (collectively, the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of certain of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

G. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated May 27, 1998, as amended (the "Agreement"), by and between the Issuer and West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2008 A Bonds, and to make payments into all funds and accounts and other payments provided for herein.

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

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2008 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2008 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Agreement" means initially, the Agreement, dated May 27, 1998, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2008 A Bonds and the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

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

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority.

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

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

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

"Consulting Engineers" means Terradon Corporation, Nitro, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

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

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

"Grants" means all grant moneys received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. The initial Gross Revenues anticipated to be received by the Issuer will be limited to the amounts payable by the Company to the Issuer under the Agreement.

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Salt Rock Water Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means, collectively, the letter of credit or letters of credit, surety bond or other credit facility obtained by the Company or the Issuer to fund the Reserve Accounts for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, providing for the purchase of the Series 2008 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means the Series 2000 A Bonds and the Series 2000 B Bonds.

"Prior Resolution" means the resolution authorizing the Prior Bonds.

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

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from

Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective reserve accounts for Series 2008 A Bonds and the Prior Bonds.

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

"Revenue Fund" means the Revenue Fund established by Prior Resolution.

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

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established in the Series 2008 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 A Bonds" means the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of $9,300,000.

"Series 2000 B Bonds" means the Issuer's Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated September 21, 2000, issued in the original aggregate principal amount of $3,000,000.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2008 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2008 A Bonds or any other obligations of the Issuer, including, without limitation, any Sinking Fund or Reserve Account which may hereafter be established.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $1,998,800, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $1,998.800, of which approximately $296,800 will be obtained from proceeds of the Series 2008 A Bonds, approximately $1,500,000 will be obtained from a Small Cities Block Grant, approximately $20,000 will be obtained from a grant by The County Commission of Cabell County, approximately $20,000 will be a contribution from the Issuer and approximately $162,000 will be from funds contributed by the Company.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued Series 2008 A Bonds of the Issuer. The Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $296,800, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after capitalizing interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2008 A Bonds, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds. The Series 2008 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2008 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2008 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2008 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2008 A Bonds.

The registered Series 2008 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2008 A Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and

deliver the Series 2008 A Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2008 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds to the original purchasers;

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

(iv) An executed copy of the Loan Agreement;

(v) A copy of the Agreement;

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

(vii) The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $296,800

KNOW ALL MEN BY THESE PRESENTS: This ___ day of _____, 2008, that SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED NINETY SIX THOUSAND EIGHT HUNDRED DOLLARS ($296,800), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 2010 to and including _____ 1, 2048, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16,

Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 17, 2008, and a Supplemental Resolution duly adopted by the Issuer on December 17, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,300,000 (THE "SERIES 2000 A BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,000,000 (THE "SERIES 2000 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2008 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as

provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolution) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

(2) Series 2008 A Bonds Construction Trust Fund

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolution) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2000 A Bonds Sinking Fund (established by Prior Resolution);

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

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

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

(5) Series 2008 A Bonds Sinking Fund; and

(6) Series 2008 A Bonds Reserve Account (to be funded with Letter of Credit).

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses of the System not otherwise paid by the Company pursuant to the Agreement.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the interest payments on the Series 2000 A Bonds and required by Prior Resolution;

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the principal payments due on the Prior Bonds as required by Prior Resolution; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Series 2008 A Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2008 A Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority and the Council. The reserve accounts for the Prior Bonds were funded with letter of credit. In the event the letter of credit for the Prior Bonds is terminated or reduced, the Issuer shall be required to fund the reserve accounts for the Prior Bonds as required by Prior Resolution.

(5) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2008 A Bonds and Prior Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority or the Council.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 2008 A Bonds or for any lawful purpose of the System.

Moneys in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds, as the same shall become due. Moneys in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall come due, when other moneys in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2008 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2008 A Bonds, and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 2008 A Bonds, provision shall be made for additional payments into the sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2008 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit a copy of said form, together with a copy of its payment check, to the Authority by the 5th day of such calendar month.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2008 A Bonds for the period commencing on the date of issuance of the Series 2008 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. The remaining moneys derived from the sale of the Series 2008 A Bonds shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

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

Section 6.02. Disbursements From the Bond Construction Trust Fund. To make disbursements from the Series 2008 A Bonds Construction Trust Fund, the Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the proceeds of the Series 2008 A Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer stating that:

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

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

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

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

Pending such application, moneys in the Series 2008 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2008 A Bonds shall be applied as directed by the Council.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues, Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2008 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall provide a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered March 18, 2008, in Case No. 07-0998-W-42T.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the

schedule of rates, fees and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2008 A Bonds. Any balance remaining after the payment of the Series 2008 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the consent of the Council and the Authority, be deposited in the Revenue Fund or if the Renewal and Replacement Fund is created, then deposited in the Renewal and Replacement Fund. Payment of such proceeds into the

Revenue Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the payments from the Company under the Agreement shall not be less than 100% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

In the event the Agreement is no longer in place, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2008 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues

of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Purchaser, the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the Agreement is no longer in place, the Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts

provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the Agreement to fulfill compliance with this covenant.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

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

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

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete or cause to be completed under the Agreement the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2008 A Bonds are outstanding. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil compliance with this covenant. Pursuant to the Agreement, the Company has agreed to operate and maintain the System at its own expense.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19 Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2008 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority and the Council for written approval. The Issuer shall obtain the written approval of the Authority and the Council before expending any proceeds of the Series 2008 A Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority and Council before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS;USE OF PROCEEDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the Rebate Fund. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 A Bonds as a condition to issuance of the Series 2008 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the

proceeds of the Series 2008 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2008 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

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

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2008 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2008 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2008 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2008 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2008 A Bonds shall be on a parity with the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2008 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such

Bonds, any Registered Owner of the Series 2008 A Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2008 A Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Series 2008 A Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2008 A Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2008 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2008 A Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2008 A Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Company, the Authority, or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Salt Rock Water Public Service District
Route 1, Box 31
Water Plant Road
Salt Rock, West Virginia 25559
Attention: Chairman

COMPANY:

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

AUTHORITY:

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

COUNCIL:

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

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

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

[Remainder of Page Intentionally Blank]

Adopted this 17th day of December, 2008.

Robert F Burns
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the 17th day of December, 2008.

Dated: December 19, 2008.

[SEAL]

Secretary

12.10.08
788890.00003

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A(WEST VIRGINIA INFRASTRUCTURE FUND), OF SALT ROCK WATER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNT; APPROVING THE THIRD AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Salt Rock Water Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective December 17, 2008 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $296,800 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF

AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 2008 A(West Virginia Infrastructure Fund) of the Issuer (the "Series 2008 A Bonds"), in the aggregate principal amount not to exceed $296,800, and has authorized the execution and delivery of the loan agreement relating to the Series 2008 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer and the Company have agreed to amend the Operation and Maintenance Agreement dated May 27, 1998, by entering into the Third Amendment to Agreement dated June 23, 2008 (the "Third Amendment to Agreement");

WHEREAS, the Issuer has determined it desirable to purchase from PNC Bank, National Association, and the Company has agreed to pay for such purchase, a Letter of Credit, No. 18110844-00-000, dated December 16, 2008, in the amount of $15,424 (the "Letter of Credit") to fund the Series 2008 A Bonds Reserve Account;

WHEREAS, the Loan Agreement, the Third Amendment to Agreement and the Letter of Credit have been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the Third Amendment to Agreement and the Letter of Credit be approved, that the exact principal amounts, the dates,

the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $296,800. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2048, and shall bear no interest. The principal of the Series 2008 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, to and including September 1, 2048, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2008 A Bonds.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the Third Amendment to Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Third Amendment to Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the Reserve Account for the Series 2008 A Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Account be funded in the amount required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 6. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 8. The Issuer does hereby appoint and designate The First State Bank, Barboursville, West Virginia, to serve as Depository Bank under the Resolution.

Section 9. Series 2008 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Sinking Fund as capitalized interest.

Section 10. Series 2008 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Reserve Account. The Series 2008 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $15,424.

Section 11. The balance of the proceeds of the Series 2008 A Bonds shall be deposited in or credited to the Bonds Construction Trust Fund as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2008 A Bonds and related costs.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about December 19, 2008.

Section 16. The acquisition and construction of the Project, and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 17. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

[Remainder of Page Intentionally Blank]

Adopted this 17th day of December, 2008.

Robert J Bruno
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the 17th day of December, 2008.

Dated: December 19, 2008.

[SEAL]

Secretary

12.10.08
788890.00003

IC-1
(11/01/04)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

SALT ROCK WATER PUBLIC SERVICE DISTRICT
(2003W-755a)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an

Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

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

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

1.11 "System" means the project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and the Council and their agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent

(100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate engineering services satisfactory to the Council and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

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

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

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

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

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

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

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

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

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

SALT ROCK WATER PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: December 19, 2008

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: December 19, 2008

Attest:

_____
Its: Secretary-Treasurer

{C1446293.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

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

successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

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

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $296,800
Purchase Price of Local Bonds $296,800

The Local Bonds shall bear no interest. Commencing June 1, 2010, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(1) Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of $9,300,000; and

(2) Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated September 21, 2000, issued in the original aggregate principal amount of $3,000,000.

$296,800

Salt Rock Water Public Service District
40 Years, 0% Interest Rate
Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2010	-	-	-
06/01/2010	1,928.00	-	1,928.00
09/01/2010	1,928.00	-	1,928.00
12/01/2010	1,928.00	-	1,928.00
03/01/2011	1,928.00	-	1,928.00
06/01/2011	1,928.00	-	1,928.00
09/01/2011	1,928.00	-	1,928.00
12/01/2011	1,928.00	-	1,928.00
03/01/2012	1,928.00	-	1,928.00
06/01/2012	1,928.00	-	1,928.00
09/01/2012	1,928.00	-	1,928.00
12/01/2012	1,928.00	-	1,928.00
03/01/2013	1,928.00	-	1,928.00
06/01/2013	1,928.00	-	1,928.00
09/01/2013	1,928.00	-	1,928.00
12/01/2013	1,928.00	-	1,928.00
03/01/2014	1,928.00	-	1,928.00
06/01/2014	1,928.00	-	1,928.00
09/01/2014	1,928.00	-	1,928.00
12/01/2014	1,928.00	-	1,928.00
03/01/2015	1,928.00	-	1,928.00
06/01/2015	1,928.00	-	1,928.00
09/01/2015	1,928.00	-	1,928.00
12/01/2015	1,928.00	-	1,928.00
03/01/2016	1,928.00	-	1,928.00
06/01/2016	1,928.00	-	1,928.00
09/01/2016	1,928.00	-	1,928.00
12/01/2016	1,928.00	-	1,928.00
03/01/2017	1,928.00	-	1,928.00
06/01/2017	1,928.00	-	1,928.00
09/01/2017	1,928.00	-	1,928.00
12/01/2017	1,928.00	-	1,928.00
03/01/2018	1,928.00	-	1,928.00
06/01/2018	1,928.00	-	1,928.00
09/01/2018	1,928.00	-	1,928.00
12/01/2018	1,928.00	-	1,928.00
03/01/2019	1,928.00	-	1,928.00
06/01/2019	1,928.00	-	1,928.00
09/01/2019	1,928.00	-	1,928.00

$296,800

Salt Rock Water Public Service District

40 Years, 0% Interest Rate

Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2019	1,928.00	-	1,928.00
03/01/2020	1,928.00	-	1,928.00
06/01/2020	1,928.00	-	1,928.00
09/01/2020	1,928.00	-	1,928.00
12/01/2020	1,927.00	-	1,927.00
03/01/2021	1,927.00	-	1,927.00
06/01/2021	1,927.00	-	1,927.00
09/01/2021	1,927.00	-	1,927.00
12/01/2021	1,927.00	-	1,927.00
03/01/2022	1,927.00	-	1,927.00
06/01/2022	1,927.00	-	1,927.00
09/01/2022	1,927.00	-	1,927.00
12/01/2022	1,927.00	-	1,927.00
03/01/2023	1,927.00	-	1,927.00
06/01/2023	1,927.00	-	1,927.00
09/01/2023	1,927.00	-	1,927.00
12/01/2023	1,927.00	-	1,927.00
03/01/2024	1,927.00	-	1,927.00
06/01/2024	1,927.00	-	1,927.00
09/01/2024	1,927.00	-	1,927.00
12/01/2024	1,927.00	-	1,927.00
03/01/2025	1,927.00	-	1,927.00
06/01/2025	1,927.00	-	1,927.00
09/01/2025	1,927.00	-	1,927.00
12/01/2025	1,927.00	-	1,927.00
03/01/2026	1,927.00	-	1,927.00
06/01/2026	1,927.00	-	1,927.00
09/01/2026	1,927.00	-	1,927.00
12/01/2026	1,927.00	-	1,927.00
03/01/2027	1,927.00	-	1,927.00
06/01/2027	1,927.00	-	1,927.00
09/01/2027	1,927.00	-	1,927.00
12/01/2027	1,927.00	-	1,927.00
03/01/2028	1,927.00	-	1,927.00
06/01/2028	1,927.00	-	1,927.00
09/01/2028	1,927.00	-	1,927.00
12/01/2028	1,927.00	-	1,927.00
03/01/2029	1,927.00	-	1,927.00
06/01/2029	1,927.00	-	1,927.00
09/01/2029	1,927.00	-	1,927.00
12/01/2029	1,927.00	-	1,927.00
03/01/2030	1,927.00	-	1,927.00
06/01/2030	1,927.00	-	1,927.00
09/01/2030	1,927.00	-	1,927.00

$296,800

Salt Rock Water Public Service District
40 Years, 0% Interest Rate
Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2030	1,927.00	-	1,927.00
03/01/2031	1,927.00	-	1,927.00
06/01/2031	1,927.00	-	1,927.00
09/01/2031	1,927.00	-	1,927.00
12/01/2031	1,927.00	-	1,927.00
03/01/2032	1,927.00	-	1,927.00
06/01/2032	1,927.00	-	1,927.00
09/01/2032	1,927.00	-	1,927.00
12/01/2032	1,927.00	-	1,927.00
03/01/2033	1,927.00	-	1,927.00
06/01/2033	1,927.00	-	1,927.00
09/01/2033	1,927.00	-	1,927.00
12/01/2033	1,927.00	-	1,927.00
03/01/2034	1,927.00	-	1,927.00
06/01/2034	1,927.00	-	1,927.00
09/01/2034	1,927.00	-	1,927.00
12/01/2034	1,927.00	-	1,927.00
03/01/2035	1,927.00	-	1,927.00
06/01/2035	1,927.00	-	1,927.00
09/01/2035	1,927.00	-	1,927.00
12/01/2035	1,927.00	-	1,927.00
03/01/2036	1,927.00	-	1,927.00
06/01/2036	1,927.00	-	1,927.00
09/01/2036	1,927.00	-	1,927.00
12/01/2036	1,927.00	-	1,927.00
03/01/2037	1,927.00	-	1,927.00
06/01/2037	1,927.00	-	1,927.00
09/01/2037	1,927.00	-	1,927.00
12/01/2037	1,927.00	-	1,927.00
03/01/2038	1,927.00	-	1,927.00
06/01/2038	1,927.00	-	1,927.00
09/01/2038	1,927.00	-	1,927.00
12/01/2038	1,927.00	-	1,927.00
03/01/2039	1,927.00	-	1,927.00
06/01/2039	1,927.00	-	1,927.00
09/01/2039	1,927.00	-	1,927.00
12/01/2039	1,927.00	-	1,927.00
03/01/2040	1,927.00	-	1,927.00
06/01/2040	1,927.00	-	1,927.00
09/01/2040	1,927.00	-	1,927.00
12/01/2040	1,927.00	-	1,927.00
03/01/2041	1,927.00	-	1,927.00
06/01/2041	1,927.00	-	1,927.00
09/01/2041	1,927.00	-	1,927.00

$296,800

Salt Rock Water Public Service District
40 Years, 0% Interest Rate
Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2041	1,927.00	-	1,927.00
03/01/2042	1,927.00	-	1,927.00
06/01/2042	1,927.00	-	1,927.00
09/01/2042	1,927.00	-	1,927.00
12/01/2042	1,927.00	-	1,927.00
03/01/2043	1,927.00	-	1,927.00
06/01/2043	1,927.00	-	1,927.00
09/01/2043	1,927.00	-	1,927.00
12/01/2043	1,927.00	-	1,927.00
03/01/2044	1,927.00	-	1,927.00
06/01/2044	1,927.00	-	1,927.00
09/01/2044	1,927.00	-	1,927.00
12/01/2044	1,927.00	-	1,927.00
03/01/2045	1,927.00	-	1,927.00
06/01/2045	1,927.00	-	1,927.00
09/01/2045	1,927.00	-	1,927.00
12/01/2045	1,927.00	-	1,927.00
03/01/2046	1,927.00	-	1,927.00
06/01/2046	1,927.00	-	1,927.00
09/01/2046	1,927.00	-	1,927.00
12/01/2046	1,927.00	-	1,927.00
03/01/2047	1,927.00	-	1,927.00
06/01/2047	1,927.00	-	1,927.00
09/01/2047	1,927.00	-	1,927.00
12/01/2047	1,927.00	-	1,927.00
03/01/2048	1,927.00	-	1,927.00
06/01/2048	1,927.00	-	1,927.00
09/01/2048	1,927.00	-	1,927.00
Total	**$296,800.00**	-	**$296,800.00**

Yield Statistics

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 18th day of December 2008.

CASE NO. 08-0156-W-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY AND
SALT ROCK PUBLIC SERVICE DISTRICT,

Joint petition for consent and approval of an amendment to the Operation and Maintenance Agreement between West Virginia-American Water Company and Salt Rock Water Public Service District and an application for a certificate of convenience and necessity to construct certain additions and improvements to its existing water distribution system and for approval of financing thereof.

COMMISSION ORDER

The Commission approves the amendments to the Certificate of Convenience and Necessity.

BACKGROUND

On October 28, 2008, West Virginia-American Water Company ("Company") and Salt Rock Public Service District ("District") (collectively the "Applicants") filed a Petition to Reopen this case seeking Commission approval to construct further additions and improvements to the project approved in the Recommended Decision (Final June 22, 2008). The bids for the project were less than anticipated, leaving funds available to expand the scope of the project as follows:

(i) construct a main extension on Oak Hill Road consisting of approximately 5,505 linear feet of 8-, 6- and 2-inch water main, a pressure reducing station and other appurtenances to serve an additional seven families; and

(ii) increase the size of the pipe to be used in the previously approved main extension known as "Dog Fork Alternate 1" from 2-inch diameter to 6-inch diameter, thereby permitting public fire service to eventually be made available in that area following future distribution system improvements.

These additional facilities will be owned by the District but operated and maintained by the Company. No rate increase will be required to support the additional facilities, therefore, the Applicants requested a waiver of any requirement to file a *Tariff Rule* 42 accounting and financial data. Applicants also requested a modification to the current Operation and Management Agreement ("O&M Agreement") based upon the requested amendments to the Petition to Reopen.

On November 6, 2008, Applicants filed an Amendment to Petition to Reopen requesting (i) that the Petition to Reopen be amended to reflect that the Company will now fund the construction of the pressure reducing station in the Oak Hill Road project and will retain ownership of the same; and (ii) that the request to amend the O&M Agreement be withdrawn because language contained in the agreement covers the additional construction requested herein.

On December 1, 2008, the Commission entered an order requiring publication of a Notice of Filing, allowing a ten-day protest and intervention period. The order also waived the requirement for the Applicants to file a new Tariff Rule 42 accounting and financial information because the proposed project amendments will not require a change in rates.

On December 5, 2008, the Applicants filed a Motion for Commission to Retain Case citing the bid expiration on December 31, 2008, and a financial closing with the Water Development Authority on December 19, 2008, at 9:30 a.m. The Applicants noted that a final Commission order is required to meet the financial closing requirements.

Commission Staff ("Staff") filed a Final Joint Staff Memorandum on December 8, 2008, recommending that the Commission approve the proposed project modification.

On December 8, 2008, Applicants filed an Affidavit of Publication evidencing publication of the Notice of Filing on December 4, 2008, in the Herald-Dispatch.

On December 9, 2008, the Company filed a response in support of the Final Joint Staff Memorandum.

No protests were received.

DISCUSSION

Amendment to Certificate

Because (i) the bids for the original project came in lower than expected, (ii) funding is available for additional improvements in the area, (iii) the proposed work can be completed through a change order to the original contract, (iv) additional individuals will gain access to water service, and (v) customer rates will not be affected by the additional improvements,

it is reasonable to approve the amendments to the certificate, as described more fully above. Furthermore, the Commission finds it unnecessary to hold a hearing on the proposed amendments for the above reasons and because no protests against the proposed additional improvements were filed.

Amendment to O&M Agreement

The Applicants withdrew the request to modify the O&M Agreement therefore it is not necessary for the Commission to consider this request.

FINDINGS OF FACT

1. The Petition to Reopen proposed amendments to the Certificate of Convenience and Necessity granted by Recommended Decision on June 13, 2008 (final June 22, 2008). The proposed amendments, as described more fully above, will not affect customer rates and are financially feasible due to lower than expected project costs for the original project.

2. Staff recommended approval of the proposed amendments to the project.

3. No protests were received.

4. Applicants withdrew the request to amend the O&M Agreement.

CONCLUSIONS OF LAW

1. Because (i) the bids for the original project came in lower than expected, (ii) funding is available for additional improvements in the area, (iii) the proposed work can be completed through a change order to the original contract, (iv) additional individuals will gain access to water service, and (v) customer rates will not be affected by the additional improvements, it is reasonable to approve the amendments to the certificate, as described more fully above.

2. It is reasonable to waive formal hearing in this matter.

ORDER

IT IS THEREFORE ORDERED that the modifications to the certificate granted by the June 13, 2008 Recommended Decision (final June 22, 2008) as described in the Petition to Reopen and Amended Petition are hereby granted.

IT IS FURTHER ORDERED that if there are any substantive changes in the project plans, scope, or financing, the Applicants petition the Commission to review and approve the changes prior to commencing construction.

IT IS FURTHER ORDERED that if there are changes in the project cost which do not affect rates, the Applicants file an affidavit signed by their accountant verifying that the rates and charges are unaffected by the change in cost.

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

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

A True Copy, Teste

Sandra Squire

Sandra Squire
Executive Secretary

SMS/slc
080156cb.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 1st day of December 2008.

CASE NO. 08-0156-W-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY AND
SALT ROCK PUBLIC SERVICE DISTRICT,

Joint petition for consent and approval of an amendment to the Operation and Maintenance Agreement between West Virginia-American Water Company and Salt Rock Water Public Service District and an application for a certificate of convenience and necessity to construct certain additions and improvements to its existing water distribution system and for approval of financing thereof.

COMMISSION ORDER

The Commission orders publication of a Notice of Filing reflecting the proposed project amendments.

BACKGROUND

On October 28, 2008, West Virginia-American Water Company ("Company") and Salt Rock Public Service District ("District") (collectively the "Applicants") filed a Petition to Reopen this case seeking Commission approval to construct further additions and improvements to the project approved in the Recommended Decision (Final June 22, 2008). The bids for the project were less than anticipated, leaving funds available to expand the scope of the project as follows:

(i) construct a main extension on Oak Hill Road consisting of approximately 5,505 linear feet of 8-, 6- and 2-inch water main, a pressure reducing station and other appurtenances to serve an additional seven families; and

(ii) increase the size of the pipe to be used in the previously approved main extension known as "Dog Fork Alternate 1" from 2-inch diameter to 6-inch diameter, thereby permitting public fire service to eventually be made available in that area following future distribution system improvements.

These additional facilities will be owned by the District but operated and maintained by the Company. No rate increase will be required to support the additional facilities, therefore, the Applicants request a waiver of any requirement to file a *Tariff Rule* 42 accounting and financial data.

On November 6, 2008, Applicants filed a Motion to Direct Publication of Notice of Filing and Amendment to Petition to Reopen requesting (i) that the Notice of Filing provide a ten-day period for protests and interventions; and (ii) that the Petition to Reopen be amended to reflect that the Company will now fund the construction of the pressure reducing station in the Oak Hill Road project and will retain ownership of the same. The cost to the District of the total expanded project will be $303,034.

Commission Staff ("Staff") filed an Initial Joint Staff Memorandum on November 10, 2008, stating that it had no objection to the shortened notice period considering the nature of the proposed extension and the original notice afforded to the public prior to the approval of the certificate of convenience and necessity in this case.

DISCUSSION

It is reasonable to reopen this case to consider the proposed project amendments as set forth in the Applicants' October 28 and November 6, 2008 filings by the Applicants. The Commission will order publication of the Notice of Filing attached to this Order. Furthermore, because customer rates will no be affected by the proposed project amendments, it is reasonable to grant the request to waive the requirement to file a *Tariff Rule* 42 accounting and financial data.

FINDINGS OF FACT

1. The Applicants petitioned the Commission requesting that (i) this case be reopened to consider a proposed project amendment as noted above; (ii) the Notice of Filing for the proposed reopening provide a ten-day period for protests and interventions; and (iii) the requirement to file a *Tariff Rule* 42 accounting and financial data be waived.

2. Staff recommended publication of the Notice of Filing with a ten-day period for protests and interventions.

CONCLUSIONS OF LAW

1. It is reasonable to require the Applicants to publish notice of the Petition to Reopen.

2. It is reasonable to waive the requirement to file a *Tariff Rule* 42 accounting and financial data because the proposed project amendments will not require a rate increase for customers.

ORDER

IT IS THEREFORE ORDERED that this proceeding is hereby reopened.

IT IS FURTHER ORDERED that the Applicants give notice of the Petition to Reopen by publishing the Notice of Filing, attached hereto as Attachment A, once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Cabell County, West Virginia, making due return to this Commission of proper certification of publication immediately after publication.

IT IS FURTHER ORDERED that the request to waive the requirement to file a *Tariff Rule* 42 accounting and financial data be, and hereby is, granted.

IT IS FURTHER ORDERED that the 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

SMS/slc
080156ca.wpd

Attachment A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 08-0156-W-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY AND
SALT ROCK PUBLIC SERVICE DISTRICT,

Joint petition for consent and approval of an amendment to the Operation and Maintenance Agreement between West Virginia-American and Salt Rock Water PUBLIC SERVICE DISTRICT and an application for a certificate of convenience and
necessity to construct certain additions and improvements to its existing water distribution system and for approval of financing thereof.

NOTICE OF FILING

On February 14, 2008, Salt-Rock Water Public Service District ("District") and West Virginia-American Water Company ("Company") (collectively the "Applicants") filed a joint application, duly verified, for a certificate of convenience and necessity to construct certain additions, improvements and extensions to its existing water system owned by the District in Cabell County. The proposed improvements to the system involve construction of 8.52 miles of water line to service six areas of Cabell County, including service Clark Hollow Road, Bryan Road, Jim Mount Road, Ninemile Creek Road, Little Cabell Creek and Dog Fork Alternate I and appurtenances relating thereto (the "Project"). The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

The Public Service Commission approved the application for a certificate of convenience and necessity to construct the above described additions, improvements and extensions by Recommended Decision entered on June 13, 2008, which decision became final on June 22, 2008.

Because the qualified low bid for the Project was less than anticipated, funds are now available to expand the scope of the Project to make service available to seven customers on Oak Hill Road and to increase the size of the pipe to be used in the previously approved main extension known as "Dog Fork Alternate 1" from two-inch diameter to six-inch diameter (the "Project, as amended").

On October 28, 2008, the Applicants filed a Petition to Reopen this case to amend the certificate of convenience and necessity to include the additions to the Project and approve the Operation and Maintenance Agreement as amended to include the additions.

The rates and charges to be charged by the District to its customers served by the Project, as amended, will be the same as the corresponding rates and charges charged by the Company to its customers in effect at the time that the District rates are made effective, which rates and charges are currently as follows:

APPLICABILITY

Applicable in entire territory served by the Salt Rock Water Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE

First	1,500 gallons used per month at the minimum charge	
Next	28,500 gallons used per month	$7.6617 per 1,000 gallons
Next	870,000 gallons used per month	$5.0000 per 1,000 gallons
Next	8,100,000 gallons used per month	$3.8400 per 1,000 gallons
All Over	9,000,000 gallons used per month	$2.8000 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: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters:

5/8	inch meter	$ 17.28	per month
3/4	inch meter	17.28	per month
1	inch meter	42.33	per month
1-1/2	inch meter	84.08	per month
2	inch meter	134.22	per month
3	inch meter	251.I8	per month
4	inch meter	418.24	per month
6	inch meter	835.94	per month
8	inch meter	1,337.19	per month

APPLICABILITY

Applicable in entire territory served by the Salt Rock Water Public Service District.

AVAILABILITY OF SERVICE

Available for private fire protection service.

RATE

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

2-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 69.59
3-inch Service Line with hydrants, sprinklers, and/or hose connections	158.23
4-inch Service Line with hydrants, sprinklers, and/or hose connections	277.81
6-inch Service Line with hydrants, sprinklers, and/or hose connections	704.18
8-inch Service Line with hydrants, sprinklers, and/or hose connections	1,154.78
10-inch Service Line with hydrants, sprinklers, and/or hose connections	2,048.71
12-inch Service Line with hydrants, sprinklers, and/or hose connections	2,870.79

These terms are payable monthly in advance.

INCREMENTAL COST OF WATER

$.30 per thousand gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter.

This rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY

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

RETURNED CHECK CHARGE

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

RECONNECTION CHARGE

When it has been necessary to discontinue water service to any premises on account of non-payment of any charges for water service, a charge of twenty dollars ($20.00) will be made to cover the cost of turning on the water service. This charge will not apply where the Company has a disconnection agreement with a sewer utility and is

entitled to collect a reconnection charge from the sewer utility for such reconnection for nonpayment of sewer charges. This charge may be added to a past due balance and included in the outstanding balance under a deferred payment agreement.

SERVICE CONNECTION (TAP) FEE

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

AVAILABILITY OF SERVICE

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

CONNECTION (TAP) FEES

All Meter Sizes Connected	$300.00

These terms are payable monthly in advance.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the APPLICANT 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 Cabell Count, 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 10 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323. If no protests are received within said ten-day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

West Virginia-American Water Company and Salt Rock Public Service District

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
6/22/2008
Per Commission Order Waiving the Exception Period

Entered: June 13, 2008

CASE NO. 08-0156-W-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY AND
SALT ROCK WATER PUBLIC SERVICE DISTRICT

Joint petition for consent and approval of an amendment to the Operation and Maintenance Agreement between WV-American and Salt Rock Water PSD and an application for a certificate of convenience and necessity to construct certain additions and improvements to the existing water distribution system and for approval of financing thereof.

RECOMMENDED DECISION

On February 14, 2008, West Virginia-American Water Company (Company) and the Salt Rock Water Public Service District (District) (collectively, Applicants) filed a joint petition for consent and approval of an amendment to the Operation and Maintenance Agreement between the Company and the District and an application for a certificate of convenience and necessity to construct certain water facilities and to approve funding for the construction of the water facilities. The Applicants also requested a waiver of the Commission's Rule 42 requirements. The project proposes to serve approximately one hundred eleven (111) households in six (6) areas of the District's service territory. The cost of the proposed project is $1,198,800 and is to be funded with a $1,500,000 Small Cities Block Grant; a $296,800 loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) at zero percent (0%) interest for forty (40) years; a $162,000 contribution from the Company; a $20,000 grant from the Cabell County Commission; and a $20,000 contribution from the District.

By Commission Order dated February 14, 2008, the Company and the District were required to give notice of the filing of their application by publishing a copy of the Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Cabell County, making due return to the Commission of proper certification of publication immediately after publication.

By Referral Order dated February 27, 2008, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before June 30, 2008, if there had been no public protest to the application within thirty (30) days after the required notice has been provided. If a public protest was received within thirty (30) days after the required notice has been provided, the Division of Administrative Law Judges would render its decision on or before September 11, 2008.

On March 7, 2007, the Company filed an Affidavit of Publication reflecting that, on February 19, 2008, the Notice of Filing was published in The Herald-Dispatch, a newspaper duly qualified by the Secretary of State, published and of general circulation in Cabell County.

On March 19, 2008, Staff Attorney Meyishi Pearl Blair filed the Initial Joint Staff Memorandum to which was attached the March 10, 2008 Initial Internal Memorandum prepared Nathan Nelson, Utilities Analyst II, Water and Wastewater Division, and Ralph Clark, P.E., Engineering Division. Staff reported on the filing and indicated that, while the application included copies of supporting documentation for most of the monies to fund the project, documentation was still needed at the time for the District's contribution. Staff requested information regarding approval of the engineering agreement. Staff also reported that the amendments to the operation and maintenance agreement extended the parties' obligations thereunder as long as the District's debt service obligations for the constructed facilities existed and made the Company's use fee obligation equal to the District's outstanding debt service obligations on the loans.

By Procedural Order dated April 10, 2008, the Final Joint Staff Memorandum was required to be filed on or before May 14, 2008.

On April 24, 2008, the Company filed a request to waive the requirement for prior consent and approval for an engineering contract.

On April 24, 2008, the Company filed a letter from the District in which the District documented its intent to fund $20,000 of the project.

On May 12, 2008, Staff Attorney John Auville, on behalf of Staff Attorney Blair, filed the Final Joint Staff Memorandum to which was attached the May 8, 2008 Final Internal Memorandum prepared by Mr. Nelson and Mr. Clark. Engineering Staff reported that the water line extension will serve approximately 111 new customers who currently rely on contaminated water that does not meet applicable drinking water quality standards. The volume of available water is often inadequate and unreliable. The estimated cost to construct the project is $1,998,800. The Company will not need to upgrade existing facilities to serve the added customers. The project's plans and specifications are not in conflict with the Commission's rules and regulations. There is a definite need for a safe and reliable water source. Technical Staff accepted the Office of Environmental Health Services' Permit No. 17,809 as evidence that the project is designed in accordance with current engineering practices.

The Applicants have also proposed a third amendment to an existing Operations and Maintenance Agreement dated May 27, 1998. Technical Staff indicated that the third amendment is similar to two (2) prior amendments approved by the Commission. The proposed third amendment extends the term of the agreement for forty (40) years in order for the parties' obligations to last as long as the District has debt service obligations. The proposed third amendment also makes the Company's use fee obligation an amount equal to the District's outstanding debt service obligation for the loans. In addition to these changes, Staff also proposed a change, consistent with language previously proposed by Staff and adopted by the Commission in Case No. 07-2334-W-PC-CN, in which the reference to the

Utilities Division is revised to the Water and Wastewater Division. Staff reminded the Company and the District that West Virginia Code Section 24-2-12 requires Commission consent and approval to be obtained before the parties may enter into an agreement.

Financial Staff reported that commitment letters from all funding sources have been filed. Although the District will borrow $296,800 from the WVIJDC, the Company has committed to a payment sufficient to meet the annual debt service. No interim financing is required. No rate increase will be necessary.

Staff recommended approval of the request for a waiver of the requirement to file a Rule 42 Exhibit. Financial Staff opined that the project is financially feasible and should be approved contingent upon receipt of the economic analysis of the Company's $162,000 investment. Staff recommended that an updated tariff for the District be filed with the Commission as soon as possible.

In summary, Staff recommended the following: (1) the Applicants be granted a certificate of convenience and necessity to construct the proposed project for an amount not to exceed $1,998,800, contingent upon the receipt of the economic analysis of the $162,000 investment by the Company; (2) approval of the project funding consisting of a Small Cities Block Grant in the amount of $1,500,000, a WVIJDC loan in the amount of $296,800 at zero percent (0%) interest for forty (40) years, a Company contribution of $162,000, a $20,000 grant from the Cabell County Commission, and a $20,000 contribution from the District; (3) if there is any change in the plans or scope of the project, or where a change in financing affects rates, the Applicants must file to reopen the certificate case for adjustment and approval; (4) approval of the revised Operation and Maintenance Agreement between the Applicants; (5) approval of a waiver of the requirement to file a Rule 42 exhibit; (6) approval of the proposed Third Amendment to the Operation and Maintenance Agreement; and (7) approval of Staff's recommended change to Article V(F) of the Operation and Maintenance Agreement by deleting the reference to the Utilities Division and inserting the reference to the Water and Wastewater Division.

Legal Staff indicated agreement with Technical Staff's recommendations. Legal Staff also recommended that the Applicants' request to waive the requirement for prior consent and approval for an engineering contract be granted. Legal Staff, however, recommended that the District be put on notice that the District must seek a waiver from the Commission prior to entering into such contracts in the future.

On May 14, 2008, the Applicants filed a response to Staff's Final Joint Staff Memorandum to which was attached a copy of the financial analysis of the Company's investment in the project. The Applicants indicated no disagreement with the Final Joint Staff Memorandum and requested that the Commission follow Staff's recommendations and approve both the certificate and the third amendment to the operating agreement. The Applicants also renewed their request that the Commission waive the requirement of prior approval of the engineering contract.

By Procedural Order dated May 29, 2008, the Applicants were required to modify the third amendment to the operating agreement and file the modified and unsigned third amendment for approval by this Commission. Additionally, the Applicants' request for waiver of the Rule 42 filing was granted, as well as the Applicants' request for waiver of the requirement of prior approval of the engineering contract.

On May 30, 2008, the Applicants filed a response to the Procedural Order dated May 29, 2008. Attached to the response was a revised and unsigned Third Amendment to Operations and Maintenance Agreement.

As of the date of this Order, no protests have been filed.

FINDINGS OF FACT

1. On February 14, 2008, West Virginia-American Water Company and the Salt Rock Water Public Service District filed a joint petition for consent and approval of an amendment to the Operation and Maintenance Agreement between the Company and the District and an application for a certificate of convenience and necessity to construct certain water facilities, and for approval of funding for the construction of the water facilities. (See, filing dated February 14, 2008).

2. The project cost is estimated to be $1,198,800. (See, filing dated February 14, 2008; Final Joint Staff Memorandum with attachment filed May 12, 2008).

3. The project is to be funded with a $1,500,000 Small Cities Block Grant; a $296,800 loan from the West Virginia Infrastructure and Jobs Development Council at zero percent (0%) interest for forty (40) years; a $162,000 contribution from the Company; a $20,000 grant from the Cabell County Commission; and a $20,000 contribution from the District. (See, filing dated February 14, 2008; filing dated April 24, 2008; Final Joint Staff Memorandum with attachment filed May 12, 2008; and filing dated May 14, 2008).

4. No rate increase is necessary to support the project. (See, Final Joint Staff Memorandum with attachment filed May 12, 2008).

5. The proposed project will serve approximately 111 new customers who currently rely on contaminated water that does not meet applicable drinking water quality standards. The volume of available water is often inadequate and unreliable. (See, Final Joint Staff Memorandum with attachment filed May 12, 2008).

6. Staff recommended approval of the certificate contingent upon the receipt of the economic analysis of the $162,000 investment by the Company. (See, Final Joint Staff Memorandum with attachment filed May 12, 2008).

7. The Company filed a copy of the financial analysis of the Company's investment in the project. (See, filing dated May 14, 2008).

8. Staff recommended approval of the Third Amendment to the Operation and Maintenance Agreement with Article V(F) changed to exclude the reference to the Utilities Division and to include the reference to the Water and Wastewater Division. (See, Final Joint Staff Memorandum with attachment filed May 12, 2008).

9. The Applicants have represented agreement with Staff's Final Joint Staff Memorandum and have requested that the Commission follow Staff's recommendations and approve both the certificate and the third amendment to the operating agreement. (See, filing dated May 14, 2008).

10. The District and the company duly notified the public of the application, granting a 30-day protest period, which has expired. No letters of protest have been filed in this proceeding. (See, case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the project.

2. The proposed financing is reasonable and should be approved.

3. The Applicants should be required to seek Commission approval should the project scope or proposed financing change for any reason.

4. The joint petition should be granted contingent upon the Applicants receiving all necessary federal, state and local permits and approvals for the proposed construction.

5. The third amendment to the operating agreement, as revised according to Staff's recommendations, should be approved for use by the Applicants, without specifically approving the terms and conditions.

ORDER

IT IS, THEREFORE, ORDERED that the joint petition filed with the Commission by West Virginia-American Water Company and the Salt Rock Water Public Service District, on February 14, 2008, for consent and approval of an amendment to the Operation and Maintenance Agreement between West Virginia-American Water Company and the Salt Rock Water Public Service District and an application for a certificate of convenience and necessary to construct certain water facilities and to approve funding for the construction of the water facilities, be, and hereby is, granted.

IT IS FURTHER ORDERED that the certificate is contingent upon the Applicant's receipt of all necessary federal, state and local permits and approvals for the proposed construction. Copies of these permits and approvals should be forwarded to the Commission upon the Applicants' receipt of the documents. Construction should <u>not</u> begin until all necessary permits have been issued.

IT IS FURTHER ORDERED that the Applicants file a copy of the certificate of substantial completion for each contract associated with the project within thirty (30) days of the issuance of each certificate.

IT IS FURTHER ORDERED that the proposed financing, consisting of a $1,500,000 Small Cities Block Grant; a $296,800 loan from the West Virginia Infrastructure and Jobs Development Council at zero percent (0%) interest for forty (40) years; a $162,000 contribution from the Company; a $20,000 grant from the Cabell County Commission; and a $20,000 contribution from the District, be, and hereby is, approved.

IT IS FURTHER ORDERED that the third amendment to the operating agreement, as revised according to Staff's recommendations, be, and hereby is, approved, for use by the Applicants, without specifically approving the terms and conditions.

IT IS FURTHER ORDERED that, if the project's plans, scope or financing substantively change, the Applicants must petition the Commission to review and approve the changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are changes in the project cost which do not affect rates, the Applicants file an affidavit signed by a certified public accountant verifying that the Applicants' rates and charges are unaffected by the change in cost.

IT IS FURTHER ORDERED that the Applicants provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract or vendor bid contract to be awarded for the project.

IT IS FURTHER ORDERED that, if the project requires the use of Division of Highways' rights-of-way, the Applicants comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this proceeding be, and it 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.

Deborah Yost VanDervort

Deborah Yost VanDervort
Administrative Law Judge

DYV:s
080156ab.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 17th day of June 2008.

CASE NO. 08-0156-W-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY AND
SALT ROCK WATER PUBLIC SERVICE DISTRICT

Joint petition for consent and approval of an amendment to the Operation and Maintenance Agreement between WV-American and Salt Rock Water PSD and an application for a certificate of convenience and necessity to construct certain additions and improvements to the existing water distribution system and for approval of financing thereof.

COMMISSION ORDER
WAIVING EXCEPTION PERIOD

On June 13, 2008, the Administrative Law Judge assigned to this case entered a Recommended Decision that, among other things, granted the joint petition filed by West Virginia-American Water Company and Salt Rock Water Public Service District (Applicants) for consent and approval of an amendment to their Operation and Maintenance Agreement and approved the funding and application for a certificate of convenience and necessity to construct certain water facilities; and approved funding of the facilities.

On June 16, 2008, the Applicants filed a petition to waive the fifteen-day period of time in which a party may file exceptions to the Recommended Decision in this proceeding.

Commission Staff has indicated it does not intend to file exceptions in this case.

W. Va. Code §24-1-9 provides a time period of at least twenty days from the date of a recommended order until it becomes effective. According to W. Va. Code §24-1-9(c), at least fifteen days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five days within which to stay or postpone the order.

Upon consideration, the Commission will grant the Applicants' requested waiver.

IT IS THEREFORE ORDERED that the requested waiver of the fifteen-day exception period is hereby granted.

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

IT IS FURTHER ORDERED that the Administrative Law Judge Recommended Decision in this matter becomes final five days after the date of this order, absent further action by the Commission.

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

SS/s
080156sc.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 18th day of March 2008.

CASE NO. 07-0998-W-42T

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

COMMISSION ORDER

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

Background

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCUSSION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINDINGS OF FACT

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

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

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

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

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

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

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

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

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

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

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

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

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

CONCLUSIONS OF LAW

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

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

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

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

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

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

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

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

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

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

ORDER

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

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

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

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

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

A True Copy, Tester:

Sandra Squire
Executive Secretary

JML/klm
070998cg.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 07-0998-W-42T

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

AMENDED JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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k See footnote j.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

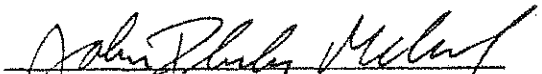
in future cases by virtue of their agreements on substantive issues in a settled case, and that a disclaimer of the type appearing in the preceding sentence, which is part of virtually every settlement agreement filed with the Commission, should be respected as it fosters the development of settlements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

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

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

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

Respectfully submitted,



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

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

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

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

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

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

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John Philip Melick (State Bar #2522)
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Counsel for West Virginia-American Water Company

John Clerelle #8057
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EXHIBIT 1

General Service Territory

	Rates Effective July 1, 2005	Current Rates	Proposed Rates	
GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL WATER SERVICE.				
5/8 -inch meter	17.28	17.28	19.86	1.1493
3/4-inch meter	17.28	17.28	19.86	1.1493
1 -inch meter	42.33	42.33	48.66	1.1495
1 1/2 -inch meter	84.08	84.08	96.66	1.1496
2 -inch meter	134.22	134.22	154.30	1.1496
3 -inch meter	251.18	251.18	288.75	1.1496
4 -inch meter	418.24	418.24	480.80	1.1496
6 -inch meter	835.94	835.94	960.97	1.1496
8 -inch meter	1,337.19	1,337.19	1,537.19	1.1496
First 1,500 gallons				
Next 28,500 gallons	7.6617	7.6617	8.8077	1.1496
Next 870,000 gallons	5.0000	5.0000	5.8000	1.1600
Next 8,100,000 gallons	3.8400	3.8400	4.2200	1.0990
All over 9,000,000 gallons	2.8000	2.8000	2.7450	0.9804
WHOLESALE WATER SERVICE.				
5/8 -inch meter	17.28	17.28	19.86	1.1493
3/4-inch meter	17.28	17.28	19.86	1.1493
1 -inch meter	42.33	42.33	48.66	1.1495
1 1/2 -inch meter	84.08	84.08	96.66	1.1496
2 -inch meter	134.22	134.22	154.30	1.1496
3 -inch meter	251.18	251.18	288.75	1.1496
4 -inch meter	418.24	418.24	480.80	1.1496
6 -inch meter	835.94	835.94	960.97	1.1496
8 -inch meter	1,337.19	1,337.19	1,537.19	1.1496
First 1,500 gallons				
Next 28,500 gallons	7.6617	7.6617	8.8077	1.1496
Next 870,000 gallons	5.0000	5.0000	5.7478	1.1496
Next 8,100,000 gallons	3.8400	3.8400	4.4143	1.1496
All over 9,000,000 gallons	2.7064	2.7064	3.1112	1.1496
PRIVATE FIRE SERVICE				
2 - INCH SERVICE		69.59	80.00	1.1496
3 - INCH SERVICE		158.23	181.90	1.1496
4 - INCH SERVICE		277.81	319.36	1.1496
6 - INCH SERVICE		704.18	809.50	1.1496
8 - INCH SERVICE		1,154.78	1,327.50	1.1496
10 - INCH SERVICE		2,048.71	2,355.13	1.1496
12 - INCH SERVICE		2,870.79	3,300.17	1.1496

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

Overall Weighted Cost of Capital	7.95%
Return on Equity	10.00%
Rate Base	401,308,541
Return on Rate Base	31,904,029
Federal Taxes	4,639,182
State Taxes	1,735,603
Operation & Maintenance Expenses	51,577,485
Depreciation Expense	14,064,490
Taxes Other Than Income Taxes	13,296,899
Subtotal	117,217,688
Going Level Revenues	103,341,198
Subtotal	13,876,490
Additional Uncollectibles	239,468
Additional B & O	638,667
Revenue Increase	14,754,625

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

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

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

West Virginia-American Water Company

SALT ROCK PUBLIC SERVICE DISTRICT

OF

Charleston and Salt Rock, West Virginia

RATES, RULES AND REGULATIONS FOR FURNISHING WATER

At

Applicable in the entire territory served by the Salt Rock Water Public Service District in Cabell County.

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued: April 17, 2008

Effective: March 28, 2008

Issued by: West Virginia-American Water Co.
and Salt Rock Water PSD

By_____

_____
Title

Issued under authority of an Order of the Public Service commission of West Virginia in Case No. 07-0998-W-42T (West Virginia-American Water Company).

RULES AND REGULATIONS

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

Issued: April 17, 2008

Effective: March 28, 2008

Issued under authority of an order of the Public Service Commission of West Virginia in Case No. 07-0998-W-42T (West Virginia-American Water Company).

APPLICABILITY

Applicable in entire territory served by the Salt Rock Water Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

(I) RATES

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

(I) MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters.

3/4	inch meter or less	$ 19.86 per month
1	inch	$ 48.66 per month
1-1/2	inch	$ 96.66 per month
2	inch	$ 154.30 per month
3	inch	$ 288.75 per month
4	inch	$ 480.80 per month
6	inch	$ 960.97 per month
8	inch	$1,537.19 per month

(I) Indicates increase

Issued: April 17, 2008

Effective: March 28, 2008

Issued under authority of an order of the Public Service Commission of West Virginia in Case No. 07-0998-W-42T (West Virginia-American Water Company).

APPLICABILITY

Applicable in entire territory served by the Salt Rock Water Public Service District.

AVAILABILITY OF SERVICE

Available for private fire protection service.

RATE

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

	Per Annum
2-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 80.00
3-inch Service Line with hydrants, sprinklers, and/or hose connections	181.90
4-inch Service Line with hydrants, sprinklers, and/or hose connections	319.36
6-inch Service Line with hydrants, sprinklers, and/or hose connections	809.50
2-inch Service Line with hydrants, sprinklers, and/or hose connections	1,327.50
2-inch Service Line with hydrants, sprinklers, and/or hose connections	2,355.13
2-inch Service Line with hydrants, sprinklers, and/or hose connections	3,300.17

These terms are payable in advance.

(I) Indicates increase

Issued: April 17, 2008

Effective: March 28, 2008

Issued under authority of an order of the Public Service Commission of West Virginia in Case No. 07-0998-W-42T (West Virginia-American Water Company).

INCREMENTAL COST OF WATER

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

DELAYED PAYMENT PENALTY

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

RETURNED CHECK CHARGE

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

RECONNECTION CHARGE

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

Issued: April 17, 2008

Effective: March 28, 2008

Issued under authority of an order of the Public Service Commission of West Virginia in Case No. 07-0998-W-42T (West Virginia-American Water Company).

SERVICE CONNECTION (TAP) FEE

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

AVAILABILITY OF SERVICE

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

CONNECTION (TAP) FEES

All Meter Sizes Connected	$300.00

Issued: April 17, 2008

Effective: March 28, 2008

Issued under authority of an order of the Public Service Commission of West Virginia in Case No. 07-0998-W-42T (West Virginia-American Water Company).

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Jefferson E. Brady, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

October 6, 2008

RECEIVED
OCT 20 2008
BY:_____

Mr. James A. Nagy, P.E., Project Manager
Terradon
P.O. Box 519
Nitro, WV 25143

Re: Salt Rock PSD
Cabell County FY2006 Water Main Extension Project 2003W-755a
Use of Contingency

Dear Mr. Nagy:

The Funding Committee has voted to permit Salt Rock PSD to utilize a bid underrun of $332,325 to construct an extension in the Oak Hill Road area that will provide water to an additional seven customers, as described in letter of September 18, 2008.

Please contact me if you have any questions concerning this matter.

Sincerely,

Jefferson E. Brady

Jefferson E. Brady, P.E.
Executive Director

cc: Robert Burns, Chairman, Salt Rock PSD
Region II Planning and Development Council

300 Summers Street, Suite 980 • Charleston, WV 25301 • Phone (304) 558-4607 • Fax (304) 558-4609

www.wvinfrastructure.com

West Virginia Infrastructure & Jobs Development Council

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

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

December 21, 2007

Charles Crow, General Manager
Salt Rock Water Public Service District
Box 31, Water Plant Road
Salt Rock, West Virginia 25559

Re: Salt Rock Water Public Service District
Binding Commitment Letter
Water Project 2003W-755a (Phase I)

Dear Mr. Crow:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan (0%, 40 years) of approximately $296,800 (the "Loan") to the Salt Rock Water Public Service District (the "District") for above referenced water project (the "Project"). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amounts will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

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

a. File Certificate Case with the Public Service Commission no later than January 15, 2008;
b. Prepare and Submit the Title Opinion no later than February 15, 2008;
b. Advertise for bids no later than July 15, 2008.
(The District must receive authority from the Infrastructure Council before bidding the project.)

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

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

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

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

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

Sincerely,

Kenneth Lowe, Jr.

Attachments
cc: Jennifer Miller, Terradon
John Stump, Steptoe & Johnson
Michael Griffith
Tracey Rowan, WVDO

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

Salt Rock Water Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Salt Rock Water Public Service District
Water Project 2003W-755a (Phase I)
December 21, 2007

SCHEDULE A

A. Approximate Amount: $ 296,800 — Loan

B. Loan: $ 296,800

1. Maturity Date: 40 years from date of closing.
2. Interest Rate: 0%
3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition
4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.
5. Special Conditions: None

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

C. Other Funding Sources:

SCBG	$1,500,000
WV AWC contribution	$ 162,000
Cabell County Commission	$ 20,000
Salt Rock Water PSD	$ 20,000

D. Total Project Cost: $1,998,800

E. Proposed User Rates: approximately $39.36 / 4500 gallons
approximately $35.62 / 4000 gallons

PROJECT SCHEDULE

Project:	Salt Rock Water PSD
County:	Cabell
Project No.:	2003W-755a (Phase 1)
Date:	December 20, 2007

Funding:	
SCBG	$1,500,000
WVAWC Contributio	$162,000
County Commission	$20,000
Local Contribution	$20,000
IJDC Loan	$296,800
Total Project:	$1,998,800

Project Milestone	Responsible Party	Start	Completion
Engineering Agreement	SRWPSD / Terradon	3/12/2007	3/12/2007
Prepare & Submit Plans & Specs to BPH/DEP	Terradon	11/30/2007	11/30/2007
Plans & Specs Review & Approval	BPH	11/30/2007	1/30/2008
Prepare & Submit All Permit Applications	Terradon	11/15/2007	1/30/2008
Prepare Rule 42	WVAWC	Waiver Request	Waiver Request
Prepare & Implement Rate Ordinance	NA	NA	NA
File PSC Certificate Case	WVAWC	1/15/2008	1/15/2008
Review and Approve PSC Certificate (180 or 270 days)	PSC	1/15/2008	10/15/2008
Rights-of-way, Easements & Land Acquisition	Terradon / WVAWC	1/15/2008	2/15/2008
Authority to Advertise for Bids	IJDC/SCBG	7/15/2008	7/15/2008
Advertise for Bids	Terradon	7/15/2008	8/15/2008
Bid Opening	Terradon	8/15/2008	8/15/2008
Loan Closing	Steptoe & Johnson	11/15/2008	11/15/2008
Construction	Contractor	11/15/2008	8/15/2009

West Virginia Infrastructure & Jobs Development Council

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

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

November 8, 2007

Charles Crow, General Manager
Salt Rock Water Public Service District
Box 31, Water Plant Road
Salt Rock, West Virginia 25559

Re: Salt Rock Water Public Service District
Water Project 2003W-755a

Dear Mr. Crow:

The West Virginia Infrastructure and Jobs Development Council, at its July 11, 2007 meeting, determined that the Salt Rock Water Public Service District (the "District") should utilize a $1,500,000 Small Cities Block Grant, a $267,000 West Virginia American Water Company contribution, a $20,000 Cabell County Commission contribution and voted to offer a binding commitment for an Infrastructure Fund loan of $296,800 (0%, 40 yrs) to finance this $1,998,800 project. This project consists of extending water service to six currently unserved areas of Cabell County.

In order to receive the proposed binding commitment the District must adhere to a certain project schedule. Please contact Jeff Brady at 558-4607 by **December 31, 2007** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Kenneth Lowe, Jr.

cc: Bob DeCrease, BPH
Tracey Rowan, WVDO
Dan Bickerton, WVAWC
Cabell County Commission
Region II Planning & Development Council
Jennifer Miller, P.E., TERRADON Corporation

West Virginia Infrastructure & Jobs Development Council

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

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

December 21, 2007

Charles Crow, General Manager
Salt Rock Water Public Service District
Box 31, Water Plant Road
Salt Rock, West Virginia 25559

Re: Salt Rock Water Public Service District
Binding Commitment Letter
Water Project 2003W-755a (Phase I)

Dear Mr. Crow:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan (0%, 40 years) of approximately $296,800 (the "Loan") to the Salt Rock Water Public Service District (the "District") for above referenced water project (the "Project"). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amounts will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

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

a. File Certificate Case with the Public Service Commission no later than January 15, 2008;
b. Prepare and Submit the Title Opinion no later than February 15, 2008;
b. Advertise for bids no later than July 15, 2008.
(The District must receive authority from the Infrastructure Council before bidding the project.)

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

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

RECEIVED
DEC 21 2007
BY:

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

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

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

Sincerely,

Kenneth Lowe, Jr.

Attachments
cc: Jennifer Miller, Terradon
John Stump, Steptoe & Johnson
Michael Griffith
Tracey Rowan, WVDO

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

Salt Rock Water Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Salt Rock Water Public Service District
Water Project 2003W-755a (Phase I)
December 21, 2007

SCHEDULE A

A.	Approximate Amount: $ 296,800		Loan
B.	Loan:		$ 296,800
	1.	Maturity Date:	40 years from date of closing.
	2.	Interest Rate:	0%
	3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
	4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
	5.	Special Conditions:	None

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

C.	Other Funding Sources:		
	SCBG		$1,500,000
	WV AWC contribution		$ 162,000
	Cabell County Commission		$ 20,000
	Salt Rock Water PSD		$ 20,000
D.	Total Project Cost:		$1,998,800
E.	Proposed User Rates:	approximately	$39.36 / 4500 gallons
		approximately	$35.62 / 4000 gallons

PROJECT SCHEDULE

Project:	Salt Rock Water PSD
County:	Cabell
Project No.:	2003W-755a (Phase 1)
Date:	December 20, 2007

Funding:	
SCBG	$1,500,000
WVAWC Contributio	$162,000
County Commission	$20,000
Local Contribution	$20,000
IJDC Loan	$296,800
Total Project:	$1,998,800

Project Milestone	Responsible Party	Start	Completion
Engineering Agreement	SRWPSD / Terradon	3/12/2007	3/12/2007
Prepare & Submit Plans & Specs to BPH/DEP	Terradon	11/30/2007	11/30/2007
Plans & Specs Review & Approval	BPH	11/30/2007	1/30/2008
Prepare & Submit All Permit Applications	Terradon	11/15/2007	1/30/2008
Prepare Rule 42	WVAWC	Waiver Request	Waiver Request
Prepare & Implement Rate Ordinance	NA	NA	NA
File PSC Certificate Case	WVAWC	1/15/2008	1/15/2008
Review and Approve PSC Certificate (180 or 270 days)	PSC	1/15/2008	10/15/2008
Rights-of-way, Easements & Land Acquisition	Terradon / WVAWC	1/15/2008	2/15/2008
Authority to Advertise for Bids	IJDC/SCBG	7/15/2008	7/15/2008
Advertise for Bids	Terradon	7/15/2008	8/15/2008
Bid Opening	Terradon	8/15/2008	8/15/2008
Loan Closing	Steptoe & Johnson	11/15/2008	11/15/2008
Construction	Contractor	11/15/2008	8/15/2009

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Salt Rock Water Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify this 19th day of December, 2008 as follows:

1. On the 19th day of December, 2008, the Authority received the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $296,800, numbered AR-1 (the "Series 2008 A Bonds"), issued as a single, fully registered Bond, dated December 19, 2008.

2. At the time of such receipt, all the Series 2008 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2008 A Bonds, of $10,750 being a portion of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

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

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

SALT ROCK WATER PUBLIC
SERVICE DISTRICT

Robert L Burns
Chairman

12.10.08
788890.00003

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 19th day of December, 2008:

(1) Bond No. AR-1, constituting the entire original issue of Salt Rock Water Public Service District Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the principal amount of $296,800 (the "Series 2008 A Bonds"), dated December 19, 2008 (the "Bonds"), executed by the Chairman and Secretary of Salt Rock Water Public Service District (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on December 17, 2008, and a Supplemental Resolution duly adopted by the Issuer on December 17, 2008 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2008 A Bonds, dated December 19, 2008, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement");

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

(5) Executed copy of the Letter of Credit.

You are hereby requested and authorized to deliver the Series 2008 A Bonds to the Authority upon payment to the Issuer of the sum of $10,750, representing a portion of the principal amount of the Series 2008 A Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

SALT ROCK WATER PUBLIC
SERVICE DISTRICT

Robert F Burns
Chairman

12.10.08
788890.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $296,800

KNOW ALL MEN BY THESE PRESENTS: This 19th day of December, 2008, that SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED NINETY SIX THOUSAND EIGHT HUNDRED DOLLARS ($296,800), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010 to and including September 1, 2048, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 19, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 17, 2008, and a Supplemental Resolution duly adopted by the Issuer on December 17, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and

secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,300,000 (THE "SERIES 2000 A BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 21, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,000,000 (THE "SERIES 2000 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2008 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Robert J. Burns
Chairman

SPECIMEN

ATTEST:

Roger A. Simmons
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 19, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $10,750	December 19, 2008	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$296,800

Salt Rock Water Public Service District

40 Years, 0% Interest Rate

Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2010	-	-	-
06/01/2010	1,928.00	-	1,928.00
09/01/2010	1,928.00	-	1,928.00
12/01/2010	1,928.00	-	1,928.00
03/01/2011	1,928.00	-	1,928.00
06/01/2011	1,928.00	-	1,928.00
09/01/2011	1,928.00	-	1,928.00
12/01/2011	1,928.00	-	1,928.00
03/01/2012	1,928.00	-	1,928.00
06/01/2012	1,928.00	-	1,928.00
09/01/2012	1,928.00	-	1,928.00
12/01/2012	1,928.00	-	1,928.00
03/01/2013	1,928.00	-	1,928.00
06/01/2013	1,928.00	-	1,928.00
09/01/2013	1,928.00	-	1,928.00
12/01/2013	1,928.00	-	1,928.00
03/01/2014	1,928.00	-	1,928.00
06/01/2014	1,928.00	-	1,928.00
09/01/2014	1,928.00	-	1,928.00
12/01/2014	1,928.00	-	1,928.00
03/01/2015	1,928.00	-	1,928.00
06/01/2015	1,928.00	-	1,928.00
09/01/2015	1,928.00	-	1,928.00
12/01/2015	1,928.00	-	1,928.00
03/01/2016	1,928.00	-	1,928.00
06/01/2016	1,928.00	-	1,928.00
09/01/2016	1,928.00	-	1,928.00
12/01/2016	1,928.00	-	1,928.00
03/01/2017	1,928.00	-	1,928.00
06/01/2017	1,928.00	-	1,928.00
09/01/2017	1,928.00	-	1,928.00
12/01/2017	1,928.00	-	1,928.00
03/01/2018	1,928.00	-	1,928.00
06/01/2018	1,928.00	-	1,928.00
09/01/2018	1,928.00	-	1,928.00
12/01/2018	1,928.00	-	1,928.00
03/01/2019	1,928.00	-	1,928.00
06/01/2019	1,928.00	-	1,928.00
09/01/2019	1,928.00	-	1,928.00

$296,800

Salt Rock Water Public Service District

40 Years, 0% Interest Rate

Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2019	1,928.00	-	1,928.00
03/01/2020	1,928.00	-	1,928.00
06/01/2020	1,928.00	-	1,928.00
09/01/2020	1,928.00	-	1,928.00
12/01/2020	1,927.00	-	1,927.00
03/01/2021	1,927.00	-	1,927.00
06/01/2021	1,927.00	-	1,927.00
09/01/2021	1,927.00	-	1,927.00
12/01/2021	1,927.00	-	1,927.00
03/01/2022	1,927.00	-	1,927.00
06/01/2022	1,927.00	-	1,927.00
09/01/2022	1,927.00	-	1,927.00
12/01/2022	1,927.00	-	1,927.00
03/01/2023	1,927.00	-	1,927.00
06/01/2023	1,927.00	-	1,927.00
09/01/2023	1,927.00	-	1,927.00
12/01/2023	1,927.00	-	1,927.00
03/01/2024	1,927.00	-	1,927.00
06/01/2024	1,927.00	-	1,927.00
09/01/2024	1,927.00	-	1,927.00
12/01/2024	1,927.00	-	1,927.00
03/01/2025	1,927.00	-	1,927.00
06/01/2025	1,927.00	-	1,927.00
09/01/2025	1,927.00	-	1,927.00
12/01/2025	1,927.00	-	1,927.00
03/01/2026	1,927.00	-	1,927.00
06/01/2026	1,927.00	-	1,927.00
09/01/2026	1,927.00	-	1,927.00
12/01/2026	1,927.00	-	1,927.00
03/01/2027	1,927.00	-	1,927.00
06/01/2027	1,927.00	-	1,927.00
09/01/2027	1,927.00	-	1,927.00
12/01/2027	1,927.00	-	1,927.00
03/01/2028	1,927.00	-	1,927.00
06/01/2028	1,927.00	-	1,927.00
09/01/2028	1,927.00	-	1,927.00
12/01/2028	1,927.00	-	1,927.00
03/01/2029	1,927.00	-	1,927.00
06/01/2029	1,927.00	-	1,927.00
09/01/2029	1,927.00	-	1,927.00
12/01/2029	1,927.00	-	1,927.00
03/01/2030	1,927.00	-	1,927.00
06/01/2030	1,927.00	-	1,927.00
09/01/2030	1,927.00	-	1,927.00

$296,800

Salt Rock Water Public Service District

40 Years, 0% Interest Rate

Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2030	1,927.00	-	1,927.00
03/01/2031	1,927.00	-	1,927.00
06/01/2031	1,927.00	-	1,927.00
09/01/2031	1,927.00	-	1,927.00
12/01/2031	1,927.00	-	1,927.00
03/01/2032	1,927.00	-	1,927.00
06/01/2032	1,927.00	-	1,927.00
09/01/2032	1,927.00	-	1,927.00
12/01/2032	1,927.00	-	1,927.00
03/01/2033	1,927.00	-	1,927.00
06/01/2033	1,927.00	-	1,927.00
09/01/2033	1,927.00	-	1,927.00
12/01/2033	1,927.00	-	1,927.00
03/01/2034	1,927.00	-	1,927.00
06/01/2034	1,927.00	-	1,927.00
09/01/2034	1,927.00	-	1,927.00
12/01/2034	1,927.00	-	1,927.00
03/01/2035	1,927.00	-	1,927.00
06/01/2035	1,927.00	-	1,927.00
09/01/2035	1,927.00	-	1,927.00
12/01/2035	1,927.00	-	1,927.00
03/01/2036	1,927.00	-	1,927.00
06/01/2036	1,927.00	-	1,927.00
09/01/2036	1,927.00	-	1,927.00
12/01/2036	1,927.00	-	1,927.00
03/01/2037	1,927.00	-	1,927.00
06/01/2037	1,927.00	-	1,927.00
09/01/2037	1,927.00	-	1,927.00
12/01/2037	1,927.00	-	1,927.00
03/01/2038	1,927.00	-	1,927.00
06/01/2038	1,927.00	-	1,927.00
09/01/2038	1,927.00	-	1,927.00
12/01/2038	1,927.00	-	1,927.00
03/01/2039	1,927.00	-	1,927.00
06/01/2039	1,927.00	-	1,927.00
09/01/2039	1,927.00	-	1,927.00
12/01/2039	1,927.00	-	1,927.00
03/01/2040	1,927.00	-	1,927.00
06/01/2040	1,927.00	-	1,927.00
09/01/2040	1,927.00	-	1,927.00
12/01/2040	1,927.00	-	1,927.00
03/01/2041	1,927.00	-	1,927.00
06/01/2041	1,927.00	-	1,927.00
09/01/2041	1,927.00	-	1,927.00

$296,800

Salt Rock Water Public Service District

40 Years, 0% Interest Rate

Closing Date: December 19, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2041	1,927.00	-	1,927.00
03/01/2042	1,927.00	-	1,927.00
06/01/2042	1,927.00	-	1,927.00
09/01/2042	1,927.00	-	1,927.00
12/01/2042	1,927.00	-	1,927.00
03/01/2043	1,927.00	-	1,927.00
06/01/2043	1,927.00	-	1,927.00
09/01/2043	1,927.00	-	1,927.00
12/01/2043	1,927.00	-	1,927.00
03/01/2044	1,927.00	-	1,927.00
06/01/2044	1,927.00	-	1,927.00
09/01/2044	1,927.00	-	1,927.00
12/01/2044	1,927.00	-	1,927.00
03/01/2045	1,927.00	-	1,927.00
06/01/2045	1,927.00	-	1,927.00
09/01/2045	1,927.00	-	1,927.00
12/01/2045	1,927.00	-	1,927.00
03/01/2046	1,927.00	-	1,927.00
06/01/2046	1,927.00	-	1,927.00
09/01/2046	1,927.00	-	1,927.00
12/01/2046	1,927.00	-	1,927.00
03/01/2047	1,927.00	-	1,927.00
06/01/2047	1,927.00	-	1,927.00
09/01/2047	1,927.00	-	1,927.00
12/01/2047	1,927.00	-	1,927.00
03/01/2048	1,927.00	-	1,927.00
06/01/2048	1,927.00	-	1,927.00
09/01/2048	1,927.00	-	1,927.00
Total	**$296,800.00**	-	**$296,800.00**

Yield Statistics

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

December 19, 2008

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Water Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $296,800 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated December 19, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, to and including September 1, 2048, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

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Huntington, WV • Columbus, OH

TERRALEX®

We have also examined an executed Letter of Credit issued December 16, 2008 in the stated amount of $15,424 (the "Letter of Credit") by PNC Bank, National Association, Pittsburgh, Pennsylvania, for funding the Series 2008 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 17, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 17, 2008 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's: (i) Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority),dated September 21, 2000, issued in the original aggregate principal amount of $9,300,000; and (ii) Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund),dated September 21, 2000, issued in the original aggregate principal amount of $3,000,000; unexpended proceeds of the Bonds; and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

12.10.08
788890.00003

WILLIAM T. WATSON, L.C.

ATTORNEY AND COUNSELOR AT LAW

OFFICE ADDRESS:
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wtwatsonlc@gmail.com

ADMITTED TO THE BAR AND LICENSED TO PRACTICE:
WEST VIRGINIA
KENTUCKY
NORTH CAROLINA

December 19, 2008

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

Salt Rock Water Public Service District
Route 1, Box 31
Water Plant Road
Salt Rock, West Virginia 25559

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

West Virginia Infrastructure and Jobs
Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

Ladies and Gentlemen:

We are counsel to Salt Rock Water Public Service District, a public service district in Cabell, Lincoln and Wayne Counties, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 2008 A Bonds, dated December 19, 2008, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on December 17, 2008, the Supplemental Resolution duly adopted by the Issuer on December 17, 2008 (collectively, the "Bond Legislation"), the Agreement dated May 27, 1998, by and between the Issuer and West Virginia-American Water Company, including all amendments (collectively, the "Agreement"), the Letter of Credit dated December 16, 2008, in the stated amount of $15,424, from PNC Bank, National Association, Pittsburgh, Pennsylvania (the "Letter of Credit"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commissions of Cabell, Lincoln and Wayne Counties relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.

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

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

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

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

7. Relying upon the representations and assurances of the Issuer, to the best of our knowledge the Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer including, without limitation, all requisite orders, consents, certificates and approvals from The County Commissions of Cabell, Lincoln and Wayne Counties, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia.

8. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely

affect the transactions contemplated by the Loan Agreement, the Agreement, the Letter of Credit, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

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

Yours very truly,

WILLIAM T. WATSON, L.C.

By: William T. Watson

William T. Watson
Attorney at Law

WTW/jw

WEST VIRGINIA
AMERICAN WATER

Linda S. Bouvette
Vice President, Secretary and Corporate Counsel

P. O. Box 1906
Charleston, WV 25327
P: 304-340-2007
F: 304-340-2059
E: linda.bouvette@amwater.com

December 3, 2008

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

RE: Salt Rock Water Public Service District and
West Virginia-American Water Company
Cabell County FY2006Water Main Extensions

Dear Sir:

AMENDED FINAL TITLE OPINION

The undersigned provides this final title opinion on behalf of Salt Rock Water Public Service District ("District") and West Virginia American Water Company ("WVAW") to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau of Public Health.

2. That District has obtained approval for all necessary permits and approvals for the construction of the Project except an amendment to its certificate of convenience and necessity from the Public Service Commission of West Virginia ("Commission"). On June 22, 2008, the Recommended Decision approving a certificate of convenience and necessity for the original scope of the Project became final. On October 28, 2008, a petition to reopen that case was filed with the Commission, requesting an amendment to the certificate to include the additional extension for Oak Hill Road and an increase in the pipe size for Dog Fork Alternate #1.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project, as amended, prepared by Jennifer Miller, P.E., James P. Nagy, P.E., and Terradon Corporation, the consulting engineers for the Project.

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4. That I have examined the records on file in the Office of the Clerk of the County Commission of Cabell County, West Virginia, the county in which the Project, as amended, is to be located, and, in my opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project,as amended, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

5. That all deeds or other documents which have been acquired to date by the District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the District.

Very truly yours,

Linda S. Bouvette
WVSB#5926

CC: Sammie L. Gee, Esq.
James P. Nagy, P.E., Terradon Corporation
David Carovillano, P.E., WVAW

WEST VIRGINIA
AMERICAN WATER

Linda S. Bouvette
Vice President, Secretary and Corporate Counsel

P. O. Box 1906
Charleston, WV 25327
P: 304-340-2007
F: 304-340-2059
E: linda.bouvette@amwater.com

May 7, 2008

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

RE: Salt Rock Water Public Service District and
West Virginia-American Water Company
Cabell County FY2006Water Main Extensions

Dear Mr. Brady:

The undersigned provides this final title opinion on behalf of Salt Rock Water Public Service District ("District") and West Virginia American Water Company ("WVAW") to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau of Public Health.

2. That District has obtained approval for all necessary permits and approvals for the construction of the Project except a certificate of convenience and necessity from the Public Service Commission of West Virginia ("Commission"). An application for same was filed with the Commission on February 14, 2008.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Jennifer Miller, P.E., and Terradon Corporation, the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Cabell County, West Virginia, the county in which the Project is to be located, and, in my opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

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5. That all deeds or other documents which have been acquired to date by the District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the District.

Very truly yours,

Linda S. Bouvette
WVSB#5926

CC: Sammie L. Gee, Esq.
Jennifer Miller, P.E., Terradon Corporation
David Carovillano, P.E., WVAW

WEST VIRGINIA
AMERICAN WATER

Linda S. Bouvette
Vice President, Secretary and Corporate Counsel

P. O. Box 1906
Charleston, WV 25327
P: 304-340-2007
F: 304-340-2059
E: linda.bouvette@amwater.com

December 19, 2008

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

West Virginia-American Water Company
Charleston, West Virginia
Charleston, West Virginia

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia
Infrastructure and Jobs
Development Council
Charleston, West
Virginia

West Virginia Water Development
Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with (1) an Agreement dated May 27, 1998, by and between Salt Rock Water Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make payments to the Issuer in amounts and at times sufficient to permit the Issuer to pay the principal of, interest, if any, on and administrative fee, if any, for the above-captioned Bonds (the "Bonds"), and (2) the issuance by PNC Bank, National Association, Pittsburgh, Pennsylvania, of its Letter of Credit dated December 16, 2008 (the "Letter of Credit"), in the amount of $15,424.00 funding the Series 2008 A Bonds Reserve Account. The Bonds are being issued by the Issuer under Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and pursuant to a Bond Resolution duly adopted by the Issuer on December 17, 2008, as supplemented by the Supplemental Resolution duly adopted by the Issuer on December 17, 2008 (collectively, the "Bond Resolution"), for the purposes of (i) paying a portion of the costs of

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AMERICAN WATER

acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

The Bonds have been sold to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement for the Series 2008 A Bonds, dated December 19, 2008 (the "Loan Agreement"). The Bonds are to be paid from Net Revenues derived from the operation of the System. Such Net Revenues consist solely of payments to be made by the Company to the Issuer under the Agreement. The Bonds are further secured by a Letter of Credit that may be drawn upon by the West Virginia Municipal Bond Commission, as Paying Agent for the Bonds, in the event Net Revenues are insufficient or unavailable to pay any installment of principal of or interest, if any, on the Bonds when due. The Company has entered into all necessary agreements with the Bank to obtain the Letter of Credit.

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Good Standing and the By-laws of the Company, and all amendments thereto, the Agreement, the Letters of Credit and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Company) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the Company with respect thereto without independently verifying the same.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

WEST VIRGINIA
AMERICAN WATER

2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.

3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

4. To our knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Company is a party do not and will not violate, conflict with, or constitute or result in a breach of or default under, the Articles of Incorporation or By-laws of the Company or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Company is a party, by which the Company or its properties are bound or which may otherwise be applicable to the Company.

5. The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on March 18, 2008, in Case No. 07-0998-W-42T, among other things, establishing the rates for the System. The time for appeal of the Commission Order has expired prior to the date hereof.

WEST VIRGINIA
AMERICAN WATER

6. The Issuer and the Company have received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project and the operation of the System. The Issuer and the Company have received a Recommended Decision of the Public Service Commission of West Virginia entered on June 13, 2008 which became final order on June 22, 2008 and Commission Order dated December 18, 2008 in Case No. 08-0156-W-PWD-PC-CN, among other things granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The Issuer and the Company have duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

Very truly yours,

Linda S. Bouvette

WVSB#5926

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Salt Rock Water Public Service District in Cabell, Lincoln and Wayne Counties, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify this 19th day of December, 2008 in connection with the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2008 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of the Issuer duly adopted December 17, 2008, and a Supplemental Resolution of the Issuer duly adopted December 17, 2008 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Agreement, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge, source of and security for payment being the Issuers: (i) Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of $9,300,000 (the "Series 2000 A Bonds"); and (ii) Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated September 21, 2000, issued in the original aggregate principal amount of $3,000,000 (the "Series 2000 B Bonds") (collectively, the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

The Agreement is in full force and effect and the Company is making the required payments thereunder.

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

Bond Resolution

Supplemental Resolution

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Agreement between Issuer and Company

Letter of Credit and Related Documents

Evidence of Small Cities Block Grant

Evidence of Cabell County Commission Grant

Evidence of Company Contribution

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Salt Rock Water Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Cabell

County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Robert L. Burns	January 1, 2005	December 31, 2010
William A. Miller	January 1, 2003	December 31, 2008
Roger Sansom	March 8, 2007	December 31, 2012

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2008 are as follows:

Chairman	-	Robert L. Burns
Secretary	-	Roger Sansom
Treasurer	-	William A. Miller

The duly appointed and acting counsel to Issuer is William T. Watson, Huntington, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with and has met the requirements of the Loan Agreement.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on March 18, 2008, in Case No. 07-0998-W-42T, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Orders has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on June 13, 2008 and Commission Order dated December 18, 2008, in Case No. 08-0156-W-PWD-PC-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Commission Order dated June 13, 2008 has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order dated December 18, 2008 has not expired prior to the date hereof, but the parties to such Order have indicated that they do not intend to appeal the Order. Both Orders remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series of the Bonds, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $10,750 from the Authority and the Council, being a portion of the principal amount of the

Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF FILING: The Issuer has published any required notice with respect to, among other things, the date of filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

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

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. LETTERS OF CREDIT: On the date hereof, upon the delivery of the Bonds, the Letters of Credit shall be delivered to the Commission to fund the Series 2008 A Bonds Reserve Account.

19. GRANTS: As of the date hereof, the grant from the Small Cities Block Grant in the amount of $1,500,000, the grant from The County Commission of Cabell County in the amount of $20,000, the contribution of the Issuer of $20,000, and the contribution from the Company in the amount of $162,000 are committed for the Project.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Robert L. Burns	Chairman
Roger A. Lemon	Secretary
_____	Counsel to Issuer

12.10.08
788890.00003

WITNESS our signatures and the official seal of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

11.13.08
788890.00003

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND GOOD STANDING
3. CERTIFICATION OF COPIES OF DOCUMENTS
4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS
5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT
6. NO LITIGATION
7. AGREEMENTS AND OBLIGATIONS
8. NO CHANGE IN CONDITION
9. LETTER OF CREDIT
10. RATES
11. PUBLIC SERVICE COMMISSION ORDERS

The undersigned VICE PRESIDENT of WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation located within and incorporated under the laws of the State of West Virginia (the "Company"), HEREBY CERTIFIES this 19th day of December, 2008 in connection with the authorization, execution and delivery of an Agreement, dated May 27, 1998, by and between Salt Rock Water Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make certain payments to the Issuer to permit the Issuer to pay when due, the Issuer's $296,800 aggregate principal amount of Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), pursuant to a Bond Resolution of the Issuer adopted December 17, 2008, as supplemented by a Supplemental Resolution of the Issuer adopted December 17, 2008 (collectively, the "Bond Resolution"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Resolution, as follows:

1. INCUMBENCY AND SIGNATURES: The undersigned is and was at all relevant times the duly elected, qualified and serving Vice President of the Company, duly elected or appointed by the Board of Directors of the Company, and is familiar with the

terms of the transactions described in the Documents, herein defined. Set forth below is my true and genuine signature.

2. DUE INCORPORATION AND GOOD STANDING: The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the Agreement and the other Documents, herein defined.

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

Certified Copy of Certificate of Existence.

Agreement between Issuer and Company.

Letters of Credit and Related Documents.

4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS: The Company has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Documents.

5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT. The Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, and is in full force and effect as of the date hereof. The Agreement constitutes a valid and legally binding agreement and obligation of the Company enforceable in accordance with its terms, except (i) as the same shall be subject to limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the Agreement by the Company and the compliance with the provisions thereof will not conflict with, result in a breach of the terms, conditions or provisions of or constitute a default under, or result in the creation or any imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to, the Articles of Incorporation or By-laws of the Company or the terms of any indenture, mortgage, deed of trust, loan agreement, undertaking or other agreement, document or instrument to which the Company is a party or bound or to which any of the property or

assets of the Company are subject, nor will such action conflict with, result in a material breach of, constitute a default under or result in a violation of any statute, law, ordinance, judgment, ruling, decree, order, rule or regulation to which the Company is subject or to which any of its properties are subject or which is applicable to the transactions described herein; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental authority or body is required for the execution and delivery of the Agreement by the Company or in connection with the Project, the Agreement or the transactions contemplated thereby, except those already obtained.

6. NO LITIGATION: No litigation, proceeding, suit, inquiry, action or investigation at law or in equity is pending or, to the knowledge of the undersigned, threatened (or is there any basis therefor), against or affecting the Company in or before or by any court, public board or administrative body, which would restrain or enjoin the execution or delivery of the Documents or the performance of any obligations of the Company contained therein or matters in connection therewith, or in any way contesting or affecting the Documents, or attempting to limit, restrain, enjoin or prevent the Company from functioning and making the payments required thereunder, or which questions the validity of the Documents or any documents or the transactions contemplated thereby, or contesting the corporate existence of the Company, or wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition of the Company, the validity or enforceability of the Documents, the Company's ability to perform its obligations under the Documents or the corporate existence or powers of the Company. There is no action or proceeding pending or threatened that would liquidate or dissolve the Company.

7. AGREEMENTS AND OBLIGATIONS: All agreements, covenants, arrangements and conditions to be complied with or satisfied and all obligations to be performed by the Company pursuant to or in connection with the Documents or the transactions contemplated thereby on or prior to the date of such documents have been complied with, satisfied and performed and there are no defaults or events of default under the Documents or such documents which have occurred and are continuing.

8. NO CHANGE IN CONDITION: There have been no undisclosed material adverse changes in the financial condition of the Company since the offer by the Authority to purchase the Bonds of the Issuer.

9. LETTERS OF CREDIT: The Company has obtained and will maintain one or more Letters of Credit, including all extensions thereof, or renewal or replacement Letters of Credit, to fund the reserve account for the Bonds, so long as the Bonds are outstanding, unless such requirement is waived by the Authority and the Council. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with the Letters of Credit, which payments shall be in addition to any other payments to be made by the Company under the Agreement with respect to the Bonds or otherwise to the Issuer.

10. RATES: The Company and the Issuer have received the Final Order of the Public Service Commission of West Virginia entered on March 18, 2008 in Case No 07-0998-W-42T approving the rates and charges for the services of the System.

11. PUBLIC SERVICE COMMISSION ORDERS: The Issuer and the Company have received the Recommended Decision of the Public Service Commission of West Virginia entered on June 13, 2008, which became final order on June 27, 2008 and Commission Order dated December 18, 2008 in Case No. 08-0156-W-PWD-PC-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, and approving the financing for the Project. The time for appeal of the Commission Order dated June 13, 2008 has expired prior to the date hereof without any appeal. The Commission Order dated December 18, 2008 has not expired prior to the date hereof, but the parties to such Order have indicated that they do not intend to appeal the Order. Both Orders remain in full force and effect.

[Remainder of Page Intentionally Blank]

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

WEST VIRGINIA-AMERICAN WATER COMPANY

Vice President

ATTEST:

Secretary

12.10.08
788890.00003

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, James A. Nagy, P.E., Registered Professional Engineer, West Virginia License No. 8887 of Terradon Corporation, Nitro, West Virginia, hereby certify this 19th day of December, 2008 as follows:

1. My company is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing public waterworks system (the "System") of Salt Rock Water Public Service District (the "Issuer") to be constructed primarily in Cabell County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on December 17, 2008, as supplemented by the Supplemental Resolution adopted by the Issuer on December 17, 2008, the Loan Agreement for the Series 2008 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated December 19, 2008 (collectively, the "Loan Agreement").

2. The Series 2008 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my company and approved by the Council and the West Virginia Bureau for Public Health (the "BPH"), and any change orders approved by the Issuer, the Council, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty (40) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the William Watson, Counsel to the Issuer has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project;

(vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, David L. Howell, CPA, of even date herewith, the use fees to be received by the Issuer from the Company under the Agreement dated May 27, 1998, as amended, will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

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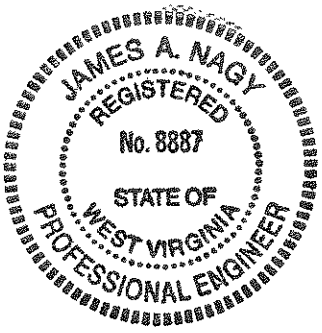
WITNESS my signature and seal on the day and year first written above.

TERRADON CORPORATION

(SEAL)



James A. Nagy, P.E.
West Virginia License No. 8887

12.09.08
788890.00003

SCHEDULE B

SALT ROCK WATER PSD

December 1, 2008

A. COST OF PROJECT	Total	IJDC Loan	WVAWC	SCBG	County	SRWPSD
1 Construction						
a. Contract 1 Chojnacki	1,560,909.00	170,000.00	154,409.00	1,236,500.00	0.00	0.00
b Contingency	134,175.00	94,175.00	0.00	0.00	20,000.00	20,000.00
2 Technical Services (Terradon)						
a. Planning	10,500.00	0.00	0.00	10,500.00	0.00	0.00
b. Design	75,000.00	0.00	0.00	75,000.00	0.00	0.00
c. Construction	113,000.00	0.00	0.00	113,000.00	0.00	0.00
d Highway Permit	21,875.00	21,875.00	0.00	0.00	0.00	0.00
3 Legal & Fiscal						
a. Legal (Project - WVAWC)	0.00	0.00	0.00	0.00	0.00	0.00
b Accounting (Howell)	5,000.00	0.00	0.00	5,000.00	0.00	0.00
4 Administrative (Region II)	60,000.00	0.00	0.00	60,000.00	0.00	0.00
5 Project Contingency	7,591.00	0.00	7,591.00	0.00	0.00	0.00
6 Lands & ROW	0.00	0.00	0.00	0.00	0.00	0.00
7 TOTAL of Lines 1 through 6	1,988,050.00	286,050.00	162,000.00	1,500,000.00	20,000.00	20,000.00
B. COST OF FINANCING						
8 Funded Reserve (letter of credit - WCAWC)	0.00	0.00	0.00	0.00	0.00	0.00
9 Registrar fees	500.00	500.00	0.00	0.00	0.00	0.00
10 Bond Counsel	10,250.00	10,250.00	0.00	0.00	0.00	0.00
11 Cost of Financing (Lines 8 through 10)	10,750.00	10,750.00	0.00	0.00	0.00	0.00
12 Total Cost of Project	1,998,800.00	296,800.00	162,000.00	1,500,000.00	20,000.00	20,000.00
C. SOURCES OF FUNDS						
13 Federal Grants SCBG	1,500,000.00	0.00	0.00	1,500,000.00		
14 State Grants	0.00	0.00	0.00			
15 Other Grants County & PSD	40,000.00	0.00	0.00		20,000.00	20,000.00
16 Any Other Source - WVAWC	162,000.00	0.00	162,000.00			
17 TOTAL Lines 13 through 16	1,702,000.00	0.00	162,000.00	1,500,000.00	20,000.00	20,000.00
18 Net Proceeds from Bond Issue (Line 12 minus line 17)	296,800.00	296,800.00	0.00	0.00	0.00	0.00

Robert J Burns
SALT ROCK WATER PSD

Dec 17, 2008
Date

James A. Nagy
TERRADON

Dec 17, 2008
Date

David L. Howell Member AICPA
Certified Public Accountant WVSCPA

Post Office Box 598
Cabin Creek, WV 25035
(304) 595-5212
davidhowellcpa@suddenlink.net

December 19, 2008

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Salt Rock Water Public Service District
Salt Rock, West Virginia

Ladies and Gentlemen:

Based upon the use fees to be paid by West Virginia-American Water Company (the "Company") to Salt Rock Water Public Service District (the "Issuer"), under that certain Agreement dated as of May 27, 1998, as amended (the "Agreement"), by and between the Company and the Issuer, it is my opinion that such payments will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will be sufficient to pay 100% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), to be issued in the original aggregate principal amount of $296,800 to the West Virginia Water Development Authority on the date hereof (the "Bonds"), and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's: (1) Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of $9,300,000 (the "Series 2000 A Bonds") and (2) Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated September 21, 2000, issued in the original aggregate principal amount of $3,000,000 (the "Series 2000 B Bonds") (collectively, the "Prior Bonds").

It is further my opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2008 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the Improvements to be financed by the Series 2008 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2008 A Bonds.

David L. Howell, CPA
Cabin Creek, West Virginia
December 19, 2008

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Salt Rock Water Public Service District in Cabell, Wayne and Lincoln Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $296,800 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated December 19, 2008 (the "Series 2008 A Bonds"), hereby certify this 19th day of December, 2008 as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on December 17, 2008 as supplemented by Supplemental Resolution duly adopted on December 17, 2008 (collectively, the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 19, 2008, the date on which the Bonds are being physically delivered and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2008 A Bonds were sold on December 19, 2008, to the Authority, pursuant to a loan agreement dated December 19, 2008, by and between the

Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $296,800 (100% of par), at which time, the Issuer received $10,750 from the Authority and the Council, being the first advance of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter (in any event, not more than 6 months from the date hereof), enter into agreements which require the Issuer to expend in excess of 5% of the aggregate principal amount of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 1, 2010 The acquisition and construction of the Project is expected to be completed by September 1 2009.

8. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $1,998,800. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2008 A Bonds	$296,800
Cabell County Commission Grant	$20,000
Small Cities Block Grant	$1,500,000
Company Contribution	$162,000
Issuer Contribution	$20,000
Total Sources	$1,998,800
USES	
Costs of Acquisition and Construction of the Project	$1,988,050
Costs of Issuance	$10,750
Total Uses	$1,998,800

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2008 A Bonds:

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

(2) Series 2008 A Bonds Construction Trust Fund;

(3) Series 2008 A Bonds Sinking Fund;

(4) Series 2008 A Bonds Reserve Account (to be funded with the Letter of Credit);

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2008 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2008 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 2008 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2008 A Bonds will be deposited in the Series 2008 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2008 A Bonds and related costs.

11. Moneys held in the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2008 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2008 A Bonds Sinking Fund and Series 2008 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 9 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2008 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds of the Series 2008 A Bonds will be expended on the Project within 15 months from the date of issuance thereof.

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

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

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

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

19. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

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

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

22. The Bonds are not federally guaranteed.

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

24. The Issuer has either (a) funded the Series 2008 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; (b) created the Series 2008 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year; or (c) purchased letter(s) of credit in amounts sufficient to satisfy the purchasers of the Bonds to fund the Series 2008 A Bonds Reserve Account. Moneys in the Series 2008 A

Bonds Reserve Account, if any, and the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

26. All proceeds of the Series 2008 A Bonds shall be used for payment of the costs of the Project within 3 years of the date hereof.

27. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

28. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of This Page Intentionally Left Blank]

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

SALT ROCK WATER PUBLIC
SERVICE DISTRICT

Robert L Evans
Chairman

12.10.08
788890.00003

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water System Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF LETTER OF CREDIT BANK

The undersigned officer of PNC Bank, National Association, Pittsburgh, Pennsylvania (the "Bank"), hereby certifies in connection with the issuance by the Bank of its Letter of Credit, No. 18110844-00-000, dated December 16, 2008, in the amount of $15,424.00 (the "Letter of Credit"), for the account of Salt Rock Water Public Service District (the "Issuer"), for and on behalf of the Bank, as follows:

1. The Bank is a national banking association under the laws of the United States of America and is able to do business in the state of West Virginia with the power and authority to issue and deliver the Letter of Credit under applicable law.

2. The Letter of Credit has been duly authorized, executed and delivered by the Bank.

3. The Letter of Credit is provided to fund the Series 2008 A Bonds Reserve Account and secure the payment of up to $15,424.00, which we are advised is equal to two years' debt service on the Issuer's Water System Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated December 19, 2008. The Series 2008 A Letter of Credit has been delivered by the Bank pursuant to an Application for Irrevocable Standby Letter of Credit dated December 4, 2008.

IN WITNESS WHEREOF, PNC Bank, National Association, has caused this Certificate to be executed by a duly authorized officer, this 16 day of December 2008.

PNC BANK, NATIONAL ASSOCIATION

By: Joseph D. Meluchuk, SVP
Its: Authorized Officer

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 8th day of September, 2000.

CASE NO. 00-1092-PWD-PC

CABELL COUNTY COMMISSION

Petition for consent and approval of the enlargement of the water service territory of Salt Rock Water PSD (including small areas of Lincoln and Wayne Counties), the transfer of the water authority of Culloden PSD to Salt Rock Water PSD and the dissolution of Cabell Public Service District.

COMMISSION ORDER

On July 17, 2000, the Cabell County Commission filed a Petition with the Public Service Commission requesting approval of a County Commission Order of July 14, 2000, enlarging the Salt Rock Water Public Service District, transferring the water service authority of the Culloden Public Service District to Salt Rock Water Public Service District, dissolving the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District. The Petition from the Cabell County Commission additionally noted the urgency of certain financing considerations and requested expedited consideration of this proceeding.

On August 11, 2000, the Commission set this matter for three hearings all to be held on September 5, 2000, at the following times and places: Lavalette Woman's Club, Lavalette, 10:30 a.m.; Cabell County Courthouse, Huntington, at 1:30 p.m.; and the Hamlin-Lincoln County Public Library, Hamlin, at 3:30 p.m.

On August 14, 2000, Commission Staff filed its "Initial and Final Joint Staff Memorandum." Commission Staff's memorandum indicated that the County Commission had met the statutory requirements of W. Va. Code §16-13A-2 regarding public meetings and publication, including the need for notification in Lincoln and Wayne Counties. Staff recommended this matter be set for hearing as required by statute.

the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District.

2. On August 11, 2000, the Commission set this matter for three hearings, all to be held on September 5, 2000.

3. On August 14, 2000, Commission Staff filed its "Initial and Final Joint Staff Memorandum" which stated that the County Commission had met the statutory requirements of W.Va. Code §16-13A-2 regarding public meetings and publication, including the need for notification in Lincoln and Wayne Counties.

4. On August 16, 2000, counsel for the County Commission filed a letter concurring with the findings and recommendations made in the Staff memorandum.

5. The Commission held the three hearings required by W.Va. Code §16-13A-2 on September 5, 2000. At the hearings, Commission Staff recommended the Commission approve the County Commission order of July 14, 2000.

CONCLUSIONS OF LAW

1. W.Va. Code §16-13A-2 provides the procedures and requirements necessary for the creation, enlargement, reduction, merger, dissolution, or consolidation of public service districts.

2. The Commission finds that the action taken by the County Commission in its order of July 14, 2000, meets the pubic convenience and necessity; is economically feasible; is supported by adequate facilities; does not interfere with, or encroach upon, other facilities in the area; and compares favorably to other possible alternatives.

3. It is reasonable for the Commission to grant the Petition of the Cabell County Commission and approve the July 14, 2000, Order of the County Commission.

ORDER

IT IS THEREFORE ORDERED that the July 14, 2000, Cabell County Commission order is hereby approved.

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

Public Service Commission
of West Virginia
Charleston

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 11th day of August, 2000.

CASE NO. 00-1092-PWD-PC

CABELL COUNTY COMMISSION
Petition for consent and approval of the enlargement of the water service territory of Salt Rock Water PSD (including small areas of Lincoln and Wayne Counties), the transfer of the water authority of Culloden PSD to Salt Rock Water PSD and the dissolution of Cabell Public Service District.

PROCEDURAL ORDER

On July 17, 2000, the Cabell County Commission (County Commission) filed a petition with the Public Service Commission requesting approval of a County Commission Order of July 14, 2000, enlarging the Salt Rock Water Public Service District, transferring the water service authority of the Culloden Public Service District to Salt Rock Water Public Service District, dissolving the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District.

The letter from the Cabell County Commission additionally noted the urgency of certain financing considerations and requested expedited consideration of this proceeding.

W.V. Code §16-13A-2 provides the procedures and requirements necessary for the creation, enlargement, reduction, merger, dissolution, or consolidation of public service districts. Specifically, W.V. Code §16-13A-2(f) states in part:

> the public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interest of the public to do so.

As this matter affects three counties, the Commission shall hold a hearing in each.

Due to the expedited nature of this proceeding, this order is being issued prior to receipt of the Staff recommendation in this case. In addition to filing its recommendation,

IT IS FURTHER ORDERED that the Executive Secretary of the Commission shall serve a copy of this order upon all parties to this proceeding by United States Certified Mail, return receipt requested, and upon Commission Staff by hand delivery.

JJW:seg
001092c.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

APPENDIX A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 00-1092-PWD-PC

CABELL COUNTY COMMISSION

Petition for consent and approval of the enlargement of the water service territory of Salt Rock Water PSD (including small areas of Lincoln and Wayne Counties), the transfer of the water authority of Culloden PSD to Salt Rock Water PSD and the dissolution of Cabell Public Service District.

NOTICE OF HEARING

On July 17, 2000, the Cabell County Commission (County Commission) filed a petition with the Public Service Commission requesting approval of a County Commission Order of July 14, 2000, enlarging the Salt Rock Water Public Service District (District), transferring the water service authority of the Culloden Public Service District to Salt Rock Water Public Service District, dissolving the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District, in accordance with the provisions of W. Va. Code §16-13A-2.

A hearing shall be held on Tuesday, September 5, 2000, at the Lavalette Woman's Club, Smith Street, Lavalette, West Virginia, West Virginia, to commence at 10:30 a.m.

A hearing shall be held on Tuesday, September 5, 2000, in the Cabell County Courthouse, County Commission Courtroom, 750 5th Avenue, Huntington, West Virginia, to commence at 1:30 p.m.

A hearing shall be held on Tuesday, September 5, 2000, in Hamlin-Lincoln County Public Library, Meeting Room, Lynn Avenue, Hamlin, West Virginia, to commence at 3:30 p.m.

Anyone wishing to protest the petition of the Cabell County Commission must appear in person at the hearing or submit written protest prior to the hearing. Written protests must be filed with:

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

http://www.jacksonkelly.com

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N W
WASHINGTON, D.C 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS

(304) 340-1251
E-Mail:ccallas@jacksonkelly.com

July 17, 2000

Via Hand Delivery

Expedited Consideration Requested

Ms. Sandra Squire
Executive Secretary
Public Service Commission
of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: Enlargement of Salt Rock Water Public Service District
PSC Case No. _____
Cabell County Commission and Salt Rock Water Public Service District

Dear Ms. Squire:

We write to inform the Commission of the entry of an order enlarging Salt Rock Water Public Service District ("Salt Rock") and to request that the Commission schedule a hearing on the enlargement at the earliest possible date.

This notice is filed pursuant to WVCSR § 150-17-6.2 and is a follow-up to our letter of June 21, 2000. The June 21 letter advised the Commission of the entry of an order (the "Proposal Order") by the County Commission of Cabell County, West Virginia (the "Cabell County Commission") proposing the enlargement of the water service territory of Salt Rock (including small areas in Lincoln and Wayne Counties), the transfer of the water authority of Culloden Public Service District to Salt Rock and the dissolution of Cabell Public Service District (collectively, the "Proposed Changes"). The June 21 letter also advised the Commission of the relationship between the Proposed Changes and the financing of the Cabell

County Regional Water Project and the parties' related request for expedited approval of the Proposed Changes.

The Proposal Order also provided for the publication and posting of notice of a public hearing on the Proposed Changes. The required legal advertisements were published in four separate newspapers on June 28 or June 29, 2000, and posting of the notice of hearing was made in five conspicuous places in the affected areas not fewer than ten days prior to the public hearing.

On July 14, 2000, the Cabell County Commission held a public hearing on the Proposed Changes, at which no comments for or against the Proposed Changes were offered. Immediately after the public hearing, the Cabell County Commission entered a second order (the "Enlargement Order") that approved the Proposed Changes subject to the approval of the Commission. A copy of the Enlargement Order is enclosed with this letter, as are the original affidavits of publication of the legal advertisements.

As indicated in the June 21 letter, the Proposed Changes are being made in connection with the Cabell County Regional Water Project approved by the Commission in PSC Case No. 98-0774-W-PWD-CN. The West Virginia Water Development Authority will issue public-market bonds on behalf of both Salt Rock and New Haven Public Service District (for the Fayette County Regional Water Project) in mid-September 2000, approximately one month later than the mid-August 2000 closing we predicted in the June 21 letter. Still, there will be only two months between this filing and the mid-September closing.

West Virginia Code § 16-13A-2 and WVCSR § 150-17-6 require that the Commission hold a public hearing on the Proposed Changes. The Cabell County Commission, Salt Rock and West Virginia-American Water Company submit the Proposed Changes for Commission approval and respectfully request that the Commission grant <u>expedited consideration</u> of this proceeding.

Please file this letter and attachments and distribute the twelve additional copies to the appropriate parties at the Commission. As always, we appreciate your assistance in this matter.

Sincerely,

CHRISTOPHER L. CALLAS

CLC/rs
Enclosures

cc: Richard E. Hitt (w/enc.)
William T. Watson (w/enc.)
John S. Taylor (w/enc.)
Vincent A. Collins (w/enc.)
John C. Stump (w/enc.)
Mark Bugher (w/enc.)
Charles R. Crow (w/enc.)
Chris E. Jarrett (w/enc.)
Michael A. Miller (w/enc.)
Ed Oxley (w/enc.)
Daniel P. Bickerton (w/enc.)
Kendall Mitzner (w/enc.)
Thomas Bailey (w/enc.)
Stephen N. Chambers, Esq. (w/enc.)
James Nagy (w/enc.)
Michael A. Albert (w/enc.)
Samme L. Gee (w/enc.)
Jill McIntyre (w/enc.)

7-14-00

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON FRIDAY, THE 14TH DAY OF JULY, 2000, A.D.

MEMBERS: EVELYN RICHARDS, PRESIDENT, and
J. R. BLANKENSHIP and L. D. EGNOR, COMMISSIONERS
OF THE COUNTY

ORDER ENLARGING SALT ROCK WATER PUBLIC SERVICE DISTRICT, TRANSFERRING THE WATER SERVICE AUTHORITY OF CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK WATER PUBLIC SERVICE DISTRICT, DISSOLVING CABELL PUBLIC SERVICE DISTRICT; DESCRIBING THE SERVICE TERRITORY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, AND REQUIRING NOTIFICATION TO THE CLERKS OF THE COUNTY COMMISSIONS OF WAYNE COUNTY AND LINCOLN COUNTY AND TO THE EXECUTIVE SECRETARY OF THE PUBLIC SERVICE COMMISSION.

WHEREAS, the County Commission of Cabell County, West Virginia (the "County Commission"), by an Order entered on June 21, 2000 (the "Proposal Order"), upon its own motion and subject to the approval of the Public Service Commission of West Virginia (the "PSC"), (i) proposed to enlarge the territory of Salt Rock Water Public Service District ("Salt Rock") to include (A) all areas of the county except the area falling within the corporate boundaries of the Town of Milton, West Virginia, the City of Barboursville, West Virginia, and the City of Huntington, West Virginia; and (B) new water service territory within Lincoln County, West Virginia and Wayne County, West Virginia (collectively the "Proposed Enlargement"); and (ii) in connection with the enlargement, (A) proposed to transfer the water service territory of the Culloden Public Service District to Salt Rock (the "Proposed Transfer of Authority") and (B) proposed to dissolve the Cabell Public Service District and incorporate its territory within the water service territory of Salt Rock (the "Proposed Dissolution," and together with the Proposed Enlargement and the Proposed Transfer of Authority, the "Proposed Changes");

WHEREAS, among other things, the Proposal Order set a hearing on the Proposed Changes (the "Hearing") to be held on July 14, 2000; ordered that a copy of the Proposal Order be filed with the Clerk of the County Commission; ordered that the Clerk of the County Commission of Wayne County ("Wayne County Commission") and the Clerk of the County Commission of Lincoln County ("Lincoln County Commission") be notified of the date, time, location, and purpose of the Hearing; required notice of the Hearing to be published in Cabell County, Lincoln County and Wayne County by Class I legal publication and to be posted in five separate locations; and required the Clerk of the County Commission to file a copy of the Proposal Order with the Executive Secretary of the PSC (the "Executive

Secretary");

WHEREAS, as evidenced by the resolutions attached to the Proposal Order, the Wayne County Commission and the Lincoln County Commission have consented to the inclusion of certain areas within those counties in Salt Rock's water service territory;

WHEREAS, notice of the Hearing was published as a Class I legal advertisement in The Herald-Dispatch, The Cabell Record, The Wayne County News, and The Lincoln Journal as required by the Proposal Order and by West Virginia Code § 16-13A-2; and the required postings of notice of the Hearing were made;

WHEREAS, at the Hearing held on July 14, 2000, all interested parties were afforded an opportunity to be heard for and against the Proposed Changes;

WHEREAS, the County Commission, having determined that the Proposed Changes will be conducive to the preservation of the public health, comfort and convenience of the citizens of Cabell County, now desires to enter an Order, subject to the approval of the PSC, making the Proposed Changes.

NOW, THEREFORE, it is ORDERED by the County Commission of Cabell County, West Virginia as follows:

1. The County Commission hereby orders that the Proposed Changes be made and that they be effective on the date the PSC issues a final order approving them (the "Effective Date"). On and after the Effective Date, the service area of Salt Rock shall be particularly defined as follows:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection

of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

2. The Clerk of the County Commission shall cause a copy of this Order to be filed with the Clerk of the Wayne County Commission and the Clerk of the Lincoln County Commission.

3. The Clerk of the County Commission shall cause a copy of this Order to be filed with the Executive Secretary not less than ten (10) days following the entry hereof.

4. This Order shall become effective immediately upon entry.

By Order of the County Commission of Cabell County, West Virginia, this 14th day of July, 2000.

THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF CABELL, TO-WIT:

I, **Linda Waddell** being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number **LH- 888869** was duly published in

The Herald-Dispatch

one time, once a week for 1 successive weeks, commencing with its issue of the **28** day of **06**, **2000** and ending with the issue of the **28** day of **06**, **2000** and was posted at the **East door of the Cabell County Courthouse on 28** day of **06**, **2000**: that said legal advertisement was published on the following dates:

6-28-2000;

that the cost of publishing said annexed advertisement as aforesaid was **$142.46**; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it 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.

Linda Waddell

Taken, subscribed and sworn to before me in my said county this **28** day of **06**, **2000**.

My commission expires 11-18-2009

OFFICIAL SEAL
NOTARY PUBLIC
OF WEST VIRGINIA
ADKINS
SERVIEW DR.
...ANS, WV 25177
My Commission Expires November 16, 2009

Notary Public
Cabell County
West Virginia

Revised 7-99

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF CABELL, TO-WIT:

I, Linda Waddell being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH-888869 was duly published in

The Herald-Dispatch

one time, once a week for 1 successive weeks, commencing with its issue of the 28 day of 06, 2000 and ending with the issue of the 28 day of 06, 2000 and was posted at the **East door of the Cabell County Courthouse** on 28 day of 06, 2000: that said legal advertisement was published on the following dates:

June 28, 2000;

that the cost of publishing said annexed advertisement as aforesaid was $142.46; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it 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.

Linda Waddell

Taken, subscribed and sworn to before me in my said county this 07 day of 07, 2000.

My commission expires 11-18-2009

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
[illegible] ADKINS
[illegible] VIEW DR.
S[illegible]ANS, WV 25177
My Commission Expires November 18, 2009

Notary Public
Cabell County
West Virginia

Revised 7-99

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1-Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14,2000.

Tract 2-Lincoln County

BEGINNING at a point having a latitude of N 38° 20'50" and a longitude of W 82° 04'54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE, leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16'54" and a longitude of W 82° 04'54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE, leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17'12" and a longitude of W 82° 11'33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19'03" and a longitude of W 82° 11'55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that excepted and excluded from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia- as of July 14,2000.

Tract 3-Wayne County

BEGINNING at a point having a latitude of N 38° 17'49" and a longitude of W 82° 18'14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15'00" and a longitude of W 82° 18'28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20'44".

THENCE in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18"26" and a longitude of W 82° 20'44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14,2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

Ben Bosby
Clerk of the County Commission of Cabell County, West Virginia

LH-888869 6-28-00

LEGAL NOTICE

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

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The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 - Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 - Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 05' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that excepted and excluded from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 - Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersection of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitudes of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

/s/ Ben Bagley
Clerk of the County Commission of
Cabell County, West Virginia
11 6-29 cr

AFFIDAVIT OF PUBLICATION Cost of Publication

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

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

notice of Hearing Salt Rock PSD

was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 29th day of June 2000, and ending with issue of the _____ day of _____ 20__, (and was posted, if required, at the _____ on the _____ day of _____, 20__).

/s/ Phyllis Robinson
Phyllis Robinson, Publisher
The Cabell Record

Taken, subscribed and sworn to before me in my said county this 5th day of July, 2000.

My commission expires March 8, 2005

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TRUDY I. BLACK
324 SUMMERS ADDITION
MILTON, WV 25541
My Commission Expires MARCH 8, 2005

/s/ Trudy I. Black
Notary Public of Cabell County, West Virginia

Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, *Thomas J. George*
publisher of the **WAYNE COUNTY NEWS**, a newspaper published in the **COUNTY OF WAYNE, STATE OF WEST VIRGINIA**, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

June 28, 2000

commencing on the 28th

day of June 20 00

Given under my hand this 4th day

of July 20 00

Kenny J. George

Sworn to and subscribed before me this

4th day of July,

20 00, at Wayne, Wayne County, West

Virginia.

Sadie Marie Porter
NOTARY PUBLIC

of, in and for **WAYNE COUNTY, WEST VIRGINIA.**

MY COMMISSION EXPIRES: Mar. 27, 2010

Amount Due for Publishing Annexed Notice:

$ 60.13

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SADIE MARIE PORTER
P.O. Box 155
Wayne, WV 25570
My commission expires March 27, 2010

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 - Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 - Lincoln County

BEGINNING at a point having a latitude of N. 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service district and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, the excepted and excluded from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 - Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of the beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000, in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

\s\Ben Bagby
Clerk of the
County Commission
of Cabell County,
West Virginia

6-28 1tc

THE LINCOLN JOURNAL INC.

Publishers Of: The Lincoln Journal / The Weekly News Sentinel / The Lincoln Times

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, to wit:

I, THOMAS A. ROBINSON, Publisher, being duly sworn upon my oath do depose and say that I am proprietor of the entitle:

THE LINCOLN JOURNAL AND THE WEEKLY NEWS SENTINEL

two separate newspapers, both being a weekly newspaper; that such papers have been published for more than one year prior to publication of the annexed notice described below; that such newspapers are regularly published weekly, for at least fifty weeks during the calendar year, the Municipality of Hamlin, Lincoln County, West Virginia; that such newspapers are newspapers 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 newspapers average in length of four or more pages, exclusive of any cover, per issue; that such newspapers are circulated to the general public at a definite price or consideration; that such newspapers are newspapers to which the general public resorts for posting 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 Hearing on the Proposed Enlargement of Salt Rock Water PSD

was duly published in said newspaper once a week for 1 weeks (Class 1),

commencing with the issue of the 28 day of June 2000, and ending with the

issue of the 28 day of June 2000, (and was posted at the _____

_____ on the day of _____, 2000); that said annexed

notice was published on the following dates: _____

and that the cost of publishing the annexed notice as aforesaid was $ 15.08

Publishers Signature: [signature]

Taken, subscribed and sworn before me in my said

county this 28 day of June 2000.

My commission expires Oct 4 2005

Patty Robinson

Notary Public of Lincoln County, West Virginia

Notary Public
P.O. Box 308
Hamlin, WV 25523
My commission expires October 4, 2005

Box 308 • 328 Walnut Street • Hamlin, WV 25523 • (304) 824-5101 ~ FAX (304) 824-5210

Legal Advertisement

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 - Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton the City of Barboursville and the City of

Tract 2 - Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 08' 54"..said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northwly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that excepted and excluded from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virgeva, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 - Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/9, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 16' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to a point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

/s/ Ben Bagby
Clerk of the County
Commission of
Cabell County, West
Virginia

1/6-29

6-21-2000

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON WEDNESDAY, THE 21st DAY OF JUNE, 2000, A.D.

MEMBERS: EVELYN RICHARDS, PRESIDENT, and J. R. BLANKENSHIP and L. D. EGNOR, COMMISSIONERS OF THE COUNTY

ORDER PROPOSING THE ENLARGEMENT OF THE WATER SERVICE TERRITORY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE TRANSFER OF THE WATER SERVICE AUTHORITY OF CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK WATER PUBLIC SERVICE DISTRICT, AND THE DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT; DESCRIBING THE PROPOSED SERVICE TERRITORY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT; SCHEDULING A HEARING ON THE PROPOSED ENLARGEMENT, TRANSFER AND DISSOLUTION AND PROVIDING FOR THE PUBLICATION, POSTING AND NOTIFICATION TO THE PUBLIC SERVICE COMMISSION THEREOF.

WHEREAS, Salt Rock Water Public Service District ("Salt Rock") is a public service district originally established as "Salt Rock Public Service District" by an Order of the County Commission of Cabell County, West Virginia (the "County Commission") dated December 30, 1974 (the "1974 Order"), as a public service district with both water and sewer authority which was subsequently divided into Salt Rock Water Public Service District and "Salt Rock Sewer Public Service District" by Order of the County Commission dated August 16, 1984 (the "1984 Order");

WHEREAS, the boundaries of the original Salt Rock Public Service District and, after August 16, 1984, the boundaries of Salt Rock Water Public Service District and Salt Rock Sewer Public Service District, have been modified on several occasions by duly entered Orders of the County Commission to include additional territory within Cabell County (collectively, and together with the 1974 and 1984 Orders, the "Prior Orders");

WHEREAS, Salt Rock currently provides water service within and outside Cabell County, West Virginia;

WHEREAS, Salt Rock, the County Commission and West Virginia-American Water Company (the "Company") have received approval from the Public Service Commission

("PSC") in PSC Case No. 98-0774-W-PWD-CN to acquire and construct certain new water service facilities within and outside Cabell County under a public-private partnership project known as "Project 2000," pursuant to which Salt Rock is to serve as the public partner responsible for the construction of the public portion of the new water facilities;

WHEREAS, the Company has purchased all the water service assets of Culloden Public Service District ("Culloden"), an existing public service district in Cabell County currently authorized to provide both water and sewer service;

WHEREAS, although Culloden currently has water service authority, it does not provide water service to any customers, and in light of the Company's acquisition of its water service assets, it is not expected that Culloden will provide water service in the future;

WHEREAS, Cabell Public Service District ("Cabell") is a defunct public service district that has only one square foot of territory within the existing water service territory of Salt Rock;

WHEREAS, certain additional facilities to be constructed by Salt Rock in connection with Project 2000 are expected to extend into Lincoln County, West Virginia ("Lincoln County"), and Wayne County, West Virginia ("Wayne County"), requiring the County Commission of Lincoln County and the County Commission of Wayne County to consent to the enlargement of Salt Rock's water service territory to include certain areas within those respective counties;

WHEREAS, as evidenced by the resolutions attached hereto as Exhibits A and B, respectively, the County Commission of Lincoln County and the County Commission of Wayne County have consented to the inclusion of certain areas within those respective counties in the enlargement of Salt Rock;

WHEREAS, the County Commission of Wayne County has requested that the County Commission execute a Memorandum of Understanding substantially in the form attached hereto as Exhibit C (the "Memorandum of Understanding") under which the Couty Commission, at the request of the County Commission of Wayne County, undertake a proceeding to reduce the geographic territory of Salt Rock to exclude the area falling within Wayne County if construction of water service facilities in that area has not commenced by December 31, 2001, and the County Commission is amenable to that request;

WHEREAS, in order to facilitate Salt Rock's acquisition and construction of the public portion of the water service facilities in Cabell County under Project 2000 and to promote Salt Rock's further extension of water service facilities in the future, it is necessary and desirable (i) to enlarge Salt Rock's water service territory to include (A) all areas of the county except the area falling within the corporate boundaries of the Town of Milton, West Virginia, the City of Barboursville, West Virginia, and the City of Huntington, West Virginia;

and (B) new water service territory within Lincoln County and Wayne County (collectively, the "Proposed Enlargement"); and (ii) in connection with the Proposed Enlargement, (A) to transfer the water service territory of Culloden to Salt Rock (the "Proposed Transfer of Authority") and (B) to dissolve Cabell and incorporate its territory within the water service territory of Salt Rock (the "Proposed Dissolution," and together with the Proposed Enlargement and the Proposed Transfer of Authority, the "Proposed Changes");

WHEREAS, the Proposed Enlargement, as to the description of the territory within Cabell County, is intended to supersede and replace the various legal descriptions of Salt Rock's territory in the Prior Orders;

NOW, THEREFORE, it is ORDERED by The County Commission of Cabell County, West Virginia as follows:

1. The County Commission hereby finds and determines that the Proposed Changes will be conducive to the preservation of public health, comfort and convenience of the citizens of Cabell County.

2. The County Commission hereby approves the form of the Memorandum of Understanding attached hereto as Exhibit C and authorizes the President of the County Commission to execute the Memorandum of Understanding and to deliver it to Salt Rock, the County Commission of Wayne County and the Company.

3. The County Commission, on its own motion and subject to PSC approval, proposes the enlargement of the water service territory of Salt Rock to include the area described in the following three tracts:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point

having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

When the Proposed Enlargement becomes effective after approval of the PSC, the description of service territory in this Section 3 is intended to supersede and replace the various legal descriptions of Salt Rock's territory in the Prior Orders.

4. The County Commission further proposes the Proposed Transfer of Authority and the Proposed Dissolution, with both to occur on the effective date of the Proposed Enlargement as determined in a subsequent order of the County Commission.

5. At 10:00 a.m. on Friday, July 14, 2000 at the hearing room of the County Commission in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West Virginia, the County Commission will hold a public hearing on the Proposed Changes, which hearing date is not more than forty days nor fewer than twenty days from the date of this Order. All persons residing in or owning or having any interest in property in the territory encompassed by the Proposed Enlargement shall have an opportunity to be heard for and against the Proposed Changes.

6. The Clerk of the County Commission of Cabell County (the "Clerk") is directed to cause notice of the hearing in substantially the form attached as Exhibit D hereto (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be published as a Class I legal advertisement in compliance with W. Va. Code § 59-3-1, et seq., as amended, in The Herald-Dispatch and The Cabell Record. The publication date for each such publication shall be at least ten days prior to the date set for the hearing.

7. The Clerk is further directed to cause notice of the hearing in substantially the form attached as Exhibit D (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be posted in at least five conspicuous public places within the new territory to be encompassed by the Proposed Enlargement. The posting shall occur at least ten days prior to the date set for the hearing.

8. The Clerk is further directed to provide the Executive Secretary of the PSC with a certified copy of this Order at least ten days before the hearing and to indicate in the accompanying letter the time and place of the hearing.

9. The Clerk is further directed (i) to provide the clerks of the county commissions of Lincoln County and Wayne County with a copy of this Order; (ii) to notify said clerks of the hearing; and (iii) to request that said clerks cause notice of the time, place and location of the hearing to be published as a Class I legal advertisement in substantially the form attached as Exhibit D hereto, with the publication area being each city, incorporated town or municipal corporation in each county in which a portion of the Proposed Enlargement extends, and with each publication to occur at least ten days prior to the hearing.

10. This Order shall become effective immediately upon entry.

By Order of the County Commission of Cabell County, West Virginia this 21st day of June, 2000.

THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

Attest:

Clerk

EXHIBIT A

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY ON THURSDAY, THE 15th DAY OF JUNE, 2000

MEMBERS: CHARLES MCCANN, PRESIDENT
BUSTER STOWERS AND DOUG WALDRON,
COMMISSIONERS OF THE COUNTY

RESOLUTION CONSENTING TO ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT INTO A PORTION OF LINCOLN COUNTY IN ORDER TO EXTEND WATER SERVICE TO UNSERVED LINCOLN COUNTY RESIDENTS.

WHEREAS, The County Commission of Lincoln County, West Virginia (the "Lincoln County Commission") has been informed that the County Commission of Cabell County, West Virginia (the "Cabell County Commission") intends to propose that the service boundaries of Salt Rock Water Public Service District ("Salt Rock") be enlarged; and

WHEREAS, part of the proposed enlargement would extend into the northwestern corner of Lincoln County, an area currently without public water service and which is not within the service territory of any other public service district in Lincoln County;

WHEREAS, Salt Rock has indicated that approximately fourteen customers in the Upper Bear Creek area could receive water service in this area if the proposed enlargement into Lincoln County occurs;

WHEREAS, the Lincoln County Commission finds and determines that it is in the best interests of the citizens of the northwestern corner of Lincoln County that Salt Rock be permitted to provide water service in that area;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. The Lincoln County Commission hereby consents to the proposed enlargement of Salt Rock into the northwestern corner of Lincoln County and directs the Clerk of the Lincoln County Commission to offer any assistance to the Cabell County Commission that is necessary to effect this enlargement, including but not limited to the publication of a legal advertisement in Lincoln County.

2. This Resolution shall take effect immediately upon adoption.

WITNESS the signatures on behalf of and the seal of The County Commission of Lincoln County, West Virginia, on the 15th day of June, 2000.

THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA

By: _____
Charles McCann, President

By: _____
Buster Stowers, Commissioner

By: _____
Doug Waldron, Commissioner

ATTEST:

By: _____
Clerk of the County Commission
of Lincoln County, West Virginia

Proposed Lincoln County Tract of
Salt Rock Water Public Service District

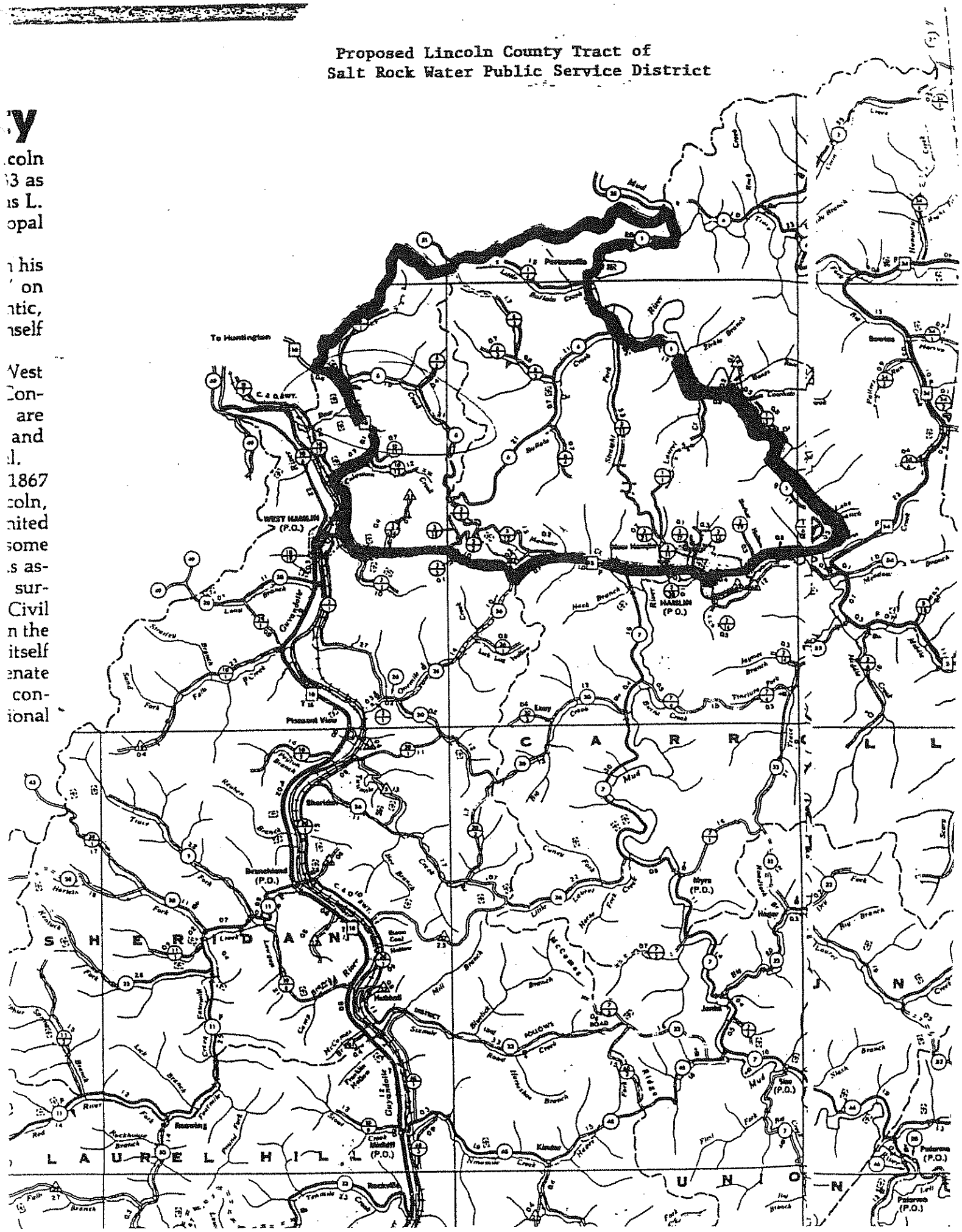


EXHIBIT B

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF WAYNE COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY ON MONDAY, THE 19th DAY OF JUNE, 2000

MEMBERS: JAMES BOOTON, RICHARD WELLMAN AND CHARLES SAMMONS, COMMISSIONERS OF THE COUNTY

RESOLUTION CONSENTING TO ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT INTO A PORTION OF WAYNE COUNTY IN ORDER TO EXTEND WATER SERVICE TO UNSERVED WAYNE COUNTY RESIDENTS.

WHEREAS, The County Commission of Wayne County, West Virginia (the "Wayne County Commission") has been informed that the County Commission of Cabell County, West Virginia (the "Cabell County Commission") intends to propose that the service boundaries of Salt Rock Water Public Service District ("Salt Rock") be enlarged; and

WHEREAS, as shown on Exhibit A, part of the proposed enlargement would extend into the northeastern corner of Wayne County, an area currently without public water service and which is not within the service territory of any other public service district in Wayne County;

WHEREAS, Salt Rock has indicated that approximately sixty customers could receive water service in this area if the proposed enlargement into Wayne County occurs;

WHEREAS, the Wayne County Commission finds and determines that it is in the best interests of the citizens of the northeastern corner of Wayne County identified on Exhibit A hereto that Salt Rock be permitted to provide water service in that area;

WHEREAS, the Wayne County Commission wishes to ensure that these customers will be served within a reasonable time, and has determined that if construction has not been commenced before December 31, 2001, it wishes to retain the option to request that the Cabell County Commission reduce the geographic boundaries of Salt Rock to exclude the northwestern corner of Wayne County in order to permit another water service provider to extend service into these customers.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF WAYNE COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. The Wayne County Commission hereby consents to the proposed enlargement of Salt Rock into the northeastern corner of Wayne County identified on Exhibit A hereto and directs the Clerk of the Wayne County Commission to offer any assistance to the

Cabell County Commission that is necessary to effect this enlargement, including but not limited to the publication of a legal advertisement in Wayne County.

2. The Wayne County Commission hereby approves the Memorandum of Understanding dated June 21, 2000 by and among the Cabell County Commission, Salt Rock and the Company, substantially in the form presented in this meeting, and authorizes the President of the Wayne County Commission to execute the Memorandum of Understanding and deliver it to the other parties thereto.

3. This Resolution shall take effect on the Cabell County Commission's execution of the Memorandum of Understanding, currently expected to be on June 21, 2000.

WITNESS the signatures on behalf of and the seal of The County Commission of Wayne County, West Virginia, on the 19th day of June, 2000.

THE COUNTY COMMISSION OF WAYNE COUNTY, WEST VIRGINIA

By: James H. Booton
President

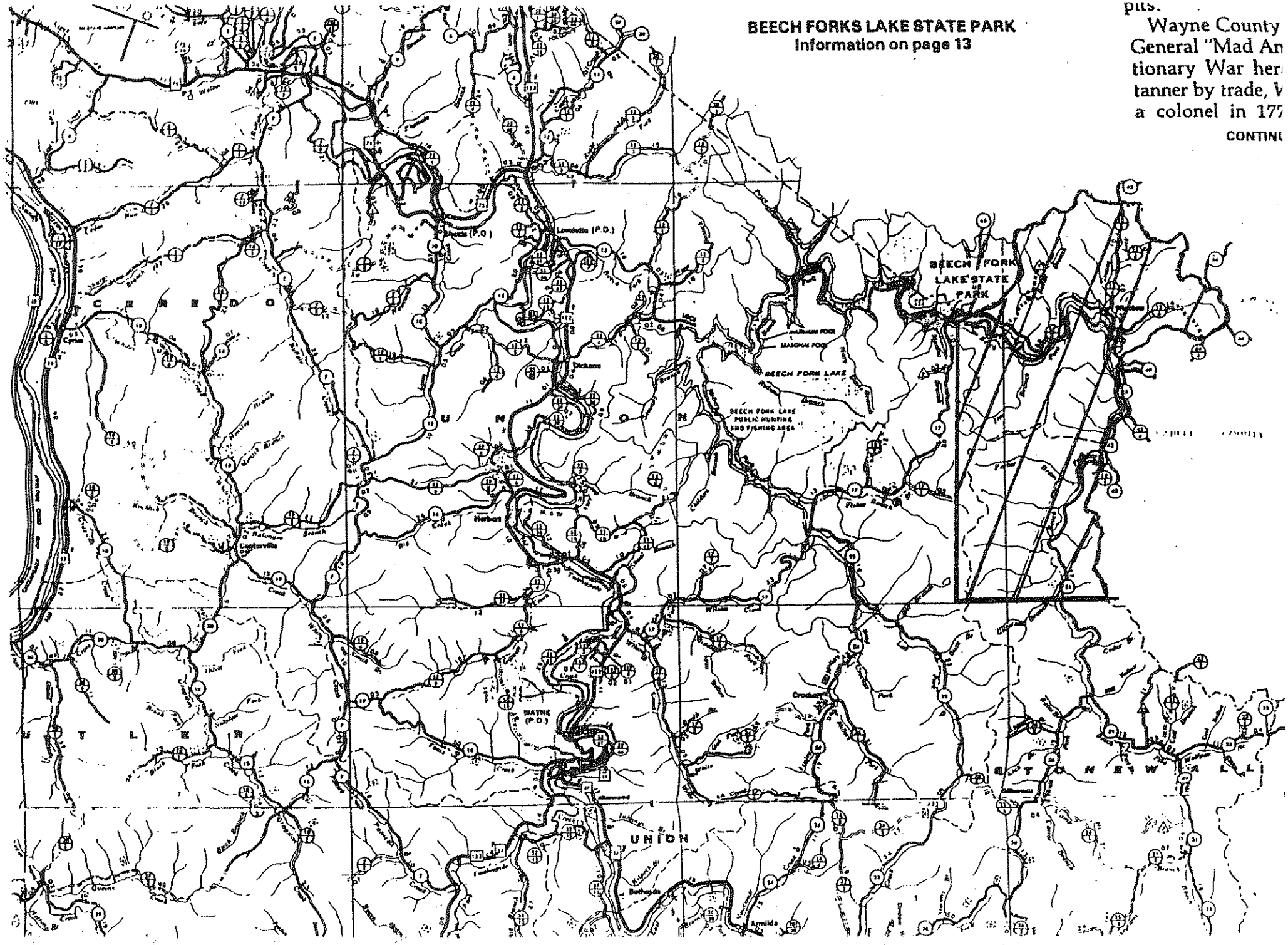
By: Charles E. Sammons
Commissioner

By: _____
Commissioner

ATTEST:

By: Robert E. Pasley
Clerk of the County Commission
of Wayne County, West Virginia

EXHIBIT A



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CONTINU

Exhibit C

Form of Memorandum of Understanding

This Memorandum of Understanding dated as of June 21, 2000 is by and among The County Commission of Wayne County, West Virginia (the "Wayne County Commission"); The County Commission of Cabell County, West Virginia (the "Cabell County Commission"); Salt Rock Water Public Service District ("Salt Rock"); and West Virginia-American Water Company (the "Company").

1. The Cabell County Commission, Salt Rock and the Company have worked to develop and arrange the funding for the Cabell County Regional Water Project (the "Project"), including a portion of the Project intended to serve approximately sixty customers in the northeastern corner of Wayne County (the "Wayne County Segment").

2. In order to permit the Wayne County Segment to be included in the Project, the Company has requested that the Wayne County Commission consent to the inclusion of certain territory in the northeastern corner of Wayne County (the "Wayne County Territory") in the Cabell County Commission's planned enlargement of Salt Rock.

3. The Company and Salt Rock have indicated that they expect and intend to commence construction on the Wayne County Segment in late 2000 if interest rates stabilize and adequate contingency funds for the construction of the Wayne County Segment are available. If these factors do not permit the construction of the Wayne County Segment in late 2000, the Company, Salt Rock and the Cabell County Commission intend to apply for a Small Cities Block Grant to fund the Wayne County Segment and to begin construction of the Wayne County Segment by the end of 2001.

4. The Wayne County Commission has indicated that it expects construction of the Wayne County Segment to begin no later than December 31, 2001. If the Company and Salt Rock are unable to commence construction on the Wayne County Segment by that date, the Wayne County Commission wishes to have the option to provide another public utility with the opportunity to serve the Wayne County Territory.

5. The parties understand and agree that if the Company and Salt Rock have not commenced construction on the Wayne County Segments by December 31, 2001, the Cabell County Commission will, at the election and request of the Wayne County Commission, undertake the statutory process set forth in W. Va. Code §16-13A-2 to reduce Salt Rock's geographic boundaries by removing the Wayne County Territory from the geographic boundaries of Salt Rock. Salt Rock and the Company agree to assist the Cabell County Commission and the Wayne County Commission in this process if necessary.

6. This Memorandum of Understanding may be executed in two or more counterparts.

WITNESS the following signatures, all as of the date written above.

THE COUNTY COMMISSION OF WAYNE COUNTY

_____

Its President

THE COUNTY COMMISSION OF CABELL COUNTY

_____

Its President

SALT ROCK WATER PUBLIC SERVICE DISTRICT

_____

Its Chairman

WEST VIRGINIA-AMERICAN WATER COMPANY

_____

Its Authorized Officer

Exhibit D

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington,

West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

\s\ Ben Bagby
Clerk of the County Commission of
Cabell County, West Virginia

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding dated as of June 21, 2000 is by and among The County Commission of Wayne County, West Virginia (the "Wayne County Commission"); The County Commission of Cabell County, West Virginia (the "Cabell County Commission"); Salt Rock Water Public Service District ("Salt Rock"); and West Virginia-American Water Company (the "Company").

1. The Cabell County Commission, Salt Rock and the Company have worked to develop and arrange the funding for the Cabell County Regional Water Project (the "Project"), including a portion of the Project intended to serve approximately sixty customers in the northeastern corner of Wayne County (the "Wayne County Segment").

2. In order to permit the Wayne County Segment to be included in the Project, the Company has requested that the Wayne County Commission consent to the inclusion of certain territory in the northeastern corner of Wayne County (the "Wayne County Territory") in the Cabell County Commission's planned enlargement of Salt Rock.

3. The Company and Salt Rock have indicated that they expect and intend to commence construction on the Wayne County Segment in late 2000 if interest rates stabilize and adequate contingency funds for the construction of the Wayne County Segment are available. If these factors do not permit the construction of the Wayne County Segment in late 2000, the Company, Salt Rock and the Cabell County Commission intend to apply for a Small Cities Block Grant to fund the Wayne County Segment and to begin construction of the Wayne County Segment by the end of 2001.

4. The Wayne County Commission has indicated that it expects construction of the Wayne County Segment to begin no later than December 31, 2001. If the Company and Salt Rock are unable to commence construction on the Wayne County Segment by that date, the Wayne County Commission wishes to have the option to provide another public utility with the opportunity to serve the Wayne County Territory.

5. The parties understand and agree that if the Company and Salt Rock have not commenced construction on the Wayne County Segments by December 31, 2001, the Cabell County Commission will, at the election and request of the Wayne County Commission, undertake the statutory process set forth in W. Va. Code §16-13A-2 to reduce Salt Rock's geographic boundaries by removing the Wayne County Territory from the geographic boundaries of Salt Rock. Salt Rock and the Company agree to assist the Cabell County Commission and the Wayne County Commission in this process if necessary.

6. This Memorandum of Understanding may be executed in two or more

counterparts.

WITNESS the following signatures, all as of the date written above.

THE COUNTY COMMISSION OF WAYNE COUNTY

James H. Booton

Its President

THE COUNTY COMMISSION OF CABELL COUNTY

Evelyn E. Richards

Its President

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Robert F. Burns

Its Chairman

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Miller

Its Authorized Officer

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington,

West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

\s\ Ben Bagby
Clerk of the County Commission of
Cabell County, West Virginia

RESOLUTION OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AUTHORIZING THE SALE OF A PORTION OF THE DISTRICT'S WATER TREATMENT AND DISTRIBUTION SYSTEM TO THE WEST VIRGINIA-AMERICAN WATER COMPANY; AUTHORIZING THE CHAIRMAN AND SECRETARY TO EXECUTE AND DELIVER AN ESCROW AGREEMENT AND ALL OTHER DOCUMENTS RELATING TO SUCH SALE; AND AUTHORIZING THE WEST VIRGINIA MUNICIPAL BOND COMMISSION TO TRANSFER THE SERIES 1992 SINKING FUND AND THE SERIES 1992 A BOND SINKING FUND AND THE BOND RESERVE FUNDS ESTABLISHED WITH RESPECT THERETO TO AN ESCROW FUND CREATED BY THE ESCROW AGREEMENT TO BE USED IN THE DEFEASANCE OF THE DISTRICT'S SERIES 1992 BONDS AND THE SERIES 1992 A BONDS AND THE PAYMENT OF THE SERIES 1992 B BONDS AND THE SERIES 1996 BOND.

WHEREAS, Salt Rock Water Public Service District (the "District"), a public service district and political subdivision of the State of West Virginia acting pursuant to Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), owns and operates a water treatment and distribution system in Cabell County, West Virginia (the "System"); and

WHEREAS, a portion of the costs of acquiring and constructing the System were paid with the proceeds of various bonds (or bonds refunded by such bonds) issued by the District as follows: the Waterworks System Refunding Revenue Bonds, Series 1992 in the original principal amount of $2,835,000 issued pursuant to a Bond Resolution adopted on March 4, 1992 (the "1992 Resolution") of which the principal amount of $2,495,000 is outstanding as of the date hereof (the "1992 Bonds"); the Water Revenue Bonds, Series 1992 A in the original principal amount of $559,235 of which the principal amount of $542,783

is outstanding as of the date hereof (the "1992 A Bonds"), the Water Revenue Bonds, Series 1992 B in the original principal amount of $18,640 of which the principal amount of $15,772 is outstanding as of the date hereof (the "1992 B Bonds"), issued pursuant to a Bond Resolution adopted on September 15, 1992 (the "1992 A & B Resolution"); and the Water Revenue Bonds, Series 1996, in the original principal amount of $576,000 of which approximately $576,000 in principal amount is outstanding as of the date hereof (the "1996 Bonds," and collectively with the 1992 Bonds, the 1992 A Bonds and the 1992 B Bonds, the "Bonds"), issued pursuant to a Bond Resolution adopted on September 5, 1996 (the "1996 Resolution," and collectively with the 1992 Resolution and the 1992 A & B Resolution, the "Bond Resolutions"); and

WHEREAS, the District has determined that it is in the best interests of the District to sell a portion of the System to the West Virginia-American Water Company (the "Company") on the terms, conditions and limitations set forth in an agreement with the Company providing for the sale of a portion of the System dated May 27, 1998 (the "Agreement of Purchase") previously approved by the District and pursuant to the Act; and

WHEREAS, the County Commission of Cabell County, West Virginia has approved such sale; and

WHEREAS, the Public Service Commission of West Virginia has approved the sale in Case No. 98-0774-W-PWD-CN; and

WHEREAS, the District finds it in the best interests of the health, welfare and safety of the residents of the District that an Escrow Agreement be entered into and the 1992 A Bond and 1992 Bonds be defeased and that the 1992 B and 1996 Bonds be paid in full.

WHEREAS, the Bond Resolutions essentially require that the Bonds must be paid in full (or provision be made for payment in full) before a portion of the System can be sold; and

WHEREAS, the District desires to defease the 1992 Bonds and the 1992 A Bonds to their first call dates and to pay the 1992 B Bonds and the 1996 Bonds in full; and

WHEREAS, the District shall enter into an escrow agreement (the "Escrow Agreement"), the form of which is attached hereto and incorporated by reference, with the Company and the West Virginia Municipal Bond Commission (the "Commission") providing for the defeasance of the 1992 Bonds and the 1992 A Bonds and creating a fund to hold cash and government securities for such purpose (the "Escrow Fund"); and

WHEREAS, the District shall pay the 1992 B Bonds and the 1996 Bonds in full on the date of the closing of the sale of the portion of the System to the Company; and

WHEREAS, pursuant to the Bond Resolutions, the District established the following special funds with the Commission:

(1) 1992 Bond Sinking Fund and within the 1992 Bond Sinking Fund, the 1992 Bond Reserve Account and the 1992 Bond Redemption Account (the "1992 Bond Funds");

(2) 1992 A Bond Sinking Fund and within the 1992 A Bond Sinking Fund, the 1992 A Bond Reserve Account (the "1992 A Bond Funds"); and

(3) 1992 B Bond Sinking Fund and within the 1992 B Bond Sinking Fund, the 1992 B Bond Reserve Account (the "1992 B Bond Funds").

WHEREAS, it is necessary to transfer the balances, if any, in the 1992 Bond Funds and the 1992 A Bond Funds and other available funds to the Escrow Fund to be used for the defeasance of the 1992 Bonds and the 1992 A; and

WHEREAS, it is necessary to apply the balances, if any, in the 1992 B Bond Funds and the 1996 Bond Funds toward the payment of the 1992 B Bonds and the 1996 Bonds, respectively.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE SALT ROCK WATER PUBLIC SERVICE DISTRICT AS FOLLOWS:

1. The District hereby authorizes the defeasance of the 1992 A Bonds and the 1992 Bonds and the payment of the 1992 B Bonds and the 1996 Bonds on the date of closing of the sale of the portion of the System to the Company.

2. The District hereby authorizes the sale of a portion of the System to the Company.

3. The District hereby authorizes payment to be made on its behalf to USDA, Rural Utilities Service in an amount necessary to pay the Series 1996 Bonds in full.

4. The District hereby authorizes the Commission to transfer the balances, if any, from the 1992 Bond Funds to the Escrow Fund to be used, together with other funds, for the defeasance of the 1992 Bonds and to transfer the balances, if any, from the 1992 A Bond Funds to the Escrow Fund to be used, together with other funds, for the defeasance of the 1992 A Bonds.

5. The District hereby authorizes the Commission to pay the balance, if any, from the 1992 B Bond Funds to the West Virginia Water Development Authority (the "WDA") and further authorizes payment to be made on its behalf to the WDA of such additional amounts as necessary to pay the 1992 B Bonds in full.

6. The District hereby approves and authorizes the Chairman and Secretary to execute and deliver, on or about the 18th day of February, 1999, the Escrow Agreement and all other documents relating to the sale of the System on behalf of the District.

7. This Resolution shall take effect immediately upon adoption.

[Remainder of Page Intentionally Left Blank]

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Salt Rock Water Public Service District on the 9 day of February, 1999.

Dated: Feb 9, 1999.

[SEAL]

Secretary, Public Service Board

CHASFS3:138770

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 11th day of January, 1999.

CASE NO. 98-0774-W-PSD-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
SALT ROCK WATER PUBLIC SERVICE DISTRICT,
and CABELL COUNTY COMMISSION
Joint Application for Consent to Sale of Portion of Water Utility Assets, For Approval of Related Agreements and for Certificate of Convenience and Necessity.

COMMISSION ORDER

By Joint Application filed on June 26, 1998, the West Virginia-American Water Company (Company), the Salt Rock Public Service District (District), and the County Commission of Cabell County (County Commission) (collectively, Applicants) sought the consent of the Public Service Commission to the conveyance by the District of a portion of its water system, approval of related agreements and the issuance of a certificate of convenience and necessity for the construction of certain facilities (Application).

The project includes construction of various water transmission, distribution and storage facilities at an estimated cost of $21.5 million. The project will enable service to be extended to approximately 1,600 new and currently unserved customers in Cabell County. The project will interconnect the Company's Huntington and Charleston systems and includes the installation of a transmission main to provide adequate volumes of water from either the Huntington or Charleston distribution systems to support economic development in eastern Cabell County. Additional transmission and distribution capacity will put the Company in a better position to provide service to West Hamlin, Lavalette and Milton if necessary in the future. Capacity to support the project currently exists at both the Kanawha Valley and Huntington Treatment Plants. Staff further noted that the Applicants request approval of an operation and maintenance agreement and financing for the project.

The Company will finance the project costs with $4.544 million of a traditional blend of debt and equity, and public funding provided by the District in the amount of

Public Service Commission
of West Virginia
Charleston

On October 26, 1998, counsel for Mary F. Myers filed a letter in this proceeding alleging that Mrs. Myers is due reimbursement from the District in the amount of $25,451 in connection with the installation of a water service line and booster station.

On November 3, 1998, the Company filed an affidavit of publication of the revised Notice of Filing in *The Herald-Dispatch* newspaper.

On December 16, 1998, Commission Staff filed a Further Joint Staff Memorandum containing the Engineering Division's recommendation that the Commission approve the proposed transfer of ownership and grant the requested certificate on certain conditions. Specifically, the approval should be contingent upon: 1) submittal of final plans and specifications; and 2) issuance of construction permit from the State Office of Environmental Health Services.

Staff further noted Mrs. Myers' claim filed in this proceeding on October 26, 1998, and indicated that it would investigate this matter and if appropriate, recommend to Mrs. Myers that she file a separate formal complaint.

DISCUSSION

Based on the Staff recommendations in this matter and the Commission's review, the Application should be approved and the certificate granted contingent upon: 1) submittal of final plans and specifications; and 2) issuance of construction permit from the State Office of Environmental Health Services.

Mrs. Myers should be informed that she is free to pursue her claim by filing a separate formal complaint against the District.

FINDINGS OF FACT

1. By Joint Application filed on June 26, 1998, the Applicants sought the consent of the Public Service Commission to the conveyance by the District of a portion of its water system, approval of related agreements and the issuance of a certificate of convenience and necessity for the construction of certain facilities (Application).

2. The project includes construction of various water transmission, distribution and storage facilities at an estimated cost of $21.5 million. The project will enable service to be extended to approximately 1,600 new and currently unserved customers in Cabell County.

3. The project will interconnect the Company's Huntington and Charleston

12. Mrs. Mary F. Myers filed a claim in this proceeding alleging that she is due a reimbursement from the District of $25,451 in connection with installation of a water line and booster pump.

13. Staff indicated that it would investigate Mrs. Myers' claim and, if appropriate, recommend to Mrs. Myers that she file a separate formal complaint.

CONCLUSIONS OF LAW

1. The Application should be approved and the certificate granted contingent upon: 1) submittal of final plans and specifications; and 2) issuance of construction permit from the State Office of Environmental Health Services.

2. Mrs. Myers should be informed that she is free to pursue her claim by filing a separate formal complaint against the District.

ORDER

IT IS THEREFORE ORDERED that the Joint Application of the Company, the District, and the County Commission seeking the consent of the Public Service Commission to the conveyance by the District of a portion of its water system, approval of related agreements and the issuance of a certificate of convenience and necessity for the construction of certain facilities is hereby approved and granted.

IT IS FURTHER ORDERED that the financing outlined in the Application and in Commission Staff's Final Joint Staff Memorandum filed on September 1, 1998, is hereby approved.

IT IS FURTHER ORDERED that upon completion of the project and following the District's filing of revised tariff sheets with the Commission stating rates mirroring those of the Company, the District shall be authorized to charge the new tariff rates.

IT IS FURTHER ORDERED that should there be any change in the scope or cost of the project, the Applicants shall seek the Commission's approval prior to beginning construction.

AT A REGULAR SESSION OF THE LINCOLN COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 2ND DAY OF DECEMBER, 2004 THE FOLLOWING ORDER WAS MADE AND ENTERED :

SUBJECT: **SALT ROCK PUBLIC SERVICE DISTRICT**

THE FOLLOWING MOTION WAS OFFERED BY **CHARLES VANCE,** COMMISSIONER:

TO RE-APPOINT ROBERT BURNS TO THE SALT ROCK PUBLIC SERVICE DISTRICT AS A REPRESENTATIVE FOR LINCOLN COUNTY. TERM BEING JANUARY 1, 2005 - DECEMBER 31, 2010

THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED

BY **CHARLES VANCE,** COMMISSIONER AND DULY SECONDED

BY **BUSTER STOWERS,** COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	COMMISSIONER	AYE
BUSTER STOWERS	COMMISSIONER	AYE
CHARLES VANCE	COMMISSIONER	AYE

WHEREUPON, CHARLES MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.

CERTIFIED TO BE A TRUE
TESTE: Donald C. Wilson
CLERK LINCOLN COUNTY COMMISSION

Charles S. McCann
CHARLES S. MCCANN, PRESIDENT
LINCOLN COUNTY COMMISSION

Buster Stowers
BUSTER STOWERS, COMMISSIONER
LINCOLN COUNTY COMMISSION

Chas Vance
CHARLES VANCE, COMMISSIONER
LINCOLN COUNTY COMMISSION

Exhibit (D)

DEC 19 2002
327

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 19th day of December, 2002, the following Order was made and entered:

IN THE MATTER OF THE REAPPOINTMENT OF WILLIAM A. MILLER AS A COMMISSIONER TO THE SALT ROCK WATER PUBLIC SERVICE DISTRICT

The following Resolution was offered by:

L. D. Egnor, President

RESOLVED: That the County Commission of Cabell County, West Virginia do and it hereby does reappoint William A. Miller as a Commissioner to the Salt Rock Water Public Service District for term beginning January 1, 2003, and ending December 31, 2008.

FURTHER RESOLVED: That the Clerk of this Commission is hereby directed to send a Certified Copy of this Order to Mr. Miller, 24 Olde Farm Road, Ona, West Virginia 25545 and to the Salt Rock Water Public Service District, P. O. Box 31, Water Plant Road, Salt Rock, WV 25559-9704.

The adoption of the foregoing Resolution having been moved by:

Robert L. Bailey, Commissioner, and duly seconded by;

Earl "JR" Blankenship, Commissioner, the vote thereon was as follows:

L. D. Egnor, President	aye
Bob Bailey, Commissioner	aye
Earl "JR" Blankenship, Commissioner	aye

Whereupon, L. D. Egnor, President, declared said Resolution duly adopted; and it is therefore **ADJUDGED** and **ORDERED** that said Resolution be, and the same is, hereby adopted.

L. D. Egnor, President

Bob Bailey, Commissioner

Earl "JR" Blankenship, Commissioner

STATE OF WEST VIRGINIA
CABELL COUNTY, CLERK
I, KAREN S. COLE, CABELL COUNTY CLERK, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY, FROM THE RECORDS OF MY AFORESAID OFFICE.
GIVEN UNDER MY HAND THIS 20th
DAY OF December, 2002
KAREN S. COLE, CABELL COUNTY CLERK
BY: Jean Esher
DEPUTY CLERK

Exhibit (O)

MAR 08 2007
057

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 8th day of March, 2007, the following Order was made and entered:

IN THE MATTER OF THE REAPPOINTMENT OF ROGER SANSOM AS A COMMISSIONER TO THE SALT ROCK WATER PUBLIC SERVICE DISTRICT

The following Resolution was offered by:

W. Scott Bias, President:

RESOLVED: That the County Commission of Cabell County, West Virginia do and it hereby does reappoint Roger Sansom as a Commissioner to the Salt Rock Water Public Service District, for a term beginning immediately, and ending December 31, 2012, with the understanding that said appointment does not become effective until such time as said Appointee takes the required Oath of Office; and

FURTHER RESOLVED: That the Clerk of this Commission is hereby directed to send a Certified Copy of this Order to Roger Sansom, 1332 Bowen Creek Road, Branchland, WV 25506, and a copy to the Salt Rock Water Public Service District, Route #1, P. O. Box 31, Water Plant Road, Salt Rock, WV 25559-9704.

The adoption of the foregoing Resolution having been moved by:

Robert L. Bailey, Commissioner, and duly seconded by;
Nancy Cartmill, Commissioner, the vote thereon was as follows:

W. Scott Bias, President	aye
Bob Bailey, Commissioner	aye
Nancy Cartmill, Commissioner	aye

Whereupon, W. Scott Bias, President, declared said Resolution duly adopted; and it is therefore **ADJUDGED** and **ORDERED** that said Resolution be, and the same is, hereby adopted.

W. Scott Bias, President

Bob Bailey, Commissioner

Nancy Cartmill, Commissioner

STATE OF WEST VIRGINIA
CABELL COUNTY CLERK
I, KAREN S. COLE, CABELL COUNTY CLERK, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY, FROM THE RECORDS OF MY AFORESAID OFFICE.
GIVEN UNDER MY HAND THIS 12th
DAY OF March 2007
KAREN S. COLE, CABELL COUNTY CLERK
BY: Ann Reed
DEPUTY CLERK

529-659

CABELL COUNTY CLERK
COMMISSIONERS' Clerk 02
Date/Time: 03/18/2003 16:34
Inst #: 156821
Book/Page: 164- / 329
Recd/Tax: .00 .00

OATH OF APPOINTED OFFICERS

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

I William A. Miller, who was on the 19th day of December, 2002, duly reappointed by the Cabell County Commission of Cabell County, West Virginia and approved by said commission, as a Commissioner to the Salt Rock Water Public Service District, to serve at the will and pleasure of said commission, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of said appointed office of the Salt Rock Water Public Service District, to the best of my skill and judgment.

Given under my hand this the 16 day of January 2003

Will Miller

(Seal)

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County, West Virginia, by Karen S. Cole, County Clerk, this the 16th day of January 2003.

APPROVED: _____

Bob Bailey PRESIDENT Karen S. Cole
Cabell County Clerk

Nancy Cartonill COMMISSIONER Carla K. Meadows

_____ COMMISSIONER Deputy Clerk

BOOK NO. _____ PAGE NO. _____

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, TO WIT:

I, Robert L. Burns, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and I will faithfully discharge the duties of the office of Board of Directors for the Salt Rock Water Public Service District for Lincoln County, West Virginia to the best of my skill and judgment, so Help Me God.

Robert L Burns
Affiant

Taken, subscribed and sworn to before the undersigned authority this 1st day of July, 2008.

My commission expires April 20, 2018.

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Patricia E. Lee
RR 1 Box 194 St. Rt 10
Salt Rock, WV 25559
My Commission Expires April 20, 2018

Pat E Lee
Notary Public

OATH OF APPOINTED OFFICERS

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

*I, **Roger Sansom**, who was on the **8th** day of **March, 2007**, duly appointed by the Cabell County Commission, of Cabell County, West Virginia and approved by said Commission, as a member of the **Salt Rock Water Public Service District** to serve at the will and pleasure of said Commission, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of said appointed office, to the best of my skill and judgment.*

Given under my hand this the 6th day of April, 2007

Roger A Sansom

(Seal)

*Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County, West Virginia, by **Karen S. Cole, County Clerk**, this the 6th day of April, 2007.*

Dena Powell, Chief Deputy

Cabell County Clerk

RULES OF PROCEDURE

SALT ROCK WATER PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SALT ROCK WATER PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 31 Water Plant Road, Cabell County, Salt Rock, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Salt Rock Water 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 Cabell County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the 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, 3 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 Cabell 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 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Cabell 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 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same 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 19th day of September, 2000.

West Virginia American Water®

Linda S. Bouvette
Vice President, Secretary
and Corporate Counsel

RECEIVED
2008 MAR -7 PM 1:07
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

March 7, 2008

Sandra Squire, Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
P.O. Box 812
Charleston, WV 25323

RE: West Virginia-American Water Company, a public utility and
Salt Rock Water Public Service District, a public utility
Joint Application by West Virginia-American Water Company and Salt Rock Water Public Service District for a certificate of Convenience and Necessity and a petition for consent and approval of a related agreement between the Applicants

Case No. 08-0156-W-PWD-PC-CN

Dear Ms. Squire:

Pursuant to the Commission's order dated February 14, 2008, in the above case, enclosed please find an original and twelve copies of an Affidavit of Publication evidencing publication of the Notice of Filing in Cabell Count.

Please do not hesitate to contact me should you have any questions regarding this matter.

Best regards,

Linda S. Bouvette

LSB:jgj

American Water

WV American Water
1600 Pennsylvania Ave.
P. O. Box 1906
Charleston, WV 25327
USA

T 304-340-2007
F 304-340-2059
E linda.bouvette@amwater.com
I www.amwater.com

RWE Group

Affidavit of Publication

I, Terri Maurer being first duly sworn, depose and say that I am Legal Clerk for *The Herald-Dispatch*, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: *The Herald-Dispatch*, an independent newspaper, the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH- 016738 was duly published in *The Herald-Dispatch* one time, once a week for 1 successive weeks, commencing with its issue of the 19th day of February 2008 and ending with the issue of the 19th day of February, 2008 and was posted at the East door of the Cabell County Courthouse on 19th day of February 2008: that said legal advertisement was published on the following dates:; February 19th 2008 that the cost of publishing said annexed advertisement as aforesaid was 1053.52 ; that such newspaper in which such legal advertisement was published has been and in now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia , for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages with out a cover; and that it 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.

Terri Maurer

RECEIVED
2008 MAR -7 PM 1:07
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Taken, subscribed and sworn to before me in my said county this 22nd day of February, 2008.

My Commission expires June 6, 2012.

Constance S. Rappold
Notary Public
Cabell County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONSTANCE S. RAPPOLD
4607 MAGAZINE AVENUE
HUNTINGTON, WV 25704
My commission expires June 6, 2012

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: February 14, 2008
Entered by the Public Service Commission of West Virginia in the City of Charleston this 14th day of February, 2008.

CASE NO. 08-0156-W-PWD-PC-CN
WEST VIRGINIA-AMERICAN WATER COMPANY, a public utility, and SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public utility

Joint Application by West Virginia-American Water Company and Salt Rock Water Public Service District for a certificate of for a Certificate of Convenience and Necessity and a petition for consent and approval of a related agreement between the Applicants

NOTICE OF FILING

WHEREAS, on February 14, 2008, West Virginia-American Water Company ("Company") and Salt Rock Water Public Service District ("Salt Rock PSD") (collectively the "Applicants") filed a joint application, duly verified, for a certificate of convenience and necessity to construct certain additions, improvements and extensions to its existing water system owned by Salt Rock PSD in Cabell County, and a petition for consent and approval of a related agreement between the Applicants. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

WHEREAS, the estimated cost of construction is $1,998,800, to be funded by a $1,500,000 Small Cities Block Grant, a $20,000 grant from the Cabell County Commission, a $296,800 loan from the WVIDJC payable over 40 years at 0% interest, a $162,000 contribution from the Company and a $20,000 investment by Salt Rock PSD.

WHEREAS, the improvements to the existing water system involve construction of 8.52 miles of water line to service six areas of Cabell County, including service Clark Hollow Road, Bryan Road, Jim Moore Road, Ninemile Creek Road, Little Cabell Creek and Dog Fork, Alternate 1 and appurtenances relating thereto (the "Project").

WHEREAS, the rates and charges to be charged by Salt Rock PSD to its customers served by the Project will be the same as the corresponding rates and charges charged by the Company to its customers in effect at the time that the Salt Rock PSD rates are made effective, which rates and charges are currently as follows:

APPLICABILITY

Applicable in entire territory served by the Salt Rock Water Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE

First	1,500	gallons used per month at the minimum charge
Next	28,500	gallons used per month $7.6617 per 1,000 gallons
Next	870,000	gallons used per month $5.0000 per 1,000 gallons
Next	8,100,000	gallons used per month $3.8400 per 1,000 gallons
All Over	9,000,000	gallons used per month $2.8000 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: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters:

5/8	inch meter	$	17.28 per month
3/4	inch meter	$	17.28 per month
1	inch meter	$	42.33 per month
1 1/2	inch meter	$	84.08 per month
2	inch meter	$	134.22 per month
3	inch meter	$	251.18 per month
4	inch meter	$	418.24 per month
6	inch meter	$	835.84 per month
8	inch meter	$	1,337.19 per month

APPLICABILITY

Applicable in entire territory served by the Salt Rock Water Public Service District.

AVAILABILITY OF SERVICE

Available for private fire protection service.

2 inch Service Line with hydrants, sprinklers and/or hose connections	$	154.78
3 inch Service Line with hydrants, sprinklers and/or hose connections	$	277.[illegible]
4 inch Service Line with hydrants, sprinklers and/or hose connections	$	704.78
6 inch Service Line with hydrants, sprinklers and/or hose connections	$	1,554.78
8 inch Service Line with hydrants, sprinklers and/or hose connections	$	2,048.71
12 inch Service Line with hydrants, sprinklers and/or hose connections	$	2,870.79

These terms are payable monthly in advance.

INCREMENTAL COST OF WATER

$30 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter.

This rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY

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

RETURNED CHECK CHARGE

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

RECONNECTION CHARGE

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

SERVICE CONNECTION (TAP) FEE

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

AVAILABILITY OF SERVICE

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

CONNECTION (TAP) FEES

All Meter Sizes Connected	$300.00

These terms are payable monthly in advance.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that West Virginia-American Water Company and Salt Rock Water 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 Cabell County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication, unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

SS/pb
080156a.wpd

RECEIVED
PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE
7 PM 1:07

SALT ROCK WATER PUBLIC SERVICE DISTRICT
MINUTES FROM THE MEETING HELD
January 8, 2008

Commissioners in Attendance: Robert L. Burns, William A. Miller, Roger Sansom

Others: Patty Lee, Rick Crow

Robert Burns called the meeting to order at 6:00 PM.

William Miller moved, seconded by Roger Sansom to approve the minutes from the previous meetings held December 10, 2007.

William Miller moved, seconded by Roger Sansom to retain officers as follows:
Robert L. Burns – Chairman
William A. Miller – Treasurer
Roger A. Sansom – Secretary

Roger Sansom moved, seconded by William Miller to continue holding the regular Board of Directors meetings the second Tuesday of each month at 6:00 PM and the District office.

Cabell County 2006 Project – Implementation meeting was held December 20th at the Cabell County Commission Chambers and the permits are complete.

William Miller moved, seconded by Roger Sansom to adjourn the meeting at 6:45 PM.

Robert L. Burns

Robert L. Burns, Chairman

William A. Miller

William A. Miller, Treasurer

Roger A. Sansom

Roger A. Sansom, Secretary

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, AND DRAW RESOLUTION

The undersigned SECRETARY of Salt Rock Water County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service District:

*** *** ***

Salt Rock Water Public Service District met in special session, pursuant to notice duly posted, on the 17th day of December, 2008, in Salt Rock, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Chairman	Robert L. Burns
	Secretary	Roger Sansom
	Treasurer	William A. Miller

Robert Burns, Chairman, presided, and Roger Sansom, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $296,800 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH

BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A(WEST VIRGINIA INFRASTRUCTURE FUND), OF SALT ROCK WATER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNT; APPROVING THE THIRD AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by William A. Miller and seconded by Roger Sansom, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by William A. Miller and seconded by Roger Sansom, it was unanimously ordered that the said Draw Resolution be adopted.

*** *** ***

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

[Remainder of Page Intentionally Blank]

CERTIFICATION

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

WITNESS my signature on this 19th day of December, 2008.

Secretary

12.16.08
788890.00003

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

NEW ISSUE REPORT FORM

Date of Report: 19-Dec-08

(See Reverse for Instructions)

ISSUE: Salt Rock Water Public Service District
Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)

ADDRESS: Box 31, Water Plant Road, Salt Rock, WV 25559 COUNTY: Cabell

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 19-Dec-08
CLOSING DATE: 12/19/2008
ISSUE AMOUNT: 296,800
RATE: 0%
1ST DEBT SERVICE DUE: 6/1/2010
1ST PRINCIPAL DUE 6/1/2010
1ST DEBT SERVICE AMOUNT $1,928
PAYING AGENT: Municipal Bond Commission

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

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

CLOSING BANK:
Bank: The First State Bank
Contact: Sherry Barnett
Phone: 304.736.5271

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Charles Crow
Position: General Manager
Phone: 304-736-6315

OTHER:
Agency: West Virginia Infrastructure & Jobs Development Council
Contact: Jefferson Brady, P.E.
Position: Executive Director
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____	Accrued Interest:	$
____	Capitalized Interest:	$
____	Reserve Account:	$
____	Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____	To Escrow Trustee	$
____	To Issuer	$
____	To Cons. Invest. Fun	$
____	To Other: ____	$

NOTES: Series 2008 A Bonds Reserve Account to be funded by Letter of Credit

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 specificed 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.

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The First State Bank, Barboursville West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Salt Rock Water Public Service District (the "Issuer") adopted by the Issuer on December 17, 2008, and a Supplemental Resolution adopted by the Issuer on December 17, 2008 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated December 19, 2008, issued in the original aggregate principal amount of $296,800 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 19th day of December, 2008.

THE FIRST STATE BANK

Authorized Officer VP

12.10.08
788890.00003

CH4910779.3

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Salt Rock Water Public Service District Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated December 19, 2008, issued in the original aggregate principal amount of $296,800 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 19th day of December, 2008.

THE HUNTINGTON NATIONAL BANK

Assistant Vice President

12.10.08
788890.00003

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Salt Rock Water Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated December 19, 2008, in the principal amount of $296,800, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 19th day of December, 2008.

THE HUNTINGTON NATIONAL BANK

Assistant Vice President

12.10.08
788890.00003

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 19th day of December, 2008, by and between SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $296,800 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted December 17, 2008, and a Supplemental Resolution of the Issuer duly adopted December 17, 2008 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Salt Rock Water Public Service District Post Office Box 31 Water Plant Road Salt Rock, West Virginia 25559 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

SALT ROCK WATER PUBLIC
SERVICE DISTRICT

Robert L Burns
Chairman

THE HUNTINGTON NATIONAL BANK

Authorized Officer

12.10.08
788890.00003

EXHIBIT A

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

SCHEDULE OF COMPENSATION

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

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date December 19, 2008

Salt Rock Water Public Service District
Account Number 6089001809

Salt Rock Water Public Service District
Water Revenue Bond, Series 2008 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR December, 2008

****

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

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

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

THIRD AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT

This THIRD AMENDMENT TO AGREEMENT is made as of this 23rd day of June, 2008, by and between **WEST VIRGINIA-AMERICAN WATER COMPANY**, a West Virginia corporation ("Company"), and **SALT ROCK WATER PUBLIC SERVICE DISTRICT**, a public corporation and political subdivision established under the provisions of Chapter 16, Articles 13A of the West Virginia Code of 1931, as amended ("SRWPSD").

W I T N E S S E T H

WHEREAS, the Company and SRWPSD entered into an agreement dated as of May 27, 1998, amended on September 21, 2000, ("First Amendment to Agreement") and amended on August 13, 2003 ("Second Amendment to Agreement), (as amended, the "Agreement"), pursuant to which the Company undertook the operation and maintenance of certain water transmission and distribution facilities then owned by SRWPSD and certain other water transmission and distribution facilities to be constructed and owned by SRWPSD in Cabell County, West Virginia pursuant to a certificate of convenience and necessity issued to SRWPSD in West Virginia-American Water Company, PSC Case No. 98-0774-W-PWD-CN, and in West Virginia-American Water Company, PSC Case No. 03-0631-W-PWD-CN;

WHEREAS, the parties have jointly filed an application ("Application") with the Public Service Commission of West Virginia in Case No. 08-0156-W-PWD-PC-CN for the issuance of a certificate of convenience and necessity to SRWPSD for the construction of certain water facilities intended to service Clark Hollow Road, Bryan Road, Jim Mount Road, Ninemile Creek Road, Little Cabell Creek and Dog Fork, Alternate 1 (the new "SRWPSD Facilities") and

SRWPSD and the Company anticipate similar cooperative efforts in the future (the "future SRWPSD Facilities");

WHEREAS, under Article II of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, under Article V(D) of the Agreement, the Company agreed to pay a "Use Fee" for the use of the Project 2000 Construction;

WHEREAS, the parties wish (i) to amend Article II of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as SRWPSD's debt service obligations on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of water facilities that are part of the Project (collectively, the "Loans") and (ii) to amend Article V(D) of the Agreement to make the Company's Use Fee obligation in an amount equal to SRWPSD's outstanding debt service obligations on the Loans.

NOW THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Third Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Except where the context clearly requires otherwise, the terms "SRWPSD water utility facilities" and "SRWPSD System", as initially defined or referred to in the Agreement, shall also include the New SRWPSD Facilities and any other water facilities acquired or constructed by SRWPSD during the term of this Agreement. The term "SRWPS customers," as initially defined or referred to in the Agreement, shall include all customers of SRWPSD receiving water service from the SRWPSD System.

2. Article II of the Agreement is hereby amended to read in its entirety as follows:

"The term of the Agreement shall extend for forty years from the date of this Third Amendment and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and SRWPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, and redemption premium, if any, on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of any water facilities that are part of the Project."

3. Article V(D) of the Agreement is hereby amended to read in its entirety as follows:

"In exchange for the benefits of having the Company's Huntington Treatment Plant connected to the Project 2000 Construction, Company will pay a Use Fee in monthly payments directly to the West Virginia Municipal Bond Commission on behalf of SRWPSD in an aggregate amount that is sufficient to permit SRWPSD to meet its debt service obligations related to loans previously made or to be made to SRWPSD in connection with the Project from the following sources (collectively, the "Loans"), whether or not the approximate principal amounts or expected issuance dates specified for Loans to be made to SRWPSD are correct:

a. The West Virginia Water Development Authority ("WDA") from proceeds of a WDA public offering of securities under WDA's Loan Program III, including but not limited to, a loan in the approximate amount of $9,300,000 to SRWPSD expected to be made on or around September 21, 2000;

b. The WDA, on behalf of West Virginia Infrastructure and Jobs Development Council, including but not limited to, a loan in the approximate amount of $3,000,000 to SRWPSD expected to be made on or around September 21, 2000;

c. The WDA, on behalf of West Virginia Infrastructure and Jobs Development Council, including but not limited to, a loan in the approximate amount of $296,800 to SRWPSD expected to be made on or around January 1, 2009."

Notwithstanding the foregoing, Company's obligations to make the aggregate monthly debt service payments shall continue only for so long as SRWPSD's repayment obligations on the Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies

to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

4. Article V(F) of the Agreement is hereby amended to read in its entirety as follows:

"In addition to the other obligations, duties and responsibilities set forth in this O&M Agreement, Company agrees to pay directly to vendors the reasonable costs of the following five items on behalf of SRWPSD, up to maximum aggregate amount for all five items of $8,000 in each calendar year during the term hereof, upon the receipt of an invoice for such costs from the vendor, which has been approved by SRWPSD for payment and forwarded by SRWPSD to Company:

1. SRWPSD Commissioners' Fees
2. Engineering, Legal and Accounting Expenses
3. Liability Insurance and Bonds
4. Regulatory Commission Fees
5. Miscellaneous Supplies and Expenses

SRWPSD agrees that the $8,000 provided under this O&M Agreement shall be the total amount to be paid by Company to SRWPSD under this O&M Agreement between Company and SRWPSD. In the event that either Company or SRWPSD determines that the maximum aggregate amount of $8,000 is inadequate or excessive to pay the reasonable costs of the above-mentioned five items, then either party may petition the Water and Wastewater Division of the Public Service Commission of West Virginia to audit and review the costs incurred by SRWPSD for such items and to fix the maximum aggregate amount for said items which Company will pay pursuant to this Subsection F."

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

IN WITNESS WHEREOF, West Virginia-American Water Company, a West Virginia corporation, and the Salt Rock Water Public Service District a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended, have caused this Agreement to be signed by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

Witness:

By:

WAYNE D. MORGAN
PRESIDENT

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Witness:

By:

ROBERT L. BURNS
CHAIRMAN

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 24th day of June, 2008, by **WAYNE D, MORGAN, President of West Virginia American Water Company**, a West Virginia corporation, on behalf of the corporation.

My commission expires February 10, 2015.

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

Notary Public

STATE OF WEST VIRGINIA

COUNTY OF CABELL, to-wit:

The foregoing instrument was acknowledged before me this 24 day of June, 2008, by **ROBERT. L. BURNS**, Chairman of the **SALT ROCK WATER PUBLIC SERVICE DISTRICT**, a public corporation, on behalf of the corporation.

My commission expires April 20, 2018.

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Patricia E. Lee
RR 1 Box 194 Sub 10
Salt Rock, WV 25559
My Commission Expires April 20, 2018

Notary Public

EXHIBIT 7

Agreements with Other Utilities

1. WVAWC and SRWPSD entered into Operations and Maintenance Agreement dated May 27, 1998.

2. WVAWC and SRWPSD amended the Operations and Maintenance Agreement by instrument dated September 21, 2000 ("First Amendment to Agreement").

3. WVAWC and SRWPSD amended the Operations and Maintenance Agreement by instrument dated August 13, 2003 ("Second Amendment to Agreement).

THIS OPERATIONS AND MAINTENANCE AGREEMENT is made this 27th day of May 1998, by and among the WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (hereinafter "Company ") and SALT ROCK WATER PUBLIC SERVICE DISTRICT ("SRWPSD"), a public corporation established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

WITNESSETH:

WHEREAS, SRWPSD owns certain water distribution facilities within Salt Rock and vicinity, Cabell County, serving approximately 4,100 customers within that area; and

WHEREAS, SRWPSD, pursuant to an Agreement of Purchase ("Purchase Agreement") dated May 28, 1998, has agreed to convey to Company a portion of its facilities ("Purchased Property"), all as more fully detailed in the Purchase Agreement incorporated by reference as Exhibit 1 to this Operations and Maintenance Agreement ("O&M Agreement"); and

WHEREAS, after conveyance of the Purchased Property, SRWPSD will continue to own the remainder of its transmission and distribution lines and related pumping and storage facilities; and

WHEREAS, SRWPSD water utility facilities to be retained by SRWPSD are generally shown and described on the map attached to and incorporated herein as Exhibit 2; and

WHEREAS, as a part of the Cabell County Water and Sewer Project 2000, Company and SRWPSD have agreed to construct certain facilities to extend service through

various extensions described in the Purchase Agreement and the Joint Application to the Public Service Commission (hereinafter "Project 2000 Construction") into areas surrounding or contiguous to SRWPSD service area and other areas of Cabell County; and

WHEREAS, SRWPSD believes it is in the best interests of SRWPSD and the residents of Salt Rock and the surrounding area of Cabell County for Company to operate, maintain, repair and replace SRWPSD water utility facilities and the publicly-funded portion of the Project 2000 Construction under this O&M Agreement, such water utility facilities retained by SRWPSD and the publicly-funded portion of the Project 2000 Construction being hereinafter collectively referred to as the "SRWPSD System," and to provide water service to the residents of Salt Rock under this O&M Agreement; and

WHEREAS, Company has offered to enter into this O&M Agreement and to undertake the operation, maintenance, repair and replacement of SRWPSD System and to supply directly the estimated water needs of the customers served from SRWPSD System.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this O&M Agreement and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, Company and SRWPSD agree:

I. Supply of Water to Customers of SRWPSD.

A. Upon the conveyance of the Purchased Property to Company, Company agrees to provide to SRWPSD customers served from SRWPSD System, subject to the terms, conditions, undertakings, agreements and limitations provided in this O&M Agreement, the

total water requirements to the customers of SRWPSD. Water delivered to SRWPSD's customers served from SRWPSD System shall be of the same quality as that supplied to Company's customers in Cabell County, and Company will be paid for the water supplied to SRWPSD customers in the manner set forth in Section V of this O&M Agreement at the rates of Company from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended.

B. Company shall monitor the water quality and be responsible for compliance with all state and federal standards for furnishing water to the public.

C. In the event of an extended shortage of water, or if the supply of water from Company is otherwise diminished or impaired, the supply of water to the customers of SRWPSD shall be reduced or diminished in approximately the same proportion as the supply of the water to Company's Cabell County customers is reduced or diminished. Any notification given to Company's Cabell County customers of any anticipated shortage of water shall also be given to customers of SRWPSD.

II. Term of This O&M Agreement.

The term of this O&M Agreement shall extend for forty (40) years from the date hereof and thereafter may continue in effect from year to year by mutual consent of the parties.

III. Future Additions to and Future Extension of SRWPSD System.

Company and SRWPSD are aware that there may be written requests by SRWPSD for future additional use of water by customers of SRWPSD and that there may be future approved SRWPSD additions and extensions made to SRWPSD System. In

addition to the other requirements set forth in this O&M Agreement, SRWPSD and Company hereby specifically agree that such additional use, additions and extensions will be made if there is sufficient treatment capacity and distribution and pumping facilities from any reasonable source, including SRWPSD System and Company's transmission and distribution mains, adequate to serve SRWPSD's customers and if it is otherwise economically feasible to meet the total then present and anticipated needs of both the customers of SRWPSD and the other customers of Company's Huntington District. Further, SRWPSD and Company agree as follows:

A. Future Additions. All future additions to SRWPSD System constructed by SRWPSD shall be subject to this O&M Agreement; provided, however, that future additions to SRWPSD System must be approved by both Company and SRWPSD, and provided further, that where SRWPSD has indicated its approval for a new addition, Company's approval may be withheld only on the grounds of (i) insufficient water treatment capacity from any reasonable source, (ii) economic feasibility, and (iii) failure to meet Company's engineering standards for design or construction. It is understood that SRWPSD will not approve a future addition which is not economically feasible.

B. Future Extension. Customer extensions from SRWPSD System and within SRWPSD boundary lines may be installed by either SRWPSD or Company. When SRWPSD receives a request for a customer extension, SRWPSD shall notify in writing Company within fifteen days of its receipt of said request whether it will install the customer extension or desires Company to make the installation.

(1) In the event SRWPSD desires Company to install and own the customer extension, (i) Company shall contract on its own behalf with the customer requesting the extension and make the installation pursuant to the Rules and Regulations of the Commission, (ii) all customers attaching to the customer extension shall be considered customers of Company for billing purposes at the rates of Company in accordance with Section V, and (iii) the customer extension shall be, without further cost or expense of any kind, the property of Company.

(2) In the event SRWPSD elects to install and own the customer extension, the construction for that customer extension by SRWPSD will be contracted to a contractor acceptable to Company, and all plans and specifications for that extension shall be submitted to and approved by Company before becoming a part of SRWPSD System and being subject to Company's obligations under this O&M Agreement. When that extension is contracted to a contractor acceptable to Company, Company, on behalf of and as agent for SRWPSD, shall contract directly with such contractor to provide the extension and shall have the right, but not the obligation, to provide an inspector, at the cost of Company, to inspect the construction of the extension. Any extension deposits taken by Company on behalf of and as agent for SRWPSD pursuant to the Rules and Regulations of the Commission will be retained by Company and credited against the cost of the extension, and the balance of the deposit above the cost of the extension, if any, will be returned to the contracting customer. Company, on behalf of and as agent for SRWPSD, will make refunds to the contracting customers for the extensions pursuant to the Rules and Regulations of the

Commission based on the rates of SRWPSD, using funds advanced to Company by SRWPSD.

(3) Refunds made pursuant to the Rules and Regulations of the Commission to customers contracting directly with Company pursuant to subparagraph III B shall be the sole responsibility of Company, and the cost of such extensions, to the extent refunded or reimbursed to customers pursuant to the Rules and Regulations of the Commission, shall be properly includable in Company's depreciable utility plant in calculating Company's cost of service and resulting rates.

IV. Operation and Maintenance of SRWPSD System by Company for SRWPSD.

A. Company hereby agrees to operate, maintain, repair and replace (i) SRWPSD System, and (ii) all water lines added thereto as additions and extensions.

B. In the event Company, under the terms of this O&M Agreement, is required to install, relocate or replace any "unit of property" within SRWPSD System as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), Company shall make such installation, relocation or replacement at its cost; provided, however, that in every such instance the unit of property shall be, and remain, the property of Company and shall be properly includable in the depreciable utility plant of Company in calculating the cost of service and resulting rates of Company.

C. SRWPSD agrees that, in those instances in which Company installs, replaces or relocates any unit of property on SRWPSD System pursuant to the provisions of subsection A of Section IV, SRWPSD will, simultaneously therewith, convey to Company

all related rights of way, easements, licenses or other property interests necessary for Company to have and own such unit of property in the location and manner in which it is installed, replaced or relocated on SRWPSD System.

V. Reading Meters, Billing of Customers and Payments to SRWPSD Including Use Fees.

A. All customers served directly from SRWPSD System under this O&M Agreement shall be the customers of SRWPSD, and all customers served directly from the Purchased Property after conveyance of the Purchased Property to Company or from the Company-funded portion of the Project 2000 Construction shall be the customers of Company; provided, however, that all customers served through extensions added to SRWPSD System pursuant to the provisions of subparagraph IIIB(1) after conveyance of the Purchased Property, shall be customers of Company. Company shall read all meters of the customers of SRWPSD and render bills to those customers, as agent for and on behalf of SRWPSD, in a manner consistent with the meter reading and billing practices of Company employed in billing its own customers, such bills to be rendered and collected by Company on behalf of SRWPSD and to be computed based on the usage of each SRWPSD customer at the rates of SRWPSD from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. It is the intention of SRWPSD and Company that the rates of Company and SRWPSD shall be the same except to the extent that SRWPSD rates are otherwise adjusted from time to time by the Commission.

B. It is the intent of Company and SRWPSD under this O&M Agreement that the bills delivered to each customer of SRWPSD on behalf of SRWPSD reflect the

amount due for the water used (such amount to be determined by applying the rates of SRWPSD to the consumption of water by SRWPSD's customers as determined by monthly or estimated meter readings). The bills delivered to the customers of SRWPSD will be delivered by, and be payable to, Company, as agent for SRWPSD.

C. Company, in consideration of the respective rights, duties, obligations, agreements and undertakings of the parties under this O&M Agreement, shall be entitled to receive from SRWPSD an amount for water service rendered to SRWPSD's customers equal to the consumption of each individual SRWPSD customer at Company rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall prepare and deliver a monthly statement to SRWPSD which shall reflect the total amount collected by Company as agent for SRWPSD and the total amount retained by Company for the water service provided to customers of SRWPSD at the respective rates of SRWPSD and Company. A customer of SRWPSD shall be charged a municipal B & O surcharge on his usage only if that customer resides within a municipality which imposes such a surcharge. In addition, the monthly statement to be provided to SRWPSD by Company will also include the costs of any additions or extensions, and related refunds, made at the cost of SRWPSD under Section III, and the cost of any fire hydrants under Section VIII installed at the cost of SRWPSD.

D. In order to assist in the financing of the public portion of the Project 2000 Construction, SRWPSD, County Commission, or a consolidated Public Service District, has agreed, depending on the interest rates and amounts available, to seek a $14.408 million loan from the West Virginia Infrastructure and Jobs Development Council

("Infrastructure Council"), or such other funding from the Infrastructure Council, the West Virginia Water Development Authority, or other lender satisfactory to the County Commission, SRWPSD and Company as may be available (to supplement any Small Cities Block Grant or other grants for the Project 2000 Construction to SRWPSD of $2,500,000). The amount of any such loan will be limited by the amount of a Use Fee which Company has agreed to make for the use by Company of the Project 2000 Construction. The Use Fee will be sufficient to pay the actual monthly debt service, including principal and interest, on the amount borrowed in order to finance the construction of the public portion of the Project 2000 Construction; provided, however, that, without the prior written consent of both parties, Company's Use Fee payment shall not exceed $41,400 per month or $497,000 annually. The Use Fee shall terminate when the amounts borrowed for the public portion of the Project 2000 Construction have been repaid.

E. SRWPSD agrees to have its accountants review, at least annually, at the expense of SRWPSD, the system of accounts maintained by Company for SRWPSD and report the results of that review to SRWPSD, Company and the County Commission.

F. In addition to the other obligations, duties and responsibilities set forth in this O&M Agreement, Company agrees to pay directly to vendors the reasonable costs of the following five items on behalf of SRWPSD, up to maximum aggregate amount for all five items of $8,000 in each calendar year during the term hereof, upon the receipt of an invoice for such costs from the vendor, which has been approved by SRWPSD for payment and forwarded by SRWPSD to Company:

1. SRWPSD Commissioner's Fees
2. Engineering, Legal and Accounting Expenses
3. Liability Insurance and Bonds
4. Regulatory Commission Fees
5. Miscellaneous Supplies and Expenses

SRWPSD agrees that the $8,000 provided under this O&M Agreement shall be the total amount to be paid by Company to SRWPSD under this O&M Agreement between Company and SRWPSD. In the event that either Company or SRWPSD determines that the maximum aggregate amount of $8,000 is inadequate or excessive to pay the reasonable costs of the above-mentioned five items, then either party may petition the Utilities Division of the Public Service Commission of West Virginia to audit and review the costs incurred by SRWPSD for such items and to fix the maximum aggregate amount for said items which Company will pay pursuant to this Subsection F.

VI. Installation of Domestic Services.

After the proposed acquisition of the Purchased Property and the installation of the Project 2000 Construction have been completed, Company shall install, in accordance with the Rules and Regulations of the Commission, domestic service lines, including the tap on SRWPSD System and the service line from SRWPSD System to the established curb line or within the public right of way nearest the main. This installation shall include the meter setting. All such service lines from SRWPSD System to SRWPSD customer's property line, meter settings and taps shall be constructed and installed by Company and shall be the property of Company. Company shall install all meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain and replace the meters and associated pressure regulators installed in the meter pits.

VII. Installation of Private Fire Protection Services.

Private fire protection service, approved by SRWPSD, may be installed by Company from SRWPSD System, but only in accordance with the Rules and Regulations of the Commission. Private fire protection service will be installed by Company at the expense of the applicant and will be billed by Company to the applicant and paid by the applicant directly to Company at a rate equal to the then approved private fire protection rate of Company.

VIII. Installation of Fire Hydrants.

Public fire protection facilities approved by SRWPSD may be installed in the future on SRWPSD System covered by this O&M Agreement at the request of an appropriate governmental unit, and installation shall be made pursuant to the Rules and Regulations of the Commission, provided that all such future fire hydrants shall meet ISO standards for fire flow.

IX. Water Service Franchise Territories.

It is expressly understood and agreed by Company and SRWPSD that:

A. Company shall be permitted to own the Purchased Property purchased by Company and to serve Company customers served directly from that line within the water service franchise area of SRWPSD as are necessary to enjoy and fulfill its rights and obligations under this O&M Agreement, subject to the terms and conditions set forth in this O&M Agreement.

B. Except as otherwise provided in this O&M Agreement, all persons served, either at present or in the future, by Company from Company-owned facilities shall be considered customers of Company.

C. SRWPSD agrees that, as a part of the consideration for this O&M Agreement, Company shall have the right, even after termination of this O&M Agreement, subject to capacity limitations of the District's facilities, to transfer water through SRWPSD System, and all future additions and future extensions thereto, under such terms and at such rates as may be approved by the Commission, and to serve customers who may be connected, directly or indirectly, to Company water mains, whether inside or outside SRWPSD's service area. The parties agree that this O&M Agreement does not constitute a determination by the parties that any subsequent use of SRWPSD System by Company after termination of this O&M Agreement, or extension thereof, shall require the payment of a transportation rate by Company, but either party shall be free to raise that issue for determination before the Commission.

X. Conditions Precedent to Effectiveness of O&M Agreement.

Company and SRWPSD understand and agree that this O&M Agreement, and the obligations of each of them hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this O&M Agreement:

A. The Commission shall have approved the rates and billing arrangements requested by SRWPSD in the Joint Application, or any supplements thereto, filed with the Commission seeking approval of this O&M Agreement, which Joint Application shall

initially be the responsibility of Company and thereafter shall be the joint responsibility of Company and SRWPSD.

B. The Commission shall have approved this O&M Agreement and the Purchase Agreement and all of the terms, conditions, undertakings, agreements and limitations in both of such agreements. Specifically, and without in any way limiting the generality of this condition, the Order approving this O&M Agreement and the transactions contemplated thereby shall:

(1) Authorize the inclusion in depreciable utility plant of Company any amounts expended by Company for the cost of installing, replacing or relocating any water lines or facilities on SRWPSD System which are defined as a "unit of property," in the NARUC Uniform System of Accounts and which are relocated or replaced by Company at its cost pursuant to Section IV under this O&M Agreement and the cost to Company to install service lines, meter settings and taps on SRWPSD system pursuant to Section VI; and

(2) Authorize Company to include in depreciable utility plant an amount equal to any tax expense associated with the obligations assumed by Company under the O&M Agreement to the extent that the undertaking by Company to operate, maintain, repair or replace SRWPSD System under this O&M Agreement, causes such SRWPSD System, or any part thereof, to constitute taxable income or to otherwise generate tax expense for Company.

C. The Commission shall not have attached to its Order any terms, conditions or limitations which shall adversely affect this O&M Agreement or the economic feasibility of this project between the parties insofar as take any action or refrain from taking

any action which, in the opinion of their respective counsel, might require them, or either of them, to breach any of their obligations under any Mortgage Indenture, as supplemented, or any other agreement to which either of them might be a party.

XI. Representations and Warranties.

A. SRWPSD represents and warrants to Company as follows:

(1) The execution, delivery and performance of this O&M Agreement by SRWPSD has been duly authorized, and this O&M Agreement constitutes a valid and binding obligation of SRWPSD enforceable in accordance with its terms; and

(2) The execution and performance of this O&M Agreement in accordance with its terms by SRWPSD will not violate any provisions of law or violate the terms or conditions of any loans made to SRWPSD for construction of SRWPSD System.

B. Company represents and warrants to SRWPSD as follows:

(1) The execution, delivery and performance of this O&M Agreement by Company have been duly authorized, and this O&M Agreement constitutes a valid and binding obligation of Company enforceable in accordance with its terms; and

(2) The execution and performance of this O&M Agreement in accordance with its terms by Company will not violate any provisions of Company's indentures.

XII. Assignability.

This O&M Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XIII. Notice.

Any notice, demand or request given hereunder shall be deemed sufficient if in writing and sent by certified mail, postal charges prepaid, to West Virginia-American Company, Attention: President, 500 Summers Street, P. O. Box 1906, Charleston, WV 25327; and to SRWPSD addressed to Salt Rock Water Public Service District, Box 31, Water Plant Road, West Virginia 25559, or to such address as the parties shall indicate by written notice to the other parties.

XIV. Captions.

The captions preceding the text of the sections of this O&M Agreement are inserted solely for convenience and reference and shall not be used to construe, interpret or affect any provision of this O&M Agreement.

IN WITNESS WHEREOF, West Virginia-American Water Company, a corporation, and Salt Rock Water Public Service District, a public corporation, have caused this O&M Agreement to be signed, by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

By _____
Chris E. Jarrett
Its President

SALT ROCK WATER PUBLIC SERVICE DISTRICT

By _____
Its: Chairman

CHASFS3:117240

STATE OF WEST VIRGINIA,

COUNTY OF ~~KANAWHA~~, to-wit:
CABELL

The foregoing instrument was acknowledged before me this 27th day of MAY, 1998, by Chris E. Jarrett, President of West Virginia-American Water Company, a West Virginia corporation, on behalf of the corporation.

My commission expires April 20, 2008.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PATRICIA E. LEE
5291 STATE RT. 10
SALT ROCK, WV 25559
My Commission Expires April 20, 2008

Pat E. Lee
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, to-wit:

The foregoing instrument was acknowledged before me this 27 day of May, 1998, by Robert L. Burns, Chairman of Salt Rock Water Public Service District, on behalf of Salt Rock Water Public Service District.

My commission expires April 20, 2008.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PATRICIA E. LEE
5291 STATE RT. 10
SALT ROCK, WV 25559
My Commission Expires April 20, 2008

Patricia E. Lee
Notary Public

This FIRST AMENDMENT TO AGREEMENT made as of September 21, 2000 ("First Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended ("SRWPSD").

WITNESSETH:

WHEREAS, Company and SRWPSD entered into an agreement dated as of May 27, 1998 (the "Agreement"), pursuant to which the Company undertake the operation and maintenance of certain water transmission and distribution facilities in connection with the Cabell County Regional Water Project (the "Project");

WHEREAS, under Article II of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, under Article V(D) of the Agreement, the Company agreed to pay a "Use Fee" for the use of the Project 2000 Construction;

WHEREAS, the parties wish (i) to amend Article II of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as SRWPSD's debt service obligations on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of water facilities that are part of the Project (collectively, the "Loans") and (ii) to amend Article V(D) of the Agreement to make the Company's Use Fee

obligation in an amount equal to SRWPSD's outstanding debt service obligations on the Loans.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this First Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Article II of the Agreement is hereby amended to read in its entirety as follows:

"The term of the Agreement shall extend for forty years from the date of this First Amendment and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and SRWPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, and redemption premium, if any, on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of any water facilities that are part of the Project."

2. Article V(D) of the Agreement is hereby amended to read in its entirety as follows:

"In exchange for the benefits of having the Company's Huntington Treatment Plant connected to the Project 2000 Construction, Company will pay a Use Fee in monthly payments directly to the account of SRWPSD (or, at SRWPSD's election, to the West Virginia Municipal Bond Commission on behalf of SRWPSD) in an aggregate amount that

is sufficient to permit SRWPSD to meet its debt service obligations related to loans previously made or to be made to SRWPSD in connection with the Project from the following sources (collectively, the "Loans"), whether or not the approximate principal amounts or expected issuance dates specified below for Loans to be made to SRWPSD are correct:

a. The West Virginia Water Development Authority ("WDA"), from proceeds of a WDA public offering of securities under WDA's Loan Program III, including but not limited to a loan in the approximate amount of $9,300,000 to SRWPSD expected to be made on or around September 21, 2000; and

b. The WDA, on behalf of the West Virginia Infrastructure and Jobs Development Council, including but not limited to a loan in the approximate amount of $3,000,000 to SRWPSD expected to be made on or around September 21, 2000.

Notwithstanding the foregoing, Company's obligation to make the aggregate monthly debt service payments shall continue only for so long as SRWPSD's repayment obligations on the Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

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

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, West Virginia-American Water Company and Salt Rock Water Public Service District have caused this First Amendment to Agreement to be signed, by their duly authorized officers, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

By: Michael A. Miller
Michael A. Miller
Its Vice President

SALT ROCK WATER PUBLIC SERVICE DISTRICT

By: Robert L Burns
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 27th day of September, 2000, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires January 17, 2004.

Barbara B Meadows
Notary Public

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA B. MEADOWS
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311
My Commission Expires Jan. 17, 2004

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 19th day of September, 2000, by Robert Burns, Chairman of Salt Rock Water Public Service District, a public corporation, on behalf of said corporation.

My commission expires April 20, 2008.

Pat E. Lee
Notary Public

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PATRICIA E. LEE
5291 STATE RT. 10
SALT ROCK, WV 25559
My Commission Expires April 20, 2008

This SECOND AMENDMENT TO AGREEMENT made as of August 13, 2003 ("Second Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation organized and existing pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, as amended ("SRWPSD").

WITNESSETH:

WHEREAS, the Company and SRWPSD entered into an agreement dated as of May 27, 1998 and amended on September 21, 2000 (as amended, the "Agreement"), pursuant to which the Company undertook the operation and maintenance of certain water transmission and distribution facilities then owned by SRWPSD and certain other water transmission and distribution facilities to be constructed and owned by SRWPSD in Cabell County, West Virginia, pursuant to a certificate of convenience and necessity issued to SRWPSD in West Virginia-American Water Company, PSC Case No. 98-0774-W-PWD-CN;

WHEREAS, the parties have jointly filed an application ("Application") with the Public Service Commission of West Virginia in Case No. 03-0631-W-PWD-CN for the issuance of a certificate of convenience and necessity to SRWPSD for the construction of certain water facilities intended to serve Left Fork of Union Ridge in Cabell County (the "New SRWPSD Facilities"), and SRWPSD and the Company anticipate similar cooperative efforts in the future (the "Future SRWPSD Facilities");

WHEREAS, the Parties wish to specify their respective obligations with respect to the imposition and collection of a post-construction tap fee to the extent SRWPSD's request to include the same in its tariff is approved.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Second Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Facilities Covered by Agreement. Except where the context clearly requires otherwise, the terms "SRWPSD water utility facilities" and "SRWPSD System", as initially defined or referred to in the Agreement, shall also include the New SRWPSD Facilities and any other water facilities acquired or constructed by SRWPSD during the term of this Agreement. The term "SRWPSD customers", as initially defined or referred to in the Agreement, shall include all customers of SRWPSD receiving water service from the SRWPSD System.

2. Post-Construction Tap Fee. Article VI of the Agreement is hereby amended to read in its entirety as follows:

"VI. Installation of Utility Services and Meter Settings.

A. After the proposed construction of SRWPSD Facilities, including service lines and meter settings for existing customers, provided for in this Agreement has been completed, Company shall install, in accordance with the Water Rules of the Commission, utility service lines, including the tap on SRWPSD Facilities and the utility service line from SRWPSD Facilities to the established curb line or within the public right-of-way nearest the main. This installation shall include the meter setting. All such utility service lines, meter settings, and taps shall be constructed and installed by Company at its expense and shall be the property of

Company. Company shall install the meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain, and replace the meters.

B. If SRWPSD is permitted to include in its approved tariff a post-construction tap fee to be imposed where the installation of the utility service line and meter setting occurs after construction of a line extension project ("Post-Construction Tap Fee"), Company shall collect, on behalf and in the name of SRWPSD, the Post-Construction Tap Fee from each prospective customer to whom the Post-Construction Tap Fee is applicable before installing the requested utility service line and meter setting. In each case, Company will be permitted to retain the full amount of the Post-Construction Tap Fee as a contribution in aid of construction from SRWPSD to Company, to be applied solely toward Company's costs to install the utility service line and meter setting for the prospective customer who paid the Post-Construction Tap Fee. To the extent that the installation costs of these facilities in any case exceed the amount of the Post-Construction Tap Fee, Company, and not SRWPSD or the prospective customer, will be responsible to pay for the excess costs. All provisions of Section A of this Article VI shall apply to utility service lines and meter settings for which a Post-Construction Tap Fee is collected."

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

(signature page follows)

IN WITNESS WHEREOF, West Virginia-American Water Company and the Salt Rock Water Public Service District have caused this Second Amendment to Agreement to be signed, by their duly authorized officers, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN
WATER COMPANY

By: _____
Michael A. Miller
Its Vice President

_____
Witness

SALT ROCK WATER PUBLIC
SERVICE DISTRICT

By: _____
Robert Burns
Its Chairman

_____
Witness

WEST VIRGINIA
AMERICAN WATER

Linda S. Bouvette
Vice President, Secretary
and Corporate Counsel

May 30, 2008

RECEIVED
08 MAY 30 PM 1:13
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Sandra Squire, Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
P.O. Box 812
Charleston, WV 25323

RE: West Virginia-American Water Company, a public utility and
Salt Rock Water Public Service District, a public utility
Joint Application by West Virginia-American Water Company and Salt Rock Water Public Service District for a certificate of Convenience and Necessity and a petition for consent and approval of a related agreement between the Applicants

Case No. 08-0156-W-PWD-PC-CN

Dear Ms. Squire:

Please find enclosed the original and twelve copies of "Response to Procedural Order Issued May 29, 2008" for filing in the above-referenced action. A copy has been sent to counsel of record.

Please do not hesitate to contact me should you have any questions regarding this matter.

Best regards,

Linda S. Bouvette

LSB:jgj

Linda S. Bouvette
Vice President, Secretary and Corporate Counsel

P. O. Box 1906
Charleston, WV 25327
P: 304-340-2007
F: 304-340-2059
E: linda.bouvette@amwater.com

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 08- 0156-W-PWD-PC-CN
Joint Application by West Virginia-American
Water Company and Salt Rock Water Public Service District
for a Certificate of Convenience and Necessity and
for approval of a related agreement between the applicants.

RESPONSE TO PROCEDURAL ORDER ISSUED MAY 29, 2008

Comes Salt Rock Water Public Service District, a public corporation ("Salt Rock PSD"), and West Virginia American Water Company, a public utility ("WVAW" or the "Company") (and jointly, "Applicants"), and for their response to the Procedural Order entered on May 29, 2008, hereby submits the revised **Third Amendment to Operations and Maintenance Agreement** which includes an amendment to Section B(F) to reflect the "Water and Wastewater Division" rather than the "Utilities Division".

Respectfully submitted this 20th day of May, 2008.

SALT ROCK WATER PUBLIC SERVICE DISTRICT

and

WEST VIRGINIA-AMERICAN WATER
COMPANY

By Counsel

Linda S. Bouvette, Esq. (WVSB # 5926)
West Virginia American Water Company
P.O. Box 1906
Charleston, WV 25327

Counsel for West Virginia-American Water Company

{C1200745.3}

THIRD AMENDMENT TO
OPERATION AND MAINTENANCE AGREEMENT

This THIRD AMENDMENT TO AGREEMENT is made as of this ___ day of _____, 2008, by and between **WEST VIRGINIA-AMERICAN WATER COMPANY**, a West Virginia corporation ("Company"), and **SALT ROCK WATER PUBLIC SERVICE DISTRICT,** a public corporation and political subdivision established under the provisions of Chapter 16, Articles 13A of the West Virginia Code of 1931, as amended ("SRWPSD").

W I T N E S S E T H

WHEREAS, the Company and SRWPSD entered into an agreement dated as of May 27, 1998, amended on September 21, 2000, ("First Amendment to Agreement") and amended on August 13, 2003 ("Second Amendment to Agreement), (as amended, the "Agreement"), pursuant to which the Company undertook the operation and maintenance of certain water transmission and distribution facilities then owned by SRWPSD and certain other water transmission and distribution facilities to be constructed and owned by SRWPSD in Cabell County, West Virginia pursuant to a certificate of convenience and necessity issued to SRWPSD in West Virginia-American Water Company, PSC Case No. 98-0774-W-PWD-CN, and in West Virginia-American Water Company, PSC Case No. 03-0631-W-PWD-CN;

WHEREAS, the parties have jointly filed an application ("Application") with the Public Service Commission of West Virginia in Case No. 08-0156-W-PWD-PC-CN for the issuance of a certificate of convenience and necessity to SRWPSD for the construction of certain water facilities intended to service Clark Hollow Road, Bryan Road, Jim Mount Road, Ninemile Creek Road, Little Cabell Creek and Dog Fork, Alternate 1 (the new "SRWPSD Facilities") and

SRWPSD and the Company anticipate similar cooperative efforts in the future (the "future SRWPSD Facilities");

WHEREAS, under Article II of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, under Article V(D) of the Agreement, the Company agreed to pay a "Use Fee" for the use of the Project 2000 Construction;

WHEREAS, the parties wish (i) to amend Article II of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as SRWPSD's debt service obligations on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of water facilities that are part of the Project (collectively, the "Loans") and (ii) to amend Article V(D) of the Agreement to make the Company's Use Fee obligation in an amount equal to SRWPSD's outstanding debt service obligations on the Loans.

NOW THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Third Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Except where the context clearly requires otherwise, the terms "SRWPSD water utility facilities" and "SRWPSD System", as initially defined or referred to in the Agreement, shall also include the New SRWPSD Facilities and any other water facilities acquired or constructed by SRWPSD during the term of this Agreement. The term "SRWPS customers," as initially defined or referred to in the Agreement, shall include all customers of SRWPSD receiving water service from the SRWPSD System.

2. Article II of the Agreement is hereby amended to read in its entirety as follows:

"The term of the Agreement shall extend for forty years from the date of this Third Amendment and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and SRWPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, and redemption premium, if any, on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of any water facilities that are part of the Project."

3. Article V(D) of the Agreement is hereby amended to read in its entirety as follows:

"In exchange for the benefits of having the Company's Huntington Treatment Plant connected to the Project 2000 Construction, Company will pay a Use Fee in monthly payments directly to the West Virginia Municipal Bond Commission on behalf of SRWPSD in an aggregate amount that is sufficient to permit SRWPSD to meet its debt service obligations related to loans previously made or to be made to SRWPSD in connection with the Project from the following sources (collectively, the "Loans"), whether or not the approximate principal amounts or expected issuance dates specified for Loans to be made to SRWPSD are correct:

a. The West Virginia Water Development Authority ("WDA") from proceeds of a WDA public offering of securities under WDA's Loan Program III, including but not limited to, a loan in the approximate amount of $9,300,000 to SRWPSD expected to be made on or around September 21, 2000;

b. The WDA, on behalf of West Virginia Infrastructure and Jobs Development Council, including but not limited to, a loan in the approximate amount of $3,000,000 to SRWPSD expected to be made on or around September 21, 2000;

c. The WDA, on behalf of West Virginia Infrastructure and Jobs Development Council, including but not limited to, a loan in the approximate amount of $296,800 to SRWPSD expected to be made on or around January 1, 2009."

Notwithstanding the foregoing, Company's obligations to make the aggregate monthly debt service payments shall continue only for so long as SRWPSD's repayment obligations on the Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies

to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

4. Article V(F) of the Agreement is hereby amended to read in its entirety as follows:

"In addition to the other obligations, duties and responsibilities set forth in this O&M Agreement, Company agrees to pay directly to vendors the reasonable costs of the following five items on behalf of SRWPSD, up to maximum aggregate amount for all five items of $8,000 in each calendar year during the term hereof, upon the receipt of an invoice for such costs from the vendor, which has been approved by SRWPSD for payment and forwarded by SRWPSD to Company:

1. SRWPSD Commissioners' Fees
2. Engineering, Legal and Accounting Expenses
3. Liability Insurance and Bonds
4. Regulatory Commission Fees
5. Miscellaneous Supplies and Expenses

SRWPSD agrees that the $8,000 provided under this O&M Agreement shall be the total amount to be paid by Company to SRWPSD under this O&M Agreement between Company and SRWPSD. In the event that either Company or SRWPSD determines that the maximum aggregate amount of $8,000 is inadequate or excessive to pay the reasonable costs of the above-mentioned five items, then either party may petition the Water and Wastewater Division of the Public Service Commission of West Virginia to audit and review the costs incurred by SRWPSD for such items and to fix the maximum aggregate amount for said items which Company will pay pursuant to this Subsection F."

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

IN WITNESS WHEREOF, West Virginia-American Water Company, a West Virginia corporation, and the Salt Rock Water Public Service District a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended, have caused this Agreement to be signed by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

Witness:

By:

_____

WAYNE D. MORGAN
PRESIDENT

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Witness:

By:

_____

ROBERT L. BURNS
CHAIRMAN

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by **WAYNE D, MORGAN, President of West Virginia American Water Company**, a West Virginia corporation, on behalf of the corporation.

My commission expires _____.

_____

Notary Public

STATE OF WEST VIRGINIA

COUNTY OF CABELL, to-wit:

The foregoing instrument was acknowledged before me this ___ day of _____, 2008, by _____, _____ of the **SALT ROCK WATER PUBLIC SERVICE DISTRICT**, a public corporation, on behalf of the corporation.

My commission expires _____.

_____

Notary Public

CERTIFICATE OF SERVICE

I, Linda S. Bouvette, do hereby certify that the foregoing **RESPONSE TO PROCEDURAL ORDER ISSUED MAY 29, 2008** was served upon the following by depositing a true and correct copy in the regular course of the United States mail, postage prepaid, this 30th day of May, 2008, addressed as follows:

Meyishi Blair, Staff Attorney
Legal Division
Public Service Commission of West Virginia
201 Brooks Street
Charleston, WV 25302

Linda S. Bouvette

PNC Bank, National Association
Trade Service Operations
3rd Floor
500 First Avenue
Pittsburgh, PA 15219
Mail Stop: P7-PFSC-03-T

Swift: PNCCUS33
Telephone: 1-800-682-4689

PNC BANK

BENEFICIARY:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION ON BEHALF OF THE WEST
SEE BELOW FOR COMPLETE NAME/ADDRESS
CHARLESTON, WV 25301

APPLICANT:
AMERICAN WATER WORKS COMPANY, INC.
ON BEHALF OF WEST VIRGINIA AMERICAN
SEE BELOW FOR COMPLETE NAME/ADDRESS
CHARLESTON, WV 25302-3932

IRREVOCABLE STANDBY LETTER OF CREDIT

OUR REFERENCE:	18110844-00-000
AMOUNT:	USD $15,424.00
ISSUE DATE:	DECEMBER 16, 2008
EXPIRY DATE:	DECEMBER 19, 2009
EXPIRY PLACE:	OUR COUNTERS

BENEFICIARY FULL NAME AND ADDRESS:
WEST VIRGINIA MUNICIPAL BOND COMMISSION
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AS REGISTERED OWNER OF THE SALT ROCK WATER PUBLIC SERVICE DISTRICT WATER REVENUE BONDS.
SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND)
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301
ATTN: SARA BOARDMAN

APPLICANT FULL NAME AND ADDRESS:
AMERICAN WATER WORKS COMPANY,INC.
ON BEHALF OF WEST VIRGINIA AMERICAN WATER COMPANY
1600 PENNSYLVANIA AVENUE
CHARLESTON, WV 25302-3932

EFFECTIVE 12/19/2008, WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT (THE "CREDIT") IN YOUR FAVOR FOR THE ACCOUNT OF THE ACCOUNT PARTY NAMED ABOVE, AT THE REQUEST OF THE APPLICANT, FOR NOT TO EXCEED THE AMOUNT STATED ABOVE (THE "CREDIT AMOUNT"), SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1) THE CREDIT AMOUNT IS AVAILABLE ONLY UPON OUR RECEIPT OF:

A. YOUR DRAFT OR DRAFTS DRAWN AT SIGHT ON PNC BANK, NATIONAL ASSOCIATION, BEARING ON ITS FACE THE ABOVE NUMBER OF THE CREDIT, TOGETHER WITH THE ORIGINAL OF THE CREDIT AND ALL AMENDMENTS THERETO.

AND

B. YOUR SIGNED STATEMENT READING: "SALT ROCK WATER PUBLIC SERVICE DISTRICT IS IN MONETARY DEFAULT OF THOSE CERTAIN SALT ROCK WATER PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 19, 2008 (THE "BONDS") DUE TO ITS

PNC Bank, National Association
Trade Service Operations
3rd Floor
500 First Avenue
Pittsburgh, PA 15219
Mail Stop: P7-PFSC-03-T

Swift: PNCCUS33
Telephone: 1-800-682-4689

PNC BANK

FAILURE TO MAKE DEBT SERVICE PAYMENTS ON THE BONDS AS AND WHEN DUE, AND PAYMENT HAS NOT BEEN RECEIVED FROM ANY OTHER SOURCE. THE AMOUNT OF THIS DRAW ON YOUR LETTER OF CREDIT 18110844-00-000 DOES NOT EXCEED THE AMOUNT OF SUCH MONETARY DEFAULT."

C. IN THE EVENT OF A DRAW ON THE CREDIT UNDER THE PROVISIONS OF PARAGRAPH 4 BELOW AND ONLY IN THAT EVENT, BENEFICIARY'S WRITTEN STATEMENT AS SET FORTH IN PARAGRAPH (B) ABOVE SHALL NOT BE REQUIRED.

2) THIS CREDIT MAY NOT BE TRANSFERRED OR ASSIGNED.

3) MULTIPLE DRAWINGS ARE PERMITTED. IF MULTIPLE DRAWS OCCUR, THE UNUSED BALANCE OF THE CREDIT AMOUNT WILL BE AVAILABLE UNTIL THE ABOVE-STATED EXPIRATION DATE.

4) THE EXPIRATION DATE IS SUBJECT TO EXTENSION AS FOLLOWS: THIS LETTER OF CREDIT IS DEEMED TO BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRATION DATE OR ANY FUTURE EXPIRATION DATE, BUT NO LATER THAN DECEMBER 19, 2018, THE ULTIMATE EXPIRY DATE, UNLESS 60 DAYS PRIOR TO SUCH EXPIRATION DATE, WE NOTIFY YOU BY REGISTERED OR CERTIFIED MAIL, OR OVERNIGHT COURIER SERVICE, THAT THIS LETTER OF CREDIT WILL NOT BE RENEWED FOR ANY SUCH ADDITIONAL PERIOD. IF YOU RECEIVE WRITTEN NOTICE FROM US THAT WE HAVE ELECTED NOT TO RENEW THIS STANDBY LETTER OF CREDIT, YOU MAY DRAW THE FULL AVAILABLE AMOUNT, THEN AVAILABLE HEREUNDER, NOT MORE THAN 15 DAYS PRIOR TO THE CURRENT EXPIRATION DATE BY PRESENTING YOUR DRAFT TOGETHER WITH THE ORIGINAL STANDBY LETTER OF CREDIT AND YOUR STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE THAT YOU ARE DRAWING ON THE LETTER OF CREDIT BECAUSE YOU WERE NOTIFIED BY US THAT PNC BANK, NATIONAL ASSOCIATION, DOES NOT INTEND TO RENEW THIS STANDBY LETTER OF CREDIT AND THAT WEST VIRGINIA AMERICAN WATER COMPANY HAS NOT FURNISHED A REPLACEMENT LETTER OF CREDIT SATIFACTORY TO YOU.

THIS CREDIT IS ISSUED IN PITTSBURGH, PENNSYLVANIA, AND ALL REFERENCES HEREIN TO TIME LIMITS, INCLUDING THE EXPIRATION DATE, ARE TO LOCAL PITTSBURGH, PA TIME. WE HEREBY AGREE WITH YOU THAT EACH DRAFT DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONOURED UPON PRESENTATION AND DELIVERY OF THE DOCUMENTS AS SPECIFIED HEREIN AT OUR COUNTERS AT PNC BANK, NATIONAL ASSOCIATION, FIRST SIDE CENTER, 500 FIRST AVENUE, 3RD FLOOR, PITTSBURGH, PA 15219, ON OR BEFORE THE CLOSE OF BUSINESS ON THE EXPIRATION DATE. ALL CORRERSPONDENCE RELATED TO THE CREDIT MUST BE SENT TO THE ATTENTION OF KATHLEEN SPEIRS, ASSISTANT VICE PRESIDENT, STANDBY LETTERS OF CREDIT, FIRST SIDE CENTER, 500 FIRST AVENUE, 3RD FLOOR, PITTSBURGH, PA 15219 AND MUST REFER TO 18110844-00-000.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, (2007 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600, AND TO THE EXTENT NOT GOVERENED THEREBY, TO THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

PNC Bank, National Association
Trade Service Operations
3rd Floor
500 First Avenue
Pittsburgh, PA 15219
Mail Stop: P7-PFSC-03-T

Swift: PNCCUS33
Telephone: 1-800-682-4689

PNC BANK

Mary Colad

PNC BANK, NATIONAL ASSOCIATION
GLOBAL TRADE SERVICE OPERATIONS

FORM11c647-0406

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

February 1, 2008

The Honorable W. Scott Bias
President
Cabell County Commission
750 Fifth Avenue, Suite 300
Huntington, West Virginia 25701

Dear Commissioner Bias:

On February 16, 2007, the Cabell County Commission received a commitment of $1,500,000 in Small Cities Block Grant funds to enable the Salt Rock Water Public Service District to extend water service to the following areas of Cabell County: Dog Fork of Smith Creek, Clark Hollow Road, Bryan Road, Jim Mount Road, and Nine-Mile Creek Road.

The Small Cities Block Grant award was based upon your immediate need for funds. Therefore, only $300,000 was made available from the fiscal year 2006 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Cabell County Commission's ability to proceed with this worthwhile project, I am committing the remaining $1,200,000 from the fiscal year 2007 Small Cities allocation. Your existing Small Cities Block Grant contract will be amended to include the additional funds.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Cabell County.

With warmest regards,

Joe Manchin III
Governor

JM:anb

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

February 16, 2007

The Honorable W. Scott Bias
President
Cabell County Commission
750 Fifth Avenue, Suite 300
Huntington, West Virginia 25701

Dear Commissioner Bias:

Thank you for your application to the Small Cities Block Grant Program.

Your request has been approved in the amount of $1,500,000. These funds will enable the Salt Rock Water Public Service District to extend water service to the following areas of Cabell County: Dog Fork of Smith Creek, Clark Hollow Road, Bryan Road, Jim Mount Road, and Nine-Mile Creek Road.

In order to effectively use the limited dollars available, I hereby commit $300,000 from our fiscal year 2006 allocation that will immediately be available to you. The remaining $1,200,000 necessary to complete the project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule.

Please contact Mrs. Angela White Negley of the West Virginia Development Office, at (304) 558-2234, to complete the necessary contract in order to proceed with your project.

I am pleased to assist with these improvements for the citizens of Cabell County.

With warmest regards,

Joe Manchin III
Governor

JM:anm

JUL 27 2006
232

CABELL COUNTY COMMISSION

SUITE 300 – 750 5TH AVENUE
CABELL COUNTY COURTHOUSE
HUNTINGTON, WEST VIRGINIA 25701-2072

COMMISSIONERS
BOB BAILEY 304 - 526 - 8637
W. SCOTT BIAS 304 - 526 - 8635
NANCY CARTMILL 304 - 526 - 8638

TELEPHONE
EXECUTIVE OFFICE 304 - 526 - 8634
FAX 304 - 526 - 8648
TDD 304 - 526 - 8682

July 27, 2006

The Honorable Joe Manchin
Governor, State of West Virginia
1900 Kanawha Blvd. East
Charleston, WV 25305

Re: Cabell County Commission
FY 2006 Cabell County Water Extension Project

Dear Governor Manchin:

It is with great pleasure that we, the Cabell County Commission, write this letter of support for the 2006 Cabell County Water Extension Project. This much needed funding will provide many families with reliable public water service. We have studied the user agreements and water quality test results and now realize how important that this project is. Many of these citizens have contaminated water and are required to haul water to their homes. As Commissioners we feel it is their right to have clean and safe water in order to properly care for their families. The total project cost of almost 2 million dollars will be insurmountable unless the Small Cities Block grant and the Infrastructure and Jobs Development Council grant are approved.

As you know the Commission has been unable to provide funding on prior applications due to the litigation with the regional jail. With a ruling from the judge and a possible appeal on the way it is still difficult to dedicate funds to "extracurricular" projects. However, as a good-faith effort, we are willing to provide funding in the amount of $20,000 to cover some of the project costs such as easements and legal fees. It is our belief that this is a viable project and one that should not be ignored. Thank you in advance for your consideration.

Sincerely,

W Scott Bias

W. Scott Bias, President

Bob Bailey

Bob Bailey, Commissioner

Nancy Cartmill

Nancy Cartmill, Commissioner

STATE OF WEST VIRGINIA
CABELL COUNTY CLERK
I, KAREN S. COLE, CABELL COUNTY CLERK, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY, FROM THE RECORDS OF MY AFORESAID OFFICE.
GIVEN UNDER MY HAND THIS 27th
DAY OF July, 2006
KAREN S. COLE, CABELL COUNTY CLERK
BY: Linda Reed
DEPUTY CLERK

West Virginia American Water®
Deborah D. Herndon
President

Mr. Robert L. Burns, Chairman
Salt Rock Water Public Service District
Box 31, Water Plant Road
Salt Rock, WV 25559-9704

September 11, 2007

Re: Cabell County Six Extension Project 2003W-755a
Robert L. Burns August 24, 2007 Letter to Dan Bickerton

Dear Mr. Burns;

Similar to Salt Rock Water Public Service District ("SRWPSD"), West Virginia American Water ("WVAW") is very proud of the accomplishments of our partnership arrangement. With the assistance of the Cabell County Commission, Region II, WVIJDC, PSC, and many others, we have successfully extended water service to numerous households in rural Cabell County and we look forward to similar success in the future.

It is unfortunate that the proposed funding for the above referenced project was not made available, however, I believe we can offer an acceptable solution to this funding shortfall. First, I am in agreement with your assessment that a surcharge on project customers, most of which are low to moderate income level households, would not be a favored solution. These households are the least likely to be able to support a monthly surcharge and may choose to not accept service if made available. Second, it is not reasonable for WVAW to increase its investment-per-customer to complete the funding for this project. WVAW must be responsible to its current rate payers so as to minimize future rate adjustments and remain consistent with funding in all partnership projects. Therefore, I propose to modify WVAW's Public-Private Partnership Water Extension Projects Conditions (revised 3/9/06) to accommodate a $296,800, 0%, 40-year WVIJDC loan through an annual fee to SRWPSD up to $7,920 per year and to provide a per-customer contribution of $1,800 per signed user agreement. This should effectively complete the funding for the project barring any significant bid-overruns.

I have advised Dan Bickerton to attend your next Board meeting to answer any questions you may have regarding this proposal and to provide any assistance necessary to complete this project. This letter supersedes and replaces any and all previous letters of financial commitment provided by WVAW to this project. We appreciate all your help and guidance in this project.

Sincerely,

Deborah D. Herndon

Deborah D. Herndon

cc: Cabell County Commission
Region II Planning & Development Council
Dan Bickerton
David Carovillano
C. Rick Crow
Romie Mundy

WV American Water
P.O. Box 1906
Charleston, WV 25327-1906
USA
T 304-340-2000
F 304-340-2076
I www.amwater.com

RWE Group

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **December 19, 2008**

Re: **Salt Rock Water Public Service Water System Design Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO SALT ROCK WATER PUBLIC SERVICE DISTRICT

A.

Payor:	West Virginia Infrastructure Fund
Source:	Series 2008 A Bonds Proceeds
Amount:	$10,750
Form:	Wire Transfer
Payee:	Salt Rock Water Public Service District
Bank:	The First State Bank
Routing #:	051502528
Account #:	70485508
Contact:	Sherry Barnett, 304.736.5271
Account:	Series 2008 A Bonds Construction Trust Fund

RESOLUTION OF THE SALT ROCK WATER PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO THE CONSTRUCTION AND OTHER SERVICES FOR THE CABELL COUNTY FY2006 WATER MAIN EXTENSIONS PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Salt Rock Water Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Cabell County FY2006 Water Main Extensions Project (the "Project") funded in part by the West Virginia Infrastructure and Jobs Development Council (IJDC), WVDO Small Cites Block Grant (SCBG), WV American Water (WVAWC), and the Cabell County Commission and hereby finds as follows:

a) That none of the items for which payment is proposed be made has formed the basis for any disbursement theretofore made.

b) That each item for which payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the Project.

c) That each such cost has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFORE, BE IT RESOLVED, by the Board of the Salt Rock Water Public Service District as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Name of Payee

Vendor	TOTAL	IJDC	SCBG	WVAWC	Cabell Cty, Comm.
Steptoe & Johnson PLLC	10,250.00	10,250.00			
- Bond Council					
Huntington Bank	500.00	500.00			
-Registrar Fee					
TOTAL	$10,750.00	10,750.00	0.00	0.00	0

ADOPTED BY the Salt Rock Water Public Service District, at the meeting held on the __9th day of December, 2008.

Salt Rock Water Public Service District

By: Robert F Burns

Its: General Manager

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date December 19, 2008 Time 9:00 am LGA Salt Rock Water PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Ryan White	Jackson Kelly	340-1283	340-1272	srwhite@jacksonkelly.com
John Stump	Steptoe & Johnson PLLC	353.8196	353.8181	john.stump@steptoe-johnson.com
Barbara B Meadows	Water Development Authority	558-3612	558.0299	bmeadows@wvwda.org
Sammie Gee	Jackson Kelly PLLC	340.1318	340.1272	sgee@jacksonkelly.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Rick Crow Telephone 304-736-6315 E-Mail N/A

Address Box 31, Water Plant Road, Salt Rock, WV ~~[illegible]~~ 25559

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

PWSID# WV3300617

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

PROJECT: (Water) Cabell County Water Line Extensions **PERMIT NO.:** 18,145

LOCATION: Cabell County **COUNTY:** Cabell **DATE:** 10-28-2008

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

WVAWC Salt Rock Public Service District
31 Water Plant Road
Salt Rock, West Virginia 25559

is hereby granted approval to: amend and modify Permit No. 17,809 for the Cabell County water line extension project. Major modifications will be the addition of approximately 2,545 LF of 8", 2,335 LF of 6" and 625 LF of 2" water line; one (1) PRV station; and all necessary valves and appurtenances to serve approximately seven (7) new customers along Oak Hill Road in Cabell County.

NOTE: **This permit is contingent upon all unchanged conditions and requirements of Permit No. 17,809 remaining in effect.**

The Environmental Engineering Division of the **St. Albans District Office (304) 722-0611** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cls

pc: Terradon Corporation
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Cabell-Huntington Health Department
OEHS-EED St. Albans District Office

PWSID# WV3300617

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

(Water)

PROJECT: Cabell County Water Line Extensions PERMIT NO.: 17,809

LOCATION: Cabell County COUNTY: Cabell DATE: 12-18-2007

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

WVAWC Salt Rock Public Service District
31 Water Plant Road
Salt Rock, West Virginia 25559

is hereby granted approval to: install approximately 32,000 LF of 8", 2,400 LF of 6" and 10,600 LF of 2" water line and all necessary valves and appurtenances.

Facilities are to serve 111 customers in the Little Cabell Creek Road, Clark Hollow Road, Bryan Road, Jim Mount Road, Ninemile Creek Road and Dog Road areas in Cabell County.

NOTE: **This permit is contingent upon all new water line being disinfected, flushed and bacteriologically tested, prior to use.**

The Environmental Engineering Division of the St. Albans District Office (304) 722-0611 is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt

pc: Terradon Corporation
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Cabell-Huntington Health Department
OEHS-EED St. Albans District Office

SALT ROCK WATER PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS,
SERIES 2000 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND
SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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SALT ROCK WATER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE OUTSTANDING PRINCIPAL OF AND INTEREST ACCRUED ON THE WATERWORKS FACILITIES BOND ANTICIPATION NOTES, SERIES 2000 B, OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $9,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SALT ROCK WATER PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22C, Article 1, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Salt Rock Water Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State.

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

C. The Issuer has heretofore temporarily financed a portion of the costs of construction of the Project with proceeds of its Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17,2000, issued in the original aggregate principal amount of not to exceed $7,950,000 (the "Prior Notes"). The Issuer has determined that refunding the Prior Notes is in the best interests of the Issuer and is required by the terms of the Prior Notes. The Issuer intends to permanently finance a portion of the costs of refunding the Prior Notes and the acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority").

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $12,000,000 in two series being the Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than $9,300,000 (the "Series 2000 A Bonds"), and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $3,000,000 (the "Series 2000 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project and to pay the Prior Notes in full. The remaining costs of the

Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the costs of paying the outstanding interest on, principal of and all fees for the Prior Notes, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority and its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. Following the refunding of the Prior Notes, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated May 27, 1998, as amended (the "Agreement"), by and between the Issuer and West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, and to make payments into all funds and accounts and other payments provided for herein.

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

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, the refunding of the Prior Notes and issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 A Bonds and the Series 2000 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2000 A Bonds and the Series 2000 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 22C, Article 1, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2000 A Bonds.

"Agreement" means initially, the Agreement, dated May 27, 1998, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2000 A Bonds and the Series 2000 B Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

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

"Closing Date" means the date upon which there is an exchange of the Series 2000 A Bonds and the Series 2000 B Bonds for all or a portion of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, from the Authority.

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

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

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

"Consulting Engineers" means West Virginia-American Water Company, Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

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

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project, including but not limited to, the Small Cities Block Grant and the grant by The County Commission of Cabell County.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally

accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. The initial Gross Revenues anticipated to be received by the Issuer will be limited to the amounts payable by the Company to the Issuer under the Agreement.

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Salt Rock Water Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means, collectively, the letter of credit or letters of credit, surety bond or other credit facility obtained by the Company or the Issuer to fund the Reserve Accounts for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority and by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2000 A Bonds and the Series 2000 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Notes" means the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17, 2000, issued in the original aggregate principal amount of not to exceed $7,950,000

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

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

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account.

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

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

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

"Series 2000 A Bonds" means the Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Bonds" means the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 B Bonds and the Series 2000 B Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2000 A Bonds and the Series 2000 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2000 A Bonds and the Series 2000 B Bonds or any other obligations of the Issuer, including, without limitation, any Sinking Fund or Reserve Account which may hereafter be established.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF THE PRIOR NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project and the Refunding of the Prior Notes. There is hereby authorized and ordered the acquisition and construction of the Project and the refunding of the Prior Notes, at an estimated cost of $17,747,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $17,747,000, of which approximately $9,300,000 will be obtained from proceeds of the Series 2000 A Bonds, approximately $3,000,000 will be obtained from proceeds of the Series 2000 B Bonds, approximately $1,250,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), approximately $100,000 will be obtained from a grant by The County Commission of Cabell County and approximately $4,097,000 will be from funds contributed by the Company.

The total cost of refunding the Prior Notes is estimated to be $1,882,892.76 which will be obtained from the proceeds of the Series 2000 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, refunding the Prior Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued Series 2000 A Bonds and the Series 2000 B Bonds of the Issuer. The Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority)," in the principal amount of not more than $9,300,000 and "Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $3,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 A Bonds and the Series 2000 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 A Bonds and the Series 2000 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances (with respect to the Series 2000 B Bonds only) and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate

principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 A Bonds and the Series 2000 B Bonds shall cease to be such officer of the Issuer before the Series 2000 A Bonds and the Series 2000 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2000 A Bonds and the Series 2000 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2000 A Bond nor Series 2000 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 A Bond and the Series 2000 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2000 A Bonds and the Series 2000 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 A Bonds and the Series 2000 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 A Bonds and the Series 2000 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 A Bonds and the Series 2000 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2000 A Bonds and the Series 2000 B Bonds.

The registered Series 2000 A Bonds and the Series 2000 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2000 A Bonds and the Series 2000 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 A Bond or Series 2000 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds and the Series 2000 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2000 A Bonds and the Series 2000 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 A Bonds and the Series 2000 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 A Bonds and the Series 2000 B Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2000 A Bonds and the Series 2000 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 A Bonds and the Series 2000 B Bonds to the original purchasers;

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

(iv) An executed copy of the Loan Agreement;

(v) A copy of the Agreement;

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

(vii) The unqualified approving opinion of bond counsel on the Series 2000 A Bonds and the Series 2000 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 A Bonds and the Series 2000 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2000 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on _____ 1 of each year, commencing _____1, _____, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The Administrative Fee (as defined in the hereafter described Bond Legislation) on this Bond shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, as set forth on Exhibit A attached hereto.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, ____, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and

conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17,2000; (iii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,000,000 (THE "SERIES 2000 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and

to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

_____,
as Registrar

_____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2000 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,300,000 (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the

registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

_____, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 A Bonds and the Series 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund;

(2) Series 2000 A Bonds Construction Trust Fund; and

(3) Series 2000 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2000 A Bonds Sinking Fund;

(2) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account (to be funded with Letter of Credit);

(3) Series 2000 B Bonds Sinking Fund; and

(4) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account (to be funded with Letter of Credit);

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses of the System not otherwise paid by the Company pursuant to the Agreement.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, commencing 7 months prior to the first date of payment of interest on the Series 2000 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) commencing 13 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month

prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority and the Council.

(5) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority or the Council.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 2000 A Bonds and the Series 2000 B Bonds or for any lawful purpose of the System.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2000 A

Bonds and the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreements and submit a copy of said form, together with a copy of its payment check, to the Authority by the 5th day of such calendar month.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 A Bonds and the Series 2000 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 A Bonds for the period commencing on the date of issuance of the Series 2000 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 B Bonds for the period commencing on the date of issuance of the Series 2000 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2000 A Bonds, there shall be paid to the Holders of the Prior Notes the entire outstanding principal of, all accrued interest on and all fees for the Prior Notes.

D. The remaining moneys derived from the sale of the Series 2000 A Bonds shall be deposited with the Depository Bank in the Series 2000 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 B Bonds.

F. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the respective Bond Construction Trust Funds and shall comply

with all requirements with respect to the disposition of such funds set forth in the Bond Legislation.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. Except as provided in Section 6.01 hereof, disbursements from the Series 2000 A Bonds Construction Trust Fund shall be made only after submission to the Depository Bank, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2000 A Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2000 A Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from such funds. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 2000 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2000 A Bonds shall be applied as directed by the Authority.

The Issuer shall expend all proceeds of the Series 2000 A Bonds within 3 years of the date of issuance of the Authority's Bonds, the proceeds of which were used to make the loan of the Issuer.

B. To make disbursements from the Series 2000 B Bonds Construction Trust Fund, the Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require.

Payments of all Costs of the Project from the proceeds of the Series 2000 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the Series 2000 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2000 B Bonds shall be applied as directed by the Council.

The Issuer shall expend all proceeds of the Series 2000 B Bonds within 3 years of the date of issuance of the State's general obligation bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds and the Series 2000 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2000 A Bonds and the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered January 11, 1999, in Case No. 98-0774-W-PSD-CN.

So long as the Series 2000 A Bonds and the Series 2000 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2000 A Bonds and the Series 2000 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds. Any balance remaining after the payment of the Series 2000 A Bonds and the Series 2000 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that

such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the consent of the Council and the Authority, be remitted to the Commission for deposit in the Sinking Funds. Payment of such proceeds into the Sinking Funds, the Revenue Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 A Bonds and the Series 2000 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2000 A Bonds and the Series 2000 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 A Bonds and the Series 2000 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2000 A Bonds and the Series 2000 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2000 A Bonds and the Series 2000 B Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the payments from the Company under the Agreement shall not be less than 100% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

In the event the Agreement is no longer in place, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2000 A Bonds and the Series 2000 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 A Bonds and the Series 2000 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction and commencement of operation of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Purchaser, the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so

that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the Agreement is no longer in place, the Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan

Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the Agreement to fulfil compliance with this covenant.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the

services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2000 A Bonds and the Series 2000 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance

shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete or cause to be completed under the Agreement the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2000 A Bonds and the Series 2000 B Bonds are outstanding. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil compliance with this covenant. Pursuant to the Agreement, the Company has agreed to operate and maintain the System at its own expense.

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

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

A. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

B. FURTHER ACTIONS. The Issuer will take any and all actions that may be deemed necessary by the Authority so that the interest on the obligations of the Authority, the proceeds of which were used by the Authority to purchase the Series 2000 A Bonds, will be and remain excludable from gross income for federal income tax purposes.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2000 A Bonds and the Series 2000 B Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds and the Series 2000 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority and the Council for written approval. The Issuer shall obtain the written approval of the Authority and the Council before expending any proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority and Council before expending any proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the Rebate Fund. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 A Bonds and the Series 2000 B Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds as a condition to issuance of the Series 2000 A Bonds and the Series 2000 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and

applicable to the Series 2000 A Bonds and the Series 2000 B Bonds as may be necessary in order to maintain the status of the Series 2000 A Bonds and the Series 2000 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

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

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 A Bonds and the Series 2000 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2000 A Bonds and the Series 2000 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 A Bonds and the Series 2000 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 A Bonds and the Series 2000 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2000 A Bonds and the Series 2000 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2000 A Bonds and the Series 2000 B Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Series 2000 A Bonds and the Series 2000 B Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered

Owners of the Series 2000 A Bonds and the Series 2000 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied; provided that, so long as the Authority is the Registered Owner of the Bonds, the Issuer shall not redeem any of the Bonds without the prior written consent of the Authority, and any such redemption authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds of the Authority, the redemption premium payable on the applicable water development revenue bonds of the Authority redeemable as a consequence of such redemption of the Bonds and the costs and expenses of the Authority in effecting any such redemption, all as prescribed in the Loan Agreement.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2000 A Bonds and the Series 2000 B Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2000 A Bonds and the Series 2000 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Company, the Authority, or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Salt Rock Water Public Service District
Route 1, Box 31
Water Plant Road
Salt Rock, West Virginia 25559
Attention: Chairman

COMPANY:

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

AUTHORITY:

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

COUNCIL:

West Virginia Infrastructure Council
980 One Valley Square
Charleston, West Virginia 25301
Attention: Executive Secretary

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

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

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia

applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

(a) The maximum amount of the Bonds to be issued;

(b) The maximum interest rate and terms of the Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 19th day of September, 2000.

Robert F Burns
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the 19th day of September, 2000.

Dated: September 21, 2000.

[SEAL]

Secretary

09/05/00
121970/99001

CH402702.2

EXHIBIT A

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

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF SALT ROCK WATER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNTS; APPROVING THE FIRST AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Salt Rock Water Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 19, 2000 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE OUTSTANDING PRINCIPAL OF AND INTEREST ACCRUED ON THE WATERWORKS FACILITIES BOND ANTICIPATION NOTES, SERIES 2000 B, OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED,

THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $9,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Series 2000 B (West Virginia Infrastructure Fund) of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed $9,300,000 and $3,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2000 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 1 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer and the Company have agreed to amend the Operation and Maintenance Agreement dated May 27, 1998, by entering into the First Amendment to Agreement dated September 21, 2000 (the "First Amendment to Agreement");

WHEREAS, the Issuer has determined it desirable to purchase from One Valley Bank, National Association, Charleston, West Virginia, and the Company has agreed to pay for such purchase, a Letter of Credit, No.00-050, dated September 21, 2000, in the amount of $596,028 (the "Series 2000 A Letter of Credit"), and a Letter of Credit, No. 00-049, dated September 21, 2000, in the amount of $153,848 (the "Series 2000 B Letter of Credit" and collectively with the Series 2000 A Letter of Credit, the "Letter of Credit") to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account respectively;

WHEREAS, the Loan Agreement, the First Amendment to Agreement and the Letter of Credit have been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the First Amendment to Agreement and the Letter of Credit be approved, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $9,300,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2040, and shall bear interest at the rates

per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, payable semiannually on June 1 and December 1 of each year, beginning December 1, 2000. The Series 2000 A Bonds shall be payable in annual installments of principal on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 A Bonds. The Series 2000 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1.75% of the principal amount of the Series 2000 A Bonds, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2000, as set forth in the Schedule Y attached to the Loan Agreement. The Authority will purchase the Series 2000 A Bonds at the price of $8,755,000.

B. Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $3,000,000. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2040, and shall bear no interest. The principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, and ending September 1, 2040, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 B Bonds.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority.

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

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

Section 5. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the respective Reserve Accounts for the Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Accounts be funded in the amounts required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 6. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 8. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Depository Bank under the Resolution.

Section 9. Series 2000 A Bonds proceeds in the amount of $587,108.59 shall be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest.

Section 10. Series 2000 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 B Bonds Sinking Fund as capitalized interest.

Section 11. Series 2000 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 A Bonds Reserve Account. The Series 2000 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $596,028.

Section 12. Series 2000 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 B Bonds Reserve Account. The Series 2000 B Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $153,848.

Section 13. Series 2000 A Bonds proceeds in the amount of $1,882,892.76 shall be paid to One Valley Bank, National Association, Charleston, West Virginia, to pay in full the entire outstanding principal of and all interest accrued on the Prior Notes.

Section 14. The balance of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs.

Section 15. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 21, 2000.

Section 16. The acquisition and construction of the Project, the refunding of the Prior Notes and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 17. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 21st day of September, 2000.

Robert J. Burns

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the 19th day of September, 2000.

Dated: September 21, 2000.

[SEAL]

Secretary

09/17/00
121970/99001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $9,300,000

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of NINE MILLION THREE HUNDRED THOUSAND DOLLARS ($9,300,000), in annual installments on June 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The Administrative Fee (as defined in the hereafter described Bond Legislation) on this Bond shall be payable semiannually on December 1 and June 1 of each year, commencing December 1, 2000, as set forth on Exhibit A attached hereto.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on December 1 and June 1 of each year, commencing December 1, 2000, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated September 21, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17,2000; (iii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 19, 2000, and a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,000,000 (THE "SERIES 2000 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B

Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated September 21, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: September 21, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

FINAL

Salt Rock Water Public District Service (West Virginia)

WDA Loan of $9,300,000

Administrative Fee of 1.75% of Annual Debt Service

(Annual Use Fee not to exceed $606,608)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2000	-	-	145,223.62	-	145,223.62
6/01/2001	-	-	258,814.38	7,070.67	265,885.05
12/01/2001	-	-	258,814.38	-	258,814.38
6/01/2002	75,000.00	4.500%	258,814.38	10,371.01	344,185.39
12/01/2002	-	-	257,126.88	-	257,126.88
6/01/2003	80,000.00	4.600%	257,126.88	10,399.45	347,526.33
12/01/2003	-	-	255,286.88	-	255,286.88
6/01/2004	85,000.00	4.650%	255,286.88	10,422.55	350,709.43
12/01/2004	-	-	253,310.63	-	253,310.63
6/01/2005	85,000.00	4.700%	253,310.63	10,353.38	348,664.01
12/01/2005	-	-	251,313.13	-	251,313.13
6/01/2006	90,000.00	4.750%	251,313.13	10,370.96	351,684.09
12/01/2006	-	-	249,175.63	-	249,175.63
6/01/2007	95,000.00	4.800%	249,175.63	10,383.65	354,559.28
12/01/2007	-	-	246,895.63	-	246,895.63
6/01/2008	100,000.00	4.900%	246,895.63	10,391.35	357,286.98
12/01/2008	-	-	244,445.63	-	244,445.63
6/01/2009	105,000.00	5.000%	244,445.63	10,393.10	359,838.73
12/01/2009	-	-	241,820.63	-	241,820.63
6/01/2010	110,000.00	5.000%	241,820.63	10,388.73	362,209.36
12/01/2010	-	-	239,070.63	-	239,070.63
6/01/2011	115,000.00	5.000%	239,070.63	10,379.98	364,450.61
12/01/2011	-	-	236,195.63	-	236,195.63
6/01/2012	120,000.00	5.125%	236,195.63	10,366.85	366,562.48
12/01/2012	-	-	233,120.63	-	233,120.63
6/01/2013	125,000.00	5.250%	233,120.63	10,346.73	368,467.36
12/01/2013	-	-	229,839.38	-	229,839.38
6/01/2014	135,000.00	5.375%	229,839.38	10,406.88	375,246.26
12/01/2014	-	-	226,211.25	-	226,211.25
6/01/2015	140,000.00	5.875%	226,211.25	10,367.40	376,578.65
12/01/2015	-	-	222,098.75	-	222,098.75
6/01/2016	150,000.00	5.875%	222,098.75	10,398.46	382,497.21
12/01/2016	-	-	217,692.50	-	217,692.50
6/01/2017	160,000.00	5.875%	217,692.50	10,419.24	388,111.74
12/01/2017	-	-	212,992.50	-	212,992.50
6/01/2018	165,000.00	5.875%	212,992.50	10,342.24	388,334.74
12/01/2018	-	-	208,145.63	-	208,145.63
6/01/2019	175,000.00	5.875%	208,145.63	10,347.60	393,493.23
12/01/2019	-	-	203,005.00	-	203,005.00
6/01/2020	185,000.00	5.875%	203,005.00	10,342.68	398,347.68
12/01/2020	-	-	197,570.63	-	197,570.63
6/01/2021	200,000.00	5.625%	197,570.63	10,414.98	407,985.61
12/01/2021	-	-	191,945.63	-	191,945.63
6/01/2022	210,000.00	5.625%	191,945.63	10,393.10	412,338.73

FINAL

Salt Rock Water Public District Service (West Virginia)

WDA Loan of $9,300,000
Administrative Fee of 1.75% of Annual Debt Service
(Annual Use Fee not to exceed $606,608)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2022	-	-	186,039.38	-	186,039.38
6/01/2023	220,000.00	5.625%	186,039.38	10,361.38	416,400.76
12/01/2023	-	-	179,851.88	-	179,851.88
6/01/2024	235,000.00	5.625%	179,851.88	10,407.32	425,259.20
12/01/2024	-	-	173,242.50	-	173,242.50
6/01/2025	245,000.00	5.625%	173,242.50	10,350.99	428,593.49
12/01/2025	-	-	166,351.88	-	166,351.88
6/01/2026	260,000.00	5.625%	166,351.88	10,372.32	436,724.20
12/01/2026	-	-	159,039.38	-	159,039.38
6/01/2027	275,000.00	5.625%	159,039.38	10,378.88	444,418.26
12/01/2027	-	-	151,305.00	-	151,305.00
6/01/2028	290,000.00	5.625%	151,305.00	10,370.68	451,675.68
12/01/2028	-	-	143,148.75	-	143,148.75
6/01/2029	305,000.00	5.625%	143,148.75	10,347.71	458,496.46
12/01/2029	-	-	134,570.63	-	134,570.63
6/01/2030	325,000.00	5.625%	134,570.63	10,397.48	469,968.11
12/01/2030	-	-	125,430.00	-	125,430.00
6/01/2031	345,000.00	5.650%	125,430.00	10,427.55	480,857.55
12/01/2031	-	-	115,683.75	-	115,683.75
6/01/2032	360,000.00	5.650%	115,683.75	10,348.94	486,032.69
12/01/2032	-	-	105,513.75	-	105,513.75
6/01/2033	385,000.00	5.650%	105,513.75	10,430.49	500,944.24
12/01/2033	-	-	94,637.50	-	94,637.50
6/01/2034	405,000.00	5.650%	94,637.50	10,399.82	510,037.32
12/01/2034	-	-	83,196.25	-	83,196.25
6/01/2035	425,000.00	5.650%	83,196.25	10,349.37	518,545.62
12/01/2035	-	-	71,190.00	-	71,190.00
6/01/2036	450,000.00	5.650%	71,190.00	10,366.65	531,556.65
12/01/2036	-	-	58,477.50	-	58,477.50
6/01/2037	475,000.00	5.650%	58,477.50	10,359.22	543,836.72
12/01/2037	-	-	45,058.75	-	45,058.75
6/01/2038	505,000.00	5.650%	45,058.75	10,414.56	560,473.31
12/01/2038	-	-	30,792.50	-	30,792.50
6/01/2039	530,000.00	5.650%	30,792.50	10,352.74	571,145.24
12/01/2039	-	-	15,820.00	-	15,820.00
6/01/2040	560,000.00	5.650%	15,820.00	10,353.70	586,173.70
Total	9,300,000.00	-	14,234,891.96	411,860.79 *	23,946,752.75

*The Administrative Fee is payable semiannually on June 1 and December 1.

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

09/15/00
121970/99001

STEPTOE & JOHNSON
ATTORNEYS AT LAW
BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

RILEY BUILDING: FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia Water Development Authority)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Water Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $9,300,000 Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable June 1 and December 1 of each year, commencing December 1, 2000, at the rates per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, and with principal installments payable on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, all as set forth in the Schedule Y, attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the Administrative Fee payable semiannually on June 1 and December 1 of each year, commencing December 1, 2000, as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the

purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17, 2000 (the "Prior Notes"); (iii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; and (iv) paying certain costs of issuance of the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $596,028 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to refund the Prior Notes, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges 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 may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON

09/15/00
121970/99001

CH633594.2

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 A, numbered AR-1, standing in the name of the West Virginia Water Development Authority on the books of registration of said Governmental Agency.

Dated: September 21, 2000

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

C0427223.1

SPECIMEN

9-21-2000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $3,000,000

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE MILLION DOLLARS ($3,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated September 21, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 19,

2000, and a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,300,000 (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated September 21, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: September 21, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$40,400	09/21/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	19,231.00	-	19,231.00
3/01/2002	19,231.00	-	19,231.00
6/01/2002	19,231.00	-	19,231.00
9/01/2002	19,231.00	-	19,231.00
12/01/2002	19,231.00	-	19,231.00
3/01/2003	19,231.00	-	19,231.00
6/01/2003	19,231.00	-	19,231.00
9/01/2003	19,231.00	-	19,231.00
12/01/2003	19,231.00	-	19,231.00
3/01/2004	19,231.00	-	19,231.00
6/01/2004	19,231.00	-	19,231.00
9/01/2004	19,231.00	-	19,231.00
12/01/2004	19,231.00	-	19,231.00
3/01/2005	19,231.00	-	19,231.00
6/01/2005	19,231.00	-	19,231.00
9/01/2005	19,231.00	-	19,231.00
12/01/2005	19,231.00	-	19,231.00
3/01/2006	19,231.00	-	19,231.00
6/01/2006	19,231.00	-	19,231.00
9/01/2006	19,231.00	-	19,231.00
12/01/2006	19,231.00	-	19,231.00
3/01/2007	19,231.00	-	19,231.00
6/01/2007	19,231.00	-	19,231.00
9/01/2007	19,231.00	-	19,231.00
12/01/2007	19,231.00	-	19,231.00
3/01/2008	19,231.00	-	19,231.00
6/01/2008	19,231.00	-	19,231.00
9/01/2008	19,231.00	-	19,231.00
12/01/2008	19,231.00	-	19,231.00
3/01/2009	19,231.00	-	19,231.00
6/01/2009	19,231.00	-	19,231.00
9/01/2009	19,231.00	-	19,231.00
12/01/2009	19,231.00	-	19,231.00
3/01/2010	19,231.00	-	19,231.00
6/01/2010	19,231.00	-	19,231.00
9/01/2010	19,231.00	-	19,231.00
12/01/2010	19,231.00	-	19,231.00
3/01/2011	19,231.00	-	19,231.00
6/01/2011	19,231.00	-	19,231.00
9/01/2011	19,231.00	-	19,231.00
12/01/2011	19,231.00	-	19,231.00
3/01/2012	19,231.00	-	19,231.00

Ferris, Baker Watts, Incorporated
Public Finance

File = IF Salt Rock PSD.sf-9 07 00- SINGLE PURPOSE
9/ 7/2000 6:14 PM

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2012	19,231.00	-	19,231.00
9/01/2012	19,231.00	-	19,231.00
12/01/2012	19,231.00	-	19,231.00
3/01/2013	19,231.00	-	19,231.00
6/01/2013	19,231.00	-	19,231.00
9/01/2013	19,231.00	-	19,231.00
12/01/2013	19,231.00	-	19,231.00
3/01/2014	19,231.00	-	19,231.00
6/01/2014	19,231.00	-	19,231.00
9/01/2014	19,231.00	-	19,231.00
12/01/2014	19,231.00	-	19,231.00
3/01/2015	19,231.00	-	19,231.00
6/01/2015	19,231.00	-	19,231.00
9/01/2015	19,231.00	-	19,231.00
12/01/2015	19,231.00	-	19,231.00
3/01/2016	19,231.00	-	19,231.00
6/01/2016	19,231.00	-	19,231.00
9/01/2016	19,231.00	-	19,231.00
12/01/2016	19,231.00	-	19,231.00
3/01/2017	19,231.00	-	19,231.00
6/01/2017	19,231.00	-	19,231.00
9/01/2017	19,231.00	-	19,231.00
12/01/2017	19,231.00	-	19,231.00
3/01/2018	19,231.00	-	19,231.00
6/01/2018	19,231.00	-	19,231.00
9/01/2018	19,231.00	-	19,231.00
12/01/2018	19,231.00	-	19,231.00
3/01/2019	19,231.00	-	19,231.00
6/01/2019	19,231.00	-	19,231.00
9/01/2019	19,231.00	-	19,231.00
12/01/2019	19,231.00	-	19,231.00
3/01/2020	19,231.00	-	19,231.00
6/01/2020	19,231.00	-	19,231.00
9/01/2020	19,231.00	-	19,231.00
12/01/2020	19,231.00	-	19,231.00
3/01/2021	19,231.00	-	19,231.00
6/01/2021	19,231.00	-	19,231.00
9/01/2021	19,231.00	-	19,231.00
12/01/2021	19,231.00	-	19,231.00
3/01/2022	19,231.00	-	19,231.00
6/01/2022	19,231.00	-	19,231.00
9/01/2022	19,231.00	-	19,231.00
12/01/2022	19,231.00	-	19,231.00
3/01/2023	19,231.00	-	19,231.00
6/01/2023	19,231.00	-	19,231.00
9/01/2023	19,231.00	-	19,231.00

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2023	19,231.00	-	19,231.00
3/01/2024	19,231.00	-	19,231.00
6/01/2024	19,231.00	-	19,231.00
9/01/2024	19,231.00	-	19,231.00
12/01/2024	19,231.00	-	19,231.00
3/01/2025	19,231.00	-	19,231.00
6/01/2025	19,231.00	-	19,231.00
9/01/2025	19,231.00	-	19,231.00
12/01/2025	19,231.00	-	19,231.00
3/01/2026	19,231.00	-	19,231.00
6/01/2026	19,231.00	-	19,231.00
9/01/2026	19,231.00	-	19,231.00
12/01/2026	19,231.00	-	19,231.00
3/01/2027	19,231.00	-	19,231.00
6/01/2027	19,231.00	-	19,231.00
9/01/2027	19,231.00	-	19,231.00
12/01/2027	19,231.00	-	19,231.00
3/01/2028	19,231.00	-	19,231.00
6/01/2028	19,231.00	-	19,231.00
9/01/2028	19,231.00	-	19,231.00
12/01/2028	19,231.00	-	19,231.00
3/01/2029	19,231.00	-	19,231.00
6/01/2029	19,231.00	-	19,231.00
9/01/2029	19,231.00	-	19,231.00
12/01/2029	19,231.00	-	19,231.00
3/01/2030	19,231.00	-	19,231.00
6/01/2030	19,231.00	-	19,231.00
9/01/2030	19,231.00	-	19,231.00
12/01/2030	19,231.00	-	19,231.00
3/01/2031	19,231.00	-	19,231.00
6/01/2031	19,231.00	-	19,231.00
9/01/2031	19,231.00	-	19,231.00
12/01/2031	19,230.00	-	19,230.00
3/01/2032	19,230.00	-	19,230.00
6/01/2032	19,230.00	-	19,230.00
9/01/2032	19,230.00	-	19,230.00
12/01/2032	19,230.00	-	19,230.00
3/01/2033	19,230.00	-	19,230.00
6/01/2033	19,230.00	-	19,230.00
9/01/2033	19,230.00	-	19,230.00
12/01/2033	19,230.00	-	19,230.00
3/01/2034	19,230.00	-	19,230.00
6/01/2034	19,230.00	-	19,230.00
9/01/2034	19,230.00	-	19,230.00
12/01/2034	19,230.00	-	19,230.00
3/01/2035	19,230.00	-	19,230.00

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2035	19,230.00	-	19,230.00
9/01/2035	19,230.00	-	19,230.00
12/01/2035	19,230.00	-	19,230.00
3/01/2036	19,230.00	-	19,230.00
6/01/2036	19,230.00	-	19,230.00
9/01/2036	19,230.00	-	19,230.00
12/01/2036	19,230.00	-	19,230.00
3/01/2037	19,230.00	-	19,230.00
6/01/2037	19,230.00	-	19,230.00
9/01/2037	19,230.00	-	19,230.00
12/01/2037	19,230.00	-	19,230.00
3/01/2038	19,230.00	-	19,230.00
6/01/2038	19,230.00	-	19,230.00
9/01/2038	19,230.00	-	19,230.00
12/01/2038	19,230.00	-	19,230.00
3/01/2039	19,230.00	-	19,230.00
6/01/2039	19,230.00	-	19,230.00
9/01/2039	19,230.00	-	19,230.00
12/01/2039	19,230.00	-	19,230.00
3/01/2040	19,230.00	-	19,230.00
6/01/2040	19,230.00	-	19,230.00
9/01/2040	19,230.00	-	19,230.00
Total	3,000,000.00	-	3,000,000.00

YIELD STATISTICS

Bond Year Dollars	$61,707.79
Average Life	20.569 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.24E-10
Bond Yield for Arbitrage Purposes	1.24E-10
All Inclusive Cost (AIC)	1.24E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.569 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

09/15/00
121970/99001

STEPTOE & JOHNSON
ATTORNEYS AT LAW
BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-8991
FACSIMILE (304) 262-3541

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2000 B
(West Virginia Infrastructure Fund)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Water Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $3,000,000 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, and ending September 1, 2040, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $153,848 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 B Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the

System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

09/15/00
121970/99001

CH633602.2

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service ***1974 - 2008***

December 19, 2008

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the present holder of the Prior Bonds, hereinafter defined and described, in reliance upon the certificate of David L. Howell, independent certified public accountant, and Steptoe & Johnson PLLC, bond counsel, that the Issuer has met the coverage and parity requirements set forth in the Resolution authorizing the Prior Bonds, hereby consents to the issuance of the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Series 2008 A Bonds"), in the principal amount of $296,800, by Salt Rock Water Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2008 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (i) Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated September 21, 2000, issued in the original aggregate principal amount of $ 9,300,000 (the "Se ries 2000 A Bonds"); and (ii) Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated September 21, 2000, issued in the original aggregate principal amount of $3,000,000 (the "S eries 2000 B Bonds") (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Barbara B Meadows
Its: Authorized Representative

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