

WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

Closing Date: January 28, 2010

TRANSCRIPT OF PROCEEDINGS

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NOTE: Current user rates for the Company were established in PSC Case No. 08-0900-W-42T.

**State of West Virginia
WATER DEVELOPMENT AUTHORITY**

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date 1/27/2010 Time 2 p.m. LGA West Virginia - Am Water Program DWTRF/ARRA
County

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
<u>Carol A. Cummins</u>	<u>WV Water Dev Auth.</u>	<u>304-558-3612</u>	<u>304-558-0299</u>	<u>ccummins@wvwda.org</u>
<u>Samme Gee</u>	<u>Trackson Kelly LLC</u>	<u>304.340.1318</u>	<u>204.340.1272</u>	<u>sggee@jacksonkelly.com</u>
<u>MARK E KAUFFELT</u>	<u>Kauffelt & Kauffelt/WDA</u>	<u>304-345-1272</u>	<u>304-345-1280</u>	<u>MKAUFFELT@wvdsi.com</u>

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 MARK A. SANKOFF Telephone 304.340.2974 E-Mail MARK.SANKOFF@AMWATER.COM

Address 1600 Pennsylvania Ave, Charleston, WV 25327

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.



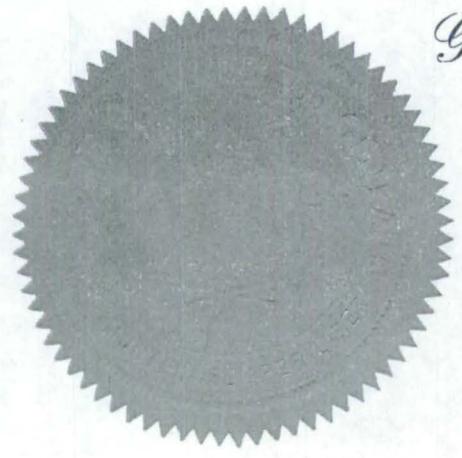
I, Joe F. Burdett, Secretary of State of the State of West Virginia, hereby certify that the following and hereto attached is a true copy of

Certificate of Incorporation
of
WEST VIRGINIA WATER COMPANY

dated February 23, 1960; there being no Amendments or Additions thereto; as appears from the records of my said Office.

Given under my hand and the Great Seal of the said State at the City of Charleston, this

_____ TWENTY-NINTH _____ day of
_____ APRIL _____ 19 60.



Secretary of State.



Certificate of Incorporation.

I, JOE F. BURDETT, Secretary of State of the State of West Virginia, hereby certify that an Agreement, duly acknowledged, has been this day filed in my office, which agreement is in words and figures following:

READ CAREFULLY THE INSTRUCTIONS**AGREEMENT OF INCORPORATION**

(See Arts. 2-3, both Incl., of c. 31, also c. 33, Code, for provisions regarding certain corporations.)

I. The undersigned agree to become a corporation by the name of (1)

WEST VIRGINIA WATER COMPANY

(1) The name of the corporation shall contain one of the words "association," "company," "corporation," "club," "incorporated," "society," "union," or "syndicate," or one of the abbreviations, "co." or "inc.": but no name shall be assumed already in use by another existing corporation of this State, or by a foreign corporation lawfully doing business in this State, or so similar thereto, in the opinion of the Secretary of State, as to lead to confusion.

II. The principal Office or Place of Business of said Corporation will be located at (1) No. 179

Summers street, in the city (2) ~~town~~ village of Charleston
in county of Kanawha and State of West Virginia

Its chief works will be located (3) in the same place and elsewhere in said state.

(1) Insert number and name of street, if in a city having street numbers, if not, strike out.
(2) Erase the word "city," "town" or "village," leaving the one required.
(3) Give location of chief works; if at the same place as principal office or place of business, say "Its chief works will be located at the same place." If there be no chief works, say "Said corporation will have no chief works." If chief works are in West Virginia, give name of magisterial district and county in which they are or will be located. In case of oil well, gas well, or prospecting companies, and other like companies, where the chief works will be shifting, and in cases of companies that will have chief works, or works at different points in this State, say "chief works will be located in _____ district, in _____ county, State of West Virginia and elsewhere in said State." If chief works are not to be in West Virginia, then it is only necessary to give the name of the State or county in which they will be located.

and purposes

III. The objects/for which this Corporation is formed are as follows:

(Please type double space. If not sufficient room here to cover this point add one or more sheets of paper of this size.)

1. To engage in and carry on all or any of the businesses and functions of a water works company in all its branches;
2. To purchase, manufacture, construct, lease, and in any manner acquire, hold, own, operate, improve, and otherwise utilize, replace, repair, maintain, let for hire, rent, lease, sell or otherwise dispose of, mortgage, pledge or otherwise encumber real estate, machinery, appliances, plants, facilities and property of all kinds, real, personal and mixed, tangible or intangible, permits, franchises, copyrights, patents, concessions and other rights;
3. To lend and advance money or give credit to such persons, firms, corporations or associations on such terms as may seem expedient;
4. To, in furtherance of or incident to the objects and purposes of this corporation, purchase, subscribe for or otherwise acquire, become interested in, own, hold, sell, exchange, mortgage,

2.

pledge, or otherwise dispose of or turn to account or realize upon, all forms of securities, including stocks, bonds, debentures, notes, evidences of indebtedness, certificates of interest, commercial paper, mortgages and other similar instruments and rights, issued or created by corporations, whether public, municipal, quasi-public, private, domestic or foreign, and by associations, firms, trustees, syndicates, individuals, governments, states, municipalities, or other political divisions, or issued or created by others, and to deal in and with the same, and to issue in exchange therefor or in payment thereof its own stock, bonds, or other obligations or securities, or pay therefor with money, property and otherwise; to exercise in respect thereof any and all rights, powers and privileges of individual ownership or interest therein, including the right to vote thereon and to consent or otherwise act with respect thereto; to do any and all acts and things for the preservation, protection, improvement and enhancement in value thereof or designed to accomplish any such purpose, and to aid by loan, subsidy, guaranty, or in any manner, those issuing, creating or responsible for any of such securities; to acquire or become interested in any such securities as aforesaid by original subscription, underwriting, participation in syndicates or otherwise, and irrespective of whether or not such securities be fully paid or subject to further payments; and to make payments thereon as called for, or in advance of calls or otherwise, and to underwrite or subscribe for the same conditionally or otherwise, and either with a view to investment or for resale, or for any other lawful purpose; to guarantee the payment of dividends upon any stock, or the principal or interest or both of any bonds or other obligations, and the performance of any contracts.

3.

5. To acquire the good will, rights, property, business and franchises of any person, firm, association or corporation whatsoever now or hereafter engaged in any business which the corporation may lawfully conduct; to pay therefor in cash or in stock or bonds of this corporation or otherwise, in the manner provided by law; to hold, utilize, enjoy and in any manner dispose of the whole or any part of the rights and property so acquired; to assume, in connection therewith, any liabilities of any such person, firm, association or corporation, and to conduct in any lawful manner the whole or any part of the business thus acquired.

6. To borrow money, and to make, accept, endorse, discount, execute and issue notes, bonds, debentures, bills of exchange, warrants, obligations, evidences of indebtedness and negotiable instruments of all kinds, whether secured by mortgage, pledge or otherwise, without limit as to amount, with such privileges of redemption, conversion into stock and other rights and privileges as may be deemed desirable and to secure the same by mortgage, pledge or otherwise; and generally to make and perform agreements and contracts of every kind and description.

7. To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of any of the objects hereinbefore set forth or granted by the statutes of the State of West Virginia, either alone or in association with other corporations, firms, or individuals, and to do every other act or acts, thing or things, incidental or appurtenant to or growing out of or connected with the aforesaid business or powers or any part or parts thereof, provided the same be not inconsistent with the laws under which this corporation is organized.

To exercise and carry out any or all of its objects and purposes in any of the states, districts, territories or possessions

4.

of the United States of America and in any and all foreign countries,
subject to the laws of such state, district, territory, possession
or country.

IV. The amount of the total authorized capital stock of said corporation shall be.....
 ONE HUNDRED THOUSAND (\$100,000.00).....dollars,
 which shall be divided into 1,000.....shares of the par value of.....
 One Hundred (\$100.00).....dollars each.

Use space below for statement as to stock without par value, or where more than one class of stock is to be issued, or one or more series within a class, and as to any designations, powers, etc., as provided in subdivision (d), § 6, art. 1, c. 31, Code. In the case of a corporation not organized for profit and not authorized to issue capital stock, a statement to that effect shall be set forth together with a statement as to the conditions of membership, Code 31-1-6(d).

The amount of capital stock with which it will commence business is.....
 ONE THOUSAND (\$1,000.00).....Dollars
 (Shall not be less than one thousand dollars)
 being.....Ten (10).....shares
 of the par value of One Hundred.....Dollars (\$100.00.....) each.

The holders of the common stock shall have sole and exclusive voting power.

The board of directors, without the consent of or other action by the stockholders, may issue from time to time the shares of stock of the corporation which are herein authorized or which may hereafter be authorized, for such consideration, whether money or other than money, or for redemption or conversion of notes, bonds debentures or other instruments evidencing corporate obligations or indebtedness and upon such terms as may from time to time be fixed

by resolution of the board of directors. If shares of stock be issued for consideration other than money the board of directors shall by resolution state their opinion of the actual value of such consideration, and the valuation fixed by the board of directors shall be conclusive.

The board of directors may determine that only a part of the consideration which shall be received by the corporation for any of its said shares of capital stock shall be capital. Such consideration as may be received by the corporation for any of its shares in excess of the part of the value thereof which shall be determined by resolution of the board to be capital, shall be surplus.

No holder of said stock or of any stock or class of stock which may hereafter be authorized shall be entitled as of right to subscribe for, purchase or receive any part of any authorized but unissued stock or any new or additional issue of stock of the same or any other class now or hereafter authorized, or of any bonds, debentures or other securities convertible into stock, all such preemptive rights being hereby denied.

This corporation shall issue no stock or class of stock preferred over any other stock or class of stock as to dividends or share of assets upon dissolution.

VII. All amendments to this charter, including but not limited to increases and decreases in the amount of authorized capital stock, shall be by resolution adopted by the affirmative vote of the holders of a majority of the stock of the corporation entitled to vote at a regular or special meeting of the stockholders.

In furtherance of, and not in limitation of the powers conferred by the statutes of the State of West Virginia, and other provisions hereof, the board of directors, which shall consist of such number of persons, not less than three (3) as shall be provided, from time to time in the bylaws, shall have the power to make, alter, amend and repeal bylaws of this corporation and to do all other acts and things and have all powers which the statutes of said State of West Virginia empower the stockholders of a corporation to authorize its board of directors to do, perform or have.

Each director and officer of this corporation, his heirs and personal representatives, shall be indemnified by the corporation against costs and expenses at any time reasonably incurred by him and judgments and decrees at any time adjudged against him arising out of or in connection with any claim, action, suit or proceeding against him or to which he may be made a party by reason of his being or having been a director or officer of the corporation, unless he shall be adjudged guilty of wilful and intentional misconduct respecting the matter or matters at issue therein. If in the judgment of the board of directors a settlement of any claim so arising is deemed in the best interests of the corporation any such director or officer shall be reimbursed for any amounts paid in effecting such settlement and reasonable expenses thereby incurred. The foregoing right of indemnification shall be in addition to any and all other rights to which any director or officer may be entitled as a matter of law.

No contract or other transaction between this corporation and any other corporation, partnership, firm, association or individual and no act of this corporation shall in any way be affected or invalidated by the fact that any of the directors of this corporation are pecuniarily or otherwise interested in, or are directors or officers of such other corporation or are pecuniarily or otherwise interested in any such contract, transaction or act.

No member of the board of directors shall vote on a question in which he is pecuniarily or otherwise interested (ownership of stock or other securities of and the holding of a directorship or other office of any corporation of which this corporation is a subsidiary not being deemed any such pecuniary or other interest), except the election of a president or other officer or employee, or be present at the board during the time such question is being considered; but if the retirement from the board of such interested director or directors reduce the number present below a quorum, the question may nevertheless be decided by those who remain. In every instance the decision of the disinterested directors, provided the interested director or directors shall have made full disclosure to the board of their pecuniary or other interest in such question, shall have the same force and effectiveness, in every respect, as if no member of said board were pecuniarily or otherwise interested therein.

WE, THE UNDERSIGNED, for the purpose of forming a Corporation under the laws of the State of West Virginia do make and file this Agreement; and we have accordingly hereunto set our respective hands this 18 day of February, 1966.

All the Incorporators must sign below.

C. C. MacDonald
C. C. MacDonald

R. V. Barnett
R. V. Barnett

W. E. Simpson
W. E. Simpson

CERTIFICATES

Wherefore, The corporators named in the said Agreement, and who have signed the same, and their successors and assigns, are hereby declared to be from this date a Corporation by the name and for the purposes set forth in the said agreement, with the right of perpetual succession.



*Given under my hand and
the Great Seal of the said State,
at the City of Charleston, this*

TWENTY-THIRD

day of

FEBRUARY

Nineteen Hundred and SIXTY.

JOE F. BURDETT,

Secretary of State.

State of West Virginia



Certificate

*I, Natalie E. Tennant, Secretary of State of the
State of West Virginia, hereby certify that*

WEST VIRGINIA-AMERICAN WATER COMPANY

was incorporated under the laws of West Virginia and a Certificate of Incorporation was issued by the West Virginia Secretary of State's Office on October 4, 1926.

I further certify that the corporation has not been revoked by the State of West Virginia nor has the West Virginia Secretary of State issued a Certificate of Dissolution to the corporation.

Accordingly, I hereby issue this

CERTIFICATE OF EXISTENCE



*Given under my hand and the
Great Seal of the State of
West Virginia on this day of
January 25, 2010*

Natalie E. Tennant

Secretary of State

**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 October 2009.

CASE NO. 09-1396-W-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
Petition for determination that the proposed meter replacement project does not require a certificate of convenience and necessity or in the alternative, an application for a certificate of convenience and necessity under W.Va. Code §24-2-11.

COMMISSION ORDER

The Commission determines that the project proposed by the West Virginia-American Water Company ("WVAWC") is in the usual course of business and does not require a certificate of convenience and necessity ("Certificate").

BACKGROUND

On August 19, 2009, WVAWC petitioned for a determination that a project to replace existing water meters to reduce unaccounted for water loss ("UFW") is construction in the usual course of business that does not require a Certificate. It plans to replace existing water meters in its Fayette County water system with radio read meters with Advanced Meter Infrastructure ("AMI") and install acoustic devices to monitor for leaks. WVAWC expects to pay for the project with an investment of \$350,000 of its own funds and two loans totaling \$3,850,000. One loan of \$1,925,000 includes complete principal forgiveness over ten years as a green project under the American Recovery and Reinvestment Act of 2009 ("Stimulus"). The second loan of \$1,925,000 carries an interest rate of 0%, amortized over thirty years. WVAWC anticipates that cost savings from the project will offset the loan cost making the proposal revenue neutral. The project represents 3.6% of WVAWC annual revenues and 0.8% of its plant in service. WVAWC also requested approval of the funding package and waiver from filing associated financial information. See, Petition.

Commission Staff ("Staff") filed a final memorandum recommending that the Commission determine that the project is construction in the usual course of business and decline to require a Certificate. Staff noted that WVAWC recently completed a water loss study showing that the area where it proposed to replace meters has a UFW of 36.68% and characterized the project as maintenance activity. Staff also recommended that the Commission waive filing of Rule 42

accounting and financial data. See, September 14, 2009 Staff Memorandum.

DISCUSSION

The Commission agrees with the Staff recommendation and determines that the project WVAWC proposed is construction in the usual course of business. Under W.Va. Code §24-2-11, an entity proposing to construct utility facilities must obtain a Certificate unless that project is an extension in the usual course of business. The Commission determines if a project is an extension in the usual course of business on a case by case basis and considers factors including (a) the estimated project cost in proportion to total utility revenues, (b) level of project complexity, (c) type of proposed funding, (d) factors driving the project, (e) project urgency, (f) competency and experience of utility staff or involved consultants, (g) regulatory history of the applicant and (h) risks/benefits of the project. See, South Putnam Public Service District, Case No. 04-0034-PWD-PC (Recommended Decision March 17, 2004, Final April 6, 2004). In this case, the project does not involve the addition of new customers, but replacement of existing meters with new meters incorporating AMI and acoustic equipment to detect leaks. The project should generate savings over time and reduce a significant problem with UFW. The project is partly funded by a Stimulus loan that will allow the savings to balance project costs. Finally, the project represents a small portion of the WVAWC annual revenues and plant in service. Therefore, applying the South Putnam factors, the Commission concludes that the project does not require a Certificate or other Commission approval. See also, City of Charles Town, Case No. 09-0872-W-PC (Commission Order, August 7, 2009).

The Commission determines that there is no independent statutory authority to review project financing in this matter because it has determined that a certificate is not required and therefore declines to rule on that matter or require the filing of associated financial data.

FINDINGS OF FACT

1. WVAWC petitioned for a determination that a proposed project to replace existing water meters and install leak detection equipment is construction in the usual course of business that does not require a Certificate See, Petition.
2. WVAWC plans to fund the project with two interest free loans of \$1,925,000 each, one with 100% principal forgiveness, and a company contribution of \$350,000. Id.
3. Staff recommended that the Commission determine that the project is construction in the usual course of business and decline to require a Certificate. See, September 14, 2009 Staff Memorandum.

CONCLUSION OF LAW

The project described in the Petition WVAWC filed is construction in the usual course of business and does not require a Certificate under W.Va. Code §24-2-11.

ORDER

IT IS THEREFORE ORDERED that the Project described in the Petition from WVAWC is in the usual course of business and does not require a Certificate.

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

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

A True Copy, Teste:


Sandra Squire
Executive Secretary

MJM/ldd
091396c.wpd

WEST VIRGINIA-AMERICAN WATER COMPANY

Directors' Unanimous Consent

(Without a Meeting)

The undersigned, constituting all of the members of the Board of Directors of West Virginia-American Water Company, pursuant to the authority of Chapter 31, Article 1, Section 73, of the West Virginia Code, do hereby take the following corporate action by this unanimous written consent, which action shall have the same validity and effect as if taken at a meeting of the aforesaid Board of Directors, duly called and held, at which all members of the Board attended and voted therefor:

RESOLVED, that the Company accept an offer of a \$3,850,000 loan from the West Virginia Water Development Authority ("WDA") on behalf of the West Virginia Bureau of Public Health from the Drinking Water Treatment Revolving Loan Fund Program (the "DWTRF").

RESOLVED, that the President or any Vice President of the Company be, and each of them hereby is, authorized and empowered to borrow \$3,850,000 and to evidence said borrowing by executing and delivering promissory notes in the aggregate principal amount of \$3,850,000, in order to finance the Fayette County Green Metering Project (the "Project"), and authorized and empowered to pledge the Company's revenues to the payment of the notes.

RESOLVED, that the authorized officers of the Company will execute and deliver to the West Virginia Water Development Authority two (2) or more promissory notes, the first note or notes in an amount not to exceed \$1,925,000 for a term of twenty (20) years bearing no interest and accruing no administrative fee and the second note in the amount of \$1,925,000 for a term of ten (10) years with no annual debt service payment and no administrative fee (representing principal forgiveness).

RESOLVED, that the President or any Vice President of the Company is authorized to sign the ARRA Assistance Agreement, the First Draw Requisition and any and all other related closing documents in order to facilitate the delivery of the notes and the closing of the loan.

RESOLVED, that the Company shall provide a letter of credit or other security for the debt service reserve requirement and the renewal and replacement reserve requirement, such letter of credit or other security shall be in the amount equal to two (2) years debt service on the notes (estimated to be \$192,500).

RESOLVED, that the Company shall establish a dedicated banking account to receive monies under the notes and shall execute any documents required by the Authority with respect to the transfer of the note proceeds from the DWTRF to the Company for the payment or reimbursement of costs of the Project.

All signatures need not appear on the same counterpart of this consent, and all counterparts of this consent shall constitute one and the same instrument.

IN WITNESS WHEREOF, we, all of the Directors of West Virginia-American Water Company, have hereunto set our hands, all as of December 16, 2009.



Charles E. Bayless

Walter Lynch

Betsy E. Dulin

Wayne Morgan

Deborah A. Degillio

Nick O. Rowe

Robert Kiss

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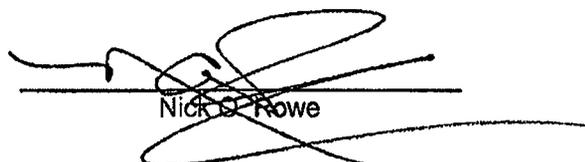
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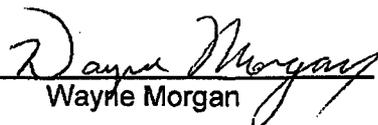
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Nick O. Rowe

Robert Kiss

DWTRF/Private – ARRA
(12/09)

ARRA ASSISTANCE AGREEMENT

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

WEST VIRGINIA AMERICAN WATER COMPANY
(2009W-1135/09DWTRFA089)

W I T N E S S E T H:

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

WHEREAS, the United States Congress has provided additional capitalization grant funding under the Clean Water Act through the American Recovery and Reinvestment Act of 2009 (the “ARRA”);

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

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection

Agency (“EPA”) to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.458 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the ARRA provides that at least fifty percent (50%) of the funds provided through the capitalization grant be provided as negative interest loans or principal forgiveness (the “ARRA Assistance”);

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

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

WHEREAS, the Local Entity has applied for funds from the Program for a project eligible for financing by the Program;

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

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

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

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

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local

Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in the Fund, subject to the Local Entity's satisfaction of certain legal and other requirements of the Program.

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

ARTICLE I

Definitions

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

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

1.3 "Funding Documents" shall mean the Commitment from BPH, this Agreement, together with all other documents, certifications, opinions and other instruments executed and delivered to the Authority pursuant to this Agreement, and any other documents or instruments related to funding for the Project that are executed by the Local Entity, Attorney, Engineer or any other representative of the Local Entity, and delivered to the Authority in connection with the Project.

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

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

1.6 "Net Revenues" means the System Revenues, after deduction of Operating Expenses, other contractual allowances and reasonable allowances for bad debts.

1.7 “Notes” means the promissory notes to be issued by the Local Entity to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this ARRA Assistance Agreement.

1.8 “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.

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

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

1.11 “DWTRF Regulations” means the regulations set forth in the West Virginia Code of State Regulations.

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

1.13 “System Revenues” means all accounts, accounts receivable, contract rights and general intangibles related to or arising from the ownership or operation of the System, including without limitation the proceeds of such accounts, contracts and general intangibles.

1.14 Additional terms and phrases are defined in this ARRA Assistance 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 by the Local Entity, the BPH and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this ARRA Assistance Agreement, the Local Entity has acquired the 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 Local Entity.

2.3 [Reserved.]

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

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

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

2.7 The Local Entity shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the

particular contract, as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

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

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

2.10 The Local Entity shall at all times comply with all applicable federal and State statutes, rules and regulations, the applicable requirements of all federal cross cutting authorities, and all applicable local ordinances pertinent to the financing, acquisition, construction, operation, maintenance, and use of the project. (§64-49-7.4.f.)

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

2.12 The Local Entity shall agree to the Representations and Warranties set forth in Exhibit A.

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

2.14 The Local Entity shall perform an annual maintenance audit or provide such maintenance information as shall be required by the BPH, the Authority and the Public Service Commission of West Virginia (the "PSC").

ARTICLE III

Conditions to Loan; Issuance of Notes

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

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

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

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

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

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constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

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

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

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

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

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

(j) The net proceeds of the Notes, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant

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

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

3.4 The Notes shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Entity and agreed to by BPH and the Authority.

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

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

ARTICLE IV

Notes; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

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

4.2 SYSTEM REVENUES

The Local Entity agrees as follows:

(a) Definitions.

For purposes of this Paragraph only, the following terms shall have the meanings as set forth below:

(i) “Account” means any right of the Local Entity to payment related to the operation of the System for goods sold or to be sold, leased or to be leased or for services rendered or to be rendered (whether or not yet earned by performance), which is not evidenced by an instrument or chattel paper.

(ii) “Account Collateral” means:

(a) All of the Local Entity’s Accounts now existing or hereafter arising:

(b) All guaranties relating to the Local Entity’s existing and future Accounts and all other security held by the Local Entity for the payment or satisfaction thereof;

(c) The services, the sale or lease or performance of which gave rise to any Account of the Local Entity, including any return goods or other goods the sale or lease of which gave rise to any Account;

(d) All property of any nature whatsoever of the Local Entity now or hereafter in the possession of or assigned or hypothecated to the Authority for the purpose of securing the Liabilities; and

(e) All proceeds of all of the foregoing, including all Proceeds or other Proceeds.

(iii) "Account Debtor" means the Person who is obligated on an Account.

(iv) "Liabilities" means all existing and future liabilities, whether absolute or contingent, of the Local Entity to the Authority of any nature and arising out of any transactions, including liabilities of the Local Entity to others which the Authority may have obtained by assignment, subrogation or otherwise, and liabilities to subsidiaries and affiliates of the Authority.

(v) "Proceeds" means whatever is received when Account Collateral is sold, exchanged, collected or otherwise disposed of. The term also means the account arising in connection therewith.

(b) Pledge of System Revenues

Notwithstanding anything to the contrary herein, as security for its obligation to make all payments and to perform all other obligations under this Agreement, the Local Entity hereby pledges and grants to the Authority a lien on and security interest in the System Revenues to the extent permitted by law, subject only to the prior liens set forth in the List of Liens, attached hereto as Exhibit G. In the furtherance thereof, this Agreement shall constitute a security agreement as that term is defined under the West Virginia Uniform Commercial Code. This includes a pledge, a lien, and security interest in all System Revenues, but the existence of such security interest shall not prevent the expenditure, deposit or commingling of gross revenues and receipts by the Local Entity, so long as all required payments under this Agreement are made when due. If any required payment is not made when due, any System Revenues subject to this security interest which are then on hand, not yet commingled with other funds of the Local Entity and not yet deposited in a bank account of the Local Entity, and any System Revenues thereafter received, shall not be commingled or deposited, but shall immediately, or upon receipt, be transferred to the Authority to the extent needed to make

the debt obligation current, considering all terms and conditions in the Funding Documents.

(c) Assignment and Collection of Accounts.

The Local Entity hereby assigns its interest in the Account Collateral to the Authority to further secure its obligations under the Funding Documents and to secure all other Liabilities. The Authority hereby authorizes the Local Entity to collect all Accounts from the Account Debtors until the occurrence of a default hereunder. Upon the occurrence of any default hereunder, and after any applicable notice and/or grace periods, the Authority shall have the right, acting if it so chooses in the Local Entity's name, to collect the Local Entity's Accounts, to sell, assign, compromise, discharge or extend the time of payment of any Account, to institute legal action for the collection of any Account, and to do all acts and things necessary or incidental thereto, and the Local Entity hereby ratifies all that the Authority shall do by virtue hereof. After such default, the Authority may, without notice to the Local Entity, notify any Account Debtor that the account payable by such Account Debtor is to be paid directly to the Authority. At the Authority's request, the Local Entity shall so notify Account Debtors and shall indicate on all billings to Account Debtors that payments thereon are to be made to the Authority.

4.3 The Local Entity covenants as follows:

(a) The Local Entity shall fund a debt service reserve fund with either cash, security or a letter of credit in an amount equal to two (2) years debt service on the Notes;

(b) Beginning four (4) months prior to the beginning of debt service payments on the Notes and in each fiscal year, thereafter, the Local Entity shall fix, charge and collect or cause to be fixed, charged and collected rates, fees and charges associated with the System Revenues sufficient to provide Net Revenues at least equal to (i) the principal and interest due and payable under the terms of the Notes in such fiscal year, and (ii) the payment of all amounts due under any other debt obligation secured by the System Revenues and coming due in such fiscal year;

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

(d) That, except as otherwise required by State law or the DWTRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully

pay all of the Notes outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of;

(e) That the Local Entity shall not issue any other obligations payable from the System Revenues which rank prior to, or equally, as to lien and security with the Notes, unless the Local Entity obtains the consent of the Authority and the BPH. The Local Entity shall notify the Authority and the BPH if it issues any debt subordinate to the Notes secured by the System Revenues;

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

(g) Except for emergency, goodwill public health situations and situations approved by the PSC, that the Local Entity will not render any free services of the System;

(h) 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;

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

(j) That the Local Entity 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 BPH within thirty days of issuance. [If the Local Entity receives \$500,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto).] Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that 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 Local Entity's revenues are adequate to meet its Operating Expenses and debt service and coverage requirements;

(k) That the proceeds of the Notes, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a

construction fund, which shall be held separate and apart from all other funds of the Local Entity and on which the owners of the Notes shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, the proceeds of the Notes may be used to fund all or a portion of the Reserve Account, on which the owner of the Notes shall have a lien as provided herein;

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

(m) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Notes;

(n) That the Local Entity shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

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

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

(q) That the Local Entity shall submit all proposed change orders to the BPH for written approval. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Notes held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Entity

shall obtain the written approval of the BPH before expending any proceeds of the Notes available due to bid/construction/project underruns.

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

4.5 The Local Entity has delivered to the Authority copies of documents demonstrating that the incurrence of debt for the Project pursuant to this Agreement has been properly authorized.

4.6 The Loan shall be secured by the pledge and assignment by the Local Entity of the System Revenues.

4.7 At least two and one half percent (2.5%) of the proceeds of the Notes will be advanced on the Date of Loan Closing. The remaining proceeds of the Notes shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Notes will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Notes shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Notes shall be as set forth on Schedule Y hereto.

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

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

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

ARTICLE V

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

5.1 The Local Entity hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this ARRA Assistance Agreement. The Local Entity hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in this ARRA Assistance Agreement.

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

5.3 In the event the Local Entity defaults in any payment due to the Authority pursuant to this ARRA Assistance 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 Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Entity

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

6.2 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH in this ARRA Assistance 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 Notes, the Authority and BPH shall have the right to cancel all or any of their obligations under this ARRA Assistance Agreement if (a) any representation made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this ARRA Assistance Agreement.

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

6.4 [Reserved.]

6.5 The Local Entity hereby agrees to give the Authority and BPH prior written notice of the issuance by it of any other obligations to be used for the System secured by the System Revenues.

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

6.7 The Local Entity shall comply, or cause its Contractors, or other agents or representatives to comply, with the following requirements:

(a) In the hiring of any employees for the manufacture of supplies, performance of work, or any other activity required under this ARRA Assistance Agreement or any Project Contract, no person who is qualified and available to perform the work to which the employment relates shall be discriminated against by reason of gender, race, creed or color;

(b) No employee involved in the manufacture of supplies, the performance of work or any other activity required under this ARRA Assistance Agreement shall be discriminated against in any manner or intimidated on account of gender, race, creed, or color;

(c) A written sexual harassment policy providing that sexual harassment will not be tolerated and employees who practice it will be disciplined shall be established and maintained and employees shall be informed of the policy;

(d) No contractor or supplier who is qualified to perform the work relating to this ARRA Assistance Agreement shall be discriminated against by reason of gender, race, creed, or color;

(e) All necessary employment documents and records shall be provided and access by the Authority and the Department of General Services' Bureau of Contract Administration and Business Development to books, records, and accounts shall be permitted for purposes of investigation to ascertain compliance with the provisions of this Nondiscrimination/Sexual Harassment Clause. If documents or record reflecting the necessary information requested are not available, such information shall be furnished on reporting forms supplied by the Authority or the Bureau of Contract Administration and Business Development;

(f) This Nondiscrimination/Sexual Harassment Clause shall be included in each of the Project Contracts so that such provisions will be binding upon the Contractors;

(g) The Authority may cancel or terminate this ARRA Assistance Agreement and all money due or to be come due under this ARRA Assistance Agreement may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the Authority may proceed with debarment or suspension and may place the party not in compliance in the Contractor Responsibility File, a repository of information on contractors.

6.8 Any mechanic's liens or other encumbrances that may be filed or recorded against the Project shall be paid or discharged (by bonding or otherwise) within ten (10) days after notice thereof from the Authority. In the event that any such mechanic's lien or other encumbrance is not paid or discharged, the Authority, in addition to such other rights as may be available to it, may pay and discharge such mechanic's lien or other encumbrance or deposit in escrow an amount sufficient to do so and the amounts so paid or deposited shall be treated as advances of the proceeds of the Notes from the Authority to the Local Entity. Nothing in this Paragraph may be construed to obligated the Authority to pay or discharge any such mechanic's lien or other encumbrance.

6.9 The Local Entity, for itself and all those claiming under or through it, agrees to protect, indemnify, defend and hold harmless the Authority and BPH, their officers and employees, and any operator or consultant retained by the Authority and BPH to implement the Project, from and against any and all liability, expense, or damage of any kind or nature and from any suits, claims or demands, including reasonable legal fees and expenses, arising out of this Agreement or in connection therewith including, but without limitation, any disputes arising between the Local Entity, Contractors, Engineer or any subcontractors, materialmen or suppliers that provided services or materials for the Project, or on account of any act, or omission to act, or negligence of the Authority or BPH. This obligation specifically survives the completion of the Project and the repayment of the Notes.

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this ARRA Assistance Agreement by the Authority as soon as practicable after the Date of Loan Closing is established.

7.2 If any provision of this ARRA Assistance 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 ARRA Assistance Agreement, and this ARRA Assistance Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This ARRA Assistance 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 ARRA Assistance Agreement.

7.4 No waiver by any party of any term or condition of this ARRA Assistance 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 ARRA Assistance Agreement.

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

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

7.7 This ARRA Assistance Agreement shall terminate upon the EARLIER of:

(i) written notice of termination to the Local Entity from either the Authority or BPH and the Project contracts were not executed by January 29, 2010;

(ii) 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 BPH if the Local Entity has failed to deliver the Notes to the Authority;

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

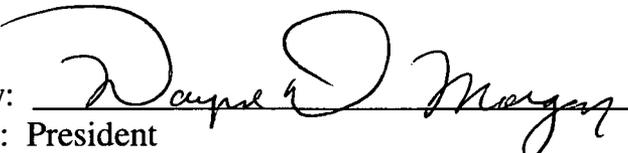
(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH;

(v) but further provided that the Authority and BPH reserve the right to terminate this ARRA Assistance Agreement upon five days written notice if the Notes are not issued and the Project is not under written contract by January 29, 2010.

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

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

WEST VIRGINIA AMERICAN WATER COMPANY

By: 
Its: President
Date: January 28, 2010

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: 
Its: Executive Director
Date: January 28, 2010

(SEAL)

Attest:

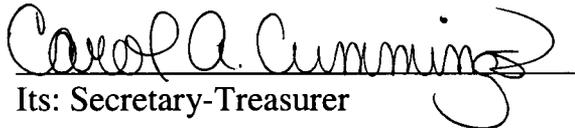

Its: Secretary-Treasurer

EXHIBIT A

REPRESENTATIONS AND WARRANTIES

The Local Entity represents and warrants the following to the Authority and the BPH (which representations and warranties shall survive until the Notes have been paid in full and shall be deemed to be made as of the Settlement Date and the date of each request for disbursement and each repayment of principal and/or interest):

1. FORMATION; EXISTENCE; COMPOSITION

The Local Entity is duly organized and existing under the laws of the State of West Virginia or is duly authorized to do business in the State of West Virginia; has the power and authority to carry on its business as now conducted; has furnished correct and complete copies of its organizational documents to the Authority; and has provided a correct and complete list of its directors and officers, shareholders, or other management structure, as may be applicable.

2. POWER AND AUTHORITY; AUTHORIZATION; ENFORCEABILITY

The Local Entity has the full power, authority and legal right to execute, deliver and comply with the Funding Documents and has taken all actions necessary or appropriate for the execution and delivery of and compliance with the Funding Documents. The Funding Documents constitute valid and legally binding obligations of the Local Entity enforceable against the Local Entity in accordance with their respective terms.

3. GOVERNMENTAL APPROVAL OF FUNDING DOCUMENTS

No consent, approval or other authorization of or by any court, administrative agency or other governmental authority is required in connection with the execution and delivery of or the performance of the Local Entity's obligations under this Agreement or any of the Funding Documents.

4. CONFLICT; BREACH

The execution and delivery of and compliance with the Funding Documents and any other documents and instruments related to the Project will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or its organizational documents, or of any agreement or other document or instrument to which the Local Entity is a party or by which it or its properties are bound, and such action by the Local Entity will not result in the creation or imposition of any lien, charge or

encumbrance upon any property of the Local Entity in favor of anyone other than the Authority.

5. LITIGATION

No action, suit or proceeding is pending or, to the knowledge of the Local Entity, is threatened, against or affecting the Local Entity before or by any court, administrative agency or other governmental authority, which questions the validity of the Project contemplated hereby, or which could result in a material adverse change in the financial condition or business of the Local Entity, except as has been disclosed in writing to the Authority and BPH.

6. FINANCIAL STATEMENTS

The most recent financial statements of the Local Entity, a copy of which has been furnished to the Authority and BPH, have been prepared in accordance with generally accepted accounting principles and practices, or generally accepted governmental accounting principals and practices, consistently applied, as may be applicable, and fairly and accurately presents the financial condition of the Local Entity in all material respects as of the date thereof and for the fiscal period then ended.

No material adverse change in the financial condition or business of the Local Entity has occurred between the end of the fiscal year covered by such financial statements and the Closing Date, except as disclosed by the Local Entity in writing to the Authority and BPH.

7. REQUIRED GOVERNMENTAL FILINGS

Any and all filings, reports or other documents required by any federal, state or local government that affect, either directly or indirectly, the completion of the Project in conformity with the Funding Documents and all fees or assessments required upon making any such filings or submission, as well as any interest or penalties due thereon, have been paid.

8. [RESERVED.]

9. STATUS OF PERSONAL PROPERTY

All personal property purchased with proceeds of the Notes and used as part of the Project, and as pledged as part of the Project Collateral is free and clear of all liens, encumbrances, security interests and other equitable charges.

10. STATUS OF PRIOR AUTHORITY FUNDING

To the extent that the Local Entity has previously received any financing from the Authority, the Local Entity is in compliance with all obligations under the prior funding documents and is not delinquent on its repayment obligations.

11. REFINANCING; OTHER FINANCING

The Local Entity has not been offered or received a commitment from anyone other than the Authority to provide long-term financing, as defined by Authority regulations, for the costs of the Project being funded by the Authority under this Agreement.

12. GOVERNMENTAL APPROVAL OF CONSTRUCTION OF THE PROJECT

All necessary permits, approvals and licenses from governmental or quasi-governmental authorities having jurisdiction over the construction of the Project or operation of the System, including but not limited to wastewater discharge permits, water supply permits, water obstruction and encroachment permits, erosion and sedimentation control permits, highway occupancy permits, zoning or use permits, variances or special exceptions, zoning reclassifications, foundation permits, building permits, subdivision approvals, earth moving permits, water allocation permits and other environmental permits, have been obtained and such permits, approvals and licenses are final and in full force and effect, and the time for filing all appeals has expired with no appeals having been taken therefrom, except as otherwise disclosed in writing to the Authority and BPH.

13. UTILITY SERVICES

All utility services which may be needed to adequately serve the Project, including water, electric, gas and telephone, and all storm and sanitary sewer drainage facilities are available on or at the boundary of the Project, or will be available upon completion of the same as part of the Project, for use at competitive rates and are of sufficient capacity to adequately serve the Project.

14. PROFESSIONAL ENGINEER

The Local Entity has retained the Consulting Engineer and executed the Engineer's Agreement for the Project, in form and substance satisfactory to the Authority and BPH. The Local Entity has provided to the Authority and BPH an executed copy of the Engineer's Agreement and hereby certifies that the Engineer's Agreement is in full force and effect and no party thereto is in default thereunder.

15. PROJECT PLANS

The Local Entity shall construct the Project in accordance with the Project Plans, copies of which have been made available to the Authority and BPH and are hereby made a part of this Agreement.

The Project Plans are identical in all material respects to those on which all approvals from governmental and quasi-governmental authorities having jurisdiction over implementation of the Project were based, and all final Project Plans have been provided to the Authority.

16. PROJECT CONTRACTS

Project Contracts have been (or will be) executed in form and substance satisfactory to the Authority and BPH and copies have been provided the Authority and BPH. The Project Contracts provide for performance of the work required to complete the Project in a good and workmanlike manner and in strict accordance with the Project Plans. Implementation of the Project Contracts shall proceed with due diligence to completion. The Local Entity hereby certifies that the Project Contracts are in full force and effect and no party thereto is in default thereunder.

17. BANKRUPTCY; INSOLVENCY

The Local Entity has not applied for or consented to the appointment of a receiver, conservator, trustee or liquidator for itself or any of its property; admitted in writing its inability to pay its debts as they mature; made a general assignment for the benefit of creditors; been adjudicated a bankrupt or insolvent or filed a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law; and no action has been taken by it for the purpose of effecting any of the foregoing. No order, judgment or decree has been entered by any court of competent jurisdiction approving a petition seeking reorganization of the Local Entity or all or a substantial part of the assets of the Local Entity, or appointing a receiver, conservator, sequestrator, trustee or liquidator of it or any of its property.

18. PSC APPROVAL OF RATES/PROJECT

The Local Entity has received an order of the Public Service Commission of West Virginia in Case No. 08-0900-W-42T establishing rates for the System. The Local Entity received an order in Case No. 09-1396-W-PC-N that a certificate of public convenience and necessity is not required for the Project.

19. RESPONSIBILITY PROVISIONS

a. No one receiving any proceeds of the Notes is under suspension or debarment by the State or any governmental entity, instrumentality, or authority.

b. The Local Entity is not delinquent in payment of any tax liabilities or other obligations to the State.

20. CONFIDENTIAL INFORMATION

The Local Entity has not included confidential or proprietary information or trade secrets as part of any submission to BPH and the Authority by the Local Entity.

21. AUTHORIZATION TO INCUR DEBT

The Local Entity has delivered to the Authority and BPH copies of documents demonstrating that the incurrence of debt for the Project pursuant to this Agreement has been properly authorized by the Local Entity.

22. PROPERTY, LIABILITY AND OTHER INSURANCE

The following documents have been delivered to the Authority by or on behalf of the Local Entity:

a. A certificate to the effect that the Contractor has procured insurance policies covering worker's compensation, and comprehensive general liability, protecting the Local Entity, the Authority and the Contractor against any liability for loss or damage to persons or property in any way occurring during the process of the construction of the Project or in any way arising therefrom. The worker's compensation insurance shall cover the Contractor's full statutory liability as employer without limit, and the comprehensive general liability insurance shall be for amounts and with a company satisfactory to the Authority. The aforesaid certificate shall contain the agreement of the insurer to give not less than thirty (30) days notice to the Authority prior to cancellation of such policies or material change in the coverage thereof;

b. A certificate to the effect that the Local Entity has procured insurance policies covering worker's compensation and comprehensive general liability, protecting the Local Entity against any liability for loss or damage to persons or property in any way occurring during the process of the construction of the Project or in any way arising therefrom. The worker's compensation insurance shall cover the Local Entity's full statutory liability as employer without limit, and the comprehensive general liability insurance shall provide adequate business insurance coverage on the Local Entity's business assets for the term of the financial assistance, including the construction period. The aforesaid certificate shall contain the agreement of the insurer to give not less than

thirty (30) days notice to the Authority prior to cancellation of such policies or material change in the coverage thereof;

c. A certificate of builder's all risk insurance with extended coverage (with a standard mortgagee clause in favor of the Authority), in an amount and with a company satisfactory to the Authority, and containing a provision allowing the insured to complete the work provided for hereunder and in the Project Contracts and covering the building materials for the Project during construction; and

d. A copy of the policy of flood insurance, to the extent required by any applicable federal, state or local law.

Receipt of the aforesaid policies or certificates of insurance shall not bar the Authority from requiring other or additional insurance, which the Authority may reasonably require based on the unique nature of the Project.

EXHIBIT B

PAYMENT REQUISITION FORM

- WATER TREATMENT UPGRADE PROJECT								
DWTRF FUNDING								
	CLASSIFICATION	APPROVED BUDGET	ADJUSTMENTS	REVISED BUDGET	PAID PRIOR TO THIS DRAW	REQUESTED THIS REQUEST	PAID TO DATE	BALANCE REMAINING
1	Construction & Cons. Cont.							
	a. Contract 1 - Contractor Name	0	0	0	0	0	0	0
	b. Contract 2 - Contractor Name	0	0	0	0	0	0	0
	c. Contract 3 - Contractor Name	0	0	0	0	0	0	0
	g. Construction contingency	0	0	0	0	0	0	0
2	Technical Services							
	a. Basic Engineering Design	0	0	0	0	0	0	0
	b. Inspection	0	0	0	0	0	0	0
	c. Special Services	0	0	0	0	0	0	0
3	Legal/Fiscal							
	a. Legal	0	0	0	0	0	0	0
	b. Accounting	0	0	0	0	0	0	0
4	Administrative							
	a. Administrative Expenses	0	0	0	0	0	0	0
	b. Tap Fees	0	0	0	0	0	0	0
	c. Accounting	0	0	0	0	0	0	0
	d. Registrar Fee	0	0	0	0	0	0	0
5	Sites & Other Lands	0	0	0	0	0	0	0
6	WV DOH Fees	0	0	0	0	0	0	0
7	Interest	0	0	0	0	0	0	0
8	Contingency	0	0	0	0	0	0	0
9	Miscellaneous (Equipment)	0	0	0	0	0	0	0
10	TOTAL of Lines 1 through 9	0	0	0	0	0	0	0

OTHER FUNDING								
	CLASSIFICATION	APPROVED BUDGET	ADJUSTMENTS	REVISED BUDGET	PAID PRIOR TO THIS DRAW	REQUESTED THIS REQUEST	PAID TO DATE	BALANCE REMAINING
1	Construction & Cons. Cont.							
	a. Contract 1 - Contractor Name	0	0	0	0	0	0	0
	b. Contract 2 - Contractor Name	0	0	0	0	0	0	0
	c. Contract 3 - Contractor Name	0	0	0	0	0	0	0
	g. Construction contingency	0	0	0	0	0	0	0
2	Technical Services							
	a. Basic Engineering Design	0	0	0	0	0	0	0
	b. Inspection	0	0	0	0	0	0	0
	c. Special Services	0	0	0	0	0	0	0
3	Legal/Fiscal							
	a. Legal	0	0	0	0	0	0	0
	b. Accounting	0	0	0	0	0	0	0
4	Administrative							
	a. Administrative Expenses	0	0	0	0	0	0	0
	b. Tap Fees	0	0	0	0	0	0	0
	c. Accounting	0	0	0	0	0	0	0
	d. Registrar Fee	0	0	0	0	0	0	0
5	Sites & Other Lands	0	0	0	0	0	0	0
6	WV DOH Fees	0	0	0	0	0	0	0
7	Interest	0	0	0	0	0	0	0
8	Contingency	0	0	0	0	0	0	0
9	Miscellaneous (Equipment)	0	0	0	0	0	0	0
10	TOTAL of Lines 1 through 9	0	0	0	0	0	0	0

TOTAL FUNDING									
	CLASSIFICATION	APPROVED BUDGET	ADJUSTMENTS	REVISED BUDGET	PAYD PRIOR TO THIS DRAW	REQUESTED THIS REQUEST	PAID TO DATE	BALANCE REMAINING	
1	Construction & Cons. Cont.								
	a. Contract 1 - Contractor Name	0	0	0	0	0	0	0	0
	b. Contract 2 - Contractor Name	0	0	0	0	0	0	0	0
	c. Contract 3 - Contractor Name	0	0	0	0	0	0	0	0
	g. Construction contingency	0	0	0	0	0	0	0	0
2	Technical Services								
	a. Basic Engineering Design	0	0	0	0	0	0	0	0
	b. Inspection	0	0	0	0	0	0	0	0
	c. Special Services	0	0	0	0	0	0	0	0
3	Legal/Fiscal								
	a. Legal	0	0	0	0	0	0	0	0
	b. Accounting	0	0	0	0	0	0	0	0
4	Administrative								
	a. Administrative Expenses	0	0	0	0	0	0	0	0
	b. Tap Fees	0	0	0	0	0	0	0	0
	c. Accounting	0	0	0	0	0	0	0	0
	d. Registrar Fee	0	0	0	0	0	0	0	0
5	Sites & Other Lands	0	0	0	0	0	0	0	0
6	WV DOH Fees	0	0	0	0	0	0	0	0
7	Interest	0	0	0	0	0	0	0	0
8	Contingency	0	0	0	0	0	0	0	0
9	Miscellaneous (Equipment)	0	0	0	0	0	0	0	0
10	TOTAL of Lines 1 through 9	0	0	0	0	0	0	0	0

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Notes)

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 notes (the "Notes") of the Issuer. Capitalized words used herein and not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the ARRA Assistance Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated _____.

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

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

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then

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 operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the ARRA Assistance Agreement; (x) the net proceeds of the Notes, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____.

[SEAL]

By: _____

West Virginia License No. _____

insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

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

EXHIBIT D

SPECIAL CONDITIONS – BASE PROGRAM

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

The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

The Local Entity shall include the following covenants in its bond authorizing documents:

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

B. **AUDIT REQUIREMENT** (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Entity that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Entity.

C. **BUY AMERICAN CERTIFICATION** – The Local Entity shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and as approved by BPH.

E. CONTRACTS – The Local Entity shall enter into contracts or commence construction by January 29, 2010.

F. LOGO – The Local Entity must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

H. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

J. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by BPH.

K. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Entity.

L. FALSE CLAIMS – The Local Entity must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws

pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. **LIMIT ON FUNDS** – The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. **WAGE RATES** – The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. **OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE** – The Local Entity acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. **DISADVANTAGED BUSINESS ENTERPRISE** – Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

Q. **CIVIL RIGHTS** – The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. **NOTES DESIGNATION** – Each Notes contain “(WVDWTRF Program/ARRA)” in the name.

S. USER RATES – The Local Entity shall covenant that it will not reduce its approved customer rates for at least eighteen months after completion of the Project or (a) until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses or (b) new rates have been established by order of the Public Service Commission. The Local Entity shall notify the Authority and the BPH of any action to reduce rates during the eighteen months following completion of construction of the Project.

EXHIBIT D-1

For OHR Use Only:
Grant Number _____

West Virginia Department of Health and Human Resources
Subrecipient (Grantee) Information Form
Please see the instructions for Completion of the Subrecipient (Grantee) Information Form

1. Subrecipient (Grantee) Name

2. Subrecipient (Grantee) Location (Street Address, City State and Zip Code)

3. Subrecipient (Grantee) 9-Digit DUNS Number

4. Subrecipient (Grantee) Type (Please check one box only)

<input type="checkbox"/> State Government <input type="checkbox"/> County Government <input type="checkbox"/> City or Township Government <input type="checkbox"/> Special District Government <input type="checkbox"/> Regional Organization <input type="checkbox"/> U.S. Territory or Possession <input type="checkbox"/> Independent School District <input type="checkbox"/> Public/State Controlled Institution of Higher Learning <input type="checkbox"/> Indian/Native American Tribal Government (Federally Recognized) <input type="checkbox"/> Indian/Native American Tribal Government (Other than Federally Recognized) <input type="checkbox"/> Indian/Native American Tribally Designated Organization <input type="checkbox"/> Public/Indian Housing Authority	<input type="checkbox"/> Nonprofit with 501(C)3 IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Nonprofit without 501(C)3 IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Private Institution of Higher Education <input type="checkbox"/> Individual <input type="checkbox"/> For-Profit Business (Other than Small Business) <input type="checkbox"/> Small Business <input type="checkbox"/> Hispanic-serving Institution <input type="checkbox"/> Historically Black Colleges and Universities (HBCUs) <input type="checkbox"/> Tribally Controlled Colleges and Universities (TCCUs) <input type="checkbox"/> Alaska Native and Native Hawaiian Serving Institutions <input type="checkbox"/> Non-domestic (non-US) entity <input type="checkbox"/> Other (Please explain) _____
--	--

5. Primary Performance Location (Street Address, City State and Zip Code)

6. Names, Titles and Total Compensation for the 5 Most Highly Compensated Officers

Officer Name	Title	Total Compensation

NOTE: This form must be signed by an individual no lower than the Executive Director or Chief Financial Officer.

Printed Name _____ Title _____
 Signature _____ Date _____ Phone # _____

OHR Form A-1000

EXHIBIT D-2

**ADDENDUM
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT
AMERICAN RECOVERY AND REINVESTMENT ACT**

A. Purpose and Summary

The purpose of this Addendum is to ensure that recipients of grant awards from the West Virginia Department of Health and Human Resources understand their responsibilities under the Federal Funding Accountability and Transparency Act of 2006 and the American Recovery and Reinvestment Act of 2009, as may be applicable.

As part of these responsibilities, and as condition for execution of this Grant Agreement, Grantees must remain current in the Central Contractor Registration (CCR) database (<http://www.ccr.gov>) at all times during which they have active DHHR grant awards. The CCR database is the repository for standard information about Federal financial assistance applicants, recipients and subrecipients. Grantees must update or renew their CCR registration at least once per year to maintain an active status.

In order to register in the Central Contractor Registration database, Grantees must first obtain a valid Data Universal Numbering System (DUNS) Number from Dun and Bradstreet at <http://www.dnb.com>. A DUNS number is a unique nine-digit sequence recognized as the universal standard for identifying and keeping track of entities receiving Federal funds. The identifier is used for tracking purposes and for validating the address and point of contact information for Federal assistance applicants, recipients and subrecipients.

Additional information about obtaining a DUNS number and maintaining registration with the CCR are included on the websites referenced above and on the attached Instructions for Completion of the Subrecipient (Grantee) Information Form. As further explained within this Addendum, the attached Subrecipient (Grantee) Information Form must be completed by the Grantee and submitted to the DHHR during the negotiation (pre-award) stage of the grant cycle.

B. Federal Funding Accountability and Transparency Act of 2006

The Federal Funding Accountability and Transparency Act of 2006, Public Law 109-252, hereinafter referred to as the Transparency Act, is an Act of Congress that requires full disclosure to the public of all entities or organizations receiving Federal funds. The Transparency Act directed the Office of Management and Budget (OMB), by January 1, 2008, to ensure the existence and operation of a single searchable website, accessible to the public at no cost, which includes for each Federal award:

1. The amount of the award;
2. Information including transaction type, funding agency, the North American Industry Classification System code or Catalog of Federal Domestic Assistance number (where applicable), program source, and an award title descriptive of the purpose of each funding action;
3. The name and location of the recipient and the primary location of performance;
4. A unique identifier of the recipient and any parent agency (DUNS Number); and
5. Any other relevant information specified by the OMB

The Transparency Act also required the OMB, by July 1, 2007, to commence a pilot program to test the collection of and access to data about subgrants and to determine how to implement a subaward-reporting program across the Federal Government. Thereafter, the Transparency Act required the OMB to terminate the pilot program by January 1, 2009 and, subject to extensions, replace it with a permanent system of ensuring that data regarding subawards is disclosed in the same manner as data regarding other Federal awards.

**ADDENDUM
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT
AMERICAN RECOVERY AND REINVESTMENT ACT**

C. American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009, Public Law 111-3, hereinafter referred to as the ARRA, is an economic stimulus package enacted by the 111th United States Congress and signed into law by President Barack Obama on February 17, 2009. The ARRA is intended to provide a stimulus to the U.S. economy in the wake of the economic downturn and includes Federal tax relief, expansion of unemployment benefits and other social welfare provisions; and domestic spending on education, health care, and infrastructure, including the energy sector. The ARRA provides for unprecedented levels of transparency and accountability so that the public will be able to know how, when and where their tax dollars are being spent. Specific information and requirements under the ARRA are as follows:

1. Funding provided from the Federal Government through the ARRA is "one-time only" funding and, to maximize the transparency and accountability of ARRA funds, organizations receiving funding under the ARRA must maintain records that identify adequately the source and application of those funds.
2. Section 1512(c) of the ARRA requires quarterly reporting on the use of funds. The data elements proposed for reporting the information described in Section 1512(c) were published in the Federal Register on April 1, 2009 (74 FR 14824). The reporting requirements under Section 1512(c) of the ARRA currently apply only to entities receiving ARRA funds directly from the Federal Government, sometimes referred to as primary recipients.
3. Section 1512(h) of the ARRA requires recipients of ARRA funds, and their first-tier recipients [subrecipients] to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov>. In order to register in the CCR, a valid Data Universal Numbering System (DUNS) Number is required, as further described within this Addendum and within the Instructions for Completion of the Subrecipient [Grantee] Information Form.
4. Section 1605 of the ARRA requires that projects funded by the ARRA for the construction, alteration, maintenance, or repair of a public building or public work use American iron, steel, and manufactured goods in the project unless one of the specified exemptions applies. The ARRA provides that this requirement be applied in a manner consistent with U.S. obligations under international agreements. Definitions of "manufactured good," "public building and public work," and other terms as they pertain to the Buy American guidance in 2 CFR part 176 are found in § 176.140 and § 176.160.
5. Section 1606 of the ARRA requires the payment of Davis-Bacon Act [40 U.S.C. 31] wage rates to "laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government" pursuant to the ARRA.
6. Grantees bound by the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, must separately identify the expenditures for Federal awards under the ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. This requirement shall be accomplished by identifying expenditures for Federal awards made under the ARRA separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix "ARRA-" in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC. Additional information regarding the Federal audit requirements of OMB Circular A-133 is located within Exhibit F of the DHHR Grant Agreement and the Source of Funds Schedule, attached to this Grant Agreement as Exhibit B, identifies whether the funds awarded under this grant are being made available through appropriations under the ARRA.

**ADDENDUM
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT
AMERICAN RECOVERY AND REINVESTMENT ACT**

D. DHHR Reporting to the Federal Government

At present time, direct reporting to the Federal Government lies solely at the primary recipient level. Therefore, while subrecipients of grant awards from the DHHR do not have to report data directly to the Federal Government, the DHHR, as a primary recipient and pass-through entity of Federal awards, does have a responsibility to report on certain data elements regarding its subgrant activities. As such, the DHHR is required to report the following information to the Federal Government with respect to its subawards:

1. Subrecipient OIGNS number
2. Award number or other identifying number
3. Subrecipient name
4. Subrecipient location
5. Subrecipient type
6. Amount of subaward disbursed
7. Total amount of subaward
8. Subaward date
9. Subaward project/grant period
10. Primary performance location
11. Names and total compensation of the five most highly compensated officers of the entity

E. Subrecipient (Grantee) Information Form

Both the Transparency Act and the ARRA address the primary recipient's requirements to report information on the subawards it makes to subrecipient (Grantee) organizations. To ensure completeness and consistency in accounting for the funds received and subawarded by the West Virginia Department of Health and Human Resources (DHHR) to DHHR Grantees, the DHHR has developed a standardized form in which Grantees shall be required to complete and submit to the DHHR during the negotiation (pre-award) stage of the grant cycle. The DHHR will not process the Grant Agreement or commit any of the funds related thereto until the Grantee submits a signed copy of the Subrecipient (Grantee) Information Form.

F. Future Informational Updates and Regulatory Requirements

Currently, the rules, regulations and guidance issued by the Federal Government with respect to the oversight, accountability and reporting requirements associated with the Transparency Act and the ARRA are a work-in-progress. As referenced in the aforementioned sections of this Addendum, there are a number of reporting requirements (data elements) for which the DHHR, as a primary recipient of Federal funds, must report directly to the Federal Government. While the Federal Government has not currently placed specific reporting obligations on all subrecipients (Grantees), by all indications, these requirements are forthcoming from the Executive Office of the President or through the release of individual Federal agency regulations. Therefore, as additional information becomes available and the Federal Government provides more details on managing Federal funds, the DHHR will transmit the information or requirements to its grant community through an update to this memorandum or by other determinable means to ensure overall compliance with the Transparency Act and the ARRA.

G. Sources of Information / Websites

Federal Funding Accountability and Transparency Act of 2006
<http://www.usaspending.gov/>

**APPENDUM
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT
AMERICAN RECOVERY AND REINVESTMENT ACT**

http://trwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_bills&docid=f:s2590enr.txt.pdf

American Recovery and Reinvestment Act of 2009

<http://www.recovery.gov/>

http://trwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-10.pdf

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-15.pdf

<http://www.recovery.gov/>

Interim Final Guidance from the OMB – Requirements for Implementing Sections 1512, 1605, and 1606 of the American Recovery and Reinvestment Act of 2009 for Financial Assistance Awards – published in the Federal Register, Volume 74, Number 77, April 23, 2009, pages 18449-63

<http://www.gpoaccess.gov/fr>



EXHIBIT E

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 _____ on _____.
[Local Entity] [Date]

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

We have examined a copy of proceedings and other papers relating to the authorization of a (i) ARRA Assistance Agreement dated _____, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, dated _____(the "Note"), to be purchased by the Authority in accordance with the provisions of the ARRA Assistance Agreement. The Notes are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____1, ____, and ending _____1, ____, all as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Notes.

The Notes 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 Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), and a corporate resolution duly adopted by the Local Entity on _____, (the "Local Act"), under which along with the Act the Notes are authorized and issued, and the ARRA Assistance Agreement has been undertaken. The Notes 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 ARRA Assistance 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 ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Local Entity and is a valid and binding special obligation of the Local Entity, enforceable in accordance with the terms thereof.

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

3. The Local Entity is a duly organized and validly existing corporation, incorporated in the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Local Act and to issue and sell the Note.

4. The Local Act has been legally and effectively adopted by the Local Entity.

5. The Notes have been duly authorized, issued, executed and delivered by the Local Entity to the Authority and are valid, legally enforceable and binding obligations of the Local Entity, payable from the System Revenues and secured by a first lien on and pledge of the System Revenues, all in accordance with the terms of the Notes and the ARRA Assistance Agreement.

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

We have examined executed and authenticated Notes 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 G
WEST VIRGINIA - AMERICAN WATER COMPANY
LONG-TERM LIENS OUTSTANDING
1/25/2010

Instrument	Maturity Date	Interest Rate	Principal Outstanding	Holder	Annualized Interest	Payment Dates
Long-Term Debt issued by AWCC	12/21/2021	5.77	71,000,000	American Water Capital Corp.	4,096,700	N 6
Mortgage Bond	4/1/2026	7.54	11,000,000	Hare & Co.	829,400	AO 1
Long-Term Debt issued by AWCC	3/29/2011	6.87	9,856,000	American Water Capital Corp.	677,107	MS 29
Mortgage Bond	12/1/2012	6.85	3,000,000	Wells Fargo Bank, NA Great West Pension Agency	205,500	JD 1
	12/1/2012	6.85	17,000,000	Great West Life & Annuity Insurance Company	1,164,500	JD 1
	<u>12/1/2012 2 Items</u>		<u>20,000,000</u>			
Mortgage Bond	4/1/2025	8.19	500,000	The State Life Insurance Company	40,950	AO 1
	4/1/2025	8.19	7,000,000	American United Life Insurance Co.	573,300	AO 1
	<u>4/1/2025 2 Items</u>		<u>7,500,000</u>			
Mortgage Bond	2/28/2027	7.19	7,000,000	American United Life Insurance Co.	503,300	MS 1
Mortgage Bond	11/1/2031	9.06	13,000,000	Allstate Life Insurance Company	1,177,800	MN 1
Mortgage Bond	12/1/2033	6.87	11,500,000	Hare & Co.	790,050	JD 1
Total		6.67%	\$ 150,856,000		\$ 10,058,607	

EXHIBIT G

LIST OF LIENS

[Insert list of Obligations having lien on System Revenues]

SCHEDULE X

DESCRIPTION OF NOTES

A. Series A Notes (Base Program)

Principal Amount of Notes	\$1,925,000
Purchase Price of Notes	\$1,925,000

The Notes shall bear no interest. Commencing December 1, 2011, principal of the Notes is payable quarterly, with no administrative fee. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Notes are fully registered in the name of the Authority as to principal and interest, if any, and the Notes shall grant the Authority a first lien on the System Revenues as provided in this ARRA Assistance Agreement.

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

As of the date of the ARRA Assistance Agreement, the Notes are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Entity: Water Revenue Promissory Notes, Series 2010 B (West Virginia DWTRF Program/ARRA).

B. Series B Notes (ARRA)

Principal Amount of Notes \$1,925,000
Purchase Price of Notes \$1,925,000

The Notes shall not bear interest with no administrative fee. Principal forgiveness shall begin on December 1, 2011, and shall be made quarterly thereafter (March 1, June 1, September 1 and December 1 of each year) as set forth on Schedule Y attached hereto and incorporated herein by reference. The Authority at the direction of the BPH shall forgive the principal amount of the Series B Notes.

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

The Notes are fully registered in the name of the Authority as to principal and interest, if any, and the Notes shall grant the Authority a first lien on the System Revenues as provided in this ARRA Assistance Agreement.

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

As of the date of the ARRA Assistance Agreement, the Notes are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Entity: Water Revenue Promissory Notes, Series 2010 A (West Virginia DWTRF Program).

Number of New Customers To Be Served: 0
Location: N/A

SCHEDULE Y
DEBT SERVICE SCHEDULES

West Virginia American Water			
DWTRF			
20 Years			
0% Interest Rate			
0% Administrative Fee			
	Dated Date	1/28/10	
	Delivery Date	1/28/10	
Period Ending	Principal	Interest	Debt Service
1/28/10			
12/1/11	24,063		24,063
3/1/12	24,063		24,063
6/1/12	24,063		24,063
9/1/12	24,063		24,063
12/1/12	24,063		24,063
3/1/13	24,063		24,063
6/1/13	24,063		24,063
9/1/13	24,063		24,063
12/1/13	24,063		24,063
3/1/14	24,063		24,063
6/1/14	24,063		24,063
9/1/14	24,063		24,063
12/1/14	24,063		24,063
3/1/15	24,063		24,063
6/1/15	24,063		24,063
9/1/15	24,063		24,063
12/1/15	24,063		24,063
3/1/16	24,063		24,063
6/1/16	24,063		24,063
9/1/16	24,063		24,063
12/1/16	24,063		24,063
3/1/17	24,063		24,063
6/1/17	24,063		24,063
9/1/17	24,063		24,063
12/1/17	24,063		24,063
3/1/18	24,063		24,063
6/1/18	24,063		24,063
9/1/18	24,063		24,063
12/1/18	24,063		24,063
3/1/19	24,063		24,063
6/1/19	24,063		24,063
9/1/19	24,063		24,063
12/1/19	24,063		24,063
3/1/20	24,063		24,063
6/1/20	24,063		24,063
9/1/20	24,063		24,063
12/1/20	24,063		24,063
3/1/21	24,063		24,063
6/1/21	24,063		24,063
9/1/21	24,062		24,062
12/1/21	24,062		24,062
3/1/22	24,062		24,062

West Virginia American Water			
ARRA			
10 Years			
	Dated Date	1/28/10	
	Delivery Date	1/28/10	
Period Ending	Debt Service		Principal Forgiveness
1/28/10			
12/1/11	-48,125		-48,125
3/1/12	-48,125		-48,125
6/1/12	-48,125		-48,125
9/1/12	-48,125		-48,125
12/1/12	-48,125		-48,125
3/1/13	-48,125		-48,125
6/1/13	-48,125		-48,125
9/1/13	-48,125		-48,125
12/1/13	-48,125		-48,125
3/1/14	-48,125		-48,125
6/1/14	-48,125		-48,125
9/1/14	-48,125		-48,125
12/1/14	-48,125		-48,125
3/1/15	-48,125		-48,125
6/1/15	-48,125		-48,125
9/1/15	-48,125		-48,125
12/1/15	-48,125		-48,125
3/1/16	-48,125		-48,125
6/1/16	-48,125		-48,125
9/1/16	-48,125		-48,125
12/1/16	-48,125		-48,125
3/1/17	-48,125		-48,125
6/1/17	-48,125		-48,125
9/1/17	-48,125		-48,125
12/1/17	-48,125		-48,125
3/1/18	-48,125		-48,125
6/1/18	-48,125		-48,125
9/1/18	-48,125		-48,125
12/1/18	-48,125		-48,125
3/1/19	-48,125		-48,125
6/1/19	-48,125		-48,125
9/1/19	-48,125		-48,125
12/1/19	-48,125		-48,125
3/1/20	-48,125		-48,125
6/1/20	-48,125		-48,125
9/1/20	-48,125		-48,125
12/1/20	-48,125		-48,125
3/1/21	-48,125		-48,125
6/1/21	-48,125		-48,125
9/1/21	-48,125		-48,125
	1,925,000		1,925,000



SPECIMEN

UNITED STATES OF AMERICA
WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$1,925,000

KNOW ALL MEN BY THESE PRESENTS: That WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation duly existing in the State of West Virginia (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 ONE MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,925,000), 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 of principal on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011, and shall mature on September 1, 2031, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Note bears no interest.

Principal installments of this Note 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 Note is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal to the prepayment date this Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in

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SPECIMEN

compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated January 28, 2010.

This Note is issued (i) to pay a portion of the costs of certain additions, betterments and improvements to the water system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Note and related costs. The existing public water system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is issued under a Corporate Resolution duly adopted by the Issuer on December 16, 2009 (the "Resolution"), and is subject to all the terms and conditions thereof. The ARRA Assistance Agreement 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 this Note under the Resolution.

THIS NOTE 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 PROMISSORY NOTE, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA) (THE "SERIES 2010 B NOTES").

This Note is payable only from and secured by a pledge of the System Revenues (as defined in the ARRA Assistance Agreement) to be derived from the System, on a parity with the pledge of System Revenues in favor of the registered owners of the Series 2010 B Notes, and from moneys in the reserve fund created under the ARRA Assistance Agreement for this Note (the "Series 2010 A Notes Reserve Fund") and unexpended proceeds of this Note. Such System Revenues shall be sufficient to pay the principal and interest on all bonds which may be issued pursuant to the Act.

This Note, 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 Note, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the ARRA Assistance Agreement, shall be applied solely to payment of the costs of the Project and costs of issuance hereof as described in the ARRA Assistance Agreement, 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 Note.

AR-1 SPECIMEN

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 Note do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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 System Revenues of the System has been pledged for the prompt payment of the principal on this Note.

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

AR-1

IN WITNESS WHEREOF, WEST VIRGINIA-AMERICAN WATER COMPANY has caused this Note to be signed by its President and its corporate seal to be hereunto affixed and has caused this Note to be dated January 28, 2010.

[SEAL]

Wayne Morgan
President
SPECIMEN

AR-1

EXHIBIT A

RECORD OF ADVANCES SPECIMEN

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$96,250.00	01/28/10	(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 \$

AR-1

EXHIBIT B
DEBT SERVICE SCHEDULE

SPECIMEN

West Virginia American Water

DWTRF

20 Years

0% Interest Rate

0% Administrative Fee

Dated

Date 1/28/10

Delivery

Date 1/28/10

Period			Debt
Ending	Principal	Interest	Service
1/28/10			
12/1/11	24,063		24,063
3/1/12	24,063		24,063
6/1/12	24,063		24,063
9/1/12	24,063		24,063
12/1/12	24,063		24,063
3/1/13	24,063		24,063
6/1/13	24,063		24,063
9/1/13	24,063		24,063
12/1/13	24,063		24,063
3/1/14	24,063		24,063
6/1/14	24,063		24,063
9/1/14	24,063		24,063
12/1/14	24,063		24,063
3/1/15	24,063		24,063
6/1/15	24,063		24,063
9/1/15	24,063		24,063
12/1/15	24,063		24,063
3/1/16	24,063		24,063
6/1/16	24,063		24,063
9/1/16	24,063		24,063
12/1/16	24,063		24,063
3/1/17	24,063		24,063
6/1/17	24,063		24,063
9/1/17	24,063		24,063
12/1/17	24,063		24,063
3/1/18	24,063		24,063
6/1/18	24,063		24,063
9/1/18	24,063		24,063
12/1/18	24,063		24,063
3/1/19	24,063		24,063
6/1/19	24,063		24,063
9/1/19	24,063		24,063
12/1/19	24,063		24,063
3/1/20	24,063		24,063
6/1/20	24,063		24,063
9/1/20	24,063		24,063
12/1/20	24,063		24,063
3/1/21	24,063		24,063
6/1/21	24,063		24,063
9/1/21	24,062		24,062
12/1/21	24,062		24,062
3/1/22	24,062		24,062

AR-1

West Virginia American Water
DWTRF
20 Years
0% Interest Rate
0% Administrative Fee

SPECIMEN

Period Ending	Principal	Interest	Debt Service
6/1/22	24,062		24,062
9/1/22	24,062		24,062
12/1/22	24,062		24,062
3/1/23	24,062		24,062
6/1/23	24,062		24,062
9/1/23	24,062		24,062
12/1/23	24,062		24,062
3/1/24	24,062		24,062
6/1/24	24,062		24,062
9/1/24	24,062		24,062
12/1/24	24,062		24,062
3/1/25	24,062		24,062
6/1/25	24,062		24,062
9/1/25	24,062		24,062
12/1/25	24,062		24,062
3/1/26	24,062		24,062
6/1/26	24,062		24,062
9/1/26	24,062		24,062
12/1/26	24,062		24,062
3/1/27	24,062		24,062
6/1/27	24,062		24,062
9/1/27	24,062		24,062
12/1/27	24,062		24,062
3/1/28	24,062		24,062
6/1/28	24,062		24,062
9/1/28	24,062		24,062
12/1/28	24,062		24,062
3/1/29	24,062		24,062
6/1/29	24,062		24,062
9/1/29	24,062		24,062
12/1/29	24,062		24,062
3/1/30	24,062		24,062
6/1/30	24,062		24,062
9/1/30	24,062		24,062
12/1/30	24,062		24,062
3/1/31	24,062		24,062
6/1/31	24,062		24,062
9/1/31	24,063		24,063
	1,925,000		1,925,000

NUMBER
AR-1

(Form of)

ASSIGNMENT

SPECIMEN

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

Dated: _____, _____.

In the presence of:

NUMBER
BR-1



SPECIMEN

UNITED STATES OF AMERICA
WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

No. BR-1

\$1,925,000

KNOW ALL MEN BY THESE PRESENTS: That WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation duly existing in the State of West Virginia (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 ONE MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,925,000), 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 of principal forgiveness on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011, and shall mature on September 1, 2021, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Note bears no interest.

This Note shall bear no interest. Principal installments of this Note are 100% forgivable on the "Debt Service Schedule" attached as EXHIBIT B hereto.

This Note is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal to the prepayment date. This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated January 28, 2010.

NUMBER
BR-1

SPECIMEN

This Note is issued (i) to pay a portion of the costs of certain additions, betterments and improvements to the water system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Note and related costs. The existing public water system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is issued under a Corporate Resolution duly adopted by the Issuer on December 16, 2009 (the "Resolution"), and is subject to all the terms and conditions thereof. The ARRA Assistance Agreement 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 this Note under the Resolution.

THIS NOTE 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 PROMISSORY NOTE, SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM) (THE "SERIES 2010 A NOTES").

This Note is payable only from and secured by a pledge of the System Revenues (as defined in the ARRA Assistance Agreement) to be derived from the System, on a parity with the pledge of System Revenues in favor of the registered owners of the Series 2010 A Notes, and from moneys in the reserve fund created under the ARRA Assistance Agreement for this Note (the "Series 2010 B Notes Reserve Fund") and unexpended proceeds of this Note. Such System Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act.

This Note, 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 Note, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the ARRA Assistance Agreement, shall be applied solely to payment of the costs of the Project and costs of issuance hereof as described in the ARRA Assistance Agreement, 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 Note.

BR-1

SPECIMEN

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 Note do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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 System Revenues of the System has been pledged for the prompt payment of the principal on this Note.

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

BR-1

IN WITNESS WHEREOF, WEST VIRGINIA-AMERICAN WATER COMPANY has caused this Note to be signed by its President and its corporate seal to be hereunto affixed and and has caused this Note to be dated January 28, 2010.

[SEAL]

Wayne D. Hergen
President
SPECIMEN

BR-1

EXHIBIT A

SPECIMEN

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ -0-	01/28/10	(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 \$

BR-1

EXHIBIT B
DEBT SERVICE SCHEDULE

West Virginia American Water

ARRA

10 Years

SPECIMEN

Dated
Date 1/28/10
Delivery
Date 1/28/10

Period Ending	Debt Service	Principal Forgiveness
1/28/10		
12/1/11	-48,125	-48,125
3/1/12	-48,125	-48,125
6/1/12	-48,125	-48,125
9/1/12	-48,125	-48,125
12/1/12	-48,125	-48,125
3/1/13	-48,125	-48,125
6/1/13	-48,125	-48,125
9/1/13	-48,125	-48,125
12/1/13	-48,125	-48,125
3/1/14	-48,125	-48,125
6/1/14	-48,125	-48,125
9/1/14	-48,125	-48,125
12/1/14	-48,125	-48,125
3/1/15	-48,125	-48,125
6/1/15	-48,125	-48,125
9/1/15	-48,125	-48,125
12/1/15	-48,125	-48,125
3/1/16	-48,125	-48,125
6/1/16	-48,125	-48,125
9/1/16	-48,125	-48,125
12/1/16	-48,125	-48,125
3/1/17	-48,125	-48,125
6/1/17	-48,125	-48,125
9/1/17	-48,125	-48,125
12/1/17	-48,125	-48,125
3/1/18	-48,125	-48,125
6/1/18	-48,125	-48,125
9/1/18	-48,125	-48,125
12/1/18	-48,125	-48,125
3/1/19	-48,125	-48,125
6/1/19	-48,125	-48,125
9/1/19	-48,125	-48,125
12/1/19	-48,125	-48,125
3/1/20	-48,125	-48,125
6/1/20	-48,125	-48,125
9/1/20	-48,125	-48,125
12/1/20	-48,125	-48,125
3/1/21	-48,125	-48,125
6/1/21	-48,125	-48,125
9/1/21	-48,125	-48,125
	1,925,000	1,925,000

BR-1

(Form of)

ASSIGNMENT

SPECIMEN

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

Dated: _____, _____.

In the presence of:

JPMorgan Chase Bank, N.A.
Global Trade Services
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

SPECIMEN

JAN 25, 2010
OUR L/C NO.: TFTS-806962

TO:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION, ATTN: SARA BOARDMAN
(REFER TO LC TEXT FOR FULL DETAILS)
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301

APPLICANT:
AMERICAN WATER CAPITAL CORP.
ON BEHALF OF WEST VIRGINIA-AMERICAN
WATER COMPANY
1600 PENNSYLVANIA AVENUE
CHARLESTON, WV 25302-3932

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR
AS DETAILED HEREIN SUBJECT TO ISP98

DOCUMENTARY CREDIT NUMBER: TFTS-806962

FURTHER IDENTIFICATION: ISSUE

DATE OF ISSUE: JANUARY 25, 2010

BENEFICIARY: WEST VIRGINIA MUNICIPAL BOND
COMMISSION, ATTN: SARA BOARDMAN
(REFER TO LC TEXT FOR FULL DETAILS)
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301

APPLICANT: AMERICAN WATER CAPITAL CORP.
ON BEHALF OF WEST VIRGINIA-AMERICAN
WATER COMPANY
1600 PENNSYLVANIA AVENUE
CHARLESTON, WV 25302-3932

DATE AND PLACE OF EXPIRY: JANUARY 28, 2011
AT OUR COUNTER

DOCUMENTARY CREDIT AMOUNT: USD192,504.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.
BY PAYMENT

JPMorgan Chase Bank, N.A.
Global Trade Services
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

SPECIMEN

JAN 25, 2010
OUR L/C NO.: TFTS-806962

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO YOU VIA SWIFT, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF SEPTEMBER 1, 2031. UPON SUCH NOTICE TO YOU, YOU MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING AS FOLLOWS:

QUOTE

THE AMOUNT OF THIS DRAWING USD UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER TFTS-806962 REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TFTS-806962 AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

UNQUOTE

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

- I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR
 - II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF,
- SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS OTHERWISE STATED.

ADDITIONAL DETAILS:

BENEFICIARY FULL NAME AND ADDRESS:

WEST VIRGINIA MUNICIPAL BOND COMMISSION

ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

AS HOLDER OF WEST VIRGINIA-AMERICAN WATER COMPANY WATER REVENUE PROMISSORY NOTE SERIES 2010A (WEST VIRGINIA DWTRF PROGRAM)

ATTN: SARA BOARDMAN

1207 QUARRIER STREET, SUITE 401

JPMorgan Chase Bank, N.A.
Global Trade Services
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

SPECIMEN

JAN 25, 2010
OUR L/C NO.: TFTS-806962

CHARLESTON, WV 25301

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A. AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON JPMORGAN CHASE BANK, N.A., WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

"THE AMOUNT OF THIS DRAWING, USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. TFTS-806962 REPRESENTS FUNDS DUE US AS WEST VIRGINIA-AMERICAN WATER COMPANY IS IN MONETARY DEFAULT OF THOSE CERTAIN LOANS FROM THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY UNDER WEST VIRGINIA-AMERICAN WATER COMPANY WATER REVENUE PROMISSORY NOTE SERIES 2010A (WEST VIRGINIA DWTRF PROGRAM) DUE TO ITS FAILURE TO MAKE DEBT SERVICE PAYMENTS ON THE LOANS AS AND WHEN DUE, AND PAYMENT HAS NOT BEEN RECEIVED FROM ANY OTHER SOURCE. THE AMOUNT OF THIS DRAW ON YOUR LETTER OF CREDIT NUMBER TFTS-806962 DOES NOT EXCEED THE AMOUNT OF SUCH MONETARY DEFAULT."

PLEASE ADDRESS ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER TO:
JPMORGAN CHASE BANK, N.A.

C/O JPMORGAN TREASURY SERVICES
STANDBY LETTER OF CREDIT DEPT., 4TH FL
10420 HIGHLAND MANOR DRIVE,
TAMPA, FLORIDA 33610

CUSTOMER SERVICE NUMBER IS TOLL FREE 1-800-634-1969 AND CHOOSE
OPTION 1 OR E-MAIL ADDRESS: GTS.CLIENT.SERVICES@JPMCHASE.COM
PLEASE INCLUDE OUR LETTER OF CREDIT NUMBER IN ALL CORRESPONDENCE.

THIS LETTER OF CREDIT IS NOT AVAILABLE FOR DRAWING UNTIL JANUARY 28, 2010.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

EXCEPT AS OTHERWISE SPECIFIED HEREIN, THE LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998), INTERNATIONAL CHAMBER OF

JPMorgan Chase Bank, N.A.
Global Trade Services
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

JAN 25, 2010
OUR L/C NO.: TFTS-806962

COMMERCE PUBLICATION NO. 590.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.



A handwritten signature in black ink, appearing to read 'R. Davis', is written over a horizontal line. A large, faint watermark reading 'STAMPEN' is visible across the signature.

AUTHORIZED SIGNATURE

RALPH T. DAVIS
ASSISTANT VICE PRESIDENT

JPMorgan Chase Bank, N.A.
Global Trade Services
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

JAN 25, 2010

L/C NO.: TFTS-806962

ITEM NO: 0001

TO:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION, ATTN: SARA BOARDMAN
(REFER TO LC TEXT FOR FULL DETAILS)
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301

SPECIMEN

RE: TFTS-806962

WEST VIRGINIA-AMERICAN WATER COMPANY WATER
REVENUE PROMISSORY NOTE SERIES 2010A
(WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF LETTER OF CREDIT BANK

THE UNDERSIGNED OFFICER OF JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, NEW YORK, NEW YORK (THE "BANK"), HEREBY CERTIFIES IN CONNECTION WITH THE ISSUANCE BY THE BANK OF ITS LETTER OF CREDIT, NO. TFTS-806962, DATED JANUARY 25, 2010, IN THE AMOUNT OF USD192,504.00 (THE "LETTER OF CREDIT"), TO
WEST VIRGINIA MUNICIPAL BOND COMMISSION
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
AS HOLDER OF THE WEST VIRGINIA-AMERICAN WATER COMPANY WATER REVENUE PROMISSORY NOTE SERIES 2010A (WEST VIRGINIA DWTRF PROGRAM)
AT THE REQUEST OF
AMERICAN WATER CAPITAL CORP. ON BEHALF OF WEST VIRGINIA-AMERICAN WATER COMPANY ("APPLICANT")

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. WE HAVE BEEN ADVISED THAT LETTER OF CREDIT TFTS-806962 IS PROVIDED TO SECURE LOANS FROM THE WEST VIRGINIA-AMERICAN WATER COMPANY WATER REVENUE

JPMorgan Chase Bank, N.A.
Global Trade Services
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

JAN 25, 2010

L/C NO.: TFTS-806962

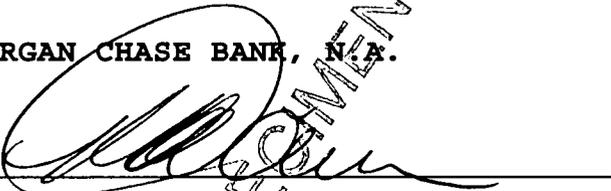
ITEM NO: 0001

TO:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION, ATTN: SARA BOARDMAN
(REFER TO LC TEXT FOR FULL DETAILS)
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301

PROMISSORY NOTE SERIES 2010A (WEST VIRGINIA DWTRF PROGRAM) AND SECURE THE PAYMENT OF UP TO USD192,504.00, WHICH WE ARE ADVISED IS APPROXIMATELY EQUAL TO TWO YEARS' DEBT SERVICE ON THE ISSUER'S WEST VIRGINIA-AMERICAN WATER COMPANY WATER REVENUE PROMISSORY NOTE SERIES 2010A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010. THE WEST VIRGINIA DWTRF PROGRAM LETTER OF CREDIT (TFTS-806962) HAS BEEN DELIVERED BY THE BANK PURSUANT TO AN APPLICATION FOR IRREVOCABLE STANDBY LETTER OF CREDIT.

IN WITNESS WHEREOF, JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, HAS CAUSED THIS CERTIFICATE TO BE EXECUTED BY A DULY AUTHORIZED OFFICER, THIS 25TH DAY OF JANUARY, 2010.

JPMORGAN CHASE BANK, N.A.

BY: 

AUTHORIZED OFFICER

RALPH T. DAVIS
ASSISTANT VICE PRESIDENT

WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

3.1

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. CORPORATE RESOLUTION
7. NO LITIGATION
8. AGREEMENTS AND OBLIGATIONS
9. NO CHANGE IN CONDITION
10. SIGNATURES AND DELIVERY
11. SPECIMEN NOTES
12. PUBLIC SERVICE COMMISSION ORDERS
13. EXECUTION OF COUNTERPARTS

The undersigned 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 28th day of January, 2010, in connection with the authorization, execution and delivery of an ARRA Assistance Agreement, dated January 28, 2010, by and between the Company and the West Virginia Water Development Authority (the "Authority") acting under the direction of the West Virginia Bureau for Public Health (the "BPH") entered into pursuant to a Corporate Resolution adopted by the Company on December 16, 2009 (the "Corporate Resolution") authorizing the Water Revenue Promissory Note, Series 2010 A (West Virginia DWTRF Program) in the total aggregate principal amount of \$1,925,000 (the "Series 2010 A Note" and the Water Revenue Promissory Note, Series 2010 B (West Virginia DWTRF Program/ARRA) (the "Series 2010 B Note," together with the Series 2010 A Note, the "Notes"), to be issued to the Authority, all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the ARRA Assistance Agreement, as follows:

1. INCUMBENCY AND SIGNATURES: The undersigned is and was at all relevant times the duly elected, qualified and serving 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 ARRA Assistance 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

Orders of the Public Service Commission of West Virginia

ARRA Assistance Agreement

Corporate Resolution

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 ARRA Assistance 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, has not been altered, modified or otherwise amended and is in full force and effect as of the date hereof. The ARRA Assistance 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 ARRA Assistance 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 of 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 ARRA Assistance Agreement by the Company or in connection with the Project, the ARRA Assistance Agreement or the transactions contemplated thereby, except those already obtained.

6. CORPORATE RESOLUTION: The Company has duly and properly adopted the Corporate Resolution. The Corporate Resolution authorizes the Company to take all actions necessary to enter into the ARRA Assistance Agreement and execute all documents required for the transactions contemplated thereby.

7. 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 therefore), against or affecting the Company in or before or by a 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 looking toward liquidation or dissolution of the Company.

8. 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.

9. 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 Notes.

10. SIGNATURES AND DELIVERY: On the date hereof, the undersigned President did officially sign all of the Notes of the aforesaid issue, all dated the date hereof by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Company to be affixed upon each of said Notes and to be attested by his or her manual signature. Said official seal is also impressed above the signatures appearing on this certificate.

11. SPECIMEN NOTES: Delivered concurrently herewith are true and accurate specimens of the Promissory Notes.

12. PUBLIC SERVICE COMMISSION ORDERS: The Company has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Notes, 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, the Public Service Commission of West Virginia and the BPH, the Company has taken any other action required for the imposition of such rates and charges. The Company has received the Commission Order of the Public Service Commission of West Virginia entered on October 8, 2009, in Case No. 09-1396-W-PC-N stating that the Project was in the usual course of business and finding that a Certificate of Convenience and Necessity is not required.

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

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

SIGNATURE

Wayne O. Meyer

OFFICIAL TITLE

President

WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

3.2

CERTIFICATE AS TO USE OF PROCEEDS

On this 28th day of January, 2010, the undersigned President of West Virginia-American Water Company (the "Issuer"), being a duly authorized officer of the Issuer duly charged with the responsibility for the issuance of \$1,925,000 aggregate principal amount of Water Revenue Promissory Note, Series 2010 A (West Virginia DWTRF Program) (the "Series 2010 A Notes") and \$1,925,000 aggregate principal amount of Water Revenue Promissory Note, Series 2010 B (West Virginia DWTRF Program/ARRA) (the "Series 2010 B Notes" and together with the Series 2010 A Notes, the "Notes"), all of the Issuer and dated January 28, 2010, hereby certify as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Notes. 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 same meanings as set forth in the ARRA Assistance Agreement entered into between the Issuer and the West Virginia Water Development Authority (the "WDA") acting under the direction of the West Virginia Bureau for Public Health (the "BPH") (the "ARRA Assistance Agreement"), authorizing the Notes.

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 January 28, 2010, the date on which the Notes are to be physically delivered in exchange for a portion of the principal amount of the Notes, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. The Series 2010 A Notes were sold on January 28, 2010, to the Authority, pursuant to the ARRA Assistance Agreement for an aggregate purchase price of \$1,925,000 (100% of par value), at which time, the Issuer received \$96,250 from the Authority and the BPH, being the first advance of the principal of the Series 2010 A Notes. No accrued interest has been or will be paid on the Series 2010 A Notes. The balance of the principal amount of the Series 2010 A Notes will be advanced to the Issuer as acquisition and construction of the Project progresses.

5. The Series 2010 B Notes were sold on January 28, 2010, to the Authority, pursuant to the ARRA Assistance Agreement for an aggregate purchase price of \$1,925,000 (100% of par value), at which time, the Issuer received \$0 from the Authority and the BPH. No accrued interest has been or will be paid on the Series 2010 B Notes. The principal amount of the Series 2010 B Notes will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2010 A Notes and Series 2010 B Notes 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 additions, betterments and improvements to the System of the Issuer (the "Project"); and (ii) paying costs of issuance of the Notes and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Notes for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Notes to expenditures for costs of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds deposited in the reserve account for the Notes, if any, all of the proceeds from the sale of the Notes, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before March 1, 2011. The acquisition and construction of the Project is expected to be completed by February 1, 2011.

8. The total cost of the Project is estimated to be \$4,697,732. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2010 A Notes	\$1,925,000.00
Proceeds of the Series 2010 B Notes	\$1,925,000.00
Contribution from Issuer	\$ <u>847,732.00</u>
Total Sources	\$4,697,732.00

USES

Costs of Project	\$4,673,232.00
Cost of Issuance	\$ <u>24,500.00</u>
Total Uses	\$4,697,732.00

9. Pursuant to the ARRA Assistance Agreement, the following special funds or accounts have been created or continued:

- (1) System Revenue Fund (existing operating fund);
- (2) Notes Construction Trust Fund;
- (3) Series 2010 A Notes Sinking Fund;
- (4) Series 2010 B Notes Sinking Fund;
- (5) Series 2010 A Notes Reserve Account (funded by letter of credit);
- (6) Series 2010 B Notes Reserve Account;

10. Pursuant to the ARRA Assistance Agreement, the proceeds of the Notes will be deposited as follows:

(1) Series 2010 A Note proceeds in the amount of \$0 will be deposited in the Series 2010 A Notes Reserve Account. The Issuer shall fund the Series 2010 A Notes Reserve Account with a letter of credit in the amount of \$192,504.

(2) The balance of the proceeds of the Series 2010 A Notes will be deposited in the Notes Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Notes and related costs, and for no other purpose.

(3) Series 2009 B Note proceeds in the amount of \$0 will be deposited in the Series 2010 B Notes Reserve Account.

(4) The balance of the proceeds of the Series 2010 B Notes will be deposited in the Notes Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Notes and related costs, and for no other purpose.

11. Moneys held in the Series 2010 A Notes Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2010 A Notes and will not be available to meet costs of acquisition and construction of the Project. All investment

earnings on moneys in the Series 2010 A Notes Reserve Account (if equal to the Series 2010 A Notes Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Notes Construction Trust Fund, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the ARRA Assistance Agreement.

12. Moneys held in the Series 2010 B Notes Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2010 B Notes and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2010 B Notes Reserve Account (if equal to the Series 2010 B Notes Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Notes Construction Trust Fund, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the ARRA Assistance Agreement.

13. 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 12 months of the date hereof.

14. With the exception of the amount deposited in the Series 2010 A Notes Reserve Account and the Series 2010 B Notes Reserve Account, if any, all of the proceeds of the Notes will be expended on the Project within 13 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Notes.

16. The amount designated as cost of issuance of the Notes consists only of costs which are directly related to and necessary for the issuance of the Notes.

17. The original proceeds of the Notes will not exceed the amount necessary for the purposes of the issue.

18. The Issuer shall use the proceeds of the Notes solely for the costs of acquisition and construction of the Project.

19. The Issuer has either (a) funded the Series 2010 A Notes Reserve Account and the Series 2010 B Notes Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Notes in any two years with a letter of credit or some other means, or (b) created the Series 2010 A Notes Reserve Account and the Series 2010 B Notes Reserve Account which will be funded

with equal payments made on a monthly basis over a 10-year period until the Series 2010 A Notes Reserve Account and the Series 2010 B Notes Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Notes in any two years. Moneys in the Series 2010 A Notes Reserve Account and the Series 2010 B Notes Reserve Account and the Series 2010 A Notes Sinking Fund and the Series 2010 B Notes Sinking Fund will be used solely to pay principal of and interest, if any, on the Notes and will not be available to pay costs of the Project.

20. 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.

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

WITNESS my signature as of the date first written above.

WEST VIRGINIA-AMERICAN
WATER COMPANY



President



WEST VIRGINIA-AMERICAN WATER COMPANY 3.3
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

CERTIFICATE OF CONSULTING ENGINEER

I, Gary Facemyer, Registered Professional Engineer, West Virginia License No. 8287, of Hatch Mott MacDonald, LLC, Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction of certain additions, betterments and improvements to (the "Project") to the existing public waterworks system (the "System") of West Virginia-American Water Company (the "Issuer"), to be constructed primarily in Fayette County, West Virginia, which construction is being permanently financed by the above-captioned notes (the "Notes") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the ARRA Assistance Agreement between the Issuer and the West Virginia Water Development Authority (the "Authority") directed by the West Virginia Bureau for Public Health ("BPH"), dated January 28, 2010 (the "ARRA Assistance Agreement").

2. The Notes are being issued for the purposes of (i) paying a portion of the costs of construction of the Project; and (ii) paying certain costs of issuance and related costs.

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 West Virginia-American Water Company and approved by the BPH and any change orders approved by the Issuer, the BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 22 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 in reliance upon the opinion of Linda Bouvette, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and 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, to the extent the plans were prepared by my firm, and operation of the System; (ix) in reliance upon the certificate of Griffith & Associates, CPAs, of even date herewith, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the ARRA Assistance Agreement; (x) the net proceeds of the Notes, 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; (xi) attached hereto as Exhibit A are the final amended "Schedule B - Total Cost of Project, Sources of Funds and Cost of Financing" for the Notes associated with the Project; and (xii) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. I have received the Buy American Certification from the contractor responsible for performing the construction work for the Project.

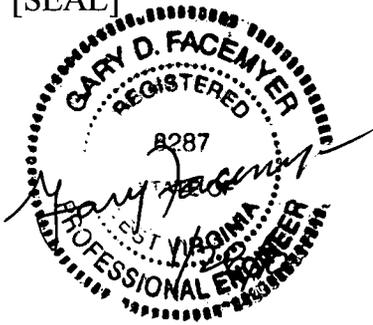
5. The Project will serve no new customers.



Hatch Mott
MacDonald

WITNESS my signature and seal on this 28th day of January, 2010.

[SEAL]



Gary Facemyer
Hatch Mott MacDonald, LLC
Gary Facemyer, P.E.
West Virginia License No. 8287

**DWTRF ARRA
SCHEDULE B
FAYETTE COUNTY WATER METER REPLACEMENT PROJECT
IJDC # 2009W-1135**

DWTRF NO. 09DWTRFA089

COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	DWTRF BASE LOAN	DWTRF ARRA PRINCIPAL FORGIVENESS	WVAWC Contribution
1. Construction				
Water Meter Replacement Project	\$ 3,942,732	\$ 1,625,000	\$ 1,925,000	\$ 392,732
2. Technical Services				
a. Preliminary Engineering	\$ -			
b. Design	\$ 22,000			\$ 22,000
c. Construction Engineering	\$ 75,000	\$ 60,000		\$ 15,000
d. Construction Inspection	\$ 318,000	\$ 140,000		\$ 178,000
e. Special Services - Surveying GPS/GIS	\$ 100,000	\$ 100,000		\$ -
3. Legal & Fiscal				
a. Project Attorney	\$ 5,000			\$ 5,000
b. PSC Attorney	\$ 10,000			\$ 10,000
c. Title Opinion	\$ 5,000			\$ 5,000
4. Sites and Other Lands	\$ -			
5. Miscellaneous				
a. Project Coordinator	\$ 50,000			\$ 50,000
b. Permits	\$ -			
c. Other Administrative Costs	\$ 60,000			\$ 60,000
6. Interim Financing	\$ -			\$ -
7. Contingency	\$ 85,500			\$ 85,500
8. Total of Lines 1 through 7	\$ 4,673,232	\$ 1,925,000	\$ 1,925,000	\$ 823,232
B. Cost of Financing				
9. Capitalized Interest	\$ -			
10. Other Costs	\$ -			
a. Bond Counsel	\$ 24,500			\$ 24,500
b. Bank Registrar Fee	\$ -			
11. Total Cost of Financing (Lines 15 and 16)	\$ 24,500	\$ -	\$ -	\$ 24,500
12. TOTAL PROJECT COST (line 8 plus line 11)	\$ 4,697,732	\$ 1,925,000	\$ 1,925,000	\$ 847,732
C. Sources of Funds				
13. Federal Grants:	\$ -			
14. Principal Forgiveness	\$ 1,925,000		\$ 1,925,000	
15. Other Grants / Contributions	\$ 847,732			\$ 847,732
16. TOTAL GRANTS line 14 plus line 15	\$ 2,772,732		\$ 1,925,000	\$ 847,732
17. Size of Bond Issue	\$ 1,925,000	\$ 1,925,000		\$ -

The items to be secured and provided under 5G are as follows:

Construction Engineering / Management, Construction Inspection, and Surveying GPS/GIS total \$300,000

This work will include Construction Management including monthly progress meetings, payments, inspection and surveying of 9,500 meter changes, the 12,000 AMI units, the related communication system and the acoustic monitoring equipment.

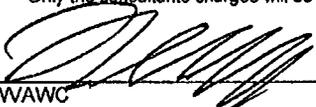
DWTRF eligible items are only for the items in the construction contract and the Engineering Services obtained under 5G.

Items NOT under the 5G and paid for by WVAWC include:

The project coordinator is an internal WVAWC Distribution / Commercial Supervisor to supervise and coordinate the project and the record keeping of the 9,500 meter changes, the 12,000 AMI units, the related communication system and the acoustic monitoring equipment.

The Administrative costs estimated at \$60,000 is for the cost of data entry, record keeping and inventory control of the 9,500 meter changes, this work is to be done by internal WVAWC personnel.

Only the consultants charges will be DWTRF eligible, no DWTRF funds will be used for WVAWC time or materials.


 WVAWC
 DATE: 1/8/2010

Budget Revised 1/8/2010

Project has a GPS/GIS component to survey all meter locations

Additional information added 11/02/2009

Bid Prices added 11/23/09

NOTE: Original Contract Amount \$ 5,176,140 less Services and Seller Change Order of \$ 1,233,408 (Total construction cost of \$ 3,942,732)



January 28, 2010

WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

West Virginia-American Water Company
Charleston, WV 25327

West Virginia Water Development Authority
Charleston, WV 25311

West Virginia Bureau for Public Health
Charleston WV 25311

Jackson Kelly PLLC
Charleston, WV 25301

Ladies and Gentlemen:

We have reviewed the System Revenues (as that term is defined in the ARRA Assistance Agreement) of West Virginia-American Water Company (the "Issuer") and the operating expenses of the Issuer. It is our opinion that the System Revenues are sufficient (i) to provide for all operating expenses of the water system of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 100% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer's Water Revenue Promissory Note, Series 2010 A (West Virginia DWTRF Program) and Water Revenue Promissory Note, Series 2010 B (West Virginia DWTRF Program/ARRA) (the "Notes") and all other obligations, if any, secured by or payable from revenues of the System on a parity with the Notes.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the ARRA Assistance Agreement between the Issuer and the West Virginia Water Development Authority dated January 28, 2010.

Very truly yours,

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

MDG/dk

WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

3.5

RECEIPT FOR NOTES

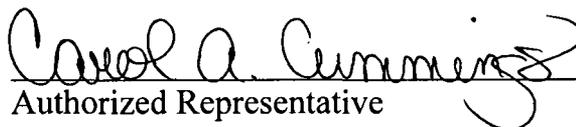
The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the 28th day of January, 2010, in Charleston, West Virginia, the Authority received the entire original issue of \$1,925,000 in aggregate principal amount of the Water Revenue Promissory Note, Series 2010 A (West Virginia DWTRF Program), of West Virginia-American Water Company (the "Issuer"), dated January 28, 2010, numbered AR-1 and \$1,925,000 in aggregate principal amount of the Water Revenue Promissory Note, Series 2010 B (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, and numbered BR-1 (the "Notes").

2. At the time of such receipt of the Notes, they had been executed by the President of the Issuer.

WITNESS my signature on this 28th day of January, 2010.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

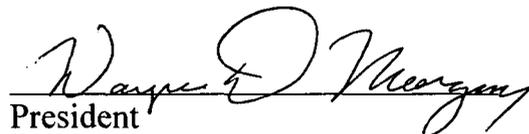
3.6

RECEIPT FOR NOTE PROCEEDS

On this 28th day of January, 2010, the undersigned President of West Virginia-American Water Company (the "Issuer"), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from the West Virginia Water Development Authority (the "WDA"), the sum of \$96,250, being the first advance on Water Revenue Promissory Note, Series 2010 A (West Virginia DWTRF Program) and the sum of \$0 being the first advance on Water Revenue Promissory Note, Series 2010 B (West Virginia DWTRF Program/ARRA), both dated the date hereof (the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the WDA from time to time as construction progresses.

WITNESS my signature as of the date first written above.

WEST VIRGINIA-AMERICAN
WATER COMPANY


President

WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTES,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTES,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

3.7

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

PNC BANK, Pittsburgh, Pennsylvania, hereby accepts appointment as Depository Bank in connection with a Corporate Resolution of West Virginia-American Water Company (the "Issuer"), passed by the Issuer on December 16, 2009, authorizing the issuance of West Virginia-American Water Company Water Revenue Promissory Notes, Series 2010 A (West Virginia DWTRF Program), in the aggregate principal amount of \$1,925,000 and Water Revenue Promissory Notes, Series 2010 B (West Virginia DWTRF Program/ARRA), in the aggregate principal amount of \$1,925,000, all dated January 28, 2010, and agrees to serve as Depository Bank, all as set forth in the Corporate Resolution.

Witness my signature on this 28th day of January, 2010.

PNC BANK



Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

1207 Quarrier Street, Suite 401

Charleston, WV 25301

(304) 558-3971

3.8(A)

NEW ISSUE REPORT FORM

Date of Report: January 28, 2010

ISSUE: West Virginia-American Water Company Water Revenue Promissory Note, Series 2010 A (West Virginia DWTRF Program)

ADDRESS: 1600 Pennsylvania Ave., Charleston, WV 25327 COUNTY: Fayette (Cite of Project)

PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: January 28, 2010 CLOSING DATE: January 28, 2010

ISSUE AMOUNT: \$1,925,000 RATE: 0% / 0% Admin Fee

1st DEBT SERVICE DUE: _____ 1st PRINCIPAL DUE: _____

1st DEBT SERVICE AMOUNT: \$ _____ PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Samme L. Gee, Esquire Contact Person: _____
Phone: (304) 340-1318 Phone: (304) _____

CLOSING BANK: PNC Bank ESCROW TRUSTEE: _____
Contact Person: Raymond Smith Contact Person: _____
Phone: (215) 585-7318 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT: OTHER: WVBPH
Contact Person: Mark A. Sankoff Contact Person: Bob DeCrease
Position: Director Engineering Function: Manager
Phone: (304) 340-2974 Phone: (304) 558-6749
E-Mail: mark.sankoff@amwater.com

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
Capitalized Interest: \$ _____
By _____ Wire _____ Reserve Account: \$ _____
_____ Check _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons.Invest.Fund \$ _____
_____ To Other: _____ \$ _____

NOTES: Reserve Fund to be funded at two years debt service by letter of credit.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

WEST VIRGINIA MUNICIPAL BOND COMMISSION

1207 Quarrier Street, Suite 401

Charleston, WV 25301

(304) 558-3971

3.8(B)

NEW ISSUE REPORT FORM

Date of Report: January 28, 2010

ISSUE: West Virginia-American Water Company Water Revenue Promissory Note, Series 2010 B (West Virginia DWTRF Program/ARRA)

ADDRESS: 1600 Pennsylvania Ave., Charleston, WV 25327 COUNTY: Fayette (Cite of Project)

PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: January 28, 2010 CLOSING DATE: January 28, 2010

ISSUE AMOUNT: \$1,925,000 RATE: 0% / 0% Admin Fee

1st DEBT SERVICE DUE: _____ 1st PRINCIPAL DUE: _____

1st DEBT SERVICE AMOUNT: \$ PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Samme L. Gee, Esquire Contact Person: _____
Phone: (304) 340-1318 Phone: (304)

CLOSING BANK: PNC Bank ESCROW TRUSTEE: _____
Contact Person: Raymond Smith Contact Person: _____
Phone: (215) 585-7318 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT: OTHER: WVBPH
Contact Person: Mark A. Sankoff Contact Person: Bob DeCrease
Position: Director Engineering Function: Manager
Phone: (304) 340-2974 Phone: (304) 558-6749
E-Mail: mark.sankoff@amwater.com

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
Capitalized Interest: \$ _____
By _____ Wire _____ Reserve Account: \$ _____
Check _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire _____ To Escrow Trustee: \$ _____
Check _____ To Issuer: \$ _____
IGT _____ To Cons.Invest.Fund \$ _____
To Other: _____ \$ _____

NOTES: Forgiveable Loan – no Reserve Fund.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Joe Manchin III
Governor

Martha Yeager Walker
Secretary

MEMORANDUM

TO: Robert W. Decrease, P.E.
Manager, Infrastructure & Capacity Development

FROM: Christopher W. Thomas, EIT *Christopher W. Thomas*
Infrastructure & Capacity Development

DATE: August 19, 2009

SUBJECT: Preliminary Application- 2009W-1135
WVAW Fayette County – Smart Meter Infrastructure Installation
Fayette County

RECOMMENDATION:

This project is technically feasible and we recommend it be forwarded to the Funding Committee. This project has been designated as a green project by the EPA and now qualifies for the green reserve money available through the ARRA program.

PROJECT SCOPE:

This project includes the installation of an advanced metering system. It is proposed to install 12,000 meters in Fayette County. The “smart” metering system will give WVAW the capabilities to track water usage patterns, more accurately detect and find leaks, improve water and energy efficiency, and improve the overall efficiency of receiving usage information for billing purposes.

The cost per customer is \$377. The estimated total project cost is \$4,200,000 (ARRA Loan: \$3,850,000 – committed; WVAW Contribution: \$350,000 - committed).

NEED FOR THE PROJECT:

The current meters in use in the Fayette County region are dated and are in need of replacement. This upgrade from a conventional meter to a “Smart” advanced meter will help the region in several ways as listed above. Currently the water loss in Fayette County is 47%, so the potential savings for the community and the environmental standpoint are large.

WVAW-Fayette County- 2009W-1135

August 19, 2009

Page Two

CONCERNS:

None.

PERMITS:

A permit **will not** be required from the WV Bureau for Public Health prior to construction.

RANKING:

Public Health: **5**

Compliance: **0**

CWT:bms

ACORDTM**EVIDENCE OF PROPERTY INSURANCE**DATE (MM/DD/YYYY)
01/14/2010

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE OF PROPERTY INSURANCE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

AGENCY Marsh USA, Inc. 1166 Avenue of the Americas New York, NY 10036 Attn: NewYork.certs@Marsh.com Fax: 212-948-0500 602328-10M-PROP-09-10		PHONE (A/C, No, Ext)		COMPANY Lexington Insurance Company	
FAX (A/C, No)		E-MAIL ADDRESS			
CODE:		SUB CODE:			
AGENCY CUSTOMER ID #:		LOAN NUMBER		POLICY NUMBER 25031393	
INSURED West Virginia American Water Company 1600 Pennsylvania Avenue Charleston, WV 25302		EFFECTIVE DATE 12/31/2009		EXPIRATION DATE 12/31/2010	
				<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:					

PROPERTY INFORMATION

LOCATION/DESCRIPTION
 RE: BUILDERS RISK; FAYETTE AMI PROJECT

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
"All Risk" of direct physical loss or damage to real property on a replacement cost basis, subject to policy terms, conditions and exclusions. Coverage includes, but is not limited to fire, extended perils such as vandalism, malicious mischief, and boiler & machinery. Flood and Earthquake coverage is included but further sublimited.	3,942,732	25,000
PERSONAL PROPERTY	INCLUDED ABOVE	

REMARKS (Including Special Conditions)

CITY OF FAYETTEVILLE WATER DISTRIBUTION SYSTEM IN FAYETTE COUNTY, WV; WV AMERICAN WATER, WV WDA AND ITS SUBCONTRACTORS ARE INCLUDED AS ADDITIONAL INSURED AND MORTGAGEE WHERE REQUIRED BY WRITTEN CONTRACT.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 90 DAYS WRITTEN NOTICE TO THE ADDITIONAL INTEREST NAMED BELOW, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

ADDITIONAL INTEREST NYC-003983889-01

NAME AND ADDRESS WEST VIRGINIA WATER DEVELOPMENT AUTHORITY CHRISS JARRETT & ANGELA CHESTNUT 180 ASSOCIATES DR. CHARLESTON, WV 25311-1217	<input checked="" type="checkbox"/>	MORTGAGEE	<input checked="" type="checkbox"/>	ADDITIONAL INSURED
	<input type="checkbox"/>	LOSS PAYEE	<input type="checkbox"/>	
	LOAN #			
	AUTHORIZED REPRESENTATIVE of Marsh USA Inc. BY: Nicholas M. Trent <i>Nicholas M. Trent</i>			



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/12/2010

PRODUCER Marsh USA Inc. 1166 Avenue of the Americas New York, NY 10036		THIS CERTIFICATION IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
602328-AW-gawx-10-11	GAWC	INSURERS AFFORDING COVERAGE	
INSURED West Virginia American Water Company 1600 Pennsylvania Avenue Charleston, WV 25302		INSURER A: Travelers Prop. Casualty Co. Of America	25674
		INSURER B: AXA Insurance Company	33022
		INSURER C:	
		INSURER D:	
		INSURER E:	

COVERAGES

2

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GENERAL AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	TC2J-GLSA-260T3317	01/01/2010	01/01/2011	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 5,000 PERSONAL & AD/ INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 12,000,000 PRODUCTS - COMP/OP AGG \$ Included Above
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
B		EXCESS / UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$	XSOOO900 (08)	01/01/2010	01/01/2011	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
A	A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE Y/N OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below	TC2J-UB-121D3206 (AOS) Incl. HI TRJ-UB-121D3218 (AZ,MA)	01/01/2010 01/01/2010	01/01/2011 01/01/2011	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
		OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

RE: FAYELLE AMI PROJECT: FAYETTE COUNTY, WV
 THE CERTIFICATE HOLDER IS INCLUDED AS ADDITIONAL INSURED (EXCEPT WORKERS COMPENSATION) WHERE REQUIRED BY WRITTEN CONTRACT

CERTIFICATE HOLDER NYC-003983239-01**CANCELLATION**

WEST VIRGINIA WATER
 DEVELOPMENT AUTHORITY
 ATTN: MR. CHRIS JARRETT & MS. ANGELA K. CHESTNUT
 180 ASSOCIATION DR.
 CHARLESTON, WV 25311-1217

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL **30** DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
 of Marsh USA Inc.
 Harold Ellebracht

Harold A Ellebracht

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 4
DATE (MM/DD/YYYY)
01/15/2010

PRODUCER Willis of Maryland, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	877-945-7378	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE		NAIC#
INSURED Ferguson Enterprises, Inc. and Subsidiaries (See Attached Named Insured Schedule) 12500 Jefferson Avenue Newport News, VA 23602	INSURER A: National Union Fire Ins. Co. of Pittsburg		19445-002
	INSURER B: National Union Fire Ins. Co. of Pittsburg		19445-000
	INSURER C: Granite State Insurance Company		23809-000
	INSURER D: American Guarantee & Liability Ins. Co.		26247-000
	INSURER E: New Hampshire Insurance Company		23841-002

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRG	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	0939569	8/1/2009	8/1/2010	EACH OCCURRENCE	\$ 2,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
		<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC				MED EXP (Any one person)	\$ 10,000
						PERSONAL & ADV INJURY	\$ 2,000,000
						GENERAL AGGREGATE	\$ 5,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
B		AUTOMOBILE LIABILITY	AOS 0936264	8/1/2009	8/1/2010	COMBINED SINGLE LIMIT (Ea accident)	\$ 5,000,000
B		<input checked="" type="checkbox"/> ANY AUTO	MA 0936263	8/1/2009	8/1/2010	BODILY INJURY (Per person)	\$
C		<input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> Self-Insured <input checked="" type="checkbox"/> Physical Damage	VA 0936265	8/1/2009	8/1/2010	BODILY INJURY (Per accident)	\$
		<input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				PROPERTY DAMAGE (Per accident)	\$
						AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EA AGG	\$
						AGG	\$
D		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE	UMB379302201	8/1/2009	8/1/2010	EACH OCCURRENCE	\$ 5,000,000
		<input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				AGGREGATE	\$ 5,000,000
							\$
							\$
							\$
E		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below OTHER	AOS 4288799	8/1/2009	8/1/2010	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$ 2,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 2,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
Store 2039

See Attached for Additional Workers' Compensation Policies:

CERTIFICATE HOLDER

CANCELLATION

West Virginia American Water Company
1600 Pennsylvania Ave.
Charleston, WV 25302

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ~~MAIL~~ MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT ~~BY MAIL~~ BY MAIL ~~OR BY FIRST CLASS MAIL~~ BY FIRST CLASS MAIL ~~OR BY REGISTERED MAIL~~ BY REGISTERED MAIL ~~OR BY CERTIFIED MAIL~~ BY CERTIFIED MAIL ~~OR BY ANY OTHER MEANS~~ BY ANY OTHER MEANS ~~OR BY ANY OTHER MEANS~~ BY ANY OTHER MEANS

AUTHORIZED REPRESENTATIVE

M. Edwards

Willis**CERTIFICATE OF LIABILITY INSURANCE** Page 2 of 4DATE
01/15/2010

PRODUCER Willis of Maryland, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	877-945-7378	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
		INSURERS AFFORDING COVERAGE	NAIC#
INSURED Ferguson Enterprises, Inc. and Subsidiaries (See Attached Named Insured Schedule) 12500 Jefferson Avenue Newport News, VA 23602		INSURERA: National Union Fire Ins. Co. of Pittsburg	19445-002
		INSURERB: National Union Fire Ins. Co. of Pittsburg	19445-000
		INSURERC: Granite State Insurance Company	23809-000
		INSURERD: American Guarantee & Liability Ins. Co.	26247-000
		INSURERE: New Hampshire Insurance Company	23841-002

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

WC Policy No. 4288799 (Front Page) - AK, AL, AZ, CO, DE, IA, ID, ME, MI, MN, MT, NH, NJ, NV, NY, RI, UT, VA, VT, WV

WC Policy No. 4288802 - AR, CT, DC, GA, HI, IL, IN, KS, KY, LA, MD, MO, MS, NC, NE, NM, OK, PA, SC, SD, TN

Carrier: American International South Insurance Company

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - CA

Policy No. 4288850

Carrier: Ins. Co. of the State of PA

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - FL

Policy No. 4288800

Carrier: New Hampshire Insurance Company

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - MA

Policy No. 4288801

Carrier: Ins. Co. of the State of PA

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - WI

Policy No. 4288804

Carrier: Illinois National Insurance Company

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - TX

Policy No. 4288798

Carrier: New Hampshire Insurance Company

Policy Period: 08/01/2009-2010

Willis**CERTIFICATE OF LIABILITY INSURANCE**

Page 3 of 4

DATE
01/15/2010

PRODUCER Willis of Maryland, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	877-945-7378	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
		INSURERS AFFORDING COVERAGE	NAIC#
INSURED Ferguson Enterprises, Inc. and Subsidiaries (See Attached Named Insured Schedule) 12500 Jefferson Avenue Newport News, VA 23602		INSURERA: National Union Fire Ins. Co. of Pittsburg	19445-002
		INSURERB: National Union Fire Ins. Co. of Pittsburg	19445-000
		INSURERC: Granite State Insurance Company	23809-000
		INSURERD: American Guarantee & Liability Ins. Co.	26247-000
		INSURERE: New Hampshire Insurance Company	23841-002

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Statutory

Limits:

EL Each Accident \$2,000,000
 EL Disease - Each Employee \$2,000,000
 EL Disease - Policy Limit \$2,000,000

Workers' Compensation - OR

Policy No. 4288803

Carrier: Ins. Co. of the State of PA

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000
 EL Disease - Each Employee \$2,000,000
 EL Disease - Policy Limit \$2,000,000

West Virginia American Water Company and West Virginia Water Development Company are included as Additional Insureds under General Liability as required by written contract but only with respect to liability arising out of Named Insured's operations.

It is further agreed that such insurance as is afforded shall be Primary and Non-contributory with any other insurance in force for or which may be purchased by the Additional Insureds.

Willis**CERTIFICATE OF LIABILITY INSURANCE** Page 2 of 4DATE
01/15/2010

PRODUCER Willis of Maryland, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	877-945-7378		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE		NAIC#	
INSURED Ferguson Enterprises, Inc. and Subsidiaries (See Attached Named Insured Schedule) 12500 Jefferson Avenue Newport News, VA 23602	INSURERA: National Union Fire Ins. Co. of Pittsburg		19445-002	
	INSURERB: National Union Fire Ins. Co. of Pittsburg		19445-000	
	INSURERC: Granita State Insurance Company		23809-000	
	INSURERD: American Guarantee & Liability Ins. Co.		26247-000	
	INSURERE: New Hampshire Insurance Company		23841-002	

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

WC Policy No. 4288799 (Front Page) - AK, AL, AZ, CO, DE, IA, ID, ME, MI, MN, MT, NH, NJ, NV, NY, RI, UT, VA, VT, WV

WC Policy No. 4288802 - AR, CT, DC, GA, HI, IL, IN, KS, KY, LA, MD, MO, MS, NC, NE, NM, OK, PA, SC, SD, TN

Carrier: American International South Insurance Company

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - CA

Policy No. 4288850

Carrier: Ins. Co. of the State of PA

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - FL

Policy No. 4288800

Carrier: New Hampshire Insurance Company

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - MA

Policy No. 4288801

Carrier: Ins. Co. of the State of PA

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - WI

Policy No. 4288804

Carrier: Illinois National Insurance Company

Policy Period: 08/01/2009-2010

Statutory

Limits:

EL Each Accident \$2,000,000

EL Disease - Each Employee \$2,000,000

EL Disease - Policy Limit \$2,000,000

Workers' Compensation - TX

Policy No. 4288798

Carrier: New Hampshire Insurance Company

Policy Period: 08/01/2009-2010

Willis**CERTIFICATE OF LIABILITY INSURANCE** Page 3 of 4DATE
01/15/2010

PRODUCER 877-945-7378 Willis of Maryland, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC#
INSURED Ferguson Enterprises, Inc. and Subsidiaries (See Attached Named Insured Schedule) 12500 Jefferson Avenue Newport News, VA 23602	INSURERA: National Union Fire Ins. Co. of Pittsburg	19445-002
	INSURERB: National Union Fire Ins. Co. of Pittsburg	19445-000
	INSURERC: Granite State Insurance Company	23809-000
	INSURERD: American Guarantee & Liability Ins. Co.	26247-000
	INSURERE: New Hampshire Insurance Company	23841-002

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS**Statutory****Limits:**

EL Each Accident \$2,000,000
 EL Disease - Each Employee \$2,000,000
 EL Disease - Policy Limit \$2,000,000

Workers' Compensation - OR

Policy No. 4288803

Carrier: Ins. Co. of the State of PA

Policy Period: 08/01/2009-2010

Statutory**Limits:**

EL Each Accident \$2,000,000
 EL Disease - Each Employee \$2,000,000
 EL Disease - Policy Limit \$2,000,000

West Virginia American Water Company and West Virginia Water Development Company are included as Additional Insureds under General Liability as required by written contract but only with respect to liability arising out of Named Insured's operations.

It is further agreed that such insurance as is afforded shall be Primary and Non-contributory with any other insurance in force for or which may be purchased by the Additional Insureds.

ACORD**EVIDENCE OF PROPERTY INSURANCE**DATE (MM/DD/YYYY)
01/14/2010

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE OF PROPERTY INSURANCE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

AGENCY Marsh USA, Inc. 1186 Avenue of the Americas New York, NY 10036 Attn: NewYork.certs@Marsh.com Fax: 212-948-0600 602328-10M-PROP-09-10		PHONE (A/C, No, Ext) 		COMPANY Lexington Insurance Company	
FAX (A/C, No) 		E-MAIL ADDRESS 		LOAN NUMBER 	
CODE: 		SUB CODE: 		POLICY NUMBER 25031393	
AGENCY CUSTOMER ID #: INSURED West Virginia American Water Company 1600 Pennsylvania Avenue Charleston, WV 25302		EFFECTIVE DATE 12/31/2009		EXPIRATION DATE 12/31/2010	
				<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:					

PROPERTY INFORMATION

LOCATION/DESCRIPTION
RE: BUILDERS RISK: FAYETTE AMI PROJECT

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
"All Risk" of direct physical loss or damage to real property on a replacement cost basis, subject to policy terms, conditions and exclusions. Coverage includes, but is not limited to fire, extended perils such as vandalism, malicious mischief, and boiler & machinery. Flood and Earthquake coverage is included but further sublimited.	3,942,732	25,000
PERSONAL PROPERTY	INCLUDED ABOVE	

REMARKS (Including Special Conditions)

CITY OF FAYETTEVILLE WATER DISTRIBUTION SYSTEM IN FAYETTE COUNTY, WV; WV AMERICAN WATER, WV WDA AND ITS SUBCONTRACTORS ARE INCLUDED AS ADDITIONAL INSURED AND MORTGAGEE WHERE REQUIRED BY WRITTEN CONTRACT.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 90 DAYS WRITTEN NOTICE TO THE ADDITIONAL INTEREST NAMED BELOW, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

ADDITIONAL INTEREST NYC-003983889-01

NAME AND ADDRESS WEST VIRGINIA WATER DEVELOPMENT AUTHORITY CHRISS JARRETT & ANGELA CHESTNUT 180 ASSOCIATES DR. CHARLESTON, WV 25311-1217	<input checked="" type="checkbox"/>	MORTGAGEE	<input checked="" type="checkbox"/>	ADDITIONAL INSURED
	<input type="checkbox"/>	LOSS PAYEE	<input type="checkbox"/>	
	LOAN # 			
AUTHORIZED REPRESENTATIVE of Marsh USA Inc. by: Nicholas M. Trent <i>Nicholas M. Trent</i>				



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/12/2010

PRODUCER
Marsh USA Inc.
1166 Avenue of the Americas
New York, NY 10036

602328-AW-gawx-10-11 GAWC

INSURED
West Virginia American Water Company
1600 Pennsylvania Avenue
Charleston, WV 25302

THIS CERTIFICATION IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Travelers Prop. Casualty Co. Of America	25674
INSURER B: AXA Insurance Company	33022
INSURER C	
INSURER D	
INSURER E:	

COVERAGES

2

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GENERAL AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	TC2J-GLSA-260T3317	01/01/2010	01/01/2011	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 12,000,000 PRODUCTS - COMP/OP AGG \$ Included Above
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
B		EXCESS/ UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$	XSOOO900 (08)	01/01/2010	01/01/2011	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
A	A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE Y/N OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N (Mandatory In NH) If yes, describe under SPECIAL PROVISIONS below	TC2J-UB-121D3206 (AOS) Incl. HI TRJ-UB-121D3218 (AZ,MA)	01/01/2010 01/01/2010	01/01/2011 01/01/2011	<input checked="" type="checkbox"/> WC STATU- TORY LIMITS <input type="checkbox"/> OTH- ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
		OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
 RE: FAYELLE AMI PROJECT: FAYETTE COUNTY, WV
 THE CERTIFICATE HOLDER IS INCLUDED AS ADDITIONAL INSURED (EXCEPT WORKERS COMPENSATION) WHERE REQUIRED BY WRITTEN CONTRACT

CERTIFICATE HOLDER NYC-003983239-01

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY
ATTN: MR. CHRIS JARRETT & MS. ANGELA K. CHESTNUT
180 ASSOCIATION DR.
CHARLESTON, WV 25311-1217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE OF Marsh USA Inc. *Harold A Ellebracht*
Harold Ellebracht

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



CLOSING MEMORANDUM

3.11

To: Mark Sankoff
Samme Gee
Rose Brodersen
Carol Cummings
Mark Kauffelt

From: Ryan White

Date: January 28, 2010

Re: West Virginia-American Water Company Water Revenue Promissory
Note, Series 2010 A (West Virginia DWTRF Program)
West Virginia-American Water Company Water Revenue Promissory
Note, Series 2010 B (West Virginia DWTRF Program/ARRA)

1. **DISBURSEMENTS TO COMPANY**

Payor: West Virginia Bureau for Public Health
Source: Series 2010 A Note Proceeds
Amount: \$96,250
Date: January 28, 2010
Form: Wire
Payee: West Virginia-American Water Company
Bank: PNC Bank
Pittsburgh, Pennsylvania
ABA: 031207607
Account #: 8026266807
Account Name: West Virginia-American Water Company
Fayette County Green Metering Construction Fund
Contact: Raymond Smith (215) 585-7318



American Recovery and Reinvestment Act of 2009 (ARRA)

Project Certification

Program: West Virginia Drinking Water Treatment Revolving Fund (DWTRF)

Project: West Virginia American Water, Fayette County

Description: West Virginia American Water (WVAW), Fayette County, West Virginia will install new residential meter technology known as Advanced Meter Infrastructure (AMI) that qualifies the project as an EPA Green Reserve Infrastructure project. The Fayette County project area has approximately 10,000 out-dated meters that will be replaced with AMI meters. This project will also provide acoustic monitoring for leak detection that can communicate data using AMI. These acoustic monitoring sensors can confirm the presence of a leak and automatically notify operations. The project will provide technology and methodology to reduce water waste and also to reduce damage to private property and nearby infrastructure.

Total Project Cost

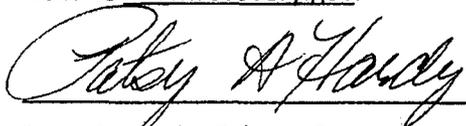
\$4,697,732

ARRA Assistance Provided

\$1,925,000

I hereby certify that the above project has received the full review and vetting required by federal law and that the investment of federal and state funds in this infrastructure project is an appropriate use of taxpayer dollars.

This certification will be posted on the Governor's website and linked to the federal ARRA website www.recovery.gov.



Patsy A. Hardy, Cabinet Secretary, FACHE, MSN, MBA



Date

WEST VIRGINIA
Department of



WEST VIRGINIA-AMERICAN WATER COMPANY
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM),
WATER REVENUE PROMISSORY NOTE,
SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA)

3.13

January 28, 2010

West Virginia Water Development Authority
Charleston, West Virginia

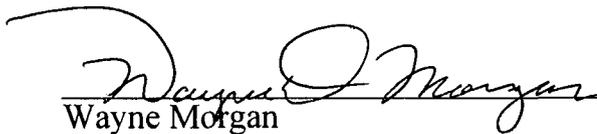
West Virginia Bureau for Public Health
Charleston, West Virginia

PNC Bank
Pittsburgh, Pennsylvania
Attn: Corporate Trust

Re: Designation of Authorized Representatives

Dear Sirs or Madams:

You are hereby advised by the West Virginia-American Water Company (the "Company"), that its authorized representatives to and on behalf of the Company regarding the above-captioned bonds are Wayne Morgan, Nancy Strickland and Mark Sankoff, engineer, whose signatures are as follows:


Wayne Morgan

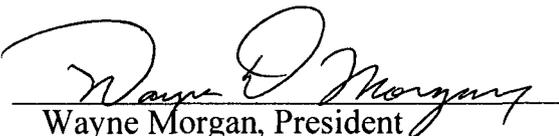

Mark Sankoff


Nancy Strickland

The Bank, the Water Development Authority and the Bureau for Public Health are authorized to accept and honor all requests signed by any of the above persons.

Dated this 28th day of January, 2010.

WEST VIRGINIA-AMERICAN WATER
COMPANY

By: 
Wayne Morgan, President



4.1(A)

January 28, 2010

West Virginia-American Water Company
1600 Pennsylvania Ave.
P.O. Box 1906
Charleston, WV 25327

West Virginia Bureau for Public Health
1 Davis Square, Suite 200
Capitol and Washington Sts.
Charleston, WV 25301-1798

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

Re: West Virginia-American Water Company
Water Revenue Promissory Note,
Series 2010 A (West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as bond counsel to West Virginia-American Water Company (“the Issuer”), a West Virginia corporation, in connection with the issuance of its Water Revenue Promissory Note, Series 2010 A (West Virginia DWTRF Program), dated the date hereof (the “Notes”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) an ARRA assistance agreement for the Notes dated January 28, 2010, including all schedules and exhibits attached thereto (the “ARRA Assistance Agreement”), between the Issuer and the West Virginia Water Development Authority (the “Authority”) at the direction of the West Virginia Bureau for Public Health (the “BPH”), and (ii) the Notes to be purchased by the Authority in accordance with the provisions of the ARRA Assistance Agreement. The Notes are issued in the principal amount of \$1,925,000, in the form of one note, payable to the Authority, will bear no interest, and with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2011, all as set forth in the Schedule

{C1665202.1}

Y attached to the ARRA Assistance Agreement and incorporated in and made a part of the Notes.

The Notes are issued pursuant to a corporate resolution (the “Resolution”) adopted by the Board of the Company on December 16, 2009, for the purposes of (i) paying a portion of the costs of construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the “Project); and (ii) paying certain costs of issuance and related costs.

The Notes 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 Resolution and the ARRA Assistance Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the ARRA Assistance Agreement when used herein.

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

1. The Issuer is a duly organized corporation under the laws of the State of West Virginia, with full power and authority to construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Notes, all under applicable provisions of law.

2. The ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

3. The ARRA Assistance Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

4. The Issuer has legally and effectively adopted the Resolution and adopted all other necessary resolutions in connection with the issuance and sale of the Notes. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

West Virginia-American Water Company
West Virginia Bureau for Public Health
West Virginia Water Development Authority
January 28, 2010
Page 3

5. The Notes 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 System Revenues and secured by a first lien on and pledge of the System Revenues, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Series 2010 B Notes (as that term is defined in the ARRA Assistance Agreement) issued simultaneously herewith, all in accordance with the terms of the Notes and the Resolution.

No opinion is given herein as to the effect upon enforceability of the Notes under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

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

Very truly yours,




January 28, 2010

West Virginia-American Water Company
1600 Pennsylvania Ave.
P.O. Box 1906
Charleston, WV 25327

West Virginia Bureau for Public Health
1 Davis Square, Suite 200
Capitol and Washington Sts.
Charleston, WV 25301-1798

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

Re: West Virginia-American Water Company
Water Revenue Promissory Note,
Series 2010 B (West Virginia DWTRF Program/ARRA)

Ladies and Gentlemen:

We have served as bond counsel to West Virginia-American Water Company (“the Issuer”), a West Virginia corporation, in connection with the issuance of its Water Revenue Promissory Note, Series 2010 B (West Virginia DWTRF Program/ARRA), dated the date hereof (the “Notes”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) an ARRA assistance agreement for the Notes dated January 28, 2010, including all schedules and exhibits attached thereto (the “ARRA Assistance Agreement”), between the Issuer and the West Virginia Water Development Authority (the “Authority”) at the direction of the West Virginia Bureau for Public Health (the “BPH”), and (ii) the Notes to be purchased by the Authority in accordance with the provisions of the ARRA Assistance Agreement. The Notes are issued in the principal amount of \$1,925,000, in the form of one note, payable to the Authority, will bear no interest, and with principal forgiveness quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2011, all as set forth in the Schedule

{C1665268.1}

Y attached to the ARRA Assistance Agreement and incorporated in and made a part of the Notes.

The Notes are issued pursuant to a corporate resolution (the "Resolution") adopted by the Board of the Company on December 16, 2009, for the purposes of (i) paying a portion of the costs of construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

The Notes 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 Resolution and the ARRA Assistance Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the ARRA Assistance Agreement when used herein.

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

1. The Issuer is a duly organized corporation under the laws of the State of West Virginia, with full power and authority to construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Notes, all under applicable provisions of law.

2. The ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

3. The ARRA Assistance Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

4. The Issuer has legally and effectively adopted the Resolution and adopted all other necessary resolutions in connection with the issuance and sale of the Notes. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

West Virginia-American Water Company
West Virginia Bureau for Public Health
West Virginia Water Development Authority
January 28, 2010
Page 3

5. The Notes 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 System Revenues and secured by a first lien on and pledge of the System Revenues, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Series 2010 A Notes (as that term is defined in the ARRA Assistance Agreement) issued simultaneously herewith, all in accordance with the terms of the Notes and the Resolution.

No opinion is given herein as to the effect upon enforceability of the Notes under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Note numbered BR-1 and in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

A handwritten signature in black ink that reads "Josh Kelly PLLC". The signature is written in a cursive, flowing style.



AMERICAN WATER

Linda S. Bouvette
Associate Counsel III

P. O. Box 1906
Charleston, WV 25327
P: 304-340-2007
F: 304-340-2059
E: linda.bouvette@amwater.com

January 28, 2010

West Virginia-American Water Company
1600 Pennsylvania Ave.
P.O. Box 1906
Charleston, WV 25327

West Virginia Bureau for Public Health
1 Davis Square, Suite 200
Capitol and Washington Sts.
Charleston, WV 25301-1798

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

Re: West Virginia-American Water Company
Water Revenue Promissory Note,
Series 2010 A (West Virginia DWTRF Program)
Water Revenue Promissory Note,
Series 2010 B (West Virginia DWTRF Program/ARRA)

Ladies and Gentlemen:

I have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Issuer"), in connection with the issuance of its above-captioned notes (the "Notes") pursuant to a Corporate Resolution adopted by the Issuer on December 16, 2009 (the "Resolution") and an ARRA Assistance Agreement entered into between the Issuer and the West Virginia Water Development Authority (the "WDA") at the direction of the West Virginia Bureau for Public Health (the "BPH") (the "ARRA Assistance Agreement"). The Notes are being issued by the Issuer for the purposes of (i) paying a portion of the costs of construction of additions, betterments and improvements to the existing water system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of





AMERICAN WATER

the Notes and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the ARRA Assistance Agreement when used herein.

In connection with this opinion, I have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Existence and the By-laws of the Issuer, and all amendments thereto, the ARRA Assistance Agreement, the Resolution and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Issuer) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as I have deemed necessary for purposes of rendering this opinion. I have assumed the authenticity of the Documents submitted to us as originals, the conformity and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering my opinions herein, I have relied upon certificates of the Issuer with respect thereto without independently verifying the same.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Issuer 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 Issuer is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer, are valid and binding upon the Issuer, and are legally enforceable against the Issuer 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.





AMERICAN WATER

3. The Resolution has been duly adopted and enacted by the Issuer and is in full force and effect.

4. To my 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 Issuer, wherein an unfavorable decision, ruling or finding would materially adversely affect the Issuer or the financial condition or operations of the Issuer, or the transactions contemplated by the Documents to which the Issuer is a party, or which would materially adversely affect the Documents to which the Issuer is a party.

5. To my knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Issuer 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 Issuer or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Issuer is a party, by which the Issuer or its properties are bound or which may otherwise be applicable to the Issuer.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Notes, 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.

7. The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on October 8, 2009, in Case No. 09-1396-W-PC-N stating that the Project was in the usual course of business and finding that a Certificate of Convenience and Necessity is not required.





AMERICAN WATER

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

9. The contracts contain language requiring the contractors to provide affidavits from all contractors and subcontractors indicating that each contractor and subcontractor have a drug free workplace policy pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended. The contractor has submitted a plan to implement the drug free workplace policy prior to the awarding of the contract pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

Very truly yours,

Linda S. Bouvette

LSB/ms





AMERICAN WATER

Linda S. Bouvette
Associate Counsel III

P. O. Box 1906
Charleston, WV 25327
P: 304-340-2007
F: 304-340-2059
E: linda.bouvette@amwater.com

January 28, 2010

West Virginia-American Water Company
1600 Pennsylvania Ave.
P.O. Box 1906
Charleston, WV 25327

West Virginia Bureau for Public Health
Davis Square, Suite 200
Capitol and Washington Sts.
Charleston, WV 25301-1798

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

Re: West Virginia-American Water Company
Water Revenue Promissory Note,
Series 2010 A (West Virginia DWTRF Program)
Water Revenue Promissory Note,
Series 2010 B (West Virginia DWTRF Program/ARRA)

Ladies and Gentlemen:

FINAL TITLE OPINION

The undersigned represents West Virginia American Water Company ("WVAW") with regard to a proposed the meter replacement and acoustical monitoring project (the "Project") and provides this final title opinion on behalf of WVAW to satisfy the requirements of the West Virginia Safe Drinking Water Treatment Revolving Loan Fund Program (the "Program") with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the Company is a corporation duly organized and validly existing under the laws of the State of West Virginia, and is



AMERICAN WATER

qualified to do business in the State of West Virginia and has the full power and authority install, operate and maintain the Project as approved.

2. The Company has obtained all necessary permits and approvals for the Project including a determination by the Public Service Commission of West Virginia that the Project is in the usual course of the Company's business and that no certificate of convenience and necessity is required.

3. The Project as currently proposed requires no additional infrastructure, easements, rights of way or other legal interests in real property that have not previously been obtained by or conveyed to the Company for the installation of its water system.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Fayette County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Company 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 installation, operation and maintenance of the advanced metering infrastructure and acoustical monitoring equipment for the estimated life of the facilities.

5. That all deeds or other documents which have been acquired to date by the Company have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the Company.

Very truly yours,

Linda S. Bouvette
WWSB#5926