

WILDERNESS PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)**

Date of Closing: August 8, 2001

BOND TRANSCRIPT

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BOND TRANSCRIPT

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WILDERNESS PUBLIC SERVICE DISTRICT

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WILDERNESS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF WILDERNESS PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

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

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing

waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of the installation of 55,500 linear feet of 8", 50,300 linear feet of 6", and 22,100 linear feet of 2" water lines, one booster station, one 125,000 gallon water storage tank, two pressure reducing stations, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is \$4,336,412, of which \$1,200,000 will be obtained from the proceeds of sale of the Series 2001 A Bonds herein authorized, \$947,000 will be obtained from a grant from the Purchaser, \$1,240,200 will be obtained from a grant from the Appalachian Regional Commission and \$949,212 will be obtained from a grant from the Small Cities Block Grant Program.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), in the aggregate principal amount of \$1,200,000 (the "Series 2001 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2001 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction

of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1979, dated December 7, 1979, issued in the original aggregate principal amount of \$740,000, Water Revenue Bonds, Series 1992, dated July 15, 1992, issued in the original aggregate principal amount of \$350,000, and Water Revenue Bonds, Series 1997, dated September 18, 1997, issued in the original aggregate principal amount of \$750,000 (collectively, the "Prior Bonds"), and held by the Purchaser. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2001 A Bonds as to liens, pledge and/or source of and security for payment.

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

H. It is in the best interest of the Issuer that the Series 2001 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated January 25, 2001, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2001 A Bonds, or will have so complied prior to issuance of the Series 2001 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2001 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2001 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means, Stafford Consultants, Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Branch Banking and Trust Company, Summersville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Public Service Board of the Issuer.

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated January 25, 2001, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and the Prior Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means the Water Revenue Bonds, Series 1979, Water Revenue Bonds, Series 1992 and Water Revenue Bonds, Series 1997, of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolution of the Issuer, adopted January 22, 1979 (the "1979 Resolution"), authorizing the issuance of the Series 1979 Bonds, the resolution of the Issuer, adopted July 14, 1992 (the "1992 Resolution"), authorizing the issuance of the Series 1992 Bonds and the resolution of the Issuer, adopted September 18, 1997, (the "1997 Resolution"), authorizing the issuance of the Series 1997 Bonds.

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

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Registered Owner," "Bondholder," "Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

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

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

"Secretary" means the Secretary of the Governing Body.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$4,336,412, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2001 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2001 A (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of \$1,200,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2001 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2001 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.875% per annum, and shall be sold for the par value thereof.

The Series 2001 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2001 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2001 A Bonds, and the right to principal of and stated interest on the Series 2001 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2001 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2001 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2001 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2001 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2001 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2001 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2001 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2001 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2001 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2001 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2001 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2001 A Bonds shall cease to be such officer of the Issuer before the Series 2001 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2001 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2001 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2001 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2001 A Bonds shall have

matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2001 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2001 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2001 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2001 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

WILDERNESS PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 2001 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,200,000

No. AR-1

Date: _____, 2001

FOR VALUE RECEIVED, WILDERNESS PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$5,796, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted August 6, 2001, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 1979, WATER REVENUE BONDS, SERIES 1992, AND WATER REVENUE BONDS, SERIES 1997, AS DESCRIBED IN THE RESOLUTION.

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

WILDERNESS PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 37
(P. O. Box No. or Street Address)

Mt. Nebo, West Virginia 26679
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond on the books kept
for registration of the within Bond of the said Issuer with full power of substitution in the
premises.

Dated: _____, _____.

In the presence of:

ARTICLE IV

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

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

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Series 1979 Bond Reserve Fund (established by the Prior Resolutions and continued hereby);
- (3) Series 1992 Bond Reserve Fund (established by the Prior Resolutions and continued hereby);
- (4) Series 1997 Bonds Reserve Fund (established by the Prior Resolutions and continued hereby);
- (5) Depreciation Reserve (established by the Prior Resolutions); and
- (6) Project Construction Account.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2001 A Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2001 A Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2001 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

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

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

Section 4.04. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2001 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2001 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2001 A Bonds as follows:

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

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

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2001 A Bonds, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required to pay the interest on the Prior Bonds and the Series 2001 A Bonds and to amortize the principal of the Prior Bonds and the Series 2001 A Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2001 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank for deposit into the Series 1979 Bond Reserve Fund, the amount required by the Prior Resolutions; (ii) to the Depository Bank for deposit into the Series 1992 Bond Reserve Fund, the amount required by the Prior Resolutions; (iii) to the Depository Bank for deposit into the Series 1997 Bonds Reserve Fund, the amount required by the Prior Resolution; and (iv) to the Commission for deposit into the Series 2001 A Bonds Reserve Account, 0.4167% of the Minimum Reserve, until the amount in the Series 2001 A Bonds Reserve Account equals the Minimum Reserve. Moneys in the Series 2001 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2001 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2001 A Bonds, or for mandatory prepayment of the Series 2001 A Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Series 2001 A Bonds Reserve Account, all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, (i) the amount required by the Prior Resolutions; and (ii) 0.4167% of the Minimum Reserve, until the amount in the Series 2001 A Bonds Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 2001 A

Bonds are outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 2001 A Bonds Reserve Account in accordance with Section 4.03B(3)(ii) above, or a withdrawal of funds from the Series 2001 A Bonds Reserve Account is made, payment of Revenues into the Depreciation Reserve as provided in this Section 4.03B(4)(ii) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2001 A Bonds Reserve Account until such deficiency is cured, at which time payments into the Depreciation Reserve as provided in this Section 4.03B(4)(ii) shall resume. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Prior Bonds and the Series 2001 A Bonds as the same become due, and next to restore to the Reserve Fund and the Series 2001 A Bonds Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for replacements, repairs, improvements or extensions to the System.

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

Whenever the money in the Series 2001 A Bonds Reserve Account shall be sufficient to prepay the Series 2001 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2001 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2001 A Bonds Reserve Account as herein provided, and all amounts required for the Series 2001 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be

automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Depreciation Reserve as herein provided, and all amounts required for the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written instructions stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 2001 A Bonds Reserve Account and the Depreciation Reserve shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2001 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2001 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 2001 A Bonds Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent

practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Investment Management. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from moneys in the Series 2001 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2001 A Bonds, provide evidence that there will be at least 1,727 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

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

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

I. RESERVE FUNDS. Pursuant to the Supplemental Resolution adopted as of the date hereof, the Issuer agrees that on the date set forth in the Supplemental Resolution, moneys in the Series 1979 Bonds Reserve Fund, the Series 1992 Bonds Reserve Fund and the Series 1997 Bonds Reserve Fund shall be transferred from the Depository Bank to the Commission. Once the funds have been transferred to the Commission, the Issuer shall continue to make payments to the respective Reserve Funds in accordance with the Prior Resolutions and as stated herein, except that such payments shall be made to the Commission rather than to the Depository Bank.

Section 4.05. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2001 A Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$1,200,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2001 A Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2001 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2001 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2001 A Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2001 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2001 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2001 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

- (a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or

destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2001 A Bonds.

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

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

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having

special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2001 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2001 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2001 A Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2001 A Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2001 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

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

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

Section 5.09. Fiscal Year; Budget. While the Series 2001 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2001 A Bonds are outstanding.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Commission Order of the Public Service Commission of West Virginia, entered on July 13, 2001, Case No. 01-0287-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2001 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2001 A Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2001 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2001 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2001 A Bonds.

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

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

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

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

Adopted this 6th day of August, 2001.

WILDERNESS PUBLIC SERVICE DISTRICT



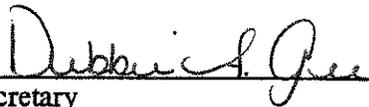
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of WILDERNESS PUBLIC SERVICE DISTRICT on the 6th day of August, 2001.

Dated: August 8, 2001.

[SEAL]


Secretary

07/26/01
972000/00001

WILDERNESS PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1979
(United States Department of Agriculture)

and

Water Revenue Bonds, Series 1992
(United States Department of Agriculture)

and

Water Revenue Bonds, Series 1997
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR
TRANSFER OF RESERVE ACCOUNTS FOR SERIES 1979
BONDS, SERIES 1992 BONDS AND SERIES 1997 BONDS
AND AMENDMENT OF PRIOR RESOLUTIONS TO EFFECT
SUCH TRANSFER

WHEREAS, Wilderness Public Service District (the "Issuer") has previously issued its: (i) Water Revenue Bonds, Series 1979, dated December 7, 1979, issued in the original aggregate principal amount of \$740,000 (the "Series 1979 Bonds"); (ii) Water Revenue Bonds, Series 1992, dated July 15, 1992, issued in the original aggregate principal amount of \$350,000 (the "Series 1992 Bonds"); and (iii) Water Revenue Bonds, Series 1997, dated September 18, 1997, issued in the original aggregate principal amount of \$750,000 (the "Series 1997 Bonds") (collectively the "Prior Bonds"), and held by the United States Department of Agriculture (the "Purchaser").

WHEREAS, the Series 1979 Bonds, the Series 1992 Bonds and the Series 1997 Bonds are secured by reserve accounts pledged for the payment of principal of and interest on the Series 1979 Bonds, the Series 1992 Bonds and the Series 1997 Bonds (hereinafter collectively, the "Prior Bonds Reserve Accounts"), which accounts are, pursuant to the resolutions of the Issuer adopted on January 22, 1979, July 14, 1992 and

September 18, 1997, respectively, authorizing the Prior Bonds (collectively, the "Prior Resolutions"), held by the Depository Bank;

WHEREAS, the monies in the Prior Bonds Reserve Accounts are currently invested in certificates of deposit which do not mature until approximately December 31, 2001;

WHEREAS, the Purchaser has requested that the Issuer transfer the monies in the Prior Bonds Reserve Accounts from the Depository Bank to the West Virginia Municipal Bond Commission (the "Commission"), upon the maturation of the certificates of deposit in which the monies in such accounts are currently invested;

WHEREAS, the Prior Resolutions each provide that they may be amended by supplemental resolution with the prior written consent of the Purchaser and such consent has been received by the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted,

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

Section 1. The Prior Resolutions are amended, as necessary, to reflect the following:

- A. The Prior Bonds Reserve Accounts are held by the Commission.
- B. The Commission is designated as the Fiscal Agent for the administration of the Prior Bonds Reserve Accounts as herein provided, and all amounts required for the Series 1979 Bonds Reserve Account, the Series 1992 Bonds Reserve Account and the Series 1997 Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.
- C. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the

required reserve account payments with respect to the Series 1979 Bonds, the Series 1992 Bonds and the Series 1997 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

D. Moneys in the Prior Bonds Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

E. Earnings from moneys in Prior Bonds Reserve Accounts, so long as the Minimum Reserve is on deposit in each such account and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

F. The Issuer shall remit from the Revenue Fund to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.

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

Section 2. The Prior Bonds Reserve Accounts shall be transferred to the Commission, and the aforementioned amendments relating to the Prior Bonds Reserve Accounts shall become effective, on or before January 31, 2002.

Section 3. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 6th day of August, 2001.

WILDERNESS PUBLIC SERVICE DISTRICT

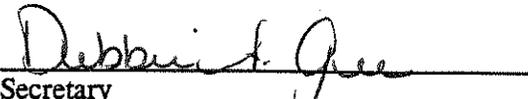

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Wilderness Public Service District on this 6th day of August, 2001.

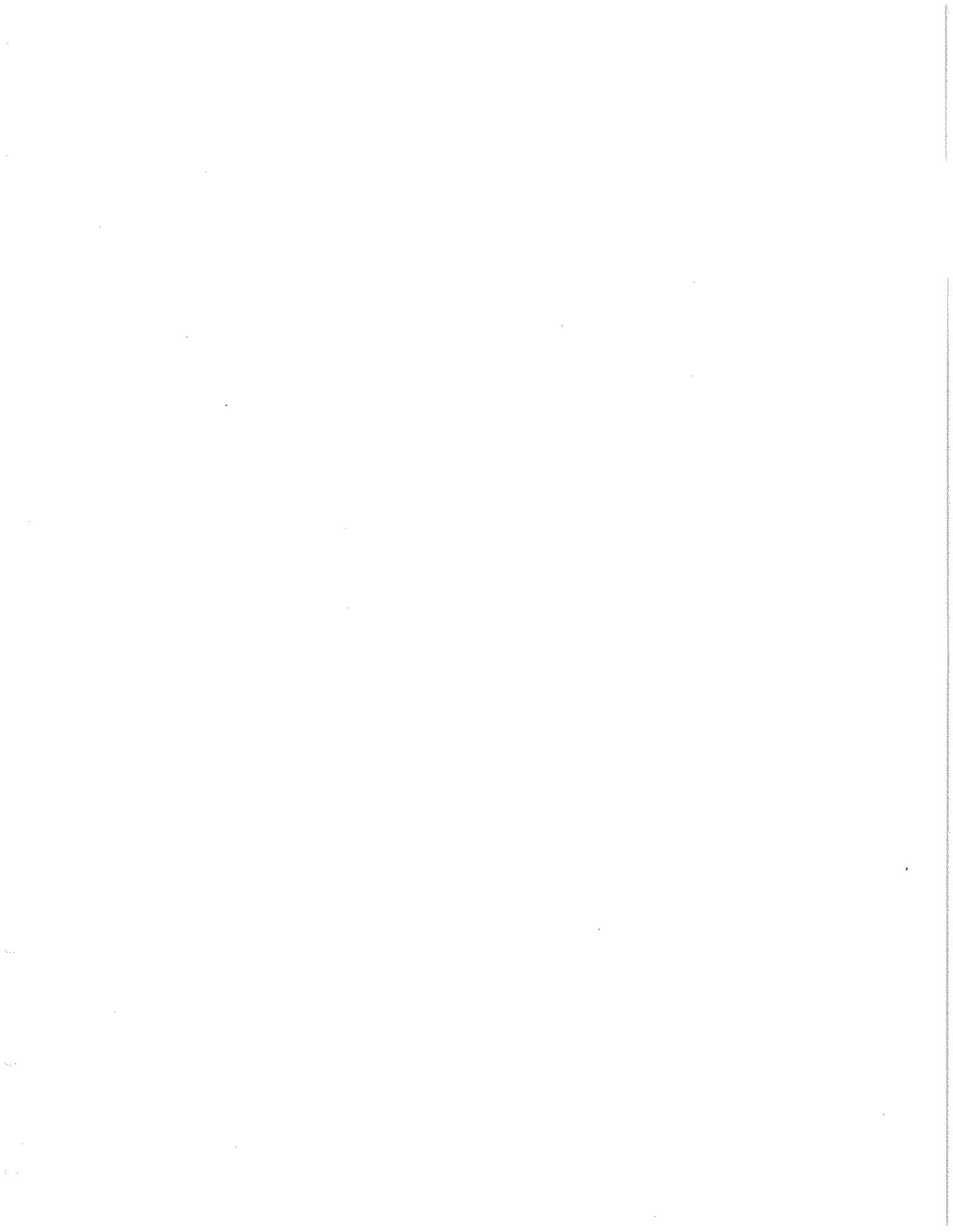
Dated: August 8, 2001.

[SEAL]


Secretary

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ON FILE WITH ISSUER



ON FILE WITH ISSUER

WILDERNESS PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1997

BOND AND LINE OF CREDIT RESOLUTION

**WILDERNESS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997**

BOND RESOLUTION

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WILDERNESS PUBLIC SERVICE DISTRICT

BOND AND LINE OF CREDIT RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS FACILITY OF THE WILDERNESS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF \$750,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS AND THE SALE THEREOF TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; AUTHORIZING A LINE OF CREDIT NOT TO EXCEED \$1,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE WILDERNESS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Additional Bonds" means additional bonds issued under the provisions and within the limitations prescribed by Section 6.06.

"ARC Grant" means the grant from the Appalachian Regional Commission.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

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

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

"Bonds" means the \$750,000 in aggregate principal amount of Water Revenue Bonds and any Additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

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

"Closing Date" means the date upon which there is an exchange of the Bonds for all or a significant portion of the proceeds representing the purchase of the Bonds by the Government.

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

"Consulting Engineers" means Stafford Consultants, Inc., Princeton, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of waterworks systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Construction Trust Fund" means the Construction Trust Fund established by Section 6.02.

"Costs" or "Costs of the Project" means those costs described in Section 1.03F hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means a bank or national banking association located in the State, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, which Depository Bank shall be named in the Supplemental Resolution.

"Depreciation Account" means the Renewal and Replacement Fund established by Section 4.03 C of the Prior Resolutions and continued by Section 5.01(5).

"Event of Default" means any event or occurrence specified in Section 8.01.

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

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

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

"Government" means the United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Bonds.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Grants" means collectively the ARC Grant and the RUS Grant.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments purchased pursuant to Section 9.01) or any Tap Fees.

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

"Issuer" or "District" means the Wilderness Public Service District, a public corporation and political subdivision of the State.

"Letter of Conditions" means the letter of conditions of the Government dated February 15, 1996, and any supplements or amendments thereto.

"Line of Credit" means the irrevocable line of credit in an amount not to exceed \$1,000,000 authorized by Section 4.01 hereof, the terms and amount of which may be approved by a resolution supplemental hereto.

"Line of Credit Agreement" means the agreement, if any, establishing the Line of Credit, said agreement to be approved by a resolution supplemental hereto.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Noteholder," "Registered Owner of the Notes" or "Owner of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, as hereinafter defined, in whose name such Note is registered.

"Notes" or "Credit Line Note" means the not more than \$1,000,000 in aggregate principal amount of interim construction financing, consisting of grant anticipation notes or a Line of Credit evidenced by notes, or any combination of the foregoing, as authorized by Article IV hereof and, unless the context clearly indicates otherwise, the term "Notes" includes any refunding grant anticipation notes of the Issuer.

"Notes Registrar" means the Registrar for the Notes which shall be designated by a resolution supplemental hereto.

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and

set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Section 10.06 hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means collectively, the Series 1979 Bonds and the Series 1992 Bonds.

"Prior Resolutions" means the resolution adopted by the Public Service Board of the Issuer on January 22, 1979 and July 14, 1992.

"Project" means the extension of water service to the areas of the District and the necessary related appurtenances.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means the recommended decision of the PSC in Case No. 96-0296-PWD-CN, which was entered by the Administrative Law Judge of the PSC on September 10, 1997 and became the final order on September 17, 1997, granting the Issuer a Certificate of Convenience and Necessity to construct the Project and approving the financing thereof.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage

Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

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

(j) Advanced - Refunded Municipal Bonds.

"Reserve Account" means the Reserve Account established by Section 5.01(A)(4).

"Reserve Requirement" means the maximum amount of principal and interest which will mature and become due on the Bonds in any succeeding Fiscal Year.

"Resolution" means this resolution, as from time to time amended or supplemented.

"Revenue Fund" means the Revenue Fund established or continued by Section 5.01(A).

"RUS Grant" means the Rural Utilities Service Grant in the amount of \$800,000.

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

"Series 1979 Bonds" means the Issuer's \$740,000 Water System Revenue Bonds, Series 1979, issued on January 22, 1979.

"Series 1992 Bonds" means the Issuer's \$350,000 Water System Revenue Bonds, Series 1992, issued on July 15, 1992.

"Sinking Fund" means the Sinking Fund established by Section 5.01(A)(2).

"State" means the State of West Virginia.

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

"System" means the public service properties to be used for or in connection with the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for industrial, public, private or other uses, owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

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

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

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer now owns and operates a public waterworks system, furnishing water service to residences, premises and businesses residing or located within and without the area of the Issuer. There are, however, residents of the Issuer who are not currently served by the water system.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions and improvements to the existing System, the acquisition and construction to be permanently financed, in part, by the issuance of the Bonds to the Government all in accordance with the plans and specifications prepared by the Consulting Engineers. The acquisition and construction of the System was financed in part with the proceeds from the Prior Bonds, authorized pursuant to the Prior Resolutions.

C. The Issuer derives revenues from the System and, except for the pledge thereof to secure and pay for the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Prior Bonds are secured by a first lien on the Net Revenues of the System.

D. The estimated maximum cost of the construction of the Project is \$2,300,000. The Project will be financed with the proceeds of the sale of the Bonds anticipated to be in the amount of \$750,000, ARC Grant proceeds in the amount of \$750,000 and RUS Grant proceeds in the amount of \$800,000.

E. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Bonds authorized to be issued pursuant to this Resolution and all sinking funds, reserve and other payments provided for in this Resolution and the Prior Resolutions. The

Issuer has met the parity test set forth in the Prior Resolution. Prior to the issuance of the Bonds, the Issuer will obtain the consent of the Prior Bonds owners to the issuance of the Bonds on a parity with the lien of the Prior Bonds. Upon the issuance of the Bonds, the Issuer will grant the Government a first parity lien on the Net Revenues of the System.

F. It is deemed necessary for the Issuer to issue its Bonds, in part to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements, and franchises deemed necessary therefor; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and such replacements as are necessary therefor; the cost of interim financing for such Project; interest on the Bonds, prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of registrars, paying agents, depositories or other agents in connection with the issuance of the Bonds, and such other expenses as may be necessary or desirable to said acquisition and construction of the project and placing the same in operation and the financing authorized by this Resolution.

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

H. It is in the best interests of the Issuer that its Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which have expired. The Issuer has received a waiver letter from the West Virginia Infrastructure and Jobs Development Council.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized the construction and acquisition of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers; provided, that such plans and specifications, and the construction and acquisition of the Project in accordance therewith, are subject to the specific authorization by the Board pursuant to a Supplemental Resolution.

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions hereof, the Bonds of the Issuer, to be known as "Wilderness Public Service District Water Revenue Bonds" (the "Bonds") are hereby authorized to be issued in the aggregate principal amount of \$750,000 for the purpose of permanently financing a portion of the Costs of the Project.

Section 3.02. Description of Bonds. The Bonds shall be issued as fully registered Bonds with a record of advances and payments attached, numbered R-1 upward, and shall be dated the date of delivery thereof. The Bonds shall bear interest from the date of delivery on the amount outstanding on the interest payment date as evidenced on the record of advances and payments, payable monthly, commencing on the eighteenth (18th) day of the month following the month of delivery of the Bond and on the eighteenth (18th) day of each month thereafter for the first 24 months after the date thereof and thereafter on the eighteenth (18th) day of each month in installments of principal and interest in the aggregate amount of \$3,443, except that the final installment shall be paid at the end of 40 years from the date of the Bond, at a rate, not exceeding four and one-half percent (4.5%) per annum and shall be sold for the par value thereof.

The Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Bond form.

The series designation shall be as set forth in the Supplemental Resolution.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless

and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of

such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds and the Prior Bonds shall be secured forthwith equally and ratably and on a parity with each other, by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments as hereinafter provided are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Bonds. The text of the Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WILDERNESS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 1997

No. R-1

\$750,000

_____, 1997

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

FOR VALUE RECEIVED, the Wilderness Public Service District, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia, in Nicholas County (herein called the "Borrower"), promises to pay to the order of the United States of America (herein called the "Government"), at its National Finance Office, St. Louis, Missouri, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of Seven Hundred Fifty Thousand Dollars (\$750,000) or such lesser amount as shall then be reflected on the Record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of four and one-half percent (4.5%) per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing the eighteenth (18th) day of the month following the month of delivery of this Bond and on the eighteenth (18th) day of each month thereafter for the first 24 months after the date hereof, and thereafter on the eighteenth (18th) day of each month in installments of principal and interest in the aggregate amount of \$3,443 except the final installment shall be paid at the end of forty years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and prepayments may be made as

provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

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

Pre-payments of scheduled installments, or any portion thereof, may be made at any time at the option of the Borrower. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government. Borrower has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

THIS BOND SHARES A FIRST LIEN PARITY POSITION WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT WITH THE OUTSTANDING WILDERNESS PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1979, ISSUED IN THE PRINCIPAL AMOUNT OF \$740,000 AND THE WILDERNESS PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1992, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$350,000 (THE "PRIOR BONDS").

This Bond is issued to permanently finance a portion of the costs of acquisition and construction of certain extensions, additions and improvements to the existing waterworks distribution system (the "Project" and together with any further extensions, additions, betterments and improvements thereto, herein called the "System"); and to pay certain issuance and related costs in connection therewith. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), and a resolution duly adopted by the Board of the Borrower on September 18, 1997, and supplemented by a Supplemental Resolution duly adopted by said Board on September 18, 1997 (collectively, the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, which lien is on a parity as to security and source of payment with the lien of the Prior Bonds, moneys in the Reserve Account created under the Resolution (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on this Bond, the Prior Bonds, and all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such System as and when the same become due and payable, and which shall be set aside and remitted to the Government for the Bonds as provided herein and in the Resolution and in the Prior Resolutions. This Bond does not constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provisions or limitations, nor shall said Borrower be obligated to pay the same or the interest hereon except from the Net Revenues derived from the operation of said System, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Borrower has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System, and to leave a balance each year equal to at least 110% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or subordinate to the Bonds, including, without limitation, the Prior Bonds. The Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Resolution. Remedies provided the owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its attorney or legal representative duly authorized in writing.

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

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

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

This Bond will be in default should any proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Resolution, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, the Wilderness Public Service District has caused this Bond to be signed by its Chairman and its seal to be hereunto impressed and attested by its Secretary, all as of the date first written above.

WILDERNESS PUBLIC SERVICE DISTRICT

Chairman

[SEAL]

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Wilderness Public Service District Water Revenue Bonds, Series 1997, described in the within-mentioned Resolution and has been duly registered in the name of the United States of America as of the date set forth below.

Date: September 18, 1997

One Valley Bank, National Association, as
Registrar

By _____
Its Authorized Officer

RECORD OF ADVANCES AND PAYMENTS

Advances

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	

TOTAL: \$ _____

UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES
SERVICE

By: _____
(Title)

RECORD OF ADVANCES AND PAYMENTS

Payments

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	

TOTAL: \$ _____

UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES
SERVICE

By: _____
(Title)

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____,
Attorney to transfer said Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated: _____, ____.

In the presence of:

Section 3.10. Sale of Bonds. The Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV
LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. To provide funds for the acquisition and construction of the Project when other funds are temporarily not available therefor, the Issuer is hereby authorized to arrange for a Line of Credit in an amount not to exceed \$1,000,000. The amount and terms of the Line of Credit may be approved by a resolution supplemental hereto; Provided, that the Issuer has obtained an order of the PSC approving the Line of Credit, the time for rehearing and appeal of which expired or the rights of all parties have been waived.

Section 4.02. Authorization of Credit Line Note. For the purpose of evidencing any draw upon the Line of Credit and thus, of financing a portion of the cost of acquisition and construction of the Project, there may be issued the Credit Line Note of the Issuer in an amount and upon such terms as set forth in a resolution supplemental hereto. The Credit Line Note may be issued in single, fully registered form and dated as of the date of delivery thereof. There shall be attached to the Credit Line Note a Record of Advances and Payments, upon which the date and principal amount of any draw upon the Line of Credit, the date and amount of any payment of principal of the Credit Line Note and the amount of the Credit Line Note outstanding after either of said transactions shall be recorded. Anything to the contrary herein, in the Line of Credit Agreement or therein notwithstanding, the Credit Line Note shall evidence only the outstanding indebtedness recorded on the Record of Advances and Payments attached thereto, and interest shall accrue only on the amount if each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest, payable at such times and at a rate set forth in a supplemental resolution, but not to exceed the then legally permissible limit. Interest shall cease to accrue on the amount of the Credit Line Note outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The Credit Line Note shall mature not more than thirty (30) months from the date thereof. The Credit Line Note shall be subject to such further terms as shall be provided by the Line of Credit Agreement. Notwithstanding the foregoing, the terms of the Credit Line Note, other than the principal amount thereof, may be modified by resolution supplemental and amendatory hereto, subject to the limits of the Act.

The Credit Line Note shall be payable as to principal upon surrender at the principal office of the Notes Registrar, in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America; provided, that any partial payment or principal prior to the final maturity of the Credit Line Note shall be recorded on the Record of Advances and Payments attached to the Credit Line Note, and the Credit Line Note shall be returned to the Registered Owner. Interest on the Credit Line Note shall be paid by check or draft mailed to the Registered Owner thereof at the address as it appears on the books of said Notes Registrar;

provided, that, at the option of the Registered Owner, such payment may be made by wire transfer or such other lawful method as shall be mutually agreeable.

Section 4.03. Execution of Credit Line Note. The Credit Line Note shall be executed in the name of the Issuer by the signature of its Chairman, and the seal of the Issuer shall be impressed thereon and attested by the signature of the Secretary. Any Credit Line Note may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Credit Line Note shall hold the proper office of the Issuer, although at the date of such Credit Line Note such person may not have held such office or may not have been so authorized.

Section 4.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Credit Line Note shall be and have all of the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting the Credit Line Note, shall be conclusively deemed to have agreed that said Credit Line Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Credit Line Note or any portion thereof remains Outstanding, the Notes Registrar shall keep and maintain books for the registration and transfer of the Credit Line Note. The Credit Line Note shall be transferable only upon the books of the Notes Registrar which shall be kept for that purpose at the office of the Notes Registrar (and in such capacity as paying agent) by the Registered Owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Notes Registrar duly executed by the Registered Owner or its duly authorized attorney. Upon the transfer of the Credit Line Note, there shall be issued at the option of the Registered Owner or the transferee another Credit Line Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Credit Line Note not paid as reflected on the Record of Advances and Payments attached thereto and outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the transferred Credit Line Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the Credit Line Note is exercised, Credit Line Notes shall only be issued in accordance with the provisions of this Ordinance and the Supplemental Resolution. All Credit Line Notes surrendered in any such transfers shall forthwith be cancelled by the Notes Registrar. For every such transfer of Credit Line Notes, the Notes Registrar may make a charge sufficient to reimburse its office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each Credit Line Note upon each transfer, and any other expenses of the Notes Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Notes Registrar shall not be obligated to make any such transfer of Credit Line Notes during the ten (10) days preceding an interest payment date on

the Credit Line Notes or after notice of any prepayment of the Credit Line Notes have been given.

Section 4.05. Form of Credit Line Note and Line of Credit Agreement. The text of the Credit Line Note and the Line of Credit Agreement shall be in substantially the form set forth in the Supplemental Resolution. The Line of Credit Agreement shall be executed on behalf of the Issuer by the Chairman. The Credit Line Note shall not become valid until manually authenticated and registered by the Notes Registrar.

Section 4.06. Security for the Note. The principal of and interest on the Note is payable solely from and secured by the proceeds of the Bonds and the Grants. Additionally, the Note is payable from and secured by the Net Revenues derived from the operation of the System; provided, that such lien on the Net Revenues is junior, inferior and subordinate in all respects to the lien thereon of the Holders of the Bonds and the Prior Bonds.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. System Revenues and Application Thereof. So long as the Bonds shall be Outstanding and unpaid, the Issuer covenants with the Bondholders as follows:

(A) The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund which is hereby established and created. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities.

(1) From the Revenue Fund, the Issuer shall first each month pay the current Operating Expenses of the System.

(2) Next from the moneys in the Revenue Fund, the Issuer shall on the eighteenth (18th) day of each month commencing on the eighteenth (18th) day of the month following the month of delivery of the Bonds, make the payments required by Sections 3.02 and 4.01, respectively, of the Prior Resolutions and shall simultaneously therewith apportion and set apart out of the Revenue Fund and remit to the office and place designated by the Bonds (herein called the "Sinking Fund") the monthly payment of interest set forth in the Supplemental Resolution or such lesser amount as is required to pay the interest on the Bonds as evidenced by the Record of Advances and Payments attached to the Bonds as set forth in the Bond form in Section 3.09. If funds in the reserve fund are not sufficient to make all the payments required by this section, the Issuer shall apportion and prorate the funds available to the payments required herein.

(3) Next from the moneys in the Revenue Fund, the Issuer shall on the eighteenth (18th) day of each month, as provided by the Supplemental Resolution, make the payment required by Sections 3.02 and 4.01, respectively, of the Prior Resolutions and simultaneously therewith shall apportion and set apart from the Revenue Fund and remit to the Sinking Fund the monthly payment of principal set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances and Payments attached to the Bond as set forth in the Bond form in Section 3.09, such amount or amounts being the amount required to amortize the principal of the Bonds over the life of the Bonds. If funds in the reserve fund are not sufficient to make all the payments required by this section, the Issuer shall apportion and prorate the funds available to the payments required herein.

The deposits to the Sinking Fund provided in this paragraph and in (2), above, constitute actual payments of principal and interest on the Bonds issued to the Government.

The amounts required for principal and interest payments on the Bonds issued hereunder other than to the Government shall be deposited in a sinking fund created by a Supplemental Resolution.

(4) The Issuer shall next transfer from the Revenue Fund and make the payment required by Sections 3.02 and 4.01, respectively, of the Prior Resolution and simultaneously therewith deposit in a Reserve Account at the Depository Bank (herein the "Reserve Account"), or in the case of Bonds other than the Bonds originally authorized hereby in a reserve account in a sinking fund created by Supplemental Resolution or otherwise as designated by a Supplemental Resolution, on the eighteenth (18th) day of each month of each year beginning with and including the month in which payments from the Revenue Fund for interest on the Bonds are commenced, an amount equal to one tenth (1/10) of the amount deposited into the Sinking Fund, as set forth above. If funds in the reserve fund are not sufficient to make all the payments required by this section, the Issuer shall apportion and prorate the funds available to the payments required herein.

No further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when moneys in the Revenue Fund or, in the case of bonds other than the Bonds originally authorized hereby, the funds in a sinking fund created by Supplemental Resolution are insufficient therefor and for no other purposes.

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payment to the Sinking Fund and Reserve Account, including any deficiencies for prior payments, have been made in full.

As and when Additional Bonds ranking on a parity with the Bonds are issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such Additional Bonds and to accomplish retirement thereof at or before maturity and to accumulate a balance in the Reserve Account in an amount equal to the maximum provided and required to be paid in principal and interest in any succeeding year for account of all the Bonds.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the Issuer shall make the payments to the Depreciation Account required by the Prior Resolutions which are continued hereby and incorporated herein. All funds in said Depreciation Account shall be kept apart from all other funds, and all or any part of said fund may be invested as provided by Article VIII. Withdrawals and disbursements may be made from said Depreciation Account for replacements, emergency repairs, additions, betterments or improvements to the System; deficiencies in the payment of principal and interest on the Bonds, or debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such additions, betterments or improvements.

(6) If all of the above required payments are then current, the Issuer may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the Bonds Outstanding in accordance with the terms thereof (b) additions, betterments or improvements to the System which the Consulting Engineers certify are needed and/or (c) payments of principal and interest on subordinate water revenue bonds, or other obligations which may hereafter be issued by the Issuer on account of the System.

(B) All of the funds and accounts provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

(C) The moneys in excess of the sum insured by the maximum amounts insured by the FDIC in the Revenue Fund, in the Reserve Account and in the Depreciation Account shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

(D) If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payments dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Account have not, as of such date, funded such account to the requirement therefor.

(E) All remittances made by the Issuer to the Government or to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

(F) The Gross Revenues of the System shall only be used for purposes of the System.

Section 5.02. Tap Fees. During the construction of the Project, Tap Fees shall be deposited in the Construction Trust Fund created in Section 6.02 hereof. Following completion of the Project, Tap Fees shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All the moneys received from time to time from the sale of Bonds shall be deposited in the Construction Trust Fund hereinafter created.

Section 6.02. Construction Trust Fund. There is hereby created with the Depository Bank a special fund to be known as the "Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the Costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of Project, for the payment of interest on the Bonds during construction and for a period up to six months thereafter and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the Depository Bank, by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Holders of the Bonds hereby authorized.

Expenditures or disbursements by the Depository Bank from said Construction Trust Fund shall be made only after such expenditures or disbursements shall have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System which lien is on a parity as to such security and source of payment with the lien of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds herein authorized and to make the payments into the Sinking Fund and the Reserve Account and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein and therein, to the payment of the principal of and interest on the Prior Bonds and the Bonds as the same become due, and for the other purposes provided in this Resolution and the Prior Resolutions.

Section 7.04. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file in the office of the Governing Body, copies of which will be open to inspection by all interested parties. The schedule of rates and charges shall be sufficient to pay the Operating Expenses of the System, to pay the principal of and interest on all Bonds issued hereunder, and to provide an adequate Reserve Account and an adequate Depreciation Fund. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect

shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds (including, without limitation, the Prior Bonds).

Section 7.05. Sale of the System. So long as the Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government, and such consent will specify the disposition of any such sale or transfer. So long as the Prior Bonds are outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of only in accordance with the terms of the Prior Resolutions and with the written consent of the Government.

Section 7.06. Issuance of Additional Bonds. As long as the Prior Bonds are Outstanding, no Additional Bonds shall be issued except as provided in the Prior Resolutions and with the prior written consent of the Government. As long as the Bonds are Outstanding, no additional Bonds shall be issued without the prior written consent of the Government.

Section 7.07. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Government, or any other original purchaser of the Bonds. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of this Resolution and the Prior Resolutions.

The Issuer shall keep and preserve all financial records for a period of ten (10) years, and such material, upon request, will be made available for public inspection.

Section 7.08. Fiscal Year Budget. While the Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Board. Copies of each annual budget shall be delivered to the Government by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any Fiscal Year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless the Issuer's failure to submit an annual budget shall be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 7.09. Services Rendered by the System. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency,

instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.10. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals, or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the laws of the State and the rules and regulations of the Public Service Commission. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

To the extent allowed by law and the PSC, whenever any rates, rentals or charges for the services and facilities of the System, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid.

The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, for any account not paid within sixty (60) days, discontinue and shut off the services and facilities of the System and, in the event the Issuer owns a sewer facility (the "Sewerage System"), the Sewerage System to all users of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System have been paid in full and all accrued penalties plus a reconnection charge have been paid and shall take all further actions to enforce collections to the maximum extent permitted by law. The Issuer further covenants to use its best efforts to enter into agreements with any other entities providing sewerage service to its users, providing for discontinuing and shutting off the services and facilities of the sewerage system to users of the System delinquent in payment.

Section 7.11. Insurance and Bonds. The Issuer hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(A) **Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance,** to be procured prior to acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged

or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than \$500,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$200,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$500,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(D) Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of Nicholas County prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or valuable property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available.

(G) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this section, during construction of the Project and so long as the Government holds any of the Bonds, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, and with insurance carriers or bonding companies acceptable to the Government.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

(A) If default occurs in the due and punctual payment of the principal or of interest on any Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, any Supplemental Resolution or the Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

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

(D) If a default occurs under the Prior Resolutions.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the resolution with respect to the Bonds, or the rights of such Registered Owners.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, with respect to the Bonds, the Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other

charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

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

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

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

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

Section 8.04. Remedies On Parity With Prior Bonds. The exercise of any remedies set forth in Sections 8.02 and 8.03 above shall recognize and protect the parity rights of the owners of the Prior Bonds.

ARTICLE IX
INVESTMENTS

Section 9.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as specifically provided herein, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the Owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. Except as provided in Section 7.17, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of 66-2/3 percent or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the Net Revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds respectively, required for consent to the above-permitted amendments or modifications.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Bonds.

Section 10.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.04. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, in conflict with this Resolution are, to the extent of such conflict, repealed; provided, that no provision of the Government's Form 1942-47 or the Prior Resolutions shall be repealed hereby.

Section 10.05. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred, and are, duly in office and duly qualified for such office.

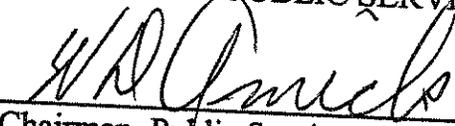
Section 10.06. Satisfaction and Discharge. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the respective pledges of Net Revenues, and other moneys and

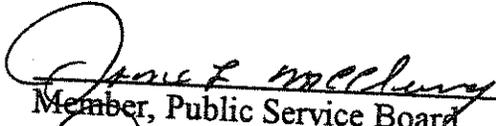
securities pledged under this Resolution, and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. Any payment must comply with the terms of the Letter of Conditions and any Government regulations.

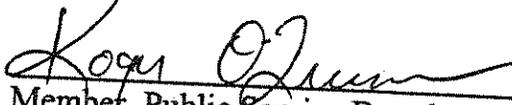
Section 10.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 18th day of September, 1997.

WILDERNESS PUBLIC SERVICE DISTRICT


Chairman, Public Service Board


Member, Public Service Board


Member, Public Service Board

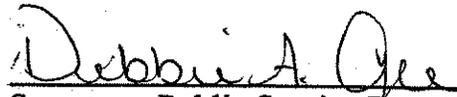
[SEAL]

HAS 3: 63177

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board
of Wilderness Public Service District.

[SEAL]


Secretary, Public Service Board

SUPPLEMENTAL RESOLUTION

2.4

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, INTEREST RATE, AND SALE PRICE OF THE WILDERNESS PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997; DESIGNATING A REGISTRAR AND DEPOSITORY BANK; SETTING FORTH REGISTRATION INFORMATION; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Board") of the Wilderness Public Service District (the "District") has duly and officially enacted a Bond Resolution, effective September 18, 1997 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS FACILITY OF THE WILDERNESS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF \$750,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS AND THE SALE THEREOF TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; AUTHORIZING A LINE OF CREDIT NOT TO EXCEED \$1,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds (the "Bonds") of the District in an aggregate principal amount not to exceed \$750,000 and the sale thereof to the United States Department of Agriculture, Rural Utilities Service ("RUS"), all in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended (the "Act"), and the Resolution, and it is provided that the interest rates and sale price of the Bonds would be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for;

WHEREAS, RUS proposes to purchase the Bonds;

WHEREAS, One Valley Bank of Summersville, Inc., has offered to extend a line of credit to the District;

WHEREAS, the Board of the District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the price of and the interest rate on the Bonds be fixed hereby in the manner stated herein; that the line of credit be approved, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE WILDERNESS PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued the Wilderness Public Service District Water Revenue Bonds, Series 1997 in the aggregate principal amount of \$750,000, and the sale thereof to RUS. The Bonds shall be in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered R-1 and the principal amount advanced under the Bonds shall bear interest at the rate of four and one-half per centum (4.5%) per annum. Monthly installments of interest only on the amounts advanced under the Bonds are payable monthly, [commencing the eighteenth (18th) day of the month following the month of delivery of the Bonds,] for the first 24 months after delivery of the Bonds and thereafter, monthly installments of principal and interest on the Bonds, in the aggregate amount of \$3,443, are payable on the eighteenth (18th) day of each month, except that the final installment on the Bonds shall be made 40 years from the date of the Bonds in the sum of the unpaid principal and interest remaining unpaid on the date thereof. The Bonds are subject to prepayment as set forth in the Resolution.

Section 2. All other provisions relating to the Bonds shall be as provided in the Resolution and the Bonds shall be in substantially the form provided in the Resolution with such changes, insertions and omissions as may be approved by the Board of the District. The execution of the Bonds by the Chairman shall be conclusive evidence of such approval.

Section 3. The District hereby approves and accepts the offer of RUS to purchase the Bonds. The execution and delivery by the Chairman and Secretary of the Bonds, and the performance of the obligations contained therein, on behalf of the District are hereby authorized, approved and directed. The price of the Bonds shall be Seven Hundred Fifty Thousand Dollars (\$750,000) (100% of par value). At least One Hundred Fifty-Eight Thousand Six Hundred Ninety-Nine Dollars and Twenty-Two Cents (\$158,699.22) will be advanced on the date of Closing and the remaining purchase price will be advanced to the District as needed to pay the Costs of the Project.

Section 4. All principal and interest payments on the Bonds will be paid to the order of the United States of America on behalf of the United States Department of Agriculture at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 5. The Bonds shall be issued as a fully registered Bond, both as to principal and interest, and shall be registered to the United States of America on behalf of

the United States Department of Agriculture, Rural Utilities Service, P. O. Box 678,
Morgantown, West Virginia 26505.

Section 6. The District hereby appoints and designates One Valley Bank of Summersville, Inc., Summersville, West Virginia, as the Depository Bank, as provided in the Resolution.

Section 7. The District hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds as provided in the Resolution.

Section 8. A line of credit in an amount not to exceed \$1,000,000 from One Valley Bank of Summersville, Inc. (the "Line of Credit"), is hereby approved pursuant to the terms of the Line of Credit Agreement and the Chairman and the Secretary are hereby authorized to sign the Line of Credit Agreement and all other documents related to the Line of Credit upon receipt of an amended order from the Public Service Commission of West Virginia approving the interim financing.

Section 9. The Chairman and the Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Resolution, the RUS financing and the Line of Credit.

Section 10. The financing of the Project by the Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 11. It is anticipated that the Bonds will be delivered on or about September 18, 1997.

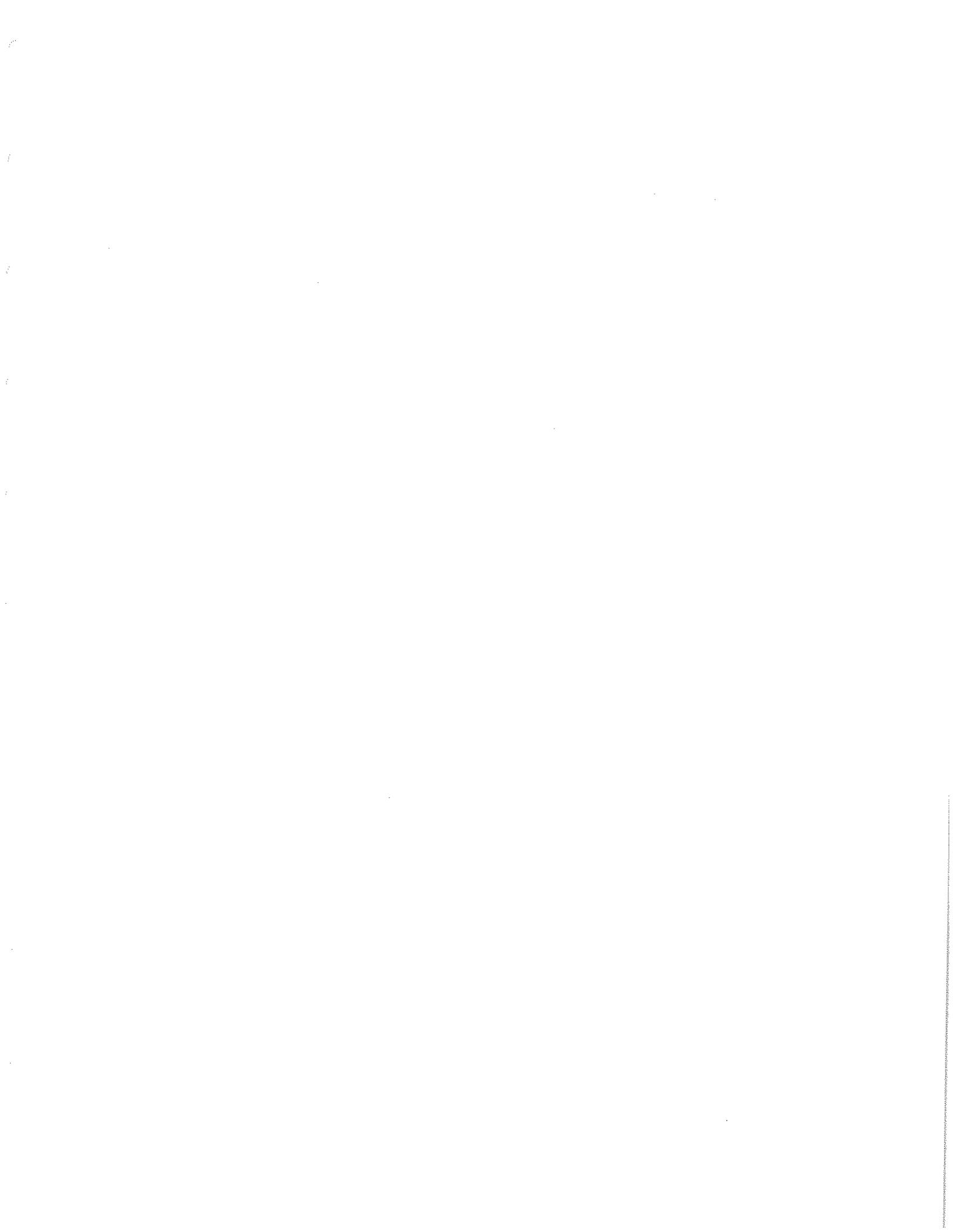
Section 12. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: September 18, 1997


Chairman

[SEAL]


Secretary





United States
Department of
Agriculture

Rural
Development

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

August 8, 2001

Wilderness Public Service District
Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amounts of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2001 A (United States Department of Agriculture) (the "Bonds"), in the original aggregate principal amount of not to exceed \$1,200,000, by Wilderness Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 1979, dated December 7, 1979, Water Revenue Bonds, Series 1992, dated July 15, 1992, and Water Revenue Bonds, Series 1997, dated September 18, 1997, (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolution by the Resolution or the Supplemental Resolution adopted by the Issuer on August 6, 2001, transferring the Issuer's Prior Bonds Reserve Accounts to the West Virginia Municipal Bond Commission.



JENNY N. PHILLIPS
State Director

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 13th day of July, 2001.:

CASE NO. 01-0287-PWD-CN

WILDERNESS PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to extend an 8" waterline from the existing tank on Old Nicholas Road to a 125,000 gallon storage tank to provide Old Nicholas Road, Bruce and Hominy Falls areas and surrounding communities with a potable water supply in Nicholas County.

COMMISSION ORDER

This is before the Commission on Staff's recommendation that the Commission grant the Wilderness Public Service District (District) a certificate of convenience and necessity. For reasons explained below, the Commission concludes that it is reasonable to grant the District a certificate of convenience and necessity.

Background

On May 10, 2001, the District submitted an application for a certificate of convenience and necessity to extend an eight-inch waterline from the existing tank on Old Nicholas Road to a 125,000-gallon storage tank to serve approximately 224 customers in the Old Nicholas Road, Bruce and Hominy Falls areas in Nicholas County. The project will consist of 55,500 linear feet of eight-inch, 50,300 linear feet of six-inch, and 22,100 linear feet of two-inch water lines, one booster station, one 125,000-gallon water storage tank and two pressure reducing stations.

The total cost of the project is estimated to be \$4,336,412. The District is proposing to finance the project through the following:

Small Cities Block grant	\$ 949,212
Appalachian Regional Commission grant	\$1,240,200
Rural Utilities Service (RUS) grant	\$ 947,000
RUS loan	\$1,200,000.

The RUS loan will accrue at an interest rate of 5% for a period of 40 years. The first two years will require the payment of interest only and the remaining 38 years will require annual principal and interest payments of \$70,704. The RUS requires a 10% debt reserve of \$7,070 and a depreciation/renewal and replacement reserve equal to 2.5% of operating revenues.

The District has also arranged for interim financing in the amount of \$500,000 through BB&T of Summersville for the purpose of paying construction expenses prior to the receipt of grant and loan disbursements. The District will use the proceeds from the grant and loan disbursements to repay this interim loan.

On May 22, 2001, the District filed an affidavit of publication indicating that the Notice of Filing had been published on May 17, 2001, in *The Nicholas Chronicle* as directed in the Commission's May 10, 2001, order. The protest period has expired without any protests being filed.

On June 22, 2001, Staff filed an Initial and Final Joint Staff Memorandum in which it recommended that the application for a certificate and the attendant financing be approved.

Technical Staff noted that the proposed project area suffers from a lack of adequate capacity and/or poor water quality. Technical Staff further noted that the completion of this project will allow the District to fulfill a 25-year promise to the residents on Old Nicholas Road. Furthermore, when the residents of the Hominy Falls area advised the District about the lack of water and/or poor water quality, the District, as part of its obligation to serve the public, agreed to include the Hominy Falls area within this project.

Technical Staff stated that the customer density for the project area is approximately 8.5 which is low for the provision of water service, but noted that the District anticipates further growth within the project area.

Technical Staff stated that in its opinion only certain expenses, such as power, chemicals, labor and administration, should be increased incrementally. Thus, Technical Staff eliminated all maintenance expenses from consideration since maintenance would not be incurred in the first year of operation on warranted systems and since current customers should not have to pay for future maintenance. Technical Staff stated that

maintenance expenses will be analyzed in the District's next general rate case. Accordingly, Technical Staff recommended that the total annual O&M expenses for this project be \$28,405.00. This is a decrease of \$6,755 in the District's estimated O&M expenses of \$35,160 found in the District's Rule 42 exhibit.

Technical Staff noted that the District proposed a 5% increase in rates and charges in order to fund the annual O&M expenses, debt service, debt reserve, and depreciation reserve. Technical Staff further noted that the District's bill analysis reflects a total of 150 new customers. However, since it is projected that there will be at least 201 new customers, Technical Staff adjusted the District's bill analysis. Furthermore, as explained in the paragraph above, Technical Staff adjusted the level of O&M expenses. Technical Staff explained that given these two adjustments, the District's proposed 5% increase in rates and charges was excessive.

Accordingly, Technical Staff recommended a 3% increase in rates to cover the project related expenses. Technical Staff explained that Staff's recommended rates will generate additional annual operating revenues of approximately \$64,721 over going level revenues. Technical Staff stated that this amount of additional revenues plus the going level surplus of \$57,737 will cover the project related expenses and provide a proforma surplus of approximately \$14,661 and debt coverage of 122.23%. Technical Staff noted that this amount of surplus is consistent with the District's average capital additions set forth in the District's last rate case. Technical Staff further noted that the debt coverage is sufficient to meet the RUS's requirement of 110%.

Technical Staff requested (as did the District) that the Commission issue an expedited order so that construction could begin shortly after the District's June 28, 2001, bid opening.

DISCUSSION

At the outset, the Commission notes that W. Va. Code § 24-2-11 provides, in pertinent part, as follows:

(a) No public utility . . . shall begin the construction of any plant . . . for furnishing to the public any [utility] service . . . unless and until it shall obtain from the public service commission a certificate of convenience and necessity requiring such construction. . . . Upon the filing of any application for such certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, such certificate of

convenience and necessity: Provided, That the commission, after it gives proper notice and if no protest is received within thirty days after the notice is given, may waive formal hearing on the application.

Furthermore, in considering a certificate application, the Commission must assess whether the general public convenience will be served and assess the public necessity for the project. Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992).

Upon review, the Commission concludes that the need for this project has been established. Furthermore, the Commission concludes that the District has shown that the proposed project is necessary. As noted by Technical Staff, the proposed project area suffers from a lack of adequate capacity and/or poor water quality. Thus, the completion of this project will improve the quality of water to the residents in the Old Nicholas Road, Bruce and Hominy Falls areas and surrounding communities by providing these areas with a potable water supply.

The Commission finds it reasonable to approve the following financing of the project as recommended by Staff:

Small Cities Block grant	\$ 949,212
Appalachian Regional Commission grant	\$1,240,200
RUS grant	\$ 947,000
RUS loan	\$1,200,000.

The RUS loan will accrue at an interest rate of 5% for a period of 40 years. The first two years will require the payment of interest only and the remaining 38 years will require annual principal and interest payments of \$70,704. The RUS requires a 10% debt reserve of \$7,070 and a depreciation/renewal and replacement reserve equal to 2.5% of operating revenues.

The Commission also finds it reasonable to approve of the arrangement the District has made for interim financing. More specifically, the District has arranged for interim financing in the amount of \$500,000 through BB&T of Summersville for the purpose of paying construction expenses prior to the receipt of grant and loan disbursements. The District will use the proceeds from the grant and loan disbursements to repay this interim loan.

The Commission agrees with Staff that all maintenance expenses should be eliminated from the District's proposed total O&M expenses for this project since maintenance would not be incurred in the first year of operation on warranted systems and

since current customers should not have to pay for future maintenance. As noted by Staff, maintenance expenses will be analyzed in the District's next general rate case. Thus, the total O&M expenses for this project should be reduced from the District's proposed \$35,160.00 to \$28,405.00.

The Commission also agrees with Staff that District's bill analysis should be modified. The District's bill analysis only reflected a total of 150 new customers. However, since the District made its bill analysis it has been projected that there will be at least a total of 201 new customers.

Finally, the Commission agrees with Staff that given the two adjustments to the District's proposed figures, the reduction of the O&M expenses and the modification of the District's bill analysis, the District's proposed 5% increase in rates and charges is excessive. Therefore, the Commission finds that Staff's recommended 3% increase in the District's current rates to be reasonable. As noted by Staff the 3% increase in the District's current rates will cover the project related expenses and will provide a surplus which is consistent with the District's average capital additions set forth in the District's last rate case and will provide a debt coverage sufficient to meet the RUS's requirement of 110%. Accordingly, the Commission will approve of the 3% increase in the District's rates as reflected in Staff's recommended rates which are attached to this order as Attachment A. The Staff recommended rates are to go into effect once the project starts providing service. The Commission will require the District to notify Staff in writing when the project is substantially complete.

Based on all of the above and based on the fact that the protest period has expired without any protest being filed, the Commission concludes that it is reasonable to grant the District a certificate of convenience and necessity without hearing and on an expedited basis. The Commission notes that should there be any changes in the plans, scope or financing of the project, then the District must seek Commission approval of any such changes.

FINDINGS OF FACT

1. On May 10, 2001, the District submitted an application for a certificate of convenience and necessity to extend an eight-inch waterline from the existing tank on Old Nicholas Road to a 125,000-gallon storage tank to serve approximately 224 customers in the Old Nicholas Road, Bruce and Hominy Falls areas in Nicholas County. The project will consist of 55,500 linear feet of eight-inch, 50,300 linear feet of six-inch, and 22,100 linear feet of two-inch water lines, one booster station, one 125,000-gallon water storage tank and two pressure reducing stations. See Form 5 attached to District's application filed May 10, 2001.

2. The total cost of the project is estimated to be \$4,336,412. The District is proposing to finance the project through the following:

Small Cities Block grant	\$ 949,212
Appalachian Regional Commission grant	\$1,240,200
Rural Utilities Service (RUS) grant	\$ 947,000
RUS loan	\$1,200,000.

The RUS loan will accrue at an interest rate of 5% for a period of 40 years. The first two years will require the payment of interest only and the remaining 38 years will require annual principal and interest payments of \$70,704. The RUS requires a 10% debt reserve of \$7,070 and a depreciation/renewal and replacement reserve equal to 2.5% of operating revenues. Id. and Initial and Final Internal Memorandum attached to Initial and Final Joint Staff Memorandum filed June 22, 2001, at p. 4.

3. The District has also arranged for interim financing in the amount of \$500,000 through BB&T of Summersville for the purpose of paying construction expenses prior to the receipt of grant and loan disbursements. The District will use the proceeds from the grant and loan disbursements to repay this interim loan. Initial and Final Internal Memorandum at p. 4.

4. The District filed an affidavit of publication indicating that the Notice of Filing had been published on May 17, 2001, in *The Nicholas Chronicle* as directed in the Commission's May 10, 2001, order. The protest period has expired without any protests being filed. See Affidavit of publication filed May 22, 2001, and file generally.

5. Staff recommended that the District's application for a certificate and the attendant financing be approved. See Initial and Final Joint Staff Memorandum filed June 22, 2001.

6. Technical Staff noted that the proposed project area suffers from a lack of adequate capacity and/or poor water quality. Technical Staff further noted that the completion of this project will allow the District to fulfill a 25-year promise to the residents on Old Nicholas Road. Furthermore, when the residents of the Hominy Falls area advised the District about the lack of water and/or poor water quality, the District, as part of its obligation to serve the public, agreed to include the Hominy Falls area within this project. See Initial and Final Internal Memorandum at pp. 2 and 4.

7. Technical Staff stated that the customer density for the project area is approximately 8.5 which is low for the provision of water service, but noted that the District anticipates further growth within the project area. See Id. at p. 3.

8. Technical Staff stated that in its opinion only certain operational expenses, such as power, chemicals, labor and administration, should be increased incrementally. Thus, Technical Staff eliminated all maintenance expenses from consideration since maintenance would not be incurred in the first year of operation on warranted systems and since current customers should not have to pay for future maintenance. Technical Staff stated that maintenance expenses will be analyzed in the District's next general rate case. Accordingly, Technical Staff recommended that the total annual O&M expenses for this project be \$28,405.00. This is a decrease of \$6,755 in the District's estimated O&M expenses of \$35,160 found in the District's Rule 42 exhibit. See Id. at p. 5.

9. Technical Staff noted that the District proposed a 5% increase in rates and charges in order to fund the annual O&M expenses, debt service, debt reserve, and depreciation reserve. Technical Staff further noted that the District's bill analysis reflects a total of 150 new customers. However, since it is projected that there will be at least 201 new customers, Technical Staff adjusted the District's bill analysis. Furthermore, as explained in the paragraph above, Technical Staff adjusted the level of O&M expenses. Technical Staff explained that given these two adjustments, the District's proposed 5% increase in rates and charges was excessive. Accordingly, Technical Staff recommended a 3% increase in rates to cover the project related expenses. Technical Staff explained that Staff's recommended rates will generate additional annual operating revenues of approximately \$64,721 over going level revenues. Technical Staff stated that this amount of additional revenues plus the going level surplus of \$57,737 will cover the project related expenses and provide a proforma surplus of approximately \$14,661 and debt coverage of 122.23%. Technical Staff noted that this amount of surplus is consistent with the District's average capital additions set forth in the District's last rate case. Technical Staff further noted that the debt coverage is sufficient to met the RUS's requirement of 110%. See Id.

10. Technical Staff requested (as did the District) that the Commission issue an expedited order so that construction could begin shortly after the District's June 28, 2001, bid opening. See Id. at p. 6 and Cover letter to District's application.

CONCLUSIONS OF LAW

1. The Commission concludes that the District has shown that the project is needed and necessary as required in Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992).

2. The Commission concludes that pursuant to W. Va. Code § 24-2-11 it is reasonable to grant the District a certificate of convenience and necessity to construct the project as described in its application without hearing and on an expedited basis.

3. The Commission finds it reasonable to approve the following financing of the project as recommended by Staff:

Small Cities Block grant	\$ 949,212
Appalachian Regional Commission grant	\$1,240,200
RUS grant	\$ 947,000
RUS loan	\$1,200,000.

The RUS loan will accrue at an interest rate of 5% for a period of 40 years. The first two years will require the payment of interest only and the remaining 38 years will require annual principal and interest payments of \$70,704. The RUS requires a 10% debt reserve of \$7,070 and a depreciation/renewal and replacement reserve equal to 2.5% of operating revenues.

4. The Commission finds it reasonable to approve the District's interim financing arrangement with BB&T of Summersville as more specifically described above:

5. The Commission concludes that the total O&M expenses for this project should be reduced from the District's proposed \$35,160.00 to \$28,405.00 as recommended by Staff.

6. The Commission concludes that District's bill analysis should be modified to reflect that there will be a total of 201 new customers as recommended by Staff.

7. The Commission concludes that given the reduction of the District's proposed O&M expenses and the modification of the District's bill analysis, the District's proposed 5% increase in rates and charges is excessive. The Commission further concludes that Staff's recommended 3% increase in the District's current rates is reasonable. Accordingly, the Commission will approve of the 3% increase in the District's rates as reflected in Staff's recommended rates which are attached to this order as Attachment A. The Staff recommended rates are to go into effect once the project starts providing service.

8. The Commission will direct the District to notify the Staff in writing once the project is substantially completed.

9. The Commission concludes that should there be any changes in the plans, scope or financing of the project, then the District must seek Commission approval of any such changes.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity is granted to the Wilderness Public Service District to construct the project as described above.

IT IS FURTHER ORDERED that the following financing of the project is approved:

Small Cities Block grant	\$ 949,212
Appalachian Regional Commission grant	\$1,240,200
RUS grant	\$ 947,000
RUS loan	\$1,200,000.

The Commission notes that the RUS loan will accrue at an interest rate of 5% for a period of 40 years. The first two years will require the payment of interest only and the remaining 38 years will require annual principal and interest payments of \$70,704. The RUS requires a 10% debt reserve of \$7,070 and a depreciation/renewal and replacement reserve equal to 2.5% of operating revenues.

IT IS FURTHER ORDERED that the District's interim financing arrangement with BB&T of Summersville, as more specifically described above, is approved.

IT IS FURTHER ORDERED that Staff's recommended rates, which reflect a 3% increase in the District's current rates and which are attached to this order as Attachment A, are approved for use once the project is providing service.

IT IS FURTHER ORDERED that thirty (30) days prior to the Staff recommended rates being implemented, the Wilderness Public Service District shall file with the Commission a revised tariff setting forth the new rates and charges approved in this order.

IT IS FURTHER ORDERED that the Wilderness Public Service District notify Staff in writing when the project is substantially completed.

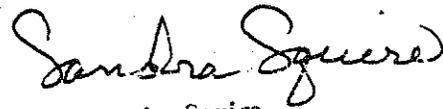
IT IS FURTHER ORDERED that District request a reopening of this certificate case should there be any changes in the plans, scope or financing of the project for the purpose of seeking Commission approval of any such changes.

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

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

LJA/ljm
010287c.sca

A True Copy, Teste:


Sandra Squire
Executive Secretary

WILDERNESS PUBLIC SERVICE DISTRICT
Case No. 01-0287-PWD-CN

Staff Recommended Rates

APPLICABILITY

Applicable to entire territory served

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service

(A) METERED RATES

First	3,000	gallons used per month	\$7.53 per 1,000 gallons
Next	3,000	gallons used per month	\$6.94 per 1,000 gallons
Next	4,000	gallons used per month	\$6.32 per 1,000 gallons
Next	15,000	gallons used per month	\$5.57 per 1,000 gallons
Next	75,000	gallons used per month	\$4.56 per 1,000 gallons
Over	100,000	gallons used per month	\$2.89 per 1,000 gallons

(A) MINIMUM CHARGE

The above schedule is subject to a monthly minimum charge based on the size of the meter in use as follows:

5/8	inch meter	\$ 22.59
1	inch meter	\$ 56.48
2	inch meter	\$180.72
3	inch meter	\$338.85

DELAYED PAYMENT PENALTY

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

TAPPING FEES FOR NEW SERVICE

There shall be a charge of \$250.00 for any new service.

LOCATION TRANSFER

There is no charge for customers transferring from one location to another.

(A) Indicates increase in rates

CUSTOMER DEPOSITS

Each Applicant desiring water shall pay a security deposit of \$50.00 at the time the application for service is made.

TRAILER COURTS

Each house trailer in courts shall be provided with a meter and be billed in the same manner as any other family or business.

DISCONNECTION FEE

\$20.00

RECONNECTION FEE

\$20.00

RETURNED CHECK FOR INSUFFICIENT FUNDS CHARGE

If a check is returned by the bank for any reason, the bank's charge to the Wilderness Public Service District shall be the District's charge to the customer for such a bad check, but such charge to customers shall not exceed \$15.00.

(A) INCREMENTAL COST OF WATER-PRODUCED CHARGE

\$0.59 M. Gal. to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

(A) Indicates increase in rates

WILDERNESS PUBLIC SERVICE DISTRICT

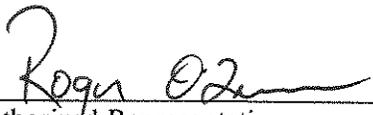
Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

RECEIPT FOR BOND AND TRANSCRIPTS

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

1. On the 8th day of August, 2001, at Mt. Nebo, West Virginia, the undersigned received for the Purchaser the single, fully registered Wilderness Public Service District Water Revenue Bond, Series 2001 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$1,200,000 (the "Bonds"), dated the date hereof, bearing interest at the rate of 4.875% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.
2. At the time of such receipt, the Bonds have been executed and sealed by the designated officials of the Public Service Board of Wilderness Public Service District (the "Issuer").
3. At the time of such receipt, there was paid to the Issuer the sum of \$14,266.55, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.
4. At the time of such receipt, the undersigned also received three sets of bond transcript documents.

WITNESS my signature on this 8th day of August, 2001.



Authorized Representative

07/23/01
972000/00001

SPECIMEN

WILDERNESS PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 2001 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,200,000

No. AR-1

Date: August 8, 2001

FOR VALUE RECEIVED, WILDERNESS PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$5,796, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted August 6, 2001, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 1979, WATER REVENUE BONDS, SERIES 1992, AND WATER REVENUE BONDS, SERIES 1997, AS DESCRIBED IN THE RESOLUTION.

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

WILDERNESS PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]



Chairman, Public Service Board
P. O. Box 37
Mt. Nebo, West Virginia 26679

ATTEST:



Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 14,266.55	8/8/01	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
	TOTAL	\$	

FORM OF
ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond on the books kept
for registration of the within Bond of the said Issuer with full power of substitution in the
premises.

Dated: _____, _____.

In the presence of:

07/23/01
972000/00001

August 8, 2001

Wilderness Public Service District
Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

Wilderness Public Service District
Mt. Nebo, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Wilderness Public Service District in Nicholas County, West Virginia (the "Issuer"), of its \$1,200,000 Water Revenue Bonds, Series 2001 A, dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted August 6, 2001 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds, on a parity with the Issuer's Water Revenue Bonds, Series 1979, dated December 7, 1979, issued in the original aggregate principal amount of \$740,000, Water Revenue Bonds, Series 1992, dated July 15, 1992, issued in the original aggregate principal amount of \$350,000,

and Water Revenue Bonds, Series 1997, dated September 18, 1997, issued in the original aggregate principal amount of \$750,000, and subject to no prior lien granted under the Act.

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

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

LAW OFFICE OF
GREGORY A. TUCKER
719 MAIN STREET
SUMMERSVILLE, WEST VIRGINIA 26651

TELEPHONE: (304) 872-2500

FAX: (304) 872-1188

August 8, 2001

Wilderness Public Service District
Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

Wilderness Public Service District
Mt. Nebo, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentleman:

I am counsel to Wilderness Public Service District, a public service district in Nicholas County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted August 6, 2001 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Nicholas County relating to the creation and expansion of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

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

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

Very truly yours,



Gregory A. Tucker, Esq.

WILDERNESS PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Wilderness Public Service District in Nicholas County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Wilderness Public Service District Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$1,200,000 and bearing interest at the rate of 4.875% per annum (the "Bonds" or the "Series 2001 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated January 25, 2001, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted August 6, 2001, authorizing issuance of the Bonds (the

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

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

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Commission Order of the Public Service Commission of West Virginia dated July 13, 2001, in Case No. 01-0287-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1979, dated December 7, 1979, issued in the original aggregate principal amount of \$740,000, Water Revenue Bonds, Series 1992, dated July 15, 1992, issued in the original aggregate principal amount of \$350,000, and Water

Revenue Bonds, Series 1997, dated September 18, 1997, issued in the original aggregate principal amount of \$750,000 (the "Prior Bonds"), and held by the Purchaser. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2001 A Bonds as to liens, pledge and/or source of and security for payment.

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

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

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

Bond Resolution

Supplemental Resolution Amending Prior Resolutions

1979 Bond Resolution

1992 Bond Resolution

1997 Bond Resolution

Consent to Issuance of Parity Bonds

Public Service Commission Order

County Commission Orders Regarding Creation and Enlargement of the District and Approval of Public Service Commission

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting and on Adoption of Bond Resolution and Supplemental Resolution and Affidavit of Publication of Special Meeting

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Grant Agreement

Appalachian Regional Commission Grant Agreement

Small Cities Block Grant Agreement

The undersigned Chairman hereby covenants that he has or will file tariffs pursuant to final order of the Public Service Commission when the completion date of the Project is definitely known, or has caused or will cause such tariffs to be filed in accordance with said order.

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Roger O'Quinn	March 7, 2001	April 1, 2007
James L. McClung	August 18, 1999	April 1, 2005
Charles L. Eary	August 4, 1999	April 1, 2003

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2001 are as follows:

Chairman	-	Roger O'Quinn
Secretary	-	Debbie A. Gee
Treasurer	-	James L. McClung

The duly appointed and acting Attorney for the Issuer is Gregory A. Tucker of Summersville, West Virginia.

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

At the time of delivery of the Bonds, the amount of \$14,266.55 was received by the undersigned Chairman, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.875% per annum is payable from the date of each such advance.

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

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

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and

without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

12. CONNECTIONS, ETC.: The Issuer will serve at least 1727 bona fide full-time users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

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

14. GRANTS: As of the date hereof, the grant from the Purchaser in the amount of \$947,000, the grant from the Appalachian Regional Commission in the amount of \$1,240,200, and the grant from the Small Cities Block Grant Program in the amount of \$949,212 are committed and in full force and effect.

15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

WITNESS our signatures and the official seal of WILDERNESS PUBLIC SERVICE DISTRICT on this 8th day of August, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Robert D. Linn

Chairman

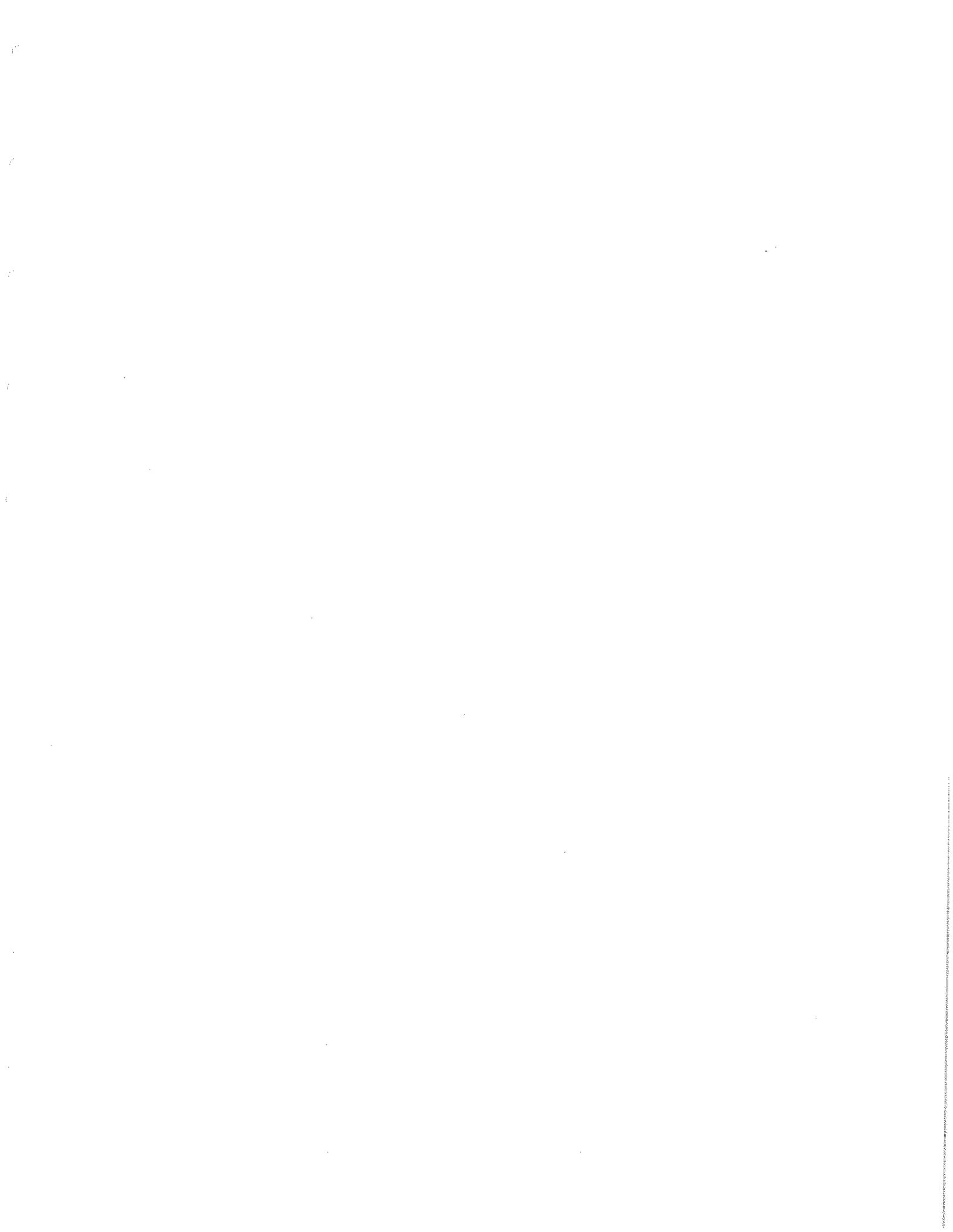
Debbi L. Gee

Secretary

958017

Attorney for Issuer

07/26/01
972001/0001





**STAFFORD
CONSULTANTS
INCORPORATED**

*Engineering, Design, and Consulting
Planning and Environmental Services*

WILDERNESS PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)**

ENGINEER'S CERTIFICATE

We, Jack D. Stafford, Registered Professional Engineer, West Virginia License No. 6753, and Edward L. Shutt, Registered Professional Engineer, West Virginia License No. 7314 of Stafford Consultants, Incorporated, Princeton, West Virginia, hereby certify that our firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") (namely the Old Nicholas Road/Hominy Falls Waterline Extension, as further outlined in documents approved by the West Virginia Office of Environmental Health Services Permit Nos. 14,862 and 14,928) to the existing waterworks system (the "System") of Wilderness Public Service District (the "Issuer"), to be acquired and constructed in Nicholas County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

We further certify that the Project will, to the best of our knowledge, within the limits and in accordance with the applicable and governing contractual requirements related to the Project, be constructed in general accordance with plans and specifications prepared by our firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

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

1. Department of Army - Corps of Engineers Permit dated February 8, 2001.
2. West Virginia Division of Highways Permit No. 09-01-0040 dated January 30, 2001.
3. West Virginia Division of Environmental Protection - WV/NPDES - Construction Storm Water Management Permit WV0115100 dated April 5, 2001.
4. West Virginia Public Land Corporation Permit dated March 13, 2001.

- 5. West Virginia Bureau of Public Health Permit 14,862 dated April 25, 2001 and Permit No. 14,928 dated June 21, 2001.

Stafford Consultants, Incorporated has not reviewed the potential applicability of the National Environmental Policy Act to the acquisition and construction of the Project or operation of the System.

WITNESS our signatures and seals on this 8th day of August 2001.

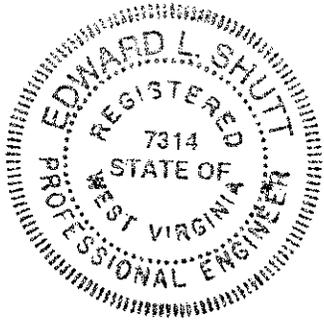
STAFFORD CONSULTANTS, INCORPORATED



[Signature] 8-3-01

 Jack D. Stafford, P.E.
 West Virginia License No. 6753

[SEAL]



[Signature]

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



STATE OF WEST VIRGINIA,
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COURT THEREOF.

ORDER CREATING
WILDERNESS PUBLIC SERVICE DISTRICT
IN NICHOLAS COUNTY, WEST VIRGINIA

WHEREAS, the County Court of Nicholas County, West Virginia, did heretofore fix a date for a public hearing on the creation of the proposed Wilderness Public Service District, and in and by notice published, provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and,

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

WHEREAS, it is now deemed desirable by the said County Court to enter an order creating said district:

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Court of Nicholas County, West Virginia, as follows:

Section 1. That a public service district within

Nicholas County, West Virginia, is hereby created and said district shall have the following boundaries:

Beginning at a point in the center of Gauley River, more or less, at or near the mouth of Meadow River. Said point being a common point between Nicholas County, Fayette County, Grant District and Wilderness District; thence up Meadow River with its meanderings thereof and following said County line to the mouth of Anglins Creek; thence leaving said River and County line and up Anglins Creek with its meanderings thereof to the mouth of Dorsey Branch; thence leaving Anglins Creek and up Dorsey Branch with its meanderings thereof to the intersection of West Virginia County Road Number 13 and West Virginia County Road Number 13/2; thence with West Virginia County Road Number 13 to the intersection of West Virginia County Road Number 13 and West Virginia County Road Number 26; thence leaving said roads and down and with a right hand fork of Hominy Creek to the mouth of said fork, being a point in the Kentucky and Wilderness District line; thence with said District line and down Hominy Creek with its meanderings thereof to the high water mark (Elevation 1710) of the Summersville Reservoir; thence leaving said Creek and District line and with said high water mark to a point at or near the center of Summersville Dam, said point being in the Grant and Wilderness District line; thence leaving said high water mark and with said District line and down and with the center of Gauley River, more or less, to the place of beginning.

Containing an area of approximately 23,406 acres and the communities of Mt. Nebo, Mt. Lookout, Runa, and Pool, among others, all within Wilderness Magisterial District of Nicholas County, State of West Virginia.

Section 2. That said public service district so created shall have the name and corporate title of "Wilderness Public Service District" and shall constitute a public corporation and political sub-division of the State of West Virginia, having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Nicholas County, West Virginia, has determined that the territory within Nicholas County, West Virginia, having the above described boundaries is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water services within such territory by said public service district will be conducive to the preservation of public health, comfort, and convenience of said area.

Given under our hands this the 7th day of April, 1975.

President

B. B. Campbell
Commissioner

Morris McChesney
Commissioner

STATE OF WEST VIRGINIA,
COUNTY OF NICHOLAS, ss:

I, Spurgeon Hinkle, Jr., hereby certify that I am the duly qualified and acting Clerk of the County Court of Nicholas County, West Virginia, and that the foregoing constitutes a true, correct, and complete transcript of the proceedings of said County Court as had under date of April , 1975, and an order then adopted relating to the creation of the Wilderness Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the Court at Summersville, West Virginia this 7 day of April, 1975.


Clerk, County Court

(SEAL)

I, JOHN GREER, do hereby certify that this is a true copy from the records.
Teste: JOHN GREER, Clerk
Nicholas County Clerk
Date 4/26/75 By John Greer
Clerk 

IN THE COUNTY COMMISSION THEREOF

O R D E R

WHEREAS, pursuant to a Class I legal notice, a public hearing was held in the matter of the proposed boundary change of the Wilderness Public Service District, to include certain areas around Meadow River and Nallen in Fayette and Nicholas Counties; and,

WHEREAS, said public hearing was conducted on Wednesday, January 8, 1992 at 9:30 a.m., in the office of the Nicholas County Commission, Nicholas County Courthouse, Summersville, West Virginia, for the express purpose of public comment on the proposed boundary change; and,

WHEREAS, it was noted that present for the hearing was W. D. Amick, Chairman, Wilderness Public Service District and Attorney Timothy Ruckman, Counsel for said District, and further that no other persons appeared to offer input into this matter.

THEREFORE, upon motion made by President Don McClung and seconded by Commissioner Lloyd Paxton, with motion passing unanimously, the following boundary change was so Ordered by the Nicholas County Commission.

That the Wilderness Public Service District as described more aptly beginning at a point in the center of Gauley River more or less, at or near the mouth of Meadow River. Said point being a common point between Nicholas County, Fayette County, Grant District and Wilderness District; thence up Meadow River with its meanderings thereof and following Fayette and Nicholas County Line to a point where Fayette County Route 41/1 comes down to River Side. Thence up said route across CSX Railroad Tracks and thence leaving said Route 41/1 and paralleling CSX Railroad Tracks at an offset of 500' west of said tract centerline to a point in line with Greenbrier, Nicholas County Line. Then in a eastward direction across Route 41, across CSX Railroad Track across Meadow River to said County Line and up said line to, and following first right fork of Miller Creek; thence leaving Miller Creek and crossing Nicholas County Rt. 41/10 and paralleling Rt. 41 offset 1000' feet east of said road and across 41/9 and continuing at an 500' offset from Rt. 41 to Anglins Creek with its meanderings thereof to the mouth of Dorsey Branch; thence leaving Anglins Creek and up Dorsey Branch with its meanderings thereof to the intersection of West Virginia County Road Number 13 and West Virginia County Road Number 13/2; Thence with West Virginia County Road Number

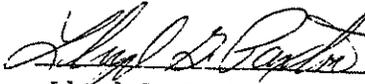
13 to the intersection of West Virginia County Road Number 13 and West Virginia Road Number 26; thence leaving said roads and down and with a right-hand fork of Hominy Creek to the mouth of said fork, being a point in the Kentucky and Wilderness District line; thence with said District line and down Hominy Creek with its meanderings thereof to the high water mark (Elevation 1710) of the Summersville Reservoir; thence leaving said creek and District line and with said high water mark to a point at or near the center of Summersville Dam, said point being in the Grant and Wilderness District line; thence leaving center of Dam and continuing along high water mark to a point 500 feet north of picnic area on west shore of Battle Run Cove; thence leaving this high water mark following and 500 feet on north side of West Virginia County Road to a point 1,200 feet from and on east side of West Virginia County Road Number 9; thence following West Virginia County Road Number 9 and 1,200 feet on east side of said road 3,700 feet to a point; thence proceeding along a line perpendicular to centerline of said road and crossing said road to a point 1,200 feet on the west side of said road; thence following said road and 1,200 feet on west side of said to a point on State Route 129 near Zoar Church and 1,200 feet from Keslers Cross Lanes Intersection; thence following State Route 129 from said intersection and 1,200 feet on west side of said route to a point 1,200 feet from intersection of said route and West Virginia Secondary Route 23 and 1,200 feet on the west side of said route to a point 700 feet from boundary line of Carnifex Ferry State Park, thence leaving West Virginia Secondary Route 23 and proceeding to a point being the northeast corner of the Carnifex Ferry State Park; thence proceeding to the southeast corner along State Park property line; thence following a straight line to the place of beginning containing 27,654 acres, more or less shown on the attached map to this Order.

Entered this 22 day of January, 1992

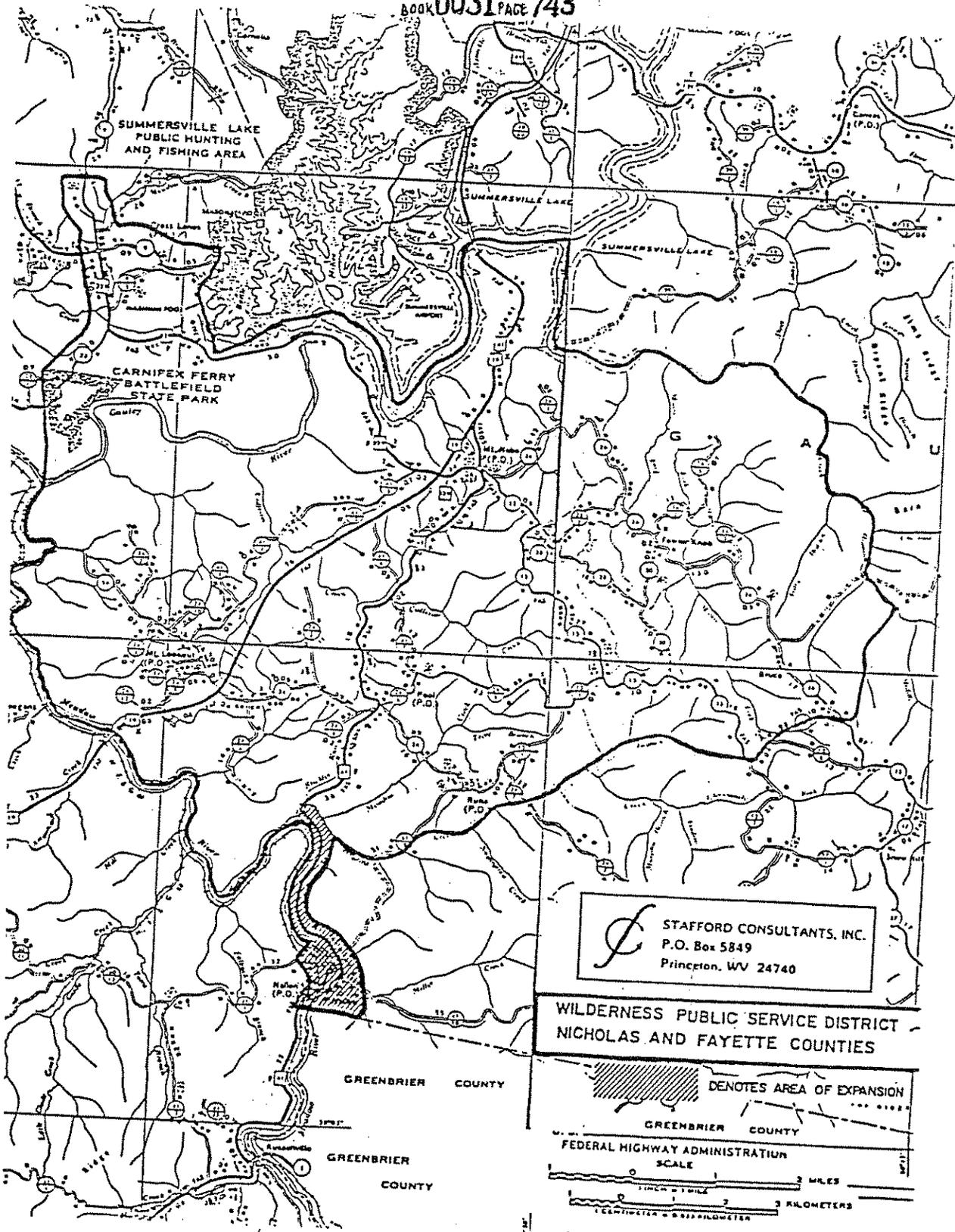

Don McClung President


W. Don Hartley, Commissioner

Approved:


Lloyd G. Paxton, Commissioner


Prosecuting Attorney



I, JOHN GREER, WILDERNESS CLERK
 that this is a true copy from the records.
 Teste: JOHN GREER, Clerk
 Nicholas County Clerk
 Date 4/26/01 By *John Greer*
 Clerk

R E S O L U T I O N

The Nicholas County Commission met in regular session at the Courthouse on Wednesday, August 31, 1983.

Upon motion made by Commissioner Lay and seconded by President Cutlip, and which motion passing unanimously, the following Resolution was adopted.

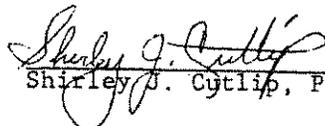
That the Wilderness Public Service District be expanded to include certain areas of federal land in and around the Summersville Dam and Keslers Cross Lanes, and;

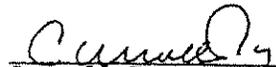
That the Wilderness Public Service District as described more aptly beginning at a point in the center of Gauley River more or less, at or near the mouth of Meadow River. Said point being a common point between Nicholas County, Fayette County, Grant District and Wilderness District; thence up Meadow River with its meanderings thereof and following said County line to the mouth of Anglins Creek; thence leaving said River and County line and up Anglins Creek with its meanderings thereof to the mouth of Dorsey Branch; thence leaving Anglins Creek and up Dorsey Branch with its meanderings thereof to the intersection of West Virginia County Road Number 13 and West Virginia County Road Number 13/2; thence with West Virginia County Road Number 13 to the intersection of West Virginia County Road Number 13 and West Virginia County Road Number 26; thence leaving said roads and down and with a right-hand fork of Hominy Creek to the mouth of said fork, being a point in the Kentucky and Wilderness District line; thence with said District line and down Hominy Creek with its meanderings thereof to the high water mark (Elevation 1710) of the Summersville Reservoir; thence leaving said Creek and District line and with said high water mark to a point at or near the center of Summersville Dam, said point being in the Grant and Wilderness District line; thence leaving center of Dam and continuing along high water mark to a point

500 feet north of picnic area on west shore of Battle Run Cove; thence leaving this high water mark following and 500 feet on north side of West Virginia County Road to a point 1,200 feet from and on east side of West Virginia County Road Number 9; thence following West Virginia County Road Number 9 and 1,200 feet on east side of said road 3,700 feet to a point; thence proceeding along a line perpendicular to centerline of said road and crossing said road to a point 1,200 feet on the west side of said road; thence following said road and 1,200 feet on west side of said to a point on State Route 129 near Zoar Church and 1,200 feet from Keslers Cross Lanes Intersection; thence following State Route 129 from said intersection and 1,200 feet on west side of said route to a point 1,200 feet from intersection of said route and West Virginia secondary Route 23; thence following West Virginia Secondary Route 23 and 1,200 feet on the west side of said route to a point 700 feet from boundary line of Carnifex Ferry State Park, thence leaving West Virginia Secondary Route 23 and proceeding to a point being the northeast corner of the Carnifex Ferry State Park; thence proceeding to the southeast corner along State Park property line; thence following a straight line to the place of beginning containing 27,014 acres, more or less shown on the attached map to this resolution to be made a part of same.

Given under our hands this 31 day of August, 1983.

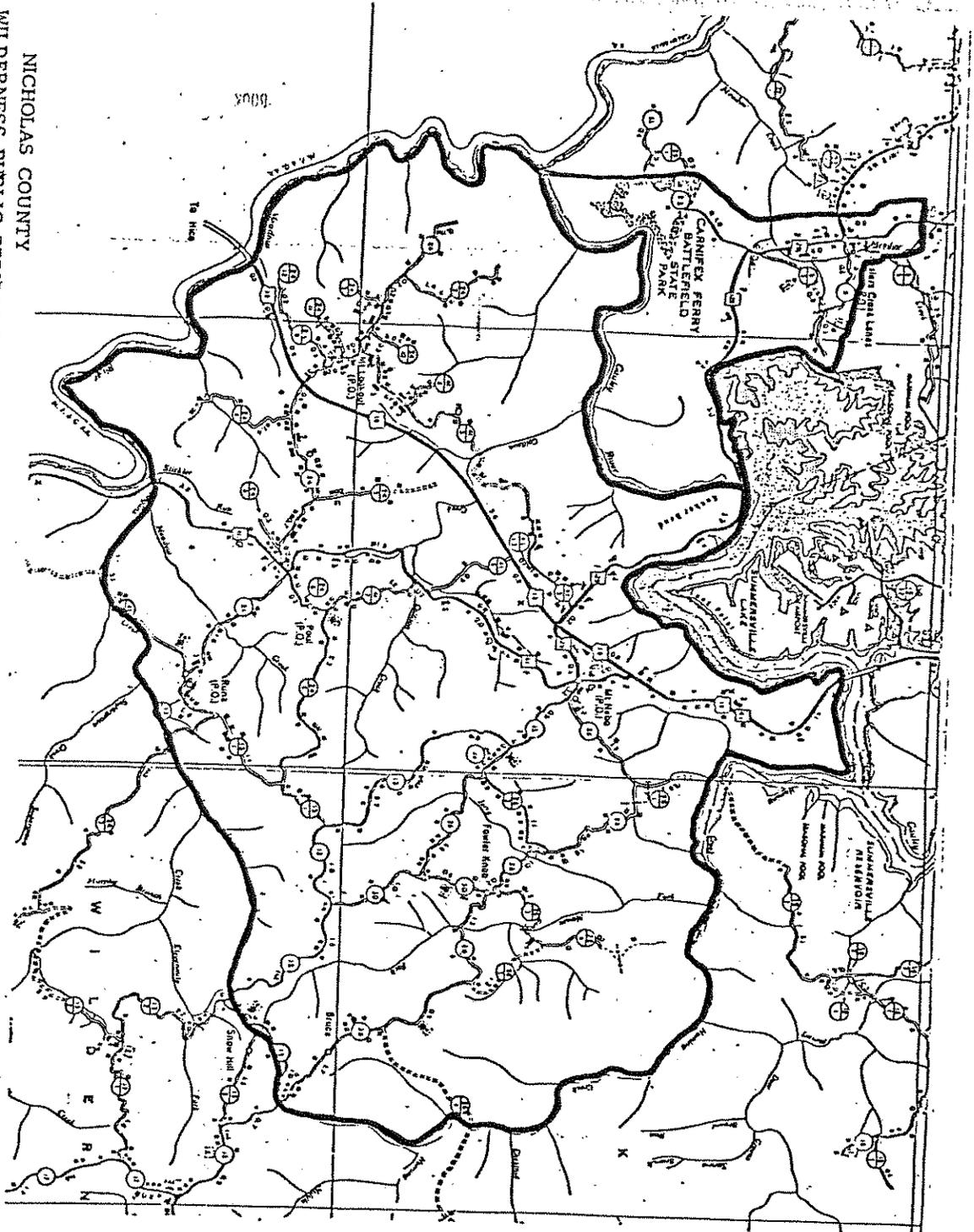
BOOK 027 PAGE 571


Shirley J. Cutlip, President


Carroll T. Lay, Commissioner


W. Don Hartley, Commissioner

NICHOLAS COUNTY
WILDERNESS PUBLIC SERVICE DISTRICT



BOOK

BOOK 572 PAGE 27

I, JOHN GREER, do hereby certify
that this is a true copy from the records.
Teste: JOHN GREER, Clerk
Nicholas County Clerk
Date 4/26/10 By *[Signature]*
Clerk *[Signature]*

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

O R D E R

WHEREAS, pursuant to a Class I legal notice, and posted notice as required by statute, a public hearing was held in the matter of the proposed boundary change of the Wilderness Public Service District, to include certain areas around W. Va. Route 129 in Nicholas County; and,

WHEREAS, said public hearing was conducted on April 17, 1996, at 9:30 a.m., in the office of the Nicholas County Commission, Nicholas County Courthouse, Summersville, West Virginia, for the express purpose of public comment on the proposed boundary change; and,

WHEREAS, it was noted that present for the hearing was W. D. Amick, Chairman, Wilderness Public Service District and Attorney Julia R. Wise for Timothy R. Ruckman, Counsel for said District, and further that Edward Shutt, Engineer, Stafford Consultants, Inc., and W. D. Smith, Region IV Planning and Development Council, appeared to offer input into this matter.

The Commission then opened the hearing to public comment and it was brought to the Commission's attention that the proposed boundary change should be revised to include an additional three (3) to four (4) houses up to the New York Central Railroad Tracks on the northwestern portion of the boundary change.

At that time, an appropriate motion was made by Commissioner Lloyd Paxton to include the revision to the boundary change and to approve said boundary change and said motion was seconded by Commissioner Birl O'Dell, there being only positive comments from the public and no opposition to the revision by the public, said motion passed unanimously.

THEREFORE, the following revised boundary change was so ORDERED by the Nicholas County Commission:

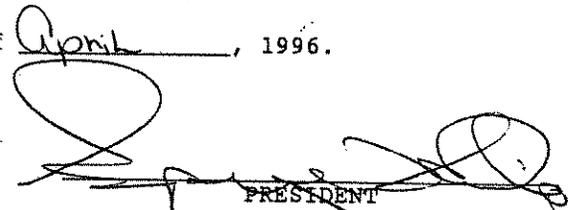
That the Wilderness Public Service District as described more aptly beginning at a point in the center of Gauley River more or less, at or near the mouth of Meadow River. Said point being a common point between Nicholas County, Fayette County, Grant District and Wilderness District; thence up Meadow River with its meanderings thereof and following Fayette and Nicholas County Line to a point where Fayette County Route 41/1 comes down to River Side. Thence up said route across CSX Railroad Tracks and thence leaving said Route 41/1 and paralleling CSX Railroad Tracks at an offset of 500' west of said track centerline to a point in line with Greenbrier, Nicholas County Line. Then in a eastward direction across Route 41, across CSX Railroad Track across Meadow River to said County Line and up said line to, and following first right fork or Miller Creek; thence leaving Miller Creek and crossing Nicholas County Rt. 41/10 and paralleling Rt. 41 offset 1000' east of said road and across 41/9 and continuing at an 500' offset from Rt. 41 to Anglins Creek with its meanderings thereof to the mouth of Dorsey Branch; thence leaving Anglins Creek and up Dorsey Branch with its meanderings thereof to the intersection of West Virginia County Road Number 13 and West Virginia County Road Number 13/2; thence with West Virginia County road Number 13 to the intersection of West Virginia County Road Number 13 and West Virginia County Road Number 26; thence leaving said roads and down and with a right-hand fork of Hominy Creek to the mouth of said fork, being a point in the Kentucky and Wilderness District line; thence with said District line and down Hominy Creek with its meanderings thereof to the high water mark (Elevation 1710) of the Summersville Reservoir; thence leaving said creek and District line and with said high water mark to a point at or near the center of Summersville Dam, said point being in the Grant and Wilderness District line; thence leaving center of Dam and continuing along high water mark to a point 500 feet north of picnic area on west

shore of Battle Run Cove; thence leaving this high water mark continuing due North for 5,000 feet to County Route 9/5 and continuing North of said Road for an additional 1,000 feet thence leaving this point heading due West to 500 feet East of County Route 9, known as Whitewater Road and following Route 9 Northly at a 500 feet offset East of said road for 6,000 feet, thence heading due West crossing Route 9 for 18,000 feet to a point. Thence leaving said point and heading due north for 1500 feet to the center line of the New York Central Railroad. Thence following said Railroad in an easterly direction and crossing Route 129 and for a distance of 1,000 feet past the crossing of Route 129 thence proceeding due south for 16,000 feet to the Nicholas and Fayette County Line in the Gauley River, thence following said County Line up River to the confluence of the Meadow River with the Gauley River and original point of beginning. Containing a new total of 45,100 acres more or less and shown on the attached map to this Order to be made a part of same.

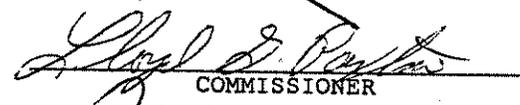
All of which is accordingly so ordered.

ENTER this 18 day of April, 1996.

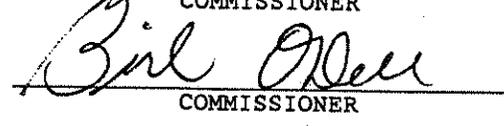
RECEIVED
APR 19 1996



PRESIDENT



COMMISSIONER

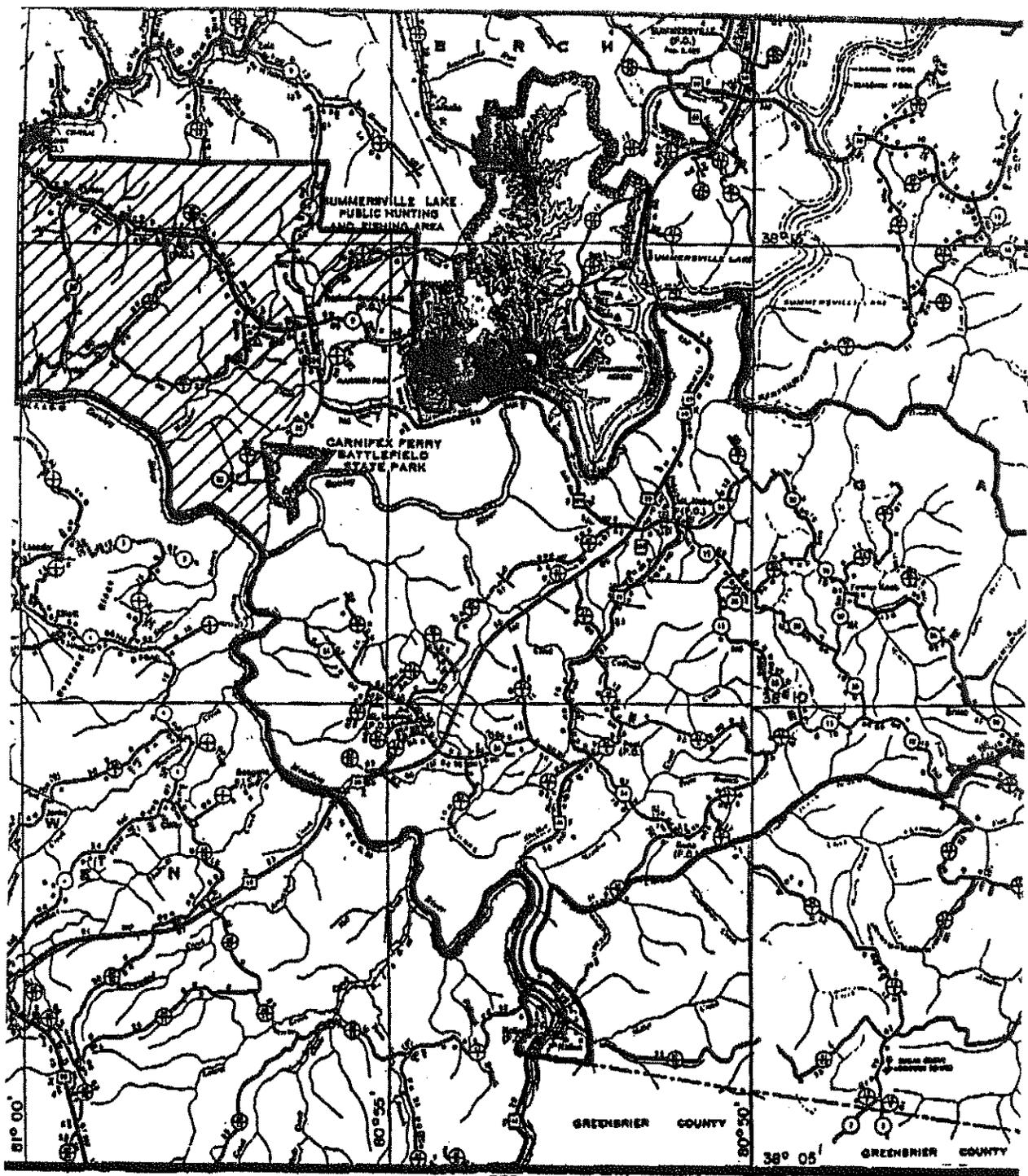


COMMISSIONER

APPROVED:

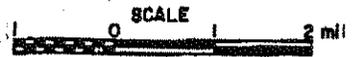


PROSECUTING ATTORNEY



WILDERNESS PUBLIC SERVICE DISTRICT
NICHOLAS AND FAYETTE COUNTIES

MARCH 1996
REVISED APRIL 1996



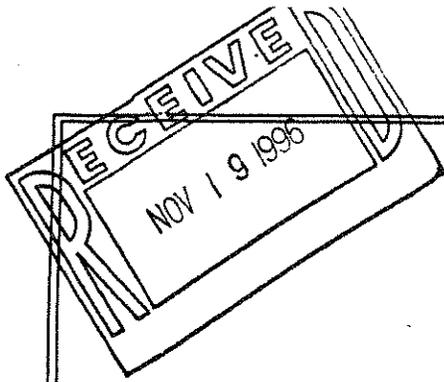
S STAFFORD CONSULTANTS, INC.
P.O. Box 5849
Pilot Knob, WV 24740

////
DENOTES AREA OF EXPANSION

BOOK 0035 PAGE 102

HE

I, JOHN GREER, do hereby certify
that this is a true copy from the records.
Teste: JOHN GREER, Clerk
Nicholas County Clerk
Date 4/24/96 By John Greer
Clerk



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
11-18-96

Entered: October 29, 1996

CASE NO. 96-0460-PWD-PC

NICHOLAS COUNTY COMMISSION

Petition to enlarge boundaries of
the Wilderness Public Service District.

RECOMMENDED DECISION

On April 22, 1996, the Nicholas County Commission (County Commission) filed a petition to enlarge the boundaries of the Wilderness Public Service District.

By Order dated July 8, 1996, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before November 18, 1996.

In an Initial and Final Joint Staff Memorandum filed June 27, 1996, Ronald E. Robertson, Jr., Esquire, Staff Attorney, to which was attached the Initial and Final Staff Internal Memorandum of Mr. Robert M. Hubbard, Senior Utilities Analyst, Public Service District Division, advised that the petition filed by the Nicholas County Commission is to enlarge the boundaries of the Wilderness Public Service District. According to the petition, the enlargement of the boundaries will be conducive to the preservation of public health, comfort and convenience of said area. The Nicholas County Commission held a public hearing on April 17, 1996, and there was no opposition to the proposed boundary changes and the proposed changes were passed unanimously. Mr. Robertson indicated that the affidavits of publication and public posting were properly attached to the County Commission's petition and the enlargement of the boundaries of the Wilderness Public Service District will not infringe or encroach on any utility operations. Mr. Robertson indicated that Staff is of the opinion that the County Commission has sufficiently satisfied the requirements set forth in West Virginia Code §16-13A-2; therefore, it is recommended that the Nicholas County Commission's petition to enlarge the Wilderness Public Service District, as requested.

On October 11, 1996, this matter was set for a hearing to be held at the Municipal Building, Upstairs, 400 North Broad Street, Charleston, West Virginia, on October 18, 1996. Said Order requires the Nicholas County Commission publish a Notice of Hearing, in a newspaper, duly qualified by the Secretary of State, of general circulation in Nicholas County.

On September 27, 1996, the affidavit of publication was submitted reflecting that publication of the Notice of Hearing had been made in accordance with the Commission's requirements.

The hearing was held as scheduled. Appearing at the hearing was Mr. Spurgeon Hinkle, President, Nicholas County Commission. Commission Staff was represented by Ronald Robertson, Esquire, Staff Attorney. No one appeared from the public to give protest to the petition of the Nicholas County Commission. Since no one appeared in protest to the petition, no evidence was taken except for Staff Exhibit No. 1, the Initial and Final Joint Staff Memorandum in this case, and the matter was submitted as an unprotested case. (Tr., p. 4).

DISCUSSION

This petition was filed by the Nicholas County Commission seeking approval to enlarge the boundaries of the Wilderness Public Service District. Commission Staff reviewed the Nicholas County Commission's petition and found it to satisfy the requirements of West Virginia Code §16-13-2 and recommended approval of the County Commission's petition.

At the hearing held in this matter on October 8, 1996, in Nicholas County, no one appeared in protest to the petition after proper notice had been given of the date, time and place of the hearing. Since the petition was unprotested, the matter was submitted as an unprotested case and no evidence was taken, except for Staff Exhibit No. 1 which was a copy of the Initial and Final Joint Staff Memorandum of Commission Staff setting forth Staff's recommendation in this case. Since proper publication has been made of the hearing to be held in Nicholas County in accordance with West Virginia Code §16-13A-2 and no one appeared in protest to the petition of the Nicholas County Commission, said petition should be granted.

FINDINGS OF FACT

1. On April 22, 1996, the Nicholas County Commission filed a petition with the Public Service Commission to enlarge the boundaries of the Wilderness Public Service District. (See petition).
2. By Order dated September 11, 1996, this matter was set for a hearing to be held in Summersville, Nicholas County, in accordance with the provisions of West Virginia Code §16-13A-2. Said Order also required that the Nicholas County Commission publish a Notice of Hearing once in a newspaper, published and of general circulation in Nicholas County. (See Order dated September 11, 1996).
3. On September 27, 1996, the Nicholas County Commission filed an affidavit of publication reflecting that proper publication had been made in Nicholas County in accordance with the Commission's requirements. (See affidavit of publication, case file).

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since a public hearing was held in Nicholas County, in accordance with the provisions of West Virginia Code §16-13A-2, on the petition filed by the Nicholas County Commission and since no one appeared at the hearing to make protest to the petition, said petition can be approved as an unprotested case.

ORDER

IT IS, THEREFORE, ORDERED that the April 18, 1996 Order of the Nicholas County Commission, filed on April 22, 1996, enlarging the boundaries of the Wilderness Public Service District, be, and the same hereby is, approved.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Robert W. Glass
Administrative Law Judge

RWG:mal

ORDER

Whereas, pursuant to a Class I legal notice, and posted notice as required by statute, a public hearing was held in the matter of the proposed boundary change of the Wilderness Public Service District; and,

Whereas, said public hearing was conducted on October 4, 2000 at 10:00 a.m., in the office of the Nicholas County Commission, Nicholas County Courthouse, Summersville, West Virginia, for the express purpose of public comment on the proposed boundary change; and,

Whereas, it was noted that present for the hearing was Wilderness Public Service District Chairman Roger O'Quinn, Engineering Consultant Ed Shutt, Ruby Sears, Harold Ward and Barbara Ward appeared to offer input into this matter.

The Nicholas County Commission then opened the hearing to public comment.

Upon motion moved by President Tom Blankenship and seconded by Commissioner Birl O'Dell, with motion passing unanimously, the Nicholas County Commission determined it necessary, feasible and proper to enlarge the Wilderness Public Service District and that it will be conducive to the preservation of public health, comfort and convenience of said area; and, approved the boundary change, there being only positive comments from the public and no opposition expressed by the public.

THEREFORE, the following revised boundary change was so ORDERED by the Nicholas County Commission:

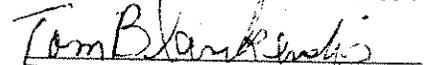
That the Wilderness Public Service District as described more aptly beginning at a point in the center of Gauley River more or less, at or near the mouth of Meadow River. Said point being a common point between Nicholas County, Fayette County, Grant District and Wilderness District; thence up Meadow River with it's meanderings thereof and following Fayette and Nicholas County line to a point where Fayette County Route 41/1 comes down to river side. Thence *into Fayette County* and up said route across CSX railroad tracks and thence leaving said Route 41/1 and paralleling CSX railroad tracks at an offset of 500' west of said track centerline to a point in line with Greenbrier, Nicholas County Line. Thence in an Easterly direction across West Virginia Route 41 across CSX railroad track across Meadow River to said County Line *thus leaving Fayette County, and following said Greenbrier, Nicholas County Line in the Wilderness District of Nicholas County across West Virginia Route 20 and into the Kentucky District of Nicholas County to near Nicholas County Route 44/4. Thus leaving said county line and following said route in a Westerly direction offset at a distance of 500 feet North and proceeding to 500 feet East of West Virginia Route 20, thence following said route in a Northerly direction offset 500 feet East to the corner of the South*

Eastern boundary of the Nettie/Leivasy Public Service District. Thence proceeding on said boundary due West for 1.2 miles; thence heading due North for 3.9 miles then due West for 1.3 miles following the Nettie/Leivasy PSD boundary. Thence leaving said boundary and continuing due West to an unnamed tributary of Hominy Creek. Thence following said tributary to Hominy Creek, being a point in the Kentucky and Wilderness District line and down Hominy Creek with it's meanderings thereof to the high water mark (Elevation 1710) of the Summersville Reservoir. Thence leaving said creek and District line and with said high water mark to a point at or near the center of Summersville Dam, said point being in the Grant and Wilderness District line; thence leaving center of Dam and continuing along high water mark to a point 500 feet north of picnic area on west shore of Battle Run Cove; thence leaving this high water mark continuing due North for 5,000 feet to County Route 9/5 and continuing north of said road for an additional 1,000 feet. Thence leaving this point heading due West to 500 feet East of County Route 9, known as Whitewater Road and following Route 9 Northerly at a 500 feet offset East of said road for 6,000 feet, thence heading due West crossing Route 9 for 18,000 feet to a point. Thence leaving said point and heading due North for 1,500 feet to the centerline of the New York Central Railroad. Thence following said railroad in an Easterly direction and crossing Route 129 for a distance of 1,000 feet past the crossing of Route 129; thence proceeding due South for 16,000 feet to the Nicholas and Fayette County Line in the Gauley River, thence following said County Line up river to the confluence of the Meadow River with the Gauley River and original point of beginning. Containing a new total of 77,185 acres more or less in Nicholas and Fayette Counties, West Virginia and shown on the attached map to this Order to be made a part of same.

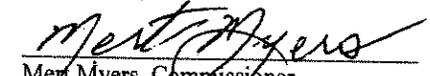
All of which is accordingly so Ordered.

Enter this 4 day of October, 2000.

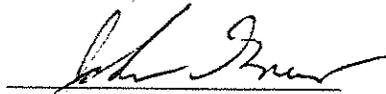
NICHOLAS COUNTY COMMISSION:


Tom Blankenship, President


Bill O'Dell, Commissioner


Mert Myers, Commissioner

ATTEST:


John Greer, Clerk

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

001500a1j030101.wpd

Entered: March 1, 2001

FINAL

03-21-01

CASE NO. 00-1500-PWD-PC

NICHOLAS COUNTY COMMISSION

Petition for consent and approval of
the expansion of the boundary of
Wilderness Public Service District

RECOMMENDED DECISION

On October 6, 2000, the Nicholas County Commission filed a petition for Public Service Commission approval of a Nicholas County Commission Order entered on October 4, 2000, to enlarge the boundary of the service area of Wilderness Public Service District, pursuant to West Virginia Code §16-13A-2. The County Commission's petition addresses only water service.

On November 20, 2000, Staff Attorney Cecelia G. Jarrell filed the Initial and Final Joint Staff Memorandum to which was attached the Initial and Final Internal Memorandum prepared by Mr. Randy Lengyel, Utilities Analyst II, Water and Wastewater Division, and Mr. David W. Holley, Technical Analyst, and Chris Farrish, Engineering Technician, Engineering Division. Staff recommended that the Nicholas County Commission's petition should be scheduled for hearing as required under West Virginia Code §16-13A-2.

On November 21, 2000, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before May 3, 2001.

By Order dated January 18, 2001, this matter was set for a hearing to be held in the Summersville Municipal Building, Teen Center, Summersville, West Virginia, on February 15, 2001. The Order required that the Nicholas County Commission give notice of the hearing to be held in this matter on February 15, 2001, by publishing a Notice of Hearing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Nicholas County.

The hearing was held as scheduled. Mr. Birl O'Dell, Nicholas County Commissioner, appeared on behalf of the Nicholas County Commission. Commission Staff was represented by Staff Attorney Cecelia Jarrell. No one appeared to give protest to the petition of the Nicholas County Commission.

An affidavit of publication was presented at the hearing indicating that publication had been made in accordance with the Commission's requirements on February 1, 2001.

Staff Attorney Jarrell indicated that the Initial and Final Joint Staff Memorandum, previously filed in this case, sets forth the Staff's position regarding this matter.

Since no one appeared in protest to the petition of the Nicholas County Commission, the matter was submitted for a decision.

FINDINGS OF FACT

1. On October 6, 2000, the Nicholas County Commission filed a petition for Commission approval of an October 4, 2000 Order of the Nicholas County Commission to enlarge the boundary of the service area for the Wilderness Public Service District, pursuant to West Virginia Code §16-13A-2. The County Commission's petition addresses only water service. (See, Petition filed October 6, 2000).

2. On November 20, 2000, Staff Attorney Cecelia Jarrell filed the Initial and Final Joint Staff Memorandum recommending that a hearing be scheduled in this matter in accordance with the provisions of West Virginia Code §16-13A-2. (See, Initial and Final Joint Staff Memorandum filed November 20, 2000).

3. By Order dated January 18, 2001, this matter was set for a hearing to be held in the Summersville Municipal Building, Teen Center, Summersville, West Virginia, on February 15, 2001. The Order provided that the Nicholas County Commission publish a Notice of Hearing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Nicholas County. (See, Order dated January 18, 2001).

4. The hearing was held as scheduled on February 15, 2001. A proper affidavit of publication was submitted by the Nicholas County Commission indicating that the Notice of Hearing had been published in accordance with the Commission's requirements. No one appeared at the hearing in protest to the petition. (See, Tr., p. 4 & Affidavit of Publication, case file).

CONCLUSION OF LAW

Since the Nicholas County Commission had given notice of the hearing to be held in this matter on February 15, 2001, in accordance with the Commission's requirements and no one appeared in protest to the petition, it is reasonable to approve the petition of the Nicholas County Commission filed on October 6, 2000, for Commission approval of an October 4, 2000 Nicholas County Commission Order to enlarge the boundary

of the service area of the Wilderness Public Service District, pursuant to West Virginia Code §16-13A-2.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Nicholas County Commission, filed on October 6, 2000, for Commission approval of an October 4, 2000 Order of the Nicholas County Commission to enlarge the boundary of the service area of the service area of Wilderness Public Service District, be, and the same hereby is, approved.

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

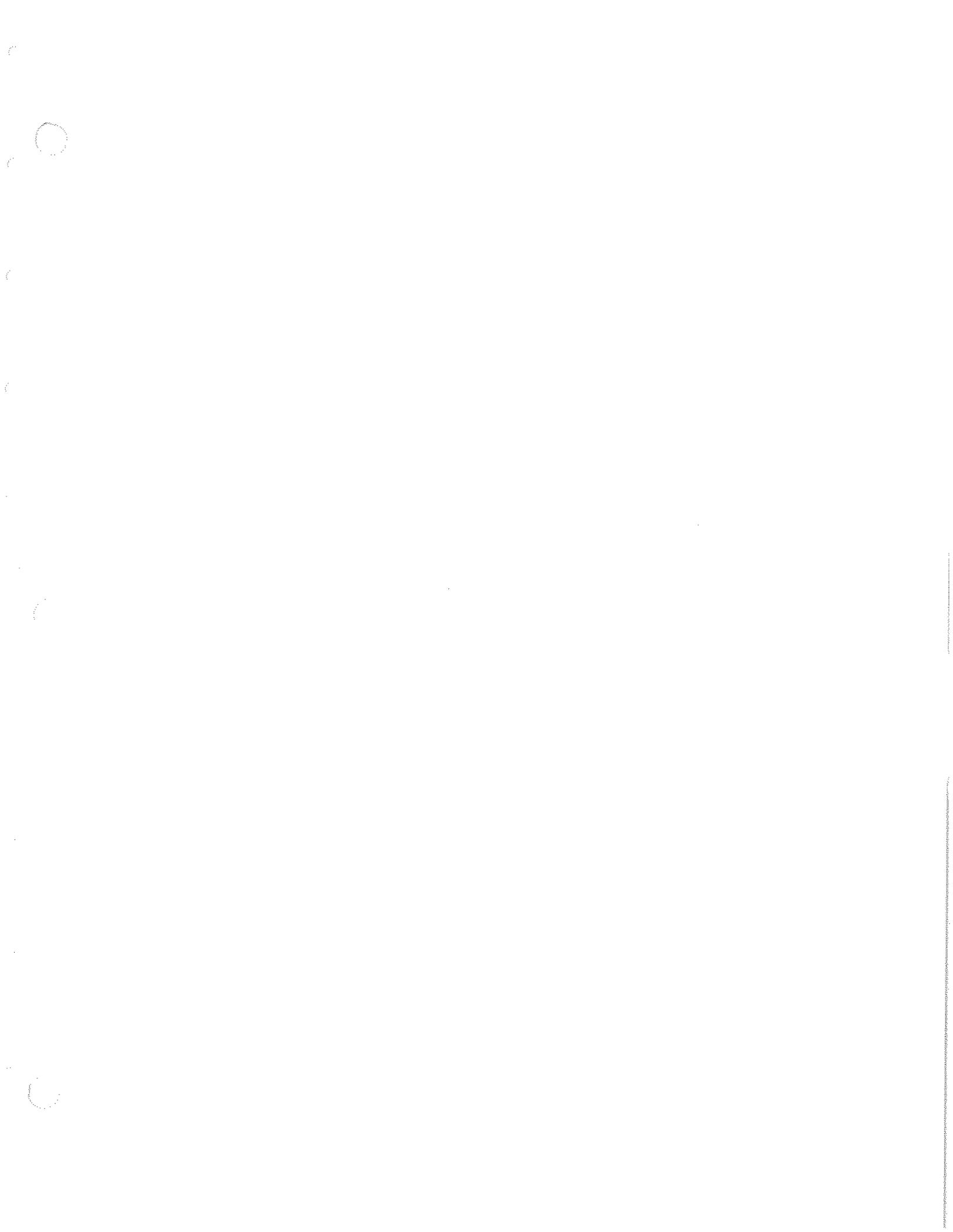
Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.


Robert W. Glass
Administrative Law Judge

RWG:jas
001500aa.wpd



STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

ORDER

WHEREAS, the County Commission of Nicholas County, West Virginia, did heretofore, by an Order entered and adopted, create the Wilderness Public Service District; and,

WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia, the powers of said public service district shall be vested in and exercised by a public service board; and,

WHEREAS, since there are no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Commission shall appoint members of said board who shall be persons residing within the district; and,

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Commission of Nicholas County, West Virginia that Roger O'Quinn is a person residing within the boundaries of Wilderness Public Service District and he is hereby reappointed as a member of the Wilderness Public Service District with term of office expiring April 1, 2007.

Entered this 7 day of March, 2001.

BOOK 339C 317

I, JOHN GREER, do hereby certify that this is a true copy from the records.
Teste: JOHN GREER, Clerk
Nicholas County Clerk

Date 4/26/01 By John Greer
Clerk

Tom Blankenship
Tom Blankenship, President
Bill O'Dell
Bill O'Dell, Commissioner

Mert Myers
Mert Myers, Commissioner

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

ORDER

WHEREAS, the County Commission of Nicholas County, West Virginia, did heretofore, by an Order entered and adopted, create the Wilderness Public Service District; and,

WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia, the powers of said public service district shall be vested in and exercised by a public service board; and,

WHEREAS, since there are no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Commission shall appoint members of said board who shall be persons residing within the district; and,

WHEREAS, the said County Commission finds that it is proper and desirable to appoint Charles Eary to fill the unexpired term of W. D. Amick with term of office ending April 1, 2003.

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Commission of Nicholas County, West Virginia th

Public Service Distr

District with †

Ente

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

CORRECTIVE ORDER

WHEREAS, the County Commission of Nicholas County, West Virginia, did heretofore, by an Order entered and adopted, create the Wilderness Public Service District; and,

WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia, the powers of said public service district shall be vested in and exercised by a public service board; and,

WHEREAS, since there are no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Commission shall appoint members of said board who shall be persons residing within the district; and,

WHEREAS, on March 17, 1999 the said County Commission reappointed James McClung by Order entered and recorded in Order Book 38 Page 278; and,

WHEREAS, it has since been discovered that said Order was in error reflecting that James McClung resided within the Craigsview Public Service District rather than the Wilderness Public Service District.

NOW, THEREFORE

County, W

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OATH OF OFFICE AND CERTIFICATE

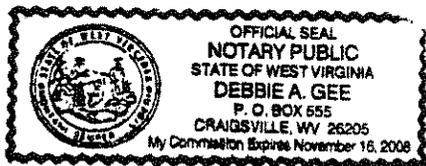
STATE OF WEST VIRGINIA

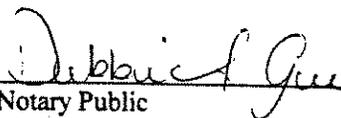
COUNTY OF NICHOLAS TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as **Board Member to the Wilderness Public Service District** to the best of my skill and judgment SO HELP ME GOD.


Signature of Affiant

Subscribed and sworn to before me in said County and State this 14 day of March, 2001.




Notary Public

My Commission Expires: Nov. 16, 2008

I, JOHN GREER, do hereby certify that this is a true copy from the records.
Teste: JOHN GREER, Clerk
Nicholas County Clerk
Date 4/26/01 By 
Clerk

BOOK 8PG 730

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as **Board Member to the Wilderness Public Service District** to the best of my skill and judgment SO HELP ME GOD.



Signature of Affiant

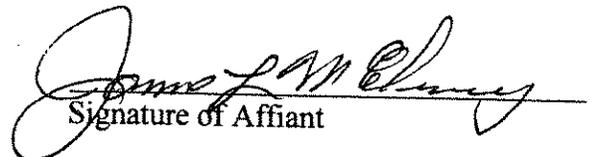
Subscribed and sworn to before me in said County and State this 6TH day of August,
1999.

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as **Board Member to the Wilderness Public Service District** to the best of my skill and judgment SO HELP ME GOD.


Signature of Affiant

Subscribed
1999.

RULES OF PROCEDURE

WILDERNESS PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: WILDERNESS PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located on Route 129, Mt. Nebo, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Wilderness Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Nicholas County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the third Thursday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before

the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

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

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Nicholas County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Nicholas County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

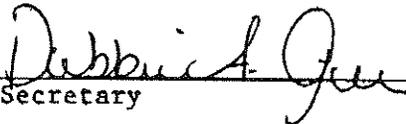
ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 19th day of April, 2001.


Secretary

The Nicholas Chronicle

a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Wilderness Public Service District, P.O. Box 37, Mount Nebo, West Virginia 26679; ADVERTISEMENT, public utility proposes to construct a waterline extention project

appeared in said newspaper for 2 weeks, on the 1st day of February, 2001; and the 8th day of February, 2001.

Given under my hand this 23rd day of March, 2001.

By Raymond W. Corbin, News Editor.

Fee for publication:

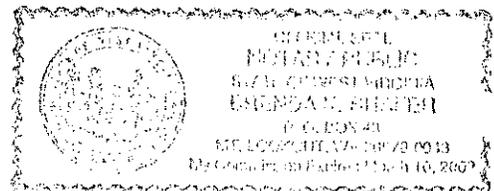
577 words @ \$.07 per word, \$40.39 for the first publication; 75% of first publication \$30.29 for all subsequent publications; for a total cost of \$70.68.

The foregoing instrument was acknowledged before me this the 23rd day of March, 2001.

Brenda K. Shufert

Notary Public

My commission expires March 10, 2002.



NOTICE

PLEASE TAKE NOTICE that the Wilderness Public Service District, a public utility proposes to construct a waterline extension project to provide the Old Nicholas Road, Bruce and Hominy Falls areas and surrounding communities with a potable water supply. The District plans to extend an 8" waterline from the existing tank on Old Nicholas Road to a 125,000 gallon storage tank. The project will consist of approximately 55,500 linear feet of 8" 50,300 linear feet of 6" and 22,100 linear feet of 2" water lines booster stations, pressure reducing stations, telemetry and all appurtenances to serve 224 potential customers.

This Wilderness Public Service District will make formal applications to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity regarding said project on or after March 4, 2001.

The total estimated costs of the entire project is anticipated not to exceed \$4,500,000.00, and the Wilderness Public Service District intends to borrow an amount of money not to exceed \$1,400,000.00; said money being financed through the United States Department of Agriculture Rural Development. Also, the Wilderness Public Service District has been awarded a grant from the RUS for \$947,000.00, a grant from the Appalachian Regional Commission for \$1,240,200.00 and a HUD small cities block grant of \$949,212.00. The Wilderness Public Service District estimates that the interest rate on this loan will not exceed Five percent (5%) for a borrowing period not to exceed forty (40) years.

The proposed project will provide a safe and reliable potable water source to the residents and business in the Old Nicholas Road, Bruce and Hominy Falls areas. Acquisition of numerous rights of way from the public as well as from the State of West Virginia may be necessary for the installation of water lines and the construction of the water storage tank.

The total cost of the proposed project is estimated to be \$4,336,412.00. The completed facilities will be owned, operated and maintained by the Wilderness Public Service District.

The Wilderness Public Service District proposes the following water service rates to be enacted two years from date of loan closing:

First 3,000 gallons used per month	\$7.67 per 1,000 gallons
Next 3,000 gallons used per month	\$7.08 per 1,000 gallons
Next 4,000 gallons used per month	\$6.45 per 1,000 gallons
Next 15,000 gallons used per month	\$5.68 per 1,000 gallons
Next 75,000 gallons used per month	\$4.65 per 1,000 gallons
All over 100,000 gallons	\$2.95 per 1,000 gallons

Anyone wishing to object to the proposed project may sign a petition in the Office of the Clerk of the County Commission of Nicholas County, Summersville, West Virginia, or may contact the Public Service Commission of West Virginia at its office located at 201 Brooks Street, Charleston, West Virginia.

This Notice is prepared pursuant to West Virginia Code 16-13A-25.

Submitted by Roger O'Quinn, Chairman
Wilderness Public Service District

2/1, 2/82t

Nicholas Chronicle

a division

I, Raymond W. Corbin, News Editor, Nicholas Chronicle, a weekly newspaper published in Nicholas County, West Virginia, do certify that the following advertisement - Wilderness Public Service District, P.O. Box 37, Moundsville, West Virginia, is a public utility waterline extension project advertised in said newspaper on February 2, 2001; and the

Given under my hand this 23rd day of March, 2001.

By Raymond W. Corbin, News Editor.

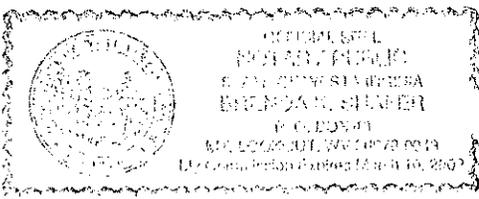
for publication: words @ \$.07 per word, \$40.39 for the first publication; 75% of first publication \$30.29 for all subsequent publications; for a total cost of \$70.68.

foregoing instrument was acknowledged before me the 23rd day of March, 2001.

Brenda K. Shuter

Notary Public

commission expires March 10, 2002.



**MINUTES OF BOARD OF DIRECTORS MEETING
WILDERNESS PUBLIC SERVICE DISTRICT
January 18, 2001**

The Board of Directors for the Wilderness Public Service District met for their regular monthly meeting on Thursday, January 18, 2001, at 8:00 a.m. The meeting was held at the Wilderness PSD office on Rt. 129 in Mt. Nebo, Nicholas County. Those in attendance were Jim McClung, Roger O'Quinn, Greg Eary and Debbie Gee. The meeting was called to order by Roger O'Quinn, Chairman.

The minutes from the previous meeting were approved on a motion made by Jim McClung and seconded by Greg Eary with all in favor.

Election of Officers – On a motion made by Greg Eary, all current officers were reappointed as follows: Roger O'Quinn as Chairman, James McClung as Treasurer, Debbie Gee as Secretary and Rosalea Rogers as Assistant Secretary. The motion was seconded by James McClung, with all in favor.

Old Nicholas Road/Hominy Extension - Ed Shutt of Stafford Consultants, Inc. attended the meeting. Invoices were submitted for approval. On a motion made by Jim and seconded by Greg, the invoice for The Nicholas Chronicle in the amount of \$84.00 was approved for reimbursement to Wilderness PSD and the invoices from Stafford Consultants, Inc. in the amount of \$3,765.98 were approved. All funding has been approved. The "Letter of Conditions" has been forwarded from RUS in Morgantown to Rosemary Christian at RUS in Beckley. A special meeting will be arranged for next week to meet with Rosemary to receive and review the "Letter of Conditions". Ed requested average hours of plant operation for each season for the period from January 2000 to December 2000

Disbursements – The December disbursements in the amount of \$51,153.39 were approved on a motion made by Jim and seconded by Greg with all in favor.

Reports – The Board reviewed the balance sheet, profit & loss statement, over-time report and water loss report for December 2000.

There being no further business, the meeting adjourned. The next meeting is scheduled for 8:00 a.m., February 15, 2001 at the Wilderness PSD office in Mt. Nebo.



Roger O'Quinn, Chairman

RO/dg

WILDERNESS PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (United States Department of Agriculture)

MINUTES ON ADOPTION OF BOND RESOLUTION AND
SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Wilderness Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Wilderness Public Service District met in special session, pursuant to notice duly posted, on the 6th day of August, 2001, in Mt. Nebo, West Virginia, at the hour of 12:00 p.m.

PRESENT: Roger O'Quinn - Chairman
 James L. McClung - Treasurer
 Debbie A. Gee - Secretary
 Charles L. Eary - Member

ABSENT: None.

Roger O'Quinn, Chairman, presided, and Debbie A Gee, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF WILDERNESS PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

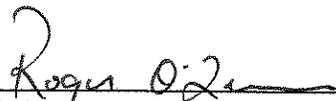
and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING FOR
TRANSFER OF RESERVE ACCOUNTS FOR SERIES
1979 BONDS, SERIES 1992 BONDS AND SERIES 1997
BONDS AND AMENDMENT OF PRIOR RESOLUTIONS
TO EFFECT SUCH TRANSFER

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

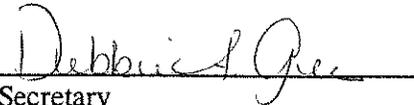
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.


Chairman

CERTIFICATION

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

WITNESS my signature on this 6th day of August, 2001.


Secretary

08/03/01
972000/00001

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Steptoe & Johnson, Attorneys at Law, P.O. Box 2190, Clarksburg, WV 26302; NOTICE OF PUBLIC MEETING OF THE PUBLIC SERVICE BOARD OF WILDERNESS PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

appeared in said newspaper for 1 week, on the 26th day of July, 2001.

Given under my hand this 27th day of July, 2001,

By Raymond W. Corbin, News Editor.

Fee for publication:

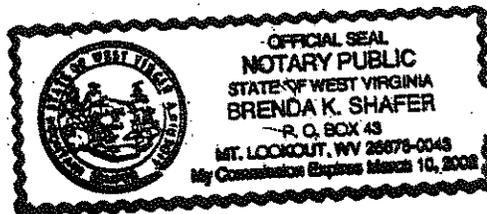
417 words @ \$.07 per word, for a total cost of \$29.19.

The foregoing instrument was acknowledged before me this the 27th day of July, 2001.

Brenda K. Shafer

Notary Public

My commission expires March 10, 2002.



**NOTICE OF PUBLIC MEETING OF THE
PUBLIC SERVICE BOARD OF
WILDERNESS PUBLIC SERVICE
DISTRICT TO ADOPT BOND
RESOLUTION**

A Special meeting of the Public Service Board of Wilderness Public Service District (the "PSD") will be held to consider for adoption the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Monday, August 6, 2001, at 12:00 p.m., prevailing time, at the District's office located on Route 129, Mt. Nebo, Nicholas County, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF WILDERNESS PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquiring and constructing certain additions, improvements and extensions to the existing waterworks facilities of the District and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the Waterworks system of the PSD.

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

Dated: July 20, 2001
/s/ Debbie Gee
Secretary

7/26/01

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

NEW ISSUE REPORT FORM

Date of Report: August 8, 2001

ISSUE: Wilderness Public Service District, Water Revenue Bonds, Series 2001 A (United States Department of Agriculture)

ADDRESS: P. O. Box 37, Mt. Nebo, WV 26679 COUNTY: Nicholas

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

ISSUE DATE: August 8, 2001 CLOSING DATE: August 8, 2001

ISSUE AMOUNT: \$1,200,000 RATE: 4.875%

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

1ST DEBT SERVICE AMOUNT: \$5,796 PAYING AGENT: Issuer

BOND COUNSEL: Steptoe & Johnson PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Vincent A. Collins, Esquire Contact Person: _____
Phone: (304) 624-8161 Phone: _____

CLOSING BANK: _____ ESCROW TRUSTEE: _____
Contact Person: _____ Contact Person: _____
Phone: _____ Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: United States Department of Agriculture
Contact Person: Mr. Roger O'Quinn Contact Person: Rosemary Christian
Position: Chairman Function: Rural Development Specialist
Phone: (304) 872-1598 Phone: (304) 252-8644

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

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

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2001 A Bonds Reserve Account. The first payment into the Series 2001 A Bonds Reserve Account is due August 8, 2003.

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

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

07/23/01
9272000/00001

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

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If you should have any questions concerning this form, please call the Commission.

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

NEW ISSUE REPORT FORM

Date of Report: August 8, 2001

ISSUE: Wilderness Public Service District Sewer Revenue Bonds, Series 1992 (United States Department of Agriculture)

ADDRESS: P. O. Box 37, Mt. Nebo, West Virginia 26679 COUNTY: Nicholas

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

ISSUE DATE: July 15, 1992 CLOSING DATE: July 15, 1992

ISSUE AMOUNT: \$350,000 RATE: N/A

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

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

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mr. Roger O'Quinn
Position: Chairman
Phone: (304) 872-1598

OTHER: United States Department of Agriculture
Contact Person: Rose Mary Christian
Function: Rural Development Specialist
Phone: (304)252-8644

DEPOSITS TO MBC AT CLOSE:

By: _____	Wire	_____	Accrued Interest:	\$ _____
_____	Check	<u>X</u>	Capitalized Interest:	\$ _____
_____		_____	Reserve Account:	\$ _____
_____		_____	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____	Wire	_____	To Escrow Trustee:	\$ _____
_____	Check	_____	To Issuer	\$ _____
_____	IGT	_____	To Cons. Invest. Fund	\$ _____
_____		_____	To Other:	\$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1992 Bonds Reserve Account.

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

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
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Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

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If you should have any questions concerning this form, please call the Commission.



Bond Counsel

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
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Roger O'Quinn, Chairman
Wilderness Public Service District
P.O. Box 37
Mt. Nebo, WV 26679

January 25, 2001

Dear Mr. O'Quinn:

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

The docket may be completed on the basis of an RUS loan in the amount of \$1,200,000, an RUS grant in the amount of \$947,000, and other funding in the amount of \$2,189,412, for a total project cost of \$4,336,412. The other funding is planned in the form of a \$1,240,200 grant from the Appalachian Regional Commission and a \$949,212 grant from the HUD Small Cities Block Grant program.

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

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

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for Wilderness PSD (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)



- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
- Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 11 - Wilderness PSD Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 13 - Labor Standards Provisions
- Attachment No. 14 - Various other RD Forms as identified on Attachment No. 2

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

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 5.0% interest rate and a monthly amortization factor of 0.00491, which provides for a monthly payment of \$5,892.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

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

2. Security - The loan must be secured by a statutory lien on parity with the PSD's existing bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 1,727 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 194 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

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

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

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

5. Engineering Services - It will be necessary for you to obtain the services of an engineer. Form RD 1942-19, "Agreement for Engineering Services," or EJCDC No. 1910-1, "Standard Form of Agreement between Owner and Engineer for Professional Services" may be used to obtain the services of an engineer. For your convenience, a copy of Form RD 1942-19 is attached hereto. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. Legal Services - You must obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - You must obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

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

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8) and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements. You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit is not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

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

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:
- a. A Certificate of Convenience and Necessity.
 - b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
 - c. Approval of financing for the project's proposed financing arrangements.

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

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

mudslide prone areas will not receive financial assistance where flood insurance is not available.

- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.
12. Contract Documents, Final Plans and Specifications -
- a. The contract documents should consist of the following:
 - (1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9, or other agreement approved by RUS. One copy of this item is attached hereto (Attachment No. 6).
 - (2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.
 - (3) "Labor Standards Provisions" - Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 13). Additional copies must be reproduced by the engineer.
 - b. The contract documents must provide, as a minimum, the following insurance:
 - (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers' Compensation - In accordance with applicable State laws.
 - c. The contract documents and final plans and specifications must be submitted to RUS for approval.

- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review.
 14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of the PSD, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
 15. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.
 16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
 - Form RD 442-7 - "Operating Budget"
 - Form RD 1940-1 - "Request for Obligation of Funds"
 - RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 - RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 - Form RD 400-1 - "Equal Opportunity Agreement"
 - Form RD 400-4 - "Assurance Agreement"
 - Form AD 1047 - "Certification Regarding Debarment - Primary"
 - Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 - Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 - FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 - Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
 17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

18. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

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

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

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

In accordance with the intent of Congress as expressed in the FY 1998 Appropriations Act, recipients of water and waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

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

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

Sincerely yours,



BOBBY LEWIS
State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Stan Adkins, Certified Public Accountant
Summersville, WV

Gregory A. Tucker, Attorney at Law
Summersville, WV

Bond Counsel

Stafford Consultants
Princeton, WV

Project Construction Budget

<u>Project Cost</u>	<u>SCB Grant</u>	<u>ARC Grant</u>	<u>RUS Grant</u>	<u>RUS Loan</u>	<u>Total</u>
Construction	\$ 726,312	\$1,240,200	\$ 710,158	\$ 798,600	\$ 3,475,270
Construction Contg.			107,800	121,200	229,000
Land and Rights	15,000				15,000
Legal Fees	10,000				10,000
Accounting	2,500				2,500
Administration (SCBG)	20,000				20,000
Bond Counsel			5,600	6,400	12,000
Engineering Fees	175,400		93,800	105,500	374,700
Basic - \$228,700					
Inspection - \$129,000					
Special Services:					
Soils - \$5,000					
Easement Maps - \$2,500					
Property Survey - \$3,000					
Record Drawings - \$2,500					
Archaeological - \$4,000					
Interim Financing				15,000	15,000
Equipment			2,400	2,600	5,000
Interest				120,000	120,000
Project Contg.			27,242	30,700	57,942
Total	\$ 949,212	\$1,240,200	\$ 947,000	\$1,200,000	\$ 4,336,412

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

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

Reconnection Charge

\$20.00

USE ANALYSIS 1

USE & INCOME ANALYSIS
INCLUDING OLD NICHOLAS RD. EXTENSION
WILDERNESS PUBLIC SERVICE DISTRICT

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 15,000	Next 75,000	Over 100,000	TOTAL REVENUE
0 - 3,000	626	866	626							
3,001 - 6,000	746	2611		2238	853					
6,001 - 10,000	208	1544		624	624	296				
10,001 - 25,000	39	512		117	117	156	122			
25,001 - 100,000	17	765		51	51	68	255	340		
> 100,000	1	128		3	3	4	15	75	28	
Monthly Total	1637	6426	626	3033	1648	524	392	415	28	
Existing Rates			\$ 22.59	\$ 7.53	\$ 6.94	\$ 6.32	\$ 5.57	\$ 4.56	\$ 2.89	
Monthly Revenues			\$ 14,141.34	\$ 22,838.49	\$ 11,437.12	\$ 3,311.68	\$ 2,183.44	\$ 1,892.40	\$ 80.92	\$ 55,885.39
Annual Revenues			\$ 169,696.08	\$ 274,061.88	\$ 137,245.44	\$ 39,740.16	\$ 26,201.28	\$ 22,708.80	\$ 971.04	\$ 670,624.68

This Use and Income Analysis includes all residential, commercial and government users presented in the Rule 42 Exhibit for the year ending 6/30/2000. For planning purposes, 194 signed users are included in the Old Nicholas Rd. extension, each based upon a monthly water usage of 3,500 gallons. Analysis includes going level adjustments and proforma data for first full year of operation. Projected revenues reflect a 3% increase over existing user rates.

Budget

Income

Operating Income	\$670,624.00
Other Income	26,500.00

Total (A)

\$697,124.00

Expenses

O & M (B)	\$465,410
*Debt Service	195,540
**Debt Service Reserve	14,090
***Depreciation Reserve	3,535
Taxes (B)	17,949

Total

\$696,524.00

Balance and Depreciation

\$ 600.00
Operating and Maintenance Expenses

Source of Supply	\$ 1,500
Pumping Expense	122,581
Water Treatment	59,827
Transmission and Distribution	131,366
Customer Accounts	53,017
Administrative/General	97,119

Total \$465,410

*Existing Debt Service -	\$124,836
Proposed Debt Service -	70,704

Total Debt Service - \$195,540

** Existing Debt Service Reserve	\$ 10,555
Proposed Debt Service Reserve	3,535

Total Debt Service Reserve \$ 14,090

*** Existing Depreciation Reserve	\$ -
Proposed Depreciation Reserve	3,535

Total Depreciation Reserve \$ 3,535

Debt Coverage - A/B

1.09

Attachment No. 2 to Letter of Conditions
 For: Wilderness Public Service District
 Date: January 25, 2001

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

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	App.		Have	3
	Public Notice of Intent to File App. / Environ. Notice	1	1780.19(a) 1940-G	App.		HAVE	3
	Regional Planning & Development Council Review	2	1780.33(b)	App.		Have	3
	State Clearing-house Review or IJDC Review	2	1780.33(b)	App.		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Eng.		Have	6
	Bond Ordn. or Resol. on Outstanding Debts	1	1780.33(e)	App./Atty.		Have	2
	Bonds or Notes Outstanding Debts	1	1780.33(e)	App./Atty.		Have	2

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Audit for last year of operation	1	1780.33(e)	App./Acct.		Have	1
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	App.		HAVE	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	App.		Have	5
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	App.		HAVE	3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	App.		HAVE	2
	Environmental Report	2	1794	App.		HAVE	3
	Environmental Assessment	2	1794	RUS		HAVE	3
	Site Visit		S.I. 1780-2	RUS			3
	Statement from Historical Preservation Office	2	Exhibit H 1940-G	App.		Have	3
	Comments from Dept. of Commerce, Labor & Environ. Resources (DNR)	2	Exhibit H 1940-G	App.		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Comments from U.S. Fish and Wildlife Service (Endangered Species)	2	Exhibit H 1940-G	App.		Have	3
	Comments from U.S. Forest Service (Wild & Scenic Rivers)	2	Exhibit H 1940-G	App.		Have	3
	Farmland Conversion Impact Rating	1	Exhibit H 1940-G	RUS/NRCS		Have	3
	FEMA Standard Flood Hazard Determination	2	1940-G	RUS/Eng.		Have	3
Form RD 2006-38	Civil Rights Impact Analysis Certification	2	1940-G	RUS/Eng.		HAVE	3
	FONSI / Evidence of Publication	1	Exhibit 1 RD 1940-G News Ad	RUS/App.		Have	3
	Copy of Existing Rate Tariff	2	1780.33	App.		Have	8
	Applicant's IRS Tax Number (TIN)	1	1780.33(g)	App.		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Review for Outstanding Judgment	1	1780.7(g)	RUS/Atty.			3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Processing Conference	1	1780.39(a)	RUS		HAVE	3
	Staff Engineer PER Review	1	1780.33(c)	RUS		HAVE	6
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
	Bill Analysis for existing system(s)	2	1780.33(c)	App./Eng.		Have	8
	Projected Bill Analysis for New Users	2	1780.33(c)	App./Eng.		Have	8
	Statement reporting the <u>total number of potential users</u>		1780.33(c)	App./Eng.		Have	8
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	App./Eng.		HAVE	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	App./Atty.		Have	5
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	App./ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	App./Acct.		Have	5
	Documentation on Service Area	1	1780.11	RUS		HAVE	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Relationships/ Associations with Agency Employees	1	1780.1(f)			HAVE	3
Auto. Form	Grant Determination	3	1780.35(b)	RUS		Have	
RD 1942-45	Project Summary	3	1780.41(a)	RUS		Have	1
RD 442-7	Operating Budget	3	1780.33(h)	App.		HAVE	3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		Have	2
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	App.		HAVE	3
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/App.		HAVE	2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/App.		HAVE	2
	Evidence of "Other Funds"	1	1780.44(f)	App.		Have	2
	Water Users Agreement (Copy)	1	1780.39(c)	App.		Have	5

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	App.		HAVE	5
AD 1048	Certification Regarding Debarment (Contractor)	1 ea.	1780.33(h)	All Appropriate Vendors		HAVE	5
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	App.		HAVE	3
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	App.		Have	Sep. File
	2. List of Signed Users Numbered to Map	1	LOC	App.		Have	5
	3. List of Declination Statements Numbered to Map	1	LOC	App.		Have	5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.		Have	5
	5. Having Users Agreements and Declination Statements Available		LOC	App.		✓	

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	6. Certification Relative to Existing Users	1	LOC	App.			5
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	App.			5
	Verification of Users	1	1780.44(b)	RUS			3
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Eng.			Sep. File
	Deeds and/or Options		1780.44(g)	App./Atty.			
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
	Narrative Opinion from Attorney	1	1780.44(g)	Atty.			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Atty.			5
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	App.		HAVE	5
	Copy of PSC Rule 42 Exhibit	1	State	Atty./Acct.			3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
Lender Agrmnt/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	App./RUS		Have	1
RD 400-1	Equal Opportunity Agreement	1	1901-E	App.		HAVE	6
RD 400-4	Assurance Agreement	1	1901-E	App.		HAVE	3
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Sep. File
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
	DOH Permit	1	1780.15(d)	App.			6
	Corp of Eng. Railroad Permits	1	1780.15(d)	App.			6
	Public Land Corp. Permit	1	1780.15(d)	App.			6
	Contract Documents, Plans and Specifications	2		Eng.			Sep. File
	Dept. of Health Approval	1	1780.15(d)	Eng.			6
400-8	Comp. Review	1	1780.44(c)	RUS			5
1924-16	Record of PreConstruction Conference	1	1780.76(a)	RUS/Eng.			6

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Bid Tabulation	1	1780.61(b)	Eng.			6
	Resume' of Inspector	1	1780.76(c)	Eng.			6
	Liability Insurance		1780.39(g)	App.			7
	Workers' Compensation Certificate	1	1780.39(g)	App.			7
	Flood Insurance Policy	1	1780.39(g)	App.		N/A	7
440-24	Fidelity Bond	1	1780.39(g)	App.			7
	OGC Final Opinion	1	1780.45(g)	RUS			5



UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL
DEVELOPMENT

481 RAGLAND ROAD
BECKLEY, WV 25801
PHONE (304) 252-8644
FAX (304) 252-5809
TTY/TDD (304) 284-4836

July 16, 2001

Roger O'Quinn, Chairman
Wilderness Public Service District
P. O. Box 37
Mount Nebo, WV 26679

Re: Old Nicholas Road/Hominy Falls Water Extension

Dear Mr. O'Quinn:

The pre-closing date for the PSD's water project has been established as August 6, 2001. The pre-closing will begin at 12:00 p.m. at the PSD office followed by the pre-construction conference at 2:00 p.m..

Reference is made to our Letter of Conditions dated January 25, 2001. All of the requirements of that letter must be met.

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

1. The PSD will need to provide Form FmHA 442-21, "Right of Way Certificate," showing no exceptions. This form should be dated August 8, 2001.
2. The PSD's attorney will need to provide Form FmHA 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated August 8, 2001.
3. The PSD's attorney must furnish a Form FmHA 1927-10, "Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated August 8, 2001.
4. The PSD's engineer must provide a resume of the proposed inspector(s).
5. The PSD must provide a letter accepting the proposed inspector(s).

6. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.
7. A certificate from the PSD's accountant that the accounts and records required by the bond resolution and the PSC have been established and are operational. The chart of accounts and record keeping books must be available for review at loan closing.
8. The PSD must provide evidence that it has acquired insurance and bond coverage in accordance with item 11 of the Letter of Conditions.
9. The PSD must furnish evidence that it provides State Workman's Compensation Insurance.
10. Final Public Service Commission Order.
11. Evidence of User Contributions from SCBG funds for the 78 users who were income exempt.

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

Sincerely,

Rose Mary Christian
Rural Development Specialist

Enclosures

cc: State Director, Rural Development, Morgantown, WV
Gregory A. Tucker, Attorney at Law, Summersville, WV
✓ John Stump, Steptoe & Johnson, Bond Counsel, Charleston, WV
Stanley Adkins, CPA, Summersville, WV
Edward Shutt, Stafford Consultants, Inc., Princeton, WV

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated January 25, 2001 between
Wilderness Public Service District

a public corporation organized and operating under _____

Chapter 16, Article 13A, West Virginia Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 4,336,412.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 3,389,412.00 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 3,389,412.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 947,000.00 or 45% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 21.8% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

The water system improvement consists of approximately 124,650 l.f. of various sized PVC water line, one booster pump station, one pressure reducing station, one 100,000 gallon elevated water storage tank and various system appurtenances located in the Old Nicholas Rd. area of Nicholas County, WV

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).
None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 947,000.00 which it will advance to Grantee to meet not to exceed 21.8% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

and attested and its corporate seal affixed by its duly authorized

Attest:

By *Roger O'Quinn*
ROGER O'QUINN,
(Title) Chairman

By *Dubbin F. Gee*
(Title) Secretary

UNITED STATES OF AMERICA
RURAL UTILITIES SERVICE

By *Rosemary Christian 8-8-01* Rural Development Specialist
ROSE MARY CHRISTIAN (Title)

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE Wilderness Public Service District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Water System Improvement

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Wilderness Public Service District

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE MILLION TWO HUNDRED THOUSAND AND XX / 100

pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code; and

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

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

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

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ \$ 947,000.00

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

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

The vote was: Yes 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Wilderness Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 25 day of Jan 2001

(SEAL)

Attest:

Debbie A. GEE
 DEBBIE A. GEE
 Title Secretary

Wilderness Public Service District

By

Title

Roger O'Quinn
 Roger O'Quinn, Chairman

I, the undersigned, as Secretary of the Wilderness Public Service District

hereby certify that the Board of Directors of such Association is composed of

3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and

held on the 25th day of January, 2001; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of August 8, 2001, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 8th day of August, 2001

Debbie J. Gier

Title Secretary





Bob Wise, Governor

A Vision Shared

WEST VIRGINIA DEVELOPMENT OFFICE

www.wvdo.org

1900 Kanawha Boulevard, East
Charleston, WV 25305-0311
304-558-2234

February 22, 2001

Mr. Roger O'Quinn
Commissioner
Wilderness Public Service District
Post Office Box 37
Mt. Nebo, West Virginia 26679

Dear Mr. O'Quinn:

Congratulations on the approval of a \$1,240,200 Appalachian Regional Commission (ARC) grant for a total project cost of \$4,336,412 to the Wilderness Public Service District Water Extension project. A copy of the approval letter and official ARC project description are enclosed. Please keep this information with your project files.

Should there be a need for any changes in the scope of the project or project funding, a request should be made to the West Virginia Development Office.

Please be aware that ARC funds are considered to be the last source of funding committed to a project. Should there be a cost underrun, the funds not used are considered Appalachian Regional Commission funds and would be returned to the Commission.

If you should have any questions, please feel free to contact me at 304-558-2001.

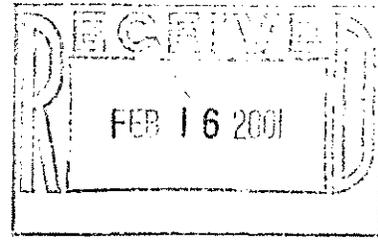
Sincerely,

Thomas J. Saunders
ARC Representative

TJS:ca

Enclosure

cc: Region IV PDC
Dianne Goff Crysler, USDA-RD
Tracey Rowan, WVDO



February 14, 2001

Honorable Robert E. Wise, Jr.
Governor of West Virginia
State Capitol, Building 1
Charleston, West Virginia 25305

Re: Wilderness Public Service District
Water Extension (WV-13608-I-214)

Dear Governor Wise:

Enclosed is a copy of the Appalachian Regional Commission's approval of a grant for the referenced project dated February 12, 2001.

Appalachian Regional Commission funds in the amount of \$1,240,200 have been made available to the Administrator, Rural Utilities Service, U.S. Department of Agriculture.

A copy of the approval is enclosed.

Sincerely yours,

THOMAS M. HUNTER
Executive Director

Enclosure

cc: State Alternate
Ralph Goolsby
Henry King
Files



Notice to Obligate

To: Wally B. Beyer
 Rural Utilities Service
 U.S. Department of Agriculture
 South Building, Room 5014
 14th & Independence Avenue, SW
 Washington, DC 20250
 Attn: Robin Pulkkinen STOP Code 1570

cc: Mary Vance
 Financial Accounting Branch - St. Louis
 Rural Development
 FC-361
 POB 200011
 St. Louis, MO 63120-0011

Pursuant to the Appalachian Regional Development Act of 1965, as amended, the Appalachian Regional Commission has approved the referenced project under appropriation 46X0200. Rural Development has agreed to obligate and administer the grant under the Memorandum of Agreement between ARC and USDA.

ARC Project Number: WV-13608-I-214

Project Title: Wilderness Public Service District Water Extension

Grantee: Wilderness Public Service District

Approved Funding:

ARC Section 214	\$ 1,240,200	29.00%
RD Grant	947,000	22.00%
RD Loan	1,200,000	28.00%
Other Federal	-	0.00%
State	949,212	22.00%
Local	-	0.00%
Total Project Cost	\$ 4,336,412	100.00%

Authorized USDA Administrative Charge: na

Approved:

FEB 12 2001

Jesse L. White, Jr.
 Federal Co-Chairman

Date



To: Federal Co-Chairman

Subject: Wilderness Public Service District Water Extension, WV-13608-I-214

Grantee: Wilderness Public Service District

County: Nicholas (Distressed) **Basic Agency:** Rural Development

Goal: Funding is requested under ARC Goal 2, Physical Infrastructure, Objective 2.

Purpose: To extend public water to 224 potential customers within the Wilderness PSD.

Funding:

ARC: (DC)	\$ 1,240,200	28%
Federal: (RUS grant)	947,000	22
State: (SCBG)	949,212	22
Local: (RUS loan)	1,200,000	28
Total:	\$ 4,336,412	100%

Description: The Wilderness Public Service District (PSD) is an established public utility which supplies potable water to approximately 1,387 residential and commercial customers. The PSD is requesting ARC assistance to provide treated water service to 224 new customers in the Old Nicholas Road/Hominy Falls area of Nicholas County. This project will require construction of a booster station, two pressure reducing stations and a 110,000-gallon elevated storage tank. Also included will be 22,300 linear feet of 8-inch piping, 92,050 linear feet of 6-inch piping and 3,800 linear feet of 2-inch piping.

Rationale:

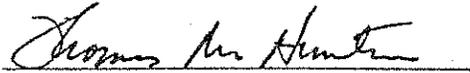
- The residents of the Old Nicholas Road/Hominy Falls area currently depend upon private wells, springs and cisterns for domestic service. The wells in general produce poor quality, mineral laden water that must be treated before consumption. In addition, many of the wells and springs are poor producers of water and are, therefore, undependable, requiring the residents of the area to depend on bottled water.
- Despite effort by the Nicholas County to attract industry, very little economic growth has taken place in the past decade. Unemployment has been high with an unemployment rate of over 15 percent during the past decade.
- This project will provide a stable, treated water supply for the existing rural residents and provide a southern connection with Nettie-Leivasy PSD. A variety of commercial and private enterprises within the area will also benefit. With the provision of potable water, future business and residential expansion within the area is projected, creating a larger population base and additional employment.

Benefits:

- There will be an additional 224 households in the Old Nicholas Road/Hominy Falls area served by the water line extension which were previously served by a wells, springs or cisterns.
- Improvements to the distribution system include: 23,300 linear feet of 8-inch pipe; 92,050 linear feet of 6-inch pipe; and 3,800 linear feet of 2-inch pipe.
- With the provision of potable water, future economic business and residential growth is projected.

This project is consistent with the ARC Act and Code and is recommended for funding.

Recommended:



THOMAS M. HUNTER

Executive Director

REQUEST FOR OBLIGATION OF FUNDS

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED			
Complete Items 1 through 30 and applicable Items 31 through 43. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 57 034 0550577641		LOAN NUMBER	FISCAL YEAR 2001 JAN 29 AM 10:32
2. BORROWER NAME W I L D E R N E S S P U B L I C		3. NUMBER NAME FIELDS 2 (1, 2, or 3 from Item 2)	
S E R V I C E D I S T R I C T		4. STATE NAME	
		5. COUNTY NAME	
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 4 - HISPANIC 2 - BLACK 5 - A/PI 3 - A/AN	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARM WORKERS 7 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 6 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN. FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 2 1 - YES 2 - NO
14. DIRECT PAYMENT 3 (See FMI)	15. TYPE OF PAYMENT 1 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 2 1 - YES 2 - NO	17. INTEREST CREDIT 1 - YES (FRO SFH ONLY) 2 - NO
18. COMMUNITY SIZE 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		19. DWELLING TYPE/USE OF FUNDS CODE (See FMI)	
COMPLETE FOR OBLIGATION OF FUNDS			
20. TYPE OF ASSISTANCE 067 (See FMI)	21. PURPOSE CODE	22. SOURCE OF FUNDS 2	23. TYPE OF ACTION 1 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
24. TYPE OF SUBMISSION 2 1 - INITIAL 2 - SUBSEQUENT	25. AMOUNT OF LOAN \$ 1,200,000.00	26. AMOUNT OF GRANT \$ 947,000.00	
27. AMOUNT OF IMMEDIATE ADVANCE	28. DATE OF APPROVAL MO DA YR 0 11 - 13 11 - 10 11	29. INTEREST RATE 5.0000%	30. REPAYMENT TERMS 40
COMPLETE FOR SINGLE FAMILY HOUSING ONLY			
31. INCOME CATEGORY CODES 1 - VERY LOW 2 - LOW 3 - MODERATE 4 - ABOVE MODERATE		32. LOW INCOME LIMIT-MAX.	33. ADJUSTED FAMILY INCOME
34. R.E.INSURANCE	35. R.E.TAXES 1st year	36. R.E. TAXES 2nd year	37. NOTE INSTALLMENT INELIGIBLE
38. TYPE OF UNIT 1 - FARM TRACT 2 - NON-FARM TRACT			
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
39. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
40. DISASTER DESIGNATION NUMBER (See FMI)		41. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUB LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN	
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
42. OBLIGATION DATE MO DA YR -- -- --		43. BEGINNING FARMER/RANCHER (See FMI)	

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please see the form we have included for this purpose.

Position 2



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

November 8, 1999

The Honorable Tom Blankenship
President
Nicholas County Commission
700 B Main Street, Suite 1
Summersville, West Virginia 26651

Dear Commissioner Blankenship:

Thank you for your application to the Small Cities Block Grant Program for fiscal year 1999.

Your request has been approved in the amount of \$1,410,000. These funds will enable you to extend water service in the Gauley River PSD and Wilderness PSD areas.

In order to effectively use the limited dollars available, I hereby commit \$550,000 from our fiscal year 1999 allocation that will immediately be available to you. The remaining \$860,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contracts in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for Nicholas County.

Very sincerely,

A handwritten signature in black ink, appearing to be "Cecil H. Underwood", written over a circular stamp or seal.

Cecil H. Underwood

CHU:jbs

STATE OF WEST VIRGINIA



SMALL CITIES BLOCK GRANT AWARD

THIS IS TO CERTIFY THAT A GRANT OF \$1,410,000 HAS BEEN
AWARDED TO THE NICHOLAS COUNTY COMMISSION TO EXTEND
WATER SERVICE IN THE GAULEY RIVER PSD AND WILDERNESS PSD AREAS

CECIL H. UNDERWOOD
GOVERNOR

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is effective as of this 20 day of September, 2000, between the WILDERNESS PUBLIC SERVICE DISTRICT (the "District") and THE COUNTY COMMISSION OF NICHOLAS COUNTY, WEST VIRGINIA (the "County Commission").

The District is a public service district and political subdivision created pursuant to W. Va. Code §16-13A-1, et seq., that operates a water system ("System") in, among other places, certain unincorporated areas of Nicholas County. The District desires to extend its System to serve additional customers in the Old Nicholas Road/Hominy Falls area (the "Project"), all as more fully described in its applications to the Small Cities Block Grant Program.

W. Va. Code §7-1-3 authorizes the County Commission to make grants from general revenue or other funds to public service districts for water projects. The County Commission has received a Small Cities Block Grant for the Project through a commitment by the State of West Virginia (the "State") in a letter dated January 7, 2000 (the "Grant").

The District and the County Commission enter into this Agreement to set forth the operative terms of the acquisition and construction of the Project, and agree:

1. In all phases of the Grant, the District shall be responsible for all engineering and construction of the Project, including obtaining all permits, consents, and approvals.

2. All financial records and payments on the Project will be made and maintained by the Nicholas County Commission, with copies of all such information to be maintained by Region 4 Planning and Development Council (the "Project Administrator"), under the terms of the Letter of Understanding dated May 3, 2000. All invoices (except administrative invoices) will be approved by the District and the County Commission, following verification by the County Commission for compliance with all contracts and local governmental regulations. Because the administrative services are provided by the Project Administrator to the County Commission, such invoices need only be approved by the County Commission. All Project payments related to the Grant shall be made following the execution of a County Commission order. Project payments related to the Grant shall be made by the County Commission upon its receipt of the corresponding share of the Grant. All financial records shall be available for audit and inspection at any time during the construction of the Project. Following final inspection and acceptance of the Project by the District and the County Commission, Project funds shall be encompassed in the County Commission's annual audit. All Project files and such audit shall be maintained for at least three years by the County Commission for public inspection or review. The District shall provide their annual audit that includes their construction account to the County Commission.

3. All easements, right-of-ways, and property will be obtained in the name of the District. All Grant provisions and all required permits, authorizations, and approvals shall become a part of this Agreement and are incorporated herein by reference.

4. The Project shall be funded in part with the Small Cities Block Grant in the amount of \$949,212.00. The District will secure any additional necessary loans or other funding prior to construction of the Project.

5. The District will furnish water from its System to all residents of the District where financially feasible.

6. The District shall execute legal, accounting, and other necessary professional service agreements for the Project, all of which shall also be approved by the County Commission. The award and operation of any contract, whether professional or construction, will follow appropriate public notice in compliance with all Federal, State and local regulation. Non-compliance will be grounds for immediate cancellation of any contract or service. Project employment will be subject to the selection made by the successful bidders on this Project, provided compliance conditions are met.

7. Any substantial change in Project scope following final engineering design approval can only be made with the approval of the District, the County Commission, and the State.

8. A Project complaint center shall be maintained at the Office of the District, in Mt. Nebo, West Virginia, for the duration of the Project. Complaint forms shall be provided by the District. The agent shall investigate all complaints with the least possible delay and provide complainant response within 30 working days of filing the complaint. Failure on the part of any contractor or other employed person to respond to a complaint will be grounds for voiding any contract or agreement.

9. A final inspection of all aspects of the Project shall be made by the District, the County Commission, and other interested parties.

10. All work completed and incomplete on this Project will become the property of the District and the disposition or completion of incomplete work on the Project shall become the responsibility of the District.

11. This Agreement shall be in effect for a period of three fiscal years, subject to annual renewal for any additional period of time needed to complete all phases of the Project, each of which annual renewal periods shall be limited to one fiscal year.

12. The provisions of the Agreement are in addition and not in derogation of any power and authority vested in these public bodies under and constitutional, statutory, or other provisions which may now or hereafter be in effect.

IN WITNESS WHEREOF, the District and the County Commission have cause this Agreement to be executed as of the date set forth above.

WILDERNESS PUBLIC SERVICE DISTRICT

Attest: Debbin L. Gee
Secretary

By: Roger Odum
Chairman

THE COUNTY COMMISSION OF NICHOLAS
COUNTY, WEST VIRGINIA

Attest: John Green
County Clerk *km*

By: Toss Blankenship
President

WILDERNESS PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Branch Banking and Trust Company, Summersville, West Virginia (the "Bank"), hereby certify that on August 8, 2001, the Bank received an automated transfer in the amount of \$14,266.55 to the credit of the Waterworks Project Construction Account, Account Number 5272328120.

WITNESS my signature on this 8th day of August, 2001.

BRANCH BANKING AND TRUST COMPANY

By: Lisa McClung
Its: Relationship Banker

08/06/01
972000.00001