



A Resource Engineering Group Company

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January 15, 2010

Angela Chestnut
Executive Secretary
WV Infrastructure & Job Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

**Re: Jefferson County PSD / Jefferson Utilities, Inc.
Mountain Water Project
PI 10-0539
Water Project 2009W-1117**

Dear Ms. Chestnut:

On behalf of the Jefferson County Public Service District ("District") and Jefferson Utilities, Inc. ("JUI"), please find one unbound original copy and five electronic copies of the preliminary application for the Mountain Water Project.

The enclosed application has been reworked and revised as requested in the letter from the WV Infrastructure & Jobs Development Council (WVIJDC) to Mr. Joseph Hankins, chairman of the Jefferson County Public Service District, dated July 1, 2009 (for your convenience, copy is enclosed). The items which have been reworked or revised are as follows:

Cover Letter - the project costs shown in the application and the preliminary engineering report have been reconciled, the project is now considered to be a one phase project which combines the two phases previously submitted, the technical review comments have been addressed.

WVDPH – the project costs have been reconciled, the project cost per user is now \$40,590, the cash flow has been addressed by the accountant, the entire project is to be considered one phase.

WVPSC – a revised draft Rule 42 for JUI has been provided, since the District is the official applicant but does not incur debt services only an annual report has been provided to show the District is financially viable, the project is to be considered one phase, the rate adjustment for the project will only be for JUI, the District will have no rate increase due to this project, the current rate structure is shown on the revised Rule 42, the project provides the improved infrastructure for adequate service to existing customers, the proposed 450 future customers are based on undeveloped but platted subdivision lots, a Certificate of Convenience and Necessity from the PSC will be sought after funding is secured, the selection of the alternate chosen by the County Commission's independent evaluation performed by Dunn Engineers was further justified by the enclosed Preliminary Engineering Report (PER) and an independently conducted analysis by the geological consultant, Golders & Associates also enclosed,

Ms. Angela Chestnut
Page 2
January 15, 2010

the engineering fees are provided in further detail, additional O&M information has been provided, the WV Code §§5G-1-1 documentation is provided in the PER.

WVDEP – the project is now considered to be a one phase project, all permits will be obtained prior to construction.

Further clarifications now being provided in addition to the information requested in the July 1, 2009 letter are:

1. This project has been previously called the “Blueridge Water Project” and referred in a number of ways to the Mountain Communities. We have now established it as the “Jefferson County Public Service District / Jefferson Utilities Inc. Mountain Water Project” and all further references shall be addressed accordingly.
2. The project is a joint venture combining the efforts of the District as the funding applicant only and JUI as the operations and debt service provider. An agreement between JCPSD and JUI has been established to accommodate the administration of the project.
3. A more detailed analysis has been conducted by Pentree, Incorporated, establishing a new well defined scope and quantities of work. Consequently the total project cost has been revised.
4. Note that a number of local stake holders have provided information, suggestions, concerns and input on the Mountain Water Project which have proved to be very helpful.

We realize the Mountain Water Project is an out of the ordinary arrangement for a WVIJDC project and appreciate the staff's assistance on preparation of the application. We look forward to successfully accomplishing the project with you.

Sincerely,
PENTREE, INCORPORATED

John W. Tuggle, P.E., P.S.
President