

PSC NO: 3 – WATER**COMPANY: NEW YORK AMERICAN WATER COMPANY, INC.****INITIAL EFFECTIVE DATE: October 14, 2012**

Issued in compliance with order in Case 12-W-0217 dated 08/17/2012

LEAF: 49**REVISION: 0****SUPERSEDING REVISION:****H. Construction Loan Agreement for an Applicant Who Cannot Qualify as a Reasonably Permanent Customer with Applicant Performed Installation*. (Cont'd)**

failure, defect or damage. In addition, during the aforesaid warranty period, the Applicant shall remedy at its own expense, under Company supervision, any damage to Company-owned or controlled real or personal property, when that damage is the result of any such defect of equipment, material or workmanship installed by the Applicant. The Applicant's warranty, with respect to work repaired or replaced herein, will run for the longer of the initial two-year warranty period specified hereinabove or one year from the date of such repair or replacement. During the warranty period as defined herein, the Applicant shall reimburse the Company for the costs of any emergency repairs undertaken by the Company to maintain the system in good working order.

ARTICLE THREE**BOTH PARTIES AGREE THAT:**

FIRST: As soon as the actual cost of the main extension, including the cost of the service connections and fire hydrants, is known, the Applicant shall notify the Company and provide the cost documentation required by the Company. The Company will review the actual cost data and, at its sole discretion, shall determine whether such actual costs by component are reasonable.

SECOND: If the actual reasonable cost of the main extension, service connections and hydrant installations as determined by the Company is greater than the Company's estimates, as specified in Article One – Paragraph THIRD herein, then the Applicant shall within thirty (30) days advance to the Company an amount equal to the taxes on the additional value of the entire extension. If the actual reasonable cost as determined by the Company is less than the Company's estimates, as specified in Article One – Paragraph THIRD herein, then the Company will refund within sixty (60) days an amount equal to the taxes on the reduction in the value of the entire extension.

THIRD: No refund of the cost of the installation shall be made to the Applicant before the expiration of sixty (60) days from the date the Applicant takes service and demonstrates reasonable permanency.

At the expiration of sixty (60) days from the date the Applicant takes service and demonstrates reasonable permanency by satisfying the requirements of Section 6.E – subparagraph 3(a) of the Company's General Information General Rules, the Applicant shall be entitled to a refund, without interest, of the portion of the cost of the extension related to seventy-five (75) feet and the cost of the service, hydrants, for which revenue is being collected through hydrant charges, and accessories. The refund shall include a proportionate amount of the taxes advanced to the Company pursuant to Paragraph FIRST of Article Two.

In addition, if the length of the main extension exceeds seventy-five (75) feet, at the expiration of thirty (30) days from the date the Applicant takes service and demonstrates reasonable permanency by satisfying the requirements of Section 6.E – subparagraph 3(a) of the Company's General Information General Rules, the Applicant may elect to enter into an Agreement for Main Extension – Subject to Surcharge, as set forth in Section 6.F of the Company's General Information General Rules, whereupon the Applicant will be subject to the terms and conditions of the Agreement for Main Extension – Subject to Surcharge. Upon the execution of the Agreement for Main Extension – Subject to Surcharge, the Applicant shall be entitled to a refund for the remainder of any difference between the amount of the advance and any other refunds accruing to the Applicant.

Issued by: William M. Varley, President, 733 Sunrise Hwy., Lynbrook, NY 11563
(Name of Officer, Title, Address)