

PSC NO: 1 – WATER
COMPANY: Aquarion Water Company of Sea Cliff, Inc.
INITIAL EFFECTIVE DATE: DECEMBER 1, 2006

LEAF: 60
REVISION: 0
SUPERSEDING REVISION: 0

GENERAL INFORMATION

J. Construction Loan Agreement for Real Estate Development with Applicant Performed Installation*.

Any and all deductibles contained in the policies of insurance described above will be assumed by and be for the sole account of the Contractor.

The Company has no responsibility to pay any insurance premiums for the policies of insurance required of the Contractor under the Contract.

NINTH: To warrant that work performed in installing the main and appurtenances is free of any defect of equipment, material or workmanship. Such warranty shall continue for a period of two (2) years from completion and approval of the extension or within such longer period of time as may be prescribed by law. Under this warranty, the Applicant, under Company supervision, shall remedy at its own expense any such failure to conform or any such defect upon receipt of written notice from the Company within a reasonable time after the discovery of any 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-Paragraphs THIRD (c) and (d) 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 – paragraphs THIRD (c) and (d) 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: (a) Except as provided in Paragraph SECOND hereof and subparagraph (b) below, no refund of the cost of the installation shall be made to the Applicant before the expiration of one (1) year from the date of the completion and approval of the extension.

At the expiration of one (1) year from the date of completion of the aforesaid extension, and annually thereafter for a period of up to five (5) years from the date of completion of the aforesaid extension, the Applicant shall be entitled to a refund of the cost of the extension, without interest. Such refund shall be equal to the

Issued by: Charles V. Firlotte, Chairman of the Board and President, 325 Prospect Ave., Sea Cliff, NY 11579-1926
(Name of Officer, Title, Address)