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ORIGINAL SHEET NO. 17

DESERT CANYON UTILITY COMPANY

(N)

WATER SERVICE RULES AND REGULATIONS

Rule 20 - Limitations on Liability

(a) General

The Company's liability, if any, for its gross negligence, willful misconduct or violation of Chapter 19.122 RCW is not limited by this tariff. With respect to any other claim or suit, by a customer or by any others, for damages associated with the installation, provision, termination, maintenance, repair or restoration of service, the Company's liability, if any, shall not exceed an amount equal to the proportionate part of the monthly recurring charge for the service for the period during which the service was affected. This liability shall be in addition to any amounts that may otherwise be due the customer under this tariff as an allowance for interruptions. THERE SHALL BE NO LIABILITY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES.

(b) Disclaimer

THE COMPANY EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, EXCEPT THOSE EXPRESSLY SET FORTH IN THIS TARIFF, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(c) Relation to Charges

The charge for services rendered under this tariff are expressly based on the limitations on damages and disclaimer of warranties set forth above.

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Issued by: Desert Canyon Utility Company

By: Richard A. Finnigan Title: Attorney