

NOTICE OF PUBLIC HEARING

Notice is hereby given pursuant to Section 147(f) of the Internal Revenue Code of 1986 that a public hearing will be held before the Executive Director of the California Pollution Control Financing Authority (the "Authority"), or his designee, on Thursday May 20, 2010, at 10:00 a.m., California time, in Room 470, 915 Capitol Mall, Sacramento, California 95814, on the proposed issuance by the Authority of its revenue bonds in an aggregate principal amount not to exceed \$35,000,000 (the "Bonds").

The proceeds of the Bonds will be used to finance projects which will be owned and/or operated by California-American Water Company, a California corporation or its affiliates, successors or assigns (the "Company"), which are expected to be comprised of facilities for the furnishing and improvement of water which is available on reasonable demand to members of the general public within the service area of the Company's water system, including the acquisition, construction, refurbishing, rehabilitation, creation, development, redevelopment and installation of a desalination plant, aquifer storage and recovery facilities, conveyance facilities such as pipelines, tanks and booster stations, mains, meters, hydrants, wells, treatment equipment, diversion channels, office and laboratory equipment, transportation equipment, tools and work equipment, communication equipment, dam deconstruction and river rerouting and related facilities and improvements (collectively, "Facilities"), which Facilities will or may be located at various sites throughout the Counties of Sacramento and Monterey, California and will or may consist of:

(1) San Clemente Dam Project: Includes the removal of 106 foot high concrete dam constructed on the Carmel River in 1921, and the rerouting of the Carmel River to the adjoining San Clemente Creek by constructing a diversion channel through a ridge in Monterey County;

(2) Coastal Water Project: Includes several Aquifer Storage and Recovery facilities, and a number of Conveyance facilities (pipelines, tanks and booster stations) that are part of the long term source of supply solution for the Monterey Peninsula in Monterey County;

(3) Seaside Mains Replacement Project: Consists of a small main replacement program to repair older, small diameter, thin-walled steel mains that have begun to experience a high frequency of leaks and breaks in Monterey County;

(4) Meter Retrofit/Conversion Program: Consists of a major multi-year effort to install meters for those customers in Sacramento County who currently receive water services through a flat rate, unmetered service; and

(5) Well Rehabilitation and Water Treatment Improvement Program: Consists of long-term projects to rehabilitate and improve, on a systematic basis, over 100 existing wells located across the nine service areas of the Sacramento District in Sacramento County. Designed to ensure that these

wells are in adequate condition and that the well stations have up-to-date treatment equipment and facilities to reliably deliver water to customers.

Notice is further given that at said hearing all proponents and opponents of the Facilities or the proposed financing will have an opportunity to be heard on the question as to whether the Bonds should be issued. Written comments also may be submitted to the Authority prior to the hearing at the address listed below prior to 5:00 p.m., California time, on Wednesday, May 19, 2010.

The Bonds shall not be deemed to constitute a debt or liability of the State of California (the "State") or of any political subdivision thereof, other than the Authority, or a pledge of the faith and credit of the State or of any such political subdivision, other than the Authority, but shall be payable solely from funds to be provided by or on behalf of the Company, including from its affiliate, American Water Capital Corp. Neither the faith and credit nor the taxing power of the State or any local agency is pledged to the payment of the principal of or interest on the Bonds.

For further information, contact the office of the California Pollution Control Financing Authority at 915 Capitol Mall, Room 457, Sacramento, California 95814, by phone at (916) 654-5610, or by facsimile at (916) 657-4821

Dated: May 6, 2010

MICHAEL PAPARIAN
Executive Director
California Pollution Control Financing Authority