

VAUGHN WATER COMPANY, INC.

10014 Glenn Street

Bakersfield, CA. 93312

December 3, 2015

REVISED OFFERING CIRCULAR

This circular is prepared for use by present shareholders and prospective buyers of lots within the VAUGHN WATER COMPANY, INC. ("Company") water service area, to familiarize them with the Company and for no other purpose, and replaces any prior Company Offering Circulars. Purchasers of lots within the service area may become shareholders and, therefore, entitled to water service from the Company upon meeting all financial requirements. This Offering Circular is prepared in accordance with Section 260.140.71.2, Title 10, of the California Corporations Commissioner; Section 21926, Title 2 of the California Code of Regulations; and Sections 12262 through 12264 of the California Government Code.

1. Water Supply: The source of water which is supplied by the Company, consists of 12 ground water wells, 12 booster plants, 9 treatment plants, 4.3 million gallons of storage tanks and 60,000 gallons of pressurized tanks.

2. Engineer's Opinion: Dee Jaspar, the Company's consulting civil engineer, has issued an opinion that the water system is designed to be more than adequate to meet flow requirements with no adverse volumetric or pressure consequences. We maintain that this type of design will continue during the growth of the water system. In summary, that opinion reveals the supply available from the system is in excess of maximum demand.

3. Water Service Area: Please see the attached map for the water service area served by the Company. The Company presently has approximately 10,300 connections within its service area. The Company obtains its water from the extensive groundwater supply of the Kern County sub-basin of the San Joaquin Valley Groundwater Basin through 12 active wells. All of the wells are equipped with deep well turbine pumps. All new wells have a deep annular seal. The majority of our ground well units draw from the lower stratum with the upper stratum completely sealed off. The deeper stratum generally contains higher quality water, however where the upper stratum exhibits good quality water it is also tapped.

4. Additional Activities: A study of the growth of new water systems and services has committed the Company to a particular course of trust and confidence within the community, county and state. In the past 2 decades, we have had ten small existing water systems approach us and their assets acquired, modified somewhat and are now functioning very well within the system. Those systems were: Challenge Water Company, Eden Water Company, North West Ranchos Water Company, Rancho Mutual Water Company, Chad Mutual Water Company, Van Buren Mutual Water Company, Allen Lane, Rancho Verdugo Mutual Water Company, Landmark Estates Mutual Water Company, and Rowland Mutual Water Company.

During 1988, we agreed with the City of Bakersfield on water service boundaries, and a West Bakersfield Area Groundwater Quality Management Advisory Committee was formed to oversee a water sampling survey of the pollutants and contaminants in this area. We have met all U. S. Environmental Protection Agency (EPA) criteria with respect to lead in the drinking water. We have met the requirements set forth in Sections 7585-7605 of California Administrative Code, Title 17, regarding compliance with the cross-connection control program. The Kern County Department of Environmental Health Services runs the Company's program for surveillance of required backflow protection at user's connection, established a procedure for testing backflow preventers and maintains records of locations, tests, and repairs of backflow preventers.

The Company is very concerned about preserving and enhancing groundwater quality which our shareholders and consumers are totally dependent upon for their daily use. We, therefore, strongly support the development of a sewer system for the CSA 71 in the Rosedale area, although we do not necessarily support or oppose any particular site or alternative which has been presented.

5. Rights and Duties of Shareholders: The rights and duties of the shareholders are set forth in the Company's Bylaws. Among other things, in order for a shareholder to be eligible to receive water service, his/her charges and any assessments must be current. Charges for water service shall be at a rate fixed by the Board of Directors from time to time. All water bills shall be paid promptly by the shareholders. The Company shall discontinue service to any shareholder whose water has not been paid within 52 days of the mailing of said bill by the Company. Such discontinuance shall continue until all delinquent bills are paid in full by the shareholder.

6. Shares: Shares of stock shall be issued on the basis of one share of stock for each frontage foot of the property; provided, however, in the case of irregular shaped or deep lots (in the sole judgment of the General Manager), stock shall be issued on the basis of one share per 200 square feet within the lot; provided further, however, in the case of property uses other than single family dwellings (such as multiple dwellings (such as multiple dwellings structures, mobile homes, condominiums, commercial uses, etc.) the Board of Directors may establish some other objective basis for issuance of stock on a case-by-case basis.

7. Water Supply Permit: The water supply permit issued by the State of California Department of Public Health is in full force and effect. The Company obtains water samples weekly and certifies that the water supplied by the Company is fit for human consumption. The system was started in 1928. All the original wells have since been abandoned. The first permit was issued to Company by the Kern County Health Department in 1956. The State Health Department issued a new permit in 1961, with permits current thereafter. The system has grown from less than 200 connections in 1956 to the present. Further expansion of the system to meet the housing needs of the urban Bakersfield area is certain.

8. Salaries and Directors Fees: The director's fees may only be established or modified at the annual meeting of the shareholders. The Board of Directors fixes the salaries of all employees. The Company holds annual meetings of shareholders on the third Tuesday in February. At such meetings, directors of the Company are elected, reports of the affairs of the Company are considered, and other business will be transacted which is within the powers of the shareholders.

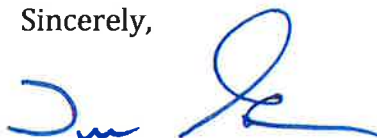
9. Transferability of Shares: All shares of stock shall be appurtenant to the land described in the certificate issued therefor, and shall only be transferred with said land and shall pass as an appurtenance thereto. No shares of stock of this Company shall be issued, nor shall certificates for shares be transferred, to any person other than an owner of lands.

Fractional shares shall not be issued and upon transfer of any property, shares will not be transferred/allocated in fractional shares.

10. Repair and Replacement Fund: The Company maintains reserves at a level which the Board of Directors determines is sufficient to repair and/or replace facilities which may be required.

We hope this information will help you in understanding your Board, management and staff's concern to maintain the highest standards in providing the best domestic water service possible.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Van Grayer', with a stylized flourish at the end.

Van Grayer
General Manager