

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2009

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number	Exact name of registrant as specified in its charter; State or other jurisdiction of incorporation or organization	IRS Employer Identification No.
001-12995	CE CASECNAN WATER AND ENERGY COMPANY, INC. 24 th Floor, 6750 Building, Ayala Avenue Makati, Metro Manila, Philippines 011 63 2 892-0276	Not Applicable

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

All of the shares of common equity of CE Casecnan Water and Energy Company, Inc. are privately held by a limited group of investors. As of July 31, 2009, the number of outstanding shares of \$0.038 par value common stock was 767,162.

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PART I

Item 1. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
CE Casecnan Water and Energy Company, Inc.

We have reviewed the accompanying balance sheet of CE Casecnan Water and Energy Company, Inc. (the "Company") as of June 30, 2009, and the related statements of operations for the three-month and six-month periods ended June 30, 2009, and of cash flows and changes in shareholders' equity for the six-month period ended June 30, 2009. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical review procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheet of CE Casecnan Water and Energy Company, Inc. as of December 31, 2008, and the related statements of operations, changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2009, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2008 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

The accompanying financial information for the three-month and six-month periods ended June 30, 2008, was not reviewed by us and, accordingly, we do not express any form of assurance on this information.

Manabat, Delgado, Amper & Co.
Deloitte & Touche
Makati City, Philippines
July 31, 2009

CE CASECNAN WATER AND ENERGY COMPANY, INC.
BALANCE SHEETS (Unaudited)
(Amounts in thousands, except share data)

	As of	
	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 46,144	\$ 49,350
Restricted cash and investments	24,185	22,881
Trade receivable, net	23,855	20,308
Other current assets	6,559	7,387
Total current assets	100,743	99,926
Property, plant and equipment, net	271,152	281,485
Other investments	17,444	14,096
Deferred income taxes	5,831	6,995
Other	145	222
Total assets	\$ 395,315	\$ 402,724
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 930	\$ 1,748
Dividends payable	12,125	10,825
Accrued interest	359	3,067
Accrued property, income and other taxes	6,189	5,817
Payable to affiliates	2,630	2,726
Notes payable	-	7,115
Current portion of long-term debt	15,435	13,720
Total current liabilities	37,668	45,018
Long-term debt	8,575	17,150
Total liabilities	46,243	62,168
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Common stock – 2,148,000 shares authorized, one Philippine peso (\$0.038) par value; 767,162 shares issued and outstanding	29	29
Additional paid-in capital	123,807	123,807
Retained earnings	228,012	221,839
Accumulated other comprehensive loss, net	(2,776)	(5,119)
Total shareholders' equity	349,072	340,556
Total liabilities and shareholders' equity	\$ 395,315	\$ 402,724

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
STATEMENTS OF OPERATIONS (Unaudited)
(Amounts in thousands)

	Three-Month Periods		Six-Month Periods	
	Ended June 30,		Ended June 30,	
	2009	2008	2009	2008
Revenue - Lease rentals and service contracts	<u>\$ 32,433</u>	<u>\$ 28,757</u>	<u>\$ 55,932</u>	<u>\$ 57,651</u>
Operating expenses:				
Depreciation	5,500	5,440	10,994	10,842
Plant operations and other operating expenses	<u>2,509</u>	<u>2,498</u>	<u>4,478</u>	<u>4,717</u>
Total operating expenses	<u>8,009</u>	<u>7,938</u>	<u>15,472</u>	<u>15,559</u>
Operating income	<u>24,424</u>	<u>20,819</u>	<u>40,460</u>	<u>42,092</u>
Other income (expense):				
Interest expense	(858)	(2,401)	(1,874)	(5,503)
Interest income	169	455	419	1,117
Other, net	<u>738</u>	<u>1,280</u>	<u>1,431</u>	<u>2,217</u>
Total other income (expense)	<u>49</u>	<u>(666)</u>	<u>(24)</u>	<u>(2,169)</u>
Income before income tax expense	24,473	20,153	40,436	39,923
Income tax expense	<u>4,906</u>	<u>6,807</u>	<u>8,263</u>	<u>13,716</u>
Net income	<u>\$ 19,567</u>	<u>\$ 13,346</u>	<u>\$ 32,173</u>	<u>\$ 26,207</u>

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
STATEMENTS OF CASH FLOWS (Unaudited)
(Amounts in thousands)

	Six-Month Periods Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net income	\$ 32,173	\$ 26,207
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	10,994	10,842
Amortization of bond issue costs	77	158
Provision for deferred income taxes	159	161
Changes in other operating assets and liabilities:		
Trade receivable, net	(3,547)	3,460
Other current assets	828	374
Accounts payable and other accrued liabilities	(818)	(1,540)
Accrued interest	(2,708)	(4,682)
Accrued property, income and other taxes	372	3,625
Deferred revenue	<u>-</u>	<u>3,761</u>
Net cash flows from operating activities	<u>37,530</u>	<u>42,366</u>
Cash flows from investing activities:		
Capital expenditures	(661)	(163)
Increase in restricted cash and investments	<u>(1,304)</u>	<u>(654)</u>
Net cash flows from investing activities	<u>(1,965)</u>	<u>(817)</u>
Cash flows from financing activities:		
(Decrease) increase in payable to affiliates	(96)	117
Repayment of long-term debt	(6,860)	(18,865)
Repayment of notes payable	(7,115)	(32,085)
Dividends paid	<u>(24,700)</u>	<u>-</u>
Net cash flows from financing activities	<u>(38,771)</u>	<u>(50,833)</u>
Net change in cash and cash equivalents	(3,206)	(9,284)
Cash and cash equivalents at beginning of period	<u>49,350</u>	<u>31,083</u>
Cash and cash equivalents at end of period	<u>\$ 46,144</u>	<u>\$ 21,799</u>

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
(Amounts in thousands)

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss, net</u>	<u>Total</u>
Balance, January 1, 2008	\$ 29	\$ 123,807	\$ 148,004	\$ -	\$ 271,840
Net income	-	-	26,207	-	26,207
Other comprehensive loss	-	-	-	(1,081)	(1,081)
Balance, June 30, 2008	<u>\$ 29</u>	<u>\$ 123,807</u>	<u>\$ 174,211</u>	<u>\$ (1,081)</u>	<u>\$ 296,966</u>
Balance, January 1, 2009	\$ 29	\$ 123,807	\$ 221,839	\$ (5,119)	\$ 340,556
Net income	-	-	32,173	-	32,173
Other comprehensive income	-	-	-	2,343	2,343
Dividends declared	-	-	(26,000)	-	(26,000)
Balance, June 30, 2009	<u>\$ 29</u>	<u>\$ 123,807</u>	<u>\$ 228,012</u>	<u>\$ (2,776)</u>	<u>\$ 349,072</u>

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(in U.S. dollars, unless indicated otherwise)

(1) General

CE Casecnan Water and Energy Company, Inc. (the “Company” or “CE Casecnan”) is a privately held Philippine corporation formed indirectly by MidAmerican Energy Holdings Company (“MEHC”) and was registered with the Philippine Securities and Exchange Commission on September 21, 1994. The Company is 70% owned by CE Casecnan II, Inc., 15% owned by CE Casecnan Ltd., a Bermuda-registered corporation, which are both indirectly wholly owned subsidiaries of MEHC, and 15% owned by a third party. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc.

The Company has a contract with the Republic of the Philippines (“ROP”), through the Philippine National Irrigation Administration (“NIA”) (a ROP-owned and controlled corporation), for the development and construction of a hydroelectric power plant and related facilities under a build-own-operate-transfer agreement, as amended by the Supplemental Agreement dated September 29, 2003 (“Project Agreement”), covering a 20-year cooperation period (“Cooperation Period”) ending December 11, 2021, with obligations for the delivery of water and electricity. At the end of the Cooperation Period, the combined irrigation and 150 megawatt hydroelectric power generation project (the “Casecnan Project”) will be transferred to the ROP at no cost on an “as is” basis. NIA’s obligations under the Project Agreement are guaranteed by the full faith and credit of the ROP (the “Performance Undertaking”).

The Casecnan Project is dependent upon sufficient rainfall to generate electricity and deliver water. The seasonality of rainfall patterns and the variability of rainfall from year to year, all of which are outside the control of the Company, have a material impact on the amounts of electricity generated and water delivered by the Casecnan Project. Rainfall has historically been highest from June through December and lowest from January through May. The contractual terms for variable water and energy delivery fees can produce significant variability in revenue between reporting periods.

The unaudited Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the United States Securities and Exchange Commission’s (“SEC”) rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Financial Statements as of June 30, 2009, and for the three- and six-month periods ended June 30, 2009 and 2008. The results of operations for the three- and six-month periods ended June 30, 2009 are not necessarily indicative of the results to be expected for the full year. The Company has evaluated subsequent events through July 31, 2009, which is the date the unaudited Financial Statements were issued.

The preparation of the unaudited Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Financial Statements. Note 2 of Notes to Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 describes the most significant accounting policies used in the preparation of the Financial Statements. There have been no significant changes in the Company’s assumptions regarding significant accounting estimates and policies during the six-month period ended June 30, 2009.

(2) New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (the “FASB”) issued Staff Position (“FSP”) No. FAS 107-1 and APB 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (“FSP FAS 107-1”). FSP FAS 107-1 requires publicly traded companies to include the annual fair value disclosures required for all financial instruments within the scope of Statement of Financial Accounting Standards (“SFAS”) No. 107, “Disclosures about Fair Value of Financial Instruments,” in interim financial statements. The Company adopted FSP FAS 107-1 on April 1, 2009 and included the required disclosures within Notes to Financial Statements.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments” (“FSP FAS 115-2”). FSP FAS 115-2 amends current other-than-temporary impairment guidance for debt securities to require a new other-than-temporary impairment model that would shift the focus from an entity’s intent to hold the debt security until recovery to its intent to sell the debt security. The existing other-than-temporary impairment models for equity securities will continue to apply. In addition, FSP FAS 115-2 addresses whether an other-than-temporary impairment should be recognized in earnings, other comprehensive income, or some combination thereof. FSP FAS 115-2 also expands the already required annual disclosures about other-than-temporary impairment for debt and equity securities and requires companies to include these expanded disclosures in interim financial statements. The Company adopted FSP FAS 115-2 on April 1, 2009. The adoption did not have a material impact on the Company’s financial results and disclosures included within Notes to Financial Statements.

In April 2009, the FASB issued FSP No. FAS 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly” (“FSP FAS 157-4”). FSP FAS 157-4 clarifies the application of SFAS No. 157, “Fair Value Measurements,” (“SFAS No. 157”) in determining when a market is not active and if a transaction is not orderly. In addition, FSP FAS 157-4 amends SFAS No. 157 to require disclosures in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques and related inputs, if any, during the period. FSP FAS 157-4 also amends SFAS No. 157 to define “major categories” to be consistent with those described in SFAS No. 115, “Accounting for Certain Investments in Debt and Equity Securities.” The Company adopted FSP FAS 157-4 on April 1, 2009. The adoption did not have a material impact on the Company’s financial results and disclosures included within Notes to Financial Statements.

(3) Restricted Cash and Investments and Other Investments

Restricted cash and investments consist of the following (in thousands):

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Dividend set aside account	\$ 14,576	\$ 13,279
Debt service reserve fund	<u>9,609</u>	<u>9,602</u>
	<u>\$ 24,185</u>	<u>\$ 22,881</u>

Restricted cash and investments are invested in money-market accounts holding U.S. government securities. Other investments consist of auction rate securities with a carrying value of \$17.4 million and \$14.1 million at June 30, 2009 and December 31, 2008, respectively. The investments earned interest at 2.6% and 2.5% at June 30, 2009 and December 31, 2008, respectively. The investments have a remaining weighted average maturity of 21 years and are classified as available-for-sale securities.

With the liquidity issues experienced in global credit and capital markets, the \$21.4 million par value of auction rate securities held by the Company at June 30, 2009 have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders. The securities are rated Baa1 by Moody’s Investors Service and AA- and A by Standard & Poor’s at June 30, 2009. Although there is no current liquid market for the auction rate securities, the Company believes the underlying creditworthiness of the repayment sources for these securities’ principal and interest has not materially deteriorated. Further, the Company does not intend to sell, nor is it more-likely-than-not that the Company will be required to sell, the auction rate securities before an orderly market develops and they can be sold at a price that approximates par value. Therefore, the Company considers the auction rate securities to be temporarily impaired. At June 30, 2009, the Company’s pre-tax temporary impairment of the auction rate securities totaled \$3.9 million. If the underlying assets and the guarantors of the auction rate securities experience credit deterioration, the Company may not ultimately realize the par value of the investments held at June 30, 2009.

(4) Income Taxes

A reconciliation of the Philippine statutory income tax rate to the effective income tax rate applicable to income before income tax expense follows:

	Three-Month Periods Ended June 30,		Six-Month Periods Ended June 30,	
	2009	2008	2009	2008
Philippine statutory income tax rate	30%	35%	30%	35%
Optional standard deduction	(10)	-	(9)	-
Other	-	(1)	(1)	(1)
Effective income tax rate	<u>20%</u>	<u>34%</u>	<u>20%</u>	<u>34%</u>

The Company's deferred income tax asset of \$5.8 million and \$7.0 million as of June 30, 2009 and December 31, 2008, respectively, consists mainly of the difference between the financial reporting basis and the tax reporting basis for development and construction costs.

(5) Related Party Transactions

In the normal course of business, the Company transacts with related parties on commercial terms comparable to transactions with third parties. The payable to affiliates was \$2.6 million and \$2.7 million at June 30, 2009 and December 31, 2008, respectively. Costs incurred by the Company in transactions with related parties amounted to \$0.3 million and \$0.4 million for the three-month periods ended June 30, 2009 and 2008, respectively, and \$0.6 million and \$0.8 million for the six-month periods ended June 30, 2009 and 2008, respectively, and consist primarily of cost allocations.

As of December 31, 2008, the Company had outstanding \$7.1 million of unsecured subordinated notes payable (the "Notes") to CE Casecnan Ltd., a shareholder. The Notes had a maturity of November 1, 2015, and bore an interest rate consisting of the London Interbank Offer Rate plus 5.25%. The Notes were redeemable at any time prior to maturity upon demand from CE Casecnan Ltd and on February 5, 2009, CE Casecnan repaid the outstanding Notes in full. Interest expense on the Notes was \$- million and \$0.6 million for the three-month periods ended June 30, 2009 and 2008, respectively, and \$0.1 million and \$1.6 million for the six-month periods ended June 30, 2009 and 2008, respectively.

(6) Commitments and Contingencies

Shareholder Litigation

In February 2002, pursuant to the share ownership adjustment mechanism in the CE Casecnan shareholder agreement, CE Casecnan Ltd. advised the minority shareholder of the Company, LaPrairie Group Contractors (International) Ltd. ("LPG") that MEHC's indirect ownership interest in CE Casecnan had increased to 100% effective from commencement of commercial operations. On July 8, 2002, LPG filed a complaint in the Superior Court of the State of California, City and County of San Francisco, against CE Casecnan Ltd. and MEHC. On January 3, 2006, the Superior Court of the State of California entered a judgment in favor of LPG against CE Casecnan Ltd. Pursuant to the judgment, 15% of the distributions of the Company was deposited into escrow plus interest at 9% per annum. The judgment was appealed, and as a result of the appellate decision, CE Casecnan Ltd. determined that LPG would retain ownership of 10% of the shares of the Company, with the remaining 5% share to be transferred to CE Casecnan Ltd. subject to certain buy-up rights under the shareholder agreement. The issues relating to the exercise of the buy-up right have been decided by the court and are subject to appeal. On June 26, 2009, LPG exercised its buy-up rights with respect to the remaining 5% interest in a transaction between shareholders that did not have any impact on the Company's results of operations.

On July 1, 2005, MEHC and CE Casecnan Ltd. commenced an action against San Lorenzo Ruiz Builders and Developers Group, Inc. ("San Lorenzo") in the District Court of Douglas County, Nebraska, seeking a declaratory judgment as to San Lorenzo's right to repurchase 15% of the shares in the Company. On January 30, 2006, San Lorenzo filed a counterclaim against MEHC and CE Casecnan Ltd. seeking declaratory relief that it has effectively exercised its option to purchase 15% of the shares of the Company, that it is the rightful owner of such shares and that it is due all dividends paid on such shares. Currently, the action is in the discovery phase, and a trial has been set to begin in November 2009. The impact, if any, of this litigation on the Company cannot be determined at this time.

Supplemental Real Property Tax

On July 1, 2008, CE Casecnan received a supplemental real property tax assessment totaling \$28.6 million from the province of Nueva Ecija and the municipality of Pantabangan for the tax years 2002 through the second quarter of 2008. CE Casecnan forwarded the assessment to NIA and the Philippine Department of Finance (“DOF”), which must authorize any payment for real property taxes and are obligated to reimburse the Company pursuant to the Project Agreement. On December 19, 2008, pursuant to written authorization from NIA and the DOF, CE Casecnan tendered \$6.8 million as partial payment of the supplemental assessment and recorded a receivable of an equal amount for the expected full reimbursement to CE Casecnan from NIA. The \$6.8 million partial payment was reimbursed by NIA on July 2, 2009. On January 16, 2009, CE Casecnan filed a protest on the supplemental assessment which the provincial treasurer failed to resolve timely. CE Casecnan filed an appeal with the Local Board of Assessment Appeals May 15, 2009. No liability for supplemental real property tax has been recognized as the Company believes that the claim is without merit.

On March 12, 2009, CE Casecnan received a supplemental real property tax assessment totaling \$36.5 million from the province of Nueva Vizcaya for the tax years 2002 to 2009. CE Casecnan forwarded the assessment to NIA and the DOF, which must authorize any payment for real property taxes and are obligated to reimburse the Company pursuant to the Project Agreement. Upon instructions from NIA, CE Casecnan filed an appeal of the supplemental assessment with the Local Board of Assessment Appeals on May 11, 2009. No liability for supplemental real property tax has been recognized as the Company believes that the claim is without merit.

National Wealth Tax

On July 17, 2008, CE Casecnan received an assessment totaling \$4.1 million from the municipality of Alfonso Castaneda for a share of national wealth tax it claims is owed by the Company for the years from 2002 through 2007. CE Casecnan forwarded the assessment to NIA and the DOF, which must authorize any payment for national wealth taxes and are obligated to reimburse the Company pursuant to the Project Agreement. On September 24, 2008, CE Casecnan received a temporary restraining order to enjoin the municipality of Alfonso Castaneda from pursuing its collection efforts until the matter can be decided by the court. A pre-trial hearing was held on December 11, 2008. The proceedings were suspended to allow the municipality of Alfonso Castaneda to provide other local government units the opportunity to intervene in the case. The next hearing is scheduled for August 25, 2009. No liability for national wealth tax has been recognized as the Company believes that the claim is without merit.

Franchise Tax

In 2006, CE Casecnan received franchise tax assessments for the years 2001 to 2006 totaling \$2.2 million from the Province of Nueva Vizcaya. CE Casecnan believes that franchise tax is imposed on companies which have a secondary or special franchise from the government. CE Casecnan is an independent power producer and does not have a government franchise. The Electric Power Industry Reform Act provides that independent power generation is not a public utility operation and does not require a franchise. Therefore, the Company has not recognized a liability relating to these assessments. In 2006, CE Casecnan filed appeals of the assessments which are currently pending before the Supreme Court Office of the Court Administrator for reassignment to another court to hear and decide the cases.

Concentration of Risk

NIA’s obligations under the Project Agreement are substantially denominated in U.S. Dollars and are the Company’s sole source of operating revenue. Because of the Company’s dependence on NIA, any material failure of NIA to fulfill its obligations under the Project Agreement and any material failure of the ROP to fulfill its obligations under the Performance Undertaking would significantly impair the ability of the Company to meet its existing and future obligations, including obligations pertaining to its outstanding debt. No shareholders, partners or affiliates of the Company, including MEHC, and no directors, officers or employees of the Company have guaranteed or will be in any way liable for payment of the Company’s obligations. As a result, payment of the Company’s obligations depends upon the availability of sufficient revenue from the Company’s business after the payment of operating expenses.

(7) Fair Value Measurements

The carrying amounts of the Company's cash, certain cash equivalents, trade receivables and accounts payable and other accrued liabilities approximate fair value because of the short-term maturity of these instruments. The Company uses a three level hierarchy for determining fair value and a financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The Company has investments in equity securities that are accounted for as available-for-sale securities, are stated at fair value and are presented as restricted cash and investments on the Balance Sheets. The fair value of the Company's restricted cash and investments was \$24.2 million and \$22.9 million as of June 30, 2009 and December 31, 2008, respectively. The fair value is determined by using the quoted market price or net asset value in a readily observable and active market. As such, the Company considers these securities to be valued using Level 1 inputs.

The Company has auction rate securities that are measured at fair value in the Financial Statements. The fair value of the Company's investments in auction rate securities, where there is no current liquid market, is determined using internally developed discounted cash flow models based on available observable market data and the Company's judgment about the assumptions, including liquidity and nonperformance risks, which market participants would use when pricing the asset. As such, the Company considers these securities to be valued using Level 3 inputs. The following table reconciles the beginning and ending balances of the Company's auction rate securities measured at fair value on a recurring basis (in thousands):

	Three-Month Periods Ended June 30,		Six-Month Periods Ended June 30,	
	2009	2008	2009	2008
Beginning balance	\$14,822	\$19,592	\$14,096	\$21,409
Unrealized gains (losses) included in other comprehensive income (loss)	<u>2,622</u>	<u>155</u>	<u>3,348</u>	<u>(1,662)</u>
Ending balance	<u>\$17,444</u>	<u>\$19,747</u>	<u>\$17,444</u>	<u>\$19,747</u>

The Company's long-term debt is carried at cost in the Financial Statements. The fair value of the Company's long-term debt has been estimated based upon quoted market prices. The following table presents the carrying amount and estimated fair value of the Company's long-term debt (in thousands):

	As of June 30, 2009		As of December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	<u>\$ 24,010</u>	<u>\$ 24,460</u>	<u>\$ 30,870</u>	<u>\$ 31,372</u>

(8) Comprehensive Income and Components of Accumulated Other Comprehensive Loss, Net

Comprehensive income consists of the following components (in thousands):

	Three-Month Periods Ended June 30,		Six-Month Periods Ended June 30,	
	2009	2008	2009	2008
Net income	\$19,567	\$13,346	\$32,173	\$26,207
Other comprehensive income (loss) – unrealized gains (losses) on marketable securities, net of tax of \$787, \$55, \$1,005, \$(581)	<u>1,835</u>	<u>100</u>	<u>2,343</u>	<u>(1,081)</u>
Comprehensive income	<u>\$21,402</u>	<u>\$13,446</u>	<u>\$34,516</u>	<u>\$25,126</u>

Accumulated other comprehensive loss, net, consists of unrealized losses on marketable securities totaling \$2.8 million, net of tax of \$1.1 million, and \$5.1 million, net of tax of \$2.2 million, as of June 30, 2009 and December 31, 2008, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that have affected the financial condition and results of operations of CE Casecnan Water and Energy Company, Inc. ("CE Casecnan" or the "Company") during the periods included herein. Explanations include management's best estimate of the impact of weather and other factors. This discussion should be read in conjunction with the Company's historical unaudited Financial Statements and Notes to Financial Statements included in Item 1 of this Form 10-Q. The Company's actual results in the future could differ significantly from the historical results.

Forward-Looking Statements

This report contains statements that do not directly or exclusively relate to historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can typically be identified by the use of forward-looking words, such as "may," "could," "project," "believe," "anticipate," "expect," "estimate," "continue," "intend," "potential," "plan," "forecast" and similar terms. These statements are based upon the Company's current intentions, assumptions, expectations and beliefs and are subject to risks, uncertainties and other important factors. Many of these factors are outside the Company's control and could cause actual results to differ materially from those expressed or implied by the Company's forward-looking statements. These factors include, among others:

- changes in weather conditions that could affect operating revenue;
- general economic, political and business conditions in the Philippines and throughout the world;
- changes in governmental, legislative or regulatory requirements affecting the Company or the power generation industry;
- availability of qualified personnel;
- the impact of new accounting pronouncements or changes in current accounting estimates and assumptions on financial results; and
- other business or investment considerations that may be disclosed from time to time in the Company's filings with the United States Securities and Exchange Commission ("SEC") or in other publicly disseminated written documents.

Further details of the potential risks and uncertainties affecting the Company are described in the Company's filings with the SEC, including Part II, Item 1A and other discussions contained in this Form 10-Q. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors should not be construed as exclusive.

Business

The Company has a contract with the Republic of the Philippines ("ROP"), through the Philippine National Irrigation Administration ("NIA") (a ROP-owned and controlled corporation), for the development and construction of a hydroelectric power plant and related facilities under a build-own-operate-transfer agreement, as amended by the Supplemental Agreement dated September 29, 2003 (the "Project Agreement"), covering a 20-year cooperation period ("Cooperation Period") ending December 11, 2021, with obligations for the delivery of water and electricity. At the end of the Cooperation Period, the combined irrigation and 150 megawatt hydroelectric power generation project (the "Casecnan Project") will be transferred to the ROP at no cost on an "as is" basis. NIA's obligations under the Project Agreement are guaranteed by the full faith and credit of the ROP (the "Performance Undertaking"). The Project Agreement and the Performance Undertaking provide for the resolution of disputes by binding arbitration in Singapore under international arbitration rules.

Results of Operations for the Second Quarter and the First Six Months of 2009 and 2008

The Casecnan Project is dependent upon sufficient rainfall to generate electricity and deliver water. The seasonality of rainfall patterns and the variability of rainfall from year to year, all of which are outside the control of the Company, have a material impact on the amounts of electricity generated and water delivered by the Casecnan Project. Rainfall has historically been highest from June through December and lowest from January through May. The contractual terms for variable water and energy delivery fees can produce significant variability in revenue between reporting periods.

Prior to December 25, 2008, the water delivery fee was a fixed monthly payment based upon an assumed annual water delivery of 801.9 million cubic meters, prorated to 66.8 million cubic meters per month, multiplied by the water delivery fee rate of \$0.07381 per cubic meter. For each contract year starting from December 25, 2003 and ending on December 25, 2008, a water delivery fee credit, or deferred revenue, was computed equal to 801.9 million cubic meters minus the greater of actual water deliveries or 700.0 million cubic meters - the annual minimum water delivery threshold. Accordingly, in recognizing revenue, the water delivery fees were recorded each month prorated to 58.3 million cubic meters until the minimum threshold had been reached for the current contract year. The water delivery fee credit at the end of each contract year, if any, was available to be earned in the succeeding contract year through December 25, 2008. All water delivery credits available under the contract were earned by the Company as of December 25, 2008.

For contract years from December 25, 2008 through the end of the Cooperation Period, guaranteed water delivery fees are \$51.7 million, calculated as the annual minimum water delivery threshold multiplied by \$0.07381.

Variable water delivery fees are earned for all water deliveries within the contract year, if any, exceeding the annual minimum water delivery threshold multiplied by \$0.07381, until a cumulative 1.324 billion cubic meters of water subject to variable water delivery fees have been delivered.

Guaranteed energy delivery fees are \$36.4 million per year, calculated as the assumed annual delivery of 228.0 Gigawatt-hours ("GWh"), prorated to 19.0 GWh per month and multiplied by \$0.1596 per kilowatt-hour ("kWh").

The Company earns variable energy delivery fees in each contract year based upon actual energy delivered in excess of 228.0 GWh, multiplied by the applicable rate, until cumulative energy of 490.0 GWh per year are delivered. Prior to December 25, 2008, the rate was \$0.1509 per kWh. Thereafter, the variable energy delivery rate is \$0.1132 per kWh for the contract year ending December 25, 2009, escalating at 1% per annum. Energy deliveries between 490.0 GWh and 550.0 GWh within a contract year earn variable energy delivery fees at a rate of 1.3 Philippine pesos ("pesos") per kWh prior to December 25, 2008 and 1.0 pesos per kWh thereafter, escalating at 1% per annum. Energy deliveries above 550.0 GWh per year are at no cost to NIA. Within each contract year, no variable energy delivery fees are payable until energy in excess of the cumulative 19.0 GWh per month for the contract year to date has been delivered.

The following table provides certain operating data of the Casecnan Project:

	Second Quarter		First Six Months	
	2009	2008	2009	2008
Electricity produced (GWh)	163.5	106.2	229.3	205.6
Water delivered (million cubic meters)	272.6	178.0	384.5	350.3

The Company's water and energy fees are as follows (in millions):

	Second Quarter		First Six Months	
	2009	2008	2009	2008
Water delivery fees	\$ 12.9	\$ 12.9	\$ 25.7	\$ 25.9
Guaranteed energy fees	9.1	9.1	18.2	18.2
Variable energy fees	<u>10.4</u>	<u>6.8</u>	<u>12.0</u>	<u>13.6</u>
	<u>\$ 32.4</u>	<u>\$ 28.8</u>	<u>\$ 55.9</u>	<u>\$ 57.7</u>

Revenue increased \$3.6 million for the second quarter and decreased \$1.8 million for the first six months of 2009 compared to 2008. The increase in variable energy fees for the second quarter of 2009 was due to higher than normal water flow which resulted in higher electricity production compared to 2008, partially offset by the lower price for variable energy fees in 2009. The decrease in variable energy fees for the first six months of 2009 was due to the lower price for variable energy fees in 2009, partially offset by higher water flow and the resulting higher electricity production.

Interest expense decreased \$1.5 million for the second quarter and \$3.6 million for the first six months of 2009 compared to 2008 due to lower outstanding debt balances resulting from the scheduled repayment of long-term debt and the repayment of notes payable.

Interest income decreased \$0.3 million for the second quarter and \$0.7 million for the first six months of 2009 compared to 2008 as a result of lower interest rates.

Other, net decreased \$0.6 million for the second quarter and \$0.8 million for the first six months of 2009 compared to 2008 due to lower allocable output value added tax as a result of the reduced water delivery fees.

Income tax expense decreased \$1.9 million for the second quarter and \$5.6 million first six months of 2009 compared to 2008 due to a reduction in the Philippine statutory income tax rate from 35% to 30% and the adoption of the optional standard deduction method for calculating income tax liabilities, partially offset by higher taxable income.

Liquidity and Capital Resources

NIA's obligations under the Project Agreement are substantially denominated in U.S. dollars and are the Company's sole source of operating revenue. Because of the Company's dependence on NIA, any material failure of NIA to fulfill its obligations under the Project Agreement and any material failure of the ROP to fulfill its obligations under the Performance Undertaking would significantly impair the ability of the Company to meet its existing and future obligations, including obligations pertaining to its outstanding debt. No shareholders, partners or affiliates of the Company, including MidAmerican Energy Holdings Company, and no directors, officers or employees of the Company have guaranteed or will be in any way liable for payment of the Company's obligations. As a result, payment of the Company's obligations depends upon the availability of sufficient revenue from the Company's business after the payment of operating expenses.

The Company's cash and cash equivalents were \$46.1 million as of June 30, 2009, compared to \$49.4 million as of December 31, 2008.

Cash Flows from Operating Activities

Net cash flows from operating activities for the six-month periods ended June 30, 2009 and 2008 were \$37.5 million and \$42.4 million, respectively. The decrease in operating cash flows for the first half of 2009 was primarily due to the timing of revenue collections.

Cash Flows from Investing Activities

Net cash flows from investing activities for the six-month periods ended June 30, 2009 and 2008 were \$(2.0) million and \$(0.8) million, respectively. In 2009, the Company deposited \$1.3 million of declared but unpaid dividends in the escrow account. Capital expenditures were \$0.5 million higher in 2009 due to improvements to the water catchment structures.

Cash Flows from Financing Activities

Net cash flows from financing activities for the six-month periods ended June 30, 2009 and 2008 were \$(38.8) million and \$(50.8) million, respectively. In 2009, the Company repaid the remaining \$7.1 million of notes payable to CE Casecnan Ltd., made \$6.9 million of project financing debt scheduled payments and paid \$24.7 million of dividends on common stock. In 2008, the Company made \$18.9 million of project financing debt scheduled payments and repaid \$32.1 million of notes payable to CE Casecnan Ltd.

Auction Rate Securities

With the liquidity issues experienced in global credit and capital markets, the \$21.4 million par value of auction rate securities held by the Company at June 30, 2009 have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders. The securities are rated Baa1 by Moody's Investors Service and AA- and A by Standard & Poor's at June 30, 2009. Although there is no current liquid market for the auction rate securities, the Company believes the underlying creditworthiness of the repayment sources for these securities' principal and interest has not materially deteriorated. Further, the Company does not intend to sell, nor is it more-likely-than-not that the Company will be required to sell, the auction rate securities before an orderly market develops and they can be sold at a price that approximates par value. At June 30, 2009, the Company's pre-tax temporary impairment of the auction rate securities totaled \$3.9 million. If the underlying assets and the guarantors of the auction rate securities experience credit deterioration, the Company may not ultimately realize the par value of the investments held at June 30, 2009.

Supplemental Real Property Tax

On July 1, 2008, CE Casecnan received a supplemental real property tax assessment totaling \$28.6 million from the province of Nueva Ecija and the municipality of Pantabangan for the tax years 2002 through the second quarter of 2008. CE Casecnan forwarded the assessment to NIA and the Philippine Department of Finance ("DOF"), which must authorize any payment for real property taxes and are obligated to reimburse the Company pursuant to the Project Agreement. On December 19, 2008, pursuant to written authorization from NIA and the DOF, CE Casecnan tendered \$6.8 million as partial payment of the supplemental assessment and recorded a receivable of an equal amount for the expected full reimbursement to CE Casecnan from NIA. The \$6.8 million partial payment was reimbursed by NIA on July 2, 2009. On January 16, 2009, CE Casecnan filed a protest on the supplemental assessment which the provincial treasurer failed to resolve timely. CE Casecnan filed an appeal with the Local Board of Assessment Appeals May 15, 2009. No liability for supplemental real property tax has been recognized as the Company believes that the claim is without merit.

On March 12, 2009, CE Casecnan received a supplemental real property tax assessment totaling \$36.5 million from the province of Nueva Vizcaya for the tax years 2002 to 2009. CE Casecnan forwarded the assessment to NIA and the DOF, which must authorize any payment for real property taxes and are obligated to reimburse the Company pursuant to the Project Agreement. Upon instructions from NIA, CE Casecnan filed an appeal of the supplemental assessment with the Local Board of Assessment Appeals on May 11, 2009. No liability for supplemental real property tax has been recognized as the Company believes that the claim is without merit.

National Wealth Tax

On July 17, 2008, CE Casecnan received an assessment totaling \$4.1 million from the municipality of Alfonso Castaneda for a share of national wealth tax it claims is owed by the Company for the years from 2002 through 2007. CE Casecnan forwarded the assessment to NIA and the DOF, which must authorize any payment for national wealth taxes and are obligated to reimburse the Company pursuant to the Project Agreement. On September 24, 2008, CE Casecnan received a temporary restraining order to enjoin the municipality of Alfonso Castaneda from pursuing its collection efforts until the matter can be decided by the court. A pre-trial hearing was held on December 11, 2008. The proceedings were suspended to allow the municipality of Alfonso Castaneda to provide other local government units the opportunity to intervene in the case. The next hearing is scheduled for August 25, 2009. No liability for national wealth tax has been recognized as the Company believes that the claim is without merit.

Franchise Tax

In 2006, CE Casecnan received franchise tax assessments for the years 2001 to 2006 totaling \$2.2 million from the Province of Nueva Vizcaya. CE Casecnan believes that franchise tax is imposed on companies which have a secondary or special franchise from the government. CE Casecnan is an independent power producer and does not have a government franchise. The Electric Power Industry Reform Act provides that independent power generation is not a public utility operation and does not require a franchise. Therefore, the Company has not recognized a liability relating to these assessments. In 2006, CE Casecnan filed appeals of the assessments which are currently pending before the Supreme Court Office of the Court Administrator for reassignment to another court to hear and decide the cases.

Contractual Obligations

Subsequent to December 31, 2008, there were no material changes outside the normal course of business in contractual obligations from the information provided in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

New Accounting Pronouncements

For a discussion of new accounting pronouncements affecting the Company, refer to Note 2 of Notes to Financial Statements included in Item 1 of this Form 10-Q.

Critical Accounting Policies

Certain accounting policies require management to make estimates and judgments concerning transactions that will be settled several years in the future. Amounts recognized in the Financial Statements from such estimates are necessarily based on numerous assumptions involving varying and potentially significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected in the Financial Statements will likely increase or decrease in the future as additional information becomes available. Estimates are used for, but not limited to, the allowance for doubtful accounts and auction rate securities – measurement principles. For additional discussion of the Company's critical accounting policies, see Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008. The Company's critical accounting policies have not changed materially since December 31, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk affecting the Company, see Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2008. The Company's exposure to market risk and its management of such risk has not changed materially since December 31, 2008.

Item 4. Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the President (principal executive officer) and the Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended). Based upon that evaluation, the Company's management, including the President (principal executive officer) and the Chief Financial Officer (principal financial officer), concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including the Company's President (principal executive officer) and the Chief Financial Officer (principal financial officer), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There has been no change in the Company's internal control over financial reporting during the quarter ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There has been no material change to the Company's risk factors from those disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed as part of this Quarterly Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
(Registrant)

Date: July 31, 2009

/s/ Patrick J. Goodman
Patrick J. Goodman
Senior Vice President and Chief Financial Officer
(principal financial and accounting officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
31.1	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Joseph L. Sullivan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CE Casecan Water and Energy Company, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2009

/s/ Joseph L. Sullivan
Joseph L. Sullivan
President and General Manager
(principal executive officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Patrick J. Goodman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CE Casecan Water and Energy Company, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2009

/s/ Patrick J. Goodman

Patrick J. Goodman

Senior Vice President and Chief Financial Officer
(principal financial officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Joseph L. Sullivan, President and General Manager of CE Casecan Water and Energy Company, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2009 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: July 31, 2009

/s/ Joseph L. Sullivan
Joseph L. Sullivan
President and General Manager
(principal executive officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Patrick J. Goodman, Senior Vice President and Chief Financial Officer of CE Casecan Water and Energy Company, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: July 31, 2009

/s/ Patrick J. Goodman
Patrick J. Goodman
Senior Vice President and Chief Financial Officer
(principal financial officer)