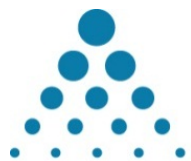


Corporate Presentation



American States
Water Company

Robert J. Sprowls – President & CEO

Eva G. Tang – SVP Finance & CFO

April 2021

NYSE: AWR

Certain matters discussed in this presentation are forward-looking statements intended to qualify for the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as the Company “believes,” “anticipates,” “expects” or words of similar import. Similarly, statements that describe the Company’s future plans, objectives, estimates or goals are also forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements.

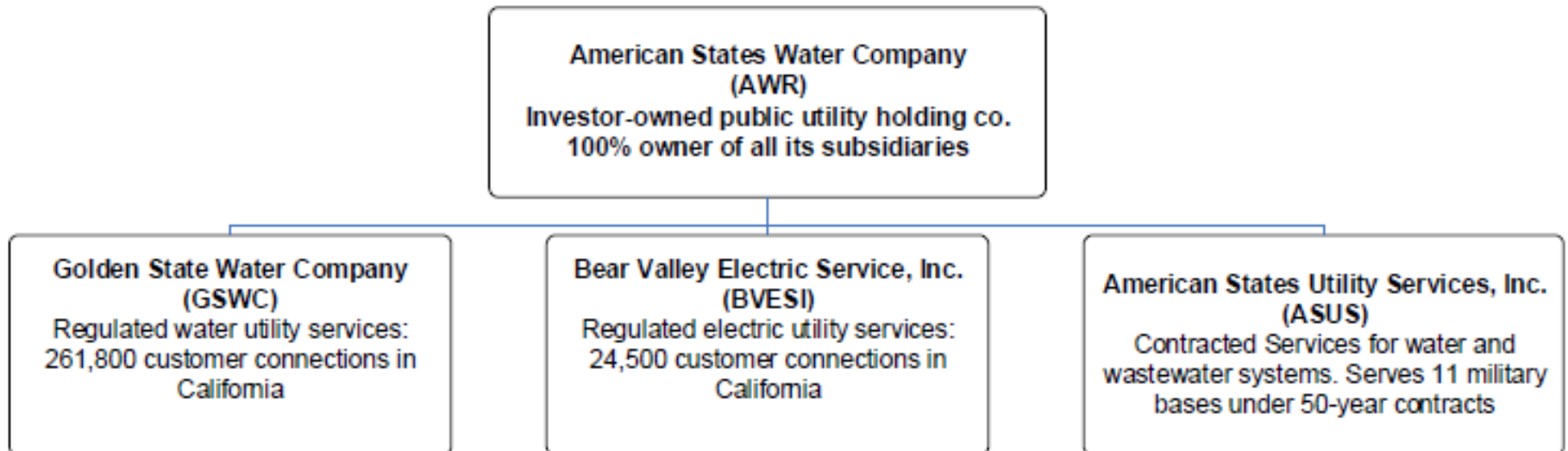
AWR is a low volatility water utility with a secure and growing dividend, operating in a constructive regulatory environment in California, along with a growing unregulated contracted services business serving military bases under 50-year contracts.

- ❑ Listed on the NYSE: AWR
- ❑ AWR debt rating → A+ Negative
- ❑ GSWC debt ratings → A+ Negative/A2 Stable
- ❑ As of April 5, 2021:
 - ~36.9 million common shares outstanding
 - Institutional Ownership → ~75%⁽¹⁾
 - 52-week low/high → \$69.25/\$91.11⁽¹⁾
 - Average daily volume → ~190,000 shares (3 months)⁽¹⁾
 - Market capitalization → ~\$2.8 billion⁽¹⁾
 - Dividend yield → 1.8%⁽¹⁾

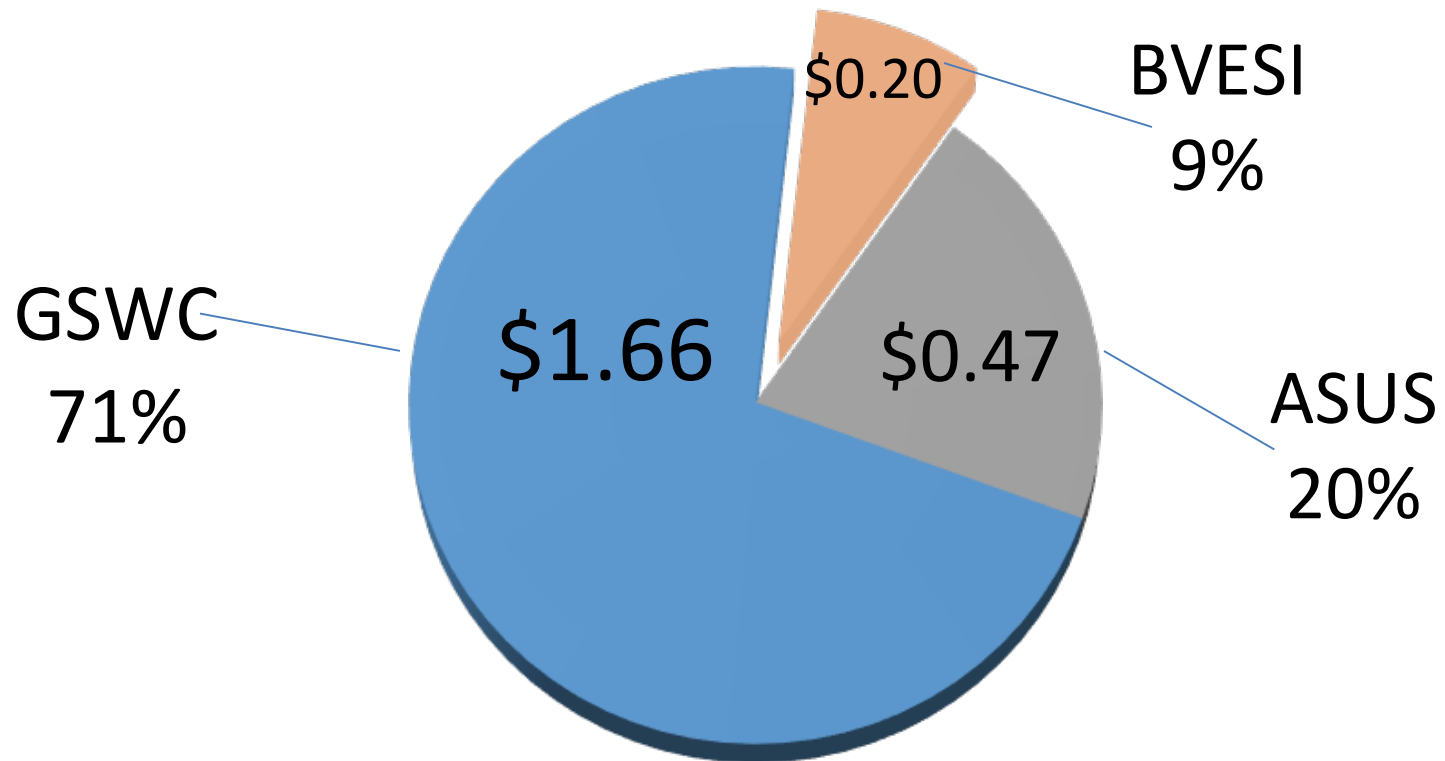


⁽¹⁾ Source: Yahoo! Finance

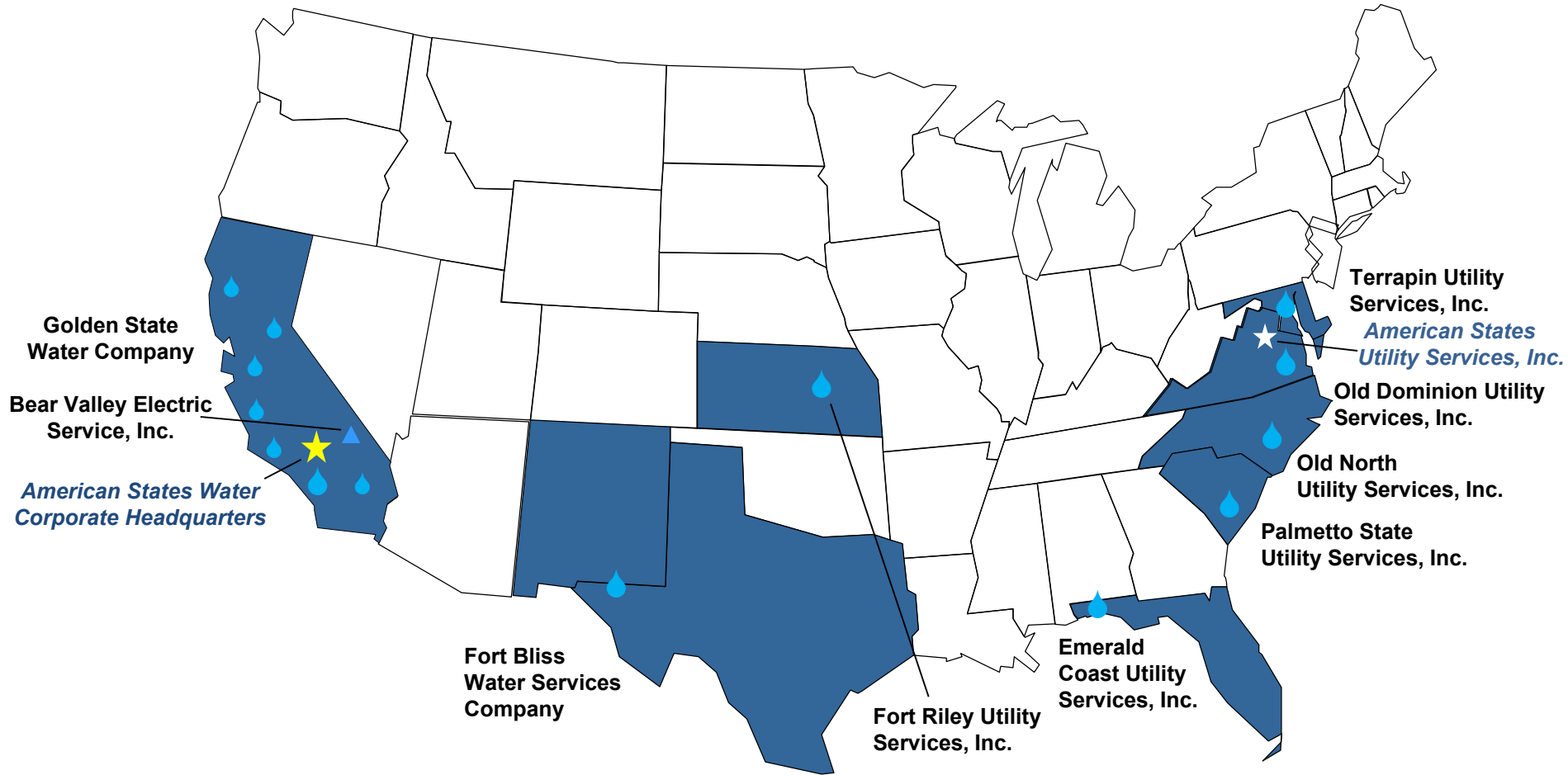
Company Organizational Structure



2020 Earnings per Share by Subsidiary



AWR Service Area Map



Regulated Utilities Service Area Map



Golden State Water Company

- Serves more than 80 communities in 10 counties
- Operates 37 water systems

Bear Valley Electric Service, Inc.

- Operates one electric system that serves the City of Big Bear Lake and surrounding areas

❑ The Company's **regulated utilities (GSWC and BVESI)**:

- Represented 75% and 80% of AWR revenues and net income, respectively, in 2020
 - ✓ The regulated **water utility** under GSWC represented 68% and 71%, respectively, in 2020
- GSWC and BVESI have a stable customer base, with about 90% of revenues derived from residential and commercial customers

❑ GSWC & BVESI are separately regulated by the California Public Utilities Commission (CPUC)

- **Revenue Requirement includes:**
 - ✓ Dollar for dollar recovery of projected operating expenses, plus
 - ✓ Rate of return on rate base (including projected CapEx)
- **GSWC and BVESI recover their capital investment from customers** over the life of the asset through annual depreciation and a return on its undepreciated capital assets

- ❑ **ASUS**, the company's **contracted services subsidiary** was established in 1998 and provides the company with:
 - A relatively low risk, growth investment
 - ✓ Allows AWR to capitalize on its competencies in operating water systems and in offering related services
 - Opportunities to improve companywide returns
 - A vehicle to diversify risk
 - ✓ By investing in high-growth states, similar to the way an investment manager diversifies risk by owning several different securities
 - A contributor to funding AWR's dividend to shareholders and covering the cost of being a publicly-traded company

- ❑ **ASUS** provides operations, maintenance and construction management services for water distribution and wastewater collection and treatment facilities at **eleven military bases in eight states under 50-year privatization contracts** with the U.S. government:
 - Fort Bliss in El Paso, Texas (parts in New Mexico)
 - Joint Base Andrews in Maryland
 - Fort Lee in Virginia (wastewater only)
 - Joint Expeditionary Base Little Creek – Fort Story and Joint Base Langley - Eustis in Virginia
 - Fort Jackson in Columbia, South Carolina
 - Fort Bragg, Pope Army Airfield, and Camp Mackall in Fayetteville, North Carolina
 - Eglin Air Force Base in Florida
 - Fort Riley in Kansas

- ❑ Numerous military bases still to be privatized; **active bids are currently in process**. Significant water and wastewater contracts to be awarded over the next 5 years.

- ❑ Under each of the 50-year contracts with the U.S. government, ASUS has the following revenue streams:
 - **O&M Revenues** for operating and maintaining the systems
 - ✓ A fixed amount each month included under the 50-year contracts, subject to annual economic price adjustments (EPAs)
 - **Construction Revenues** for:
 - ✓ Renewal and Replacement of existing capital assets included under the 50-year contracts, subject to annual EPAs
 - ✓ Other Capital Upgrades are additional projects (including improvements and expansion to the existing water and wastewater infrastructure) that in many cases are outside the scope of the 50-year contracts and are granted through contract modifications

- ❑ Filings for EPAs and requests for equitable adjustment provide ASUS with **additional revenues and margin**

☐ **Strong dividend track record**

- Increased the dividend in 2020 by 9.8% achieving a **10-Year CAGR of 9.4% from 2010 - 2020**
- Increased dividends to shareholders each calendar year for 66 consecutive years
- Paid dividends to shareholders every year since 1931
- Targeting a compound annual growth rate **of more than 7%** over the long term. Given AWR's earnings growth prospects, there is room to grow the dividend

☐ **Growth potential in earnings**

- 2020 Diluted EPS of \$2.33 per share with a **10-Year CAGR of 10.9% from 2010 - 2020**
- Planned CapEx at **3.5-4.0 X** Depreciation increases rate base at the regulated utility businesses
- Significant recent success and growth prospects for the military base privatization business

☐ **Favorable regulatory environment in California**

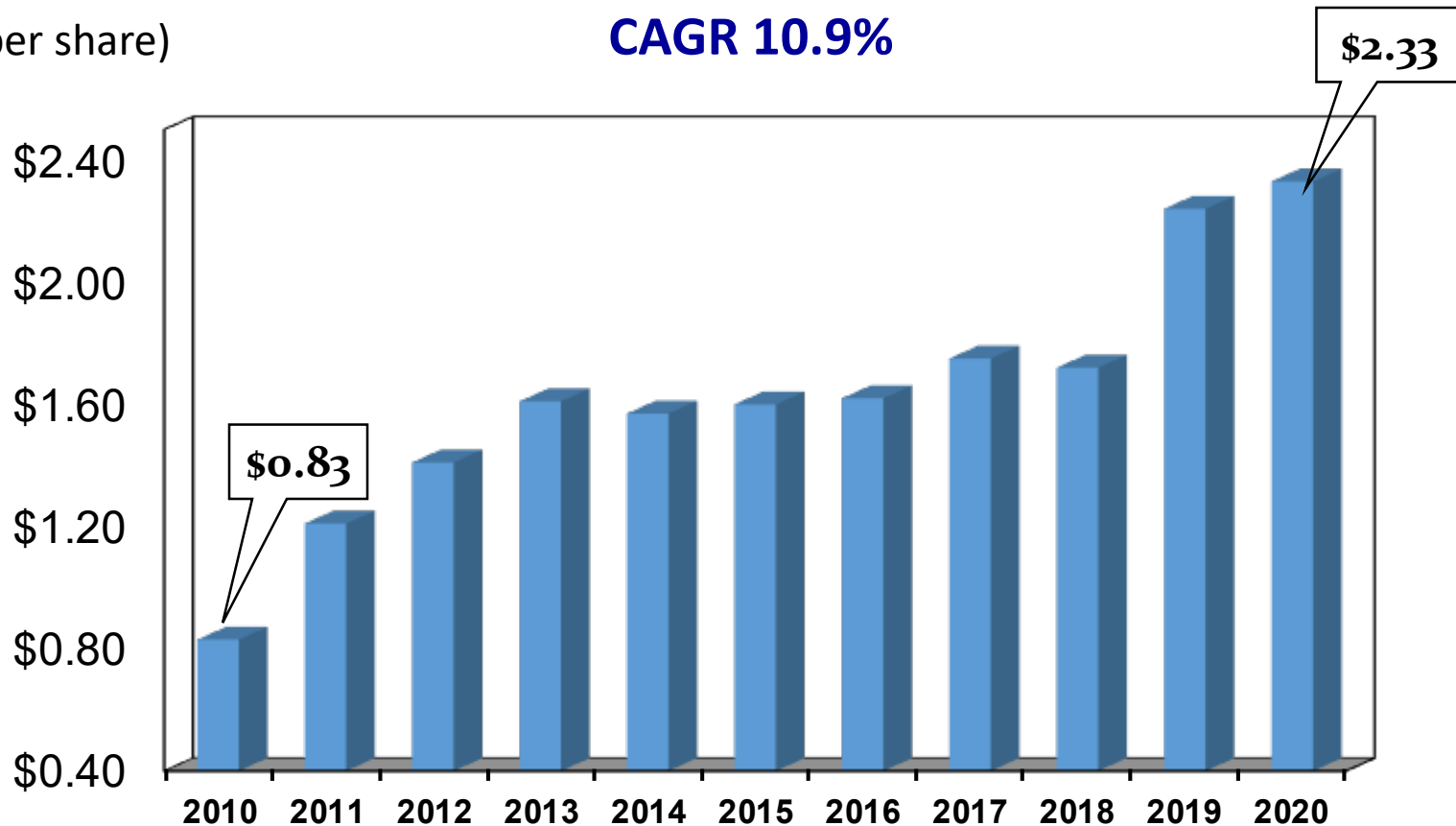
- Forward-looking (future) test years limit regulatory lag
- Recovery of / Return on Rate Base through the regulatory process
- Decouple revenue from sales to provide consistent returns through a Water Revenue Adjustment Mechanism (WRAM) that currently remains in effect (see slide 19) and a Base Revenue Requirement Mechanism (BRRAM)

- ❑ **Well-positioned for privatization and consolidation opportunities**
 - Highly fragmented industry; few publicly-traded players; high barriers to entry
- ❑ **Aggressive posture toward recovery of operating costs and CapEx**
- ❑ **Stable utility customer base**
- ❑ **Seasoned and committed management team and Board**
- ❑ **Significant gender diversity at the Board and senior management level**
 - Five of AWR's eight independent directors are women
- ❑ **Strong balance sheet:** "A+/A2" ratings – some of the highest in the industry
- ❑ **Valuable water rights portfolio:** AWR owns ~71,700 acre-feet of adjudicated groundwater rights and a significant number of unadjudicated groundwater rights. In addition, AWR owns ~11,300 acre-feet of surface water rights

Adjusted⁽¹⁾ Diluted EPS from Operations

(per share)

CAGR 10.9%

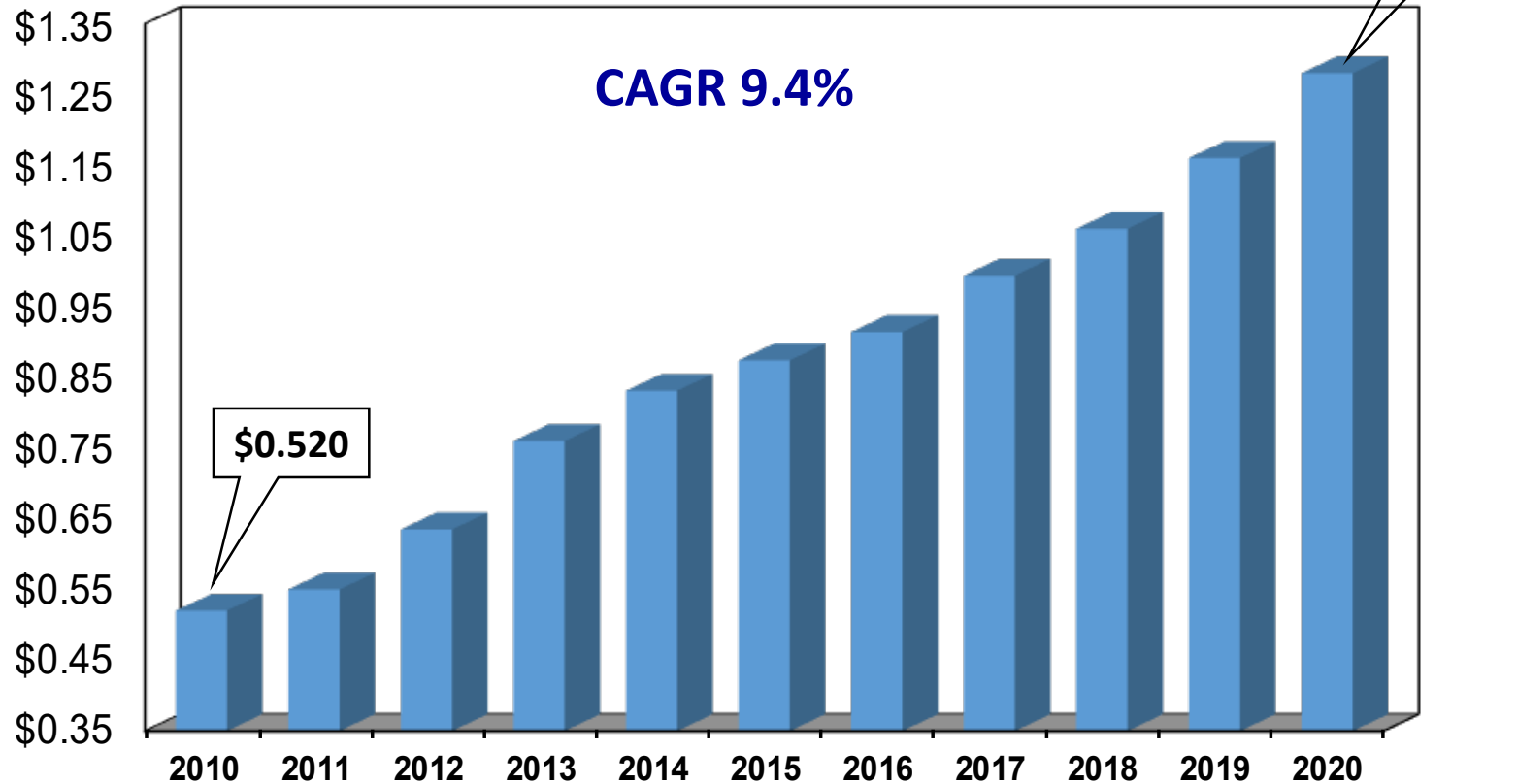


(1) 2010 **excludes** \$0.06 per share from discontinued operations; 2017 **excludes** \$0.13 per share gain on the sale of GSWC's Ojai water system, and 2019 **excludes** \$0.04 per share for the retroactive impact of the electric GRC related to 2018.

Dividend Growth

66 Consecutive Years of Dividend Increases

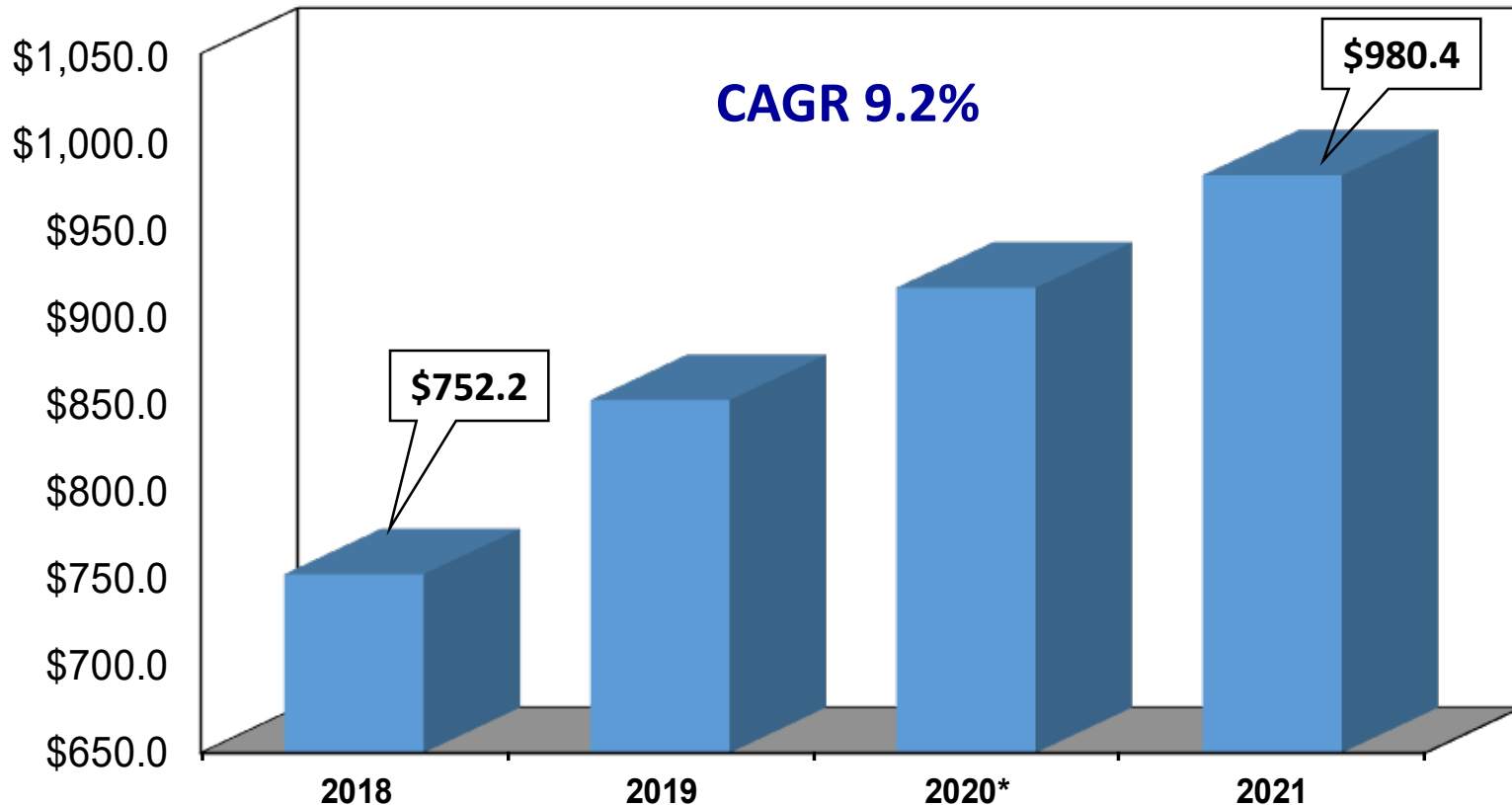
(per share)



*On July 28, 2020, the Board of Directors approved a 9.8% increase in the quarterly dividend
Targeting a dividend growth rate of more than 7% over the long term*

Adopted Average Water Rate Base

(in millions)



*Does not include \$20.4 million in advice letter projects

Note: The water segment has seen record high levels of capital spend in the last 3 years with \$340 million in infrastructure investment, resulting in a 3-year compound annual growth rate in actual rate base of almost 10%. GSWC has requested \$450.6 million of capital expenditures for the new three-year rate cycle and another \$11.4 million of advice letter projects in its GRC filing on July 15, 2020.



- ❑ **March 2021:** S&P affirmed an A+ credit rating with a negative outlook on both AWR and GSWC.
- ❑ **July 2020: A 9.8% increase** in the third quarter cash dividend, resulting in an increase in the annual dividend from \$1.22 per share to \$1.34 per share. This is in addition to a 10.9% increase in 2019, 7.8% in 2018, 5.4% in 2017, and 8% in 2016.
- ❑ **July 2020:** Effective July 1, 2020, completed a reorganization plan that transferred GSWC's electric division to Bear Valley Electric Service, Inc., a separate legal entity and wholly owned subsidiary of AWR.
- ❑ **2020:** Identified by the 50/50 Women on Boards organization as having a board gender diversity index of "Gender Balanced." AWR is one of 154 boards with that designation out of 2,982 boards rated of those companies that comprise the Russell 3000 Index. Five of AWR's eight independent directors are women, including the Chairman of the Board.

- ❑ **February 2021:** A request by GSWC along with the three other large Class A water utilities to postpone the cost of capital applications by another year was denied by the CPUC. Accordingly, GSWC will file its next cost of capital application by May 3, 2021 for the years 2022 – 2024.

The current returns and capital structure will remain in effect through 2021. In 2018, the CPUC issued a final decision in the cost of capital proceeding for GSWC and three other water utilities for the years 2018 – 2020. Last year the large water utilities sought a one-year deferral of the May 2020 cost of capital applications, which was approved in March 2020. Among other things, the final 2018 decision adopted for GSWC:

- An ROE of 8.90%
- A capital structure with 57% equity / 43% debt
- A return on rate base (RORB) of 7.91%

- **August 2020:** The CPUC issued a decision, which addressed various issues including eliminating the continued use of the WRAM and MCBA by investor-owned water utilities (IOWUs) in California beginning with general rate case (GRC) applications filed after the effective date (August 27, 2020). The final decision:
- provides the option for IOWUs to propose a limited price adjustment mechanism referred to as the Monterey-Style WRAM, and an incremental supply cost balancing account in its next GRC, and
 - will not have any impact on GSWC's WRAM & MCBA balances during the current GRC cycle, which covers the years 2019 – 2021.

In February 2021, a procedural hearing was held in GSWC's pending water general rate case that will set new rates for the years 2022 – 2024. In this procedural hearing, the assigned administrative law judge confirmed that GSWC is entitled to keep the use of the WRAM and MCBA through 2024.

On October 5, 2020, GSWC filed an application for rehearing on this matter.



- ❑ **July 2020:** GSWC filed a general rate case application, which will determine new water rates for the years 2022 – 2024. Among other things, GSWC requested capital budgets of ~\$450.6 million for the 3-year rate cycle, and another \$11.4 million of capital projects to be filed for revenue recovery when completed. A decision is scheduled for the fourth quarter of 2021 with new rates to become effective January 1, 2022.
- ❑ **July 2020:** GSWC completed the issuance of unsecured private placement notes totaling \$160 million. Because of its strong credit rating, GSWC was able to obtain favorable terms including historically low coupon rates of 2.17% (10-year) and 2.90% (20-year). GSWC used the proceeds from the notes to pay down the majority of its intercompany borrowings from AWR.
- ❑ **May 2020:** The CPUC approved GSWC's finance application requesting authority to issue additional long-term debt and equity securities not to exceed \$465 million to support its water operations.

- ☐ **May 2019:** The CPUC issued a final decision in the water general rate case, which sets new rates for the years 2019 – 2021. The final decision approves a settlement agreement in its entirety entered into by GSWC and the CPUC’s Public Advocates Office. Among other things, the final decision:
- Authorizes GSWC to invest approximately \$334.5 million in capital infrastructure over the three-year rate cycle
 - Increased the water gross margin by \$7.1 million in 2019 compared to 2018 adopted, which reflects a lower adopted depreciation expense of \$7.0 million and tax refunds of \$2.2 million due to tax reform (without these decreases, margin increases by \$16.3 million)
 - Allows for additional water gross margin increases in 2020 and 2021:
 - ✓ An additional increase of \$10.4 million in water gross margin was approved by the CPUC and the rate increases were effective January 1, 2020.
 - ✓ An additional increase of \$11.1 million in water gross margin was approved by the CPUC and the rate increases were effective January 1, 2021. The 2021 increases reflect updates to the inflationary index values.

- ❑ **January 2021:** The CPUC approved BVESI's second Wildfire Mitigation Plan, which among other things, approves capital projects and programs dedicated to improving system safety and reliability specifically aimed at reducing the possibility of wildfires. The first Plan had been approved in June 2019.
- ❑ **July 2020:** Effective July 1, 2020, began operating as a stand alone and wholly owned subsidiary of AWR, and established a separate 3-year, \$35 million revolving credit facility not guaranteed by AWR that will support the electric business' operations and capital expenditures. BVESI can request an increase in the facility by an additional \$15 million.
- ❑ **February 2020:** The electric division under GSWC received its initial safety certification from the CPUC, which under new California legislation improves electric utilities' ability to recover wildfire costs. In August 2020, the CPUC approved the transfer of the safety certification to the new subsidiary, BVESI.
- ❑ **December 2019:** The CPUC issued a final decision approving, among other things, the reorganization plan and BVESI's authority to issue long-term financing not to exceed \$75 million.

- **August 2019:** The CPUC issued a final decision in GSWC’s electric general rate case, which set new rates effective January 1, 2018. The final decision approves a settlement agreement in its entirety entered into by GSWC and the CPUC’s Public Advocates Office. Among other things, the final decision:
- Extends the rate cycle by one year (new rates are effective for 2018 – 2022),
 - Increases the electric gross margin for 2018 by approximately \$2.3 million compared to the 2017 adopted electric gross margin, adjusted for tax reform,
 - Authorizes BVES to construct all the capital projects requested in its application, which are dedicated to improving system safety and reliability and total approximately \$44 million over the 5-year rate cycle, and
 - Increases the adopted electric gross margin by \$1.2 million for each of the years 2019 and 2020, by \$1.1 million in 2021, and by \$1.0 million in 2022 (the rate increases for 2019 – 2022 are not subject to an earnings test).

Because the new rates were retroactive to January 1, 2018, the cumulative impact from the rate changes for the full year 2018 was recorded in 2019, which resulted in an increase to net earnings of \$0.04 per share.

- ❑ **July 2020:** Stuart Harrison was hired as the new Senior Vice President of ASUS. Stuart's experience and background includes:
 - Proven business development track record working with the Department of Defense (DOD)
 - Senior Vice President — Infrastructure and Engineering at Amentum (formerly AECOM) from 2011-2020
 - Vice President – Intelligence Community Programs at Parsons Corporation
 - Held various positions in the U.S. Army spanning 25 years
 - Education includes Master of Arts from U.S. Naval War College, Master of Science in Environmental Engineering from Pennsylvania State University and West Point graduate

- ❑ **Actively pursue** new military base privatizations for the DOD. In recent years, ASUS's success has included the award of two significant 50-year contracts that began operations at the following bases:
 - **June 2017** - Eglin Air Force Base in Florida, with a contract value of **\$702 million**
 - **July 2018** - Fort Riley in Kansas, with a contract value of **\$681 million**
 - ✓ Like all 50-year contracts, both of these are subject to annual economic price adjustments

- ❑ **ASUS continues** to pursue new construction work on the military bases it serves:
 - Despite delays due to COVID-19, during 2020, ASUS was awarded \$15.5 million in new construction projects to be completed during 2020 and 2021.
 - In 2019, 2018, 2017 and 2016, ASUS was awarded \$23.0 million, \$24.0 million, \$20.2 million and \$24.0 million, respectively
- ❑ **Update on Economic Price Adjustments (EPAs)** with the U.S. government for operating and maintaining the water and wastewater systems at the various military bases.
 - Pricing on all ASUS 50-year contracts with the U.S. government is current
 - All the contracts have successfully been converted to annual EPAs

- ❑ Deliver outstanding customer service
- ❑ Focus on operational efficiency to minimize costs to customers and determine additional ways to generate efficiencies through new technology implementation and process improvement
- ❑ Make prudent capital additions that enhance shareholder and customer value on a timely basis within approved rates:
 - In 2020, the Regulated Utilities invested **\$123.4 million** in company-funded capital. They expect to spend **\$120 – \$135 million** in 2021.
 - Adopted Average Water Rate Base at GSWC grows at a 3-Year CAGR of **9.2%** from 2018 through 2021.
- ❑ Earn the authorized return on equity and return on rate base

- Receive timely recovery of costs
- Maintain good working relationship with state regulatory commission
- Be proactive in managing resources and influencing policy
- Expand customer base through organic growth and acquisitions
- Employ management systems to conserve water and energy resources (see our *Corporate Social Responsibility Report* available at www.aswater.com)
- Maintain a strong water supply portfolio
- Purchase goods and services from diverse vendors

- Increase net income at the military bases currently served through:
 - Efficient operations
 - Requests for equitable adjustments
 - Economic price adjustments

- Increase the size and scope of our contracted services operations:
 - Further develop service opportunities on current military bases
 - Actively pursue numerous military bases still to be privatized; active bids are currently in process

- Earn higher returns on investment than the allowed returns for regulated utilities

- Deliver outstanding customer service

- ❑ GSWC meets its customers' water demand on average with:
 - **~55%** from GSWC's own groundwater sources
 - ✓ GSWC has a significant portfolio of adjudicated water rights
 - **~40%** purchased principally from the Metropolitan Water District (MWD) and its member agencies, imported from:
 - ✓ California State Water Project
 - ✓ Colorado River
 - **~5%** from surface water under contracts with the United States Bureau of Reclamation and the Sacramento Municipal Utility District

Environmental Strength

- ❑ Customer water usage at GSWC decreased ~30% since 2007, while the number of customers has increased.
- ❑ Capital improvement program at the regulated utilities has totaled \$612.8 million in the last five years (2016-2020), improving water and electric reliability and reducing water loss throughout our systems, including \$123.4 million in 2020 of which \$20.6 million was spent on environmental control facilities.
 - ✓ Capital spending in 2021 is expected to be \$120 - \$135 million, of which \$22.9 million will be on environmental control facilities
- ❑ The number of water leaks in GSWC's water utility systems has declined by nearly 40% over the last four years.
- ❑ In 2020, BVESI's renewable power represented 33% of total electric supply purchases. California's Renewable Portfolio Standards requirements continue to escalate, reaching 50% by 2026 and 100% carbon free by 2045.
- ❑ Our Environmental Guidelines commit to protecting the environment, ensuring the health and safety of our employees, our customers, and the diverse communities where we operate.
- ❑ California, home to our regulated utilities, is one of the leading states in the nation in setting environmentally-sensitive policies.

- ❑ Providing safe, reliable water, electricity and wastewater services to over one million customers every day including homes, commercial and industrial businesses, and military bases.
- ❑ Community service – giving back to our local communities and military programs. Our employees contributed 5,300 volunteer hours to various community events and activities in 2019.
- ❑ Doing business with a broad group of vendors - our regulated utilities spend with diverse suppliers was 27.7% in 2020, a four-fold increase since 2003. At ASUS, 68.6% of subcontract work was awarded to small businesses (2020).
- ❑ Diversity focus - Our workforce is representative of the U.S. workforce population in terms of ethnic diversity.

- 8 of 9 board members are independent, including the Chairman
- 5 of 8 (62.5%) independent board members are female
- 7 of 12 (58.3%) board members and senior officers are female
- 75% of the CEO's long-term equity awards are performance-based
- The Company maintains a clawback policy for its performance-based executive compensation
- No poison pill
- The Nominating and Governance Committee of the Board of Directors provides Sustainability oversight at the Board level. Updates to the CSR report and the issues and disclosures contained within, are reviewed by this committee.

We will continue to:

- Focus on growing the regulated utility businesses through necessary infrastructure replacement and water customer acquisition
- Improve efficiency of current operations at all business segments
- Pursue rate case and other regulatory filings timely
- Grow the contracted services business through additional military base privatizations and by developing significant opportunities for new construction work on the bases we currently serve
- Meet the needs of our customers and investors
- Be a leader in the industry by sticking to what we do best

***Providing value for investors and quality
service to the customer***



<http://www.aswater.com>