



American States Water Company Announces Favorable Ruling by the California Supreme Court Vacating the CPUC's Prior Decision to Discontinue Use of a Full Revenue Decoupling Mechanism by Water Utilities

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SAN DIMAS, Calif.--(BUSINESS WIRE)--Jul. 10, 2024-- American States Water Company (AWR: NYSE) announced today that the California Supreme Court (the "Court") issued a ruling on July 8, 2024 that set aside a previously issued order by the California Public Utilities Commission ("CPUC") in August 2020, which had mandated the discontinuation of an existing full revenue decoupling mechanism known as the Water Revenue Adjustment Mechanism ("WRAM") used by investor owned water utilities since 2008 that, in conjunction with tiered rates, incentivizes water conservation. In response to the CPUC's order, AWR's regulated water utility, Golden State Water Company ("GSWC"), three other investor-owned water utilities and the California Water Association each separately filed a petition in 2021 with the Court to review the CPUC's decision-making processes that resulted in discontinuing the use of the WRAM. As a result of the Court's decision, portions of the CPUC's August 2020 order, including the accompanying findings and conclusions that eliminated the water utilities' abilities to request the WRAM, are being vacated.

To encourage water conservation, the CPUC in 2008 recommended that water utilities implement tiered rates, where customers pay more per unit of water used as they use more water. In exchange for implementing the tiered rates, the CPUC allowed water utilities, including GSWC, to "decouple" revenue from the amount of water sold and authorized the use of the WRAM. Since their implementation in 2008, the tiered rates and the WRAM have promoted conservation while mitigating fluctuations in GSWC's earnings due to changes in water consumption by its customers. In August 2023, GSWC filed a general rate case application for all its water regions and the general office that will determine new water rates for the years 2025 – 2027. Among other things, GSWC had requested the continuation of tiered rates and mechanisms to accommodate fully decoupled revenues and sales.

"We are very pleased with the Court's decision and its positive impact on conservation in California," stated Robert J. Sprowls, President and CEO of American States Water Company. "We have seen the favorable effects on conservation since implementing the tiered rates and this decoupling mechanism in 2008. Water usage per customer by GSWC customers was 41.6% lower in 2023 than in 2007, without compromising the financial stability of GSWC. This stability allows the company to attract capital for investments in its infrastructure that enable us to provide safe and reliable services to our customers, and permits continued growth of our dividends paid to shareholders."

Forward-Looking Statements

Certain matters discussed in this press release with regard to the company's expectations may be forward-looking statements that involve risks and uncertainties. The assumptions and risk factors that could cause actual results to differ materially include those described in the company's most recent Form 10-Q and Form 10-K filed with the Securities and Exchange Commission.

About American States Water Company

American States Water Company is the parent of Golden State Water Company, Bear Valley Electric Service, Inc. and American States Utility Services, Inc., serving over one million people in ten states. Through its water utility subsidiary, Golden State Water Company, the company provides water service to approximately 264,200 customer connections located within more than 80 communities in Northern, Coastal and Southern California. Through its electric utility subsidiary, Bear Valley Electric Service, Inc., the company distributes electricity to approximately 24,800 customer connections in the City of Big Bear Lake and surrounding areas in San Bernardino County, California. Through its contracted services subsidiary, American States Utility Services, Inc., the company provides operations, maintenance and construction management services for water distribution, wastewater collection, and treatment facilities located on twelve military bases throughout the country under 50-year privatization contracts with the U.S. government and one military base under a 15-year contract.

American States Water Company has paid dividends to shareholders every year since 1931, increasing the dividends received by shareholders each calendar year for 69 consecutive years, which places it in an exclusive group of companies on the New York Stock Exchange that have achieved that result. The company has achieved an 8.1% compound annual growth rate in its calendar year dividend payments from 2013 – 2023.

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Source: American States Water Company