



## **American States Water Company Confirms Lower Rating Issued by Standard & Poor's and Announces Agreement Reached with the Office of Ratepayer Advocates of the California Public Utilities Commission**

April 23, 2004

SAN DIMAS, Calif.--(BUSINESS WIRE)--April 22, 2004--American States Water Company (NYSE:AWR) today confirmed that Standard & Poor's ("S&P") has lowered its corporate credit rating from A+/stable to A-/negative. In other actions, S&P also lowered the senior unsecured debt rating from A+/stable to A-/negative for the Southern California Water unit of American States Water Company.

According to the news release from S&P, the decision reflects the Company's weakened financial profile due to dependence on the California Public Utilities Commission ("CPUC") to provide adequate rate recovery to offset increased operating and capital costs. The corporate credit rating reflects the creditworthiness of the Company's principal utility subsidiary, Southern California Water Company ("SCW").

Commenting on S&P's actions, President and Chief Executive Officer Floyd E. Wicks stated: "While we understand the concerns expressed by S&P regarding timely and adequate rate relief, significant progress has been made, beginning late in the first quarter of 2004, to generate increased cash flow through rate increases. The CPUC has approved a 3-year, \$12.8 million rate increase of which \$8.1 million was effective on March 22, 2004. In addition, the Company signed a stipulation agreement with Office of Ratepayer Advocates of the CPUC that, if approved by the CPUC, will generate an additional 3-year increase in revenues of \$15.1 million, of which \$4.7 million is expected to be implemented during the third quarter of 2004. Even though this latter increase will not be decided until the 3rd quarter, a new law in California, effective for rate cases filed after January 1, 2003, provides for the increase to be made retroactive to January 1, 2004. The new law is fair to customers as well as shareholders, since unproductive delays at the CPUC only cause the higher cost of capital to be embedded in the rates to customers."

Wicks further commented, "We remain committed to the pursuit of justified increases in revenues to support the service needs of our customers and to provide a reasonable return for our shareholders."

Certain matters discussed in this news 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 Form 10-Q and Form 10-K filed with the Securities and Exchange Commission.

American States Water Company (AWR) is the parent company of Southern California Water Company, American States Utility Services, Inc. and Chaparral City Water Company. Through its subsidiaries, AWR provides water service to 1 out of 30 Californians located within 75 communities throughout 10 counties in Northern, Coastal and Southern California and to approximately 12,000 customers in the city of Fountain Hills, Arizona and portions of Scottsdale, Arizona. The Company distributes electricity to approximately 22,000 customers in the Big Bear recreational area of California and contracts with various municipalities in both California and Arizona to provide services to an additional 97,000 customers.

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