



American States Water Company Announces Third Quarter 2002 Results

October 31, 2002

SAN DIMAS, Calif., Oct 31, 2002 (BUSINESS WIRE) -- American States Water Company (NYSE:AWR) today reported basic earnings of \$0.50 per common share for the third quarter of 2002 as compared to basic earnings of \$0.62 per common share reported for the third quarter of last year. Diluted earnings per share for the third quarter of 2002 and 2001 were \$0.50 and \$0.62 per share, respectively.

Basic earnings per share for the twelve months ended September 30, 2002 were reported at \$1.30 per common share, a decrease of 4.5% from the \$1.36 reported for the twelve months ended September 30, 2001. Diluted earnings per share were \$1.30 and \$1.35 for the twelve months ended September 30, 2002 and September 30, 2001, respectively.

Commenting on the reported results, President & Chief Executive Officer Floyd E. Wicks said, "Results for the recent quarter ended reflect performance at our Southern California Water Company ("SCW") unit. Water revenues were relatively flat during the two comparable quarters due to a lack of rate relief originally projected for January of this year. The delay in the rate relief was due to certain language in the original order. The California Public Utilities Commission's ("CPUC") recently approved SCW's motion to amend the language. We have filed for a rate increase that may be implemented before year-end. In November 2001, the CPUC eliminated the supply cost balancing accounts. The effect on AWR's gross margin approximates a \$0.05 per share impact on year-to-date earnings. All other operating, maintenance and interest costs increased during the third quarter, after the rigid controls of our cash preservation plan were lifted following approval by the CPUC of a rate increase at our Bear Valley Electric division. We are also diligently pursuing two general rate case applications with the CPUC that will be effective in 2004. The twelve-month comparison is also affected by many of the same items impacting the quarterly results. We believe, however, that the fourth quarter of this year will improve over the same quarter of last year since we no longer need to book reserves against the potential of unrecoverable electric power costs. We continue to be pleased at the significant customer growth at our Chaparral City Water Company unit in Arizona and the recent CPUC rate approvals at our Bear Valley Electric division that have improved cash flow."

Third Quarter 2002 Results

The Company reported operating income of \$11.9 million and net income of \$7.6 million in the third quarter of 2002. In the third quarter of last year, operating income was reported at \$13.4 million and net income at \$9.5 million.

Total revenues for the third quarter of 2002 increased by 3.7% to \$61.6 million as compared to \$59.4 million reported in 2001. Water revenues increased slightly by 0.8% while electric revenues increased by \$1.7 million reflecting rate increases and an 8.0% increase in kilo-watt-hour sales at SCW's electric division.

For the third quarter of 2002, total operating expenses increased by 8.1% to \$49.7 million compared with the \$46 million recorded for the same period last year principally reflecting additional supply costs, operations and maintenance expense and administrative and general expense.

Interest charges were \$4.4 million in the third quarter of 2002 compared to \$3.9 million in the third quarter of 2001 due to additional long-term debt issued by SCW in December 2001.

Twelve Months Ended September 30, 2002 Results

The Company reported operating income for the twelve months ended September 30, 2002 of \$36.8 million and net income of \$19.7 million as compared with operating income of \$36.4 million and net income of \$20.7 million for the twelve months ended September 30, 2001.

Total revenues for the twelve months ended September 30, 2002 increased by 6.6% to \$206.8 million from the \$194.1 million recorded for the same period in 2001. As compared to the twelve months ended September 30, 2001, water revenues for the twelve months ended September 30, 2002 increased by \$8.5 million due to rate increases at SCW implemented in 2001 and a 4.1% increase in sales volumes. Electric revenues increased by \$4.2 million for the twelve months ended September 30, 2002 reflecting rate increases, primarily for previously un-recovered power costs.

Total operating expenses increased by 7.8% to \$170.1 million for the twelve months ended September 30, 2002 as compared to the \$157.7 million recorded for the same period ended September 30, 2001. The increase between the two periods reflects increased supply costs, depreciation expense, and reserves booked during 2001 against possible non-recovery of a portion of electric power costs incurred to serve SCW's electric division.

Interest charges increased by 11.5% to \$17.1 million for the twelve months ended September 30, 2002 compared to \$15.3 million for the same period ended September 30, 2001 primarily reflecting additional long-term debt issued by SCW.

Other

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 is a holding company that, through its subsidiaries, 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 11,500 customers in the city of Fountain Hills, Arizona and portions of Scottsdale, Arizona. The Company distributes electricity to approximately 21,000 customers in the Big Bear recreational

area of California, and contracts with various municipalities and private entities in both California and Arizona to provide services to an additional 90,000 customers.

Conference Call

The Company will host a conference call on Thursday, October 31, 2002 at 11:00 a.m. Pacific Standard Time (PST), during which management will be making a brief presentation focusing on the Company's results, strategies, and operating trends. Interested parties may listen to the conference call over the Internet by logging onto www.aswater.com. The call will also be recorded and replayed beginning Thursday, October 31, 2002 at 2:00 p.m. PST and will run through Thursday, November 7, 2002 until 2:00 p.m. PST. The dial-in number for the audio replay is 800/642-1687 (conference ID# 6258759).

American States Water Company				
Consolidated				
Comparative Condensed Balance Sheets (in thousands)				
	September 30,		September 30,	
	2002		2001	
	(Unaudited)			
Assets				
Utility Plant-Net		\$ 558,393		\$ 529,679
Other Property and Investments		24,000		24,710
Current Assets		80,644		68,693
Deferred Charges		34,721		31,002
		\$ 697,758		\$ 654,084
Capitalization and Liabilities				
Capitalization		\$ 453,285		\$ 398,379
Current Liabilities		64,836		86,896
Other Credits		179,637		168,809
		\$ 697,758		\$ 654,084
Condensed Statements of Income				
(in thousands, except per share amounts)				
	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2002	2001	2002	2001
	(Unaudited)			
Operating Revenues	\$ 61,612	\$ 59,410	\$ 206,842	\$ 194,106
Operating Expenses:				
Operations	\$ 35,311	\$ 31,047	\$ 120,857	\$ 106,761
Maintenance	2,546	1,767	9,206	8,975
Depreciation and amortization	4,622	4,486	18,216	17,528
Taxes on income	5,207	6,739	14,158	16,700
Property and other taxes	2,062	1,999	7,654	7,747
Total operating expenses	\$ 49,748	\$ 46,038	\$ 170,091	\$ 157,711
Net operating income	\$ 11,864	\$ 13,372	\$ 36,751	\$ 36,395
Other Income (Expense)	157	(53)	39	(389)
Income Before Interest Charges	\$ 12,021	\$ 13,319	\$ 36,790	\$ 36,006
Interest Charges	4,382	3,865	17,087	15,330
Net Income	\$ 7,639	\$ 9,454	\$ 19,703	\$ 20,676
Dividends on Preferred Shares	-	(21)	(50)	(84)
Earnings Available for Common Shareholders	\$ 7,639	\$ 9,433	\$ 19,653	\$ 20,592
Weighted Average Shares Outstanding	15,154	15,120	15,131	15,120
Earnings Per Common Share	\$ 0.50	\$ 0.62	\$ 1.30	\$ 1.36
Weighted Average Diluted Shares	15,170	15,257	15,146	15,240
Earnings Per Diluted Share	\$ 0.50	\$ 0.62	\$ 1.30	\$ 1.35
Dividends Paid Per Common Share	\$ 0.22	\$ 0.22	\$ 0.87	\$ 0.87

CONTACT: American States Water Co., San Dimas
McClellan Harris III, 909/394-3600, extension 705