



American States Water Company Announces Earnings for the Three and Twelve Months Ended December 31, 2001

February 19, 2002

SAN DIMAS, Calif., Feb 19, 2002 (BUSINESS WIRE) -- American States Water Company (NYSE:AWR) today reported basic earnings of \$2.02 per share for the twelve months ended December 31, 2001 as compared to basic earnings of \$1.92 per share reported for the same period ended December 31, 2000, an increase of 5.2%. For the year ended December 31, 2001, fully diluted earnings were \$2.00 per share compared to fully diluted earnings of \$1.91 per share for the year ended December 31, 2000.

Commenting on the results for 2001, President & Chief Executive Officer Floyd E. Wicks said, "We are very pleased with the results reported today. The year just ended was one of significance in the Company's 73-year history. During 2001, management implemented a cash preservation plan in order to provide for sufficient liquidity while we dealt with matters related to recovery of electric power costs at the Bear Valley electric division of our Southern California Water Company ("SCW") unit.

"I am pleased to report that a settlement agreement among all parties has been signed that allows SCW to recover from its customers approximately 88% of our average electric supply costs. In addition, the Company will attempt to renegotiate its existing power supply contracts to lower its costs further. Despite the challenges during the year, the reported results continue to underscore management's emphasis on growth in core earnings, coupled with the effects of making strategic acquisitions that make economic sense. We continue to believe that prudent management will lead to positive results for shareholders and customers alike."

Wicks stated further, "We are also pleased by the recent decision issued by the California Supreme Court regarding the various water quality-related lawsuits in which we are involved. We concur with the Court's view that water that meets state and federal standards should not form the basis of claims against state-regulated water utilities.

"The ruling rejected plaintiff's claims that state and federal standards adopted by the CPUC are or were inadequate. Although nothing in the ruling prohibits plaintiffs from filing future lawsuits, or continuing the current ones, any potential award must be based on a 'factual finding' that we did not comply with the applicable standards."

Full Year 2001 Results -- The Company reported operating income of \$36.7 million and net income of \$20.4 million for the year ended December 31, 2001 compared with operating income of \$32.3 million and net income of \$18.1 million for the year ended December 31, 2000.

Total revenues for 2001 increased by 7.4% to \$197.5 million as compared to \$184.0 million reported in 2000, due to various rate increases effective during the year at its SCW unit that were partially offset by a 3.4% decline in water sales, and the inclusion in consolidated results of the acquisition of Chaparral City Water Company ("CCWC") in Arizona. Of the total increase in revenues, water revenues increased by 7.5% while electric revenues increased by 6.2%.

Total operating expenses in 2001 increased by 6.0% to \$160.8 million from the \$151.7 million reported in 2000. The increase was due principally to charges related to approximately \$7.5 million in reserves booked in 2001 against potential non-recovery of electric supply costs included in administrative and general expenses. Net supply costs, including charges in the balancing account, decreased by 3.1% due to a favorable water supply mix. On average, other categories of expense increased only slightly due to the cash preservation plan.

Interest charges increased by 11.4% reflecting the debt assumed in the acquisition of CCWC as well as additional \$20 million in long-term debt issued by SCW in early 2001.

Other expense increased significantly from last year due principally to the write-off of costs incurred during SCW's acquisition of Peerless Water Company, following the CPUC's denial of the application in 2001.

Fourth Quarter 2001 Results -- The Company reported basic and fully diluted earnings for the quarter ended December 31, 2001 of \$0.28 per share, a decrease of 6.7% from the \$0.30 reported for the quarter ended December 31, 2000.

Operating income for the fourth quarter of 2001 was \$7.1 million and net income was \$2.8 million as compared with operating income of \$6.8 million and net income of \$3.1 million for the fourth quarter of 2000.

Total operating revenues for the fourth quarter of 2001 increased by 7.7% to \$48.0 million as compared to the \$44.5 million recorded in the fourth quarter of 2000, due to various water and electric rate increases effective during the year at its SCW unit and the addition of CCWC. Water revenues for the quarter ended December 31, 2001 increased by 6.9% from the same quarter ended December 31, 2000 while electric revenues increased by 16.3%.

Total operating expenses increased by 8.2% to \$40.9 million for the three months ended December 31, 2001 as compared to the \$37.7 million recorded for the same period in 2000. Between the two reporting periods, administrative and general expense increased by 57.7% reflecting reserves booked against potential non-recovery of electric power costs, the effects of which were partially offset by decreases in tax expense.

Interest charges increased by 11.3% to \$4.0 million for the quarter ended December 31, 2001 as compared to interest charges of \$3.6 million for the quarter ended December 31, 2000. The increase is due primarily to interest accrued on \$20 million in long-term debt issued by SCW in the first quarter of 2001 as well as interest accrued on an additional \$50 million in long-term debt issued in December 2001.

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.

American States Water Company				
Comparative Condensed Balance Sheets (in thousands)				
	December 31,		December 31,	
	2001		2000	
	(Unaudited)			
Assets				
Utility Plant-Net	\$539,842		\$509,096	
Other Property and Investments	24,552		25,222	
Current Assets	87,789		52,480	
Deferred Charges	32,029		29,848	
	\$684,212		\$616,646	
Capitalization and Liabilities				
Capitalization	\$447,554		\$371,095	
Current Liabilities	63,636		80,217	
Other Credits	173,022		165,334	
	\$684,212		\$616,646	
Condensed Statements of Income				
	(in thousands, except per share amounts)			
	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
	(Unaudited)			
Operating Revenues	\$47,943	\$44,535	\$197,514	\$183,960
Operating Expenses	40,859	37,747	160,822	151,653
Operating Income	7,084	6,788	36,692	32,307
Other Income (Expense)	(287)	(166)	(510)	(99)
Income Before Interest Charges	6,797	6,622	36,182	32,208
Interest Charges	3,974	3,569	15,735	14,122
Net Income	2,823	3,053	20,447	18,086
Dividends on Preferred Shares	(21)	(22)	(84)	(86)
Earnings Available for Common Shareholders	2,802	3,031	20,363	18,000
Basic Earnings Per Common Share	\$ 0.28	\$ 0.30	\$ 2.02	\$ 1.92
Average Shares Outstanding	10,080	10,079	10,080	9,380
Full Diluted Earnings Per Common Share	\$ 0.28	\$ 0.30	\$ 2.00	\$ 1.91
Average Diluted Shares Outstanding	10,171	10,125	10,171	9,411
Dividends Paid Per Common Share	\$ 0.325	\$ 0.325	\$ 1.30	\$ 1.285

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