



## **American States Water Company Confirms Change of Rating Outlook to Stable**

February 15, 2005

SAN DIMAS, Calif.--(BUSINESS WIRE)--Feb. 15, 2005--American States Water Company (NYSE:AWR) today confirmed that Moody's Investor Services ("Moody's") has changed the rating outlook for \$175 million of senior unsecured debt at AWR's Southern California Water Company (SCW) subsidiary from negative to stable. Moody's rating on SCW's senior unsecured debt remains at A2.

According to Moody's, "The revision of the outlook to stable reflects a modest improvement in the company's recent financial performance and the expectation that its funds from operations will increase significantly in 2005 due to rate increases. Additionally, the stable outlook considers the relatively predictable revenues and funds from operations that are generated by Southern California Water's regulated water utility operations, with a stable customer base that consists primarily of residential and commercial customers."

Commenting on Moody's actions, AWR's President and Chief Executive Officer Floyd E. Wicks stated: "We are very pleased with Moody's decision to change the outlook for senior unsecured debt at our SCW subsidiary and we appreciate the efforts they put forth to understand the issues confronting our company and the industry in which we operate. This review focused on the timely and adequate rate relief we originally saw taking shape in 2004 that is now, in 2005, providing much needed cash flow increases."

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 the parent 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 also distributes electricity to approximately 22,000 customers in the Big Bear recreational area of California. Through its non-regulated subsidiary, American States Utility Services, the company contracts with various municipalities, the U.S. Government and private entities to provide various services, including billing and meter reading, water marketing and operation and maintenance of water and wastewater systems.

CONTACT: American States Water Company  
Robert J. Sprowls, 909-394-3600, ext. 647

SOURCE: American States Water Company