

Corporate Presentation



American States
Water Company

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NYSE: AWR

Forward-Looking Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can often be identified by words such as “anticipate,” “estimate,” “expect,” “intend,” “may,” “should” and similar phrases and expressions, and variations or negatives of these words. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them.

The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors, including those described in greater detail in the company’s filings with the Securities and Exchange Commission (SEC), particularly those described in the company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Readers are encouraged to review the company’s filings with the SEC for a more complete discussion of the risks and other factors that could affect any forward-looking statements. The statements made herein speak only as of the date of this presentation and except as required by law, the company does not undertake any obligation to publicly update or revise any forward-looking statement.

Non-GAAP Financial Measures

- ❑ This presentation includes a discussion of certain financial measures that are not prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States, and constitute "non-GAAP financial measures" under SEC rules. These non-GAAP financial measures are derived from consolidated financial information but are not presented in our financial statements that are prepared in accordance with GAAP.
- ❑ Non-GAAP financial measures in this presentation include references to diluted earnings per share by business subsidiary/segment, which is based on each business segment's net income divided by the company's weighted average number of diluted shares. Furthermore, when presenting 10-year historical consolidated diluted EPS, certain adjustments have been made to the current year and some of prior years' diluted EPS to help facilitate comparisons of performance from period to period, including the impact of delays in various CPUC proceedings and the significant impact in certain years of the gains or losses on investments held to fund a retirement plan.
- ❑ Non-GAAP financial measures supplement our GAAP disclosures and should not be considered as alternatives to the GAAP measures. Furthermore, the non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures of other registrants. The company uses non-GAAP measures in evaluating its operating results and believes these measures are useful internal benchmarks in evaluating the performance of its operating segments. The company reviews these measures regularly and compares them to historical periods and to the operating budget. The computations and reconciliations of recently used non-GAAP measures to the most directly comparable GAAP measures are presented in the company's most recently filed Form 10-K with the SEC.

AWR is a low volatility water utility with a secure and growing dividend, operating in a constructive regulatory environment in California, along with a growing unregulated contracted services business serving military bases under 50-year contracts⁽¹⁾

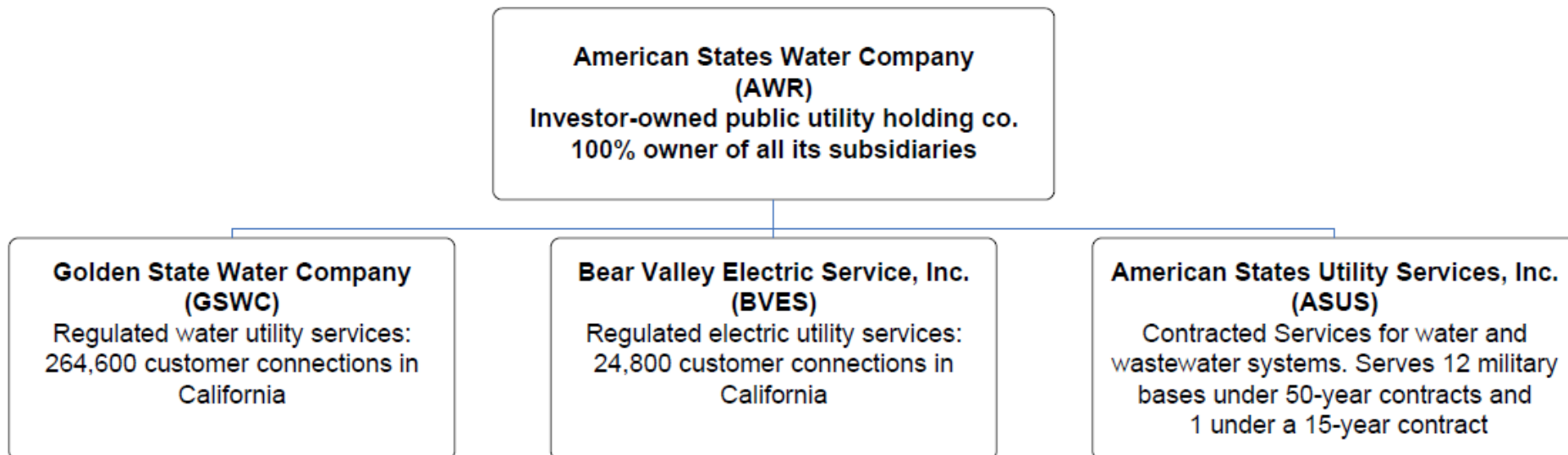
- ❑ Listed on the NYSE: AWR
- ❑ AWR debt rating → A Stable
- ❑ GSWC debt ratings → A+ Stable/A2 Stable
- ❑ As of December 9, 2024:
 - ~38.2 million common shares outstanding
 - Institutional Ownership → ~80%⁽²⁾
 - 52-week low/high → \$66.03/\$87.50⁽²⁾
 - Average daily volume → ~220,100 shares (3 months)⁽²⁾
 - Market capitalization → ~\$3.1 billion⁽²⁾
 - Dividend yield → 2.27%⁽²⁾



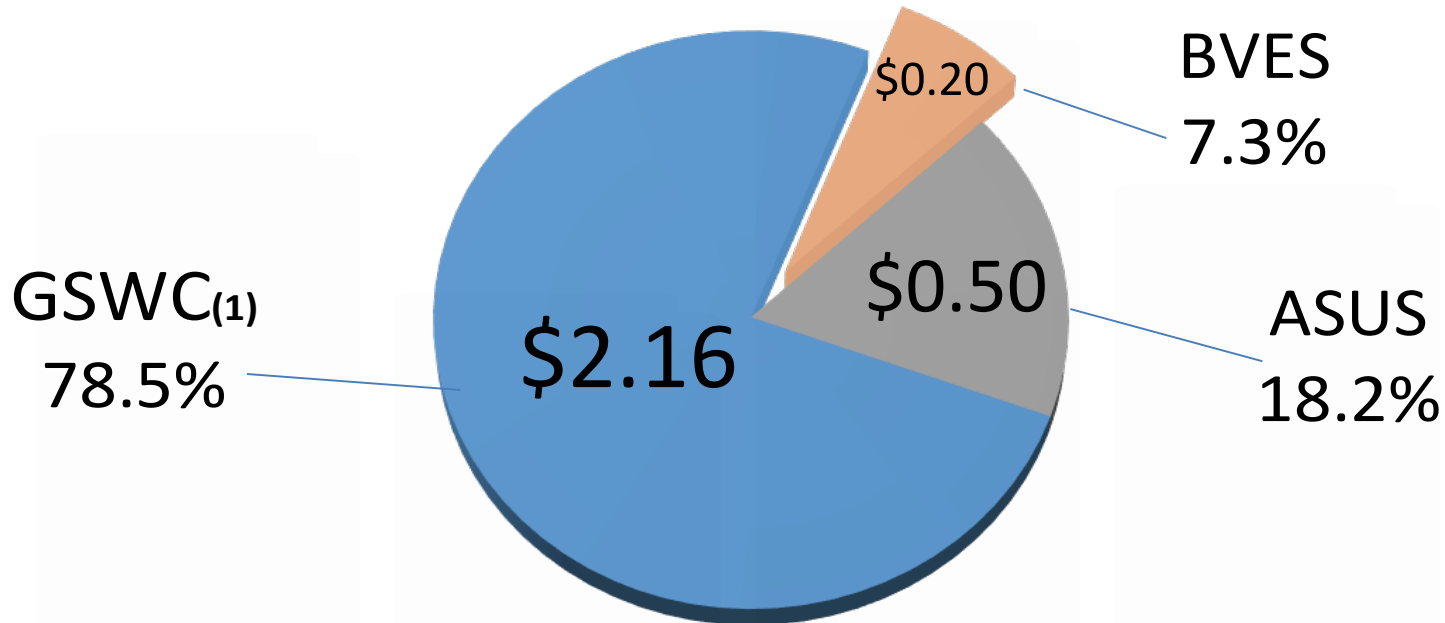
(1) The contracted services business has one 15-year contract that was awarded in September 2023

(2) Source: Yahoo! Finance

Company Organizational Structure



2023 Adjusted⁽¹⁾ Earnings per Share by Subsidiary



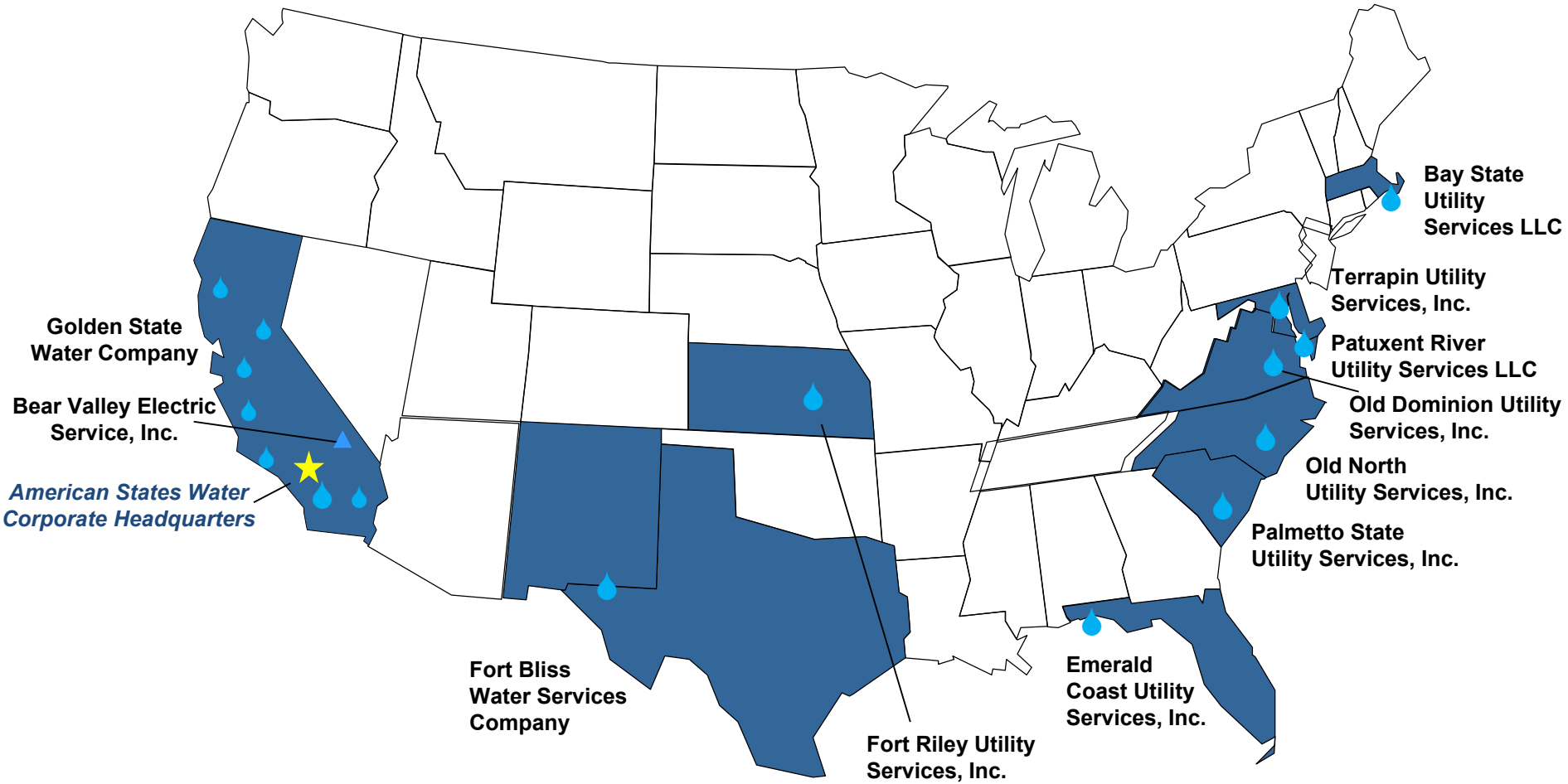
Note: The pie chart above sets forth the adjusted diluted earnings per share contribution by business subsidiary/segment, but **excludes** a negative \$0.10 per share reported at AWR (parent) in 2023 and the effects of rounding down by \$0.01 per share.

(1) Consolidated and GSWC fully diluted earnings per share **as reported** for 2023 were **\$3.36 and \$2.77 per share**, respectively.

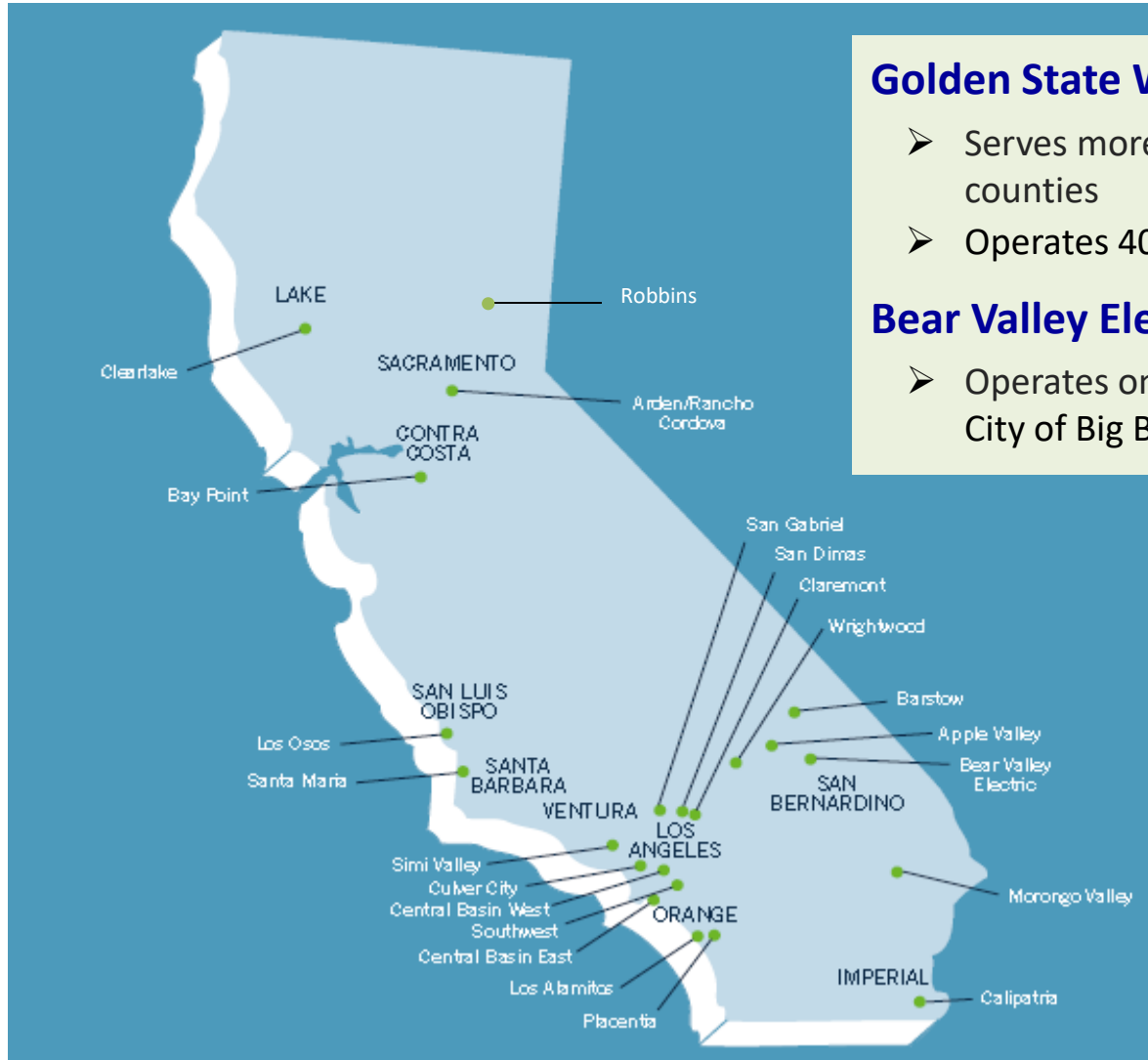
Adjusted AWR and GSWC 2023 earnings per share of \$2.75 and \$2.16, respectively:

- **Excludes** the impact of retroactive rates of \$0.38 per share related to the full year of 2022 that was recorded in 2023 due to receiving a final decision in the water utility general rate case in June 2023.
- **Excludes** the reversal of revenues subject to refund previously recorded in 2022 of \$0.13 per share following the receipt of a final decision in the cost of capital proceeding in June 2023.
- **Excludes** a \$0.10 per share gain on investments held to fund a retirement plan.

AWR Service Area Map



Regulated Utilities Service Area Map



Golden State Water Company

- Serves more than 80 communities in 10 counties
- Operates 40 water systems

Bear Valley Electric Service, Inc.

- Operates one electric system that serves the City of Big Bear Lake and surrounding areas

❑ The Company's **regulated utilities (GSWC and BVES)**:

- Represented 80% and 88% of recorded AWR revenues and net income, respectively, in 2023
 - ✓ The regulated **water utility** under GSWC represented 73% and 82% of AWR recorded consolidated revenues and net income, respectively, in 2023
- GSWC and BVES have a stable customer base, with about 90% of revenues derived from residential and commercial customers

❑ GSWC & BVES are separately regulated by the California Public Utilities Commission (CPUC)

- **Revenue Requirement includes:**
 - ✓ Dollar for dollar recovery of projected operating expenses, plus
 - ✓ Rate of return on rate base (including projected CapEx)
- **GSWC and BVES recover their capital investment from customers** over the life of the asset through annual depreciation and a return on their undepreciated capital assets

- ❑ **ASUS**, the company's **contracted services subsidiary** was established in 1998 and provides the company with:
 - A relatively low risk, growth investment
 - ✓ Allows AWR to capitalize on its competencies in operating water systems and in offering related services
 - Opportunities to improve companywide returns
 - A vehicle to diversify risk
 - ✓ By investing in high-growth states, similar to the way an investment manager diversifies risk by owning several different securities
 - A contributor to funding AWR's dividend to shareholders and covering the cost of being a publicly-traded company

- ❑ **ASUS** provides operations, maintenance and construction management services for water distribution and wastewater collection and treatment facilities at **12 military bases in nine states under 50-year privatization contracts and one military base under a 15-year contract** with the U.S. government:

- Fort Bliss in El Paso, Texas (parts in New Mexico)
- Joint Base Andrews in Maryland
- Fort Gregg-Adams (formerly Fort Lee) in Virginia (wastewater only)
- Joint Expeditionary Base Little Creek – Fort Story and Joint Base Langley - Eustis in Virginia
- Fort Jackson in Columbia, South Carolina
- Fort Liberty (formerly Fort Bragg), Pope Army Airfield, and Camp Mackall in Fayetteville, North Carolina
- Eglin Air Force Base in Florida
- Fort Riley in Kansas
- Naval Air Station Patuxent River in Maryland – was awarded in August 2023
- Joint Base Cape Cod in Massachusetts – 15-year contract awarded in September 2023

- ❑ ASUS is well positioned to continue competing for new contracts in the future

- ❑ Under each of the 50-year contracts with the U.S. government, ASUS has the following revenue streams:
 - **O&M Revenues** for operating and maintaining the systems
 - ✓ A fixed amount each month included under the 50-year contracts, subject to annual economic price adjustments (EPAs)
 - **Construction Revenues** for:
 - ✓ Renewal and Replacement of existing capital assets included under the 50-year contracts, subject to annual EPAs
 - ✓ Other Capital Upgrades are additional projects (including improvements and expansion to the existing water and wastewater infrastructure) that in many cases are outside the scope of the 50-year contracts and are granted through contract modifications
- ❑ Filings for EPAs and requests for equitable adjustment provide ASUS with **additional revenues and operating income**

Prime Investment Considerations

❑ Growth potential in earnings

- 2023 Adjusted EPS of \$2.75 per share with a **5-Year CAGR on Adjusted EPS from Continuing Operations of 9.8% through 2023**
- Planned CapEx at **3.5-4.0 X** Depreciation increases rate base at the regulated utility businesses
- Significant recent success and growth prospects for our business that focuses on the privatization of water and wastewater systems on military bases

❑ Strong dividend track record

- Increased the quarterly dividend in 2024 by 8.3% achieving a **5-Year CAGR of 8.8% through 2024⁽¹⁾**
- Increased dividends to shareholders each calendar year for 70 consecutive years
- Paid dividends to shareholders every year since 1931
- Targeting a compound annual growth rate **of more than 7%** over the long term. Given AWR's earnings growth prospects, there is room to grow the dividend

❑ Favorable regulatory environment in California

- Forward-looking (future) test years limit regulatory lag
- Recovery of / Return on Rate Base through the regulatory process
- Decouple revenue from sales to provide consistent returns through a Water Revenue Adjustment Mechanism (WRAM) for GSWC that currently remains in effect and a Base Revenue Requirement Mechanism (BRRAM) for BVES

⁽¹⁾ The company has achieved a 10-Year CAGR of 8.0% in its calendar year dividend payments through 2024.

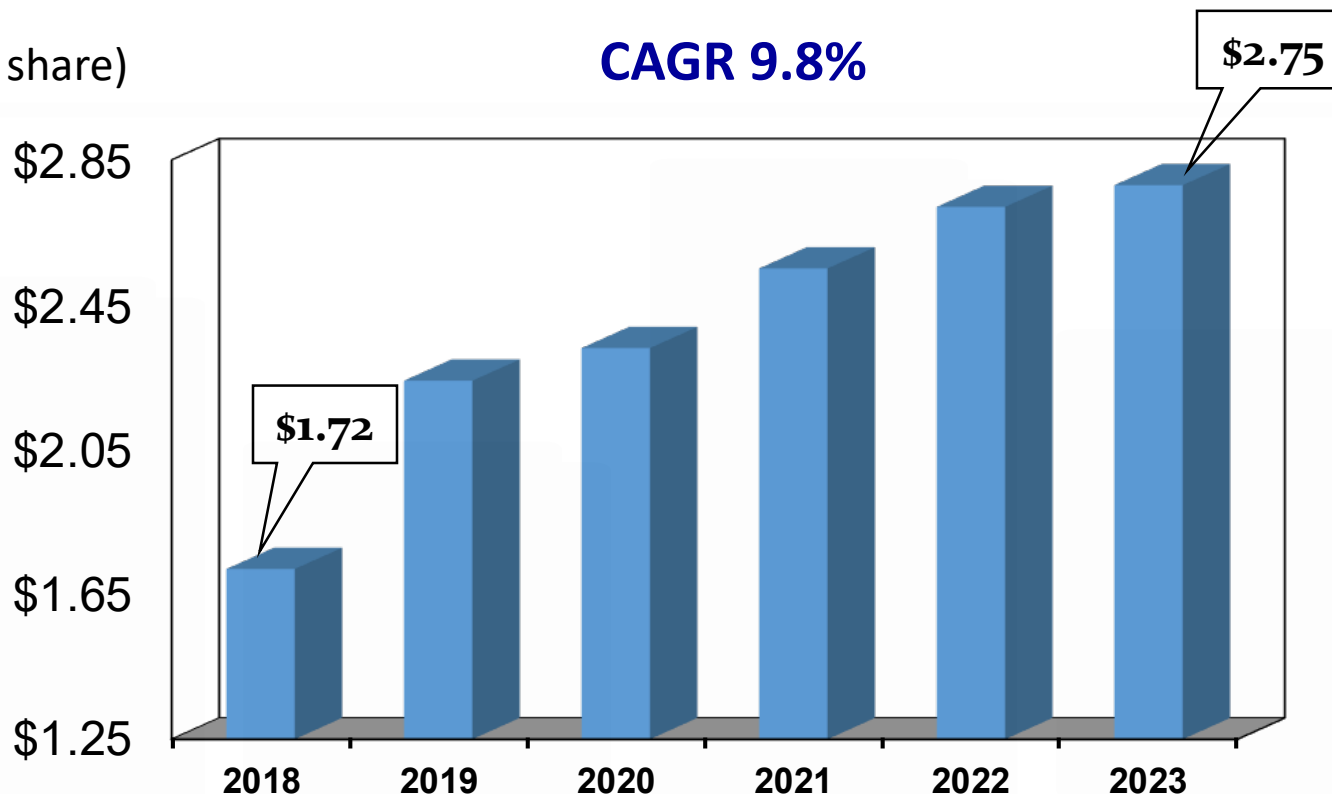
- ❑ **Well-positioned for privatization and consolidation opportunities**
 - Highly fragmented industry; few publicly-traded players; high barriers to entry
- ❑ **Aggressive posture toward recovery of operating costs and CapEx**
- ❑ **Stable utility customer base**
- ❑ **Seasoned and committed management team and Board**
- ❑ **Significant gender diversity at the Board level**
 - Four of AWR's eight independent directors are women
- ❑ **Strong balance sheet:** "A" rating at AWR and "A+/A2" ratings at GSWC – some of the highest in the industry
- ❑ **Valuable water rights portfolio:** AWR owns ~69,400 acre-feet of adjudicated groundwater rights and a significant number of unadjudicated groundwater rights. In addition, AWR owns ~11,300 acre-feet of surface water rights

Adjusted⁽¹⁾ Diluted EPS from Continuing Operations



(per share)

CAGR 9.8%



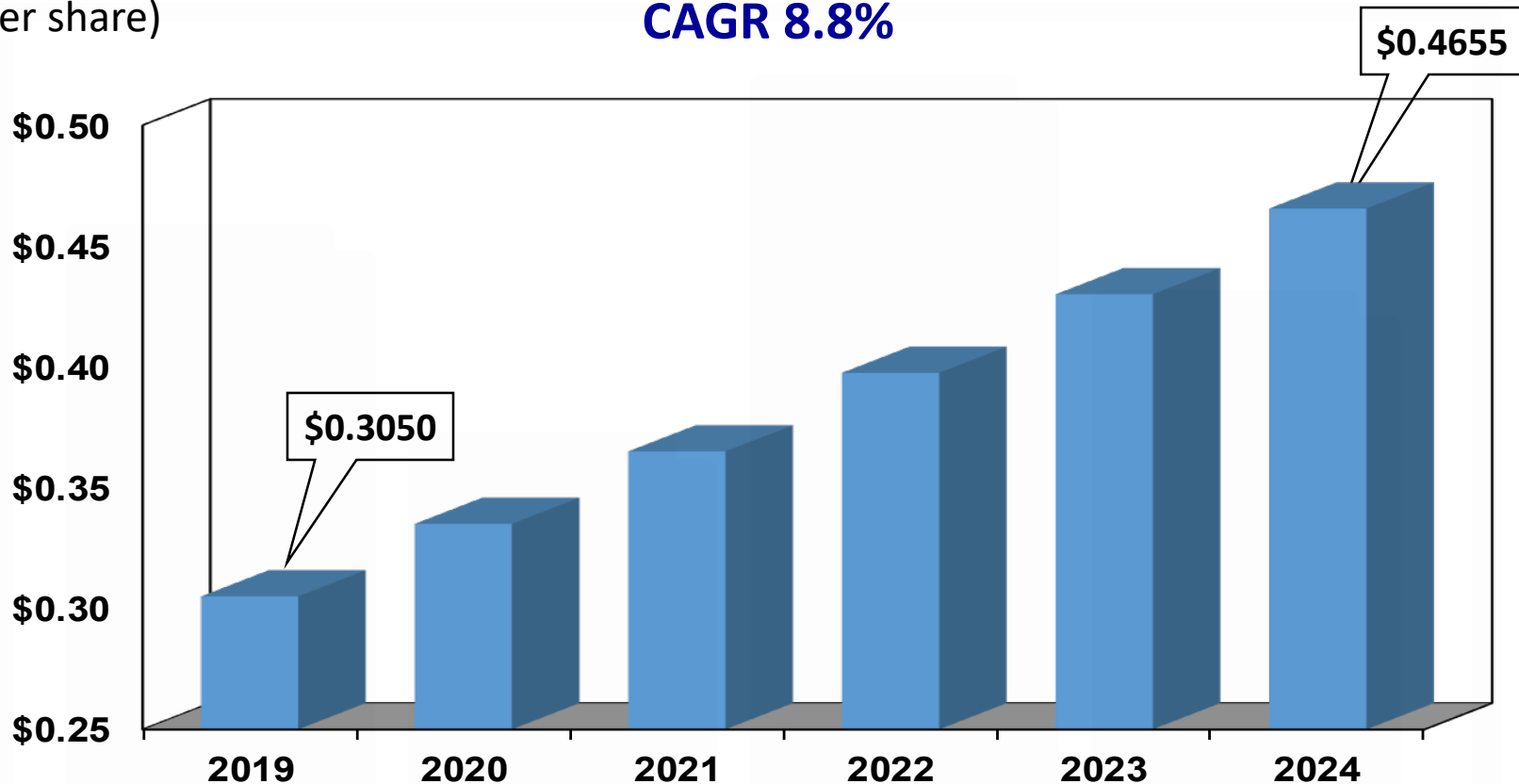
(1) In the chart above, 2019 **excludes** \$0.04 per share for the retroactive impact of the electric GRC related to 2018; 2022 **includes** \$0.38 per share for the impact of new 2022 rates that were not recorded in 2022 because of the delay in receiving a decision in the water general rate case proceeding, and **excludes** the \$0.13 per share from the revenues subject to refund recorded in 2022 that were subsequently reversed in 2023 and a \$0.10 per share loss on investments held to fund a retirement plan; and 2023 **excludes** the \$0.38 per share for the impact of new 2022 retroactive rates recorded in 2023, the \$0.13 per share from the reversal of revenues subject to refund previously recorded in 2022, and a \$0.10 per share gain on investments held to fund a retirement plan. **Consolidated diluted EPS as reported for 2019, 2022 and 2023 were \$2.28, 2.11 and \$3.36, respectively.**

Quarterly Dividend Growth

70 Consecutive Years of Quarterly Dividend Rate Increases

(per share)

CAGR 8.8%



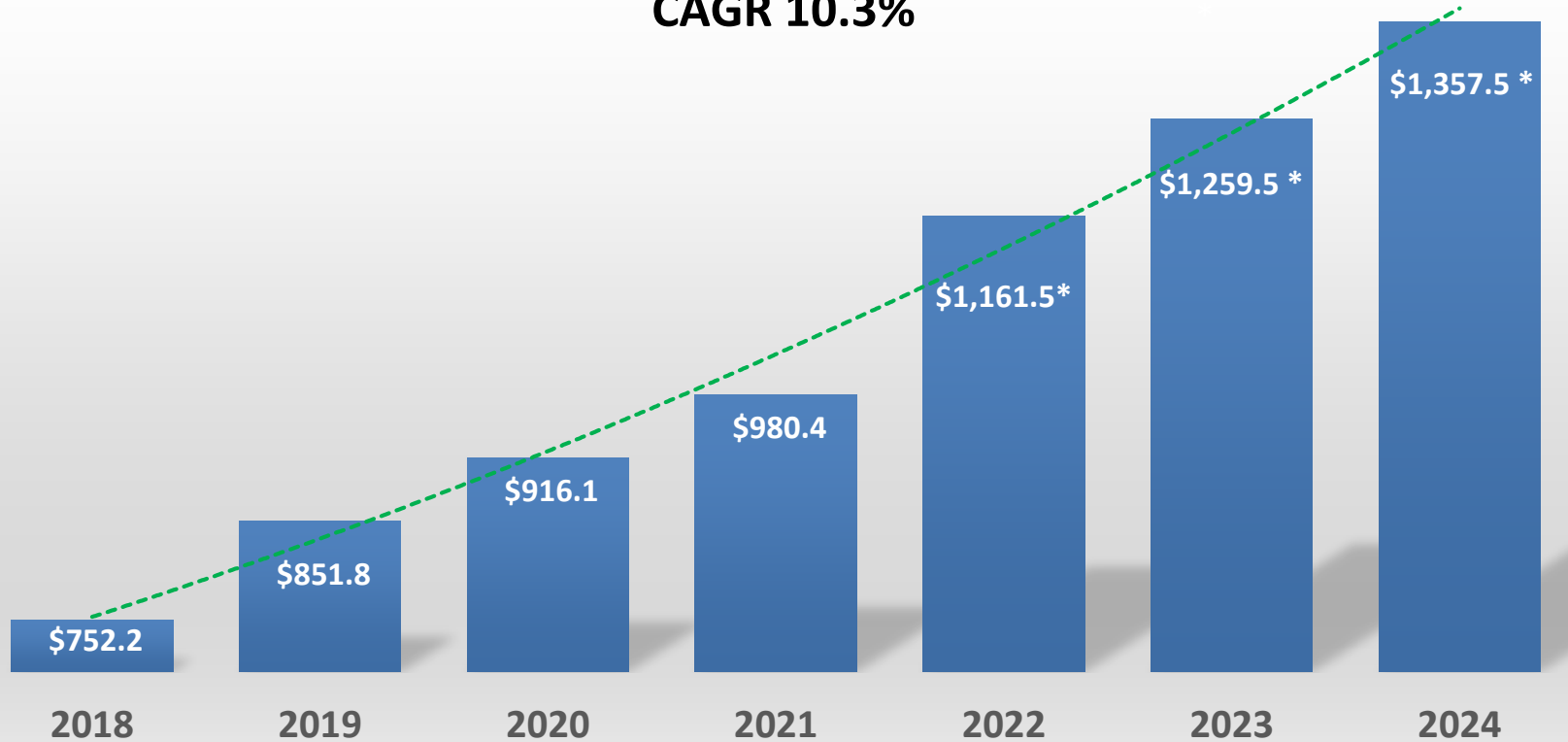
*In July 2024, the Board of Directors approved an 8.3% increase in the quarterly dividend
Targeting a dividend growth rate of more than 7% over the long term*

GSWC Adopted Average Water Rate Base



(in millions)

CAGR 10.3%



* Based on the June 2023 final CPUC decision issued in the water general rate case and including \$9.4 million in advice letter projects.



- ❑ **July 2024: An 8.3% increase** in the third quarter cash dividend, resulting in an increase in the annual dividend from \$1.72 per share to \$1.862 per share. The company has achieved a compound annual growth rate of 8.8% in its quarterly dividend rate over the last five years.
- ❑ **July 2024/March 2024:** Maintenance of strong Credit Ratings:
 - S&P: “A” credit rating for AWR with a stable outlook; and “A+” credit rating for GSWC with a stable outlook
 - Moody’s: “A2” rating with a stable outlook on GSWC
- ❑ **February 2024:** AWR established an at-the-market offering program under which the company may offer and sell, from time to time at its sole discretion, its common shares, up to \$200.0 million over a 3-year period. AWR intends to use the net proceeds from this offering for general corporate purposes, including, but not limited to, repayment of outstanding borrowings under its credit facility and equity contributions to its wholly owned subsidiaries in support of their operations.
- ❑ **November 2023:** AWR’s credit facility was amended to increase the borrowing capacity from \$150 million to \$165 million to provide additional support to AWR parent and ASUS. The amendment also provided for the addition of a new bank to the existing syndicate bank group. In June 2023, AWR had entered into a new credit agreement with a term of five years provided by a syndicate of banks and financial institutions. A separate credit facility for GSWC was also established as discussed later.
- ❑ **July 2020:** Effective July 1, 2020, AWR completed a reorganization plan that transferred GSWC’s electric division to Bear Valley Electric Service, Inc., a separate legal entity and wholly owned subsidiary of AWR.

- **November 2024:** GSWC received a proposed decision (PD) in connection with the pending general rate case proceeding that will determine new water rates for the years 2025 – 2027. Among other things, the PD approves and adopts a joint settlement agreement in its entirety that had been reached between GSWC and the Public Advocates Office (“Cal Advocates”) at the CPUC. Along with other items, the settlement agreement:
- resolves all issues related to the calculation of the 2025 annual revenue requirement in the general rate case application, leaving only two unresolved issues (discussed below);
 - authorizes GSWC to invest \$573.1 million in capital infrastructure over the three-year cycle including \$17.7 million of advice letter capital investments, plus approves \$58.2 million of additional advice letter capital investments already under construction beginning in 2023 (all advice letters will be filed for revenue recovery during the second and third year attrition increases when those projects are completed and accrue interest during construction and then earn the full rate of return after the assets are placed in service up until the assets are placed in customer rates);
 - increases GSWC’s adopted operating revenues less water supply costs for 2025 by \$23 million as compared to the 2024 adopted levels, excluding the advice letter project revenues; and
 - allows for potential additional increases in adopted revenues for 2026 and 2027 subject to an earnings test and changes to the forecasted inflationary index values.

Regarding the two unresolved issues, the PD adopts GSWC’s recommended sales forecast and adopts a supply mix that splits the difference between GSWC’s and Cal Advocates’ forecasts. The PD also (i) rejects GSWC’s request for the continuation of a full sales and revenue decoupling mechanism and a full cost balancing account for water supply, and instead orders GSWC to transition to a Monterey-style WRAM (or “M-WRAM”) and an incremental cost balancing account for supply costs, (ii) rejects GSWC’s sales reconciliation and supply mix adjustment mechanisms, and (iii) rejects GSWC’s request to modify the existing PFAS memorandum account to track carrying costs on capital investments needed to comply with the new PFAS maximum contaminant levels established by the EPA, and instead orders GSWC to file for recovery of PFAS-related capital projects through a separate application or future general rate case. The PD adopts GSWC’s M-WRAM rate design proposal, authorizing GSWC to increase the revenue requirement in its service charges to between 45-48% depending on the ratemaking area representing ~65% of GSWC’s fixed costs in aggregate. GSWC filed comments to the PD on December 5, 2024. The PD is scheduled to be voted on by the CPUC on December 19, 2024.

- ❑ **June 2024:** GSWC issued \$65.0 million of 3-year unsecured private placement notes at 5.5%, and used the proceeds to pay down outstanding borrowings under its revolving credit facility and to fund operations and capital expenditures.
- ❑ **January 2024:** GSWC filed a new financing application with the CPUC, pending approval, that requests the authorization for the issuance and sale of additional long-term debt and equity securities of up to \$750.0 million over the next several years.
- ❑ **June 2023:** The CPUC adopted a final decision in GSWC’s general rate case that determines new water rates for 2022 – 2024. The final decision approved the settlement agreement in its entirety between GSWC and the Public Advocates Office at the CPUC. Among other things, the settlement agreement:
 - resolved all issues related to the calculation of the 2022 annual revenue requirement in the general rate case application retroactive to January 1, 2022;
 - authorizes GSWC to invest approximately \$404.8 million in capital infrastructure over the three-year cycle, plus \$9.4 million of capital projects that have been completed and were filed for revenue recovery effective February 15, 2022 through advice letters;
 - increased GSWC’s adopted operating revenues for 2022 by approximately \$30.3 million, which includes an increase for higher adopted water supply costs of \$9.6 million, as compared to the 2021 adopted revenues, excluding the advice letter project revenues; and
 - allowed for additional increases in adopted revenues for 2023 that were retroactive to 1/1/2023, and also allowed for additional increases in adopted revenues for 2024 effective 1/1/2024.

The effect of the final decision was recorded in 2023, which included the impact of retroactive rates of \$0.38 per share related to the full year of 2022 as reported in our Form 10-K filed with the SEC on February 21, 2024.

- **June 2023:** The CPUC issued a final decision in the cost of capital proceeding that,
- adopted GSWC’s requested capital structure of 57% equity and 43% debt;
 - adopted a cost of debt of 5.1% for GSWC as compared to 6.6% previously authorized;
 - adopted a return on equity of 8.85% for GSWC as compared to 8.9% previously authorized;
 - allowed for the continuation of the Water Cost of Capital Mechanism through 12/31/2024, and which resulted in an increase in GSWC's 8.85% adopted return on equity from the final decision to 9.36% effective 7/31/2023 through 12/31/2023, and 10.06% effective 1/1/2024; and
 - adopted the new cost of capital for the three-year period commencing 1/1/2022 through 12/31/2024.

Based on the final decision, all adjustments to rates are prospective and not retroactive. GSWC implemented the new cost of capital effective July 31, 2023. As a result, during 2023, GSWC recorded an increase in water revenues of \$6.4 million, or \$0.13 per share, resulting from the reversal of revenues subject to refund due to a change in estimates from what had been recorded during 2022 as a result of the lower cost of debt, and as reported in our Form 10-K filed with the SEC on February 21, 2024.

GSWC’s next cost of capital application was scheduled to be filed on 5/1/2024 effective for the years 2025 - 2027. However, GSWC, along with three other investor-owned water utilities (IOWUs) in California, filed a joint request with the CPUC to defer the filing deadline by one year, which was approved in February 2024. GSWC’s rate of return of 7.93% currently authorized for 2024 will remain in effect through 2025. GSWC will file a new application by 5/1/2025 with the new cost of capital effective 1/1/2026. Additionally, GSWC’s WCCM will remain active through the one year deferral period.



- ❑ **June 2023:** GSWC entered into its own separate credit agreement with a term of five years provided by a syndicate of banks and financial institutions, and that provides for a \$200 million unsecured revolving credit facility to support its water operations and growing capital investment program. A default under any indebtedness of AWR parent or any of its other subsidiaries will not result in a default under GSWC's credit agreement.
- ❑ **December 2022:** GSWC executed a note purchase agreement for the issuance of unsecured private placement notes totaling \$130 million. The note purchase agreement included a delayed-draw feature. In January 2023, GSWC requested the funds and issued \$100 million of 10-year notes at 5.12% and \$30 million of 15-year notes at 5.22%.

- ❑ **August 2020:** The CPUC issued a decision, which addressed various issues including eliminating the continued use of the WRAM and MCBA by IOWUs in California beginning with GRC applications filed after the effective date (August 27, 2020). The final decision:
 - provides the option for IOWUs to propose a limited price adjustment mechanism referred to as the Monterey-Style WRAM, and an incremental supply cost balancing account in its next GRC, and
 - allows GSWC to keep the use of the WRAM and MCBA through 2024, which was confirmed in a procedural hearing held in connection with GSWC's then pending GRC.

In September 2021, the CPUC denied requests for rehearing on the discontinuation of the WRAM and MCBA. Subsequently, GSWC, three other investor-owned water utilities and the California Water Association each separately filed petitions in 2021 with the California Supreme Court (Court) to review the CPUC's decision-making processes that resulted in discontinuing the use of the WRAM and MCBA.

Furthermore, in September 2022, the governor of California signed SB 1469 allowing Class A water utilities, effective 1/1/2023, to request the use of the WRAM in their next GRC's. GSWC has requested the WRAM in its GRC filed in August 2023 that will establish new rates for the years 2025 – 2027, which is an item being litigated and will be subject to CPUC approval.

On July 8, 2024, the Court issued a favorable ruling that set aside the order issued by the CPUC in August 2020. 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 and MCBA, are being vacated.

- **November 2024:** BVES filed a general rate case application to set new electric rates for the years 2023 – 2026. On November 1, 2024, a joint settlement agreement was filed by BVES and all the parties involved in the proceeding that resolves all issues in the pending rate case. Among other things, the settlement agreement if approved by the CPUC, settles and adopts the revenue requirements for each of the four years 2023 through 2026 and:
- authorizes BVES to invest approximately \$75.6 million in capital infrastructure including \$23.1 million of advice letter capital investments to be filed for recovery when completed;
 - adopts a cost of capital that includes a return on equity of 10.0%, a cost of debt of 5.51%, and a capital structure of 57% equity and 43% debt;
 - excluding the advice letters, increases BVES’s adopted operating revenues less water supply costs for 2023 by \$5.1 million as compared to the 2022 adopted levels; the advice letter projects will generate additional annual revenues of ~\$3 million when completed;
 - provides additional increases in adopted revenues of \$2.2 million for each of the years 2024 and 2025, and by \$3.3 million in 2026 not subject to an earnings test, and
 - approves recovery of capital expenditures and other incremental operating costs already incurred related to BVES’s wildfire mitigation plans not currently in customer rates.

When a final decision is issued, new rates will retroactive to 1/1/2023 and cumulative adjustments will be recorded at that time. The CPUC extended the statutory deadline to 1/31/2025. A decision is scheduled to be issued by the first quarter of 2025, but no assurance can be given that a decision will be received at such time.

- ❑ **October 2024:** the Office of Energy Infrastructure Safety (OEIS) issued a final decision approving BVES's 2025 Wildfire Mitigation Plan (WMP) update. The CPUC is expected to ratify this update in December 2024, which among other things, approves capital projects and programs dedicated to improving system safety and reliability specifically aimed at reducing the possibility of wildfires. California legislation requires all investor-owned electric utilities to have a WMP approved by OEIS and ratified by the CPUC.
- ❑ **August 2024:** The CPUC issued a final decision in BVES's financing application that, among other things, approved BVES's request for the issuance and sale of additional long-term debt and equity securities of up to \$120.0 million over the next several years.
- ❑ **February 2024:** BVES has a separate revolving credit facility without a parent guaranty that supports its electric operations and capital expenditures, which was amended on February 15, 2024 to increase the borrowing capacity from \$50.0 million to \$65.0 million. The credit agreement will expire on July 1, 2026 and provides an option to increase the facility by an additional \$10.0 million, subject to lender approval.
- ❑ **December 2023:** BVES had submitted a request in September of 2023 for renewal of its safety certification to OEIS under the California Natural Resources Agency. In December 2023, OEIS issued a renewal of its safety certification to BVES. Under California legislation a safety certification improves electric utilities' ability to recover wildfire costs.

- ❑ **April 2022:** BVES completed the issuance of \$35 million in unsecured private placement notes consisting of \$17.5 million at a coupon rate of 4.548% due April 28, 2032, and \$17.5 million at a coupon rate of 4.949% due April 28, 2037. BVES used the proceeds to pay down amounts outstanding under its credit facility.
- ❑ **August 2019:** A final CPUC decision in the last electric general rate case set new rates for 2018 - 2022. The decision (i) increased adopted base rates and revenues by \$2.3 million for 2018, \$1.2 million for each of the years 2019 and 2020, by \$1.1 million in 2021, and by \$1.0 million in 2022; and (ii) authorized \$44 million of capital projects, which are dedicated to improving system safety and reliability. Revenues billed to electric customers in 2023 and thus far in 2024 have been based on 2022 adopted rates and will remain in effect until finalization of the pending electric general rate case application.

- ❑ The water year 2023-24 ended on September 30, 2024. The new water year has begun with drier conditions statewide:
 - As of December 3, 2024, the U.S. Drought Monitor reported that 6% of California was considered in “Severe Drought” conditions and 17% considered as “Moderate Drought”, as compared to a year ago when 0% was in “Moderate Drought” and 4% was listed as “Abnormally Dry.”
 - The State Water Project (SWP) allocation remains at 40% for 2024 with the initial 2025 allocation expected to be set in December.
 - The Metropolitan Water District of Southern California, GSWC’s large water wholesaler, lifted outdoor watering restrictions that had impacted GSWC’s SWP dependent service areas of Simi Valley and Claremont that had been in place since mid-2022.
- ❑ CPUC has authorized memo accounts to track incremental drought-related costs for future recovery
- ❑ BVES’s service territory has experienced above average precipitation during the last four full calendar years (2020 - 2023). BVES’s WMPs are being executed, which include capital projects and programs dedicated to improving system safety and reliability specifically aimed at reducing the possibility of wildfires.

- ❑ **September 2023:** ASUS was awarded a new 15-year contract by the U.S. government that is different than its existing 50-year contracts to operate, maintain, and provide construction management services for the water distribution and wastewater collection and treatment facilities at Joint Base Cape Cod (JBCC) located in Massachusetts. ASUS began operations on April 15, 2024 following the completion of a transition period. Under this contract, ASUS will have the opportunity to perform work at JBCC through the periodic issuance of task orders by the U.S. government for up to a maximum initial firm fixed-price value of **\$75.0 million** over a 15-year period, subject to adjustments as task orders are issued. In April 2024, the U.S. government awarded a task order valued at \$4.1 million to ASUS for the first year of operation.
- ❑ **August 2023:** The U.S. government awarded ASUS a new 50-year contract to operate, maintain, and provide construction management services for the water distribution and wastewater collection facilities at Naval Air Station Patuxent River in Maryland. ASUS began operations on April 1, 2024 following the completion of a transition period. The initial value of the contract was estimated at \$349 million over the 50-year period subject to an inventory adjustment and annual economic price adjustments. In July 2024, the contract value was increased to **\$378 million** after an inventory adjustment.

- ❑ **ASUS continues** to pursue new construction work on the military bases it serves:
 - During the nine months ended September 30, 2024, ASUS has been awarded approximately \$54.0 million in new construction projects, which are expected to be completed during 2024 through 2027.
 - In 2023, including the two new contracts awarded in 2023, ASUS was awarded \$25.2 million in additional new construction projects at the existing bases for completion in 2023 through 2026. This is in addition to \$34.4 million awarded in 2022 being completed through 2025.
 - Despite COVID-19-related delays, ASUS was awarded \$17.3 million and \$15.5 million of new construction projects in 2021 and 2020, respectively.
 - In the prior few years, new construction awards have exceeded \$20 million per year.

- ❑ **Update on Economic Price Adjustments (EPAs)** with the U.S. government for operating and maintaining the water and wastewater systems at the various military bases.
 - Pricing on all ASUS 50-year contracts with the U.S. government is current
 - All the contracts have been successfully converted to annual EPAs

- ❑ Deliver outstanding customer service
- ❑ Focus on operational efficiency to minimize costs to customers and determine additional ways to generate efficiencies through new technology implementation and process improvement
- ❑ Make prudent capital additions that enhance shareholder and customer value on a timely basis within approved rates:
 - In 2023, the Regulated Utilities invested **\$175.7 million** in company-funded capital. They expect to spend **\$210 – \$230 million** in 2024.
 - Adopted Average Water Rate Base at GSWC grows at a 6-Year CAGR of **10.3%** through 2024.
- ❑ Earn the authorized return on equity and return on rate base



- Receive timely recovery of costs
- Maintain good working relationship with state regulatory commission
- Be proactive in managing resources and influencing policy
- Expand customer base through organic growth and acquisitions
- Employ management systems to conserve water and energy resources (see our *ESG Report* available at www.aswater.com)
- Maintain a strong water supply portfolio
- Purchase goods and services from diverse vendors

- ❑ Increase net income at the military bases currently served through:
 - Efficient operations
 - Requests for equitable adjustments
 - Economic price adjustments

- ❑ Increase the size and scope of our contracted services operations:
 - Further develop service opportunities on current military bases
 - Actively pursue numerous military bases still to be privatized; active bids are currently in process

- ❑ Earn higher returns on investment than the allowed returns for regulated utilities

- ❑ Deliver outstanding customer service

- ❑ GSWC meets its customers' water demand on average with:
 - **~50%** from GSWC's own groundwater sources
 - ✓ GSWC has a significant portfolio of adjudicated water rights
 - **~45%** purchased principally from the The Metropolitan Water District (MWD) and its member agencies, imported from:
 - ✓ California State Water Project
 - ✓ Colorado River
 - **~5%** from surface water under contracts with the United States Bureau of Reclamation and the Sacramento Municipal Utility District

- ❑ Water usage per customer by Golden State Water Company customers was 41.6% lower in 2023 than in 2007
- ❑ Capital improvement program at the regulated utilities has totaled \$745.4 million in the last five years (2019-2023), improving water and electric reliability and reducing water loss throughout our systems, including \$175.7 million in 2023 of which \$29.0 million was spent on environmental control facilities.
 - Capital spending in 2024 is expected to be \$210 - \$230 million, of which \$23.5 million includes environmental control facilities
- ❑ Market-based Scope 1 and 2 greenhouse gas emissions in 2023 declined by 42.1% as compared to 2020, on our way to a 60% reduction goal by 2035.
- ❑ BVES's renewable power represented 41.3% of total electric supply purchases in 2023. California's Renewables Portfolio Standard requirements continue to escalate, reaching 50% by 2026 and 100% carbon free by 2045.
- ❑ Our Environmental Guidelines commit to protecting the environment, ensuring the health and safety of our employees, our customers, and the diverse communities where we operate.
- ❑ California, home to our regulated utilities, is one of the leading states in the nation in setting environmentally-sensitive policies.

- ❑ Providing safe, reliable water, electricity and wastewater services to over one million customers every day including homes, commercial and industrial businesses, and military bases.
- ❑ Community service – giving back to our local communities and military programs through volunteering and charitable contributions.
- ❑ Doing business with a broad group of vendors - our regulated utilities spend with diverse suppliers was 35.1% in 2023, a four-fold increase since 2004. At ASUS, in 2023 we awarded 81% of available dollars to small businesses, far exceeding the U.S. government’s requirements.
- ❑ Diversity focus – Our commitment to diversity and inclusion is embodied in the Company’s core values and our Diversity & Inclusion Policy provides the framework and covers all aspects of employment. Our workforce is representative of the U.S. workforce population in terms of ethnic diversity.

- 8 of 9 board members are independent, including the Chairman
- 4 of 8 (50%) independent board members are female, including the Chairman
- 75% of the CEO's long-term equity awards are performance-based
- The Company's clawback policy for its performance-based executive compensation meets the SEC's new clawback rules
- No poison pill
- The Nominating and Governance Committee of the board of directors provides Sustainability oversight at the board level. Updates to the ESG Report and the issues and disclosures contained within, are reviewed by this committee.

We will continue to:

- Focus on growing the regulated utility businesses through necessary infrastructure replacement and water customer acquisition
- Improve efficiency of current operations at all business segments
- Pursue rate case and other regulatory filings timely
- Grow the contracted services business through additional military base privatizations and by developing significant opportunities for new construction work on the bases we currently serve
- Meet the needs of our customers and investors
- Be a leader in the industry by sticking to what we do best

***Providing value for investors and quality
service to the customer***



<http://www.aswater.com>