

Welcome to the Annual Shareholders' Meeting



American States
Water Company

May 23, 2017

NYSE: AWR

Forward-Looking Statement

Certain matters discussed in this presentation are forward-looking statements intended to qualify for the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as the Company “believes,” “anticipates,” “expects” or words of similar import. Similarly, statements that describe the Company’s future plans, objectives, estimates or goals are also forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements.

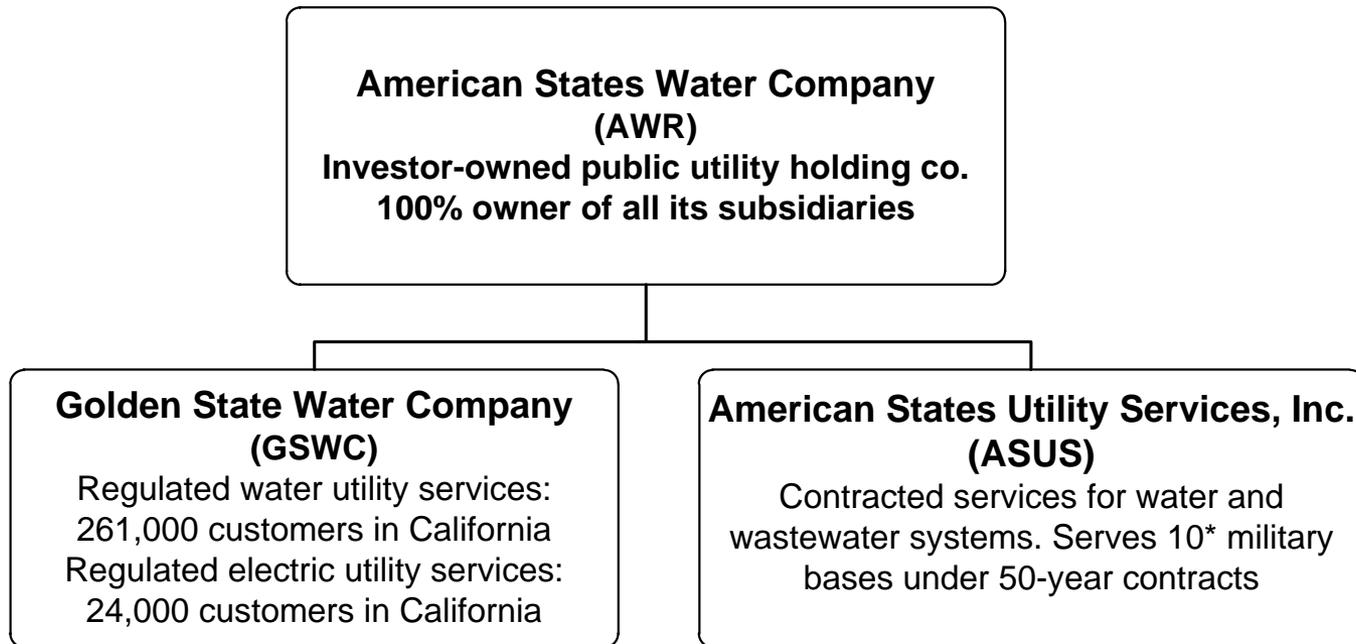
AWR is a low volatility water utility with a secure and growing dividend, operating in a constructive regulatory environment in California, along with a growing unregulated contracted services business serving military bases under 50-year contracts.

- ❑ Listed on the NYSE: “AWR”
- ❑ AWR debt rating → A+ Stable
- ❑ GSWC debt ratings → A+ Stable/A2 Stable
- ❑ As of May 19, 2017:
 - ~36.6 million common shares outstanding
 - Institutional Ownership → 66%
 - 52-week low/high → \$37.47/\$46.84⁽¹⁾
 - Average daily volume → ~142,000 shares (3 months)⁽¹⁾
 - Market capitalization → ~\$1.6 billion⁽¹⁾
 - Dividend yield → 2.2%⁽¹⁾



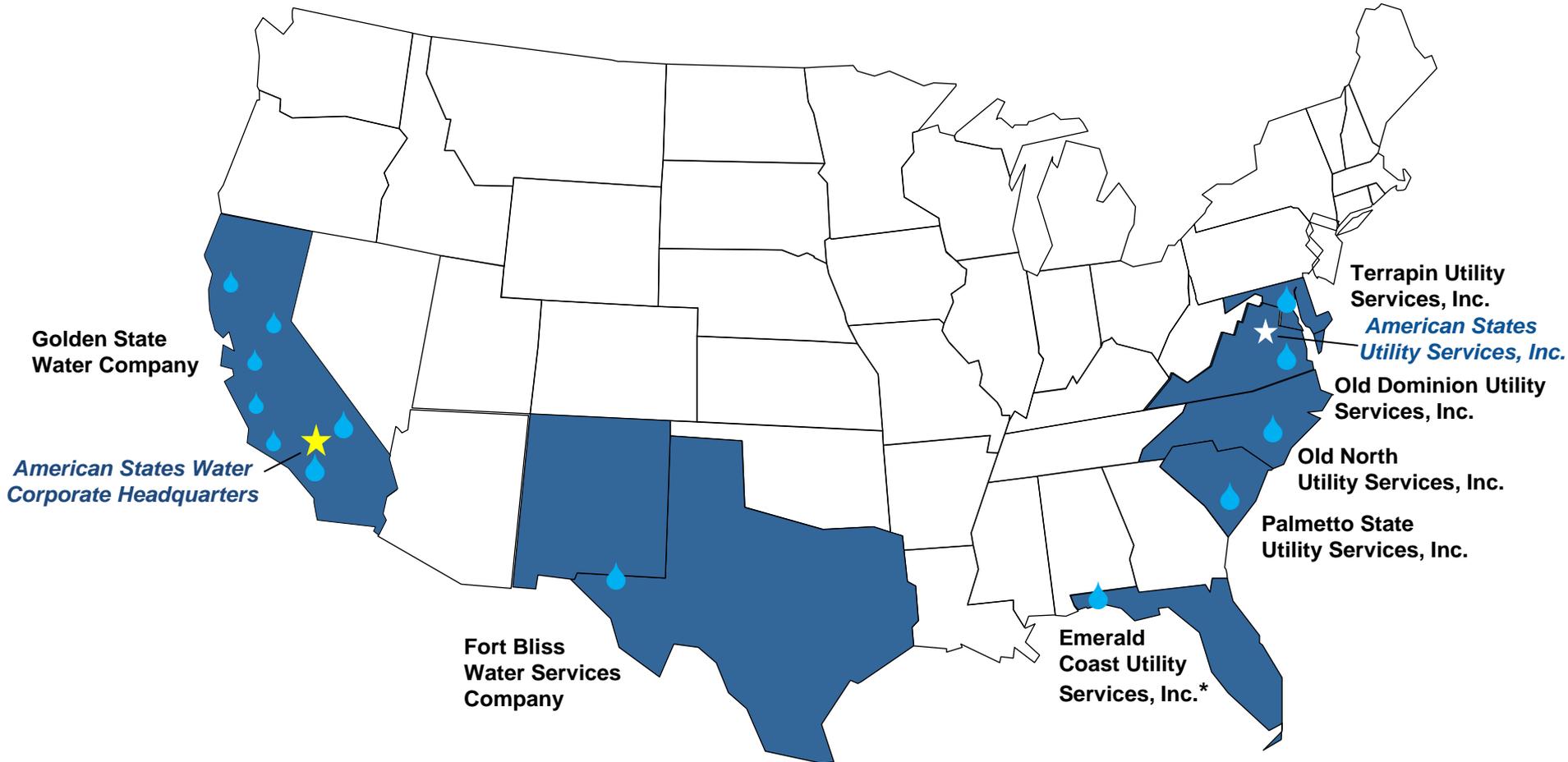
⁽¹⁾ Source: Yahoo! Finance

Company Organizational Structure



*Includes Eglin AFB which was awarded in 2016 and is expected to fully transition to ASUS operations by mid-2017

AWR Service Area Map



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GSWC Service Area Map



Golden State Water Company

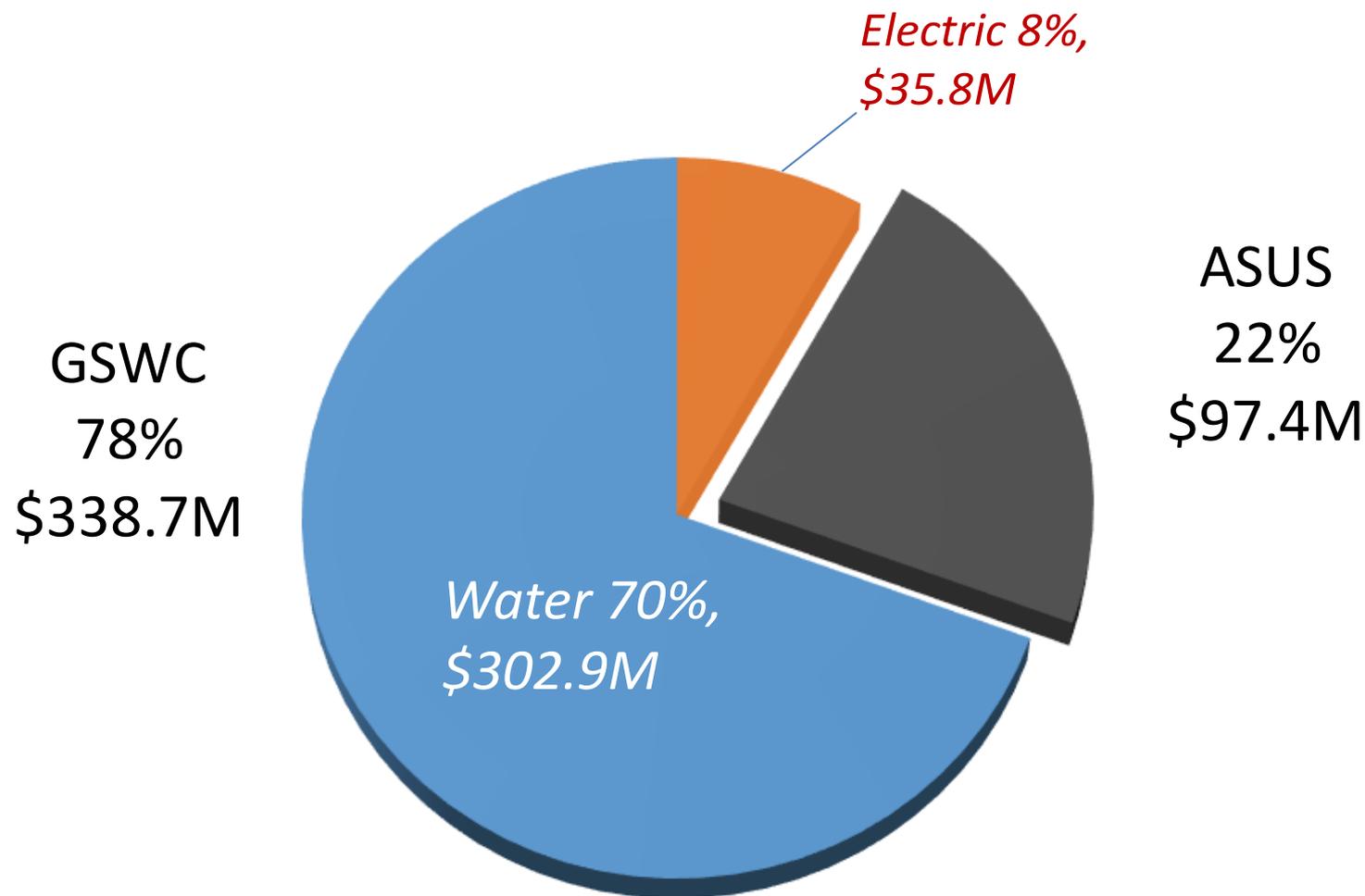
- Serves 75 Cities in 10 Counties
- Operates 39 Water Systems
- ~261,000 Water Customers and ~24,000 Electric Customers

2016 Earnings Per Share by Segment



GSWC:	
Water	\$1.17
Electric	<u>0.10</u>
Total GSWC	\$1.27
ASUS	0.33
AWR (parent)	<u>0.02</u>
Consolidated – Earnings Per Share	<u>\$1.62</u>

2016 Revenues By Segment



- ❑ **November 2016:** An 8% increase in the fourth quarter cash dividend, resulting in an increase in the annual dividend from \$0.896 per share to \$0.968 per share. This is in addition to a 5.2% increase in both 2015 and 2014, a 14.1% increase in 2013 and a 26.8% increase in 2012.
- ❑ **November 2016:** The 2020 Women on Boards organization, a national campaign targeting gender diversity at the corporate leadership level, recognized American States Water Company with its “CEO Champion” award for having three or more women directors on its corporate board.
- ❑ **2014-2015:** The Company repurchased 2.5 million shares, or 6% of the outstanding common shares as part of its stock repurchase program, returning \$90 million to shareholders.

- ❑ **May 2017:** GSWC filed a general rate case for its electric division for new rates in years 2018-2021. Final decision scheduled for end of 2017.
- ❑ **April 2017:** Settlement agreement reached between GSWC and Casitas Municipal Water District to sell the operating assets of GSWC's 2,900-connection Ojai water system by eminent domain for approximately \$34.5 million in cash:
 - transaction expected to close in June 2017 following satisfaction of all closing conditions
 - upon closing, GSWC expects to recognize a pretax gain on the sale of approximately \$8.0 million
- ❑ **April 2017:** GSWC filed a cost of capital application for its water segment. Decision scheduled for end of 2017, effective January 1, 2018. The following rates and capital structure will continue through December 31, 2017:
 - ROE of 9.43%
 - 55% equity / 45% debt
 - Return on rate base of 8.34%

- ❑ **March 2017:** The CPUC issued a final decision in GSWC’s water general rate case after correcting for some minor rate calculations to the previously issued decision in December 2016. Final decision sets new rates for the years 2016 – 2018 (and was retroactive to January 1, 2016):
 - Allows GSWC to earn its 8.34% authorized return on rate base
 - Approved \$250 million in capital infrastructure spending
 - GSWC will file its next GRC in July 2017, setting new rates for the years 2019 – 2021

- ❑ **December 2016:** The County of Los Angeles Superior Court issued a favorable decision rejecting the City of Claremont’s attempt to take over GSWC’s Claremont water system through eminent domain. The City has filed an appeal to the decision, which could take a year or more to resolve. GSWC serves approximately 11,000 connections in Claremont.

California Drought

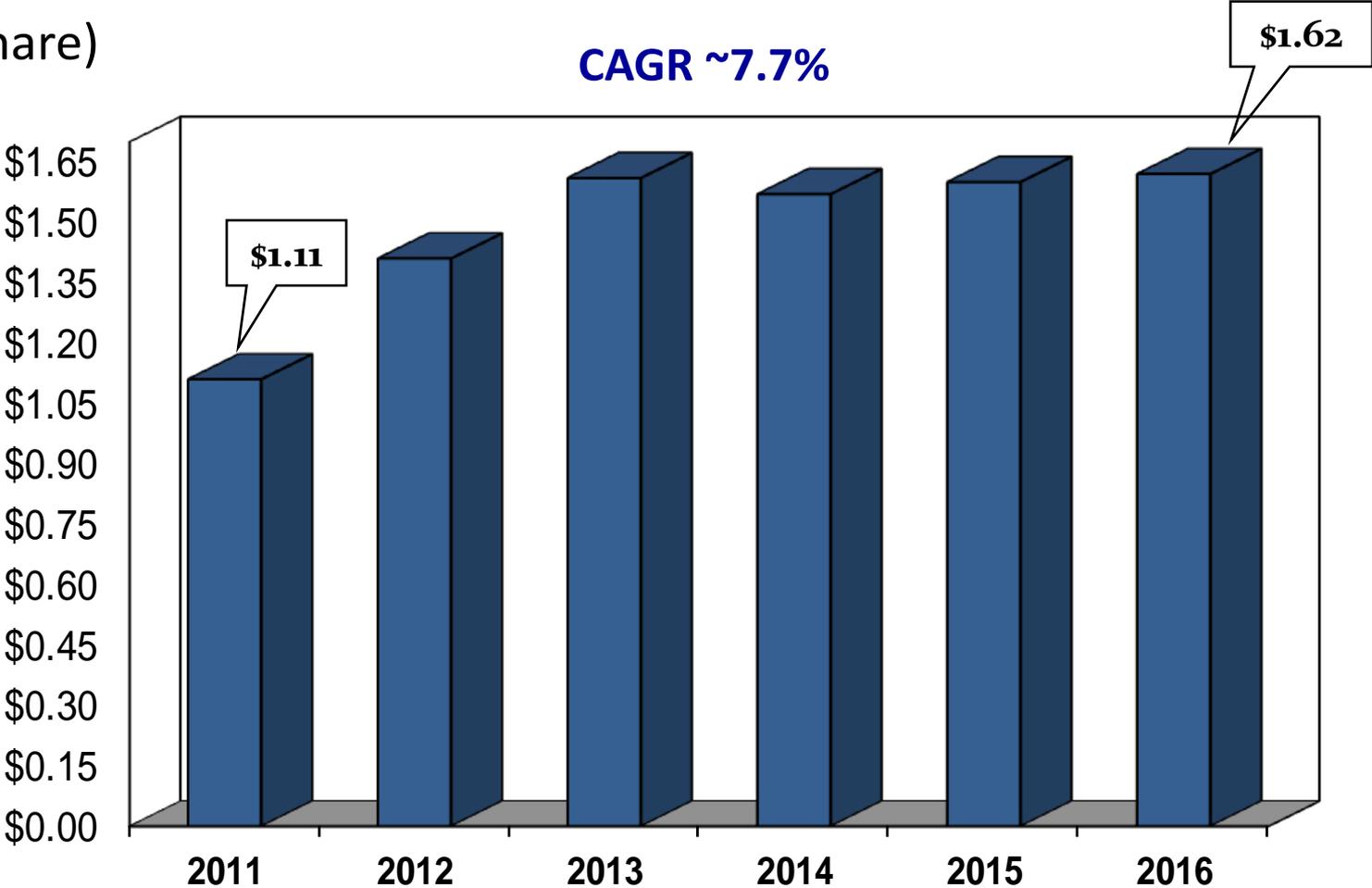
- ❑ **2016/2017** winter saw substantial rain and snowfall in most of California.
- ❑ **April 2017:** Governor of California ended the drought state of emergency in most of California in response to significantly improved water supply conditions.
- ❑ GSWC ended its Staged Mandatory Conservation and Rationing in most service areas.
- ❑ **February 2017:** the CPUC approved recovery of \$1.5 million in drought-related items, recorded as an increase to Q1 '17 pretax income.
- ❑ **GSWC continues to encourage conservation** and has mechanisms in place to decouple revenues from sales through tiered rates. Overall usage is down ~28% since implementing our tiered rates in 2008. Surcharges are in place to recover under-collections due to lower consumption.



- ❑ **During 2016 and through Q1 2017:** The U.S. government awarded ASUS ~\$31 million in new construction projects at the military bases we currently serve. The majority of the new construction projects are expected to be completed during 2017:
 - ASUS is also working to grow this business segment by developing significant opportunities for other new construction work on the bases we currently serve
- ❑ **Economic price adjustments** (EPAs) filed with government for all bases served. Expect resolution of EPAs on five contracts during Q2 '17.
- ❑ **July 2016:** The U.S. government awarded a 50-year contract to operate and maintain the water and wastewater systems at Eglin Air Force Base in Florida. The initial value of the contract is estimated at ~\$510 million over the 50-year period, subject to annual economic price adjustments. It is also subject to adjustment based on the results of a joint inventory of assets currently underway. ASUS will assume operations at Eglin by mid-2017.
- ❑ **Actively pursue** new military base privatizations for both the U.S. Army and the U.S. Air Force.

Diluted EPS from Operations

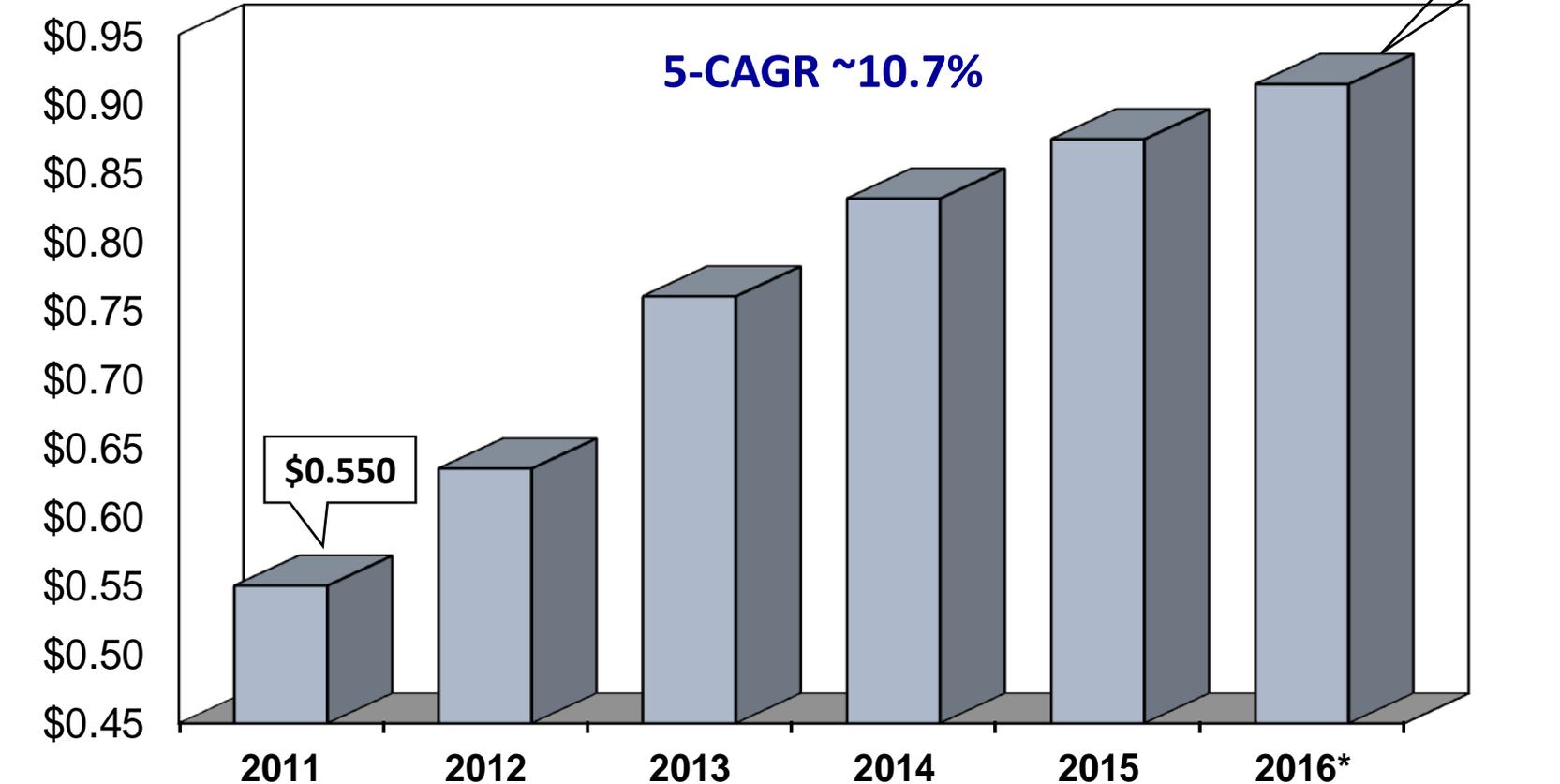
(per share)



Excludes the discontinued operations of CCWC

62 Consecutive Years of Dividend Increases

(Per share)



* Includes an 8% dividend increase in Q4

Targeting a dividend growth rate of at least 5% over the long term

- ❑ Deliver outstanding customer service
- ❑ Focus on operational efficiency to minimize costs to customers
- ❑ Make prudent capital additions that enhance shareholder and customer value on a timely basis within approved rates:
 - In 2016, GSWC invested **~\$121 million** in company-funded capital, the highest in the company's history. GSWC expects to spend **~\$110-\$120 million** in 2017.
 - Net utility plant at the regulated utilities has grown at a 5-year CAGR of **~5%** through 2016.
- ❑ 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 *Corporate Social Responsibility Report* available at www.aswater.com)
- ❑ Maintain a strong water supply portfolio

- ❑ Increase net income at the military bases currently served through:
 - Efficient operations
 - Price redeterminations
 - 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

We will continue to:

- Focus on growing the regulated utility businesses through necessary infrastructure replacement and 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***



American States Water Company

<http://www.aswater.com>