

American States Water Company

We Are More Than You Think

2000 Annual Report



We are *An Intricate Network*

American States Water Company – 500 employees, three companies, 40 water systems, 2,900 miles of pipe and one electric system. The Company's regulated subsidiaries purchase, sell and distribute water to 256,000 customers and distribute electricity to 21,000 customers. Our non-regulated subsidiary, servicing over 90,000 accounts, provides both full service operations and partial services, such as billing, customer contact and meter reading. We are a leader in an industry that provides an essential element of life. We are a multi-faceted, publicly-traded company with roots in the past but poised for new growth opportunities for the future. We are a company with a network of resources driven to provide future benefits to our shareholders, customers and employees.



We are *Providers*

American States Water Company is a provider of safe and affordable water and electric service to communities in California and Arizona. Operating in 75 communities in 10 counties, we provide water service to over 1 million persons, or 1 out of every 33 persons in the State of California. In Arizona, we provide water service to 11,000 customers in two communities in Maricopa County.

We sold over 62 billion gallons of water last year, an increase of 3.7% from the year before. Of this amount, approximately 55% came from our own wells and the rest was purchased from wholesale sources. We sold over 133 million kilowatt-hours of electricity in 2000, up 7% from last year. While it is clear that electric energy costs in the State of California will continue to impact both our water and electric customers, in 2000 we minimized the impact of high spot market prices for electric energy for our 21,000 electric customers by our early entry into a fixed price contract with our energy service provider. We take seriously our charge to provide these services efficiently.



1

Million People

11

Counties

77

Communities

We are *Caretakers*

American States Water Company embraces the role of caretaker as reflected by our attention to customer needs. Our state-of-the-art customer service center, available around the clock, tends to the needs of approximately 370,000 customers, focusing on honesty, dependability, quality, respect and fairness. Technological improvements allow for rapid follow-up and resolution to customer inquiries and requests. Since over 90% of our revenues are derived from a stable residential and commercial customer base, we are proud of our record of satisfying customers' needs.

Concern for our customers holds us to the highest set of standards in water quality. All water provided to our customers is in full compliance with all current water quality requirements set by state and federal regulators. Our electric customers appreciate our diligent efforts to provide power when needed as well. We meet our obligations to our customers every hour of every day of the year. Customer satisfaction is always on our minds.

24
7

Customer Support





We are *Strategic Thinkers*

American States Water Company continues to make acquisitions of regulated properties that provide future value for shareholders. Our network of business associates are constantly providing us with prospects, in addition to our active negotiations with public/private partnerships in surrounding communities.

When we turn our attention to the future, we see opportunities to grow not only our core business but beyond it as well. Our customers have come to know us as “the water company” and we see opportunities to efficiently provide additional services to those same customers. We are looking to expand our capabilities “beyond the meter” in lines of business that utilize less capital. Substantial leverage opportunities exist to expand the services we offer among an increasing customer base.

We are proud of our achievements. But, we are looking to the future. We will continue to diligently monitor costs and file for rate increases when warranted. Shareholder value depends on our ability to perform efficiently. As the water industry continues to change and consolidate, and each of the major players competes for investment value, continuing our mission will take even greater effort than it does today. We are ready to meet this challenge head-on for the benefit of our shareholders and customers.

40

Water Systems and
Growing

We are
***A Resource in
Constant Demand***

American States Water Company realizes that water is a resource basic to life itself and the quality of life would decline if this precious resource was limited in supply and quality. Our customer's normal daily routine of bathing, cooking, washing dishes, and watering the lawn uses approximately 600 gallons of water. While the location of water supply and the location of water demand often do not coincide, we continue to deliver safe water to these customers every day. And, we deliver it for an average cost of approximately \$1.70 per day. Water delivered by us to our customer's home or office, is safe, convenient and cost effective. And water is a naturally renewable resource for present and future use.

170
Million
Gallons Delivered Per Day



We are *Valuable*

American States Water Company's primary mission to its shareholders is the growth of investment value. Throughout its 71-year history, the Company has consistently met this mission. One hundred dollars invested in our common shares on December 31, 1995, assuming all dividends were reinvested in additional shares of the Company, was worth \$233.87 on December 31, 2000. This 18% return every year for the last five years exceeds the returns produced by both the S&P 500 Index and Dow Jones Water Utility Index for the same period.⁽¹⁾ Moreover, the Company has paid dividends on its common shares every year since 1931 and has increased the amount of dividends paid to shareholders for 47 consecutive years.

We rank highly on the key investment criteria used by analysts and portfolio managers to evaluate a company: good management, product safety, a proven earnings and return record, and growth potential. Our debt is rated a very high A/A2 by Standard and Poor's and Moody's, respectively. This allows us to maintain good access to the capital markets at attractive rates to fund capital additions at the regulated subsidiaries. We are an appealing addition to the investment portfolios of long-term, income-oriented investors.

⁽¹⁾ Past performance is no guarantee of future results. Share values and returns fluctuate and gain or loss may occur when shares are sold.



47

Consecutive
Years

of Increased Dividends
(Received by Shareholders)

\$1.30

Indicated Annual
Dividend Per Share

*We Are **More** Than You Think*

To Our Shareholders

As depicted in the preceding pages of this year's annual report, American States Water Company is many things to many people. We are proud of our 71-year history of serving the needs of investors, customers and employees. As we begin the new millennium, your Company is well positioned to take advantage of growth opportunities that will continue to provide future economic benefits.

Growth Initiatives are Realized

Last year marked our first purchase of a water system outside of the State of California. In October 2000, we closed the transaction to purchase Chaparral City Water Company, located just east of Scottsdale, Arizona, which serves approximately 11,000 customers in the town of Fountain Hills and portions of Scottsdale. The acquisition of Chaparral City Water Company provides us with a platform for further growth opportunities in the State of Arizona.

The process to complete our purchase of Peerless Water Company, a privately-held water company located in Bellflower, California continues to be on track. We anticipate closing this transaction, following approval by the California Public Utilities Commission, by the third quarter of 2001.

With the acquisition of Chaparral City Water Company and our pending acquisition of Peerless Water Company, the total count of water and electric customers subject to regulation will grow to approximately 280,000.

But there is more to the story. Also in 2000, our American States Utility Services ("ASUS") unit integrated the 33,000 water customers of the city of Torrance, California into its growing list of municipalities and other utilities to which it provides various contract services. ASUS now provides full or partial services to more than 90,000 customers in California and Arizona.

Financial Results

We are pleased to report that for the year ended December 31, 2000 total earnings available for common shareholders were \$18.0 million, or \$1.92 per share (\$1.91 on a fully diluted basis), as compared to total recorded earnings last year of \$16.0 million, or \$1.79 per share.

Total revenues increased by 6.4% to \$184 million in 2000 from \$173 million in 1999 primarily as a result of rate increases and increased water and electric sales at the Company's Southern California Water Company unit and the addition of Chaparral City Water Company customers in October 2000.

Total operating expenses in 2000 were \$152 million, an increase of 4.8% over the \$145 million recorded in 1999. Higher supply costs, depreciation expenses, wages and other personnel-related costs caused the majority of the increase. Interest expense increased by 9.3% to \$14 million, reflecting higher borrowing rates and increased bank borrowing incurred as a result of the Company's continuing infrastructure improvement program.

In August 2000, we sold an additional 1,100,000 common shares in a secondary offering. The net proceeds from this offering were used to make additional equity investments in the Company's utility subsidiaries. In turn, the utility subsidiaries reduced short-term bank borrowing incurred to fund capital expenditures.

Adequate returns on capital are essential to ensuring access to the capital markets in order to fund capital expenditures at our subsidiary companies. Continued capital investment is necessary in order to provide high quality service to our water and electric customers. We anticipate that it will be necessary to continue to file for rate increases in our utility subsidiaries, when warranted, to provide a return to shareholders, pay interest charges and recover increased operating expenses.

The Company diligently strives to control operating costs, although certain expenses, such as the future cost for electric energy, are outside of our immediate influence. While our objective is to mitigate the impact on our customers, the need to recover the cash the Company has spent to purchase electric energy most certainly will result in the need for future rate increases.

The Water Industry

Water is a natural resource that is absolutely necessary to sustain life and for which there is no substitute. In the United States, water is delivered through approximately 55,000 water systems. Of those water systems, 85% serve less than 3,300 persons and only 2% serve more than 50,000 persons. Moreover, privately owned water companies, such as American States Water Company, serve only 15% of the U.S. population. The remainder is served by municipally owned systems. The current structure of the industry creates significant opportunities for consolidation and operational improvements.

The water utility industry story is indeed one of opportunity. Water utilities operate under municipal franchises and, unlike other utility companies, a significant portion of our business will remain under traditional regulation by state regulatory bodies. As such, water utility stocks are expected to continue to offer long-term, income-oriented investors an attractive total return potential.

With increasing frequency, news reports mention the concepts of competition, value-priced services and utility deregulation. The water industry cannot ignore or dismiss these concepts. The undercurrents of change, already present in other utility industries, will eventually affect the water industry. American States Water Company is well positioned as a leader in the industry to meet these challenges.

Strategies for the Future

Your company remains solidly established as a leader within the water industry due to its sound and responsible business strategy to drive financial growth through customer base expansion, acquisitions, and continued capital investment for regulated and non-regulated operations.

We have often stated that our basic strategies are to: (i) continue to focus on core regulated operations and to earn authorized returns on equity for shareholders, (ii) make acquisitions of regulated assets that complement existing operations and promote geographic and regulatory diversity, and (iii) make investments in non-regulated enterprises that will produce additional earnings.

Strategic planning to enhance shareholder value is a dynamic process at American States Water Company. We continue to believe that the acquisition of regulated assets provides a strong foundation for earnings and dividend growth and that contractual and other “beyond the meter” services offered in the non-regulated market provide additional growth potential with reasonable capital investment. Leverage of our expertise in the electric distribution business can also create opportunities unique to our operations.

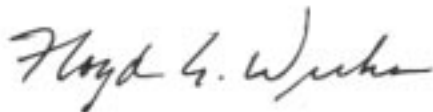
The future is ripe with growth opportunities and your Board of Directors and management remain committed to making investments and improvements to maximize shareholder value while simultaneously providing economic benefit and increased service to customers.

We Are...

...the water company. We are providers of service. We are providers of value. We are 500 men and women dedicated to making a difference. We thank you for your support and look forward to continuing to meet our responsibilities in the future.

A handwritten signature in black ink, appearing to read "Lloyd E. Ross".

Lloyd E. Ross
Chairman of the Board

A handwritten signature in black ink, appearing to read "Floyd E. Wicks".

Floyd E. Wicks
President and Chief Executive Officer

Statistical Review

(in thousands, except per share and per customer amounts)

	2000	1999	1998
Financial Information			
Revenues by Classification			
Residential and Commercial	\$ 154,012	\$ 144,273	\$ 123,271
Industrial	2,340	2,278	1,917
Fire Service	1,433	1,374	1,329
Other - Water	11,010	11,768	8,277
Total Water Revenue	168,795	159,693	134,794
Electric Revenue	14,366	13,338	13,201
Other Revenue	799	390	65
Total Operation Revenues	183,960	173,421	148,060
Net Income	18,086	16,101	14,623
Earnings Available for Common Shareholders	18,000	16,013	14,533
Basic Earnings per Common Share	1.92	1.79	1.62
Fully Diluted Earnings per Common Share	1.91	NA	NA
Dividends Declared per Common Share	1.29	1.28	1.26
Book Value per Common Share	19.12	17.73	17.23
Total Assets	616,646	533,181	484,671
Net Utility Plant	509,096	449,595	414,753
Capital Additions	45,786	51,578	45,269
Long-term Debt (Net)	176,452	167,363	120,809
Preferred Shares	1,600	1,600	1,600
Preferred Shares – Mandatory Redemption	320	360	400
Investment per Customer	\$ 2,457	\$ 2,267	\$ 2,099

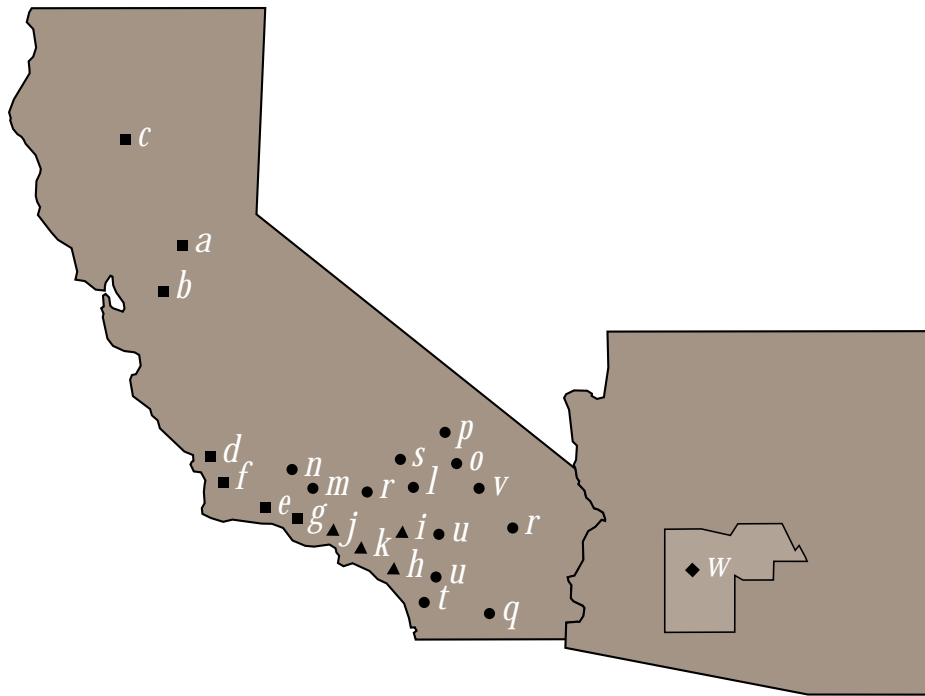
(in units as indicated)

Operation Information			
Water Sold by Classification (mg)			
Residential and Commercial	55,501	53,742	49,302
Industrial	836	853	832
Fire Service	588	411	649
Other	5,135	4,828	4,124
Total Water Sales	62,060	59,834	54,907
Total Electric Sales (mwh)	133,958	125,388	123,791
Regulated Customers by Classification			
Residential and Commercial	250,132	238,511	237,157
Industrial	327	328	332
Fire Service	3,223	3,140	3,112
Other	2,555	2,107	2,033
Total Water	256,237	244,086	242,634
Electric	21,484	21,181	20,865
Total Regulated Customers	277,721	265,267	263,499
Water Production by Source (mg)			
Purchased	28,102	25,647	22,885
Pumped – Electric	36,419	36,969	35,596
Pumped – Gas	30	179	75
Gravity and Surface	1,282	1,035	74
Total Supply	65,833	63,830	58,630
Miles of Main in Service	2,884	2,654	2,654
Number of Employees	499	492	470

mg=Millions of Gallons mvh=Megawatt Hours

	1997	1996	1995	1994	1993	1992	1991
\$	131,007	\$ 126,456	\$ 106,480	\$ 100,796	\$ 86,918	\$ 82,112	\$ 68,063
	1,998	1,847	1,674	1,459	1,134	1,110	1,019
	1,319	1,269	1,211	1,181	1,149	1,067	927
	6,664	10,425	9,557	8,651	8,954	6,336	8,273
	140,988	139,997	118,922	112,087	98,155	90,625	78,282
	12,767	11,532	10,891	10,588	10,351	10,035	12,378
	NA	NA	NA	NA	NA	NA	NA
	153,755	151,529	129,813	122,675	108,506	100,660	90,660
	14,059	13,460	12,165	11,338	12,026	12,142	15,363
	13,967	13,366	12,069	11,240	11,926	12,040	15,259
	1.56	1.69	1.54	1.43	1.66	1.82	2.34
	NA	NA	NA	NA	NA	NA	NA
	1.25	1.23	1.21	1.20	1.19	1.15	1.10
	16.86	16.52	15.50	15.16	14.92	13.28	12.59
	457,074	430,922	406,255	383,627	358,533	312,491	293,444
	383,623	357,776	334,968	317,879	294,990	277,525	258,558
	39,226	34,374	28,761	30,307	28,626	26,975	32,472
	115,286	107,190	107,455	92,891	84,621	84,195	82,634
	1,600	1,600	1,600	1,600	1,600	1,600	1,600
	440	480	520	560	600	640	680
\$	1,900	\$ 1,808	\$ 1,688	\$ 1,578	\$ 1,480	\$ 1,388	\$ 1,297
	54,623	52,843	49,641	51,084	48,033	47,541	44,528
	899	828	802	818	679	699	737
	417	831	130	308	33	23	11
	5,070	4,932	4,706	4,537	4,019	3,890	3,807
	61,009	59,434	55,279	56,747	52,764	52,153	49,083
	121,315	117,139	111,519	110,234	106,234	105,346	101,923
	236,270	235,244	233,920	232,879	231,966	230,956	230,175
	331	333	326	323	322	330	347
	2,964	2,925	2,909	2,896	2,877	2,846	2,779
	2,016	2,046	1,807	1,807	1,820	1,795	1,812
	241,581	240,548	238,962	237,905	236,985	235,927	235,113
	20,698	20,437	20,475	20,331	20,131	20,039	19,780
	262,279	260,985	259,437	258,236	257,116	255,966	254,893
	28,894	27,147	24,356	25,940	25,156	24,377	23,221
	34,531	35,216	34,105	33,337	32,056	30,406	28,640
	316	40	218	198	195	177	245
	1,147	932	979	967	658	1,249	1,046
	64,888	63,335	59,658	60,442	58,065	56,209	53,152
	2,638	2,603	2,587	2,567	2,560	2,549	2,535
	467	463	448	467	486	445	422

Customer Location and Service Area Map



Number of Customers

<p>■ Region I - SCW</p> <p><i>Northern District</i></p> <p>(a) Arden-Cordova 13,769</p> <p>(b) Bay Point 4,900</p> <p>(c) Clearlake 2,073</p> <p><i>Coastal District</i></p> <p>(d) Los Osos 3,191</p> <p>(e) Ojai 2,781</p> <p>(f) Santa Maria 12,742</p> <p>(g) Simi Valley 12,890</p>	<p>● Region III - SCW</p> <p><i>Foothill District</i></p> <p>(l) Claremont 10,533</p> <p>(m) San Dimas 15,758</p> <p>(n) San Gabriel Valley 11,767</p> <p><i>Mountain/Desert District</i></p> <p>(o) Apple Valley 2,367</p> <p>(p) Barstow 8,458</p> <p>(q) Calipatria 1,149</p> <p>(r) Morongo Valley 849</p> <p>(s) Wrightwood 2,550</p> <p><i>Orange County District</i></p> <p>(t) Los Alamitos 26,425</p> <p>(u) Placentia 14,657</p> <p>Total Water 245,174</p> <p>(v) Bear Valley Electric Company 21,484</p> <p>Total SCW Customers 266,658</p>
<p>▲ Region II - SCW</p> <p><i>Central District</i></p> <p>(h) Central Basin East 19,744</p> <p>(i) Central Basin West 19,425</p> <p>(j) Culver City 9,394</p> <p><i>Southwest District</i></p> <p>(k) Southwest 49,752</p>	<p>◆ (w) Total CCWC Customers 11,063</p>
<p>Total ASUS Customers 90,000</p>	

Corporate Information

Board of Directors of American States Water Company and Subsidiaries

Lloyd E. Ross (59,5)
(Chairman of the Board of Directors)
Managing Partner, Invermex L.P.
Irvine, California

Floyd E. Wicks (57,11) (c)
President and Chief Executive Officer
of the Company

James L. Anderson (57,4) (a,c)
(Chairman of the Compensation Committee)
President, Americo Financial Services
Austin, Texas

Jean E. Auer (64,5) (a,c)
(Chairperson of the Nominating and
Governance Committee)
Consultant to the San Francisco Estuary Project
and member of the Board of Directors of the
Water Education Foundation
Hillsborough, California

N. P. Dodge, Jr. (63,10) (a,b)
President, N.P. Dodge Company
Omaha, Nebraska

Anne M. Holloway (48,3) (a,b)
Atherton, California

Robert F. Kathol (59,5) (a,b)
(Chairman of the Audit and Finance Committee)
Executive Vice President
Kirkpatrick, Pettis, Smith, Polian Inc.
Omaha, Nebraska

(age, years of service)

(a) Member - Compensation Committee

(b) Member - Audit and Finance Committee

(c) Member - Nominating and Governance Committee

Elected Officers of American States Water Company and Subsidiaries

Lloyd E. Ross (59,2)
Chairman of the Board

Floyd E. Wicks (57,13)
President and Chief Executive Officer

McClellan Harris III (49,10)
Chief Financial Officer,
Vice President-Finance,
Treasurer and Corporate Secretary

Joel A. Dickson (48,10)
Vice President-Business Development
Vice President-Customer and
Operations Support-SCW

Donald K. Sadoris (57,33)
Vice President-Chief of Operations
Vice President-Customer Service,
Region I-SCW

Elected Officers of Southern California Water Company Only

Joseph F. Young (55,23)
Vice President-Customer Service, Region II

James B. Gallagher (46,13)
Vice President-Customer Service, Region III

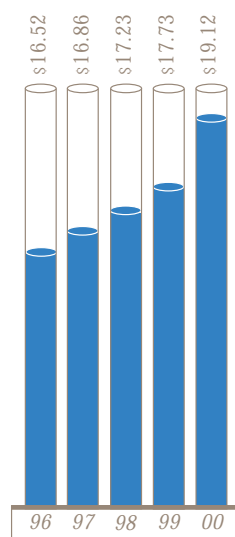
Denise L. Kruger (36,8)
Vice President-Water Quality

Susan L. Conway (39,12)
Vice President-Regulatory Affairs

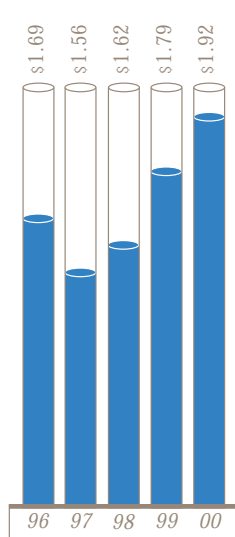
Selected Financial Data

(in thousands, except per share amounts)

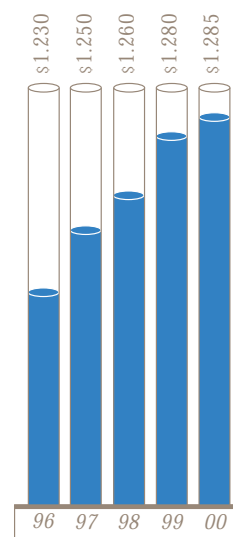
	2000	1999	Variance	% Change
Income Statement Information				
Total Operating Revenues	\$ 183,960	\$ 173,421	\$ 10,539	6.08%
Total Operating Expenses	151,653	144,907	6,746	4.66%
Operating Income	32,307	28,514	3,793	13.30%
Other Income	(99)	532	(631)	(118.61%)
Interest Charges	14,122	12,945	1,177	9.09%
Net Income	18,086	16,101	1,985	12.33%
Preferred Dividends	86	88	(2)	(2.27%)
Earnings Available for Common Shareholders	\$ 18,000	\$ 16,013	\$ 1,987	12.41%
Basic Earnings per Common Share	\$ 1.92	\$ 1.79	\$ 0.13	7.26%
Fully Diluted Earnings per Common Share	\$ 1.91	NA	NA	NA
Dividends Declared per Common Share	\$ 1.29	\$ 1.28	\$ 0.01	0.78%
Balance Sheet Information				
Total Assets	\$ 616,646	\$ 533,181	\$ 83,465	15.65%
Net Utility Plant	509,096	449,595	59,501	13.23%
Common Shareholders' Equity	192,723	158,846	33,877	21.33%
Long-Term Debt (Net)	176,452	167,363	9,089	5.43%
Preferred Shares	1,600	1,600	-	-
Preferred Shares Subject to Mandatory Redemption	320	360	(40)	(11.11%)
Total Capitalization	\$ 371,095	\$ 328,169	\$ 42,926	13.08%
Book Value per Common Share	\$ 19.12	\$ 17.73	\$ 1.39	7.84%
Average Shares Outstanding	9,380	8,958	422	4.71%
Average Number Fully Diluted Common Shares	9,411	NA	NA	NA
Other Information				
Ratio of Earnings to Fixed Charges	3.35%	3.27%	0.08%	2.45%
Ratio of Earnings to Total Fixed Charges	3.31%	3.23%	0.08%	2.48%
Return on Average Common Equity	10.5%	10.2%	0.30%	2.94%
Earnings Before Interest and Taxes	\$ 47,335	\$ 42,391	\$ 4,944	11.66%
Earnings Before Interest, Taxes, Depreciation and Amortization	\$ 62,674	\$ 56,041	\$ 6,633	11.84%



Book Value Per Share
(in dollars)



Basic Earnings Per Share
(in dollars)



Dividends Per Share
(in dollars)

Shareholder Information

Annual Meeting of Shareholders

All shareholders are invited to attend the Annual Meeting of Shareholders, which will be held on April 24, 2001, beginning at 10:00 am, at the Pasadena Hilton, 168 South Los Robles Avenue, Pasadena, California 91101. Notice of meeting and proxy materials will be mailed.

Stock Listing

Common Shares of American States Water Company are traded on the New York Stock Exchange under the symbol AWR. The high and low NYSE prices and the dividends paid on the Common Shares for the past two years were:

2000	High	Low	Dividends Paid
First quarter	\$ 36.25	\$ 26.00	\$ 0.32
Second quarter	32.25	27.81	0.32
Third quarter	31.75	25.00	0.32
Fourth quarter	37.94	29.19	0.33
			\$ 1.29

1999	High	Low	Dividends Paid
First quarter	\$ 30.00	\$ 23.56	\$ 0.32
Second quarter	29.25	22.19	0.32
Third quarter	37.13	28.38	0.32
Fourth quarter	39.75	31.75	0.32
			\$ 1.28

Independent Certified Public Accountants

Arthur Andersen LLP
633 West Fifth Street
Los Angeles, CA 90071

Corporate Reports

Shareholders with questions, or who wish to obtain a copy of the Company's reports to the Securities and Exchange Commission without charge, should contact:

American States Water Company
Attn: Corporate Secretary
630 East Foothill Boulevard
San Dimas, CA 91773
Phone: (909) 394-3600 Fax: (909) 394-1382

Shareholder Assistance

Shareholders with questions about replacement of dividend checks, transferring stock, replacing lost or stolen certificates or other matters related to their ownership of stock, should contact:

Mellon Investor Services LLC
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660
(888) 816-6998
<http://www.mellon-investor.com>

Common Share Purchase and Dividend Reinvestment Plan

The Company has a Common Shares Purchase and Dividend Reinvestment Plan ("Plan") that is sponsored and administered by The Chase Manhattan Bank. The Plan provides a simple and cost-effective method for current and potential shareholders to build ownership in the Company through the direct purchase of Common Shares from the company and the reinvestment of their cash dividends. A Prospectus and enrollment form may be obtained from Mellon Investor Services LLC at (800) 842-7629 or from the Company at (877) 463-6297 (877-INFOAWR).

2001 Dividend Schedule

The following schedule shows the anticipated Common and Preferred Share record and payment dates for 2001:

Record Dates	Payment Dates
February 9	March 1
May 8	June 1
August 7	September 1
November 6	December 1

Internet Address

<http://www.aswater.com>



American States
WATER COMPANY

630 East Foothill Blvd.
San Dimas, California 91773-1212
909-394-3600 www.aswater.com