

AMERICAN STATES WATER CO  
Form 424B2  
May 15, 2009

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**PROSPECTUS SUPPLEMENT**

**(TO PROSPECTUS DATED AUGUST 16, 2006)**

**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-136682**

**1,000,000 Shares**

**Common Shares**

We are offering up to 1,000,000 common shares in this offering.

Our common shares are listed on the New York Stock Exchange under the symbol "AWR." The last sale price as reported on the New York Stock Exchange on May 14, 2009 was \$31.21 per share.

We have granted to the underwriters an option, exercisable within 30 days after the date of this prospectus supplement, to purchase up to 150,000 additional common shares upon the same terms to cover over-allotments, if any.

**Investing in our common shares involves risk. See "Risk Factors" on page S-2.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$ 31.00	\$ 31,000,000
Underwriting discounts and commissions	\$ 1.24	\$ 1,240,000
Proceeds, before expenses, to American States Water Company	\$ 29.76	\$ 29,760,000

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

Janney Montgomery Scott LLC, on behalf of the underwriters, expects to deliver the shares on or about May 20, 2009.

**Janney Montgomery Scott**

**Edward Jones**

**Brean Murray, Carret & Co.**

The date of this prospectus supplement is May 14, 2009.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information different than that contained or incorporated by reference in this prospectus supplement or accompanying prospectus. We are not making an offer of our common shares in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of its date.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

For purposes of this prospectus supplement and the accompanying prospectus, unless the context otherwise indicates, when we refer to "us," "we," or "ours," we are describing ourselves, American States Water Company, together with our subsidiaries.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information, including information about other types of securities we may offer under the accompanying prospectus.

In this prospectus supplement, we provide you with specific information about the terms of this offering. This prospectus supplement also adds to, updates and changes information in the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, you should rely on the information in this prospectus supplement.

It is also important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents we reference in the section entitled "Where You Can Find More Information." The information incorporated by reference is considered part of this prospectus supplement, and information we file later with the Securities and Exchange Commission, or the SEC, may automatically update and supersede this information.

To avoid repeating information in this prospectus supplement that we have already filed with the SEC, we have incorporated by reference the filings (File No. 001-14431) listed below. This information is considered a part of this prospectus supplement. These documents are as follows:

our annual report on Form 10-K for the year ended December 31, 2008;

our quarterly report on Form 10-Q for the quarter ended March 31, 2009;

our current reports on Form 8-K filed with the SEC on January 2, 2009, January 30, 2009 and May 13, 2009;

the portions of our proxy statement on Schedule 14A for our 2009 Annual Meeting of Shareholders that have been incorporated by reference into our most recent Form 10-K; and

the description of our common shares set forth in our Registration Statement on Form 8-A, including any amendments or reports filed for the purpose of updating such description.

In addition, all documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of the initial registration statement of which this prospectus supplement is a part and prior to the effectiveness of the registration statement as well as the date of this prospectus supplement and before the termination of the offering of our securities shall be deemed incorporated by reference into this prospectus supplement and to be a part of this prospectus supplement from the respective dates of filing such documents. Unless specifically stated to the contrary, none of the information that we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC will be incorporated by reference into, or otherwise included in, this prospectus supplement.

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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus, and the documents incorporated herein and therein are forward-looking statements intended to qualify for the "safe harbor" from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding our goals, beliefs, plans or current expectations, taking into account the information currently available to management. Forward-looking statements are not statements of historical facts. For example, when we use words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "may" and other words that convey uncertainty of future events or outcome, we are making forward-looking statements. Such statements address future events and conditions concerning such matters as our ability to raise capital, capital expenditures, earnings, litigation, rates, water sales, water quality and other regulatory matters, adequacy of water supplies, our ability to recover electric, natural gas and water supply costs from ratepayers, contract operations, liquidity and capital resources and accounting matters. We caution you that any forward-looking statements made by us are not guarantees of future performance and that actual results may differ materially from those in our forward-looking statements as a result of factors such as changes in utility regulation; recovery of regulatory assets not yet included in rates; future economic conditions which affect changes in customer demand and changes in water and energy supply costs and changes in pension and post-retirement benefit plan costs; future climatic conditions; delays in customer payments or price redeterminations or equitable adjustments on contracts with the U.S. government; potential assessments for failure to meet interim targets for the purchase of renewable energy; and legislative, regulatory and legal proceedings and other circumstances affecting anticipated revenues and costs. Please consider our forward-looking statements in light of those risks as you read this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein or therein.

Additional risks relating to our business, the industries in which we operate or any securities we may offer and sell under this prospectus supplement may be described from time to time in our filings with the Securities and Exchange Commission.

Except as required by the federal securities laws, we do not intend, and undertake no obligation, to update our forward-looking statements to reflect new information, future events or circumstances.

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**SUMMARY**

*This summary highlights information contained or incorporated by reference in other parts of this prospectus supplement and the accompanying prospectus. Because it is a summary, it does not contain all of the information that you should consider before investing in our common shares. You should read this entire prospectus supplement and the accompanying prospectus carefully and the information incorporated by reference, including the "Risk Factors" section in our Form 10-K, before making an investment decision.*

**The Company**

We are the parent company of Golden State Water Company, or GSWC, Chaparral City Water Company, or CCWC, and American States Utility Services, Inc., or ASUS, and its subsidiaries. We were incorporated as a California corporation in 1998 as a holding company.

GSWC is a California public utility engaged principally in the purchase, production and distribution of water. GSWC also distributes electricity in one customer service area. At December 31, 2008, GSWC served 254,482 water customers and 23,172 electric customers. GSWC is regulated by the California Public Utilities Commission, or CPUC, and was incorporated as a California corporation on December 31, 1929. GSWC's utility operations exhibit seasonal trends. Although GSWC's water utility operations have a diversified customer base, residential and commercial customers account for the majority of GSWC's water sales and revenues. Revenues derived from commercial and residential water customers accounted for approximately 90% of total water revenues for the years ended December 31, 2008, 2007 and 2006.

CCWC is an Arizona public utility serving 13,423 customers as of December 31, 2008. CCWC provides water service in the town of Fountain Hills, Arizona and a portion of the City of Scottsdale, Arizona. The majority of CCWC's customers are residential. The Arizona Corporation Commission, or ACC, regulates CCWC.

ASUS, through its wholly-owned subsidiaries, has contracted with the U.S. government to provide water and/or wastewater services, including the operation and maintenance of water and/or wastewater systems pursuant to 50-year fixed price contracts. These contracts are subject to periodic prospective price redeterminations and modifications for changes in circumstances. All of the contracts with the U.S. government may be terminated, in whole or in part, prior to the end of the 50-year term, for convenience of the U.S. government or as a result of default or nonperformance by the subsidiary performing the contract. In either event, the ASUS subsidiary is entitled to recover the remaining amount of its capital investment pursuant to the terms of a termination settlement with the U.S. government at the time of termination as provided in each of the contracts.

For the twelve months ended March 31, 2009, 74.4% of our total operating revenues were provided from the sale of water by GSWC, 8.6% from the sale of electricity by GSWC, 2.3% from the sale of water by CCWC and 14.7% from our contracted services business.

Our principal executive office is located at 630 East Foothill Boulevard, San Dimas, California 91773, and our telephone number is 909-394-3600. Our Internet home page is located at [www.aswater.com](http://www.aswater.com). However, the information in, or that can be accessed through, our home page is not part of, or incorporated into, this prospectus supplement or the accompanying prospectus and should not be relied upon in making a decision of whether or not to invest in our common shares.

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**The Offering**

Common shares we are offering	1,000,000 shares
Common shares outstanding immediately after this offering	18,328,018 shares
New York Stock Exchange symbol	AWR
Current indicated annual dividend rate	\$1.00 per share, payable quarterly
Use of proceeds	We intend to use the proceeds from the offering to repay short-term debt. See "Use of Proceeds."
Risk factors	Investment in our common shares involves risks. See "Risk Factors" beginning on page 6 of our Annual Report on Form 10-K for the year ended December 31, 2008 for the most current discussion of the factors you should carefully consider before deciding to invest in our common shares.

The common shares to be outstanding after the offering are based on 17,328,018 shares outstanding as of May 13, 2009.

Table of Contents**Summary Consolidated Financial Data**

The following tables summarize certain of our consolidated financial information. This information is taken from our audited financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2008 and our unaudited financial statements for the three months ended March 31, 2009 in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009. See "About the Prospectus Supplement." We urge you to read these financial statements, together with the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in each of these documents.

**Income Statement Data:**

	Three Months ended March 31,		Year ended December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)				
	(In thousands, except per share data)				
Total operating revenues	\$ 79,609	\$ 68,942	\$ 318,718	\$ 301,370	\$ 268,629
Total operating expenses(1)	68,191	54,480	263,912	233,638	212,023
Operating income(1)	11,418	14,462	54,806	67,732	56,606
Interest expenses	5,294	5,378	21,330	21,582	21,121
Interest income	202	361	1,837	2,371	2,818
Net income(1)	\$ 4,932	\$ 5,304	\$ 22,005	\$ 28,030	\$ 23,081
Net income per common share:					
Basic	\$ 0.28	\$ 0.31	\$ 1.27	\$ 1.62	\$ 1.34
Diluted	\$ 0.28	\$ 0.30	\$ 1.26	\$ 1.61	\$ 1.33
Average shares outstanding:					
Basic	17,312	17,239	17,262	17,121	16,934
Diluted	17,440	17,357	17,394	17,177	17,101
Dividends declared per common share	\$ 0.250	\$ 0.250	\$ 1.000	\$ 0.955	\$ 0.910

- (1) For the year ended December 31, 2008, results include a \$7.7 million goodwill impairment charge related to CCWC in accordance with Statement of Financing Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

**Balance Sheet Data:**

	As of March 31,		As of December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)				
	(In thousands)				
Utility plant, at original cost less accumulated depreciation	\$ 836,502	\$ 784,788	\$ 825,262	\$ 776,379	\$ 750,601
Total assets	1,095,272	975,385	1,061,287	963,898	936,955
Short-term debt(1)	55,010	48,201	75,336	37,809	32,603
Long-term debt	306,469	267,174	266,536	267,226	267,833
Common shareholder's equity	311,857	303,509	310,503	302,129	283,734

- (1) Includes current portion of long-term debt and notes payable to banks.





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**USE OF PROCEEDS**

Based on the offering price of \$31.00, we estimate that the net proceeds to us from this offering will be approximately \$29.5 million (\$34.0 million if the underwriters' over-allotment is exercised in full), after the payment of the underwriting discounts and commissions and estimated offering expenses by us.

We intend to use all of the net proceeds of this offering to repay amounts borrowed under our \$115 million revolving credit facility. Approximately \$54.4 million in loans were outstanding under this facility at March 31, 2009. The revolving credit facility is unsecured. We generally pay interest based on LIBOR plus 0.625% on loans made to us under this facility. We periodically relend funds that we obtain from this facility to our subsidiaries at the same interest rate.

At March 31, 2009, ASUS and CCWC owed \$24.1 million and \$2.5 million to us, respectively. GSWC repaid all of the loans that we had made to it from funds obtained from this facility in March 2009 from the proceeds of a \$40 million senior note.

Table of Contents**CAPITALIZATION**

The following table sets forth, as of March 31, 2009, our capitalization on an actual basis and on an adjusted basis to give effect to the sale of the common shares in this offering and the anticipated application of the estimated net proceeds of \$29.5 million from this offering to repay short-term debt. You should read this table in conjunction with our Consolidated Financial Statements and the accompanying Notes to the Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 that is incorporated by reference into this prospectus supplement.

	Actual	As of March 31, 2009		Percentage
		Percentage	Adjusted(1)	
As (Unaudited)				
(In thousands)				
<b>Short-term debt:</b>				
Notes payable to banks	\$ 54,370	98.8%	\$ 24,860	97.5%
Long-term debt, current	640	1.2%	640	2.5%
	\$ 55,010	100.0%	\$ 25,500	100.0%
<b>Common shareholders' equity:</b>				
Common shares, no par value, no stated value	\$ 186,270	30.1%	\$ 215,780	33.3%
Earnings reinvested in the business	125,587	20.3%	125,587	19.4%
Long-term debt, excluding current maturities	306,469	49.6%	306,469	47.3%
<b>Total capitalization</b>	<b>\$ 618,326</b>	<b>100.0%</b>	<b>\$ 647,836</b>	<b>100.0%</b>

(1)

As adjusted, assuming no exercise of the over-allotment option. If the over-allotment option is exercised, the "As adjusted" amount for notes payable to banks would be \$20,396 and 97.0% and the "As adjusted" amount for "Common shares, no par value, no stated value" would be \$220,244 and 33.8%.

Table of Contents**COMMON SHARES PRICE RANGE AND DIVIDENDS**

Our common shares trade on the New York Stock Exchange under the symbol "AWR." The following table sets forth, for the periods indicated, the high and low sales prices for our common shares and quarterly cash dividends paid per common share.

	High	Low	Quarterly dividends per common share
<b>2006</b>			
First quarter	\$ 37.61	\$ 30.30	\$ 0.225
Second quarter	43.79	33.18	0.225
Third quarter	39.18	34.91	0.225
Fourth quarter	42.31	35.89	0.235
<b>2007</b>			
First quarter	\$ 41.12	\$ 35.56	\$ 0.235
Second quarter	38.84	33.57	0.235
Third quarter	44.84	35.06	0.235
Fourth quarter	46.14	36.77	0.250
<b>2008</b>			
First quarter	\$ 40.25	\$ 31.78	\$ 0.250
Second quarter	38.77	33.09	0.250
Third quarter	42.00	33.03	0.250
Fourth quarter	39.50	27.00	0.250
<b>2009</b>			
First quarter	\$ 38.79	\$ 29.76	\$ 0.250

The closing price of our common shares on the New York Stock Exchange on May 14, 2009 was \$31.21.

Shareholders are entitled to receive dividends when and as declared by the board of directors out of legally available funds, subject to the rights of holders of preferred shares. There are no preferred shares outstanding as of the date of this prospectus supplement and there are no current plans to issue preferred shares.

Our amended and restated articles of incorporation do not restrict our ability to pay dividends. We are not subject to any contractual restrictions on our ability to pay dividends, except the requirement in our \$115 million credit facility to maintain compliance with all covenants.

We obtain funds to pay dividends on common shares principally from dividends paid by GSWC. GSWC must make scheduled payments on its debt and otherwise comply with the terms of its debt before it pays dividends to us. Under the most restrictive provisions, as of March 31, 2009, \$236.6 million was available to pay dividends to us.

Our ability to pay dividends to common shareholders and the ability of GSWC to pay dividends to us are also subject to restrictions imposed by California law. As a result of these restrictions, approximately \$125.6 million of our retained earnings was available to pay dividends, and approximately \$129.1 million of GSWC's retained earnings was available to pay dividends to us at March 31, 2009.

We intend to continue our practice of paying quarterly cash dividends. However, the amount and timing of dividends is dependent upon future earnings, our financial requirements and other factors considered relevant by the board of directors.

Table of Contents**UNDERWRITING**

Janney Montgomery Scott LLC, Edward D. Jones & Co., L.P., and Brean Murray, Carret & Co., LLC are the underwriters. Subject to the terms and conditions of the underwriting agreement dated May 14, 2009, the underwriters have agreed to purchase, and we have agreed to sell to the underwriters, the number of common shares set forth opposite their respective names below at the public offering price less the underwriting discount on the cover page of this prospectus supplement.

<b>Underwriters</b>	<b>Number of Shares</b>
Janney Montgomery Scott LLC	750,000
Edward D. Jones & Co., L.P.	150,000
Brean Murray, Carret & Co., LLC	100,000
Total	1,000,000

The underwriting agreement provides that obligations of the underwriters to purchase the common shares that are being offered are subject to the approval of certain legal matters by counsel to the underwriters and to certain other conditions. Each underwriter is obligated to purchase all of the common shares being offered by this prospectus supplement (other than common shares covered by the over-allotment option described below) if it purchases any of the common shares.

The underwriters propose to offer some of the common shares to the public initially at the offering price per share shown on the cover page of this prospectus supplement and may offer shares to certain dealers at such price less a concession not in excess of \$0.74 per share. The underwriters may allow, and such dealers may reallow, a concession not in excess of \$0.10 per share to certain other dealers. After the public offering of the common shares, the public offering price and the concessions may be changed by the underwriters.

The following table shows the per share and total underwriting discount to be paid to the underwriters by us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase the over-allotment shares:

**Per Share**